



EXIT Realty Number One

Owner Handbook

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www.exitrealtynumberone.com

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Welcome

Thank you for choosing EXIT Realty Number One (ERNO) Property Management to manage your investment. We are aware that you had many choices and we appreciate that you have selected us as your property management company. We Specialize in Managing Single Family Homes, Condos, Townhomes, Duplexes, Fourplexes, small Apartment Complexes and High-Rise Units. We take great pride in what we offer, and you can rest assured your investment will be managed with the utmost in care and integrity. We have prepared this owner manual to assist you in a successful business relationship with our company. We urge you to take the time to review the information enclosed. We feel this will further clarify many of the procedures for our Property Management services ERNO Property Management is a property management company operating in Nevada, specializing in full-service property management.

The information provided in the ERNO Property Management Owner Manual is subject to change. Landlord/tenant laws, personnel, policies, and procedures change from time to time. ERNO Property Management works diligently and continually to improve services and personnel training and remain current with all landlord/tenant legislation.

Dawn Houlf is the Owner and Broker of ERNO Property Management. She has been in real estate since 1986. Dawn provides the daily leadership and direction of ERNO Property Management. She personally oversees all contracts, policies, and procedures, and works to educate the staff to provide excellent service to our clients.

Please contact us immediately if you have any questions, using the company contact information provided in the following pages.

Company Mission Statement

The mission of EXIT Realty Number One is to provide quality service in property management in Las Vegas, and the surrounding areas, demonstrating integrity and professionalism. We strive to be Las Vegas's Premier Property Management Company.

Office Information

EXIT Realty Number One

316 South Jones Blvd.

Las Vegas, NV 89107

Office 702-949-2409 Fax: 702-522-1490

Office Hours: Monday – Friday, 9:00am to 5:00pm

www.exitrealtynumberone.com

Here are a few of the benefits for clients on the website:

- Prospective tenants can search on our site for available rentals, all other online advertising links back to our website.
- Prospective tenants can apply online.
- Many tenants pay on online.
- Tenants may make maintenance requests online.
- Tenant forms such as the tenant handbook and notice to vacate forms are available online.
- Secure Appfolio Owner Account providing all reports and documentation available online for owner's convenience.
- To pay for emergencies repairs, owners may send ERNO funds instantly via the owner portal.

Policies and Procedures

Company Policies

It is very important in that professional property managers follow local, state, and federal legislation and guidelines. Our company takes pride in our industry, and we further implement guidelines and policies of several organizations, such as the National Association of Residential Property Managers (NARPM), the National Apartment Association (NAA), and the National Association of Realtors (NAR®). Additionally, we train all personnel by requiring them to read and follow the ERNO Property Management Policy and Procedures Manual and ERNO Employee Manual. The Nevada Real Estate Commission requires licensing for all principals and property managers conducting property management and real estate sales in our state.

Code of Ethics

ERNO Property Management follows the Code of Ethics outlined by NARPM, NAR®, and the NAA. ERNO Property Management considers this a top priority in conducting business.

Drug Free Policy

ERNO Property Management has a drug-free policy.

We incorporate this policy into our rental/lease, personnel, and vendor documentation.

Legislation

ERNO Property Management adheres to the laws and guidelines of federal, state, and local Legislation regarding Fair Housing (HUD), Equal Opportunity Employer, URLTA, FCRA, EPA and incorporates these into all documentation, policies, and procedures.

Lead Base Paint

ERNO Property Management follows all mandated federal and state guidelines for lead-based paint. All properties constructed prior to January 1, 1978 require disclosures to all tenants and owners. Tenants sign lead-based paint disclosures and are provided the EPA pamphlet (Protect Your Family from Lead in the Home). EPA issued a rule requiring the use of lead-safe practices

and other actions aimed at preventing lead poisoning. Contractors performing renovation, repair and painting projects that disturb lead-based paint in homes, built before 1978 must be certified and must follow specific work practices to prevent lead contamination.

