

OWNER MANUAL

Del Val Realty & Property Management

*The Company to call when you are tired of the 3 "T's" – Tenants,
Toilets and Townships...*



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WELCOME

We Specialize in Managing Single Family Homes and Apartments

Thank you for choosing **Del Val Realty & Property Management (“Del Val”)** to manage your rental property. We are aware that you have many choices and we appreciate that you have selected us as your property manager.

We have prepared the ***Del Val Owner Manual*** to assist you in forging a successful business relationship with Del Val. We urge you to take the time to review the information enclosed. We feel this will clarify many of the procedures for our Property Management services. Please contact us immediately if you have any questions, using the company contact information provided in the following pages.



Special note: The information provided in the ***Del Val Owner Manual*** is subject to change as a result of changes to Landlord / tenant laws, personnel, policies and procedures that change from time to time. Del Val works diligently and continually strives to improve services, personnel training and to remain current with all landlord/tenant legislation.

OVERVIEW OF SERVICES AND FEES

Management Fees

- **Leasing Fee:** One month's rent or \$750, whichever is greater, for each 12 month lease and 25% of one month's rent for each additional year or portion thereof.
- **Monthly Management Fee:** 8% of the rent or \$100.00, whichever is greater.
- **Lease Renewal Fee:** \$200 (only paid if we participate in a new lease – not applicable if lease automatically rolls over to a month to month lease).
- **Maintenance Fee:** Twenty Percent (20%) of the gross value of work completed by outside vendors – Del Val employees are billed at hourly rates ranging from \$35 to \$75 per hour depending on the job.
- **New Account Set Up Fee:** \$125 one-time fee for new clients
- **Miscellaneous Fee:** \$5.00/Month

Electronic Payment

- Owners are paid by direct deposit via EFT (no charge).
- Tenants may pay rent by U.S. postal mail, by electronic check (\$1.00 fee to tenant), credit card (\$30 fee to tenant) or dropped off at office.

Owner Payments and Statements

- Each owner has a secure folder on our real estate property management software called Buildium (“Buildium” <http://www.buildium.com/>) which includes a downloadable copy of the management agreement, the tenant lease and other documents as required. There is also a section for financial information including monthly, quarterly and annual financial reports, general ledger and cash balances.
- A copy of the Del Val Owner Manual is also saved on Buildium for download.
- Owner funds are disbursed on or prior to the 20th of each month but we strive to get most owners paid on or about the 12th of each month.
- Owners receive a 1099 form and a year-end summary of all your income and expenses for tax preparation.

Tenant Screening

- Income verification
- Rental history
- Landlord and personal reference
- Prior eviction actions
- Credit history
- Criminal background
- Pets and/or smoking status
- Other items required

Del Val’s 4-step LeaseUP! Program

- Step 1 – Pre-marketing
- Step 2 – “On-site” Marketing
- Step 3 – Internet Marketing
- Step 4 – Application Process

Maintenance

- Our vendors can handle most repairs.
- We monitor an emergency maintenance hotline 24/7.
- We notify owner(s) of repairs over \$300 or another lower amount if requested by the owner

Rent Collection and Evictions

- We insist on timely rent payment from tenants.
- We act promptly when rent is not paid.
- Tenants with late rental balances receive emails, letters and phone calls. Legal notices are sent if the balance is not brought current.
- When necessary, we handle the entire eviction process.

Frequently asked questions

Why do we charge a \$125 New Account Set-up Fee and what is included in it?

We do a lot when we take on a new property. We survey it thoroughly to ensure it is habitable and in good showing condition. We give you a bid to complete necessary work, if any. We film videos of the property for a marketing video to be used in our marketing for new tenants. In addition, it takes at least half a day of staff time simply to get all information required about your property entered into our data systems.

Why do we keep a \$400 minimum balance?

When a tenant reports a maintenance issue, we need to be able to respond to it promptly. If a property is well-maintained, we find that most routine, "break-fix" repairs can be completed for \$300 or less. If a repair will cost over \$300, we consider it a major repair and get your approval (and in some cases additional funds) before we complete the work. Repairs of \$300 or less we will take care of without bothering you.

What is included in the monthly management fee?

For your monthly management fee you get all of the following:

- *Move-in and move-out inspections*
- *Prompt rent collection*
- *Management of tenant relationship and disputes*
- *Collection procedures and evictions, if needed*
- *Payment of bills including mortgage, property taxes, utilities, insurance or other*
- *Fully itemized and computerized monthly financial reports, year-end accounting statements and 1099 forms*
- *Monthly bank reconciliations*
- *Owner payments made monthly via EFT – no manual checks*
- *Annual lease review and recommendation of potential rent increases as market conditions permit*
- *Semi-annual property inspections*
- *Records maintenance*
- *Rental licenses and code compliance*
- *Security Deposit Escrow management and required documentation*
- *Online tenant rent payments and statements*
- *Easy exit agreement with only **30 day notice***
- *Other services available upon request*

What is not included in the monthly management fee?

- *The actual cost of any maintenance repairs*
- *Site visits to the property, other than the semi-annual inspection.*
- *Inspections of the property, either interior or exterior*
- *Trips to the property to file police reports, meet insurance adjusters, meet city inspectors or appraisers*
- *The time to prepare for court and the time in court to handle litigation with tenants.*

GETTING STARTED

Initial site visit

A Del Val leasing agent representative must visit your property before we can price it or agree to manage it. The site visit must include interior access.

Proposal

Immediately following the initial site visit, Del Val will prepare a proposal consisting of a market rent survey of rents for comparable properties in the area, a draft management agreement, and various property intake forms. We will deliver these documents to you by email attachments.

Before we can get started...

We must receive four things to begin the management engagement:

- a signed management agreement with intake documents filled out.
- key(s) to the property
- Copy of your Business Licenses and the Rental Licenses for each property.
- The **New Account Set-up Fee** of \$125 made out to Del Val Realty & Property Management.

Property survey

When we have received the management agreement, New Account Set-up Fee, and key(s), we will survey the property. Del Val does this to ensure that we can accept the risk of placing a tenant in the property and that the property is ready to market. We are not licensed home inspectors, but we do take a high-level look at the property. When we survey the property we will:

- Test all electrical circuits
- Verify that all light fixtures work and have light bulbs
- Verify that all appliances work
- Verify that the furnace and air conditioner work
- Verify that all plumbing fixtures work
- Verify that windows are operable
- Verify that all utilities are turned on
- Look for obvious structural defects
- Verify that the property is in white glove showing condition inside and out
- Verify that the property meets Del Val requirements for move-in condition
- Verify that all external doors may be operated by a single key

Necessary work is completed

After the property survey, Del Val will send you a report of our findings. Sometimes the property is ready to market and needs no work at all. Sometimes extensive work is needed. If work is needed, we will send you a list of repairs along with our bid to complete the work. You may choose to have Del Val complete the work or you may complete the work yourself. **(Del Val's policy is that you may repair the property yourself or with your own vendors while a property is vacant but that we must use our own vendors when the property is tenant-occupied).**

Special issues for condominiums

Moving to a new residence is extremely stressful in the best of circumstances. Tenant move-ins for condominiums are especially tricky. Unless great care is exercised, the tenant's move-in can become a nightmare. High-rise condominiums usually require that tenants make an appointment to use the freight elevator to move in or move out. Sometimes a non-refundable fee and a refundable deposit must be paid in advance before a tenant can move in or out.

