



Landlord's Handbook

The Morris Realty Team **Property Management**

7521 Virginia Oaks Drive
Gainesville, VA 20155

Dwight: 703-298-8421
Dwight@TheMorrisRealtyTeam.com

Murielle: 703-298-8230
Murielle@TheMorrisRealtyTeam.com

Fax: 703-493-3209

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THE MORRIS REALTY TEAM PROPERTY MANAGEMENT

PROPERTY MANAGEMENT SERVICES

Record Keeping

- We handle all of your bookkeeping. Our accounting software keeps complete, accurate records of all income and expenses that affect your property.
- Our detailed monthly and end of year statements simplify the task of tax preparation for you and your accountant.
- We provide you all invoices, statements and billings received and paid during the preceding month as well as other items that in the opinion of the agent, requires the attention of the owner.
- You have the choice of delivery for your statements—they can be emailed directly to you or mailed to your address...you choose.

Property Inspections

- Our policy is to do periodic exterior inspections and interior inspections every six months. If we see anything that would lead us to believe the property is not being maintained by the tenant as per the rental contract we make arrangements to view the inside.
- We maintain a file of digital photo's of the interior and exterior of each property as part of the move-in, move-out inspection.

Rent Collection

- Rent is due on the first of each month. Rent is considered late after the fifth day. Every effort is made to collect rent, late notices are sent at the appropriate intervals and removal proceedings are initiated if the tenant does not make immediate payment arrangements.

Banking

- Funds will be mailed as soon as received from the tenant. If you are local, we can even drop the check off at your home or office.

Tenant Screening

- Attracting good qualified tenants is the name of the game. It is our goal to create a good tenant/landlord relationship, and we have implemented a comprehensive tenant screening process to help ensure this.
- All credit history profiles are performed by an independent professional agency and include a: credit report, fraud alert, national and statewide criminal check, current employment verification, current and past residence verification and rental history from prior landlord.

Maintenance

- Our approved vendors consist of pre-qualified licensed and insured repair technicians. Prompt attention to maintenance keeps the tenants happy and prevents minor repairs from turning into expensive, major ones.

Home Warranty

- The Morris Realty Team Property Management strongly recommends purchasing a home warranty with First American Home Buyers Protection Corporation as it provides coverage for systems and appliances which malfunction due to lack of maintenance, unknown conditions, sediment, rust and corrosion. The cost of the basic policy is only \$450 per year.

Insurance

- Our Property Management Agreement includes the requirement of a Rental Dwelling Unit Policy naming The Morris Realty Team Property Management as additional insured.
- We include indemnification and hold harmless language in our agreement.
- We strongly recommend that the tenants purchase renters insurance.

Marketing

- Your property is marketed through the Multiple Listing Service (now called MRIS) because it is considered the best way of advertising to potential tenants and realtors who may have clients that want to rent your property.
- Your property is also marketed through numerous internet sites such as MilitaryByOwner.com, CraigsList, Rentals.com, Trulia.com, and Zillow.com.
- We are always aware of current market conditions and therefore we make every effort to rent your property at its highest value.

Deposits

- At least one months Security Deposit is held in escrow, and any expenses beyond normal wear and tear on the property will be deducted from this amount. The balance is then refunded to the tenant within 30 days of move out.
- Pets will not be allowed without your permission, and when pets are allowed an additional deposit of \$350 will be held to take care of any damage caused by the pet.
- A special pet addendum is signed by the tenant acknowledging that there are additional responsibilities and liabilities.

Evictions

- We handle all aspects of the eviction process at the owners expense (including service of notices and court appearances). The screening process that we use helps us to minimize this unpleasant aspect of the business. Our goal is to never have to take this action.

Negotiating

- We negotiate with tenants the terms of the rental agreement within the parameters agreed to in our Property Management Agreement. We also negotiate with local contractors to provide you the most cost effective service.