Mold Issues

ERNO Property Management regards mold issues as a top priority in property management. Owners should be aware that mold is another leading issue in the property management industry and failure to act if tenants report or discover mold can lead to potential liability and costly lawsuits.

Banking

ERNO Property Management holds your funds and your money earns no interest in a trust account as mandated by the Real Estate Commission. The trust account and does not commingle funds with broker monies, following the Real Estate Commission requirements.

Disbursement of Monthly Funds

ERNO Property Management disburses available funds to owners between the 10th and 12th of each month. If these dates fall on a weekend or bank holiday, ERNO Property Management issues funds on the next business day. If rent is received too late for owner funds to be disbursed the owner payment will be made on the 25th. ERNO Property Management distributes owner funds by Automated Clearing House (ACH) direct deposit. Payments by ACH may take a couple of business days to post in our owners' bank accounts. ERNO Property Management does NOT issue owner checks.

Monthly Statements

Before the 20th day of each month ERNO will upload monthly reports and paid invoices (if any) to each owner's secure account on our website.

End of Year Procedures

ERNO Property Management will send you the 1099 by January 31ST for the previous tax year. If there is a change in your tax information such as a changed address or a change in the entity that holds title to the property, please notify us. ERNO Property Management prepares a final year-end statement which reflects total amounts for income and expenses that have transpired throughout the year. The amounts will not reflect any funds issued through the owners personal account.

Getting Started

Initial Site Visit/Property Survey

At ERNO Property Management, a property manager must visit your property before we can price it or agree to manage it. The site visit must include interior access. ERNO Property Management does this to ensure that we can accept the risk of placing a tenant in the property and that the property is ready to market. We do take a very high-level look at the property. When we survey the property, we will:

- Verify that all light fixtures are operational and have light bulbs.
- Verify that all appliances work.
- Verify that the HVAC works.
- Verify all plumbing fixtures work.
- Verify that all windows and screens are operable.
- Verify all utilities are on.
- Look for obvious structural defects.
- Verify property is clean inside and out.
- Verify that the property meets the ERNO Property Management criteria for move in ready condition.
- Verify that the all external doors/locks may be operated by a single key.

Following Initial Site Visit/Property Survey

After the property survey, ERNO Property Management will send you a report of our findings. If work is needed, we will send you a list of repairs along with our bid to complete the work. You may choose to have ERNO Property Management complete the work or you may complete the work yourself.

ERNO Property Management's policy is that you may repair the property yourself or with your own vendors while a property is vacant, but **we must use ERNO Property Management vendors when the property is tenant occupied.**

ERNO Property Management will prepare a proposal consisting of:

- a market rent survey of rents for comparable properties in the area,
- management agreement, and various property intake forms.

We will deliver these documents to you by email attachment for electronic signature.

Before we can get started...

We must receive three things to begin the management engagement:

1. Signed management agreement with disclosures and intake documents completed.
2. Keys to the property along with garage door remotes, pool keys, mailbox keys and any other items for ingress and egress.
3. \$350 for Maintenance reserves

The property is marketed

After the property is safe for tenant occupancy and ready to market, we will take photographs, video, and place a sign in the yard (if permitted by HOA) and at owners request to begin marketing the property.

Setting the rent

Supply and demand determine rent. If there are multiple rentals available in the area of your property, it is necessary to be very competitive. If very few are for rent in the same

area, it will be easier to rent the property.

Markets change and ERNO Property Management advises owners on the current rental market.

Showings

The ERNO Property Management conducts showings for each vacant unit. Tenants contact us by email and telephone. We arrange showing times for your property in advance.

We do not allow prospective tenants to have unsupervised access to the property.

Special issues for condominiums

ERNO Property Management asks that our condo and association owners be extremely thorough in providing all the information we request in our “New Property Intake” form regarding condo association contact information, pet restrictions, required lease addendums, and move-in policies.

