



OWNER HANDBOOK

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Welcome

“Manage Unto Others as We Would Have Managed Unto Us”

Thank you for choosing Select Homes (SH) 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.

SH works to achieve the highest professionalism in Real Estate/Property Management Services. Therefore, we have prepared the Select Homes Owner Handbook 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. After reading the material, if you have questions or any concerns, contact your management team immediately, using the company contact information provided in the following pages.

Select Homes' forms are available on our website and in our office. There are some to fill out upon receipt unless you have already completed them. There are additional forms to assist you in the future. Completing and using the forms assists Select Homes in setting up and maintaining an accurate account for you and your investment.

Special note: The information provided in the Select Homes Owner Handbook is subject to change. Landlord/Tenant laws, personnel, policies, and procedures change accordingly to events that take place. SH works diligently and continually to improve services and personnel training as well as remaining current with all landlord/tenant legislation.

Once again, thank you for choosing Select Homes as your Property Management Company. We look forward to a successful business relationship.



Owner Documents

A copy of your management agreement is included with the *Select Homes Owner Handbook*. Please refer to it as needed and keep it with this information for a handy reference.

It is important that Select Homes 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. (You can find these forms in the Owner Forms section of our website)

Owner Information

This information enables Select Homes to set up your account and have all your current information on hand.

Electronic Banking Authorization – ACH form

This form enables Select Homes to send your funds directly to your bank.

Utility Authorization

This form enables Select Homes to make payments and obtain information from the utility company when needed. Please send this directly to the utility company and forward a copy of your request to Select Homes.

W-9 Form

This form is required so that we can send you your 1099 at the end of the year.

Property Information Form (House Spec Sheet)

This form gives SH staff all the information that we need to know so that we can properly market and manage your home. It even includes the lowest rent amount you are willing to take for your home without one of our Property Managers, Michele or Rick Rogers needing to call you. Please be thorough when completing this document.

As your management continues, information can change. We have included these forms on our website as well.

Owner Info & Update Form

Notify Select Homes of any important change when it happens – address, telephone, fax, email, etc. *It is important that we have your most current contact information.*

Owner Work Request/Authorization

This is for authorizing work requests from telephone conversations with your management team.

Owner Vacation Notice

This is for notifying Select Homes when you will be unavailable for more than two weeks so that Select Homes is prepared in the event of an emergency.

Every Owner is advised to be familiar with North Carolina Landlord/Tenant Laws & the Tenant Security Deposit Act (we have these brochures in our office):

http://www.ncga.state.nc.us/EnactedLegislation/Statutes/HTML/ByChapter/Chapter_42.html

Select Homes

Select Homes is a Limited Liability Company operating in Haywood County, NC, specializing in full-service property management. We are REALTORS®; we belong to the National Association of Residential Property Managers (NARPM) as well as the Haywood County Chamber of Commerce and the Downtown Waynesville Association.

SH is an abbreviation used in lieu of the full company name, Select Homes, and will be used throughout the *Select Homes Owner Handbook*.

Select Homes mission statement

The mission of Select Homes is to provide the highest and best quality service in property management in Western North Carolina, demonstrating integrity, education, professionalism, loyalty and community involvement. We always put the best interest of our client first and our TEAM approach philosophy ensures our clients' needs are important to each and every member of our organization.

Select Homes principals

The owners/principals of Select Homes are Michele & Rick Rogers. They are the brokers & Property Managers of SH and Rick is the Broker-in-Charge. Michele & Rick provide the guidance and direction of SH. They personally oversee all contracts, policies, and procedures, and work to educate their personnel to provide excellent service to their clients.

Select Homes Communication

Communication is a key to the success in any relationship and the SH/Owner relationship is certainly not an exception. We work constantly to improve communications with all of our clients or prospective clients. This includes everyone – owners, tenants, applicants, vendors, buyer, sellers, and the public.

Company communication

On the next page, you will find all general office information such as addresses, telephone numbers, email address, website, and office hours.

SH personnel communicate by:

- Email
- Telephone
- Fax
- Written correspondence

Select Homes website

SH stays current with business technology. The SH website, www.selecthomeswnc.com, has proven to be a tremendous asset. Here are a few of the benefits for clients on the SH website:

- Prospective tenants can search our site for available rentals and download our application.
- Tenants can access important information, such as a work order request, or send SH an email from the site
- Available Rentals are professionally displayed in detail on our website
- Our website syndicates with several other rental website, thus giving our available rentals more exposure
- Owners can obtain forms or view the most recent Owner Newsletter on our website

General office information

Select Homes General Information	
Address information	
Mailing address	P.O. Box 151
	Waynesville, NC 28786
Street address	56 Montgomery Street
	Waynesville, NC 28786
Communication	
Office #	828-456-6111
FAX #	828-456-6123
Email	info@selecthomeswnc.com
Website	www.selecthomeswnc.com
Office Hours	
Monday – Thursday	9 am – 5 pm
Friday	9 am – 2 pm
Saturday	By appointment only
Sunday	Closed
Holidays	Closed
Emergencies	
Call the office number choose emergency option, #3	

Newsletter

To keep you updated on what is going on in the office and the property management industry, you will receive a periodic newsletter. This information will enlighten you on many housing issues. Important changes or announcements concerning SH are also included in this publication.

Teams and Contact Information

Select Homes staff/personnel

We have a complete staff to assist you. SH has found that "Teamwork" is effective for servicing resident's needs. *Together Everyone Achieves More.* There is a convenient chart of the teams and their contact information below.

Position	Name	Email
Property Manager/Broker	Michele Rogers	michele@selecthomeswnc.com
Property Manager/BIC	Rick Rogers	rick@selecthomeswnc.com
Rental Coordinator	Chris Mills	info@selecthomeswnc.com
Maintenance Coordinator	Kevin	assistant@selecthomeswnc.com
*General Office Email		info@selecthomeswnc.com

Owner communication

Communication works both ways. We need communication from you, the owner. It is important that you let us know of any significant change that can affect your account. SH needs to know when you are moving, if you have a problem with your account, if your social security number has changed to a Tax ID, or any other important information. To assist in communicating any changes to us, you can find the “Change of Owner Information” form on our website under Owner Forms or in our office.

