



Owner Handbook

Purple Door Property Management

225 Creekstone Ridge, Suite #546, Woodstock, Ga. 30188

Phone: 770-771-6122

Email: Owners@PurpleDoorPM.com

Introduction	5
Welcome	5
Who We Are	5
• Company Byline ... Exceeding Your Expectations	5
• Motto for Owners ... No Surprises	5
• Mission Statement:	5
• Core Values	6
• Code of Ethics, Licenses and Affiliations	6
• Top 10 Reasons People Choose "Purple Door"	6
Communicating with "Purple Door"	7
Technology We Use	7
1. Web-Based Property Management Software	7
2. Owner Portal	7
3. Tenant Portal	7
4. Web-Based Google Apps for Business, Documents and Email	7
The Management Agreement and Fees	8
A. Procurement Fee	8
B. Monthly Management Fee	8
C. Renewal Fee	8
D. Early Termination Fee	8
E. Rehab Admin Premium	8
F. Charges for Tasks Outside Our "Scope of Service"	9
Housekeeping Documents	10
A. Lead-Based Paint Laws	10
B. Duties of the Owner and Manager	10
Duties of Owner to "Purple Door"	11
C. Escrow Account Management	12
D. Negative Owner Balances	12
E. Landlord Insurance	12
F. HOA Issues	13
G. Amenity Passes, Gate Keys and Pool Keys	13
H. Personal Property	13
I. Mortgage Disclosure	13
J. Mold/Mildew Disclosure	13
K. Property Features / Disclosure	14
L. LLC, Land Trust and Corporate Affidavits	13
M. Hot Tubs / Pools	14
N. Owner's W-9 Form	14
Marketing Your Property	15
A. Pre-Marketing	15
1. Rent-Ready Issues	15
2. Setting the Rent	15
B. Lockboxes	15
	2

C. Utilities	15
D. Keys	16
D. Digital Photos	16
I. Online Websites	16
Screening Applicants	17
A. Background Checks	17
B. Application Contingencies and Owner Approval	17
C. Applicant Identity / Information Withheld from Owner	17
D. Negotiating the Lease	17
D. Cosigners	18
E. Double/Triple Deposits	18
F. 24-Month Leases	18
Lease Document Preparation	18
Managing the Move-In	19
A. Re-Key Policy	19
B. Utilities	19
C. Uncompleted Repairs / Contingencies	19
Managing the Money	21
A. Security Deposit Held in Escrow Account	21
B. Collecting Rent	21
1. Due Date	21
2. Late Date	21
3. Late Fee	21
4. Demand for Possession	21
5. Filing with the County	22
6. Consent Agreements	22
7. Attending Court	22
8. Buying the Writ	22
9. Cash for Keys	22
10. Put-Out	22
11. Removing the Trash	23
C. Re-Keying	23
D. NSF Rent Checks	23
E. Distributing the Money – “Fast Cash”	23
G. Contractor Invoices	23
H. Reporting to the IRS (1099’s)	23
I. Anticipating Vacancy Expenses	23
Managing Owner Relationships	25
A. Authorization	25
B. Renewing Agreements	25
C. Foreclosures	25
Managing the Property	27
A. Managing Maintenance Issues	27
B. Maintenance Priorities	27
Category 1: Emergency Maintenance	27
	3

Category II: Urgent Maintenance	28
Category III: Normal Maintenance	28
Category IV: Non-Essential Maintenance	28
Category V: Not a Habitability Issue	28
C. Maintenance Spending Limitations	28
D. Minor Maintenance Issues	29
E. Lawn Care	29
F. Property Visits and Charges	29
G. Emergency Maintenance	29
H. Handling Your Own Maintenance	29
I. Third Party Home Warranties	30
J. Tenant vs. Owner (Manager) Responsibilities	30
K. Regular Maintenance vs. Replacements, Renovations and Remodeling	30
L. Georgia Law Regarding Maintenance	30
Managing the Tenant	31
A. 60-Day Lease Renewal	31
B. Rent Increases	31
C. Lease Renewal Process	31
D. HOA Challenges	31
Managing the Move-Out	32
A. Before the Move-Out	32
B. During the Move-Out	33
C. Digital Photos	33
D. Normal Wear and Tear	33
E. After the Move-Out	33
F. Disputes over Charges	34
G. Disbursing the Security Deposit	34
H. Interpleading the Escrow Funds	34
When It's Time to Sell	35
A. Selling to the Tenant	35
B. Lease Purchase	35
C. List for Sale	35
D. Short Sales	36
Managing the Separation	37
A. Separating in the Middle of a Tenancy	37
B. Separating with Cause and without Cause	37
C. Official Notice to Separate	37
Other Services We Offer	38
A. Title Holding	38
B. Tax Free Exchange	38
C. Refinancing	38
D. Buying Other Residential Properties	38
Conclusion	39

Introduction

The purpose of this manual is to communicate the policies, procedures, and practices that dictate how we intend to manage your property. It will serve as your guide to our management practices. Properly used, this document will enhance communication between us and make our ongoing relationship stronger and more transparent. The Owner's Handbook will be updated as needed as we work to keep up with changes in the laws and economics that affect the property management business. You will be notified whenever changes are made to this manual.

Welcome

Thank you for choosing “*Purple Door*” to lease and manage your rental property. We appreciate your vote of confidence and will work hard to prove you made the right decision. This handbook is just one of the services we've developed to set your expectations for our relationship and communicate to our new owners just how we manage properties.

Who We Are

“*Purple Door*” is a full-service Leasing and Management Company. We have been in the real estate business for a few decades and personally owned rental properties. We have the experience you need!

- **Company Byline ... Exceeding Your Expectations**

Striving to exceed your expectations is a big challenge as some set the bar high. We get it, and we will push hard not to disappoint you. When we do let someone down, it's usually because we did a bad job at properly setting expectations. One way or the other, we're out to make you exceedingly happy with us.

- **Motto for Owners ... No Surprises**

We've always had the motto NO SURPRISES for our owners, meaning that we will strive to tell you in advance what fees you'll pay, what outside costs you'll experience, and when we're dealing with a maintenance request. There's nothing more disheartening than opening your bank records and seeing a disbursement from us for less than you expected. We'll work hard to keep that from happening and let our “NO SURPRISES” motto drive our behavior.

- **Mission Statement:**

Our mission is to serve... Serve our Investors by helping them acquire properties that perform as expected; our Clients by taking care of their properties as if they were our own; and our Residents by providing them with a pleasant rental experience.

- **Core Values**

Our Core Values are statements that we designed to measure ourselves by. We hold out these values to ourselves and to our clients to make sure we measure everything we say and print about ourselves.

1. We commit that our marketing material and the information on our web site will accurately represent who we are, what we've accomplished and what we do; no exaggerations.
2. We will always treat customers, vendors and each other with courtesy, respect and professionalism.
3. We are committed to change, to keep up with the changing marketplace and changing technology without sacrificing the all-important priority of great customer service.
4. We are committed to providing our residents with a clean and safe place to live, regardless of the rent, and put their safety high on our list of priorities.
5. We will not tolerate unethical behavior by our staff, owners or vendors.
6. We will follow the laws (and codes of ethics) that regulate our business.
7. We will constantly strive to protect our owners from the liabilities of owning rental properties.

- **Code of Ethics, Licenses and Affiliations**

We are active members of the National Association of Residential Property Managers (NARPM.org) the National Association of Realtors (NAR.org) the Georgia Association of Realtors (GAR.org), and the Cherokee Board of Realtors. Each one of them has a code of ethics that we measure ourselves by. You can review them at your leisure by going to each of their web sites.

- **Top 10 Reasons People Choose “Purple Door”**

1. **Qualified Approved Tenants Within 30-Days**

Over 90% of our initial tenants are secured within 30-days of the property being listed for lease. Of equal importance is our vacancy rate is almost non-existent. Current tenants must give 60-days' notice if they are not renewing and we almost always procure the next tenant before the current tenant moves out.

