



Action Properties, Inc.

OWNER'S MANUAL

Daniel Lorenz
PRESIDENT/OWNER | ACTION PROPERTIES, INC.

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Welcome

Thank you for selecting Action Properties, Inc. (Action) to be the property manager of your real estate investment.

Action's goal is to operate with the highest integrity and professionalism in all our dealings and in the endeavor to do so, we have created this owner's manual to help answer some questions, and provide clarity as to what we do to protect, maintain, and increase the value of your investment.

Enclosed at the end of this manual are several forms that must be completed upon receipt of the manual to ensure smooth operation between your property and Action. Additionally, you will find information on how to access your online portal where you can view owner statements and other pertinent documents.

Finally, we look forward to developing a long-lasting business relationship, and hope to earn your continued business. Should you have any questions on the following material, please contact one of us in the office using the enclosed contact information.

Note: The information provided is subject to change without notice. Landlord/tenant laws, policies, personnel, and procedures change according to the business and/or legal environment.

Owner Documents

In order for Action Properties to efficiently manage your property, it is necessary for us to receive all pertinent information on the property. Please return and complete the below separately enclosed documents as soon as possible.

1. Owner Questionnaire
 - a. This will be used to set up your account with Action.
2. Utility Authorizations (Standing Orders).
 - a. These forms allow Action Properties to take over the utilities billing. There is a form for Gas/Electric and Water.
3. Form W9, Request for Taxpayer Identification Number and Certification.

Action Properties, Inc.

History

Action Properties has operated in Northern Nevada for over 30 years, and is owned and operated by Daniel Lorenz, CPA. Action Properties is currently one of the largest property management companies in Nevada. Our management portfolio ranges from single family homes to multifamily complexes and commercial office space. Our length of time working in Northern Nevada has enabled us to develop strong relationships with local vendors, which we use to ensure our owners have access to high quality, competitively priced, and reliable service.

We currently operate with cutting edge hardware and industry leading software, which gives us modern management capabilities and efficiencies. Our team has worked with a broad spectrum of projects ranging from rent stabilized to full rehabilitation, and we have worked with all classes of investment properties.

Our size positions us to work closely with the owners of our properties to achieve their investment goals. Finally, we regularly work with out of town investors, and understand the unique needs of this arrangement.

Communicating with Action

We find active, two-way communication is extremely critical to the success of the property management relationship. Many, if not most issues that arise are the result of one party not understanding the situation and failing to communicate. To help facilitate good communication, we encourage you to communicate your goals and questions regularly with Action. Should you desire to meet in person, we respectfully request *at least 24 hours'* notice as you would provide to any other professional organization to prevent scheduling conflicts, and allow us to prepare the necessary documents. Thank you for understanding this arrangement.

General Office Information

Action Properties, Inc. General Information

Address Information

675 W. Moana Lane
Suite 102
Reno, NV 89509

Website

ActionPropertiesNV.com

Communication

Contact	Email	Phone Number
Office	Info@ActionPropertiesNV.com	775-323-0404
Emergencies (Outside Normal Business Hours)		775-391-8088

Office Hours

Monday - Friday	9:00am	5:00pm
Lunch (Office Closed)	12:00pm	1:00pm

Owner Responsibilities

At Action we take our responsibilities very seriously, and appreciate that you do too. We provide owners with the following recommendations to maximize our property management relationship.

- Notify Action of any imminent ownership change for the subject property.
- Supply Action Properties with up to date, accurate information regarding the subject property.
- Review statements monthly, and notify Action of any discrepancies or points of clarification as soon as possible. Per the management contract, 30 days from your receipt of the statement it will be deemed to be satisfactory.
- Abide by all local/state/federal laws, including the Fair Housing Act.
- Maintain a current insurance policy for the property, and name Action Properties, Inc. as additional insured.
- Exercise responsibility for required maintenance and the safety of the subject property's tenants and guests. Action Properties will not tolerate a poorly maintained unit, as it is potentially dangerous to the tenant, and hurts our company's reputation.

Note: The Nevada Revised Statutes consider unannounced visits by an owner to a property they have leased to another as trespassing. 24-hour notice is required for an owner to view/inspect their property.

The Scope of your Property Management Contract with Action

Property Management can be somewhat of an ambiguous term, that refers to several different, yet important functions that are necessary for the proper upkeep of your real estate investment. Action strives to perform our responsibilities to the best of our ability, and find it helpful for owners to spell out exactly what those responsibilities are.

Action Properties, Inc. will perform the following service to you according to your property management contract:

1. Market and Advertise your unit for rent.
2. Select a qualified tenant using our multi-point underwriting criteria which includes: credit, income, criminal background, and rental history.
3. Make and sign leases, collect security deposits, and monthly rent. All monies will be held in a trust account in a FDIC insured banking institution.
4. Perform standard periodic accounting reports, including year-end tax reporting.

Things not included in normal property management include, but are not limited to: property sales, refinancing, preparing the property for sale or refinancing, modernization, fire or damage restoration, obtaining or giving income tax, accounting, bookkeeping, or legal advice, advising on proposed new construction, debt collection, counselling, or attending Homeowner Association (HOA) meetings.

