

**TOWNSEND**  
RENTALS

# Landlord Manual



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Thank you for considering Townsend Real Estate to handle your property management needs. Below you will find information on our management services. We aim to be the leaders of our market by utilizing the newest technologies and business practices. We look forward to the opportunity to manage your property.

## Overview of Property Management

Professional property management consists of many individual actions which, taken together, provide a broad spectrum of services designed to help reduce the risk of financial loss, protect your investment property from damage, and provide you with rental income. These services cannot eliminate risk of loss, nor does the performance of those services provide a guarantee against financial loss.

**The Full-Service Management Fee covers the following services, which are detailed in the rest of this publication.**

- Evaluating your home for rental readiness
- Comprehensive marketing of the rental property
- Coordinating opportunities for potential tenants to view the home
- Screening tenant's credit, criminal, and landlord history
- Tenants sign a North Carolina Real Estate Commission approved lease
- Collect rent and hold tenants accountable for obligations under the lease
- Organizing necessary repairs on your property
- Accounting for your funds received from tenants and distributing them accordingly
- Provide you with monthly statements and end-of-year tax forms
- Manage the eviction process, if necessary
- Evaluating your home after a move-out to provide professional advice on the disbursement of the tenant security deposit
- Advise you on necessary action to return the home to rent-ready condition
- Follow Federal Fair Housing laws.

Different property management companies handle these services in different ways. It is important that you review Townsend Rentals' policies and procedures as outlined in this document to determine if Townsend is the right fit for your desired outcome and management needs. In order for us to provide the highest-level of service to all our clients, customization of these terms typically is not possible.

### Property Management Agreement

Townsend charges a management fee each month a tenant pays rent. At present, the fee for full-service property management is 10% of the rent received, subject to a minimum of \$80, whichever is greater. When the tenant pays rent to us, we deduct the management fee and credit your account for the balance. We then pay any charges, such as repairs or lawn maintenance, and deposit the balance to your bank account or send a check in the mail.

Although we have additional fees that our competitors may not have, our fees promote attention to getting your home rented and keeping it occupied. We offer incentives to our property managers with these fees which helps us attract and retain the best property managers in our market.

We also have a find tenant/lease set up fee and a lease renewal fee as part of our management contract. Our lease set up fee is 40% of the first month's rent (management fee not included). Our lease renewal fee is 15% (management fee not included). We have found that incentivizing our property managers for leasing properties has decreased the amount of time our properties spend on the market.

The approach of our Property Managers sets them apart from mindset of the “9 to 5” manager because of this. Also, pushing lease renewals saves our landlords a significant amount of money compared to having the property go back on the market for a new tenant.

Normally, we begin the transfer of funds to owners between the 10<sup>th</sup> and 15<sup>th</sup> of each month.

## **Marketing agreement (alternative to management agreement)**

If you do not need the day to day management, we have another option for you. Townsend Real Estate can advertise and place a tenant in your property, without managing your property. Our marketing agreement is for the hands-on landlord that is willing to handle the day-to-day management of their rental property. Our properties with marketing agreements consists of the same duties as our management agreement, up until the time the lease is signed. The marketing agreement has a fee equal to 1 month’s rent and consists of:

- Marketing the property on all major websites including our own
- Screening the tenant for credit, criminal, and landlord history
- Signing a lease with the approved applicant
- Collecting the first month’s rent and deducting our fee
- Collecting security deposit to be transferred to landlord
- Introducing landlord and tenant to establish relationship

## **Evaluation of your Home for Rental Readiness**

Townsend manages several types of properties, including “stick-built” single-family homes, as well as apartments, condominiums, duplexes and townhouses. Properties in are located within Cumberland, Hoke, and Harnett counties.

**Townsend does not manage furnished residences, modular homes, or mobile homes.**

Our goal is to obtain and market homes in the best possible condition. This helps us set expectations for tenants to keep the home maintained as well as it was provided. As a minimum, the property must comply with applicable building codes, as well as federal, state, and local habitability statues. Townsend requires the property to exhibit no obvious sign of neglect of maintenance, even if it meets all legal requirements. We do not advertise residences for rent unless they meet these standards.

Our experience has been that properties rent more quickly and for more money when the property is “move-in ready.” Thus, owners should have the following actions performed prior to transferring the property to management:

**When Townsend first takes in a property, if maintenance is needed, there is a 10% markup on any maintenance that is not cleaning, carpet cleaning, or lawn care. This only applies to new properties.** If repairs are needed between Townsend tenants, there is no mark up.

