



Rental Property Owners Handbook

One Team Realty, LLC

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About One Team Realty, LLC

One Team Realty, LLC has recently celebrated their 5th anniversary in the real estate field. Darren Holbrook has been in the business for more than 10 years as an agent and broker in the community. The company has shown significant and sustained growth over the years and is very selective on their clientele.

One Team Realty, LLC is a true full-service real estate company, providing professional services in all areas of residential resale, new homes, investment properties, property management, and the full spectrum of the relocation business.

One Team Realty, LLC is dedicated to providing the very best real estate services available on Oahu. We are constantly striving to bring our clients the best and newest available technology and information to ensure you have the greatest experience we can provide.

Introduction

Our purpose for the “Rental Property Owner’s Handbook” is to first help you, the property owner, better understand the administrative, and management policies as well as our standards of practice at **One Team Realty, LLC**.

Second, it is to help provide valuable industry knowledge and insight. It is our pleasure to introduce you to our company and answer questions that involve our company and the way we practice property management or the industry as a whole. When property owners are provided with industry knowledge and tools, we have found it provides you with a greater understanding of the day-to-day operations of property management. This enables you to hold your property management company accountable for its performance, putting both parties on the same page and allowing for a better working relationship.

The contractual relationship between you and One Team Realty, LLC is defined by a written agreement that outlines responsibilities of each party. ***Information contained herein should be used for informational purposes only and you should refer to your individual Property Management Agreement for terms and conditions and actual fees for services rendered.***

Our team thanks you in advance for taking the time to read and understand our business. We look forward to serving you and your real estate needs.

Any questions or concerns can be directed to your property manager & broker, Darren Holbrook at 808-224-0344 or 1teamhawaii@gmail.com.

Overview

Management fees apply only when rent is collected. We do not charge management fees when your property is vacant. **Any late fees paid by tenant are retained by One Team Realty, LLC to cover administrative costs associated with recovering unpaid rent.** When a tenant pays rent late, the property management company sends out late notices, potentially prepares documents for our attorneys to take a tenant to court, and spends significantly more time on that property than a tenant who pays rent on time. For that reason, late fees collected will be retained to cover these administrative costs

We do not charge management fees on uncollected rent that is turned over to a collections agency – However, the owner will be expected to pay the attorneys fees resulting in taking a tenant to court in order to do so.

We do charge owners and or tenants administrative fees to oversee maintenance repairs and we do mark up any repair bills. Each month as rent comes in we will deduct any repair bills from the amount received and pay the invoice on your behalf. You will see this reflected on your statement. Details on how a property manager handles repairs are outlined in your property management agreement.

Your success is important to us.

Therefore, we only are paid when you are paid.

Easy Termination Policy

We strive to be as easy and flexible as you will find anywhere. There are three provisions for contract termination:

1. If a lease agreement or a move in report has not been executed by a tenant, you may terminate our management agreement, in writing, at any time and the only cost to you is any out-of-pocket expenses related to your property, such as marketing cost, normally this cost is \$500.
2. If the property has been leased, but we have managed the property less than one year, you may terminate our Management Agreement in writing, with sixty (60) days notice, and the termination is equal to one month rent (and management fees incurred during the time we managed the leased property including the 60-day notice period for services provided.)
3. If the property has been leased and we have managed it for more than one year, you may terminate in writing with sixty (60) days notice. The only amount due would be the management fees for the time period our services were provided and any and all out of pocket expenses.

Details on termination can be found in your property management agreement, or you may contact your property manager with questions at any time.

We will do our best to address any concerns and earn your business to the best of our abilities.

Frequently Asked Questions

If I turn over my vacant property to One Team Realty, LLC to lease, will you order any repairs/painting and/or cleaning that may need to be done to get the property rent ready?

We will review with you the preparation needs of your rental property. If your property is in "rent ready" condition when you turn it over to us and nothing needs to be repaired, replaced or cleaned, we do not charge you any additional fees.

If there are any issues we need to address: all cleaning, roofing, major plumbing, air conditioning, heating, appliances and electrical repairs will be performed by licensed vendors. All vendors are hired in your name and you will be obligated for all charges incurred.

We do require all utilities to be on each time the property is vacant. It is very important to maintain a decent air temperature in the home even when vacant to protect both yourself, and the property. Typically, insurance companies will NOT cover claims for damages caused by utilities being turned off (such as pipes bursting, mold, etc). For this reason, we require utilities be on and the air condition system be in working order.

Can I let the tenant do the work that is needed at the property and take it off the rent?