Email

SH encourages all owners to use email to contact us. It is fast and effective. Please supply us with your email address on all the SH forms. We will enter your email address in our database. Please make note that our database only allows for one email address per owner, so please provide us with the best one to use.

Special note: When using email, we request that you put the “property address” in the subject line. With the problems of spam, worms, viruses, Trojans, and more in the Internet world, this helps us identify the importance of your message, and avoids oversights or deletions of messages.

Owner vacation notice

SH respectfully requests that owners notify SH of vacations that are two weeks and over. Another alternative is to inform your Emergency contact listed on the Owner Information Form. The purpose in asking for this information is only so SH is prepared in the event of an emergency repair or major problem concerning the owner’s property and/or tenant. A convenient Vacation Notification Form is provided on our website under Owner Forms as well as in our office.

Owner Responsibilities

A successful business relationship works both ways. Select Homes takes their management responsibilities seriously, and requests owners to do the same.

Owner responsibilities are:

- Thoroughly complete the Property Information Form (House Spec Sheet).
- Notify SH of any ownership change or eminent owner change for the managed property including foreclosure or bankruptcy.
- Supply SH with accurate information so SH can service the management account properly.
- Review statements monthly and notify SH of any discrepancies found as soon as possible but no later than 90 days.
- Thoroughly review annual condition report and notify SH of any concerns that are not already addressed in the written part of the report and/or email from our team.
- Notify SH immediately if you do not receive a statement on the first day of the month for the previous month.
- With ACH, check statements monthly for accurate or missing deposits and notify SH if there are problems immediately.
- Support Fair Housing Laws and guidelines, as well as all necessary legislation.
- Maintain a current insurance policy, add Select Homes as Additional Insured and have your Insurance Agent forward SH a copy of your Declaration Page.
- Review their property insurance yearly and update as needed. (Make sure SH is “additional insured”)
- Exercise responsibility for required maintenance and the safety of their tenants.
- Be responsible for all costs associated with the property.
- Remove all personal property/items prior to rental (except appliances). (Select Homes cannot be responsible for personal property left by owners)
- Treat SH personnel with courtesy and notify Michele Rogers if there are problems with SH personnel so that the issue can be resolved quickly.

The Scope of Property Management

What is included in Select Homes Property Management services

We want you to know what SH does for you as your property management company. Therefore, SH has outlined details of our policies and procedures in this section and in future pages of this Handbook. Our management fee and annual fee for our full service property management includes marketing/advertising the property as outlined in our advertising section, showing the property to prospective tenants, screening applicants including a credit & criminal background check and verifying income, employment and previous rental or ownership history, facilitating standard maintenance service work orders submitted by tenants, handling after-hours emergency maintenance calls as outlined in the emergency maintenance section, collecting & disbursing security deposits, providing new tenants with proper utility information, collecting rents, collecting late fees when applicable (late fees are split between SH and owner), sending Eviction Letters to non-rent payers, filing evictions if necessary, paying any maintenance invoices that may come in, disbursing owner funds each month (see Answers Regarding Funds section), providing monthly statements to owners, sending any necessary notices to tenants who may be violating lease agreement and more. There are so many details and aspects of managing property, that we can only include the basics in this Handbook. If you have more questions, contact your management team.

Again, these are general guidelines and when necessary, policies will change. Please bear in mind that we are unable to do “everything” that is required to service a property under our management fees.

What is not included in SH Property Management services

Because SH provides owners with full service, it can be easy to request something that we cannot perform. Some tasks go beyond the normal scope of property management or require additional fees/services (see below and the last page). There are also areas licensed real estate agents dare not tread, unless they have obtained the proper licensing or degrees. We ask that you remember this when making a request, and review the following paragraph:

Owner understands and agrees that normal Property Management does not include providing on-site management services, facilitating insurance claims, shopping for appliances, property sales, refinancing, preparing property for sale or refinancing, modernization, fire or major damage restoration, rehabilitation, obtaining or giving income tax, accounting, or legal advice, representation before public agencies, advising on proposed new construction, debt collection, counseling, or attending Homeowner Association meetings.

Company Policies

It is very important in the field of Property Management that SH follows 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, and the National Association of Realtors, NAR®. Additionally, we train all personnel by requiring them to read and follow the SH Property Management Policy and Procedures Handbook and SH Employee Handbook.

Real Estate Commission Requirements

The North Carolina Real Estate Commission requires licensing for all persons conducting Property Management and Real Estate Sales in our state. SH requires all personnel that are Brokers, Property Managers, and Real Estate Agents to have a North Carolina Real Estate license. Rental Coordinators, Leasing Agents (support staff) may or may not have a North Carolina Real Estate

license. Unlicensed personnel are limited in their scope of duties, the biggest being that they may not negotiate.

Code of Ethics

SH follows the Code of Ethics outlined by *both* NARPM and NAR®. SH considers this a top priority in conducting business, and it is required of all SH personnel.

Drug-free policy

SH has a drug-free policy for all personnel, vendors, and tenants.

Handling Complaints

Select Homes handles complaints from owners, tenants, neighbors, vendors and the general public in a timely fashion. SH will notify owners only if the complaint is significant and/or relevant to the owner. If an owner has a complaint they should notify the appropriate staff member at SH in a timely fashion. Should the owner not be satisfied then the owner shall direct the complaint to Michele Rogers and give her the opportunity to make it right. If the parties are unable to resolve the issue then, as a last resort, an effort to dissolve the relationship in a friendly, professional manner shall ensue.