Action Properties, Inc. will perform the below services at an additional rate as they are not considered to be part of standard property management services:

1. Prepare a case and appear in justice court mediation, and small claims court on behalf of the owner should a suit arise as a result of Action holding some or all of a security deposit to defray the costs of cleaning and repairs. Note, this does not include pursuing tenants in court for additional amounts.
2. If requested by the owner, perform a maintenance inspection of the property, which includes a detailed report of recommended maintenance items.
3. Any historic reporting requirements, whether for an owner, or for a third party, will incur a fee of \$75/hour, billed every half hour.

Company Policies

In order to operate within the confines of the law and maintain an ethical business, Action abides by the following laws and codes of ethics.

Nevada Real Estate Division Requirements

The Nevada Real Estate Division mandates licensing for all persons conducting Property Management and Real Estate Sales in our state. Action Properties abides by these regulations, and employs licensed Real Estate Salespersons and Property Managers.

Code of Ethics

The owner of Action Properties is a member of NARPM, and considers it a top priority to operate the business according to the code of ethics outlined by NARPM. It is of paramount importance to Action Properties that its employees also operate in this code of ethics.

Lead Based Paint

The Residential Lead-Based Paint Hazard Reduction Act of 1992, also known as Title X mandates all properties constructed prior to January 1, 1978 require a disclosure to all tenants from the owner, certifying the owner's knowledge, or lack thereof of lead-based paint at the residence. Upon signing a management contract with Action, you will also be required to sign the disclosure, which will be also signed by the tenant of the Residence, in order to abide by the law. Additionally, the HUD mandated EPA pamphlet, *Protect your Family from Lead in the Home*, will accompany the signed disclosure.

Mold Issues

Action believes mold issues reported by tenants are a top priority, and need to be addressed immediately. The lack of diligent follow up to a tenant reported mold issue has resulted in very costly lawsuits for property owners and property management companies. Should an issue be reported, we will dispatch a Certified Industrial Hygienist or other professional to the property to perform adequate testing. Additionally, owners are advised to fix any roof, plumbing, or sewer leaks to prevent the occurrence of mold, which requires costly remediation.

Owner Funds and Statements

Action employs the following practices regarding owner funds, statements, and tax reporting:

Owner Funds

Your owner funds are held in a trust account with a FDIC insured banking institution. Broker monies are not comingled with owner monies. Each property must maintain a required reserve, as well as a positive balance, to ensure that multiple owner funds are not comingled with the trust account. Should an owner have multiple properties with Action, we will move money from property to property should a shortfall occur. If an owner does not want Action to do this, they agree to submit a request to Action in writing, and understand that they may need to send money to fund a property.

Statements and Monthly Disbursements

Action Properties prepares standard monthly statements for owners on a fiscal calendar basis. This is to allow the owner funds transmitted to match the owner statement. Monthly statements are posted to the online owner portal between the 10th and 15th business day of the month. This means that the reporting period covers the 10th to the 15th of the preceding month to the 10th to the 15th of the current month. Paper copies of statements can be printed from the owner portal if desired.

Monthly disbursements from rent payments will be processed between the 10th and the 15th business day of the month as well. Owners that use automated clearing house (ACH) have their funds no later than 48 hours after processing, however owners that use paper checks will be subject to when the check arrives in the mail. Please note that this schedule is subject to change, but we make our best effort to disburse funds in a timely manner. The bank's ability to clear payments limits this timeline, as well as if a tenant pays rent late, or issues a non-sufficient funds (NSF) check.

End of Year Procedures

Action Properties will file form 1099 with the Internal Revenue Service (IRS) for all income received over \$600. The IRS treats monies received as taxable income for the period it is received, therefore prepaid rent will be counted as income for the year in which it is received by management. 1099s will be mailed out prior to the IRS deadline. It is critical that the owner contacts Action Properties if any tax information changes. Finally, Action Properties, Inc. does not issue tax statements to tax preparers or Certified Public Accountants (CPAs). It is the owner's responsibility to coordinate with their CPA directly.

Action also issues 1099s to vendors in accordance with IRS Regulations so owners will not have to issue 1099s for work completed and paid through the property trust account. If a vendor is paid from the owner's personal account, then the owner will be responsible for filing a 1099.

Error in Billing

If you believe your statement or maintenance invoice is incorrect, or if you require more information, please contact us. We must receive a dispute or question within 30 days after we

send you the first bill or invoice on which the error or problem appeared per the management contract.

Renting your Property

Rental rate at the property will be dictated by supply and demand, and other market conditions. Action's team of property managers will attempt to position the rent at the property in accordance with these market conditions, depending on the competitive positioning of the unit. It is up to the owner to dictate how high or low they want rent should their desires not be in line with our recommendations.

We market the property on our website, as well as over twenty-five websites including: Zillow; Hotpads; Apartments.com; and Zumper. This functionality creates a lower vacancy rate at our properties due to the very high visibility that our units receive online.