Often use of the freight elevator for move-ins and move-outs is limited to business hours during the week. Great diligence is required on behalf of Del Val and the owner in setting the tenant's expectations for meeting the requirements of the condominium association at move-in or move-out. Del Val asks that our condo owners be extremely thorough in providing all the information we request in our "New Property Intake" form regarding condo association contact information, pet restrictions, required lease addendums, and move-in/move-out policies.

Del Val requirements for keys and remotes

The tenant's reasonable expectation is to enjoy everything they are entitled to in the lease from the first day of their tenancy. Surprisingly, it can take weeks to round up the various keys and remotes required to give the tenant full access to the property they are entitled to, and are paying for, in their leases. Tenants become angry when this process does not go smoothly. Owners frequently take the strategy, "Let's just market the property now and we'll get all the keys, fobs, and remotes after a tenant has been found." Del Val has seen this strategy backfire so consistently that we no longer market properties until all required keys, fobs and remotes are in our possession.

Del Val requires that one full set of keys, fobs, remotes, clickers, and any other devices required to enter the property and related amenities (such as the mailbox, pool, parking garage, exercise facility, etc.) be provided at owner expense for each tenant named on the lease, plus one complete copy for Del Val's key safe. If two tenants are named on the lease, this means that Del Val needs three complete sets of keys, remotes, fobs, or gate clickers.

The property is marketed

After the property is both safe for tenant occupancy and ready to market, we will take photographs and videos, place a sign in the yard, if permitted by HOA regulations, and market the property.

OWNER DOCUMENTS

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

Management agreement

Under Pennsylvania law we cannot manage your property unless authorized by you to do so in a management agreement.

Owner information

This information enables Del Val to set up your account.

Electronic banking authorization

This form enables Del Val to send your funds directly to your bank by electronic funds transfer.

W-9

This form enables Del Val to send you a Form 1099 for preparation of your taxes.

Insurance authorization

This form requests that your insurer issue a copy of your property insurance to Del Val, name Del Val as additional insured on your policy, verify that your homeowner's insurance policy is a landlord policy rather than an owner-occupant policy and also that your coverage is in the amount of at least \$500,000 if your property is single family detached, or \$300,000 if it is a condominium. Please see the following section for more information about homeowner's insurance. Please send this form directly to your insurance company and forward a copy of your request to Del Val.

Change of owner information

Notify Del Val of any important change when it happens – address, telephone, fax, email, etc.

Owner vacation notice

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

HOMEOWNER'S INSURANCE ISSUES

It is very important that owners have proper homeowners insurance.

- Your policy must be a landlord policy rather than an owner-occupant policy.
- Del Val must be named as additional insured.
- The policy needs to be in the amount of at least \$500,000 if your home is single-family detached, or \$300,000 if it is a condominium.

You may need to change insurers in order to acquire an insurance policy that meets these requirements. Since you will not be residing in the property, your insurance policy must be a landlord policy rather than an owner-occupant policy. Failing to change your policy to a landlord policy could be a reason for your insurer to deny coverage in the event you file a claim after a property is tenant occupied.

Owners frequently ask why Del Val must be named as additional insured. The reason is that in our management agreement owners indemnify Del Val from legal expenses if Del Val gets sued in the course of managing your property. If we are additional insured under your policy, your insurer will simply defend us if we get sued. If we are not additional insured under your policy, you will be responsible for our legal expenses. Thus naming us as additional insured can save you a lot of money if there is a lawsuit. Things have changed a lot in the insurance industry. Homeowners insurance used to be very easy to get. Insurance companies have had to pay out a lot of claims recently and consequently they are looking harder before they issue policies. You may find that your current insurer will not write a policy naming Del Val as additional insured or increase your coverage to \$500,000 (\$300,000 for a condominium).

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

DEL VAL REALTY & PROPERTY MANAGEMENT

Del Val Realty & Property Management is a FULL service property management company operating in the Philadelphia area. The company began operating in 2006 and is actively involved in the Philadelphia community with both rentals and real estate sales.

Del Val Mission Statement

The mission of Del Val is to provide quality service in property management and sales in the greater Philadelphia area demonstrating integrity and professionalism.

Del Val Principal

Michel Lautensack is the owner and Broker of Record of Del Val and has been a licensed real estate agent since 2007. Prior to starting Del Val, Mike began buying distressed properties, rehabbing them, leasing them out and eventually selling them for profit. Mike provides leadership and direction of Del Val and oversees all contracts, policies, and procedures, and works to educate his staff to provide excellent service to his clients.

COMMUNICATION

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

Company communication

Please find below all general office information such as addresses, telephone numbers, email address, website, and office hours.

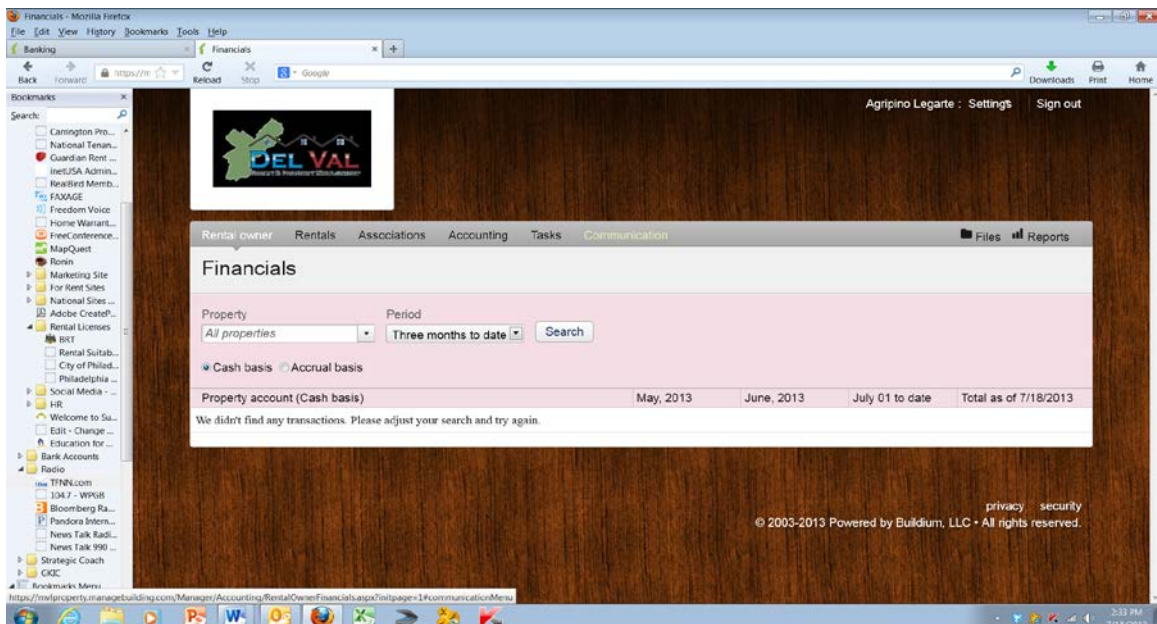
Del Val staff members communicate by:

- Telephone
- Fax
- Text
- Email
- Written correspondence

Company website

Del Val uses state of the art real estate property management software called “Buildium” (<http://www.buildium.com/>). Every owner and tenant have a password protected area on Buildium where they can see their account, accounting activity, retrieve documents and other functions.

Please see a sample of your owner portal within Buildium.