The physical condition of the property is the single most important factor in attracting quality tenants.

It is best practice to only use vendors of good reputation who are licensed and have credentials to do property preparation. All properties offered for lease must comply with all applicable laws, regulations and codes. Properties that are not in "rent ready" condition do take longer to rent and many great tenants will simply go down the street to another unit that is "rent ready."

Sometimes a property that is not in ready condition will only interest the desperate candidate who has been turned down by other landlords. Remember! Tenants will promise you anything at the beginning of a lease to get into a property or receive a deep discount, but rarely do they do a professional job.

At the end of the lease if there is a security deposit claim, tenants remember only the work they had to do and not that you gave them a break. If you waive any portion of the deposit or advance rent (which we do not recommend) then you don't have financial protection should the tenant decide to vacate early and not fulfill his or her contractual obligation to you. Trusting a new tenant to prepare your property after they lease it can potentially cost you more in the long run. You also risk a liability issue if a tenant is injured while doing work authorized by you on your premises.

How will you handle property preparation between tenants?

Our leases require a 28 day notice to vacate on a month-to-month lease. Once we receive notice from the tenant, we will notify you to see if you want to re-rent or if you have other plans for the property. If you choose to re-rent then we start the re-rental process 15-30 days before they vacate in order to will cut down on the vacant time.

If we have your property under an annual management agreement and a tenant vacates, we inspect the premises and get the property in "rent ready" condition ASAP! We will consult with you on items that exceed \$500.00. Routine repair items are ordered and done quickly, to allow for good quality showings. Since normal wear and tear is expected on rental units, not all repairs and preparation can be covered by the security deposit as they are an owner's expense.

Who is responsible for changes and maintenance of locks and keys?

Upon execution of the property management agreement, you will be asked to provide 3 sets of keys at your expense for each door lock plus security and garage door openers, gate cards and security passes. We use coded lock boxes and a key checkout system to allow access for cooperating real estate brokers to show the property and for vendors needing to work on the property. We will change the locks to a smart lock key systems at the owner's expense.

Tenants are responsible if they damage or lose those keys during tenancy. Hawaii Landlord Tenant Act does not require locks to be changed between tenants, **but it is our requirement that owners do so.** We will change locks/re key at the end of each tenancy move in for the protection of future tenants and to protect you from liability. The cost for such change will be at owner's expense. Smart key locks will make this less expensive each time.

How do you market my property?

Once your property is in rent-ready condition we will do the following:
We will place the property in the local multiple listing service ("MLS") (if available). We will place your property on our website which uploads to many other websites automatically through our property management software. We do not advertise the property in newspapers and other print advertising sources. If this extra service is requested it will be at the **owner's expense.** Prices vary depending on the publication. Zillow now charges, the current rate is \$1 a day, and that charge will be passed to the owner.

How do you decide if a tenant should be approved for residency?

All adults (18 years of age or older) are eligible to complete a rental application for any of our properties. They will each pay an application fee which offsets the cost of the background report. Photo identification (typically a VALID driver's license) is required from each applicant prior to running the application.

We publish our application and rental criteria on our web page for tenant's review prior to making application. Any adult that will be living in the property must have a completed

application on file. We first get landlord verification and once completed we will then run a background and credit check.

We are consistent with qualifying each prospective tenant to ensure we make educated decisions about leasing the properties.

Additional criteria include, *but are not limited to* the following:

- Applicants have a combined gross income of 3 times monthly rent.
- Credit background must not reveal eviction filings, collection liens or unsatisfied rental judgments.
- All sources of income must be verifiable. If the income is not verifiable, additional deposit funds and/or a guarantor can be considered.
- Criminal records must not contain any felony convictions, adjudication withheld or misdemeanors pertaining to offenses regarding illegal drugs or crimes against persons or property. *****If charges are over 3 years old the property manager is free to make the final decision**
- Pet Applications are required on any pet, if it is determined the pet is an emotional support animal (ESA) or a service animal, the pet application fee will be returned. We use a third-party screening company for pet applications to limit liability. We cannot and will not turn down an applicant just because they have an approved ESA or service animal *even if you have a no pet policy.*

Please understand that the background report may not provide information from all jurisdictions in the US and does not guarantee a perfect tenant.

Who gives the final approval for a tenant?