Fees

- **Our Listing Fee** is equivalent to one months rent. This fee is to procure a suitable tenant and includes all marketing, advertising and compensation to the tenant's realtor.
- **Our Management Fee** is 8% of the gross rent collected each month. Our monthly management fee is payable when the rent is collected and is automatically deducted from your account once the rent payment is posted.
- **There are no management fees charged while your property is vacant.**

Summary

- The Morris Realty Team is dedicated to protecting our clients from the hassles associated with the rental market through the application of experience and systemized procedures. We protect the properties that we manage and are diligent in implementing corrective action when required.
- Finally we are confident that we can turn your investment into an income source without the worry, frustration or confrontation that is an all too common experience in the rental and leasing markets. We have the knowledge, skill and infrastructure to ensure the success of your property as a source of income.

SECTION ONE: THE RENTAL PROCESS

SETTING THE RENTAL PRICE:

The best time to place your rental property on the market is 60 days prior to the available move-in date. We will conduct a detailed market analysis of your property to determine its current rental value and make a price recommendation. The recommended price will be the highest price we believe can be attained while still being competitive and attractive to potential tenants. If the property does not rent within three weeks the price will be reviewed and adjustments may be recommended. After the initial price reduction we will review pricing every two weeks.

PREPARING YOUR PROPERTY FOR THE MARKET:

In preparing your property to go on the market we ask that you inspect paint, floors, appliances, cabinets, vanities, plumbing fixtures, doors, and windows to ensure that everything is in good condition. We will also visit the property and make any recommendations we find necessary.

REQUIRED ITEMS PRIOR TO MARKETING YOUR PROPERTY:

- 3 sets of keys (two for the new tenants and one for our office.)
- Mailbox keys, storage keys and parking space numbers.
- Copy of the Home Owners Association documents.
- List of utility providers for the property.
- Copy of home owners insurance policy naming The Morris Realty Team as an additional insured.
- Summary of information on the property that will help familiarize the tenant(s) with the home.

PLACING YOUR PROPERTY ON THE MARKET:

In order for your property to be placed on the market, it must be picture and showing ready. The property will be visited by many potential tenants, and we ask that it be kept clean, clutter free, and welcoming in order to make a good first impression. A bright room shows much better than a dark one, so we request that curtains and blinds be kept open throughout the day. Please be sure that if there are pets in the home, they are confined to a room or crated so that potential renters can look freely. If the property is vacant, please ensure that walls, trim work, fans and vents are free of dirt. It is especially easy to notice a house that is not clean when it is vacant. Bathrooms and kitchens are also very important, so please be sure caulking is not peeling or dark, and that appliances are all in working order and clean.

MARKETING YOUR PROPERTY:

Your property is presented through the Multiple Listing Service (MRIS) because it is considered the best way of advertising to potential tenants and realtors that may have clients seeking a property such as yours. Your property is also marketed through a number of websites, including MilitaryByOwner.com, Rentals.com, Craigslist.com, Trulia.com, and Zillow.com. The Morris Realty Team covers any fees associated with placing websites ads.

SHOWING THE PROPERTY:

A lockbox will be placed on the property to allow agents to access it whether or not someone is there. Only agents have a card that provides access to the lockbox to retrieve a key. The lockbox will not affect the way one opens the door. The property will be entered into the MRIS system with showing times of Monday through Sunday between 10am and 8pm. If the property is occupied then a contact person and phone number will be placed in the system along with a request that agents call and inform the occupant that they will be showing the home. A voicemail message constitutes notification, so please be sure to check your voicemail regularly. For your safety, please do not allow prospective tenants to view the property without an agent. Always refer them to us for answers to their questions. Do not negotiate price, move-in dates or any other lease terms with an agent who visits your property. If you are in the home when an agent and his or her clients arrive, we recommend that you step out for a walk or just try to stay out of their way and allow them to look freely. It is important that you keep all items of value out of sight and secure.