2. **Top Notch Marketing Includes Sharing Our Procurement Fee with Others.**

Marketing your home on a variety of internet websites is the best way to get tenants through the door. When you market your home with “Purple Door”, we will list your home on dozens of websites including both free and fee-based websites. More importantly, if we don't get it rented right away, we list your home in FMLS exposing your home to thousands of real estate agents and their tenant prospects. Many of our competitors choose not to do this because it means they must share their fees with outside agents. Our priority is to get the home rented, even if it means sharing part of our fee. As a result, your home gets rented quickly without costing you more.

3. **Disbursements on or around the 10th & 25th of Each Month**

Collecting rent when it's due, and disbursing it to owners quickly, is one of our

highest priorities. Through our "fast cash" system we disburse funds to the owner on or around the 10th & 25th of each month.

4. Performance Based Fees

Our philosophy is ... we shouldn't get paid until you do so there will be no management fees charged to your account while we procure your first tenant. After that, although our efforts increase substantially during an eviction, or when rent is unpaid, we will not charge a management fee until we procure the next tenant or obtain the unpaid rent.

Communicating with “Purple Door”

Address: 225 Creekstone Ridge, Suite 546
Woodstock, Georgia 30188
Office: 770-771-6122
Email: Owners@PurpleDoorPM.com

Technology We Use

“Purple Door” has embraced many technological tools to help make us more efficient and enable us to connect with our clients, residents, vendors, staff, and colleagues in the business. This changes quite often, but here is a sampling of what we use today.

- 1. Web-Based Property Management Software**
We have robust, web based property management software package to keep up with all Owner and Tenant information and accounting.
- 2. Owner Portal**
The web-based property management software package includes an Owner Portal to allow our owners to log in to to view all financial reports without having to contact us.
- 3. Tenant Portal**
Tenants also can view their payment records, current balances and review documents on their portal. Good software makes all this simple and affordable.
- 4. Web-Based Google Apps for Business, Documents and Email**
Google offers companies a web-based system of email management, document management and sharing capacity. “Purple Door” is on Google G-Suite business thereby making your important information available on any internet connected device.

The Management Agreement and Fees

The foundation of our relationship is the management agreement (and any housekeeping documents) you may execute with “*Purple Door*”. If we can’t agree on something during our relationship, we’ll both rely on these documents to help us sort things out. An expansion of our relationship is outlined in more detail in this *Owner Handbook*.

We try to keep fees to a minimum, but fees are necessary to run the business and provide the service you expect.

A. Procurement Fee

The biggest cost you’ll incur in the management process is in getting *the property rented*. It requires a lot of manpower, advertising, application processing systems, and move-in procedures. The Procurement Fee is listed in the your management agreement.

B. Monthly Management Fee

The monthly fees pay “*Purple Door*” for the day to day routine of answering phones; handling maintenance, unauthorized pets, HOA complaints, rent collection and evictions; required reporting; accounting for tenant charges; trust account management and handling emergencies, mold, dog bites, foreclosures and the like. The monthly management fee is listed in the management agreement.

C. Renewal Fee

A renewal fee isn’t for transacting the renewal as much as it pays for the past 12 months of good service that caused the tenant to want to stay. We start earning the renewal fee from the day we move the tenant into the property. Our average tenant stays over two years so we’re on your side on this issue and know the importance of *keeping them in the property, paying rent*. The renewal fee is also listed the management agreement.

D. Early Termination Fee

If you terminate us in the middle of a tenancy, there are some fees to “*Purple Door*” for withdrawing your property. Management companies make their money by keeping tenants in the property for a long time and if you withdraw from our system you remove that important revenue stream. Like terminating a three-year cell phone contract, there will be some fees for terminating during a tenant’s stay. These fees are detailed in the management agreement.

E. Rehab Admin Premium

The monthly management fee pays us to manage “normal maintenance breakdowns,” not for overseeing rehabs, renovations, restorations and other large jobs. We differentiate the two by and how it’s done (from the office or with multiple trips to the property). When

multiple quotes and trips to the property are needed to oversee large jobs, we have a 10% add-on charge to help defer the costs of the time and manpower for that extra effort as detailed in the management agreement.

F. Charges for Tasks Outside Our “Scope of Service”

From time to time there are other “services and tasks” that are outside our scope of service. We are happy to provide these services for you but we have to cover costs incurred for time / manpower necessary to fulfill your requests. For example, the management fee does not cover meeting with your HOA, digging out records from five years ago, meeting your appraiser at the property or shipping your riding lawn mower to Denver. Owners often ask us to drive out to the property to see if the hail storm did any damage, see if the neighbor picked up the swing set, pick up and forward their mail, locate the pool keys and see if they left the lights on. We’re happy to make these unscheduled, owner-requested trips, but we pay folks for this and the cost will be passed on to the owner. Atlanta traffic is brutal and gas is expensive. These “short trips” often take more time than you think they might. The fees for these services are detailed in the management agreement.

Housekeeping Documents

Below is a list of other documents you may have signed and their descriptions.

A. Lead-Based Paint Laws

In April of 2010, the EPA changed the rules for anyone doing repairs, painting and basic maintenance of homes built before 1978. Their new law has terms like "one gram of lead, jail time, fines," and other words that make property managers and contractors really nervous. Before anyone disturbs six square feet of painted surface on a property built before 1978, they are required to have a Lead Paint Inspection done to assure that there is no lead-based paint. Local handymen, contractors and even pickup truck workers understand the consequences of working on these homes without having proper testing done first. You are paying us to know and follow the law so that none of us ends up talking to federal officers about how we handled maintenance on your property. We intend to do it by the book and keep everyone safe.

B. Duties of the Owner and Manager

Throughout the management agreement, "*Purple Door's*" duties to you are laid out, as are your duties to "Purple Door". Here is a brief outline of those duties.

Duties of "Purple Door" to the Owner

1. Maintain professional offices, staff, website, escrow accounts, phone and email systems.
2. Maintain appropriate licenses and trust accounts for owner's and tenant's funds, as required by the Georgia Real Estate Commission, and maintain said records for three years.
3. Maintain qualified staff with experience and specialized training in managing residential rental properties.
4. Provide owner with insight and advice regarding the rental market, help with setting an appropriate asking rent, and help with getting the property rent-ready.
5. Market owner's property for rent; install lockboxes; post in local multiple listing service, as well as local and national web-hosting sites.
6. Maintain licensed agents to show properties and respond to callers.
7. Take tenant applications; obtain credit history, obtain proof of income, residency records, eviction reports, etc. and use good judgment in the qualifying/approving/denying of applicants.
8. If there is a tenant's security deposit retain in a trust account registered with the Georgia Real Estate Commission and disburse it after move out, according to the terms of the lease, the Georgia license law and the Georgia Landlord Tenant Law.
9. Maintain a 24/7/365 maintenance response system to take requests from tenants requiring maintenance.

10. Maintain a maintenance log of tenant maintenance requests, assigned vendors, completion dates and expenses.
11. Manage the property for the owner, handling tasks to include the execution, renewal, default, and reinstatement of leases; collecting rent; maintaining the property and maintaining maintenance records.
12. Maintain owner's escrow account records, including receiving and recording receipt of rents, handling owner advances, paying expenses on the property, paying vendors and managing emergency situations, distributing collected funds to owner and providing monthly owner financial reports.
13. Manage the eviction process, including filing with the county, negotiating consent agreements, coordinating court appearances, obtaining writs of possession, and overseeing the removal of the tenant's possessions from the property on behalf of the owner and at owner expense.
14. Manage normal maintenance breakdowns / repairs and managing rehab, renovations and restorations when authorized by owner.
15. Complete a move-out inspection when the tenant vacates the property, and charge the tenant for damages above normal wear and tear as described in the lease, the Georgia Landlord Tenant Law and consistent with industry standards.
16. Only initiate legal actions on owner's behalf with owner's permission, except those related to collecting rent and evicting tenants over rent collection.
17. Refund owner's escrow funds within thirty (30) days of termination of the agreement and consistent with Georgia license laws.