The property manager has the final say in tenant approval based on our office rental criteria this is to protect both you and the company from costly fair housing violations. We offer all rental property in accordance with the **CIVIL RIGHTS ACT OF 1968, TITLE VIII, FAIR HOUSING**, and any amendments thereto; which provides that it shall be unlawful to refuse to rent after making a bona fide offer, or refuse to negotiate for the rental of or otherwise make unavailable or deny a dwelling to a person because of race, color, age, religion, sex, national origin, familial status or disability.

How is the rent collected?

We will make every reasonable effort to collect the rent. According to the terms and conditions of the lease the rent is due on the 1st and late after the 2nd - If at that time we have not received rent a late fee is charged to tenants account. We strongly encourage tenants to pay on line and set up an automatic payment but we will take checks, cash and allow the tenants to deposit directly to our bank account in order to receive rent any way possible. We do charge the tenants if they pay any way other than on line. We refer to the lease on the date rent is due as a lease may have been signed with a different day rent is due if requested.

One Team Realty, LLC retains late fees collected to offset costs and efforts involved in collecting delinquent rent payments. Further explanation is outlined in your property management agreement.

The property management agreement gives us full authority to collect rents, deposit, and hold all funds received on your behalf as your agent. Funds for rental properties are held in an Escrow Account - Please be aware there are specific laws and guidelines that we must follow while receiving and disbursing funds from an escrow account.

We disburse funds to you as quickly as we can after the tenant's check has cleared. **Per your property management agreement, we have until the 15th of the month to send you any rent received for that month.** This allows time for late payments, checks to clear and any other issues that may arise. After the 15th, every attempt is made to pay owners within 48 business hours of receiving tenant payment.

We are not liable in the event the tenant presents bad checks or fails to pay. When a check is returned for NSF the tenant is given a time frame to replace the bad check with certified funds and is charged an NSF fee. After this has happened, we will no longer accept personal checks from that tenant and they will always be required to pay certified funds.

Additionally, One Team Realty, LLC does not guarantee the payment of rents, deposits or any other sums by tenants. The tenant guarantees this by signing the lease. Should the tenant fail to pay we will deliver the required noncompliance notice giving the tenant 5 days to rectify the situation. This is mailed on or around the 5th of the month if the rent has not been paid or there is a balance on the account. **Late fees on your mortgage and any association costs are not the responsibility of One Team Realty, LLC - You should be prepared to pay all monies due on your property whether your tenant pays rent or not.**

What happens when the tenant does not pay?

In cases of non-payment we normally seek a monetary judgment and possession of the rental property from the court. The length of this process varies, but typically takes from 45-60 days. For specifics on how this happens you may speak with your property manager. No information we provide is intended to be legal advice. Please consult an attorney if you have questions on your rights during any legal proceedings. A possession order grants the owner the ability to start the eviction process and a rental judgment renders the amounts due from the tenant collectable.

Credit agencies collect and include data about outstanding judgments in the tenant's credit record, making it difficult for a tenant who has judgments to secure other credit or rental property.

Obtaining a judgment is only the first step in collecting money owed even when the tenant is removed from the property. It is very unusual for a delinquent tenant to come to court ready to pay their arrearage in full. Post judgment collection may be sought by the owner if the balance due justifies the expense. Many attorneys perform collection work in addition to litigation but there are also dedicated collection businesses. Fees for their services range from 33%-40% of the collected amount. One Team Realty, LLC does not perform or offer post-judgment collection services and this is not part of the property management agreement.

What if I want to view the property with the tenant in the unit?

You will need to contact your property manager so that appropriate notice can be sent to the tenant. We must give 72 hours written notice. We strongly recommend that you do not meet with the tenant without your property manager present. Tenants frequently interpret such a visit to be an indication that the landlord wishes to deal directly with the tenant and not through the property manager. Some tenants will take advantage of this situation and try ask you for items they think you will approve that your property manager may not approve. Please do not give your phone numbers to the tenant or you may get calls that you cannot answer right away or might not be able to handle from a legal aspect. **Most importantly** if the tenant is late with the rent they can claim in court that the owner approved this and if you are not in court the Judge could rule in the tenants favor. *For these reasons it is in your best interest to allow all communication to be between the tenant and property manager.* We do not allow tenants to reach out and communicate with owners, If that does happen please notify your manager so we can talk to the tenant and charge them for this infraction.

What if we have tenant problems?

We have years of experience handling a wide range of tenant difficulties that can occur. Our policy is to obtain good tenants, thus eliminating most tenant problems. However, there is no fool proof method to guarantee this and even good tenants can have problems. One Team Realty, LLC treats each problem with a common-sense approach, following Hawaii landlord/tenant laws and using the appropriate documentation. If the situation is serious, we will contact you and will work to find a solution for the problem

Whom does my tenant call if there are repairs needed on my property?