Key Policy

ERNO Property Management requires that one full set of keys, fobs, remotes, clickers, and any other devices require to enter the property and related amenities (such as the mailbox, pool, parking garage, exercise facility, etc.) be provided at owner expense **for each tenant named on the lease, plus one complete copy for the ERNO office.**

ERNO Property Management highly suggest that we install **Kwikset Smart key locks** on all exterior doors on all managed properties at the owner’s expense. The Smart key product line allows us to re-key locks very quickly and inexpensively.

Smart key locks need be installed only once for the duration of the time ERNO Property Management manages a property no matter how many times we need to change the key. The Smart key product line costs only a few dollars (about \$5) more than a lock without its special features.

ERNO Property Management policy is to install one single-cylinder deadbolt in each exterior door.

ERNO Property Management never allows double-cylinder deadbolts to be installed in any property we manage. Double cylinder deadbolt locks require a key to operate the lock

from both the inside and the outside of the door. Double-cylinder locks are prohibited in residential properties by federal, state and local ordinances. If a double-cylinder deadbolt is present in a managed property, ERNO Property Management will replace it with a single-cylinder deadbolt at owner expense prior to allowing tenant occupancy.

Utility Policy

All utilities must be turned on while the property is vacant and being shown, including electricity and water. **Owner must keep sewer and trash in their name** and tenant will reimburse for sewer and trash as part of rental amount.

ERNO Property Management cannot inspect, repair, or clean the property between tenants if utilities are not turned on. ERNO Property Management recommends that owners allow ERNO Property Management have the authority to change utilities in and out of the owner's name during vacancies through a limited power of attorney form provided by NV Energy. In this case, when a tenant moves out, the utilities automatically revert to the owner and remain turned on.

Transferring utilities to the tenant

All ERNO Property Management leases make it the tenant's responsibility to turn on utilities as of the first day of the lease. Tenants agree to this in writing and are notified of this responsibility when we give them move-in instructions.

Processing Tenant Applications

ERNO Property Management has a very easy-to-use online rental application portal. Supplemental documents, such as recent pay stubs, bank statements etc. are uploaded to the ERNO Property Management office through the online application portal. We are prepared to execute leases with approved tenants very quickly by email or in person. Using the internet, we have leased properties sight-unseen to qualified out-of-state tenants many times.

Tenant screening

ERNO Property Management requires all applicants to fill out a detailed application and submit it for processing and approval.

For each tenant, we examine the following:

- Credit report
- Nationwide criminal background report
- Nationwide report of previous evictions
- Employment
- Income
- Rental History

All applicants must submit verifiable information on their income, rental history or previous home ownership. Together this provides the criteria to qualify or disqualify prospective applicants. If a pet is allowed on the property, the screening includes the pet.

Cosigners

There are sometimes conditions that may warrant taking a cosigner on a property. For example, we have successfully leased homes to students who had well-funded parental cosigners. If this is the case, ERNO Property Management will notify the owner, discuss the reasons, and obtain owner authorization.

Pets

If an owner authorizes a pet, ERNO Property Management requires an additional security deposit. Many tenants have or want pets. It is legal for property owners to discriminate against pets. It is important to encourage full disclosure on pets while evaluating an application. ERNO Property Management recommends to owners that when the property is on the market, pets are negotiable. This can solve two problems. By listing pets as negotiable, it avoids eliminating an excellent tenant who has an excellent tenant history and owns a pet that is suitable to your property.

Service animals

Service animals for handicapped persons are NOT pets by Federal law, and owners cannot discriminate against handicapped/disabled persons with a service animal. Fair Housing legislation does NOT allow owners or property managers to collect deposits of any kind for service animals. However, Landlords can still process applicants who are handicapped or

disabled on the same criteria as other applicants: income, credit, and tenant history. If they fail to qualify in these areas, the landlord/manager can still deny the application, handicapped or not.

Communication

Guidelines for reaching us:

Owners sometimes ask, “Whom should I contact when I have a question?” Here are our suggestions:

- If you receive communication from the ERNO Property Management office, reply directly to the staff member that made the communication.
- Contacting the property manager assigned to your account: This person will have intimate knowledge of your property.
- It is important that you let us know any significant change that can affect your account.
- **Owner on Vacation** - ERNO Property Management respectfully requests that owners notify ERNO Property Management of vacations and provide alternative emergency contact information.