Duties of Owner to "Purple Door"

1. Warrant to "Purple Door" that all owners with rights in the property have executed the management agreement.
2. Maintain regular communication with "Purple Door" and respond to inquiries and requests for authorizations within a timely fashion.
3. Keep loan payments, property taxes, insurance, and HOA dues current and immediately notify "Purple Door" of any missed payments.
4. Investigate and provide "Purple Door" with any HOA rules governing leasing in the community where the property is located, as well as provide "Purple Door" with leasing requirements of said HOA.
5. Provide "Purple Door" with any HOA CC&R's, By-Laws and Rules that tenant's must abide by. Owner shall provide said documents at Owner expense, in PDF form or provide Purple Door access to online files.
6. Pay "Purple Door" the commissions agreed to in the agreement by authorizing manager to direct the tenant to make the first month's rent payable to manager.
7. Avoid discrimination of any kind regarding the property, tenants or prospective tenants while under agreement with "Purple Door".
8. Avoid all contact with the tenant while "Purple Door" is managing the property. If anytime "Purple Door" determines contact between the owner and the tenant, owner agrees to provide all communication records (i.e. text, email, etc.). If owner doesn't comply, manager will give a 30 day notice to terminate the

management agreement, at which time the owner will pay “Purple Door” all management fees due, plus a \$500 administrative fee .

9. Pay (reimburse “Purple Door”) for maintenance on the property necessary to maintain habitability, utilities, safety, and health of the resident.
10. Fund, in advance, any repair over \$500 and maintain a minimum owner reserve.
11. Fund the owner reserve, within seven (7) business days of notification, if owner reserve account becomes negative.
12. Maintain landlord insurance on property naming “Purple Door” as an “Additional Insured” (not Additional Interest).
13. Keep plumbing, electrical, HVAC systems, appliances and improvements left on the property in normal operating condition during the term of the agreement with “Purple Door”.
14. Pay attorney and court costs that arise in the process of evicting tenants, but no other legal actions, initiated by the manager, without owner’s first giving permission to file such action.

C. Escrow Account Management

Like other real estate brokers, we handle a lot of money for other people. We are regulated by state trust account laws and real estate license laws that lay out strict rules regarding how we handle that money and report to those to whom it belongs. The Georgia Real Estate Commission has the right to audit our trust accounts from time to time to make sure we’re doing it just right and everything is balanced to the penny. Keeping the money straight is a high priority and we tend to it closely.

D. Negative Owner Balances

Occasionally, your trust account may go negative for a number of reasons. Although we work hard at having the money in the account to cover expenses before the work is done, we don’t always have control over bounced checks, surprise maintenance issues or emergencies at the property. When this happens, we’ll need your full and quick cooperation to fund the account and keep your balance positive within 24 hours. We’ll always notify you in writing and give you 24 hours to fund your account but if you fail to respond we’ll have to clear it up another way. Sometimes resolving such issues can be expensive, so your quick response is critical. We’ll talk you through the process when it happens.

E. Landlord Insurance

You must keep your property covered by a landlord policy during our relationship. You also need sufficient liability insurance to cover the increased risk incurred by having a renter in the property. Renters are not a protected class in the courtroom, but they are a favored class when owners or landlords do stupid things. Your policy needs certain limits of coverage and “Purple Door” must be covered as an “Additional Insured”. We have lots of information on this topic. We can offer you to join our Master Landlord Policy or help you get affordable coverage from local agents we’ve dealt with for many years.

F. HOA Issues

As a whole, home owners associations (HOAs) have an issue with renters and tend to create a lot of heartburn for owners and landlords when they move them into their communities. If owners get behind on their dues, or forget to tell us the rules for leasing in their community, HOAs think nothing of booting cars, suing tenants for the rent until the owners' dues are caught up, turning off utility services, hauling off their cars and evicting them over rule violations. Although we'll handle the process, you'll need to stay in the loop as HOAs don't always communicate very well with third parties (property managers and tenants) regarding their actions. Since they can fine you and lien the title of your property over these issues, you'll need to work with us to resolve these challenges in a timely fashion. This is one of the issues you can't turn over to your property manager entirely.

G. Amenity Passes, Gate Keys and Pool Keys

We often rent properties in communities that require gate passes, codes, keys and permission from the HOA for access to amenities and entry points. Occasionally, an owner will ask us to call the HOA on their behalf and find out about these restrictions. HOAs typically don't communicate very well with third parties (property managers and renters) and often refuse to speak to anyone but the owner regarding these policies. The HOA, not "Purple Door", is in control of the community and we, like you, are beholden to them. **It is imperative that you get permission from the HOA to rent your property and provide us with keys, passes and codes for us before we lease the property.** If you don't do this in advance of our leasing the property, be prepared for battles with your HOA and increased expenses (time and labor) in resolving the resulting issues later.

H. Personal Property

Owners often leave personal belongings (patio furniture, microwaves, wall mirrors, tables, bar stools, lawn mowers, grills, ladders, etc.) behind when they leave the property, thinking it will be there when they return. It seldom is. Renters often forget what isn't theirs when they move out and the sheriff handling the eviction won't ask "what belongs to the owner" during the eviction process. Owner agrees to remove anything you care about when you leave. "Purple Door" accepts no responsibility for personal items left behind by Owner as we have advised against doing so.

I. Mortgage Disclosure

If you lose your property in a foreclosure while a tenant is there, you'll create some serious carnage for them and for us. We'll work with you to minimize the damage, but you'll need to keep us in the know. There will be expenses and consequences should there be a foreclosure while we're managing the property.

J. Mold/Mildew Disclosure

Georgia law requires that we notify tenants **before they take possession** if you've had a water or mold problem in the past five years. As with lead-based paint, you must alert "Purple Door" and tenants and disclose what you know about the issue. Let's disclose to tenants if the basement gets wet from time to time so we don't get sued when it happens.

If some part of the house floods occasionally, let's tell them not to put valuable things in that space.

K. Property Features / Disclosure

Since you know the property better than anyone else, you should help us identify area schools, HOAs, and basic information about the property so we can represent it properly in our advertising. Tenants get really upset when they move into a home and it's not in the school system they were told it was, so let's get this disclosed right up front and save everyone the headache and potential litigation.

L. LLC, Land Trust and Corporate Affidavits

If you hold title in a corporation, limited liability company or land trust we will need the appropriate documentation including who's authorized to act, receive money, approve maintenance and terminate leases on the property. Investors love to hide title from the public; we get it. Let's just make sure that we know who's who so we are operating under the right authority as the manager.

M. Hot Tubs / Pools

Owners know that hot tubs require management. Tenants don't and think they are just fun. When hot tubs are not managed properly, motors burn out and water gets green. They can create a hazardous environment for the tenant. We prefer not to manage homes with Hot Tubs or Pools but when we do, the Owner will have to pay for a Hot Tub / Pool company to maintain the Hot Tub / Pool. The best way to deal with them is to shut them down before you put the property on the rental market.

N. Owner's W-9 Form

Many years ago, the IRS made property managers the cops for reporting income received on behalf of our clients from rental properties. Just like employers, we must report to the IRS (using a 1099 form) the gross rent we collected on your behalf and you must report the expenses of interest, insurance, repairs and other property expenses on Schedule E of your personal tax return. We'll send you (and the IRS) a 1099 reporting the gross rent we received from a tenant every year, as required by the IRS.

Marketing Your Property

After leasing and re-leasing so many single family homes, condominiums and townhomes, we have figured out what advertising it takes to get the job done quickly. It keeps changing and we work hard to keep up with the new technology, but we lease nearly all of our properties within 30-days (except over the winter holidays) so we think we do it well.

A. Pre-Marketing

First impressions are critical when people are selecting a place to live. Utilities must be on, repairs must be complete (or almost complete) and the property must be clean before we start marketing a property. It is aggravating to drive an hour to a property with a prospective renter only to find it dirty, smelly and unsightly. Tenants get turned off by houses that are not move-in-ready and often won't return to see them a second time. Get the property in rentable condition, and then the marketing can begin.

1. Rent-Ready Issues

"Go ahead and start marketing the property ... I'll have the rehab done before you get a tenant" just doesn't work. Trying to move tenants into a half-ready home is painful. Get it ready and we'll market it, but we'll be reluctant to start too early.

2. Setting the Rent

We've leased quite a few properties over the years. We know the market and can find the rental comps to determine an appropriate asking rent. We will keep you informed of the property interest, showing activity and feedback we obtain from prospective tenants and other agents that show the property.