The tenant can call our office and speak to the property manager or complete the preferred on-line maintenance request located on our web page. *The tenant should never be contacting you directly for repairs/maintenance requests.* Hawaii Residential Landlord Tenant Code requires us to start non-emergency repairs within 12 business days. Remember: you have hired us to run interference between you and your tenant, PLEASE let us do our job.

What if there is an emergency request after business hours or on a weekend?

Our property managers are available to tenants at anytime through cell phones, text messages and voice mail. Tenants are given instructions at the time of move-in for emergencies. Only true emergencies will be handled after hours and on weekends to save you overtime charges from vendors. Hawaii Residential Landlord Tenant Code requires us to start emergency repairs within 3 business days from the time the landlord is notified of the condition either orally or in writing.

Who will be responsible for ordering repairs to my rental unit?

If the needed repair is a true emergency: water leaking, flood, septic/sewer back up, no running water, no hot water, electrical hazard, refrigerator failure, air conditioner or some other condition which threatens the safety or health of your tenant - we will order a vendor to fix the problem as quickly as possible. Your property manager will attempt to notify you, but you may not know of the repair until the matter was been fixed.

If a non-emergency repair exceeds \$500.00 or the amount of money that we are holding in reserve for your property then the property manager will contact you to determine what steps you wish to take to correct the deficiency in the unit.

What if Owner wants the property manager to do estimates or other jobs?

Owner will be billed for personnel time should Agent be required to have a representative at the property to meet (a claims adjuster, appraiser, inspector, multiple estimates, etc.), receive deliveries, accompany a vendor or any other required or owner-directed on-site activities.

How will I pay for repairs and services ordered on my rental unit?

Owners maintain an operating reserve account with our office for repairs and recurring maintenance expenses such as legal fees, lawn maintenance, small repairs and extermination services. This is normally a \$500 but in no way does that limit One Team Realty, LLC if the cost exceeds that amount. This balance will be replenished from rent proceeds or we will contact you for funds as needed if the repair is extensive.

As your property manager, One Team Realty, LLC shall have full authority to have repairs made, to purchase necessary supplies, to hire and discharge on your behalf any and all vendors necessary for the maintenance and operation of the property and to pay all bills and charge your operating account accordingly. Any vendors hired to make repairs or improvements shall not be deemed employees of One Team Realty, LLC and we shall not be responsible for their acts or omissions. Any vendors hired shall be licensed and insured.

Accounting will direct deposit rental proceeds less any deductions for repairs on the before the 15th of each month or within 48 business hours after rents have cleared. In January of each year you will receive a full year to date statement and your IRS income report form (1099 for U.S. citizens or 1042S for non-resident aliens) showing your total gross income minus expenses. Vendor invoices are available, but as a general rule are not included in your statements because you will not directly pay them. Your statements of income and expenses are sufficient for your tax accountant to complete your tax return.

NATURAL DISASTERS

Some areas we serve can be subject to severe weather. When a storm or other uncontrollable event happens, we will notify you as soon as possible after we assess the situation and know whether your property is affected. Please, bear in mind that many of our property managers are involved with 100+ rental homes so the aftermath of an event that causes widespread damage can be chaotic. It can take several days to understand which properties are affected and assess the damage. We prioritize actions needed to secure damaged units, personally

survey and photograph damages when possible and alert impacted owners as soon as possible.

Owners of properties with substantial damage should contact their insurance provider to file a claim immediately. One Team Realty, LLC can act as liaison to facilitate access for adjusters and workmen. If the damage is minor and the owner wishes to forgo the claims process, we will treat it as we would any other maintenance issue.

Disbursement of monthly funds

We disburse available funds to owners as soon as the tenants check clears our bank; this usually is 4 business days after the tenant pays the rent (if you use direct deposit) **but per our agreement we have until the 15^h of each month.**

In what order are my bills paid from the rental escrow account?

We pay your rental expenses in the following order: leasing and management fees, legal fees, vendor bills and then any remaining balance to you. This is why it is so critical for you to have sufficient reserves.

What if I have a service contract/Warranty on my property/appliances?