Company Services and Fees

Monthly Management Services

- Occupied:
 - Single Family Residence – 8% or \$100 whichever is greater
 - Condos/Townhome – 8% or \$80 whichever is greater
 - Duplex/Triplex/4-plex – 8% or \$80 per unit whichever is greater
- Vacant Monthly
 - \$100 Single Family
 - \$80 Condos/Townhome
 - \$80 for Duplexes/Triplex/4-plex per unit
- Leasing Fee
 - \$150 administrative cost for lease completion
- Set-up Fee
 - \$300 to set up account in property management system
 - \$100 new tenant placement
- Referral commission
 - \$300 to any real estate agent who brings a qualified tenant that moves in
- Lease Renewal fee:
 - \$150 for renewing the lease.
- Extraordinary Services
 - \$50 per hour for tasks exceeding normal management duties
- Initial Deposit and Reserve
 - \$350 for maintenance reserves

Early Termination Fees

- \$300 – Transfer Fee to transfer files to another Brokerage
- \$300 – Additional cancellation fee prior to leasing property
- \$100 – After termination, administration fee if broker receives funds

Electronic Payment

- Owners will be paid by ACH direct deposit.

Maintenance

- Our vendors/contractors can handle any repair.
- We monitor an emergency maintenance 24/7.
- Each tenant will receive the property manager direct cellular number to call for emergencies only.
- Repairs that exceed the maintenance reserve will receive multiple quotes/proposal for your approval.

Rent Collection and Evictions

- We insist on timely rent payment from tenants by the 5th of the month.
- We act promptly when rent is not paid.
- When necessary, we handle the entire eviction process by using Southern Nevada Eviction Services.

Marketing

Internet Marketing

ERNO Property Management prides itself on effective internet marketing. Each rental property has a page on our website, www.extitrealtynumberone.com. In addition to our own website, ERNO Property Management markets properties on a variety of paid and free websites. ERNO Property Management markets our rental homes on the most-visited websites. Trends in internet advertising change rapidly and our selection of marketing websites changes with the market

- Each property has a page on our website featuring photos, detailed description of the home along with driving directions and application instructions.
- Rental properties are marketed on a variety of free and paid websites, currently over 35 sites.
- ERNO's proprietary marketing suite, video marketing and flyers along with the property's own website.
- Marketing on the Multiple Listing Service (MLS)
- Social Media Platforms (Facebook, LinkedIn, Instagram)
- Reverse Marketing (ERNO proprietary technology)

Signage

ERNO Property Management displays For Rent yard signs prominently upon owners' request.

Print Media

ERNO Property Management has found that internet advertising is far more cost-effective than print media advertising. Upon owners request we can provide print media advertising.

Monthly newsletter

To keep you updated on the property management industry you will receive our client newsletter, the Manager's Report, with your monthly notification by email that owner funds have been disbursed and monthly reports are available for download on the ERNO

website. This information will enlighten you on many housing issues. Important changes or announcements concerning ERNO Property Management are also included in this publication.

Owner Responsibilities

A successful business relationship must engage both parties. At ERNO Property Management, we take our management responsibilities seriously and request that owners do the same.

- Maintain property in a condition that is marketable and habitable.
- Keep all utilities at the property turned on during vacancies.
- Notify ERNO Property Management of any ownership change or imminent owner changes for the managed property.
- Supply ERNO Property Management with accurate information so ERNO Property Management can service the management account properly.
- Review statements monthly and notify ERNO Property Management of any discrepancies found as soon as possible.
- Support Fair Housing Laws and guidelines as well as necessary legislation and mandates from our state, local and federal governments.
- Maintain current landlord insurance policy on property.
- Review property insurance yearly and update as needed.
- Provide ERNO Property Management a copy of property insurance policy annually naming EXIT Realty Number One as additionally insured.

