



SERVICE STAR REALTY OWNER MANUAL

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WELCOME

Thank you for choosing Service Star Realty to manage your investment. We are aware that you had many choices and we appreciate that you have selected us as your property management company.

Service Star Realty works to achieve the highest professionalism in Real Estate/Property Management Services. We have prepared the Service Star Realty Owner Manual to assist you in a successful business relationship with our company. We urge you to take the time to review the information enclosed. We feel this will further clarify many of the procedures of our Property Management services. After reading the material, if you have questions or any concerns, contact your management team immediately, we would like to help you with answers.

Service Star Realty forms have also been included with this manual. Completing and using the forms assists Service Star Realty in setting up and maintaining an accurate account for you and your investment.

Special note: the information provided in this Owner Manual is subject to change. Landlord/Tenant laws, personnel, policies and procedures change according to events that take place. Service Star Realty works diligently and continually to improve services and personnel training as well as remaining current with all landlord/tenant legislation.

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

OWNER DOCUMENTS

A copy of your management agreement is included with the *Service Star Realty Owner Manual*. Refer to it as needed and keep it with this information for a handy reference.

It is important that Service Star Realty receives all critical information as we begin management. Please return the appropriate forms to us via FAX or email or US mail.

Owner Information Request

This information enables Service Star Realty to set up your account.

Insurance Authorization Form

This form requests that the insurance company issue a copy of your property insurance to Service Star Realty and that they name Service Star Realty as “additional insured” on your policy. We request they furnish Service Star Realty with a certificate within 15 days of signing the management contract.

IRS Form W9 or W8ECI

IRS requires us to have a W-9 or W8ECI on file for all owners before we issue payment to them. We made these forms available to you on our website under Tax Forms.

Lead-Based Paint Disclosure Form

If your property was built before 1978 we are required to supply your tenant with this form. Please refer to page 11.

Keys to your property

We require three keys to all doors at your property. We charge \$10 for copies if not provided.

SERVICE STAR REALTY

Service Star Realty is a property management company operating in Phoenix, Arizona, specializing in full-service property management. The company has been operating since 2011 and is actively involved in the Phoenix area real estate community.

Service Star Realty mission statement

The mission of Service Star Realty is to provide quality service in property management and real estate sales in the Phoenix Area community, demonstrating integrity and professionalism.

Service Star Realty principals

The owners/principals of Service Star Realty are David Swaim and Dora Pinter. David Swaim is the broker of Service Star Realty. They collectively have over 50 years of experience in the real estate industry. They provide the guidance and direction of Service Star Realty and personally oversee all contracts, policies, and procedures, and work to educate their personnel to provide excellent service to all clients.

SERVICE STAR REALTY COMMUNICATION

Communication is a key to success in any relationship. We work constantly to improve communications with all of our clients or prospective clients. This includes everyone – owners, tenants, applicants, vendors, buyer, sellers, and the public.

Company communication

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

Service Star Realty personnel communicate by:

- Telephone
- Fax
- Email
- Written correspondence

Service Star Realty website: www.LeaseAZ.com

Service Star Realty stays current with business technology. The Service Star Realty website has proved to be a tremendous asset. Here are a few of the benefits of the Service Star Realty website:

- Prospective tenants can search our site for available rentals, download our application, apply to rent online, and take online video tours of some of our properties.
- Owners, Tenants and Vendors can access important information, such as a work orders, account ledgers and lease documents.
- Owners can obtain forms, view their up-to-the-moment account balance and all monthly income statements online.
- Tenants can pay rent on-line with ACH and automatic debit.

General office information

Service Star Realty		General Information	
Address information			
Mailing address	2813 E Camelback Rd. #400		
	Phoenix AZ 85016		
Street address	2813 E Camelback RD. #400		
	Phoenix AZ 85016		
Communication			
Office Phone	480-426-9696		
FAX	866-443-9826		
Email	Admin@LeaseAZ.com		
Website	www.LeaseAZ.com		
Office Hours			
Property Management		Monday – Friday	8am to 4pm
		Saturday and Sunday	Closed
		Holidays	Closed
Emergencies			
Call the office phone and choose the emergencies extension 101 to reach our 24/7 live emergency line.			