Legislation

SH adheres to the laws and guidelines of federal, state, and local legislation, and incorporates this into all documentation, policies, and procedures. Here are some of the agencies and acts SH follows:

- Fair Housing (HUD) - SH supports and follows Fair Housing laws and guidelines; the SH office displays Fair Housing signage. Each owner is provided a Fair Housing brochure
- Tenant Security Deposit Act (NC Gen. Statute 42-50) – SH provides every owner with a brochure outlining the Tenant Security Deposit Act so there are no questions regarding what we can and cannot deduct from the tenant security deposit. These brochures are also prominently displayed in our office and available to owners and tenants
- Equal Opportunity - SH is an Equal Opportunity employer; the SH office displays Equal Opportunity signage.
- SCRA Act – Serviceman’s Civil Relief Act, which has replaced the Soldiers’ and Sailors’ Act of 1940
- URLTA - Uniform Residential Landlord Tenant Act
- FCRA - Fair Credit Reporting Act
- FTC – Fair Trade Commission
- EPA – Environment Protection Agency
- Local City Housing Authorities

Lead-based paint

Lead-based paint became a major issue in the 1990s that prompted mandatory requirements for residential housing and continues today. SH follows all mandated federal and state guidelines for lead-based paint. All properties prior to *January 1, 1978* require disclosures to all tenants and owners. All owners of homes built prior to 1978 are required to sign a Lead Based Paint Addendum as part of your Property Management Agreement. All tenants renting homes built prior to 1978 sign the lead-based paint disclosure prior to renting a property and SH provides them with the required EPA Pamphlet, *Protect Your Family from Lead in the Home* which is also available on our website.

Property owners and/or Property Managers must also notify tenants, in writing, of any scheduled work necessary for lead-based paint on the property. Legislation now provides that owners and managers must use certified vendors to work on lead-based paint.

Mold issues

SH 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 costly lawsuits. Several cases regarding mold have awarded damages to tenants in the millions of dollars.

This is an area of extreme liability and SH takes action if a tenant reports mold. SH notifies owners as soon as practical of any mold issues so SH and/or the property owner can take the proper steps.

Answers Regarding Funds

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

Owner's First Funding

When a new tenant moves in and pays the appropriate pro-rated rent, the owner will be funded on the next cycle of monthly funding. From this first funding, we will deduct your pro-rated Annual Fee and any make-ready costs to vendors (i.e. cleaning the unit) and applicable fees. SH will withhold the maintenance reserve (usually \$100 – more if owner has multiple units) as outlined in your property management agreement and in accordance with the NCREC's guidelines for owner reserve accounts.

Banking

SH holds your account in a trust fund mandated by the state of North Carolina. This account may or may not earn interest. If this money is held in a trust account which earns interest, SH will receive this interest. SH accounts for each owner's funds separately in the trust account and does not co-mingle funds with broker monies, following the real estate commission requirements.

Monthly statements

SH sends monthly statements to owners via email on the first day of the month for the previous month. (Note: there are a few exceptions to the date which you receive your statement and that is worked out with Michele Rogers at the time we begin management of your home). If you have difficulty reading your monthly statement, please contact our office right away. If you have questions about maintenance deductions, again, please contact our office right away. We are happy to assist you and answer your questions.

Disbursement of monthly funds

SH disburses available funds to owners on the 20th of each month. In order for the owner ACH deposits to hit on the 20th, SH initiates the ACH transfer payment on the 18th. If this day falls on the weekend or a holiday, SH initiates funds on the next business day. SH does not disburse funds on weekends and holidays. SH does NOT issue owner checks unless there are sufficient funds in the owner's account and maintain the owner reserve. If the tenant pays late, the owner will be funded late. SH initiates a second ACH transfer disbursement at the end of the month for owners whose tenants have paid late. It is vital to accurately post rents, pay vendors, and disburse funds for your account. Therefore, it is vital that SH adhere to this schedule to ensure servicing every owner's account.

SH distributes owner funds in two ways:

- ACH direct deposit – directly disbursed into an owner’s bank account; SH emails monthly statements on the 1st day of each month to reflect the previous month. A form to start ACH is included with your new owner packet. There is also one on our website and in our office if your bank account information should change.
- Company check disbursed directly to the owner on the 20th with their monthly statement on the check stub. These owners will still receive an emailed statement on the 1st of the following month. *Please note:* special permission must be obtained by Michele Rogers, Broker-in-Charge to receive printed, mailed checks as opposed to ACH Direct Deposit.

End of year procedures

At the end of each year, SH is required to file 1099’s for income received over \$600. Please note that this amount is for “total income received,” and not the yearly total of owner disbursements. The Internal Revenue Service dictates the “total income received” requirement. Please note that security deposits are not included in this amount.

It is necessary that you supply SH with the necessary Social Security/Tax ID information so the 1099 is accurate. SH will send the 1099 for the rent by January 31 for the previous tax year. If there is a change in your tax information such as a new trust or address, please notify us with the Owner Info & Update form. If you need another change form, please contact us.

SH also issues 1099s for disbursements to vendors for work over \$600.00. Therefore, owners do not have to issue 1099s for work completed and paid through the SH trust account. Owners are responsible for issuing 1099s to any vendor paid through the owner’s personal account.

The last statement of the year will reflect “total amounts” for income and expenses that have transpired throughout the year, such as management fees, annual fee, landscape, utilities, repairs and maintenance, etc. The amounts will not reflect any funds issued through the owners personal account. Owners can submit their last statement to their tax person along with other information for income tax reporting. SH does not issue statements to the owner’s tax preparers.

Renting Your Property

Preparing to rent the property

When prospective tenants view your vacancy, SH wants the property to look its best and compete with area rentals. A property maintenance report is completed when a SH Broker first visits the home and at that time, the SH broker will discuss the details of your vacant property and any necessary maintenance. SH has a high standard regarding the condition of a rental property. This is covered in detail in the Maintenance section of this Handbook. It is the owner’s responsibility to handle all necessary repairs, maintenance and cleaning prior to renting the home. If SH is asked to coordinate this work, there is a fee involved.