Owner Documents

A copy of your management agreement along with various disclosures and intake documents are provided to you along with the ERNO Property Management Owner Manual. Refer to it as needed and keep it with you for a handy reference. It is important that ERNO Property Management receive all critical information as we begin management. You may have completed the documents listed below. If not, we need you to fill out and return the following documents:

- **Management agreement** - Under **NEVADA** law we cannot manage your property unless authorized by you to do so in a management agreement
- **Owner information** - This information enables ERNO Property Management to set up your account.

- **Electronic banking authorization** - This form enables ERNO Property Management to send your funds directly to your bank.
- **W-9 Form** - This form enables ERNO Property Management to send you a Form 1099 for preparation of your taxes
- **Insurance authorization** - This form requests that your insurer issue a copy of your property insurance to ERNO Property Management. Please name ERNO Property Management as additional insured on your policy, **verify that your homeowner's insurance policy is a landlord policy rather than an owner-occupant policy** and also, that your coverage is in the amount of at least **\$500,000** if your property is single family detached, **or \$300,000** if it is a condominium. Please send this form directly to your insurance company and forward a copy of your request to ERNO Property Management.
- **Owner's property disclosure statement** - This NEVADA Association of Realtor's form provides detailed property information for our records. As management continues, information can change. We have included several forms for your convenience. These forms and a copy of this manual may also be downloaded from the Owner page on the company website. Notify ERNO Property Management of any important change when it happens – your address, telephone, fax, email, etc.
- **Owner work order authorization** - For larger projects over \$350, this form authorizes us to perform specific work on the property.
- **Owner vacation notice** - This is for notifying ERNO Property Management when you will be unavailable so that ERNO Property Management is prepared in the event of an emergency. Another alternative is to inform your emergency contact listed on the Owner Information Form.
- **Email** - ERNO Property Management encourages all owners to use email to contact us. It is fast and effective no matter the situation. Please supply us with your email address on all the ERNO Property Management forms.

Requirements for property condition

ERNO Property Management markets only homes that are in proper showing condition and are fully repaired. Before ERNO Property Management will market a home, the following requirements must be met:

- All owner's belongings must be removed. The garage, attic and storage areas must be clear.
- Carpets if any cleaned professionally.
- All interior paint must either be freshly painted or appears to be freshly painted.
- The property must be cleaned inside and out to be considered "rent ready"
- All major systems must be operating (electrical, plumbing, gas, HVAC)
- All appliances included in advertising must be installed and in working and operational.
- All utilities must be turned on.
- Locks on all exterior doors must be keyed to same key.
- Landscaping must be in good condition.
- All work identified in the property management report must be completed.

ERNO Property Management is committed to delivering to tenants what we promise, a property that is move-in ready.

Cancellation of Management

It is the goal of ERNO Property Management to satisfy your management needs and engage in a successful business relationship, but all things do change over time. Owners sell properties: people give notices. When this happens, the ERNO Property Management cancellation policy is to resolve your account in a professional, timely, and pleasant manner. Please review the following policies for cancellation.

Written Notice

- The ERNO Property Management contact accepts a 30-day written notice by either party. Please refer to Your Property Management Agreement page 10 Section 20 "Termination"
- Your written notice must include your signature. You may convey this to us by U. S. postal mail, fax or scanned document by email attachment.

Notice to Current Tenants

- ERNO Property Management will notify current tenants of the date ERNO will no longer manage property and that security deposits will be forwarded with signed approval by all parties.

- It is the owner's responsibility to advise tenants where to make further rental payments and work requests after the notice period.

Distribution of documents

- ERNO Property Management will supply current tenant documentation to the owner. Most or all the necessary documents will already be posted to your owner account on the website.
- If the owner has employed new management, ERNO Property Management will forward documents, keys, and any other necessary materials to the new management upon request by the owner.
- Final Distribution of funds ERNO Property Management will distribute funds including security deposits, and final statements to the owner within 30 days of the terminating date of management, as agreed in the management contract. ERNO Property Management will issue a 1099 for the funds collected the current year when the tax year ends.