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

- Tenants may apply online
- Tenants may see their account online and pay rent online
- Tenants may make maintenance requests online through “tasks”
- Tenant forms, such as the tenant welcome letter and notice to vacate forms, are available online
- Each owner has a secure account on the Del Val website that includes the management agreement, current leases, monthly reports, approved work orders, all invoices and receipts for which the owner is billed, and any photographic or written reports delivered to the owner. Inspection videos of the property may also be viewed from the owner portal.

General office information

Address

Mailing address: **Del Val Realty & Property Management**
81 Lancaster Avenue
Suite 218
Malvern, PA 19355

Communication Office: 484-328-3282
FAX: 610-500-5682
Email Mbrennan@delvalproperty.com (office manager)

Office hours Monday – Friday **8:00 to 5:00**
Saturday **By appointment only**
Sunday **Closed**
Holidays **Closed**

Emergencies Call 484-328-3282 during business hours or after business hours and weekends.

The Del Val Office

Del Val has a drop box located outside our office door to drop off checks, keys or documents.

Del Val Newsletter

To keep you updated on the property management industry you will receive our *Client's For Life* newsletter by email. This information will assist you on many housing issues and important changes or announcements concerning Del Val are also included in this publication.

STAFF CONTACT INFORMATION

Del Val Staff

We have a professional staff to assist you as well as reliable vendors and contract employees. A chart of the office team members and their contact information is below.

Office Manager Mary Ann Brennan
MBrennan@DelValProperty.com
484-328-3282

Sales Manager Sean Maloney
SMaloney@DelValProperty.com
215-783-6543

Maintenance Director Jim McEachern
JMcEachern@DelValProperty.com
215-237-6072

Maintenance Coordinator Greg Gaughan
mailto:maintenance@DelValProperty.com
484-328-3282

Administrative Assistant Terri Ulaner
TUlaner@DelValProperty.com
484-328-3282

Guidelines for reaching us

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

- If you receive communication from the Del Val office, reply directly to the person who contacted you. If MaryAnn Brennan contacted you regarding your account, for example, reply to MaryAnn Brennan.
- Maintenance questions: Contact Jim McEachern and Greg Gaughan.
- Accounting questions: Contact Mary Ann Brennan
- Showing activity questions: Contact the Leasing Agent handling your Property.
- All other questions: Call the main switchboard at 484-328-3282 and Greg Gaughan will route your call to the correct person.
- You may also email questions to MBrennan@DelValProperty.com
- Our administrative assistant, Terri Ulaner, is able to assist with most questions or will forward your email to the correct individual.

OWNER COMMUNICATION

Communication works both ways. It is important that you let us know any significant change that can affect your account. Del Val needs to know when you are moving, if you have a problem with your account, if your social security number has changed to a tax ID, or any questions or other important information.

Email

Del Val encourages all owners to use email to contact us. It is fast and effective. Please supply us with your email address on all the Del Val forms. We will enter your email address in our software database.

Special note: When using email, we request that you put the property address in the subject line. This helps us identify the importance of your message and avoids oversights or deletions of messages.

Teleconference with Mike Lautensack

If you ever feel your issue is too complex to be dealt with by email, then feel free to email me at mlautensack@delvalproperty.com or my assistant Terri at Tulaner@delvalproperty.com and we will be more than happy to set up 15 minute teleconference at predetermine time and date. Just let us know what the issues are ahead of time so Mike can have the information in front of him prior to call.

OWNER RESPONSIBILITIES

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

Owner responsibilities are:

- Maintain property in a condition that is marketable and habitable.
- Keep all utilities at the property turned on during any vacancies.
- Notify Del Val of any ownership change or imminent owner change for the managed property.
- Supply Del Val with accurate information so Del Val can service the management account properly.
- Review statements monthly and notify Del Val of any discrepancies found as soon as possible.
- If using ACH, review statements monthly for accurate or missing deposits and notify Del Val if there are problems immediately.
- Support Fair Housing Laws and guidelines, as well as all necessary legislation.
- Maintain a current insurance policy for the property.

- Review property insurance yearly and update as needed.
- Treat Del Val personnel with courtesy. Notify Mike if there are problems with Del Val personnel so they can be resolved quickly.

COMPANY POLICIES

It is very important that professional property managers follow local, state, and federal legislation and guidelines. Our company takes pride in our industry, and we further implement guidelines and policies of several organizations, such as the National Association of Residential Property Managers (NARPM) and the National Association of Realtors (NAR®). Additionally, we train all personnel by requiring them to read and follow the Del Val Employee Manual.

Pennsylvania Real Estate Commission requirements

The Pennsylvania Real Estate Commission requires licensing for all principals conducting property management and real estate sales in Pennsylvania.

Code of ethics

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

Drug-free policy

Del Val has a drug-free policy for all personnel, vendors, and tenants. Del Val incorporates this policy into Del Val rental/lease agreements, tenant, personnel, and vendor documentation.

Legislation

Del Val adheres to the laws and guidelines of federal, state, and local legislation, and incorporates this into all documentation, policies, and procedures. Here are some examples:

- Fair Housing (HUD) – Del Val supports and follows Fair Housing laws and guidelines; the Del Val office displays Fair Housing signage
- Equal Opportunity – Del Val is an Equal Opportunity employer; the Del Val office displays Equal Opportunity signage.
- SCRA Act – Serviceman’s Civil Relief Act, which has replaced the Soldiers’ and Sailors’ Act of 1940
- URLTA - Uniform Residential Landlord Tenant Act
- FCRA - Fair Credit Reporting Act
- EPA – Environment Protection Agency

Lead-based paint

Lead-based paint became a major issue in the 1990s that prompted mandatory requirements for residential housing and continues today. Del Val follows all mandated federal, state and local guidelines for lead-based paint. All properties constructed prior to January 1, 1978 require disclosures to all tenants and owners. Tenants sign lead-based paint disclosures prior to renting a property and Del Val provides them with the required EPA Pamphlet, *Protect Your Family from Lead in the Home*. On April 22, 2008, EPA issued a rule requiring the use of lead-safe practices and other actions aimed at preventing lead poisoning. Under the rule, beginning in April 2010, contractors performing renovation, repair and painting projects that disturb lead-based paint in homes, child care facilities, and schools built before 1978 must be certified and must follow specific work practices to prevent lead contamination. Del Val complies with all EPA requirements for working on homes that may contain lead-based paint.

Lead-based paint – Philadelphia County

Beginning December 21, 2012, Philadelphia landlords must provide to every new tenant who has children 6 years or under who will be residing in property built before 1978, a **Lead Safe** or **Lead Free Certificate** completed by a PA licensed lead risk assessor or EPA certified lead dust sampling technician before the tenant enters into a lease.

The two tests to comply with this regulation:

Visual Clearance – a EPA certified dust wipe sampling technician visually inspects the property to determine that there is no evidence of deteriorated paint, paint dust or paint chips.

Examples of deteriorated paint include: cracking, scaling, peeling, or chipping paint or any visible dust, debris and paint chips. All areas where children spend their time are visually inspected. At the minimum, all surfaces, including windowsills, baseboards, doorframes, trim and walls, which must be free of deteriorated paint and paint dust in: Each bedroom in the property; and the common room (for example a living room, family room, or kitchen) where any child aged six (6) and under who resides in the property spends the majority of his or her waking hours.