### **Exterior**

- Exterior paint in good condition (no rotting or bare wood in siding/trim)
- Fence in good repair (no slats missing or other openings)
- Gutters/rain diverters and roof free of debris
- Siding or foundation free of mold or green growth (pressure wash to cure)
- Yard mowed, bushes trimmed, flower beds weeded
- Garage doors with automatic openers require at least one remote per door provided for tenant use

### **Interior**

- Kitchen and bathrooms cleaned, with drawers and cabinets clean and empty
- All appliances cleaned completely
- Carpet professionally cleaned. Please provide a receipt for our records

- Wood-burning fireplace inspected by a chimney sweep and no safety issues found. Please provide a receipt for our records.
- Working light bulbs in all sockets
- Ceiling fans and blinds dusted
- New air filters in HVAC returns
- As required, install carbon monoxide (CO) detectors. A CO detector is required on each living level if the home as one or more of the following:
  - Attached garage
  - Fireplace (unless electric)
  - Fossil fuel burning appliance or heating system

NOTE: Homes that sit vacant after owner move-out many require a touch-up cleaning before tenant occupancy. These services will be ordered at the discretion of the property manager but charged as an expense to the owner.

### **Pools**

Townsend will manage residences with a pool provided that the pool has a secure enclosure that complies with local ordinances. We have found it necessary **for owners to employ a local pool maintenance contractor to perform the annual opening and closing of the pool, as well as routing maintenance and cleaning during the pool season. This service should be set up by the owner and is conducted at owner expense.** This practice reduces the risk of damage to the pool that can quickly occur when routine maintenance is not performed, such as during periods of vacancy or when there is tenant neglect.

### **Trampolines**

The presence of a trampoline on a property, whether owned by the owner or tenant, causes owners and property managers to incur significant liability in the event of an injury or death. In order to protect owner and management interest, **Townsend Real Estate will ask that any trampolines be removed prior to our management.**

## **Marketing Services**

Townsend Rentals will get your home in front of high-quality tenants via a number of proven marketing strategies. These include:

- Tenant Turner – Track, follow up, schedule showings and obtain feedback from all leads on your property.
- Yard sign (where allowed by HOA)
- Both hard-copy and digital-based flyers for customer review in our office
- TownsendRentalHomes.com, our company rental site
- Realtor.com, national website of the National Association of Realtors
- AHRN.com, the Automated Housing Referral Network. AHRN is the US Armed Forces' website for military personnel to obtain information about civilian housing availability
- Fayetteville Area MLS, our local Association of Realtors site
- Syndication from these sites to dozens of other popular tenant destinations such as Zillow, Trulia, Homes.com, HotPads, and many, many more.

In accordance with Fair Housing laws, all advertising for homes managed by Townsend Real Estate **MUST** include the phrase “professionally managed by Townsend Real Estate” no matter who places the ad. If you are interested in advertising outside our standard package, please speak with your property manager to ensure all necessary protections and laws are followed.

## Tenant Showings

A request by a potential tenant to view a home advertised for rent is handled in various ways depending on the status of the home.

- **Occupied properties.** Agent will coordinate a time for the prospective tenants to view the property when the current occupant (either owner or tenant) is present. **The current occupant will show the property to the applicant. Agent is not usually present for the viewing.**
- **Vacant properties.** Tenant turner's self showing lockboxes will be used for showings. If we have a potential tenant who does not use technology, the tenant can check out a key to view the home, after providing a valid photo ID and a key deposit. IDs are scanned.
- **Agents from other companies.** We will also make your property available to be shown by licensed agents, from other real estate companies, who will be provided with either keys or a combination to a lockbox after providing appropriate credentials.
- **Alarms.** For ease of showing, Townsend requests that all alarm systems be disarmed during the listing period. Townsend Real Estate will not be responsible for activating or deactivating alarms.

## Screening of Tenants

All occupants of a home over the age of 18 must complete an online application before property managers approve or decline a move-in request. Application fees are paid by the applicant.

Tenant-supplied information is verified by an independent third-party company to help assure the applicant meets all selection criteria at the commencement of their lease. The following information is reviewed in the approval process.

- Full credit report
- Nationwide criminal checks
- Verification of income
- Previous residency check with prior landlord
- Bankruptcy check
- Eviction records check

Based on these criteria, an application may be approved, declined, or noted as conditional. Conditional applications can be approved with an increased security deposit. **We will offer the property to the public in compliance with all state and federal housing laws.**

To conform to these laws and to maintain the privacy of applicants, property managers may not be able to disclose various types of information to your regarding your potential tenants.