Setting the rent

Supply and demand determines 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 can make it easier to rent the property. Markets change and SH will advise owners on the “current rental market.” Unfortunately, the owner’s mortgage amount is not relevant in setting the rental price. You and one of SH licensed brokers will come to an agreement on the asking rental price. We will always set a “range” and start at the highest price. You will fill out a Property House Spec Sheet in which you will indicate the rental range you have agreed to accept for your property. Please understand that as time and the market changes, these amounts may need to be adjusted.

How long will the property be vacant?

This is the most commonly asked question SH receives from owners. Unfortunately, there is no way to predict how long a property will remain on the market, even in the best market conditions. However, SH works diligently to rent the property as quickly as possible. What is important to remember is that the most important objective is to have “a quality tenant.”

SH, or any other property management company, can rent properties “quickly” if they do not have standards for obtaining good tenancy. However, bad tenants will only create more expense and another unwanted vacancy; therefore, waiting for the “right tenant” is worth the additional time it can take to rent the property. Worse than no tenant is a bad tenant. SH will diligently screen prospective tenants to avoid getting bad tenants. SH performs a credit & criminal background check and also verifies rental references and income.

Remember that clean, well-maintained homes are more appealing to qualified tenants. Also, when a property remains vacant for a long time, it may be necessary for the price to be adjusted. This will be discussed with you only by one of the NC real estate licensed staff members.

Pets or No Pets? SH has found that it takes almost 3 times longer to rent properties that do not allow pets. Owners should keep this in mind when deciding their pet policy. SH *strongly* urges our properties to be pet friendly, although we do have a prohibited pet list which can be found on our website.

Advertising/Marketing

Internet/website

SH has found that the Internet and the SH website, www.selecthomeswnc.com receives tremendous exposure. Our website is syndicated with several other rental websites SH takes full advantage of this medium to reduce advertising costs and gain more exposure for your property.

Publications/newspapers

SH wants the greatest exposure for your property and places advertising in the Mountaineer, Smoky Mountain News & the Coffee News. We also advertise visibly on several restaurant menus in the area.

Signage

SH (sometimes) displays “For Rent” signs prominently. Signs promote calls and visits to our website. The prospective tenant can immediately access information about the property 24 hours a day and can even request showings on-line. If your HOA does not permit signs, you must notify SH.

Showings and applications

A SH staff member conduct showings for each vacant unit. We arrange showing times for your property in advance and only after the prospect has done a drive-by and likes the outside of the property and the location. When prospective tenants see the property, the management team answers questions based on the information the owner has provided our office by completing the Property Information Form (House Spec Sheet). If the prospect is interested in renting the home, an application along with the application guidelines is given at that time. Applications are also available in the SH office, at the property showings, and on the SH website. Select Homes processes each application on a first come/first serve basis. Select Homes is an Equal Housing Opportunity company and strictly follows Fair-Housing Guidelines.

Processing Tenant Applications

Tenant screening

Thorough screening is crucial to successful Property Management. SH requires all applicants over the age of 18 to fill out a detailed application and submit it for processing/approval along with a copy of their photo ID. Applications are not processed until all completed applications are submitted properly. A credit check is NOT enough! Our company conducts a careful review of their credit, employment, income, and tenant history or ownership and criminal background.

SH must be able to verify the employment and income of each applicant to show they can support the monthly rent of the property. Rental history or previous home ownership is carefully checked. Cross-referencing all three areas – credit, tenant history, and income - provides the answers to qualify or disqualify prospective applicants. Select Homes also conducts a criminal background check on all prospective tenants. If a pet is allowed on the property, the screening includes the pet (please review the upcoming pet policies).

Please understand some of our tenants receive assistance of some sort based on their income eligibility. One example of such assistance is Mountain Projects or HUD. Select Homes does not and will not discriminate against such tenants or hold this against them. We will, however, screen these applicants just as thoroughly as all others. As long as an applicant meets all our requirements, we will not turn them away because they are receiving rental assistance.

Guarantors

SH sometimes will accept a guarantor for the tenant. This is most often used in the case of renting to college students. If the applicant cannot prove income to support the rent and a guarantor is needed, SH actually lists that guarantor on the lease, thus holding them just as responsible as the person living in the home. If there is more than one tenant, there is sometimes more than one guarantor.

Pets

Select Homes strongly encourages all owners to be open to accepting pets. SH has a Prohibited Pet List which can be found on our website. If an owner authorizes a pet, SH increases the deposit even more. SH does not use the terms “pet deposit” or “pet fee”. By avoiding this terminology, SH can use the amount of the entire security deposit when there is animal/pet damage. Although the SH policy is to increase the security deposit, the amount cannot exceed North Carolina landlord/tenant law. Our standard policy is that the security deposit is equal to 1 ½ month’s rent if there is not a pet 2 month’s rent if there is an approved pet or pets. The extra security deposit gives the owner the confidence that the tenant has paid a higher deposit and by paying a higher deposit the tenant has more incentive to ensure that there is no damage to the property. Please note: SH will sometimes allow tenants to pay their security deposit in two or three payments.

Many tenants have or want pets and we live in a pet friendly area. It is legal for property owners to discriminate against pets. Unless your HOA/POA or insurance prohibits pets, SH strongly advocates for our properties to be pet friendly. However, whether you have or have not decided to allow a pet in your property, the SH application has a place for prospective tenants to list pets and how many. It is important NOT to discourage full disclosure on pets while taking an application. If you do allow a pet, SH does not place inappropriate pets in a property.

Select Homes has 3 categories for acceptance of pets:

1. Pet Friendly: This means other than a pet listed on our Prohibited Pet List, pets as screened and approved by SH are permitted.