APPLICATION PROCESS:

Attracting good qualified tenants is the ultimate goal. We strive to create a good tenant / landlord relationship, and in order to do so we have a comprehensive tenant screening process. All credit history profiles are performed by an independent professional agency and include a credit report, fraud alert, terrorist list check, multi-state criminal and eviction check, current employment verification, current and past residence verification and rental history from prior landlords.

SECTION 2: LEASE

CREATING THE LEASE:

Once a tenant has been accepted, we will create the lease and provide the tenant's agent with a copy for the tenant to sign. Once the tenant has signed, we will sign the lease as your representative. The Standard Northern Virginia Association of Realtors lease is used for all Virginia Leases. The following additional clauses are added to every lease:

- "No smoking inside the property."
- "No pets other than the pets approved on the application allowed."
- "Tenant agrees to pay \$60.00 per service call."
- "Tenant agrees to return all keys and HOA packets prior to vacating the home or agrees to pay the cost of replacing these items out of their security deposit."

A blank lease is attached.

LEASE OVERVIEW:

We are happy to go over the lease with you in detail. Please feel free to contact us by phone or email and set up an appointment to go over the lease prior to the property having an accepted tenant. That way you are sure to have all of your questions answered prior to the time the lease is signed.

PREPARING FOR A NEW TENANT:

Please be sure that the property is vacant, clean and move-in ready prior to the start of the new tenant's lease. Never cancel utilities (water, gas, electric) until the new tenant's lease has begun. The ideal way to handle utility transfers is to call and inform the utility providers that the home is becoming a rental property and request a landlord account. The landlord account (be sure that the provider offers this) will allow for utilities to remain on at the property and will place them back into your name when a tenant cancels service. Please remember that the responsibility for the cost of utilities when the property is vacant is the owner's, not the property management company's.

SECTION 3: MAINTENANCE

PROPERTY MAINTENANCE:

It is important to recognize that repairs to the property are inevitable during the course of any lease, and we strongly recommend that you purchase a home warranty to help cover the costs of these repairs. Since tenants are more likely than owners to request that a contractor come out to look at small problems, the home warranty will almost always save an owner money. The tenant's lease will require that they pay the \$60 service-call deductible so if the problem is covered by the warranty there will be no cost to you. If a repair is not covered, you will be notified immediately.

If you decide to forego the home warranty, we will only allow contractors who are licensed and insured to work on the property.

Promptly addressing needed repairs keeps the tenants happy and prevents minor repairs from turning into expensive major repairs. You will always be advised of any out-of-pocket repairs that may be needed, and your approval is required prior to proceeding.

A warranty brochure is attached.

REPAIRS WITHIN THE FIRST 5 DAYS:

Tenants have five days after move-in to report any issues that require attention or that they simply wish to have noted on the move-in inspection report. Any items listed on the report that need repair are completed at the owners expense. If items on the inspection report are covered by warranty then the owner is responsible for the \$60.00 service fee.

PREVENTIVE MAINTENANCE:

If you have any preventive maintenance contracts that you wish to continue at your expense, please provide us copies of the agreements so we can set up appointments for them to service the home.

PLACING A SERVICE REQUEST ON THE PROPERTY:

Tenants are instructed to make all service requests in writing, either by mail or email.

SECTION 4: INSPECTIONS

CHECK-IN INSPECTIONS:

A thorough inspection is performed prior to the tenant's move-in. We will walk the home and document its condition on our move-in inspection report. Pictures will be taken to document the condition of the home. We will inspect walls, floors, appliances, and plumbing fixtures. This process is repeated at the six-month and end-of-lease inspections. You are welcome to attend the initial walk-through inspection if there are items you wish to point out to the tenant. If you prefer, please send us a summary and we will address those items with the tenant.

An inspection report is attached.

SIX-MONTH INSPECTIONS:

We will contact the tenant at the six-month mark in order to arrange the semi-annual inspection. These inspections are a little less detailed than the initial walk-through and move-out inspections. We will check to see that everything is in working order and that the home is in substantially the same condition it was at the beginning of the lease.