## Professional Lease Package

Tenants will sign a standard lease agreement that has been approved by the North Carolina Real Estate Commission and our attorneys. We also give the tenant a "tenant handbook" to outline key obligations and set expectations. These both include detailed accounting of their duties to you and your home. If you would like to review it prior to hiring Townsend Rentals, just let us know.

## Maintenance, Inspections, Repairs, etc.

Our goal is to take in, maintain, and return properties to the owner in the best condition possible. It must be acknowledged however, that as properties have occupants moving in and out, the appearance of the property will degrade over time.

**Therefore, we choose to manage properties whose owners recognize that their homes age with the best of tenants and are willing to invest their funds as needed to restore and maintain their properties to a high standard.** Changes in the property due to these conditions fall within “normal wear and tear” guidelines and are an owner responsibility to correct.

**Normal life expectancy, according to fair wear and tear guidelines is as follows:**

- Carpet -- 7-10 years (depending on grade)
- Interior paint – 3 years
- Vinyl flooring – 7 years
- Mini blinds – 3 years (builder grade)
- Exterior paint – 5-7 years (depending on quality)
- Shingles – 15-30 years (depending on the quality at installation)

This is not inclusive, but is provided to help you prepare for expenses.

### **Inspections by Management**

Townsend’s goal is to inspect a residence a minimum of two times a year. Those inspections may be initiated for a variety of reasons – move in, move-out, routine, or to check on the status of maintenance, etc. Routine home inspections are performed once a year. A full move-out inspection may substitute for a routine inspection. Owners will receive copies of inspection reports with photos via email, and reports will be stored on their online owner portal.

### **Initiation of Repairs**

Regardless of the care your tenants take with your home, things will and do break and require repair or replacement. Your property manager is experienced in knowing which requests necessitate immediate action to preserve, maintain, and protect your property and which are not required by these standards.

Any required action due to tenant neglect or abuse will be charged to the tenant’s account.

Tenants are required to make all repair requests in writing to their property manager unless it is an emergency. Emergency repairs are handled by on-call agents who are available 24 hours a day, 7 days a week, even on holidays. Home warranties may not always be used for emergency repairs.

Once a Property Manager determines attention to a tenant request is required, he or she will create a work order with one of our preferred vendors. Townsend has a considerable repair history with the contractors we use, all of whom are licensed and insured in their areas of expertise. **Typically, it is NOT possible to use vendors outside of our system, and owners themselves are never allowed to make their own repairs turning tenancy due to liability concerns and other legal issues. Some vendors may be considered if properly licensed and insured.**

**Non-emergency maintenance that we expect to cost less than \$500 will be done without prior coordination with the owner.** Owners are notified in advance for all non-emergency repairs expected to cost more than \$500.

**In order to be prepared to respond promptly to repair issues, owners are requested to keep \$500 in a repair reserve account with Townsend Rental.** This amount can be paid at the time of management initiation or held from the first month’s rent collected. Any additional amount necessary to complete repairs must be forwarded by the owner before work can begin. Funds will be held in reserve by Townsend until work is completed and verified.

Emergency maintenance will be accomplished as soon as we are aware of the problem. Emergency repairs are defined as situations where the health or welfare of the tenant/s may be at risk. Examples include: no heat, no air conditioning, broken water lines, inoperative sewer/septic, and similar.

Townsend is a subscriber of AppFolio, a website devoted to rental property management and marketing. Owners of properties we manage have an owner portal so they can view and/or provide feedback to Townsend on maintenance actions

that are being performed, as well as view completed work orders. Townsend uses AppFolio to record owner preferences, property information, maintenance history, and to initiate and track repairs.

### **Eviction Processing**

The Townsend marketing and tenant validation process, when viewed across the entire inventory of rental properties, results in a high occupancy record. We average 93% occupancy rate and only about 1 in 300 tenants are evicted each month. Most of the few tenants that we evicted failed to pay their rent; others failed to take care of the residence or otherwise failed to perform as required.

Our experiences have taught us that it is essential to address problems when they occur. Thus our policy is that if the rent is not paid in full, we file to evict the tenant during the same month the rent is not paid. We have found this proactive approach best limits the financial consequences to the owner.