Dust Wipe and Lab Tested – an EPA certified lead dust sampling technician takes dust wipe samples, which are analyzed by a certified lab and show that the area tested is free from hazardous lead paint dust.

Mold issues

Del Val regards mold issues as a top priority in property management. Owners should be aware that mold is another leading issue in the property management industry and failure to act if tenants report or discover mold can lead to costly lawsuits. Several cases regarding mold have awarded damages to tenants in the millions of dollars.

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

ANSWERS REGARDING FUNDS

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

Money flow during the lease cycle

Del Val's Leasing Fee is generally equal to one-month rent or slightly higher for longer leases. For the remainder of the lease, Del Val receives 8% of the rent as a monthly management fee and the owner receives the balance of 92% of the rent, less any expenses Del Val has paid on the owner's behalf, usually for repairs. Del Val requires that a full month's rent be paid at tenant move-in, regardless of the day of the month the lease begins. If the lease begins on a day other than the first day of the month, the pro-rated rent is paid in the second month.

Here is an example: Rent and security deposit for a home are \$1000 each. The owner pays a \$400 repair escrow in advance. The lease begins on September 16. The security deposit is held in the Del Val security deposit trust account until tenant move-out, at which time the deposit will be paid out in accordance with the laws of Pennsylvania. Since the lease begins mid-month, the rent for September is pro-rated by the day; in this case, the pro-rated rent is \$500. Del Val requires that a full month's rent of \$1000 be paid at move-in for the month of September and the pro-rated rent of \$500 be paid for the month of October. From November through the end of the lease the rent will be \$1000 paid on the first. In this example, let us assume that the dishwasher fails a few days after move-in and has to be replaced at a cost of \$375.

- September 16: \$1000 is received and paid out to Del Val as a tenant Leasing Fee. **Payment to owner for the month of September: zero.**
- October 1: \$500 is received for the month. Payment is made to Del Val of \$80, our monthly management fee of the greater of \$80 or 8% of rent received. \$375 from the owner's repair escrow was spent in September to replace the dishwasher. The escrow is replenished with October's rent. Expenses for October are \$375 for the dishwasher and \$80 for the management fee, a total of \$455. **Payment to owner for the month of October: \$45.**
- November 1: \$1000 is received for the month. Del Val is paid \$80 for the monthly management fee. **Payment to owner for the month of November: \$920.**

Owners Funds and Security Deposits Escrow Account

Del Val holds each owner's funds in a separate bank account and will never co-mingle one owner's money with another owner's fund. Each owner has their own stand alone account. Del Val also separates all of its own operating bank accounts and will never co-mingle our funds with owner's funds as directed by the Pennsylvania Real Estate Commission.

Del Val holds security deposits in another stand-alone escrow trust account as mandated by the Pennsylvania Real Estate Commission.

Disbursement of monthly funds

Del Val tries to disburse available funds to owners on or prior to the 20th of each month. If this date falls on a weekend or bank holiday, Del Val issues funds on the next business day. If rent is received too late for owner funds to be disbursed on the 20th, the owner payment will be made as soon as funds are available. Del Val distributes owner funds by Electronic Funds Transfers (EFT) direct deposit.

Payments by EFT take two to three business days to post in our owners' bank accounts. Payments made on the 10th will post in the owner's account on the 12th or 13th of the month unless a holiday or weekend intervenes. Del Val does NOT issue owner checks unless there are sufficient funds in the owner's account.

Monthly statements

Between the 10th and 15th day of each month Del Val will upload monthly reports and paid invoices, if any, to each owner's secure account on our website. You will be notified of your user ID and password by email when your account is created. If you have difficulty accessing your account or reading your monthly statement, please contact us. We are happy to assist you and answer your questions.

Sample statement

The following page is an example of the financial statement you will receive each month. The sample statement shows a beginning cash balance of \$400 (the owner's repair escrow), operating income of \$1325 (the rent), operating expenses of \$255 (8% monthly management fee, or \$106, a \$5 administrative fee and a repair fee of \$144), owner payment of \$1070, and an ending cash balance of \$400.

End of year procedures

At the end of each year, Del Val is required to file 1099s for owner clients who receive income over \$600. Please note that this amount is for total income received, and not the yearly total of owner disbursements. The Internal Revenue Service dictates the total income received requirement. Security deposits are not included in this amount. You will need to supply Del Val with your tax ID number (Social Security Number or EIN) so we can issue you a 1099; we include a W9 form with your management agreement for this purpose. Del Val will send you the 1099 by January 31 for the previous tax year. If there is a change in your tax information such as a changed address or a change in the entity that holds title to the property, please notify us with the Owner Change of Information form.

Del Val also issues 1099s for disbursements to vendors for payments over \$600. Therefore, owners do not have to issue 1099's for work completed and paid through the Del Val operating accounts. Owners are responsible for issuing 1099s to any vendor paid through the owner's personal account.

Del Val prepares a final year-end statement which reflects total amounts for income and expenses that have transpired throughout the year, such as management fees, leasing fees, landscape, utilities, repairs and maintenance, etc. The amounts will not reflect any funds issued

through the owners personal account. Owners may submit their Del Val final year-end statement to their tax preparer along with other information for income tax reporting. Del Val does not issue statements to the owner's tax preparers other than our 1099 and our final year-end statement.

RENTING YOUR PROPERTY

Preparing to rent the property

When prospective tenants view your property, Del Val wants the property to look its best and be able to compete with other rentals in the area. A property maintenance report and rental market survey is completed. The Del Val management team will contact you to discuss the details of your vacant property and any necessary maintenance.

Requirements for property condition

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

- All of the owner's personal belongings must be removed. The garage, attic and other storage areas must be clear.
- Carpets, if any, must either be professionally cleaned or appear to have been professionally cleaned.
- All interior paint must either be freshly painted or appear freshly painted.
- The home must be in white glove showing condition.
- All major systems must be operating (electrical, plumbing, gas, HVAC).
- All appliances included in advertising must be installed and in operating condition.
- All utilities must be turned on.
- Locks on all exterior doors must be keyed to the same key.
- Landscaping must be in good condition.
- All work identified in the property maintenance report must either be completed (if owner completes the work) or fully funded and underway (if Del Val completes the work).

When a tenant moves into a home that is rent-ready, we have an opportunity to begin the landlord tenant relationship with mutual respect and trust. On the other hand, nothing sets a tenant against the property, the owner, and the manager more than moving into a home that is not ready. It is like checking into a hotel room that has not been cleaned. The relationship with the tenant can become polarized and adversarial from the very beginning. When this happens, the landlord/tenant relationship frequently never recovers.

Tenants who rent with Del Val expect to take possession of a property that is ready to be lived in. Del Val is committed to delivering to tenants what we promise: a property that is move-in ready.

Utilities must be on while property is shown

All utilities must be turned on while the property is vacant and being shown, including electricity,

water, and gas (if property is not all-electric). There are two reasons for this. First, Del Val cannot inspect, repair or clean the property between tenants if utilities are not turned on. Second, properties with no utilities on will show poorly, making it difficult to attract a qualified tenant and leading to extended vacancies.

Del Val recommends owners order “continuous service” plans with all utilities. In this case, when a tenant moves out, the utilities automatically revert to the owner’s name and remain turned on. Once the tenant terminates utility service, it is as inconvenient for you, the owner, to get service back in your name as if it never had been in your name at all. If utilities are turned off, it may take a week or more to get them back on in the owner’s name, increasing the vacancy cost between tenancies.