B. Lockboxes and Signs

Lockboxes allow all agents in the market and prospective renters to view homes at their convenience. We'll install a self-showing lockbox on the front door (or nearby) and start showing the property as soon as it's rent-ready. If your community requires a special sign, the cost of getting it made (and delivered) will be passed along to you. If you don't alert us about special signs required by your HOA and we get fined for using our own, you will absorb the charges.

C. Utilities

Because utility companies don't like working with third parties (such as property managers), you will need to keep services on in your name until the property is rented, and in-between tenants. You can set up a "continuous service" or "landlord account" with some utility companies so the service is never interrupted. We can do this for you but there are additional fees. We'll let you know when to get utilities turned on and off. Utilities must be on before we start marketing a property. We don't market houses without the utilities on as we've been burned over it many times. You can't clean it, flush

toilets, vacuum up dead bugs, or test the appliances or HVAC without the utilities being on. As soon as service is on, we'll check the property condition and begin marketing.

D. Keys

We can't express how important it is for you to provide "*Purple Door*" all applicable keys: keys to the property, pool, entry gate, clubhouse, mailbox, etc. It is our job to make your property stand out from all the others the potential renter will be considering, and often the decision comes down to the amenities. To put it bluntly, we can't sell what we can't show. We will work diligently to rent your property, and to do that we must have all the keys. We will re-key the property after each tenant moves in to make sure no one else has a key for obvious security reasons. The initial re-key cost is the responsibility of the owner and may cost more than future re-keys as we will re-key all locks to one single key to make keeping track of keys easier for the tenant and for us.

D. Digital Photos

Digital photos can help show the home as well as document the condition of the property prior to move-in and substantiate charges against the tenant after move-out. We take photos for marketing, move-in and move-out at no additional cost to you. Many of our tenants have rented our properties without personally visiting them because they viewed our photos online.

I. Online Websites

We use syndication services to get your property online at dozens of real estate websites such as Zillow, Trulia, HotPads, Realtor.com, Lovely, Apartments.com and many, many more. The list is constantly changing.

Screening Applicants

“Purple Door” screens tenants for you the same as we screen them for our personal rental properties. We have gained some hard-earned wisdom along the way over the years managing properties. As much as we think we have it figured out, applicants are still teaching us things every day. Identity theft is rampant, and it’s easy to miss something even when you’re watching for it. It’s not a cut and dry system and takes lot of experience. We have this experience because we’ve learned over time and now have most of our learning behind us. You have the benefit of our experience because we’re not learning on your dime. To conform to the Fair Credit Reporting Act (FCRA) we keep this information confidential and we are not permitted to give you a copy.

A. Background Checks

We obtain a credit report, employment information, residency information, foreclosure, bankruptcy, eviction reports, public records and more. There is no perfect system to qualify applicants, but we take advantage of all the information we can get our hands on. Screening applicants is often a balancing act between the information we gather about them and the money they are willing to put down to secure their fulfillment of the promises in the lease and minimize your financial risk.

B. Application Contingencies and Owner Approval

If the applicant has special requests, offers less than asking rent, has multiple pets, or presents any issues outside of the norm, you will be contacted for final approval. We work hard not to exceed our authority when it comes to this or any other matter during our leasing and management of the property.

C. Applicant Identity / Information Withheld from Owner

The Fair Credit Reporting Act (FCRA) forbids us from sharing the tenant’s credit report data with you (or with even the tenant). We can and will inform you if the tenant’s credit score meets our criteria and other pertinent information obtained and then advise you if we Approve the applicant. Discrimination is an unfortunate circumstance and often ends up in a lawsuit. To better protect you from a possible lawsuit we do not share the applicant’s name during the approval process. That way you and “Purple Door” can never be accused of discriminating due to the applicant’s ethnicity or race. Our decision to approve or deny an applicant will only be based on the applicant’s qualifications to fulfill the lease financial commitments.

D. Negotiating the Lease

Reinventing the wheel makes no sense. We have a standard Lease to avoid every being accused of discriminating by having different terms for different parties. We do not negotiate leases tenant by tenant. You may be involved in negotiating special stipulations for things such as finishing a fence, or a request for a new appliance as some issues need your input, and we'll not be timid asking for it. Most of the time, we just handle it.

D. Cosigners

Good credit is required to secure the renter's promises in a lease but it doesn't have to be the occupant's credit. We get lots of folks who have their parents, employers, caregivers and counselors guarantee the lease and we've had great success enforcing cosigner agreements. The cosigner completes an application and signs the lease along with the tenant.

E. Double/Triple Deposits

Money is a great equalizer when approving an applicant. If they are willing to put up lots of money (in the form of additional rent) to secure a lease, we can approve applicants with less than perfect credit. Since Georgia courts are owner-friendly and grant evictions quickly, plenty of money in an escrow account is sufficient guarantee for the promises in the lease.

F. 24-Month Leases

Longer leases save you tons of money by preventing expensive vacancies and additional procurement fees to procure new tenants. You'll be a happy camper if we can keep a tenant in your home for many years. Some owners plan to move back into their properties or may end up selling the property, so we don't allow extended leases (anything over 24 months).

Lease Document Preparation

Tenants will sign several documents before they take possession of your property. The lease is the primary document, but there may also be a pet exhibit, maintenance agreement, HOA disclosure, mold disclosure, lead paint disclosure, roommate exhibit, and documents that cover property visits, renters insurance and more. If requested, you are welcome to have a copy of everything the tenant signed but the names and contact information will be redacted as we don't share owner information with tenants and vice versa.

Managing the Move-In

Landlords are required to document the condition of the property prior to the tenant taking possession so there is something to compare to when charges are assessed for damages after move-out.

A. Re-Key Policy

Just after the new tenant takes possession of the property, we will have it re-keyed by a professional locksmith at your expense. The total cost you pay depends on how many locks there are that have to be reset. We remove any interior locks during this process.

B. Utilities

Marketing a property without the utilities on is an impossible task. We've tried it many times and always end up at the same place, frustrated and kicking ourselves for trying it. When utilities are off at move-in, there are repercussions and expenses the owner probably didn't anticipate. Please make sure the utilities are left on through the move-in.

C. Uncompleted Repairs / Contingencies

One of the worst things that can happen when we meet a tenant at the property for a move-in is to find that the property isn't ready. Owners (or their vendors) don't always complete work as they promised or clean up thoroughly, and it causes lots of yelling and screaming. Tenants often arrive with their moving van and don't have the time to clean the home before moving in. We do everything we can to prevent this, but it doesn't always work out the way we hope. When the property isn't ready, or the contingencies are not done as promised by the owner, we often have to take drastic actions, costing the owner serious money. When a tenant moves into a dirty home, or one that has unfinished repairs, they will hold it against us for the life of the lease. We'll do everything we can to make it right, but it usually is an expensive process because we're all scrambling for solutions at the last minute in order to avoid putting off the move-in inspection or losing the tenant. Remember this: speed always costs more, whether you're shipping packages or calling a contractor or a cleaner to come immediately and finish a repair or clean the home so we can let the tenants take possession. In these situations, we go to work "making it right" and discuss the costs later.

Owner Cleaning Challenges: We have cleaning services available to get your home into a "rent ready" state but frequently we have owners tell us that they will clean the property before move-in. Everyone wants to save money and the DIY (do it yourself) method is often preferred. Here's the problem: everyone has a different idea of what clean is and people are satisfied with different levels of clean. To some, cleaning once a month is good enough while others clean every day. Since we can't attempt to match tenants with owners of the same cleaning standards, we have to use a neutral standard we can all agree with. That standard is "hotel clean." When you check into a hotel room and find dirty mirrors, toothpaste on the counter, dirt in the drawers, and dead bugs on the floors, you

demand another room, and so you should. “Hotel clean” means leaving no evidence of the previous occupant.

If you tell us you’ll do the cleaning and the property is not “hotel clean” when we arrive to do the move-in inspection, we’ll call a crew to make it right (at your expense) before we turn it over to the tenant. Also, if we promised the tenant a move-in on Saturday and the home isn’t ready, we may have to put the tenant up in a hotel on your dime until the cleaners can get there on Monday. Most tenants arrive to the move-in inspection with their truck full of stuff and movers ready to set up house.