The legal process to evict can take as much as 6-8 weeks when tenants avail themselves of all legal remedies. Ultimately, the home returns to our control and we endeavor to return the property to market-ready condition as soon as possible.

The tenant is briefed that the company does not accept extensions of time in which to make a rent payment, and that failure to pay rent (and any accumulated fees) by the 10<sup>th</sup> of the current month may make the tenant subject to eviction. Company policy is to file for eviction on or before the 21<sup>st</sup> of the same month in which rent is not paid. Partial rent payment is not acceptable as it delays our ability to file for eviction. Extensions of time for rent payment may only be granted by the owner of the property by providing Townsend with permission to pay late in writing.

**When necessary, Townsend can represent you as we file and pursue eviction of the tenant in Magistrate's Court. For all other legal actions, owners must either represent themselves or hire an attorney to represent them.**

### **Move-outs and Make Ready**

Most tenants initiate the process of moving out due to relocation for jobs, military transfer, purchase of a home, or other reason. A small number of tenants move out against their will because they failed to pay their rent in a timely manner, failed to maintain the premises, or failed to abide by other provision of their contract.

When we learn that a resident is moving out, we notify you that your tenant is leaving, and provide you with an approximate date of move out so you have the most time possible to determine your plans for the property – either to re-rent, sell, or return management of the home to you.

As the move-out day approaches, we review the potential of placing the home on the rental market (assuming that is your desire). We consider the outside and inside appearance, as well as the occupant's willingness and ability to be present during the showing of the home to potential renters.

The presence of people and their personal possessions and furniture may prevent an inspector from observing the true condition of walls, floors, windows, and cleanliness of the residence while it is occupied. Once vacant, these areas are often discovered to be in need of repainting, repair or cleaning. Unless such problems are the result of overt tenant damage, they are considered to be normal wear and tear, which is the responsibility of the owner to correct.

It has been our experience that a make-ready process often necessitates the infusion of owner funds. In order to expedite accomplishment of a make-ready, your \$500 repair reserve may be used for these purposes. These actions include normal lawn maintenance, cleaning, and minor repairs due to normal wear and tear.

In addition, the manager will disburse the tenant security deposit in accordance with the North Carolina Tenant Security Deposit Act once tenant responsibility for repair is determined.

**NOTE:** Under North Carolina statutes, **cleaning a home between tenancies is an owner responsibility.** The tenant's security deposit cannot be sued to pay for basic cleaning. We have found through experience that there is usually a difference

in cleanliness and cosmetic appearance of the home at the time it is on the market, compared to its condition when a tenant moves out. Returning the house to rent-ready condition is an owner expense.

This list includes the main areas in which you may incur expenses between tenants. This list may not completely apply and is not all-inclusive. Other areas may arise for your particular residences that are not known at this time.

- Interior cleaning prior to new tenants
- Lawn and shrub maintenance
- Required general maintenance
- Pest treatment in the first 7 days of a new lease
- Winterization of plumbing and/or sprinkler system if vacant during winter months

## **Other Information**

### **Pets**

Owners may choose to allow, restrict, or deny the right to have a pet. Leases will comply with the owner's desire. If a pet complies with owner guidelines, we recommend a one-time, non-refundable pet fee of \$250 per pet at the start of tenancy. In order to reduce the risk of physical injury and/or financial/legal liability, we do not permit the signing of leases authorizing dogs recognized by state law as dangerous breeds. For a list of breeds, please ask.

NOTE: A disabled person, as defined by the Americans with Disabilities Act, or ADA, may be prescribed a service animal to assist with their daily living activities. Individuals entitled to such support DO have the right to a service animal and CANNOT be denied the right to occupy a dwelling based on a No Pet policy. The animal is considered a service animal, not a pet, and therefore no pet fee can be charged. If the animal causes damage to the home, the tenant security deposit can still be held for these purposes.

### **Hours of Operation**

The Rental Department's normal hours of operation are Monday-Friday from 9am-5pm. On Saturdays, the office is open with limited staffing from 10am-3pm to allow potential tenants to view properties and to accept rental payments. The Department is closed on Sundays.

Should the owner have additional needs to require the services of the property manager outside normal business hours, they should contact the manager to discuss their needs. An additional fee may be applied to these requests.

### **Other Professional Services**

Townsend Rentals provides expertise in the field of real estate and property management. Other professionals should be consulted regarding other aspects of your home and position as a landlord. These include, but are not limited to, attorney, insurance agent, tax advisor, engineer, home inspector, environmental consultant, architect, or contractor.