2. **Pets Considered or Pets With Approval:** This avoids eliminating an excellent tenant that cares for their pet, has excellent tenant history and owns a pet or pets suitable for the property. If it is the owner's desire, a SH team member will contact owner with pet information and the owner can decide at that time if they are willing to accept that pet. This category is also used when the HOA/POA has pet restrictions. *(NOTE: it is the owner's responsibility to provide SH with the HOA/POA Rules, Regulations & Restrictions so this information is in the file.)* SH management team will interview the prospective tenant and acquire pertinent pet information and pass this onto the owner who will ultimately make the decision. Select Homes, in many cases, will "interview" the pet as well.
3. **NO Pets Allowed:** If you, your HOA, insurance or other governing body do not allow pets please advise SH of this before we start marketing your home. *Please be aware that we at Select Homes have found it to take up to 3 times longer to rent a "no pet" property.*

Service animals & ESAs (Emotional Support Animals)

Special note: "Service animals" or "therapy/emotional support animals" for handicapped/disabled/special needs persons are NOT considered pets by Federal law, and owners cannot discriminate against handicapped/disabled persons with a service or therapy animal. Fair Housing legislation and the American with Disabilities Act do 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.

The Tenant Move In

Rent, security deposits & utilities

All applications are processed on a first come first serve basis. Once a prospective tenant is approved for a property, the tenant has until 4:00 the next business day to bring the deposit. (The exception is if we are working with a potential applicant from another state. In that case, the applicant must over-night the security deposit, but because it can sometimes take 2 days to receive an over-night mailing to Waynesville, we allow appropriate time. The applicant must prove they have sent the deposit). If SH has made an agreement to allow the security deposit to be paid in payments, we collect at least half. Security Deposits are held in the Select Homes Security Deposit Escrow Account at SunTrust bank on Main Street in Waynesville. At that time, the tenant is given a Property Deposit Form outlining the terms of the security deposit and rent and provides all utility information. Tenants are required to have utilities put into their name by the effective date of the lease. If propane or oil is involved, SH will measure or read the tank and contact the company last used and the tenant must pay for any existing fuel upon move in. In turn, when the tenant moves out, they are reimbursed for whatever fuel is remaining. The tenant's first month's rent is pro-rated. Proration is done on a 30 day month, no matter how many days are in the month. The first month's prorated rent is paid upon move-in. NOTE: If a tenant is moving in during the last 2 or 3 days of the month, SH reserves the right to waive the prorated rent. Rent is due on the 1st day of the month every month after and tenants have until the end of the day on the 7th to pay their rent. Rent can be paid by personal check, money order, bank check or on-line using a debit/credit card or their checking account. Tenants can also set up automatic online payments so their rent is never late. If a tenant writes a personal check for their rent and it is returned NSF, the tenant is charged a \$25 returned check fee and that money is paid directly to SH. If a tenant bounces 2 checks, they may no longer pay with a personal check and they are notified of this in writing.

Rental/lease agreements

Once a tenant pays the tenant security deposit (or amount agreed upon), they notify a SH team member of their date of occupancy. SH requires all tenants to take possession of the home within 30

days of paying deposit. The next step is the lease. SH uses the NC REALTOR® Association Residential Rental Agreement and Maintenance Addendum. There is also a Pet Addendum and Lead Based Paint Addendum, if applicable. The tenant also signs as part of this paperwork the Select Homes Rules & Regulations and the signature page of the Tenant Handbook (found on our website).

All persons responsible for the lease are required to read and sign all rental/lease agreements. The lease will also list any other permitted occupants. 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.

The standard lease is for 12 months. The lease end date is always the last day of the month. Our lease documents are prepared in the office and emailed to the tenant and signed digitally using DocuSign. Once all parties have signed, a final copy is emailed to SH and we print this for the tenant file. We will also forward this information to the owner so you have the tenant's lease information. If an owner does not want a tenant's lease renewed or wants the rental rate increased, SH must be notified in writing 90 days prior to the lease expiration date. SH automatically sends lease renewals 60 days prior to lease end date. The tenant is given the option to renew for 12 months (current market dictates if rent is raised or left the same) or change to a month to month term. If a tenant opts to change to a month to month, we generally raise the rent \$50 per month. The maximum amount of time a tenant can be on a month to month term is 6 months. After 6 months, the tenant must commit to another 12 months or SH reserves the right to issue a notice to vacate. (Note: this is different than the property in Section 8. Rents are not allowed to be increased unless approved by Mountain Projects)

Property Condition Report

Every tenant is provided a property condition report form and they have 10 days to return this to our office. This is for them to document anything they want us to know is pre-existing to their residency so they are not charged for such items upon move-out. Tenants are encouraged to take photographs as well.

Select Homes keeps a digital photo log of our rental houses so we know the condition on move in and move out.

Prior to renewing a tenant's lease, SH will conduct an onsite condition walk through. Every owner will be emailed the condition report for their rental. Please understand that SH team members are not home inspectors or contractors. Any recommendation that we make for needed repairs, etc are based on what we see is obvious. Each owner is ultimately responsible for maintaining and upkeeping their investment.

Tenant handbook

As an addendum to their lease agreement, Tenants immediately receive the "*Select Homes Tenant Handbook*." The handbook is on the website and tenants can read and print it from there. This detailed booklet gives them additional information on how to care for the property, report repairs, maintain the property, make timely payments, how to give proper notice to vacate, leave the property in good condition, and more. We encourage all owners to read our Tenant Handbook in order to become familiar with Select Homes' tenant policies.

Tenant education and preparation

Taking the time to prepare tenants for their residency is another step toward a successful tenant/landlord relationship. Additional forms that the tenants may need are included on our website for easy access. SH wants both owners and tenants well informed.

Working with Your Tenants

Collecting rent

Rents are due on the 1st day of the month and late if not received in the SH office by the end of the day on the 7th of the month. On the morning of the 8th (or next business day) SH charges a \$15.00 or 5% late fee, whichever is greater.

SH recognizes that many things can happen where it concerns rent; rent can really be lost “in the mail”; employers can delay the tenant’s paycheck, there are real tenant emergencies, and more. Therefore, we make a serious effort to determine why the tenant is having a problem. If SH receives the rent prior to issuing owner funds, SH does not contact the owner unless the SH management team determines there is an ongoing rent issue. Select Homes also reserves the right to wave the late fee based on the circumstance and the number of times a tenant has been late.