CONTACT INFORMATION FOR OUR TEAM

Service Star Realty personnel

We have a complete staff to assist you. What Service Star Realty has found effective for servicing tenants is “Teamwork.” Together Everyone Achieves More. There is a convenient chart of the team and their contact information below.

- **Property Manager:** The Property Managers focus on managing all the many facets of tenancy and handling the details when the tenant moves.
- **Tenant Coordinator:** The Tenant Coordinator handles tenant concerns, applications, lease appointments, violation letters to be immediately available to our residents.
- **Turnover and Maintenance Coordinator:** The Turnover Coordinator works with our vendors to handle all repair and maintenance requests as well as the make ready of your property.
- **Accounting Manager:** The Accounting Manager sets up your trust account, owner portal, accepts rent payments in our accounting software, pays your bills and issues your monthly statements and owner draws.
- **Leasing Team:** The leasing team consists of experienced and licensed Real Estate agents. They are responsible for all facets of advertising your home and finding a suitable tenant for it.

Team	Position	Name	Phone + Ext.	Email
Management Team	Property Manager	David Swaim	480-466-6458	David@LeaseAZ.com
	Property Manager	Dora Pinter	480-280-9934	Dora@LeaseAZ.com
Broker	Business Development and Sales	David Swaim	480-466-6458	David@LeaseAZ.com
Office Team	Tenant Coordinator	Deborah Joy Valentine	480-426-9696 Ext 104	Deborah@LeaseAZ.com
	Accounting Manager	Lisa Eline	Ext 105 Or 480-666-9277	Lisa@LeaseAZ.com
	Turnover and Maintenance Coordinator	Shanta Campbell	Ext 106 Or 480-939-3075	Shanta@LeaseAZ.com
Leasing	Leasing Agent	Carey Murray	480-426-9797	Carey@LeaseAZ.com
	Leasing Agent	Nick Nieves	480-426-9797	Nick@LeaseAZ.com

OWNER COMMUNICATION

It is important that you let us know of any significant change that can affect your account. Service Star Realty needs to know when you are moving, if you have a problem with your account, if your social security number has changed to a Tax ID, or any other important information. To assist in communicating, we ask you to regularly update any changes. You can do this on your owner portal.

Email

Service Star Realty encourages all owners to use email to contact us. It is fast and effective.

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

Owner vacation notice

Service Star Realty respectfully requests that owners notify us of vacations that are two weeks and over. Another alternative is to inform your Emergency contact listed on the Owner Information Form. The purpose in asking for this information is only so Service Star Realty is prepared in the event of an emergency repair or major problem concerning the owner’s property and/or tenant.

OWNER RESPONSIBILITIES

A successful business relationship works both ways. Service Star Realty takes their management responsibilities seriously and requests owners to do the same.

Owner responsibilities are:

- Notify Service Star Realty of any ownership change or eminent owner information.
- Supply Service Star Realty with accurate information so we can service the management account properly.
- Register you property with the county assessor as a residential rental unless it is a multifamily building consisting of more than 4 units. You will find a link to the assessor’s website on www.LeaseAZ.com. If your property is not registered at the time we are setting up your account, Service Star Realty will take care of this for you at a nominal fee of \$30. We will automatically perform this service to help you avoid a possible penalty of \$1000 plus back taxes. Also, ARS 33-1902 allows your tenant to break their lease if the property is not registered!
- Review online or printed statements at least monthly and notify Service Star Realty of any discrepancies found as soon as possible.
- Support Fair Housing Laws and guidelines, as well as all necessary legislation.
- Maintain a current insurance policy for their property, include Service Star Realty as “additional insured”, and furnish Service Star Realty with certificates.
- Review your property insurance yearly and update as needed.
- Exercise responsibility for required maintenance and the safety of their tenants.
- Treat Service Star Realty personnel with courtesy and notify Service Star Realty principals if there are problems with Service Star Realty personnel so these problems can be resolved quickly.
- Give us notice when owner leaves on vacation for longer than two weeks.
- Furnish us with copies of your Home Warranty and any other building or appliance warranties you may have in place. If the owner has a Home Warranty, Service Star Realty accepts no liability for the timeliness of the repairs once the warranty company has been contacted.
- Set up Owner Portal with banking information in a timely manner.
- Comply at Owner’s expense with all applicable state, county and municipal swimming pool barrier laws or regulations prior to the property being occupied.