Please review your property management agreement for all other requirements.

Rental/Move-in/Move-out Procedures

Renting your Property

Preparing to rent the property

When prospective tenants view your property, ERNO Property Management wants the property to look its best and be able to compete with area rentals. A property maintenance report and rental market survey are completed. The ERNO Property Management team will contact you to discuss the details of your vacant property and any necessary maintenance.

Tenant Screening

- Income verification
- Rental history
- Prior eviction actions
- Credit history
- Criminal background check

Tenant Move-In

Rent and security deposit

ERNO Property Management requires payment of first month's rent and security deposit in certified funds. Tenants must pay a full month's rent and a security deposit usually equal to one month's rent prior to taking possession of the property if the lease execution is on the 1st. If lease is executed between the 2nd and the 15th of the month the tenant will pay the prorated first months' rent and security deposit. If lease is executed between the 16th and the end of month the tenant will pay the proration of the 1st months' rent plus the full second month and security deposit.

Lease

Once ERNO Property Management receives funds, a lease with the applicant is completed. All persons 18 and over, including adult children, are required to read and sign the lease. If the accepted applicants are a foreign nationality and cannot read and understand the documentation, they must supply an interpreter of legal age for signing the rental/lease

agreements.

Move-in inspection

A vital part of the rental agreement is a detailed move-in inspection performed by the tenant, documenting the condition of the property when they move in.

The move-in inspection documents the condition of the property. When the tenant moves out of the property, there is a sound basis for the security deposit refund. ERNO Property Management also documents the move-in with digital photos.

Tenant handbook

Tenants immediately receive the ERNO Property Management Tenant Handbook. This detailed booklet gives them additional information on how to report repairs, maintain the property, make timely payments, how to give proper notice to vacate, leave the property in good condition, and more.

Maintenance

We have had experience with Home Warranties, and some are better than others.

ERNO Property Management can recommend companies should you want to have one in place.

Preventive maintenance

ERNO Property Management will contact owners regarding maintenance above the \$350.00 limit that is listed in the ERNO Property Management contract unless the situation is an emergency.

Emergencies

When an emergency occurs, ERNO Property Management has policies in place for the property and tenants. ERNO Property Management notifies the property owner as soon as practical. The nature of the emergency determines the action needed by ERNO Property Management. There are times when a property manager must act in order to prevent great financial risk to the owner.

Evictions

If an eviction is necessary, ERNO Property Management handles every part of the process. Southern Nevada Eviction Services will file all necessary documents, monitor legal proceedings, attend court if necessary, hire a crew to perform a lock-out by the county Sheriff, and prepare the property to be marketed to a new tenant. Evictions are done at owners expense. Professional and correct legal action reduces the owner's expense in an eviction and avoids the risk of a lawsuit for wrongful eviction.

Lease Expiration

Communication with owners and tenants

60 days prior to the expiration of a lease, ERNO Property Management notifies the owner in writing. ERNO Property Management asks for the owner's instructions. If we do not hear from the owner within two weeks, we assume the owner wishes us to renew the current tenant.

45 prior to the expiration of a lease, ERNO Property Management invites the tenant to renew if the tenant's account is in good standing. If neither the tenant nor the landlord gives notice of termination 30 days prior to the expiration of the lease; the property manager will schedule an appointment with the tenant for renewing the lease at current market value.

Tenant move-out

ERNO Property Management conducts a walk-through similar to the one performed when the tenant moved into the property. ERNO Property Management records any maintenance required and discloses a list of damages to the vacating tenant.

Digital photographs are taken when the tenant moves out to document the condition of the property and support any deductions from the security deposit. After assessment of the tenant move-out, ERNO Property Management advises owners of any tenant damages or any maintenance required to re-rent the property.

Security deposit refunds

Proper handling of the security deposit refund is crucial. Any tenant deductions are determined in a timely manner, and a security deposit transmittal is prepared in accordance with Nevada law. Owners receive a copy of the transmittal with their monthly statement, showing any deductions and monies refunded.