Having the property clean and ready for the move-in is one of our highest priorities and should be yours as well. The move-in can be a pleasant experience or a horrible one and will set their expectations and attitude toward the home, manager and owner for the rest of their stay. Let’s work together to welcome the tenants to a clean and safe place to live.

This next section is broken down into Managing the Money, Managing the Owner, Managing the Property, Managing the Tenant and Managing the Move-out.

Managing the Money

One of the main parts of our job is managing the money. As noted above, we do this through trust accounts registered with the Real Estate Licensing Board who may audit them from time to time. Here are some other money issues to think through.

A. Security Deposit Held in Escrow Account

Property managers hold security deposits in a trust account (just like they do the owner's money), as they belong to the tenant until they move out and all their charges are finalized. Once we account for all of the tenant charges, they receive a check for the balance of their funds directly from our trust account. This is accomplished within 30 days of their move-out (as required by state law), unless the tenant disputes move-out charges. We'll disburse your portion as soon as we can, but there are licensing and trust account regulations to satisfy.

B. Collecting Rent

Collecting rent is a tedious process which takes nerves of steel and a thorough understanding of the county system where the property is located. Property managers can get it done quicker and cheaper than the owner or an attorney because they do it regularly and know every step of the process. We've rarely had to file for eviction so you can be confident we've got this down right. If this happens on your property we'll talk you through every step.

1. Due Date

The due date is always the 1st of the month no matter when they moved in. We prorate the second month, not the first, so we get the bulk of the money the month they take possession. If they move in on the 15th you'll see a full month's rent on your owner statement the first month and a prorated portion the second.

2. Late Date

Rent is always late the 6th of the month. We push rent collection hard because most owners are making a mortgage payment and pressing the tenant for the money and getting it to the owner is a high priority.

3. Late Fee

The late fee is 10% of the monthly rent and is assessed on the 6th of the month.

4. Demand for Possession

A Demand for Possession email is sent on the 6th or the next business day, depending on what day of the week the 6th falls on. The email tells them when we will file the eviction if the rent is not paid.

5. Filing with the County

Between the 8th and 10th of the month we file with the county. This begins the eviction process and we file this quickly because the process takes time and we don't want the tenant to get too far behind if we have to put them out. The court filing cost is typically \$200 to \$400 depending on the county but most tenants pay that cost when they catch up on the rent. You'll see this charge on your owner report until we get it from the tenant.

6. Consent Agreements

Consent Agreements are payment plans tenants agree to if they want to stay and pay. Some tenants just get behind and to avoid costly court visits we'll try our best to get them to execute a consent agreement to catch up on their payments. Court costs are not totally avoided because the judge must sign the agreement to have the weight of the court behind the document, but costs are lower than an eviction. Saving you money is a big priority and a consent agreement is a possible solution. You will be notified before we agree to a payment plan.

7. Attending Court

Court costs are very reasonable in Georgia because we have a good small claims court system. Attorneys are typically representing several landlords (and apartment communities) so \$500 to \$700 usually covers everything unless we need witnesses or staff to attend. You'll be kept in the loop every step of the way.

8. Buying the Writ

Buying the Writ of Possession from the county cost is usually \$75 to \$100. Buying this document gets the put-out event on the sheriff's calendar. The judge's order gives us the right to evict while the writ is the sheriff's instruction to execute the eviction.

9. Cash for Keys

Once the judge has order the tenant to move, it can take 2 weeks and up to 8 weeks or more, depending on the county, for the sheriff to move their belongings into the street. Often we are able to accelerate their moving out in exchange for some cash. This will be your call to make, but the idea is to get possession under controlled conditions from the tenant instead of waiting for the sheriff to evict them. We find that when we do this, we get the property back in better condition, often weeks before the sheriff arrives. We also get keys and garage door openers back and know exactly when they are moving, instead of being surprised. Since we're spending your money to entice them to leave peacefully, this will be your decision to make, not "Purple Door's".

10. Put-Out

This takes place when the county sheriff goes to the property and physically puts the tenant's belongings in the street. Generally we are notified of the day of the eviction ahead of time, but often they arrive to do their put-out and then let us know. Sometimes they bring their own crew but usually we have to provide the manpower to do the work. It's not a perfect system because we're relying on local government, but we know the process and manage it closely.

11. Removing the Trash

This can't be done by "Purple Door" or the owner for 24 hours. The neighbors can pick it over; the tenants can haul it off; the scavengers following the sheriff around can take it but we can't touch it for 24 hours. Neighbors and HOAs will call us yelling about how unsightly it is, but for 24 hours we can't touch it. After 24 hours, we'll hire someone to haul what's left of the junk. The cost depends on how much is left after everyone has picked it over.

C. Re-Keying

Immediately after the sheriff has finished the put-out, we'll need to rekey and secure the property so neighbor kids don't make it their playground. We've even heard of evicted tenants moving back in and having to be evicted again, so re-keying is important. We will do this automatically and you will see the bill appear on your statement.

D. NSF Rent Checks

When checks bounce (or electronic payment is rejected), we generally know about it before we disburse money to you. We'll let you know as soon as we know. We get NSF checks recovered most of the time because bouncing a check over \$500 in Georgia is a felony and carries jail time. We'll do the chasing and keep you in the loop as we make progress. As soon as the money comes in, we'll disburse it to you.

E. Distributing the Money – "Fast Cash"

You should receive your money on or around the 10th & 25th of each month. Some things can get in our way of that target date like late rent payments, holidays and snow days, but most of the time we'll disburse your money on or around the 10th & 25th of each month.

G. Contractor Invoices

In our efforts to "go green and help save the planet," we add details to your owners report so you don't have to call us with questions about expenses. We keep all maintenance records for three years and can locate and send them to you if needed. We do not email copies of invoices (unless they include needed warranty information, e.g. appliances, water heater, etc.) due to the manpower overhead required as we process roughly 100 invoices per month. Your monthly statement will contain all the expense details needed.

H. Reporting to the IRS (1099's)

For many years the IRS has required that all professional property managers issue a 1099 to them (and you) by January 31st of each year for any money we collected on your behalf from the tenant that year. Much like an employer, we are required to report income we received on your behalf. Your owner's report will have most of your expenses on the property for that year and you'll show those expenses on schedule E of your tax return.

I. Anticipating Vacancy Expenses

We've had enough vacancies over the years to be able to predict pretty closely what it will cost to have a tenant move out. Once you understand the costs involved, it makes sense to keep the property in great condition and help us keep the current tenant there. Property damages are just a part of the potential vacancy costs. When you add to the expenses

re-rent costs, utilities, lawn care, advertising and pest control you figure out pretty quickly that keeping a tenant in the home is very important.

Managing Owner Relationships

A. Authorization

During your time with “*Purple Door*”, we will need your authorization from time to time regarding decisions that are outside our scope of authority. We’ll do our best to leave you alone and manage the property, but occasionally we may seek your input about such things as the appropriate action to take when a tenant is discovered to have an unauthorized pet or extra roommates; taking payments on a Consent Agreement (payment plan); and spending money over the spending authority, to name a few examples. Many times an email is sufficient authorization, but occasionally we’ll need something more formal. Most of the management decisions are small and we’ll make them ourselves, but when confronted with larger issues, we’ll contact you personally.

B. Renewing Agreements

The real estate licensing board requires that we keep the management agreements current without clearly defining what “current” means. Some managers ask owners to complete new owner agreements every year. Others feel that’s not necessary. As a general rule, our agreements auto-renew. We may ask you to renew your owner paperwork when we implement new agreements. We’ll notify you in writing when it’s needed.

C. Foreclosures

When owners can’t make their mortgage payment, they usually don’t call us and tell us to stop collecting rent. They usually take the rent and hope the lender takes a long time to complete the process. As unfair as this is, people do funny things when they are financially stretched. Usually we find out about a foreclosure when the tenant calls screaming about the letter they got from the lender’s attorney demanding they move and threatening eviction. Since the tenant’s only contact regarding the property is “*Purple Door*”, we get the brunt of the anger and accusations. They often accuse us of protecting the owner and cooperating with them in scamming the renter. Their life is turning upside down and they want to vent, file grievances with the real estate commission, the Better Business Bureau and the courts, and say nasty things about us on social networks. We get bludgeoned; the owner gets to keep the money and the tenant has to move.