- Owner shall not enter the property unless accompanied by Service Star Realty.
- Owner shall refer all inquiries, including, leasing, lease renewals and sales, regarding the property to the broker and all negotiations with be conducted solely by or under the direction of Service Star Realty.
- Provide to Service Star Realty copies of relevant documents pertaining to the property, including but not limited to covenants, conditions and restrictions, association documents, service contracts, lease agreements, claims, litigation, personal property list, notices, special assessments.

THE SCOPE OF PROPERTY MANAGEMENT

What is included in Service Star Realty Property Management services

Service Star Realty has outlined details on our policies and procedures in future pages of this manual. However, there are so many details and aspects of managing property, that we can only include the basics in this manual. If you have more questions, please contact your management team.

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

What is NOT included in Service Star Realty Property Management services

Because Service Star Realty provides owners with a very wide range of services, it can be easy to request something that we cannot perform. Some tasks go beyond the normal scope of property management or require additional fees/services. There are also areas licensed real estate agents dare not tread, unless they have obtained the proper licensing or degrees. We ask that you remember this when making a request. The following items are EXAMPLES of services not specified in the Property Management Service Agreement:

providing on-site management services, home inspections, appraisals, refinancing, modernization, fire or major damage restoration or rehabilitation requiring a permit from a General Contractor, obtaining or giving income tax, accounting, or legal advice, representation before public agencies, advising on proposed new construction, debt collection, counseling, or attending Homeowner Association meetings.

If you have any questions on what is included or not included in property management, please let us know. We have more information on additional services later in this manual.

COMPANY POLICIES

It is very important in the field of Property Management, that Service Star Realty 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®, as well as the Arizona Association of Realtors AAR. Additionally, we train all personnel by requiring them to read and follow the Service Star Realty Property Management Policy and Procedures Manual.

Department of real estate requirements

The Arizona Department of Real Estate requires licensing for all persons conducting Property Management and Real Estate Sales in our state. Service Star Realty requires all personnel that are Brokers, Property Managers, and Real Estate Agents to have an Arizona Real Estate license.

Code of ethics

Service Star Realty follows the Code of Ethics outlined by NARPM and NAR®. Service Star Realty considers this a top priority in conducting business.

Drug-free policy

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

Legislation

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

- Fair Housing (HUD) – Service Star Realty supports and follows Fair Housing laws and guidelines; the Service Star Realty office displays Fair Housing signage
- Equal Opportunity – Service Star Realty is an Equal Opportunity employer; the Service Star Realty office displays Equal Opportunity signage.
- SCRA Act – Serviceman’s Civil Relief Act/Soldiers’ and Sailors’ Act of 1940
- URLTA - Uniform Residential Landlord Tenant Act
- FCRA - Fair Credit Reporting Act
- EPA – Environment Protection Agency
- Any other local or state legislation that may apply to a specific city.

Lead-based paint

Lead-based paint became a major issue in the 1990s that prompted mandatory requirements for residential housing and continues today. Service Star Realty follows all mandated federal and state guidelines for lead-based paint. All properties prior to January 1, 1978 require disclosure to all tenants and owners. Tenants sign lead-based paint disclosures prior to renting a property and Service Star Realty provides them with the required EPA Pamphlet, [*Protect Your Family from Lead in the Home*](#) as published by [The Environmental Protection Agency](#). Service Star Realty then forwards the required disclosure to owners for signature.

Property owners and/or Property Managers must also notify tenants, in writing, of any scheduled work necessary for lead-based paint on the property.