Collections

If collecting damages is required, ERNO Property Management will refer the matter to a qualified consumer collection service at the instruction and authorization of the owner. ERNO Property Management does not include recovering tenant damages, but leaves this to companies with expertise in debt collection. ERNO Property Management will supply consumer collection companies with the necessary documentation needed.

Tenant Responsibilities

Collecting rent

Rent is due on the first day of the month and late if received on or after the fifth day of the month.

When rent is not paid

If the rent is not paid by the specified date, we do start the Eviction process by issuing a 7-Day Notice to Pay or Quit. Very few of our 7-Day Notice result in a physical eviction. However, the 7-Day Notice is an effective tool to let tenants know that the rent must be paid. In most cases the tenants simply get current with their account and the 7-Day Notice is dismissed. In the rare event that a tenant does have to be evicted, prompt filing of the 7-Day Notice minimizes the time an owner has to carry a non-paying tenant.

Notices of violation

ERNO Property Management serves notices as situations warrant, such as a notice to clean up the landscape, a notice to enter the property, a notice to perform survey/inspections, a notice regarding an illegal pet, illegal tenants, etc. These tenant violations may be in the form of a letter or a legal notice form. Often, these notices are simply to correct minor tenant problems and most tenants comply. However, if necessary, ERNO Property Management contacts the owner with the information to discuss the situation.

Tenant issues

ERNO Property Management has years of experience handling the wide range of tenant difficulties that can occur. The ERNO Property Management policy is to obtain good tenants, eliminating many tenant issues. ERNO Property Management treats each issue with a common-sense approach follows Nevada landlord/tenant law and uses the appropriate documentation. If the situation is serious, ERNO Property Management contacts the owner and works to find a solution for the circumstances.

Additional Services

The following are additional services offered by ERNO Property Management to each property owner. They are not included in the fees for managing the property.

Annual walk-through

ERNO Property Management maintains properties as part of their property management services. This inspection goes beyond overseeing normal maintenance. Our agent performs this inspection, and the purpose is to check the property thoroughly each year in order to perform necessary or preventative maintenance.

Extraordinary maintenance

Property management normally includes only routine maintenance. Large repairs and renovations are outside the scope of typical property management. Our goal is to provide a single point of contact for maintaining the property.

Real estate sales

ERNO Property Management specializes in property management. By Nevada Law our Property Managers are also licensed to buy and sell properties for their owners.

If you want to sell a tenant-occupied property ERNO Property Management is managing or purchase property with the intention of having ERNO Property Management manage it, please let us know. We will be happy to assist you, your family, and friends. We understand how to buy and sell rental property. You are more likely to be successful when you buy or sell rental property if your property manager and sales agent work together effectively as a team.

FAQ

What is included in the monthly management fee?

For your monthly management fee ERNO Property Management provides the following:

- Collection of the rent
- Disburse owner funds to you between the 10th and 12th of the month.
- We keep accurate records for your property and send you monthly reports.
- Be the sole point of contact for the tenant about your property
- Deal with the situation when the tenant does not pay the rent, all the way through eviction and collections if necessary.
- Correspondence with the tenant regarding notices of violation or other problems.
- Available 24/7 to handle emergency repairs at the property.

What is NOT included in the monthly management fee?

- Site visits to the property
- Annual Inspections of the property, interior and exterior
- Meeting the City or County Inspectors at the property.
- Trips to the property to file police reports or meet insurance adjusters
- Trips to court to handle litigation with tenants.
- HOA Meetings

What is a landlord insurance policy vs an owner-occupied insurance policy?

You may need to change insurers to acquire an insurance policy that meets these requirements. Since you will not be residing in the property, your insurance policy must be a landlord policy rather than an owner-occupant policy. Failing to change your policy to a landlord policy could be a reason for your insurer to deny coverage in the event you file a claim after a property is tenant occupied. Owners frequently ask why ERNO Property Management must be named as additional insured. The reason is that in our management agreement owners indemnify ERNO Property Management from legal expenses if ERNO Property Management gets sued while managing your property. If we are additional insured under your

policy, your insurer will simply defend us if we get sued. If we are not additional insured under your policy, you will be responsible for our legal expenses.