In May of 2009, in response to all the foreclosures on rented property, congress passed the “Renters Rights in Foreclosure Act” mandating that the tenant be allowed to stay in a foreclosed property until the end of their lease term. Lenders are ignoring this law and ordering their representatives (the foreclosure attorneys) to get the tenant out, whatever it takes. Renters are not strong enough to fight the attorney so they pack up and move out, mad at the world, the owner, but particularly at “*Purple Door*”. There is nothing fair about any of this. The owner’s credit is destroyed, “*Purple Door’s*” reputation is trashed, the renter is in upheaval and the lender takes a bath on the property. There is no upside

and there's nothing we can do to change it. "*Purple Door*" charges a \$250 termination fee on properties included in bankruptcy filings and foreclosed properties for the stuff we have to deal with when this occurs.

Managing the Property

A. Managing Maintenance Issues

Managing the physical condition of the property is one of our biggest tasks. This is where most of the stress comes from as we balance habitability and money issues. We have to be sensitive to mold, electrical problems, plumbing, ceiling fans, septic tank backups, rodents, dishwashers, A/C systems and the quality of the air, the water, the gas and power. Judges and court systems hold us to a high standard when it comes to our duties to provide a safe and habitable place to live, as do the people living in these houses. In their minds, safety of people overrides safety of the property and costs to the owner, so we manage with that standard in mind. Tenants are not a protected class, but they are a favored class when it comes to managers keeping their safety as a high priority.

B. Maintenance Priorities

Resident maintenance issues are handled in the order in which they are submitted with the following response times as guidelines. Here is how we present this to our residents.

Category 1: Emergency Maintenance

Emergency defined: Anything relating to the property under the lease that is threatening to life, health, or the property.

1. Fire (please call 911).
2. Heating and Cooling. A failure of the heating system shall be considered an emergency if the outside temperature is below 55 degrees or is forecast to be below 55 degrees in the next 24 hours. A failure of the cooling system shall be considered an emergency if the outside temperature is above 85 degrees or is forecast to be above 85 degrees in the next 24 hours.
3. Electricity. Electrical problems shall be considered emergencies if they pose risk of fire, electrocution, prevent the refrigerator from functioning, or prevent the air conditioner or furnace from functioning in the temperature ranges described above.
4. Gas. Any gas leak shall be considered an emergency. Emergency gas shut-off is generally performed by the gas company or fire department. No gas in the property shall be considered an emergency if it prevents the furnace from functioning in the temperature range described in section above.
5. Plumbing. Plumbing problems shall be considered an emergency if there is any spread of sewage in the residence; if there is any risk of active flooding in the property; if a clogged sewer line leaves no usable toilet in the property; or if no water is available in the property.
6. Structural problems. Structural damage from tree-falls, storms, or other causes shall be considered an emergency if the damage presents risk of personal injury or property damage unless immediate action is taken. Break-ins shall be considered an emergency if the property cannot be secured.
7. Appliance Repair. A failed refrigerator shall be considered an emergency.

Target: 5 to 8 hours

Note: during peak seasonal months, target response times for items above may be subject to delays due to contractor overload.

The Following are NOT Emergencies

Locking yourself out of the house; power or gas off; a/c out and the property has two (2) a/c units; oven not working. These issues may be inconvenient, uncomfortable, and aggravating, but they are not emergencies. “Purple Door” is not liable for loss of food caused by appliance breakdown or for damaged belongings due to water leaks. Please make sure that you have adequate insurance to cover unforeseen personal losses.

Category II: Urgent Maintenance

Broken windows; plumbing repairs (not clogged toilets... see notes below); loose railings; wobbly decks; electrical problems. **Target: 2-4 business day service**

Note: during peak seasonal months, target response times for heat and air may be subject to delays due to contractor overload.

Category III: Normal Maintenance

Appliance repair, garage repairs, leaky faucets. **Target: 4-10 business day service**

Category IV: Non-Essential Maintenance

Fence repair and gutter cleaning. **Target: 30 day service**

Category V: Not a Habitability Issue

Screens; broken lattice; power washing; broken window shade; broken tree limb; missing door stopper; missing door knob; all light bulbs including stove, chandelier, and refrigerator; and fireplace gas keys. **Target: Point these items out during next property visit or bring up at lease renewal time. These items may not be approved for repair by the owner.**

C. Maintenance Spending Limitations

No one wants to give their property manager an open check book, and we don't want one. That being said, we also can't contact the owner every time something needs to be repaired. We handle quite a few maintenance requests each month. The management agreement has a spending authority ceiling on repairs we can order without waiting for your response. We'll let you know by email when a maintenance request comes in, but only as an FYI unless we think it's going to exceed \$500. Where we get into trouble with this limit is during weekends, holidays and on A/C units. As a practical matter, we exceed that limit from time to time out of necessity to save the owner money in the long run.

Note: This spending limit does not apply to emergencies, move-in contingencies (cleanliness), or habitability issues. Occasionally, not often, there is a tornado, burst water pipes, flooded basement, fire, A/C out in 95 degree weather, heat out in 35 degree

weather, sewer backup, etc., and we must respond immediately. In those situations we just have to use common sense when managing your property. We know the day we abuse this is the day you'll find another manager, so we understand our limits and will always be ready to defend our decisions.

D. Minor Maintenance Issues

Before the tenant moves in, they agree to handle regular, everyday issues around the house themselves like flipping GFI switches, changing out light bulbs, resetting garbage disposals, etc. We go over a document with them before move-in outlining their responsibilities around the house so they know not to expect a response to nuisance maintenance calls. Some tenants are accustomed to living in an apartment community with maintenance personnel around to change their light bulbs and help them move the grill. We've dealt with this long enough to know what we can pass on to them and what we should respond to.

E. Lawn Care

We would love to assure you that tenants will keep the lawn manicured like you did, but in reality we cannot. The lease calls for them to do lawn care, but most tenants do not think like owners in this regard. Getting them to mow is about all you can expect, and sometimes it is difficult to get them to do that. The real problem is when there is an active HOA going around counting weeds and taking photos of pine islands. Generally, lawn care isn't a problem as much as managing pine islands, trimming shrubs, edging and aerating. This can be done in the fall and spring through our seasonal landscaping program or just done as needed.

F. Property Visits and Charges

We usually do a formal bi-annual property assessment and occasional informal visits during the year. If you ask us to make a special trip (owner-requested trips) to meet an appraiser, a relative, your contractor, the HOA manager, etc., to check on utilities, to see if your vendor is finished, to see if the hail storm did any damage, to pick up your mail, or to see if you left your lights on, there will be a trip charge. Atlanta traffic often causes a "quick property visit" to take 30-minutes or more each way, plus time at the property and gas. We try to avoid unscheduled trips, but we don't want to say no when asked by the owner to do something special.

G. Emergency Maintenance

Occasionally a tenant calls with a true maintenance emergency, which requires immediate attention such as when the septic system is backing up, creating a serious habitability problem, or the A/C is out in the 95-degree Georgia summer heat. In those cases, we need to provide on-the-spot service. Weekend service calls are pricey, but some things just can't wait until the next business day.

H. Handling Your Own Maintenance

Most owners hire a manager because they don't want direct involvement with the tenant. However, some owners have a tool belt and like to tinker around the house to save a little money. When the property is vacant you are free to do whatever you like. While the

tenant is occupying the property, we will handle all property maintenance. There are liability and common sense issues that drive this policy.

I. Third Party Home Warranties

There are both pros and cons concerning third party home warranties. At times they can cover the costs of replacing an expensive item. At other times they disallow claims with references to the fine print or what seems like excuses to avoid paying for the repair. At other times, their vendors say the item is not covered and quote higher than usual fees to correct the problem outside of the warranty company. The tenant can't make that decision and is often frustrated when, after staying home to meet the warranty vendor, we have to tell them we'll be sending out our own contractor on another day to correct the problem. When an item isn't "covered" the owner may incur both a service fee from the warranty company (usually \$75 to \$125) and a Purple Door service fee and then have to pay another contractor to make the actual repair, thereby increasing the overall repair cost. Overall, our experience with home warranties has not been good so we don't advise having one.