You are responsible for delivering us copies of any service contract or warranty that exists within 5 business days of signing the property management agreement. If we don't receive copies during that time frame, we will assume none exist. If you should purchase a service contract at any time during the term of the property management agreement, you must notify us immediately in writing and send a copy. Be sure you notify the warranty company that we have authorization to call on your behalf. *Please know that repair or maintenance warranties are not always the most cost-effective option and your property manager should always be consulted if you are considering in purchasing one. Service companies can be slow and we have no ability to select vendors. In the long run this can reflect badly on the owner and One Team Realty, LLC.*

Will I have special requirements for any insurance policies?

Yes. You are required to maintain, at your expense, a rental dwelling insurance policy which includes public liability and compensation insurance in an amount not less than \$1 Million Dollars per person and \$300,000.00 per occurrence We ask that you request your insurance company to cover One Team Realty, LLC as an **additional insured** and provide your property manager with a copy of such policy. Naming One Team Realty, LLC as an additional insured should not increase your premium. The responsibility to obtain and maintain the proper insurance rests solely with you. If you fail to do this or your insurance provider fails you, then we carry a master policy that meets our requirement. This policy currently cost the owner \$12.93 a month, plus a \$3.00 administration fee. This will be billed to your account. ***You agree to indemnify One Team Realty, LLC for any damages suffered as a result of any lapse in or failure by you to maintain insurance coverage.***

When it comes to an Additional Interest vs. an Additional Insured, the technical difference is that **Additional Insureds will be provided a defense and coverage under a liability policy**, while Additional Interests will be kept updated of changes and reimbursed for their financial loss in the event of a covered loss under a property policy. We have our own insurance as well. An owner really needs to make sure they are covered as much as possible, water leaks, mold issues, fire, are just some of the hazards that could impact your bottom line.

Tenant Renters Insurance

The lease stipulates that tenants insure their personal property - however we cannot guarantee the tenant's performance in that regard. The landlord's policy protects the dwelling and his property only. Tenants are cautioned to secure their own coverage. You may want to consider the addition of "rental loss coverage" to your landlord/tenant policy; as such additional coverage can protect you from lost rents when there is a casualty that would otherwise result in the cessation of rent payments. It is important to carefully consider your property manager's maintenance recommendations to avoid liability should a tenant be injured or suffer a loss on the property attributable to deferred maintenance. In such cases, the landlord may be found liable for the tenant's loss and other damages.

Must I maintain the condition of the property to any specific standard?

Yes, You must maintain the property in good habitable condition and in compliance with all applicable laws, ordinances and regulations.

All cooling, plumbing, electrical systems and all appliances must be kept in good working condition. The owner is responsible for the cost of maintenance of these items during the lease unless it can be shown that the need for repair was caused by tenant negligence.

Unless otherwise exempted from owner repair responsibilities, all appliances (fridge, dishwasher, washer and dryers) can convey "as is" if this is your request. Doors and windows must open, close, lock and have no broken glass. Windows must also have screens.

When do I have to give written notice to my property manager?

You will need to notify your property manager in writing if any of the following occur:

- Your mailing address and/or telephone numbers change.
- Your association (if any) changes its rules or its management company.
- Your association has notified you of a need to gain access to the interior of your unit.
- Your bank information changes (where funds are being deposited) or any changes in account number.
- You receive a notice from any government agency that affects your property or your tenants lease rights.

You may phone in changes, but the accuracy of our records is important and written notice is preferred. E-mail can be used but please follow-up with a phone call, as e-mail sometimes does not go through and. Unless you get a return notice from One Team Realty, then please call to confirm we received it.

What are leasing and management fees when they due are?

When we procure a qualified tenant and all advance funds are collected, we will deduct the **leasing fee (which is 15% of one full month's rent)** and is only paid once per tenant procurement from your monthly proceeds. The monthly management fee is only deducted when we have a tenant in place paying rent and is due monthly.

What does my management fee cover?

Management fees cover the rent collection process, advertizing, showing, and some administrative costs associated with handling your property.

Your property manager and associated support staff handle emergencies and are ready to serve both routine and all other needs of your tenants as they occur. Routine matters are handled during normal business hours – 9:00 to 5pm. This includes coordinating vendor appointments and obtaining estimates. Routine move-in and move-out inspections are done as a written record for proper documentation. Annual property condition inspections with pictures are also completed. If a major repair or remodeling is required then we charge a coordination fee to oversee the project.

At the end of each year with will provide the IRS required 1099 or 1042SForm whichever applies to your citizenship status.

What if the property manager assigned to my account leaves One Team Realty, LLC?

While the broker prefers to contact you on an individual basis, it may not always be possible. If a change should occur or becomes necessary, we take the following steps:

1. Notify owners and tenants by letter of the newly assigned property manager.
2. New property manager reviews the file and if necessary, inspects the property.