Sometimes owners live out of state or out of the country and it is simply impossible for them to resolve utility issues without being personally present. In such cases Del Val has been successful in negotiating with utility companies on behalf of owner clients using a limited power of attorney form which authorizes Del Val to represent the owner to the utility companies. If you have need for such a form, please contact the Del Val office and request it.

Transferring utilities to the tenant

All Del Val leases make it the tenant’s responsibility to turn on utilities as of the first day of the lease. Tenants agree to this in writing and are notified of this responsibility when we give them move-in instructions. Del Val recommends that owners leave all utilities on and let the tenant turn them on in their name. This avoids a possible period where the utilities are off and normally results in a smooth transition of the utilities from the owner to the tenant. If you get a bill and it is not a final bill let us know and we will contact the tenant to resolve.

Why has my property been cleaned more than once?

Del Val often finds it necessary to clean a property more than once prior to tenant move-in, and owners sometimes ask why this is necessary. If the property was completely clean and move-in ready six weeks or six days prior to tenant move-in, how could it possibly need maid service again?

Here are some of the reasons:

1. When a property is vacant for an extended period, dust enters and settles and the property simply becomes dirty again.
2. Various kinds of insects become more active at certain times of the year; spiders, for example, are very active in the fall. When a property is vacant, spiders, ants, cockroaches and many other kinds of insects will make inroads and cause the property to need cleaning.
3. Various small creatures tend to enter vacant homes and die. These may include insects of all kinds, mice, rodents, and birds. Dead creatures in the home can be very upsetting at move-in.
4. All of our homes are listed on MLS. MLS agents have access to the lockbox keys to show the home. Agents may bring prospects to see the home or agents may pre-view the home

on behalf of prospects. Agent access is a two-edged sword: It is in the owner's interest to have the home listed in the multiple listing service and available for agents to show. All sorts of cleanliness issues may ensue after agent access however, including dirt tracked in, muddy footprints, trash strewn about and pristine bathrooms left an unsanitary mess. If any of these things happen, Del Val staff may not learn of the problem until shortly before tenant move-in.

5. Even if the home is shown only by Del Val staff, frequent showings and occasional use of the bathroom may be enough to create the need for cleaning. Imagine if a popular property were shown five times during a week of heavy rain to groups of people, many of whom use the bathroom.

6. If vendors have been in to repair the home, it may need to be cleaned again. In an ideal world, every vendor would leave a pristine home as clean as he found it. In reality, carpenters, plumbers, electricians, appliance delivery services and the like do not bring maid carts with them and are not prepared to do serious cleaning after they have completed the work they were hired to do.

7. In some cases, the owner has cleaned the home, and the owner's standard of cleanliness for move-in is different than Del Val's standard of cleanliness for move-in. In the event of a disparity, Del Val's standard will prevail and the property will be cleaned again. It is never acceptable to move a tenant into a dirty property.

Setting the rent

Supply and demand determine rent. If there are multiple rentals available in the area of your property, it is necessary to be very competitive. If very few are for rent in the same area, it will be easier to rent the property. Markets change and Del Val advises owners on the current rental market.

How long will the property be vacant?

This is the most commonly asked question Del Val receives from owners. Unfortunately, there is no way to predict how long a property will remain on the market, even in the best market conditions. However, Del Val works diligently to rent the property as quickly as possible. Bear in mind that the most important objective is to obtain a high-quality tenant. It is hard to overstate the high cost of a low-quality tenant.

Del Val's 4-Step LeaseUP! Program

Del Val manages over 400 rental units throughout Philadelphia and the surrounding western suburbs. As result of this volume of rentals, we have developed an aggressive and effective marketing plan to get properties rented quickly and at the highest possible rental price. Through an extensive trial and error process, we have honed our marketing skills to generate a large volume of calls through our "**4-Step LeaseUP! Program.**" This unique LeaseUP! Program uses the power of both on-site marketing and internet marketing to maximize the number of people that see your property. It also allows prospective tenants to disengage themselves if they are not a good fit for the unit, reducing the amount of "time wasters" and allowing us to focus on the

tenant(s) that can be approved to rent your unit.

Our 4-Step LeaseUP! Program includes the following steps: **Step1: Pre-Marketing; Step 2: “On-site” Property Marketing; Step 3: Internet Marketing; and Step 4: Application Process.**

Step 1 - Pre Marketing

- **Property Inspection:** We will inspect the property prior to marketing to be absolutely sure that the unit is clean and ready to show prospective tenants. A property that is “almost clean” or “almost ready” does not rent quickly or at the highest possible price.
- **Video Virtual Tour:** We will do a 3 to 5 minute video virtual tour of your rental property that will be uploaded to YouTube.com and used in our internet marketing. We have found that a video gives the potential renter a much better feel for the property versus photos. If the person has seen our virtual tour and then makes an appointment to come see your property, there is very high likelihood they will fill out an application.
- **YouTube.com:** The video we have prepared will be uploaded onto YouTube.com with a preselected set of key words to help the prospective tenants find your property during their internet searches.
- **Still Photos:** We also do a complete set of 20 to 40 photos of the exterior and interior of the property in HD quality to be used in our internet marketing and flyers.
- **Flyers:** We prepare a marketing flyer that includes property details and price, photos and information on how to apply for every property we manage. This flyer is placed on numerous websites, at the house, in our office and emailed to local REALTORS and corporate relocation specialists.
- **QR Codes:** Most of our signs and flyers contain QR Codes (“Quick Response”) so they can be read with a cell phone and direct people to our website for more information.

Step 2 - “On-Site” Property Marketing

- **Yard/House Signs:** Upon owner approval, we will place a “FOR RENT” sign on the property, or in a window, to attract car and pedestrian traffic to call our hotline or go to our website to get more information. Yard signs can be a very powerful marketing tool and can drive a lot of traffic to your property and, when combined with Pointer Signs, can increase results by 3-5x more calls than just “FOR RENT” signs.
- **Pointer Signs:** We also place pointer signs at nearby traffic intersections and key high traffic areas to “point” to your property. You may be familiar with these signs for new home developments. We have found that pointer signs at high traffic spots can have a dramatic increase in traffic to your property.
- **Flyer in Window:** We will place a flyer in the window for urban homes so pedestrian traffic can see the details and, if interested, have a phone number or website to get

more information or set an appointment to see your property.

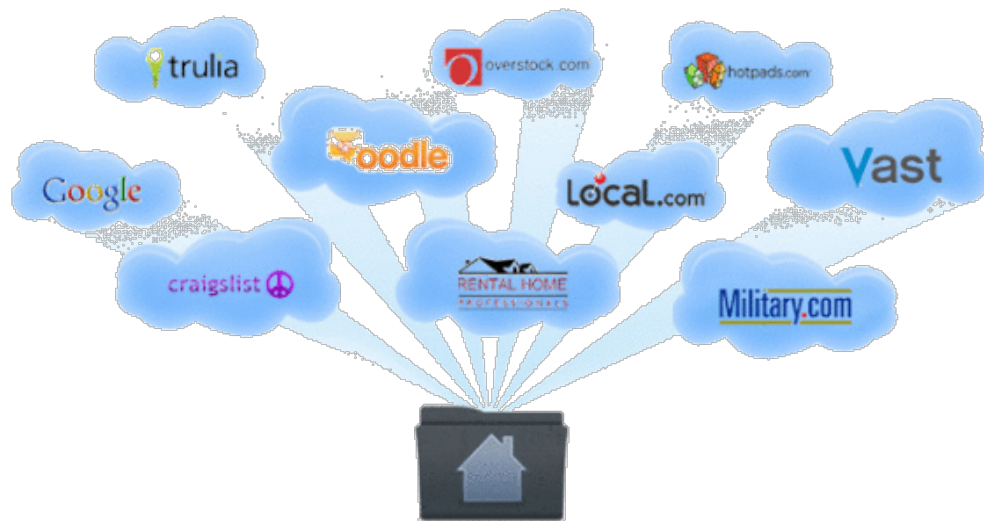
- **Lockbox:** We will place a lockbox on all available properties so that all local REALTORS can show our available properties to their clients.