END-OF-LEASE INSPECTIONS:

A move-out inspection is done within 72 hours of the tenant vacating the property. At this inspection we are checking the condition of the home and determining whether there are any issues beyond normal wear and tear. Courts protect the tenant and their security deposit, so damage has to be significant in order for a court to justify retention of a security deposit. It is a very complicated line to walk, but remember that the cost of court fees and the likelihood of the court siding with the tenant, makes going to court a last resort. As a landlord you should expect some wear on the home. You should expect nail holes, minor scuffing, and minor damage to the paint. Our tenant handbook is written to encourage tenants to leave the home as clean and marketable as possible and while it is not their legal responsibility, the expectations we set for them is high.

SECTION 5: ACCOUNTING

RENT COLLECTIONS:

Tenants make their rent payment payable to The Morris Realty Team. Rent is due in our office by close of business on the first of the month, however there is a grace period that allows for the rent to be delivered by the 5th. If the rent is not received by close of business on the 5th of the month then a late fee is assessed. If the rent payment is not received by the 10th of the month, we file the necessary paperwork with the courts to document the late payment. If the tenants still fail to pay, the eviction process is initiated.

RENT PAYMENTS:

For your convenience you can choose to have your payments mailed to your or we can drop them at your local residence or place of business.

SECURITY DEPOSIT:

At least one month's security deposit is held in an escrow account with the interest accruing to The Morris Realty Team. The security deposit is there to provide limited protection to the landlord in case of damage to the property beyond normal wear and tear. It can also be used to cover unpaid rent once the tenant vacates. Please keep in mind that the courts are very protective of the tenant's security deposit and only items beyond normal wear and tear can be deducted. A landlord is to expect minor cosmetic repairs at the end of a lease such as nail holes, worn paint, or scuff marks. The unused amount is refunded to the tenant within 30 days of move-out.

PET DEPOSIT:

Pets will not be allowed without your permission and when they are permitted an additional deposit of \$350.00 per pet is collected. A pet addendum is signed by the tenant acknowledging that they have additional responsibilities and liabilities.

SECTION 6: END OF LEASE PROCEDURES

EXTENDING THE LEASE:

The lease requires that both the tenant and landlord notify each other of their intent to renew or end the lease at least 60 days prior to the lease expiration date. We ask that you notify us concerning your preference at least 75 days prior to the end of the lease. If you are hoping to renew the tenant's lease then we will inform them of your position and execute a new lease should they agree.

TERMINATING THE LEASE:

If the tenant notifies us at the 60 day mark that they will not be renewing the lease then, you are within your right to place the property on the market for rent or sale during those 60 days. We will coordinate all of this with the tenant once you notify us how you would like to proceed. The home will be made available for showing and the steps outlined in "Section 2: Rental Process" of this manual will be followed. Keep in mind that once the current tenant moves out, the home may require some work prior to a new tenant moving in. You may need to paint and get the home professionally cleaned. While the carpets will be professionally cleaned by the current tenants, wear and tear may be visible that needs to be corrected by you. If you are interested in selling your home when the lease expires, the lease allows you to place the home on the market 90 days prior to the expiration date. Please notify us about 3 and a half months prior to the lease end- date so that we can arrange this.

TENANTS NOT COMPLETING THE LEASE TERM:

The lease contains several clauses that allow a tenant to end the lease early (please review the sample lease attached), such as the military clause and the relocation clause. However there are times when a tenant's personal situation forces them to seek an early release for reasons not covered by the lease. In these situations we recommend working with the tenants. Offering the tenant the opportunity to get out of their lease by having the home go on the market for rent and holding them fully responsible for the rent, utilities and maintenance of the home until a new qualified tenant is found may be the best option. In such cases the tenant is charged a fee of a month and a half to cover marketing, and commission fees for failing to comply with the full term of the lease.