Thus, naming us as additional **insured** can save you a lot of money if there is a lawsuit. Things have changed a lot in the insurance industry. Homeowners insurance used to be very easy to get. Insurance companies **have** had to pay out a lot of claims recently and consequently they are looking harder before they **issue** policies. You may find that your current insurer will not write a policy naming ERNO Property Management as additional insured or increase your coverage to ***\$500,000 (\$300,000 for a condominium)***.

ERNO Property Management is happy to furnish you with referrals to insurance agents and companies who can write the policies that provide the protection you need.

How is the first month of property management disbursed?

When a new management agreement is established, ERNO Property Management creates an account for you and your property. ERNO Property Management recognizes the importance of accurately collecting and disbursing funds. The bookkeeping program used by ERNO Property Management is specialized software designed to handle the many facets of property management and accurate record keeping, and complies with the requirements of the Nevada Real Estate Commission.

The first \$750 of the first month's rent is paid out to ERNO Property Management as a tenant procurement fee. For the remainder of the lease, ERNO Property Management receives a percentage per month as a monthly management fee and the owner receives the balance of the rent, less any expenses ERNO Property Management has paid on the owner's behalf, usually for repairs. ERNO Property Management requires that a full month's rent be paid if the lease execution is on the 1st. If lease is executed between the 2nd and the 15th of the month the tenant will pay the prorated first months' rent and security deposit. If lease is executed between the 16th and the end of month the tenant will pay the proration of the 1st months' rent plus the full second month and security deposit.

Why has my property been cleaned more than once?

ERNO Property Management often finds it necessary to clean a property more than once prior to tenant move-in, and owners sometimes ask why this is necessary. If the property

was completely clean and move-in ready six weeks or six days prior to tenant move-in, how could it possibly need maid service again?

Here are some of the reasons:

- Vacant for an extended period
- Insects
- Property showings (using of bathroom, tracking in dirt etc.)
- Vendor repair

How long will the property be vacant?

Unfortunately, there is no way to predict how long a property will remain on market, even in the best market conditions. However, ERNO Property Management works diligently to rent the property as quickly as possible. Bear in mind that the most important objective is to obtain a high-quality tenant. It is hard to overstate the high cost of a low-quality tenant.

Who approves applications: ERNO Property Management or the owner?

ERNO Property Management has an excellent track record of placing tenants. Since we screen our tenants so thoroughly we have very few evictions and other tenant issues.

ERNO Property Management makes the decision of which applications to approve without bringing you, the owner, into the loop. If we have had difficulty finding a tenant for your property and are therefore considering an applicant we regard as high risk, we will consult you and make this decision together.

Can I use my own vendors?

Usually the answer is no. Here are some of the limitations to our ability to use an owner's vendors. First, all our vendors must carry both general liability and workers compensation insurance. When an owner asks us to use their vendor, we have no way to know if that vendor has proper insurance and we cannot afford to document vendor insurance each time an owner request it. Second, we have high standards for our vendors. To remain on our vendor list, vendors must be highly responsive, competent, courteous to our tenants, have excellent communication with us, etc. If we send work to an untried vendor, we have no idea what to expect and cannot afford to spend time resolving problems. Owners may select their own

vendors if their vendor completes and ERNO Property Management Vendor Application Packet and is approved.

CONCLUSION

We hope you have found ERNO Property Management Owner Manual informative and useful. If you feel there is any other information ERNO Property Management can provide, let us know so we can include it in the future.

Thank you for your business. We appreciate it very much.

EXIT Realty Number One

Acknowledgement Receipt

I _____ acknowledge that I have received,
read and understand the ERNO Property Management Owner Handbook.

Signature: _____

Printed Name: _____

Date: _____

Time: _____



EXIT Realty Number One