At any time during a change period, please feel free to call us. Our main objective is to give you continuous professional service.

What if I want to sell the property with the tenant in the unit?

The lease will prevail and the property must be sold subject to the lease. Our attorney prepared lease provides for showings anytime during the lease term, but gaining tenant cooperation much sooner than 60 days from the end date is difficult. *Lock boxes cannot be placed on a tenant occupied property without the specific written consent of the tenant.*

If you wish to list the property for sale contact your, property manager. Tenants often feel insecure when the property is listed and may ask for early termination. You will need to be prepared to work with them to terminate without penalty or to make concessions for the Inconvenience of placing the property on the market. Once you decide to sale the home you are telling the tenant you will not be renewing the lease. Once you tell a tenant you are not

renewing a lease then they can move out at any point and not be penalized for early termination.

Who will hold the tenant's security deposit?

One Team Realty, LLC will hold all security deposits and any advance rent in an escrow account set up for our owners in accordance with all Real Estate Board Regulations and Hawaii State Law. Please understand there are specific regulations surrounding the use of funds in escrow accounts that we are legally bound to abide by. This is to protect all parties involved.

Can the security deposit be used for anything other than damages?

We follow HRLTC-Hawaii Residential Landlord Tenant Code Upon termination of the tenancy, such security deposit held by the agent as security as hereinafter provided may be applied solely by the landlord (i) to the payment of accrued rent and including the reasonable charges for late payment of rent specified in the rental agreement; (ii) to the payment of the amount of damages which the landlord has suffered by reason of the tenant's noncompliance with Chapter 521 of the Hawaii Revised Statutes (HRS), less reasonable wear and tear; or (iii) to other damages or charges as provided in the rental agreement. The security deposit and any deductions, damages and charges shall be itemized by the landlord in a written notice given to the tenant, together with any amount due the tenant within 14 days after termination of the tenancy and delivery of possession. One Team Realty, LLC does not allow the security deposit to be used as last months rent payment. The HRLTC does not fully explain the Status and only highlights areas. For a full text of the Statue please refer to the Hawaii Revised Statutes Chapter 521. The ***Hawaii Residential Landlord Tenant Code can be found at*** <https://cca.hawaii.gov/hfic/files/2013/03/landlord-tenant-handbook.pdf>

May I be present at the move out inspection?

The move out inspection report and security deposit disposition decisions made by the property manager are final and we do not allow for owner to be involved in the move out inspection. One Team Realty, LLC Management shall not be held liable for any failure, to make claim(s) on any damages which were not readily apparent to the property manager at time of the move-out inspection.

What is "normal wear and tear?"

Many owners and other in the Real Estate Professional do not fully understand what most courts will consider as damages. **Security deposits MAY be used to repair damages for which the tenant is responsible. However, the property owner cannot apply the security deposit to normal wear and tear. The question is – What is the difference?**

The legal definition of "normal wear and tear"

"Normal wear and tear means that deterioration which occurs, based upon the use for which the rental unit is intended, without negligence, carelessness accident, or abuse of the premises or equipment by the tenant or members of his household or their invitees or guests."

Damage can therefore be defined as deterioration which occurs due to negligence, carelessness, accident, or abuse of the premises or equipment by the tenant or member of his household, or their invitees or guests. **Notice that normal wear and tear does not include dirt.** – Dirt is considered negligence, carelessness, accident or abuse. The following incomplete list is intended as a guide to reasonable interpretation of the differences between expected wear and tear from normal residential use and irresponsible, intentional or unintentional actions that cause damage to a property owner's property.