Should a tenant see a unit they like and would consider applying for, we allow them the opportunity to view the unit by either: placing a \$40 deposit and a copy of their Driver's License with our office, or by using our Rently box, which is an automatic lockbox placed in select units that allows self-viewing without even coming to our office.

Processing Tenant Applications

We screen all of our tenants using industry standard criteria, that helps us put the most qualified tenant in your unit. Our criteria are: credit score, income verification, criminal background, pets, and prior evictions. Action Properties, Inc. provides an equal housing opportunity for all.

Pet Policy

Action Properties defers the choice to allow pets to the owner of the property. Should an owner decide to allow pets, we will collect an additional fee and pet rent (as the market allows), pursuant to our tenant screening policy. It must be known that service animals for disabled persons are not considered pets, and must be allowed, so long as the tenant passes all of the other screening criteria. Finally, it is illegal to collect additional rent on a service animal, as the law perceives a service animal as an instrument necessary to allow a person to live their life.

Working with Tenants

Working with tenants can sometimes be a difficult process. We employ strong, but fair business practices to help protect the owner's interests, as well as protect our company's reputation and business.

Collecting Rent and Security Deposits

Should a tenant be approved for a unit, the first month's rent and the unit security deposit is collected in full prior to a tenant taking possession of a unit. Unless specifically provided for by the owner, Action Properties does not allow a tenant to make installment payments on a security deposit. This is to help provide some added security as to the financial capabilities of the tenant.

Rent is due by the first day of the month by 5:00pm. A late fee will be assessed if it is not received in our office by 5:00pm on the first. The caveat to this is if the tenant pays online, then they must pay by 11:59pm on the first day of the month.

Notice to Pay or Quit for Non-Payment of Rent

Should a tenant not pay their rent, we will file a 5-Day Notice to Pay or Quit. Should rent not be collected during the 5-Day period for the Notice to Pay or Quit, an unlawful detainer will be filed in accordance with the law, and we will proceed with a lock-out.

No Cause Evictions

At the owner's or our company's discretion, so long as a tenant is in a month-to-month tenancy, a 30-Day "No Cause" Notice to Quit can be posted to the tenant, which requires them to vacate the premises within 30 days of the posting. In special circumstances where the tenant is at least sixty years old or has a physical or mental disability, the tenant can request to remain on the rental property for an additional thirty days by writing to the landlord and providing proof of age or disability.

Tenant Problems

The experience of Action Properties' staff has enabled them to encounter almost every tenant issue that arises during the course of property management. Action takes a proactive approach with tenant issues, documents all dealings thoroughly, and endeavors to uphold our fiduciary responsibility to the owner.

Maintenance

Action Properties currently has an in-house Maintenance Division that handles routine fixes and minor maintenance issues that can be performed by a handyman service. We do not perform work that requires a contractor's license, but can make recommendations based on our experience if desired.

Should routine repair requests be made through our website or through our office, we will dispatch our maintenance technician to the unit and make the repair. Per the Management Contract, any repairs less than \$300 will be made without the owner's approval.

Action Properties will only work with vendors who are carrying current insurance and worker's compensation.

Emergencies and Disasters

If an emergency or disaster occurs, Action will make the repair or call a competent contractor who can make the repair, even if it exceeds the \$300 limit. An emergency is defined as a situation that if not attended to quickly could result in serious injury, death, or significant property damage. There are times and situations when a property manager must make an executive decision as to how to resolve the situation without causing or creating additional bodily or financial risk. We will notify the owner as soon as practical in these situations.

Preventative Maintenance

As noted above in the Scope of Property Management section, Action will provide routine maintenance inspections as requested by the owner (fees may apply). This is to help ensure the property is in good condition, and free of any preventative maintenance needs that could turn into costly repairs if left unattended.

Additionally, in the Lease Agreement we enter into with Tenants, there are clauses and addendums requiring the Tenant to report any maintenance issues, including examples of preventative deferred maintenance. Most of these issues can be repaired by our in-house maintenance staff.

Cancellation of Management

It is the goal of Action Properties to provide first rate property management services and engage in a mutually appreciative business relationship. We do however understand that an owner's goal with their investment real estate changes over time. In the case you sell your real estate, or give notice, Action will resolve your account in a professional manner as we have done during the duration of our relationship.

In accordance with the Management Agreement, please review the following policies for the cancellation of management.

1. The Management Agreement requires a 30-day Notice by either party for cancellation of management.
2. Action will notify the property's current tenants that their security deposits will be transferred to the property owner.
3. It is the owner's responsibility to advise tenants where and how to make future rent payments and maintenance requests after the notice period concludes.
4. As part of the final owner report, Action will forward the lease and current rent roll to the owner. In the case where an owner employs new management, it is up to the owner to inform the new company on how to pick up necessary documents, keys, and other materials at Action's office.
5. Within 30-days of the conclusion of the notice period, Action will transmit to the owner final funds and security deposits, as well as the documents described above. We will issue a 1099 for the current tax year when the tax year ends.
6. Action will continue to collect rent and management fees until the end of the 30-day period.
7. Refer to your management agreement to determine if cancellation fees apply.