Step 3 - Internet Marketing

- **Del Val Website:** Your property will be advertised on <http://www.delvalproperty.com/> where we get over 100 unique visitors per day. Potential tenants can complete an application while on this site to expedite the process.
- **MLS/TREND:** Your property will be advertised on the Philadelphia MLS website (called TREND) that exposes your property to over 5,000 realtors in the area.
- **Realtor.com:** As part of being on the TREND network, your property is automatically advertised on Realtor.com – currently the 165th most visited site in the US.
- **Listhub.com:** Listhub.com is a partner site to TREND and syndicates MLS listings out to 100's of other real estate and rental sites.
- **craigslist.com:** We advertise your property on Craigslist like most other property managers. But we have learned many of the secrets to getting your property found on craigslist, including reposting daily, well thought-out key words to get your property found in searches, good photos and a clean layout.
- **Classified Ads Sites:** We will also post your rental on another 5 to 10 classified ad sites including OLX.com, Oodle.com, Vast.com, Backpage.com and others that we believe will drive traffic.
- **Real Bird.com:** The Real Bird Listing Publisher is a powerful online, social media and mobile listing marketing platform. We enter your listing on a simple form, upload the photos and a stunning single property website, MLS-friendly virtual tour, property widgets, Craigslist ads and other embed codes are created.
- **Rentlinz.com:** We will post your property on Rentlinz.com and they will push the information out to another 20 to 25 top rental sites.
- **Postlets.com:** Postlets.com is a tool that makes advertising properties across a variety of sites quick with a syndication tool to post your property on 10 to 12 other rentals sites.
- **Hotpads.com:** HotPads.com is a map-based apartment and rental home search engine, listing homes for rent, apartments, condos, and real estate. We have purchased a **"Featured"** position within this site to make your property always appear at the top of each person's search. We have found that the Featured position gets 10x to 12x more views and calls versus not having a featured position.
- **Zillow.com:** Zillow.com is one the leading real estate websites with over 1,000,000 listings and we know many of the tricks to get found on this powerful site.
- **Yahoo.homes.com:** We will post your property on Yahoo.homes.com
- **Trulia.com:** We will post your property on Trulia.com.
- **Social media:** We will place your rental on many of the largest social media sites

including **Facebook, Twitter, YouTube** and real estate sites such as **ActiveRain** to create buzz about your property.

Unfortunately, no one website attracts all real estate search traffic, and most not more than 10% of the search traffic. This means that real estate searchers end up browsing through a laundry list of websites when searching for an available rental.



Del Val also uses many of the above sites to syndicate our listing on other sites including the following sites such as:

- Real Rentals
- Apartment Fetch
- Apartment List
- Lovley
- Low Income Housing Authority
- MapLiv
- Enormo
- DotHomes
- FrontDoor
- Mitula
- National Housing Locator System
- Padmapper
- RentJungle
- Show Me The Rent
- Trovit
- Yakaz
- Google base
- RentalHomePros
- Local.com
- eBay Classified

- Social Service (low Income properties only)
- Lycos
- Military.com
- Wal-Mart
-and others that we keep to ourselves for competitive reasons

Newspaper / print Media

A classified ad may be placed in the rental section of local newspapers (but only with owner's written approval, at the owner's request and their own expense). Amazingly, we generate more responses than a newspaper ad using little known but highly effective websites for advertising rentals. We have not found print ads to be as effective, except in special circumstances and they can be very costly.

Step 4 – Application Process

The calls, emails and text messages we receive from potential renters are sent to our Leasing Agents. Each Leasing Agent will talk to the potential renter to do pre-screening to be sure they are a good fit and can meet our income qualifications. They set a time to meet the person(s) to see the property. Once a prospective tenant has seen the property and wants to rent, we go through the following steps:

- All persons over 21 who will be living at the property are required to complete an application with photo ID and other supporting documents such as paystubs or tax returns to support their income
- We then review and process the application including pulling the credit scores, criminal background checks, employment and eviction history, and social security number verification on each applicant
- We contact the current and past landlords for payment history and any problems
- Verify employment and rates of pay and determine Income-to-Rent Ratio (look for 3.0 or higher)
- Interview all serious applicants to fill in any missing information
- Negotiate rent and lease terms
- Submit all screened and qualified applications to the property owner for approval
- Execute a lease agreement and other required documents
- Collect first, last and security deposits and any other required funds
- Provide a Move-in Inspection Report

All applicants must submit verifiable information on their income to show that they can support the rent payment. Rental history or previous home ownership is carefully checked. The credit report, criminal background report, rental history, and proof of income together provide the criteria to qualify or disqualify prospective applicants. If a pet is allowed on the property, the screening includes the pet.

PROCESSING TENANT APPLICATIONS

Cosigners

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

Pets

If an owner authorizes a pet, Del Val requires an additional security deposit. Many tenants have or want pets. Owners can make tenancy decisions based on pet status. However, whether you have or have not decided to allow a pet in your property, the Del Val application has a place for prospective tenants to list pets and how many. It is important to encourage full disclosure on pets while evaluating an application. If you do allow pets, Del Val will not place inappropriate pets in a property. Del Val recommends to owners that when the property is on the market, pets are negotiable. This can solve two problems.

1. First, this encourages prospective applicant to disclose any pets. Then, based on the owner preference on pets, Del Val can automatically notify the applicant that the owner does not allow pets.
2. Second, by listing pets as negotiable, it avoids eliminating an excellent tenant who has an excellent tenant history and owns a pet that is suitable to your property.

Service animals

Service animals for handicapped persons are NOT pets by Federal law, and owners cannot Discriminate against handicapped/disabled persons with a service animal. Fair Housing legislation does NOT allow owners or property managers to collect deposits of any kind for service animals. However, Landlords can still process applicants who are handicapped or disabled on the same criteria as other applicants: income, credit, and tenant history. If they fail to qualify in these areas, the landlord/manager can still deny the application, handicapped or not.

Who approves applications: Del Val or the owner?

Del Val forwards a summary of the above information and allows the owner to make the final decision on approval of any applicants.

THE TENANT MOVE-IN

Rent and security deposits

Del Val requires payment of first month's rent, last month rent and the security deposit in certified funds. Tenants must pay a full month's rent, last month rent and a security deposit equal to one month's rent prior to taking possession of the property.

Lease

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

Move-in inspection

Unless extenuating circumstances prevail, the Del Val leasing agent completes the move-in inspection with the tenant before the tenant takes possession of the property.