WEAR & TEAR	DAMAGES
1. Small nail holes caused by a 6 penny nail or smaller.	Large holes from hanging shelving, pictures, screws, wall anchors, flat screen television brackets or any other wall hanging that causes damage
2 Light smudging on walls, near light switched that can be cleaned	Crayon, marker, decals that leave residue or take off paint when removed
3. Loose or stubborn door lock	Broken or missing locks
4.. Worn out keys	Broken, lost or unreturned keys
5.. Loose hinges or handles on doors	Damage from a door from forced entry, or damage from using feet to open doors
6. Worn carpet traffic patterns fraying carpet seams unraveling	Torn, burned, stained, missing, ripped, scratched, or snagged carpet, pet stains
7 Linoleum worn thin	Linoleum with tears, chips or holes
8. Worn countertops due to daily use	Burned, cut, stained, scratched or water damaged Countertops, not using cutting boards
9. Stain on ceiling from rain or bad plumbing that was reported as specified in the lease agreement	Stain on ceiling from rain or bad plumbing that was NOT reported in a timely manner as required in the lease agreement
10. Stain on ceiling from water damage from a property above the unit or 2 nd floor	Stain on ceiling from mold or mildew from running water without using the exhaust fan
11. Drywall cracks from settling, chipped paint	Holes in walls, doors, screens or windows from misuse, negligence, carelessness, accident, or abuse
12. Faded, chipped or cracked paint, Loose wallpaper minor marks	Unapproved or poor tenant paint job Ripped or marked-up wallpaper
13. Dirty window and door screens, Sticky window	Torn or missing screens, Broken window
14. Running toilet or wobbles	Broken toilet seat, tank top or chipped
15. Musty odor	Urine or pet odor throughout unit
16. Closet bi-fold door off track	Damaged or missing bi-fold door
17. Garbage that stops working motor dies	Garbage disposal stops bc fork was put inside

DEPRECIATION

When an item must be replaced due to tenant damage or misuse the age of that item plays a role in determining its value at the time of loss. Carpet, appliances, cabinets, and other fixtures all have a service life. A tenant that damages 6-year-old carpet is not liable for 100% of replacement cost. We use guidelines that most local courts use in determining what can be

charged to the tenant. An example of this would be if a tenant who just vacated a property after living there 3 years which was just painted & had new carpet and the walls needed re painting & new carpet the local courts are only going to award you 50% of the cost to replace. This might not seem fair but that is how the courts typically rule.

Who is responsible for the air conditioning system?

This is a shared responsibility. The owner is responsible for the major operations of the system when things go wrong that are beyond the control of the tenant. However, the tenant is responsible for changing the filters regularly, if the tenant calls in for service call for no ac and the mechanic determines the issue is a dirty filter this service call will be billed to the tenant. System maintenance or repair resulting from tenant abuse, misuse or neglect is the responsibility of the tenant. To help our tenants better understand the level of preventive maintenance we explain what they need to do. These responsibilities are also spelled out in our lease agreement and in the tenant handbook.

Who is responsible for plumbing repairs?

Once again, this is a shared responsibility. Owners are responsible for circumstances beyond the tenant's control, i.e. water heater failure, tree roots in the sewer line or worn out fixtures. However, the tenant is responsible for clogged toilets or drains if they are at fault based on the report from the plumber and any problem resulting from abuse, misuse or neglect. If the premise has a septic tank system, owners are customarily responsible for septic tank pumping every 5 years.

Lead Based Paint

Lead based paint became a major issue in the 1990s that prompted requirements for residential housing providers. We follow all federal, state mandated disclosures to all tenants and owners in any house built before 1978 - tenants must sign a lead-based disclosures form prior to moving in a rental. They are also provided with EPA Pamphlet **Protect Your Family from Lead in the Home** as published by the EPA.

Mold Issues

The property management industry regards mold issues as a top priority. Owners should be aware that mold is another issue that can lead to costly lawsuits if we fail to timely respond to tenants concerns, if they believe the property might have mold present. If we are notified by a tenant we will notify the owner immediately so the proper steps can be taken to address tenant concerns - in some cases it might be best to have air sample pulled just to protect both all parties. This will be at the owners expense and if no mold is found we concenter this a proactive response to protect all parties from any possible legal action. If mold is present, remediation must begin immediately.

Pets

Statistics show that over 60% of renters have pets. Accepting pet is purely at your discretion, however, by excluding pets from your rental you will also be losing 60% of interested tenants. We charge \$500 pet fee and we do not accept any breeds that most insurance companies' concenter dangerous breeds. The pet addendum we use spells out the tenant responsibility concerning the pets.

Service animals for handicapped/disabled persons are not pets by federal law and we cannot refuse to rent to them. Also, since they are not considered pets by law we can not charge a pet deposit.

If you have any questions that were not addressed in this handbook, please feel free to contact your property manager directly to discuss those concerns.