J. Tenant vs. Owner (Manager) Responsibilities

We take pains at the move-in to clarify exactly what the tenant can expect from us in the way of maintenance response. Sending a vendor to the property is expensive, so this is not an option for every call. For example, a torn window screen is relevant, but it probably doesn't justify a special visit. In most cases, we assure the tenant that we'll address these minor issues at the anniversary date or that we'll look at it next time we're at the property.

K. Regular Maintenance vs. Replacements, Renovations and Remodeling

Clearly we are responsible to oversee normal maintenance breakdowns and regular repairs as a part of our management fee. We separate these issues from the larger projects of renovations, full painting, replacing carpet, roofs, siding and appliances. All property managers put limits on what they do for their monthly fees. "Purple Door" will determine what we consider "maintenance" and what we consider "replacement, renovation or remodeling". We add a 10% Service Fee to all work but we cap the 10% at \$100 for regular maintenance. We do not have a cap for larger projects / renovations.

L. Georgia Law Regarding Maintenance

Georgia Landlord Tenant Law is very specific about landlords being responsible for all maintenance on a rental home. The law says that landlords are responsible for any improvement left behind by the owner when it's rented and cannot try to pass maintenance over to the renter by agreement in the lease. Georgia law makes it clear that it is not possible to duck this responsibility by adding a stipulation in the lease saying "We are leaving the refrigerator or washer and dryer behind, but we are not fixing it if it breaks" or "The tenant agrees to pay the first \$50 of any maintenance repair." Whatever you leave behind, you have to keep in good repair. We learned this the hard way in the early years thinking we could get the tenant to make repairs on the refrigerator, washer/dryer, microwave, or grill by just agreeing to it in the lease. You can't and we won't, under strict Georgia law. Georgia is unique on this issue, and landlords who try to get around it are subjecting themselves to serious court judgments when disputes arise.

Managing the Tenant

A major part of our job is interacting with the tenant. We believe the more you know about how we manage tenants, the better you'll appreciate and enjoy the benefits of your anonymity. Our motto for the tenants is "clean and safe." Here are just a few topics for discussion.

A. 60-Day Lease Renewal

Sixty days before the anniversary date, the tenant must notify us in writing of their intent to vacate or we will automatically renew the lease. Keeping a renter in the property and paying rent for a long time is an important strategy, and we work hard to make that happen. If you want to move back in or have us sell the property, you need to be careful to put your wishes in writing to us long before the 60 day renewal date. Don't miss this important notice if you don't want the lease to renew. When we receive your notice, we'll notify the tenant so they have adequate time to seek another residence.

B. Rent Increases

The goal is to keep the tenant in the property as long as possible. Vacancies can add a lot of expense to your bottom line. You also have to consider the potential revenue gain of a rent increase against the procurement fee charged for signing up a new tenant. Again, the goal is to keep the same tenant in the property as long as possible. Our leases have an automatic 6% rent increase, with the adjusted rental amount rounded up to the nearest increment of five (5) dollars at renewal but often the tenant asks if we can reduce the amount. Many tenants ask for reduced rent in exchange for longer commitments. If you want to keep the rent the same, or increase the rent, just notify us well in advance of the 60-day renewal or before they make the decision to move. For each extension or renewal of the lease agreement this will be dictated in your management agreement.

C. Lease Renewal Process

The last thing you want is a vacancy. Therefore it makes sense to reward your property manager for keeping the renter for another year. We start earning the renewal fee the day we move the tenant into the property. We work all year to get our tenants to renew and we celebrate when they do: Mission accomplished! Our fee for renewals is listed in the management agreement.

D. HOA Challenges

One of the more recent challenges with renters is having an overactive HOA manager. If owner dues are not paid, or if someone violates their rules, they can (and often do) boot tires, fine renters, sue them for rent, fine owners and even try to evict tenants. We've heard it all. Some HOA boards are convinced that renters are the curse of the community and bring down property values for other owners. They love to harass tenants and do what they can to drive them (and their landlords) out of the community. We have to work together on this so you must stay involved. We'll need your help if your HOA gets ugly.

Managing the Move-Out

The next part of the management process is the move-out. The state Landlord Tenant Act has a lot to say about the move-out process. Legislators obviously have had a lot of complaints from renters over the years, because there is a lot about tenants moving out, charges for damages, and security deposits in the law. Here is a description of the process.

A. Before the Move-Out

In managing rentals there are five kinds of move-outs depending on the circumstances:

1. Normal Scheduled Move-Outs

Normal Scheduled Move-Outs are the majority of our business. Once they give us notice to move we will be communicating with them, and with you, right up to the day of the move-out inspection to make sure they keep utilities on; return keys, garage door openers, community keys and passes; and remove all personal property. We give them lists of things to think about so they can avoid fines and get back their deposit. Our priority is to get the property back in rent-ready condition. Most renters want their deposit back and pay attention to these issues.

2. Early Terminations

Occasionally people get transferred or buy a home before their lease ends. There is an early termination option in the lease that allows the tenant to move early by paying a fee, giving us written notice and letting us show the property before they move. The fee they pay covers the procurement fee for finding the new tenant so you will not have to pay another procurement fee due to an early termination

3. Coordinated Skips

Occasionally renters call us in the middle of their lease term and just tell us they're moving for any number of reasons. They lose jobs, get divorced, can't get along with their roommate or just can't afford the rent anymore. They're not skipping, but they're also not offering to pay the early termination fees; they just want to notify us of their intent to move and want to do it under controlled conditions. We'll notify you immediately and will handle all the charges according to the lease and state law.

4. Skips and Abandonment

On rare occasion, we find a property abandoned. Usually we discover it when we're doing a drive-by due to unpaid rent or an imminent eviction. Often the utilities are off and there's plenty of personal property left behind. When this happens we'll make a decision about whether we take immediate possession or wait for the sheriff to empty the property. We can be sued for "wrongful dispossession" so this is a delicate issue. We'll notify you immediately upon discovering your property vacant and keep you in the loop throughout the process.

5. **Eviction takes place when the dispossession process is finalized** and the sheriff puts the tenant's belongings on the lawn. We've only had to do one physical eviction in 30-years (good news for you!). Tenants are kept well informed regarding the pending eviction so there are no surprises and they often skip shortly before the sheriff arrives. As we near the day of eviction, we will be monitoring the property, utilities and tenant to try to figure out when they leave. We try our best to cooperate with them so we get keys and garage door openers returned and utilities transferred. Finding a home with the utilities turned off is not pretty, especially when there is food left in the refrigerator and the temperature is 90 degrees. It doesn't happen often, but it can happen.

B. During the Move-Out

We try not to have the tenant present during the move-out inspection, as their presence often turns it into a highly combative event. They usually want to argue about the damages for which we may charge them, claiming the issues were there when they moved in. We will charge for all damages unless we see it on the move-in inspection, or it is normal wear and tear. We email the inspection results within 3 business days and confirm their receipt. This process satisfies the Georgia law. The move-out inspection can take an hour, or several hours, depending on how much needs to be documented. If keys or garage door openers are missing, we charge the tenant.

C. Digital Photos

We document our charges to the tenant by taking digital photos of damages just in case the tenant disputes the charges. Often, carpet stains or excessive damages to the walls don't show up well on photos, but it's the best we can do.

D. Normal Wear and Tear

Landlord Tenant Laws prevent landlords from charging renters for "normal wear and tear" on the move-out inspection. All the conflict comes from this. This is very subjective, as three well-trained property managers will come up with three different numbers looking at the same property. We do this with one eye on explaining it to the magistrate judge if the tenant disputes the charges, as the judge has the final say as to charging damages to the tenant. Some owners think the tenant should return the property in the same condition in which they found it or in a rent-ready condition. While some states allow this standard, Georgia is not one of those states. Abuse this process and the judge will not go lightly on you when looking over the charges, so being reasonable with the charges is important.