Notice to pay or quit (Eviction Notice)

If SH does not receive rent by the due date, SH prepares and delivers a timely notice to pay or quit, as the law allows. SH makes every effort to mail and post notices properly should legal action be required. If SH determines the tenant is not going to pay the rent during the notice to pay or quit period, we will file an eviction (Summary Ejectment). The owner is responsible for all costs associated with the eviction process. The costs will be passed on to the tenant and if the tenant does not pay or have the money to pay they may be paid out of Tenant Security Deposit after any charges owed to Select Homes are paid. Per the Residential Rental Agreement, landlord may (and SH does) charge ONE of the following to the tenant: Complaint Filing Fee of \$15.00 or 5% of the rent; Court Appearance Fee of 10% of the rent; Second Trial Fee of 12% of rental payment. This fee is paid by the tenant to Select Homes as it will be a SH Team Member executing one of the above. If the tenant does not pay or have the money to pay, this will come out of the Tenant Security Deposit as a priority payment. (When and if a Tenant Security Deposit is forfeited, any charges owed to Select Homes will get paid first and the rest will go toward unpaid rent and/or damages and the cost of filing any court procedure/court costs).

Other notices

There are other notices that may be involved with tenants. SH 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, email or a legal Notice “form.” Often, these notices are simply to correct minor tenant problems and most tenants comply. However, if necessary, SH contacts the owner with the information to discuss the situation.

Tenant problems

SH has years of experience handling the myriad of tenant difficulties that can occur. The SH policy is to obtain excellent tenants, eliminating many tenant problems. However, even good tenants have problems. SH treats each problem with common sense approach, follows landlord/tenant law as well as Fair Housing Act and uses the appropriate documentation. If the situation is serious, SH contacts the owner, and works to find a solution for the problem.

Our company policy is to take a “what if” approach. SH documents tenant problems in the event that it becomes a legal problem. One of the reasons you hired a property manager is for “peace of mind.” This is what SH recognizes and works to prevent legal issues from arising.

Legal action

Although SH works diligently to avoid the necessity to begin an action, such as an eviction proceeding, it can happen. In the event any legal action is required, as part of the management fee, SH will file and attend the eviction proceeding for any situation where we have personal knowledge. We are not attorneys and therefore not allowed to represent owners in court for any situation which we are not familiar (example – we cannot file eviction paperwork for tenant/homes that we do not manage). Because we are not attorneys, Select Homes cannot represent owners in court beyond the initial eviction proceeding or for any claim of \$5,000 or more. SH will furnish documentation necessary should an owner decide to pursue further legal action. Should the owner want SH to appear in court (other than eviction proceedings) owner will be billed a flat rate of \$50 per appearance payable at the time of appearance. If the owner seeks a claim of \$5,000 or more, the owner must hire an attorney at his or her expense. Select Homes is not liable or responsible for paying for any lost rent or damages caused by a tenant or any court costs and/or attorney fees associated with such.

Maintenance

Preventative maintenance

The best approach to maintenance is “preventative maintenance,” and this is the SH policy:

First, SH has already started with educating the tenant by:

- Completing a detailed SH Rental Agreement, which includes the maintenance addendum that outlines what are tenant responsibilities regarding maintenance as well as owner obligations
- Having the tenant complete a walk-through report documenting the condition of the property when they move in
- Supplying tenants with the “*SH Tenant Handbook*,” which provides additional instructions on the care of the property and how to report maintenance

We want the property in the best and cleanest condition possible when the tenant moves in.

Remember, a tenant will care for a property only as much as they think the owner does. We want the tenant to know from the beginning of their tenancy that the SH/landlord expectations are to “care for the property.” This approach can prevent costly maintenance.

Next, we use “preventative maintenance” techniques when work is required and utilize competent contractors/vendors. Often there are minor expenditures which save the most money such as doorstops, new filters, checking appliances, testing smoke alarms, adjusting doors, window latches, deadbolts, and more. Many small repair items can prevent maintenance that is more expensive.

Consider the cost of repairs like holes behind doors, clogged heaters and air-conditioners, appliance problems, dry rot, safety issue and more. Then of course, there are the major issues in a home such as the roof, the exterior condition of the building, carpeting, interior, and exterior paint, etc. When left to deteriorate, it usually means the owner will have to spend more in the future.

It is equally important to keep up with maintenance while the tenant occupies the property. Often people think no news is good news; this can be just the opposite. Instead, “delayed news can become very bad news.”

This is why, in our tenant instructions, we require them to report maintenance. For example, what is worse than finding out dry rot could have been prevented or discoloration of the linoleum if the tenant had reported the leaking toilet in the bathroom? Avoiding major maintenance costs are certainly more favorable in such cases.

The SH management teams contact owners regarding maintenance above the \$300 minimum that is listed in the SH Management contract, unless the situation is an emergency. SH does not contact the owner for everyday minor maintenance and repair.

Standard Maintenance

All tenants are required to submit maintenance service requests in writing (except in emergency) by using our Work Order Request Form or directly from our website under Service Request. SH then contacts the tenant and troubleshoots the problem. If it is determined that it is a legitimate repair request, SH sends a work order to one of our 3rd party preferred vendors. The vendor will contact the tenant to arrange a time to fix the repair. The vendor then sends SH the invoice and it is paid out of the owner's ledger and the invoice is filed appropriately. Please Note: Select Homes does not override charge for any routine maintenance. Every invoice is kept in the property file and copies are given to the owner upon request. Records are kept for 3 years.