Move-In Inspection and Report includes scheduling a move-in walk-thru with the tenant(s) to go through the property room by room where we document the condition of the property prior to move-in. We will photograph each area and prepare a written report on the condition of everything we see including, but not limited to: walls, *appliances, flooring, windows and window coverings, switch covers, plumbing and heating are functioning properly, and all other interior and exterior areas*. If any items need the attention a work order is prepared for your review and approval. Our report and photos are then used as a reference point when the tenant moves out to make sure that everything is left in good condition.

Tenant Welcome Letter

Shortly after move in Tenants receive a Tenant Welcome Letter. This letter gives them additional information on how to report repairs, maintain the property, make timely payments, how to give proper notice to vacate, leave the property in good condition, and more.

Tenant education and preparation

Taking the time to prepare tenants for their residency is another step toward a successful tenant/landlord relationship. Additional forms that the tenants may need are available on the Del Val website. Del Val wants both owners and tenants to be well informed.

WORKING WITH YOUR TENANTS

Collecting rent

Rent is due on the first day of the month and late if received on or after the sixth day of the month. A \$75.00 late fee will be charged to the tenant when rent is paid late. The late fee is split 50 / 50 with the owners and Del Val.

When rent is not paid

If Del Val does not receive rent by the due date, an email will be sent to the tenant approximately every two or three days notify them of an unpaid balance.

If the balance is not paid by the 10th of the month, Del Val prepares and delivers a Notice to Pay or Quit (NTQ) letter. The NTQ letter notifies the tenant that their rent is delinquent and asks them to pay in full within five business days or in the alternative they must move out of the property.

If Del Val receives the rent prior to issuing owner funds, Del Val does not contact the owner unless the Del Val management team determines there is an ongoing rent issue.

If the rent is not paid by the specified date, we recommend filing with the district courthouse if the owner approves this action. Very few of our court actions result in a physical eviction. However, the court action is an effective tool to let tenants know that the rent must be paid. In most cases, the tenants simply get current with their account and the court action may be dismissed. In the rare event that a tenant does have to be evicted, prompt filing of a court action minimizes the time an owner has to carry a non-paying tenant.

Evictions

If an eviction is necessary, Del Val handles every part of the process. Once an owner approves the filing we will file all necessary documents, monitor legal proceedings, attend court, if necessary, hire a crew to perform a lock-out by the county Sherriff, and prepare the property to be marketed to a new tenant. Professional and correct legal action by a property manager both reduces the owner's expense in an eviction and avoids the risk of a lawsuit for wrongful eviction.

Notices of violation

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

Tenant problems

Del Val has years of experience handling the wide range of tenant difficulties that can occur. The Del Val policy is to obtain good tenants, eliminating many tenant problems. However, even good tenants can have problems. Del Val treats each problem with a common-sense approach, follows Pennsylvania landlord/tenant law and uses the appropriate documentation. If the situation is serious, Del Val contacts the owner and works to find a solution for the problem.

MAINTENANCE

Consider a Home Warranty Program

Del Val has had consistently poor experience working with home warranty companies to maintain and repair the homes we manage. We frequently see breakdowns in communication when we attempt to use home warranties. If an owner-occupant orders a repair through a home warranty company, there are three parties to the transaction: the owner, the home warranty company, and the vendor who does the work. Such an arrangement can be effective. When we as a property manager order work through a home warranty company, however, two additional parties are added to the transaction: the tenant and the property manager. Now we have a five-way transaction, with the owner and the property manager both being off-site. Our experience is that these deals seldom work. Ordering a repair through a home warranty company usually takes several hours of Del Val staff time to order the repair and ensure it was actually made, requiring multiple phone calls to follow up, all with very long hold times.

There is no faster and more reliable way to destroy a good tenant relationship than to order important repairs through a home warranty company. We repeatedly see situations where the tenant reports a legitimate repair, we order it through the home warranty company, the repair order falls through the cracks, and the tenant blames us. **If you have a home warranty program we will certainly work with the company but as general rule we do not recommend home warranty programs.**

Owners agree to pay Del Val a \$35/hr. administrative fee for our time related to orders under a Home Warranty Program.

Selection of vendors

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

Owners may select their own vendors if a property is vacant and if the owner orders, supervises and pays for the work. If a property is occupied, Del Val must use its own vendors.

Preventive maintenance

The best approach to maintenance is preventive maintenance, and this is the Del Val's policy.

First, Del Val has already started with educating the tenant by:

- Completing a detailed lease which outlines tenant responsibilities regarding maintenance as well as owner obligations
- Completing a move-in inspection documenting the condition of the property before the tenant takes possession
- Supplying tenants with the Del Val *Welcome Letter*, which provides additional instructions on the care of the property and how to request maintenance. We want the tenant to know from the beginning of their tenancy how Del Val expects them to care for the property. This approach can prevent costly maintenance.

Next, we use preventive maintenance techniques when work is required and utilize competent contractors. Often minor expenditures save the most money such as doorstops, new filters, checking appliances, testing smoke alarms, adjusting doors, window latches, deadbolts, and more.

Many small repair items can prevent maintenance that is more expensive. It is equally important to keep up with maintenance while the tenant occupies the property. Often people think no news is good news; this can be just the opposite. Instead, delayed news can become very bad news. Del Val will contact owners regarding maintenance above the \$300 limit that is listed in the Del Val Management Agreement unless the situation is an emergency.

Emergencies

When an emergency occurs, Del Val has policies in place for the property and tenants. Del Val notifies the property owner as soon as practical by email or phone. The nature of the emergency determines the action needed by Del Val.

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

Maintenance Companies

Most repairs performed under a management agreement with Del Val are contracted through outside maintenance contractors. Routine turn-key work such as maid service, carpet cleaning or replacement, painting, minor repairs, and landscaping are completed using outside maintenance companies, all of whom are thoroughly trained in Del Val requirements.

Del Val also acts as a general contractor when necessary for larger projects such as HVAC replacement, roof replacement, septic tank replacement, tree damage, and other repairs or upgrades.

Owners are not required to use Del Val for large projects, so long as the property is vacant and the owner orders, supervises, and pays for the work. For large projects, owners are free to obtain their own bids and use their own contractors if they choose. Del Val offers owners an option for using Del Val as a single point of contact for maintaining the home.

WHEN THE TENANT VACATES

Communication with owners and tenants

About seventy-five (75) days prior to the expiration of a lease, Del Val notifies the owner in writing. Del Val asks for the owner's instructions: Shall we invite the tenant to renew for another year and if so, would you like to increase the rent or let it remain the same. Or give the tenant notice that the lease will not be renewed? If we do not hear from the owner within two weeks, we assume the owner wishes us to renew the current tenant if possible.

About sixty days prior to the expiration of a lease, Del Val invites the tenant to renew if the tenant's account is in good standing. If neither the tenant nor the landlord gives notice of termination 30 days prior to the expiration of the lease, the lease will automatically go month-to-month and the monthly rent will increase by 10%. If Del Val receives no instruction to the contrary from the owner, the tenant will be allowed to stay month-to-month (Del Val has had tenants rent month-to-month as long as seven years).

Notice to vacate

When there is a notice to vacate, the move-out procedures with tenants are as critical as when Dal Val moves in a tenant. The preparation for this really began when the tenant moved in with a detailed lease agreement, maintenance exhibit, walk-through, and *Tenant Welcome Letter*. All of these documents gave instructions to the tenant on how to move out. Additionally, Del Val sends an Exit Letter to the tenants with a detailed instruction sheet on what and how to clean the property to maximize the return of the tenant's security deposit.