E. After the Move-Out

Georgia law gives landlords three business days to identify charges and get the information to the tenant for review. Mailing or emailing the inspection to them within three days of move-out satisfies that requirement. The tenant has five business days to review it and dispute charges in writing if they so choose. If they don't, we disburse the deposit as charged on the inspection and current tenant ledger. Georgia Law requires that we disburse the security deposit within 30 days of the move-out inspection. We will send the tenant a document detailing any charges they owe, including unpaid rent, late fees, NSF charges, warrant charges, and damages to the property.

F. Disputes over Charges

Tenants have five business days to dispute charges on the move-out inspection. The law gives them five business days from the termination of occupancy, but that's not always practical, as our move-out inspection may not be sent until the third business day. Judges give the tenant time to get the inspection, review it and formally file their dispute. It must be in writing to be valid, so a phone call does not count. Obviously, the higher the charges the more frequent the disputes. Occasionally it takes 30+ days to settle all the debates.

G. Disbursing the Security Deposit

Occasionally, judges will give tenants 15 to 30 days to dispute charges, so we are cautious about releasing the deposit too quickly. If the tenant disputes any charges, we work aggressively to get them in the office to review photos or to the property to re-examine the evidence. They often drag their feet because they are usually busy unpacking and setting up life in a new location. If they take too long, we'll make a decision and disburse the security deposit as we see fit. If we see a battle brewing, we can hold their deposit longer, but we risk the wrath of the judge if we don't have good justification for holding it. Georgia law lets the judge fine the landlord triple damages for withholding the security deposit unjustly so we're all careful not to abuse the process.

H. Interpleading the Escrow Funds

When the parties can't agree on charges for damages, causing a stalemate with the tenant over the security deposit, one option for the broker is to interplead the money into court and let the judge decide how to split it up. This means the broker can't (or refuses to) decide and is turning over the decision to someone else of a more unbiased opinion. We have never had to do that, but it is an option if we can't all come to terms regarding the damages and the disbursement of the security deposit.

When It's Time to Sell

Many of our clients buy the house as an investment property and intend to hold for a long time. Others used to live in it and could not sell it when they needed to move. When it's time to sell, there are some options.

A. Selling to the Tenant

The most efficient sale you will ever have is when you can sell the property to the existing tenant. Everybody loves the idea of selling to the tenant because there is no vacancy between the time the tenant moves out and a new buyer moves in. This is the best of all worlds for the owner. So, if it is good for the owner, why doesn't it happen very often? As a broker, we would love to sell to current tenants every time. It's an easier sale, and there is no move-in or move-out to manage. When we got in this business, we thought tenants would buy houses. They do, just not the one they rented. Why? Here's what we discovered over years of managing and selling rentals for our clients: when tenants choose a rental they make compromises in the house, the community and the area. They don't take the time buyers generally take to select just the right house for their family. They aren't thinking ten years, but two; it's just a temporary place to live until they figure out where they want to buy. We have sold a few houses to renters.

Secondly, it's a hard sale. Here's the problem; tenants don't do home inspections before renting a home. When people live in a property for a while, they figure out what's wrong with it. They learn the upstairs does not cool in the summer and the neighbor is a crab. They know what needs to be fixed; they know the problems with the property, and often they won't buy it because they know too much about it. This sounds strange, but for some reason they would rather buy something they know nothing about than buy something they've lived in and know everything about. Stupid as that sounds, we've heard it a thousand times. That being said, if you want to sell the property and it's occupied, we know exactly what to do so just give us a call.

B. Lease Purchase

We have done many lease purchase transactions and we do it very well. In fact, we have closed every lease purchase we've ever put together. If this option is of interest to you, just give us a call.

C. List for Sale

When our clients are done with leasing the property we often sell the home for them. We are licensed Realtors® and know how to get the job done. Because we know a lot about the property, and we have a relationship with the occupant, we are able to get it on the market before they move out and we don't need much from you to make it happen. When you get notice from us that they're moving, let us know if you want to sell. If you choose to list with another agent (say your sister is your agent), the listing will have to wait until the tenant has vacated the property. We've tried doing it earlier before and it hasn't

worked. It's hard enough to keep tenants cooperating when its only them and us. Bringing in another party makes it impossible.

D. Short Sales

Due to recent economic conditions, Short Sales have become a common way to unload underwater properties. We close quite a few Short Sales each year and are well versed in this process. A Short Sale is a great alternative to a foreclosure with many advantages including less credit damage and the ability to qualify to buy again much more quickly. If you're having difficulty making your mortgage payments, give us a call and we can explain how a Short Sale can be the best solution for you.

Managing the Separation

There will come a day when we decide to part ways. Eventually everyone does. Since it is inevitable, we want it to be a smooth and orderly transition. Because there are license laws and trust accounts involved, we have to do this very carefully. If there is a tenant in the property this is a little sticky, but we have done it before and know what the issues are. Some owners decide to manage their own property. Some want another property manager, while others want to sell and be done with leasing. Whatever the reason, we will always be willing and cooperative to make the transition smooth. Here is more on the final process of our relationship:

A. Separating in the Middle of a Tenancy

Either party can initiate a separation. If you separate from “*Purple Door*” in the middle of a tenant’s stay in a property, there are some fees to pay. Property managers make their money by keeping good tenants in a property for as long as they can. If you cut us off in the middle of a tenancy, you are cutting short our opportunity to make what we need to make on the overall management of the property. If we place a tenant in a property, it is only right that we receive management and renewal fees until they vacate. The best time to separate from Purple Door is between tenants and not in the middle of one.

B. Separating with Cause and without Cause

Either party can initiate a separation. However, there are two sets of circumstances that generate a separation. One is “for cause”, meaning one of us is unwilling to fulfill their agreement and the other is unwilling to continue to tolerate it. As an example: if we don’t manage as we agreed, and you call us on it, we must be given the opportunity to correct the problem. If we don’t, then you should be able to sever our relationship without penalty. The second is “without cause”, meaning there is no contractual reason to separate, just a need to part company, perhaps due to a death or divorce for example . If that takes place, there may be some consequences as we are both counting on each other to fulfill the agreement.

C. Official Notice to Separate

The management agreement calls for a written notice to each other of our need to part ways. Upon official notice we’ll address all the issues in a methodical and seamless way to facilitate a smooth separation.

Other Services We Offer

A. Title Holding

Part of helping investors is to show them how to get the title of the property out of their name to protect their ownership from predatory litigation from tenants and their attorneys, angry employees, and nosy relatives. Generally, people who want to sue you and take your stuff are looking for easy targets. When your ownership of a property is in public records, it is wise to take some steps to camouflage it. You don't want to risk getting sued and losing your other assets due to owning rental property. We are happy to discuss this with you and refer you to a real estate attorney who can make the necessary title changes.

B. Tax Free Exchange

Our current tax system charges an investor a ton when they sell an investment property. Unlike your personal residence, you will pay Uncle Sam between 20% and 30% in taxes when you sell a property. Between the 25% on Recapture and the 15% in Capital Gains, you'll really feel the pinch when you sell if you don't do something intelligent. There is an option. Section 1031 of the tax code offers investors a way to temporarily (or permanently) avoid this tax and let your kids, spouse or significant other benefit from this money. Pay it to the IRS if you want, or talk to someone about how to avoid this tax. Contact us for more information about this issue.

C. Refinancing

Often we get asked "Do you know someone I can talk to about refinancing my home?" We have good lenders who can help you with financing on your investment properties.

D. Buying Other Residential Properties

We have been helping Buyer and Sellers for many years. Bottom line is we have the experience to help you succeed in achieving your real estate goals so just give us a call whenever you're considering buying or selling residential real estate.

Conclusion

Property management is a lot more complicated than it looks. There are few trainers, workshops and books to read on the topic so most of the lessons come from the school of hard knocks. Fortunately, you won't be paying for our learning curves as we've been doing this for a long time and have most of our lessons behind us.

We are committed to exceeding your expectations as we manage your property as if it were our own and do it in such a way that there are no surprises.

Our goal is to set expectations thoroughly so neither of us is surprised or disappointed in our relationship.

Welcome to "*Purple Door*"!