One Team Realty, LLC Fee Structure

-END-

OWNER SERVICE's

(All service's may not apply)

As of 20 DEC 2023

	Name	Description	Cost		GL Account
1.	Property Management	Base Management Fee	8-10%	Monthly	6270
2.	Initial Leasing Fee	First Month PM Fee based on full rent	15%	1 st Month	6080
3.	Advertising Fee	Zillow Charge is currently only charge per day	\$2	Monthly when advertised	6050
4.	On-Boarding Fee	Bank Account, AF, Photos, Ads, write up, etc	\$200	1 time	6040
5.	Troubled Tenant Fee	If we agree to manage your property and you have a tenant in place but is behind in rent or does not communicate, eviction, late rent, maintenance issues with home, etc (This only applies to tenants we did not put in the home)	Full Month Rent	1 time If applies	6155
6.	Current Tenant Fee	If your home has a tenant in place, we have to adjust to current lease details	\$1000	1 time If applies	6040
7.	Technology Fee	Monthly Fee	\$4.50	Monthly	6154
8.	Lease Renewal Fee	Saves when renewing on loss rent, repairs, advertising, utilities, etc	\$150	13 th month, As needed	6271
9.	General Liability Insurance	Owners require to name One Team Realty as an additional Insured with \$1 million policy, this is, in most cases, free from your insurance provider If not insured then we cover on our master policy	\$12.93 a Month	Monthly, as needed	6094
10.	Insurance Admin fee	Adding property to coverage	\$3.00	Monthly, as needed, tied to item #9	6095
11.	Document Retention Fee	Monthly fee to store digital documents for required statutory requirements	\$1	Monthly	6152

12.	ACH Payment	Bank Payment Processing	\$2	Monthly	6192
13.	Postage and Delivery	Paying Vendors	\$2	As Needed for paying bills	6151
14.	Maintenance Vendor Coordination	OTR coordinates and pays vendor invoices	10%	As Needed for maint.	6112
15.	Utility Fee (Acct Holding)	When in OTR name, we take the risk	\$25	As Needed	4495
16.	Tax Document Prep Fee	1099 preparation and tracking	\$100	Annual	6103
17.	GET Application	Apply to State for GET License	\$100	1 time, if OTR Applies for GET Licnese	6104
18.	GET Processing	Annual GET (3 Times each year)	\$125	Annual, if OTR Does GET	6162
19.	GET Processing	GET Quarterly (5 Times a year)	\$150	Annual, if OTR Does GET	6162
20.	NSF Fee	Insufficient funds, bad check	\$30	As Needed	4410
21.	Change Lock Fee	Change to Smart locks, cost plus locks	\$100	As Needed	6145
22.	Rekey Fee	Smart Keys, after each tenancy	\$50	As Needed	6145
23.	HOA Charge Back fee	This is if we manage utilities that HOA invoices. HOA Utilities Charge Back	\$20	Monthly, As Needed	6156
24.	On Island POC	Monthly Fee for only POC services Trip Charge \$100 Showing Fee \$500	\$50 \$100 \$500	As Needed If OTR only does this function	
25.	Personal Time	Appraisals, Inspectors, Multiple Estimates, Deliveries, owner requested services, billed per hour	\$75	As Needed	
26.	Owner cancels contract	Owner cancels contract after signing and before a tenant is assigned	\$500	As Needed	
27.	Unoccupied Unit	Minimum Charge, after first lease (30 Days empty)	\$100	As Needed	

28.	Rent Ready	If home is not rent ready (for a new property not ready to rent)	\$500	As Needed	
29.	Detailed Annual Inspection	1 time a year detailed inspection (Option)	\$100	As Needed	
30.	Appliance Coordination Fee	Delivery, haul away, install new appliance from vendor	\$50	As Needed	
31.	Pest Control	Pest Assurance, Powered by Pest Share. Enrollment applies to each property independently. (Option)	\$25	Monthly if selected	6077
32.	Home Warranty Coordination	When OTR has to coordinate with home warranty companies for maintenance.	\$25	As Needed	6030
33.	Eviction Protection Fee	OTR will pay up to \$1000 for an eviction if needed (Option)	\$25	Monthly if selected	6041
34.	OTR Interest Rate	If OTR fronts funds to do repairs or replace appliances, 4.5% interest rate for 30 Days	4.5%	Monthly if selected	
35.	Owner funds to OTR	If owner has to transfer funds in electronically	\$2.49	As Needed	
36.	Semi Annual Walk Through			Semi Annual of lease	

Service's, rules and regulations may be subject to change with 30-day notice and will be posted in Resident Site Announcements in your resident portal.

Acceptance of Property Management Handbook

One Team Realty, LLC thanks you for your business! We appreciate you taking the time to read the owners handbook, if you have any questions or concerns feel free to call so we can discuss.

This page becomes part of the Property Management Agreement and will be kept on file in our office for reference.

Owner Date

Owner Date

Property Manager Date