When you receive your monthly statement any maintenance charges will be listed under "expenses" and a brief description in the memo section. Owners can contact the SH office if there is ever a question regarding a repair. Select Homes does not contact owners in advance for standard maintenance. If maintenance determines the problem to be a more complex repair and over \$300 they will contact the SH team for approval (unless it is an emergency). If more than one attempt is made to reach an owner via phone or email and there is no response, SH management will use its best judgment in completing the maintenance and the owner will be responsible for the full cost of the repair. (If the problem is a fit and habitability, SH will automatically approve the repair and then contact the owner and the owner will be responsible for the full cost of the repair). If a repair is going to cost more than is in an owner's ledger, it is the owner's responsibility to send Select Homes the money to cover the expense right away. Select Homes has a list of preferred contractors/vendors that we use. If an owner requests more than one estimate (i.e. if a new furnace is required, we will get an estimate from our preferred vendor), SH will arrange for multiple estimates for a fee of \$25.00. Please note: some vendors charge a service fee for an estimate and if that is the case, that charge will be the owner's responsibility.

If an owner has a preferred vendor other than one used by SH, we will attempt to reach that vendor and/or the owner when a work order/service request is submitted by a tenant. If said vendor or owner does not respond in a timely manner (based on the severity of the issue), SH will send one of our preferred vendors. Also, if the maintenance issue occurs after business hours and is an emergency, SH will send the Select Homes preferred vendor and not the owner's preferred vendor as we would not have access to that information after hours or in an emergency.

If there is a maintenance issue of a fit and habitability nature (i.e. no water, no heat, etc.) and the assigned vendor is not able to fix the problem the same day, it may be the owner's responsibility to put the tenant in a hotel for the night. SH will always see if the tenant has family or friends to stay with first when making this call. Select Homes has an account with Oak Park Inn on Main Street in Waynesville for such emergencies.

Appliance Replacement

If an appliance in a rental property needs to be replaced, it is the owner's responsibility to coordinate the purchase of a new (or used) one and have it delivered to the rental property and the old one hauled off. If Select Homes coordinates this, there is a \$50 fee. For example, if a SH Team Member has to go to Lowe's to pay for an appliance and coordinate the delivery, this incurs the \$50 fee. As part of that fee, SH does offer the service of paying for the appliance immediately. The owner will then be contacted with the amount and it is the owner's responsibility to send the payment in full to Select Homes if the owner does not have enough money in their ledger to repay SH for the appliance. SH does not require new appliances, however if a used appliance is purchased and SH coordinates this, SH will not be liable for the duration of the life of the appliance. Please note: Delivery of appliance must be arranged directly with the tenant. Select Homes will not send a team member to a rental home to "wait" on a delivery.

Maintenance Emergencies

Select Homes provides as part of our standard management fee a 24 hour maintenance emergency line that tenants can access after-hours. When a maintenance emergency call comes in, the SH Team Member who receives the call assesses the problem and determines if it is an emergency or if the problem can wait until business hours. We try to avoid after-hours maintenance calls as they cost more money. If the problem is a true maintenance emergency, SH will contact the appropriate vendor to handle the situation. Please note: if the maintenance emergency requires that a SH Team Member make a trip to the rental property (IF SH Team Member is available to make a trip to the property) and/or requires coordination with multiple vendors, there will be a charge of \$50.00.

Emergencies/Disaster

When an emergency and/or disaster strikes, SH has policies in place for the property and tenants (this is posted under Tenant Forms on our website). SH notifies the property owner as soon as practical – usually the next business day. The nature of the emergency and/or disaster determines the action needed by SH.

There are times when a property manager must “act” in order to prevent great financial risk to the owner. For example, when a property is flooding, action is necessary, particularly if the property owner is not immediately available.

If a maintenance emergency or issue requires an insurance claim, the owner is responsible for handling this. If the owner would like SH to handle an insurance claim, SH considers this extraordinary maintenance and there is a 5% override or \$100 charge whichever is greater.

Owner Maintenance

Should an owner desire to be responsible for their own maintenance this must be agreed upon in advance. At the lease signing, SH will provide the tenant with the owner or the owner’s designated contact information for all maintenance issues or we will flag the account to contact the owner for all maintenance. Owner agrees to handle all maintenance in a professional and prompt manner. Owner must notify SH (email is fine) once the work is complete. While Select Homes strives to ensure that all maintenance requests are directed to the owner (if agreed upon in advance), SH makes no guarantee that occasionally this may be impossible (i.e. – maintenance emergencies after hours) and if SH arranges the service work, owner will be responsible for the cost.

Home Warranties

If an owner has a home warranty they must notify Select Homes in advance. Home Warranties are limited in their scope and do not cover all maintenance. While Select Homes strives to ensure that all maintenance requests are directed to Home Warranty Company SH makes no guarantee that occasionally SH may handle maintenance and owner shall be responsible for the cost. If the Home Warranty Company does not respond in a timely fashion SH will use its best judgment in completing the maintenance and the owner shall be responsible for the cost. In general, SH has not found Home Warranties to be a benefit to rental property owners.

When the Tenant Vacates

Notice to vacate

When there is a notice to vacate, the move-out procedures with tenants are as critical as when SH moves in a tenant. The preparation for this really began when the tenant moved in with a detailed

rental agreement, maintenance addendum, move-in report from tenant, and *SH Tenant Handbook*. All of these documents gave instructions to the tenant on how to move out. The standard notice to vacate is 30 days. Once notice is received that a tenant plans to vacate, SH begins to market the property immediately for re-rent.

Communication with owners and tenants

SH notifies the owner when a tenant has given notice to vacate. SH immediately places the property on the market to rent unless the owner notifies SH to take other measures.

The Tenant Notice To Vacate Form as well as the Tenant Handbook outlines the steps to complete a successful move. Rent is required until the end of the notice unless otherwise stated in the rental/lease agreement.

Sometimes an owner decides not to renew a lease because want to take repossession of the home or sell the home. Our policy is that our owners notify us *in writing* 90 days prior to lease end date if you do not want us to renew your tenant's lease term. Even though the lease only requires us to give the tenant a 30 day Notice to Vacate, because housing is so hard to find, it is the policy of SH that we give our tenants a 60 day Notice to Vacate.

Tenant move out

SH conducts a walk-through similar to the one performed when the tenant moved into the property. SH records any maintenance required and discloses a list of damages to the vacating tenant. Digital photographs are taken when the tenant move out to document the condition of the property and support any deductions from the security deposit.