EVICCTIONS:

We are able to handle all aspects of the eviction process, including serving notices and court appearances. You will not be charged for our time but will be responsible for any court costs. The screening process that we use helps us minimize this unpleasant aspect of the business. Our goal is to never to take this action, but we are prepared to do so when necessary.

SUMMARY

RISKS OF BEING A LANDLORD:

There are many great benefits to being a landlord, however it is important to remember that it does carry risks. Some of the risks include, but are not limited to: non-payment of rent, damage to the home not covered by the security deposit, or an unexpected costly repair not covered by warranty. Our screening process helps us to minimize these risks but it is important that you are aware of them, and that you — not the Morris Realty Team — will be responsible for such cost.

OUR MISSION:

The Morris Realty Team is dedicated to protecting our clients. We protect the properties we manage and are diligent in implementing corrective action when required. We are confident that we can turn your investment into an income source without the worry, frustration or confrontation that is an all too common experience in the rental market.

OWNER FAQ'S

1) Why hire a property management firm?

The Morris Realty Team Property Management provides peace of mind for an owner looking to become a landlord. Allow us to handle everything: from listing your home, to marketing, to tenant screening. Once a tenant has moved in, we handle record keeping, property inspections, rent collections, maintenance, evictions, and all customer service issues.

2) What are your office hours?

Our office hours are weekdays from 9am – 5pm and we are available for emergencies on evenings and weekends.

3) What will it cost to have my home professionally managed?

Our listing fee is equivalent to one month's rent. This fee includes the procurement of a suitable tenant, all marketing costs and compensation to the tenant's realtor. Our management fee is 6% of the gross rent collected each month. Our monthly management fee is payable when the rent is paid.

4) Do you charge a monthly management fee when the home is vacant?

No. There is no charge if the property is vacant.

5) How long does it take to process an application?

Processing time can vary but normally takes less than 3 business days. Some special circumstances may require a little more time.

6) Do you check credit or anything else during the application process?

A complete credit, rental, and employment history report for the applicant is pulled and reviewed with the application.

7) Do you accept or recommend accepting applicants with less than perfect credit?

Credit is important to our application process. However, it is not the only thing we recommend looking at. If an application is outside the box and requires special approval, it may also require an additional month of security deposit. If there are multiple applications on a property then the best qualified applicant will be selected. You will be notified of the situation and will always make the final decision to accept or decline the applicant.

8) What is Section 8?

Section 8 is a federally funded program that provides affordable, safe, decent and sanitary rental housing for low-and moderate-income families. Rental payments are made directly to The Morris Realty Team Property Management Company and are a combination of both a tenant's portion and/or the portion designated to be paid by the Public Housing Authority. Some owners are hesitant about accepting Section 8 tenants, but they will go through the same background check as any applicant and the funds paid by the Public Housing Authority are guaranteed to be paid in full on the first of each month.

9) Once an applicant is approved when do I sign the lease?

The lease is prepared and sent to the tenant or the tenant's agent within 2 business days of the applicants approval. We request that it be returned within 2 business days with the Security Deposit. Once the lease is returned by the tenant or their agent, we will sign the lease as your representative as stipulated in the property management agreement.

10) How much is the security deposit?

Typically the security deposit equals one month's rent but can be as high as two month's rent depending on the applicant's financial situation.

11) Do I have to allow pets?

You do not have to accept pets. However, we do ask you to consider each situation on a case-by-case basis. Please keep in mind that by saying "no pets" in the listing we are missing out on many great candidates. You can always decline an applicant based on the size or number of pets.

12) If I accept a pet is there anything that the tenant will sign accepting responsibility for damage to the property?

If a pet is accepted, the tenant is required to sign a pet addendum which lists the owner as 100% responsible for any damage the pet may cause. We also require a \$350 per pet deposit to cover any damage the pet may do to the property. On moving out the tenant must have the carpets professionally cleaned, including treatment for fleas.