Tenant move-out

Del Val conducts a walk-through similar to the one performed when the tenant moved into the property. Del Val records any maintenance required and discloses a list of damages to the vacating tenant. Digital photographs are taken when the tenant moves out to document the condition of the property and support any deductions from the security deposit. After assessment of the tenant move-out, Del Val advises owners of any tenant damages or any maintenance required to re-rent the property.

Security deposit refunds

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

Collections

If collecting damages is required, Del Val will refer the matter to an attorney at the instruction and authorization of the owner. Del Val does not include recovering tenant damages, but leaves this to attorney with expertise in debt collection. Del Val will supply attorney with the necessary documentation needed.

ADDITIONAL SERVICES

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

Move-in Inspection and Report – No Charge

Move-In Inspection and Report includes scheduling a move-in walk-thru with the tenant(s) to go through the property room by room where we document the condition of the property prior to move-in. We will photograph each area and prepare a written report on the condition of everything we see including, but not limited to: *Walls, Appliances, Flooring, Windows and Window Coverings, switch covers, plumbing and heating are functioning properly, and all other interior and exterior areas.* If any items need the attention of a work order is prepared for your review and approval. Our report and photos are then used as a reference point when the tenant moves out to make sure that everything is left in good condition.

Move-Out Inspection and Report - \$75

Move-Out Inspection and Report includes scheduling move-out walk-thru and collecting keys from tenant(s), determine if all the tenant(s) belongings have been removed, assessing any damages or missing items and itemizing tenant charges against security deposit, taking and uploading photos, assisting with utility readings, filling out and uploading the **Move-Out Inspection and Report** into our Buildium software.

Eviction Tenant Occupancy Check - \$25

The Eviction Tenant Occupancy Check includes Del Val personnel driving to the property to determine if tenant(s) have vacated the property. If no answers at door we will look in windows and use other methods to determine occupancy status.

Eviction Hearing Witness - \$75

Del Val personnel were required to prepare for and attend an eviction (or security deposit) hearing as a witness on your behalf. Typical time to complete is 1.5 to 3 hours.

Attend a court ordered tenant lockout - \$125

Del Val personnel are required to prepare and attend a court ordered lockout. As part of this process, we meet the sheriff (or constable) to allow them to escort the tenant(s) out of the property and change the lock(s) behind the tenant (actual cost of the lock(s) is not included). Typical time to complete is 1.5 to 3 hours.

Purchase and Install 10-Year Life Smoke Detectors - \$37.50/Detector

Philadelphia now requires all rental units have 10-year sealed battery smoke detectors. We have installed 10-year sealed battery smoke detectors in each level and each bedroom to comply with this new ordinance. Additionally, we have taken a photo of each unit as proof they have been replaced. In some cases, we have also gotten the tenants to sign a paper that acknowledges the new smoke detectors have been replaced. The price includes the cost of the unit and installation.

Perform and Test for Lead Paint - \$300 for 3 bedrooms; \$350 for 4 bedrooms and \$400 for 5 bedrooms

Beginning December 21, 2012, Philadelphia landlords must provide to every new tenant who has children 6 years or under who will be residing in property built before 1978, a **Lead Safe** or **Lead Free Certificate** completed by a PA licensed lead risk assessor or EPA certified lead dust sampling technician before the tenant enters into a lease. Del Val has an EPA certified lead dust sampling technician on staff.

We have performed two tests to comply with this regulation:

Visual Clearance where Del Val's EPA certified dust wipe sampling technician visually inspected the property to determine that there is no evidence of deteriorated paint, paint dust or paint chips.

Examples of deteriorated paint include: cracking, scaling, peeling, or chipping paint or any visible dust, debris and paint chips. All areas where children spend their time were visually inspected. At the minimum, all surfaces, including windowsills, baseboards, doorframes, trim and walls, which must be free of deteriorated paint and paint dust in: Each bedroom in the property; and the common room (for example a living room, family room, or kitchen) where any child aged six (6) and under who resides in the property spends the majority of his or her waking hours.

Dust Wipe and Lab Tested where Del Val's EPA certified lead dust sampling technician has taken dust wipe samples, which are analyzed by a certified lab and show that the area tested was free from hazardous lead paint dust.

Eviction Services...\$100 plus attorney and court cost

Del Val offers eviction services to owners having collection problems with current tenants. Our eviction services begin with the 5 day notice to pay or quit and are completed when the owner is given actual possession of the property. It takes approximately 45 days from start to finish on the average, so long as all information necessary is provided by the owner.

* Additional fees may apply if further hearings are required

Extraordinary maintenance

Property management normally includes only routine maintenance. Large repairs and renovations are outside the scope of typical property management. However, Del Val is capable of performing large repairs and renovations for our owners at their request. Our goal is

to provide a single point of contact for maintaining the property. While owners are free to use any general contractor they wish to perform major work on the property while vacant, it may save time and money to have Del Val do the work.

Real estate sales

Del Val specializes in property management but we also engage in property sales. If you want to sell a tenant-occupied property Del Val is managing or purchase a property with the intention of having Del Val manage it, please let us know. We will be happy to refer you to a high-performing sales agent who understands how to buy and sell rental property. You are more likely to be successful when you buy or sell rental property if your property manager and sales agent work together effectively as a team.

Rental Licenses and Certification...\$25 plus licenses fees

Del Val will assist you in obtaining your required licenses and certification for Philadelphia properties. These include:

- Philadelphia Business Privilege Tax Number;
- Rental Licenses;
- PGW Landlord Cooperation act; and
- Rental Suitability Certificate.

We will complete all the paper work and file each piece to be sure you are in full compliance with the city requirements. Also keep in mind, the City of Philadelphia will not allow you to evict a tenant without your Business Privilege Tax number and rental licenses.

CANCELLATION OF MANAGEMENT

It is the goal of Del Val to satisfy your management needs and engage in a successful business relationship, but all things do change over time. Owners sell properties or people give notices and you no longer need property management services. When this happens, the Del Val cancellation policy is to resolve your account in a professional, timely, and pleasant manner.

Please review the following policies for cancellation.

Written notice

- The owner is required to The Del Val management contract accepts a 30-day termination by written notice from either party pursuant to Section 5 in your management agreement.
- Your written notice must include your signature. You may convey this to us by U.S. postal mail, FAX, or a scanned document by email attachment.

Notice to current tenants

- The owner is required to notify current tenants that Del Val will no longer manage your property (ies) and that Del Val will forward all security deposits to the owner.
- It is the owner's responsibility to advise tenants where to make future rental payments and maintenance requests after the notice period.

Distribution of documents

- Del Val will supply current tenant(s) documentation to the owner. Most or all of the necessary documents will already be posted to your owner account on the Del Val website.
- If the owner has employed new management, Del Val will forward documents, keys, and any other necessary materials to the new management upon request by the owner.

Final distribution of funds

- Del Val will prepare a simply one page document where you the owner will assume future responsibility for all funds held in the security escrow. This document must be signed and returned to us before any monies can be sent to the owner.
- Del Val will distribute funds, including security deposits, and final statements to the owner within 30 days of the terminating date, as agreed in the management contract.
- Del Val will issue a 1099 for funds collected during the current tax year when the tax year ends.

CONCLUSION

We hope you have found the **Del Val Owner Manual** informative and useful. If you feel there is any other information Del Val can provide, please let us know so we can include it in the future. Thank you for your business. We appreciate it very much.