After assessment of the tenant move out, SH advises owners of any tenant damages or any maintenance required to re-rent the property above and beyond tenant responsibility. Per the Tenant Security Deposit Act, tenants cannot be charged for normal wear and tear. Please keep in mind that there will be times that SH will advise owner that the rental unit needs repainted or flooring replaced. These are things necessary to maintain the integrity of the rental and to assure a high quality tenant. Select Homes will coordinate necessary "rehab" or upgrade work to the home on behalf of the owner. There is a 10% override (\$25.00 minimum) for SH to coordinate "make ready" cleaning, maintenance, painting, etc (excluding tenant charges).

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 state laws. NC General Statute 42-50: The Tenant Security Act requires that accounting and disbursement be done within 30 days of tenant vacating or end of the lease. If all tenant charge repairs are not done within 30 days, tenant must be sent an intermittent accounting and full accounting and disbursement must be done within the next 30 days. Owners will see the forfeited amount transferred into their ledger and the corresponding invoices paid out of their ledger and this will be reflected on the monthly statement.

Additional Services

The following are "additional services" offered by SH to each property owner:

Referrals

Do you know someone who is looking for management services outside of Haywood County? SH values their client business and is able to make referrals anywhere in the US. As a member of the National Association of Residential Property Managers (NARPM), Michele Rogers, Broker-in-Charge of SH has access to a database of highly qualified property managers nationally.

Annual survey/inspection

A SH Team Member performs a thorough walk-through/inspection of each rental property once a year. The purpose is to ensure the tenant is taking care of the property and to identify any necessary preventative maintenance. You will be emailed the results of this walk through and any tenant issues will be immediately addressed. If additional inspections are requested by owner, SH will schedule and conduct requested walk through/survey for a fee of \$35.00.

Supervision of extraordinary maintenance

SH charges 10% override or \$80 whichever is more for supervising work requiring extraordinary maintenance and the definition of extraordinary maintenance is as follows:

SH defines extraordinary maintenance as rehabilitation work that exceeds \$800.00, pre-1978 lead paint issues, insurance claims, dealing with town or county inspectors, major systems replacements and any circumstance that exceeds a couple phone calls. (Examples are roof replacement, major tree work, exterior painting, vandalism, insurance claims, city or county code issues, etc.)

Company Disclosure

Agent may be a relative, member, employee, owner, agent, broker, stockholder or partner of companies and individuals that do business with Select Homes of Waynesville, LLC.

Selling Your Investment

The time may come that you may decide to sell your rental investment. It is the policy of SH that a rental home not be listed for sale until the last 60 days of a tenant's lease or until a tenant is on a month to month term. If you know you are planning to sell your home and do not want your tenant's lease renewed, you must notify SH in writing 90 days prior to the end of the lease. The first step to selling is to notify SH. Select Homes has an exclusive right to sell to the tenant or anyone introduced to the home by the tenant or by Select Homes. If SH procures a buyer, a broker with SH will handle the transaction and owner pays SH a 3% commission. If SH does not procure a buyer, the owner may list the home for sale with another broker. SH will provide the tenant contact information to the listing agent and it is the listing agent's responsibility to contact the tenant for showings. It is not SH's responsibility to play "middle-man" between the owner, the listing agent and the tenant. SH will not show property on behalf of another agent. The tenant must be given a 24 hour notice for all showings and showings must be request during normal business hours. Remember, a tenant is entitled to the "quiet enjoyment" of the home. If the home sells, the tenant must be given at least a 30 day notice to vacate. Please note: the sale of a property does not affect a current lease. A property may change ownership while a current lease is active, however, the lease must be honored by the new owner. If an owner chooses to sell when a tenant is in a current lease and the owner then terminates their Property Management Agreement with Select Homes the owner can incur a termination fee. Please refer to the "Cancellation of Management" guidelines below.

Cancellation of Management

It is the goal of SH 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. If this happens, the SH cancellation policy is to resolve your account in a professional, timely, and pleasant manner.

Please review the following policies for cancellation.

Written notice

- The SH management contract requires written notice by either party 60 days prior to the expiration of the agreement. Please refer to your management contract as you may be responsible for cancellation fees.

Coterminous

- The lease runs coterminous with the management agreement meaning if there is a lease in place during the natural expiration of the agreement (or proper notice once agreement is month to month) owner shall pay to SH the normal fee due through the expiration of the lease to terminate.

Notice to current tenants

- SH will notify current tenants of the date SH will no longer manage the property and that SH forwards all security deposits to the owner or owner's new agent.
- It is the owner's responsibility to advise tenants where to make future rental payments and work requests after the notice period.

Distribution of documents

- SH will supply current tenant documentation to the owner including current lease, tenant information form and move-in condition report (if available).
- SH will not supply owner or owner's new agent the tenant's application or report (this is law).
- SH will not supply owner or owner's new agent with marketing materials and/or photos.
- All materials generated in connection with the property by SH are the sole property of SH.
- If the owner has employed new management, it is the owner's responsibility to instruct them to pick up documents, keys, and any other necessary materials at the SH office.

Final distribution of funds

- SH will distribute funds, including security deposits, and final statements to the owner within 10 days of the terminating date of management, as agreed in the management contract.
- SH will issue a 1099 (and an End of the Year Statement) for funds collected during the current tax year when the tax year ends.

Post termination services

- Post termination services shall be billed at a rate of \$125 per hour due at the time service is rendered (one hour minimum)

Conclusion

We hope you have found *SH Owner Handbook* informative and useful. If you have any questions, please inform your management team. If you feel there is any other information SH can provide, let us know so we can include it in the future. A reminder – do not forget to fill out the necessary SH forms and use the others when needed in the future. You may find any necessary forms on our website or you may call the office to receive the forms.

Again, we want to thank you for your business and we look forward to a successful management relationship!



Select Homes

“Manage Unto Others As We Would Have Managed Unto Us”