13) Do I have to purchase a home warranty?

The purchase of a home warranty is strongly recommended. Not having a home warranty can be more costly to the owner since every service call the tenant places will need to be paid for out of pocket. Please review the home warranty brochure and remember that the tenant will be responsible for paying the \$60.00 service-call fee. The cost of the warranty is \$450 per year.

14) If a tenant pays their rent late, what is the late fee? Will I get the late fee?

The late fee is 5% of your monthly rent and yes, it is paid to you as soon as we receive it.

15) Do I get a walk-through of my home with the property manager and tenant prior to the tenant moving in?

A thorough walk-through of the home will be scheduled prior to the tenant moving in. The owner is invited to attend although it is not mandatory. A checklist of any issues identified will be filled out and pictures taken. Copies of all paperwork and pictures will be provided to you for your records.

16) When do I have to transfer utilities?

Tenants are responsible for having the utilities transferred before they take possession of the property. We recommend that instead of canceling the utilities you inform the utility providers that the home is becoming a rental property and request a landlord account. The landlord account (be sure that the provider offers this) will allow for utilities to remain on at the home and will place them back into your name when a tenant cancels service.

17) How long after moving in does the tenant have to report issues that were found and can be made part of the move-in inspection?

Tenant's are allowed 5 days from their move-in to report any additional problems they find. You will be responsible for repairing and/or paying the service call fee for items reported during these 5 days. This report must be submitted by the tenant within 5 days but it may be a little longer until you see it since we must review it before we request that you pay for any repair.

18) What if a tenant has to report a maintenance issue during the lease term?

Tenant's are instructed to report any non-emergency maintenance issue in writing to our e-mail. If you receive a call from a tenant concerning a maintenance issue, please direct them to e-mail us or have them call us if it is an emergency.

19) How often do you do inspections?

Inspections are done every 6 months with advanced notification and planning. You will be contacted by our inspections agent to set up a time that works for all parties involved. You are encouraged to attend but it is not mandatory. We will provide you with a summary and pictures.

20) What are you looking for during inspections?

During an inspection we will walk the property to ensure all fixtures and appliances are in working order and the house is in good condition. We will take pictures for inclusion in the file.

21) When will I receive my rent payment?

Your rent payment will be made as soon as it is received from the tenant.

22) What if the tenant stops making payments on the rent?

If the rent is not received by the 5th of the month, than a courtesy reminder is sent. If the tenant does not reply within 5 days then a 5-day pay or quit notice is filed. If the tenant fails to comply then all necessary legal steps are taken to achieve an eviction. If evicted, the tenant owes the remainder of the lease and we can file a civil suit against them on your behalf. All fees associated with collecting the rent and filing a suit are at the owner's expense, including court costs and lawyer fees .

23) How long before my lease expires should I notify you of my intentions to renew or not?

We are required by the lease to give the tenant a 60 day notice of your intention to renew the lease or not. We will be in touch before then to find out if you plan to continue to rent the property and if so, whether you would like to renew the current tenant or if you would like to place the home on the market for rent or sale.

24) Can you put my home back on the market prior to the tenant moving out?

Yes. The home can be put on the market 60 days prior to the lease expiration date. A lockbox and sign are installed on the property, pictures are taken and the home can be shown to potential tenants.

25) Can I sign a lease with a new tenant before the current tenants move out?

Absolutely! As long as the new lease start date is after the current tenant's lease expires.

26) Will there be a final inspection done after a tenant leaves?

Yes. All tenants will get a move-out inspection prior to their security deposit being released. The walk-through must be done within 72 hours of the tenants lease expiration date. Owners are encouraged to attend the walk-through but are not required to do so. Any items that will be charged from the tenants deposit must be found at the walk-through.

27) Is there a fee for re-renting my home?

There is no charge for extending a lease with a current tenant. If we need to procure a new tenant, the fee is equal to one month's rent. There is no property management fee owed while the property is vacant.