Mold issues

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

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

ANSWERS REGARDING FUNDS

When you enter into a management agreement, Service Star Realty establishes an account for you and your property. Service Star Realty recognizes the importance of accurately collecting and disbursing funds. The bookkeeping program used by Service Star Realty is a specialized software designed to handle the many facets of property management and accurate record keeping, and complies with the requirements of the Arizona Department of Real Estate.

Banking

Service Star Realty holds your account in a trust fund mandated by the state of Arizona. Service Star Realty accounts for each owner's funds separately in the trust account and does not co-mingle funds with broker monies, following Department requirements mandating all accounts to maintain a positive balance. So Service Star Realty in turn requires each property owner to be responsible to fund all expenditures in advance of their becoming due. To better enable Service Star Realty to pay expenditures as they become due, owner's accounts have a required 'minimum balance' or maintenance reserve. Owners can replenish these funds via check or electronic transfer.

Monthly statements

All daily bookkeeping transactions are available for you to view **online** on our website. While online, you can print a statement of your choice from our site. If you have difficulty reading your monthly statement or logging into the program, please contact your management team. We are happy to assist you and answer your questions.

Disbursement of monthly funds

Service Star Realty disburses available rental funds to owners electronically by the 15th of each month. If this day falls on the weekend, Service Star Realty issues funds on the next business day. (Service Star Realty does not disburse funds on weekends and holidays). Service Star Realty cannot issue owner checks unless there are sufficient funds in the owner's account. Unless otherwise agreed, 'available rental funds' are all monies over the maintenance reserve of \$300 and any additional recurring monthly expenses.

Service Star Realty distributes available owner funds via ACH direct deposit into an owner's bank account.

End of year procedures

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

It is necessary that you supply Service Star Realty with the necessary Social Security/Tax ID information so the 1099 is accurate. Service Star Realty will send the 1099 for the rent by January 31 for the previous tax year. If there is a change in your tax information such as a new trust or address, please notify us in writing or update your contact information on your portal.

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

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

Billing rights summary

If you think your bill is wrong, or if you need more information about a transaction on your bill, contact us immediately but no later than within 60 days from when the error occurred. The Federal Fair Credit Billing Rights govern all of our practices and they require you to provide the following information so that we can address the problem and correct the error as quickly as possible:

*Your name and managed property address.

*The dollar amount of the suspected error, and

*Describe the error and explain, if you can, why you believe there is an error. If you need more information, describe the item you are unsure about.

RENTING YOUR PROPERTY

Preparing to rent the property

When prospective tenants view your vacancy, Service Star Realty wants the property to look its best and compete with area rentals. An Annual Property Review (APR) maintenance report and rental market survey is completed. The Service Star Realty management team will contact you to discuss the details of your vacant property and any necessary maintenance.

Setting the rent

Supply and demand determines rent. If there are multiple rentals available in the area of your property, it is necessary to be very competitive. If very few are “for rent” in the same area, it can make it easier to rent the property. Markets change and Service Star Realty advises owners on the “current rental market.”

How long will the property be vacant?

This is the most commonly asked question Service Star Realty receives from owners. There is no way to predict how long a property will remain on the market, even in the best market conditions. However, Service Star Realty works diligently to rent the property as quickly as possible. The most important objective is to have “a quality tenant.”

Service Star Realty, or any other property management company, can rent properties “quickly” if they do not have standards for obtaining good tenancy. However, bad tenants will only create more expense and another unwanted vacancy; therefore, waiting for the “right tenant” is worth the additional time it can take to rent the property.

ADVERTISING/MARKETING

Internet/website

Service Star Realty has found that the Internet and the Service Star Realty website, www.LeaseAZ.com as well as the MLS receives tremendous exposure. Additionally, we routinely

market our listings on other popular websites, including Hotpads, Tulia, Zillow, Rentals.com, Craigslist and a host of other sites.

Interoffice marketing

As a member of the Regional MLS, Service Star Realty works closely with many leasing agents. When calling, prospective tenants quickly receive all the information, including when and how they can see a property. With the cooperation of so many agents, your property will receive maximum exposure!

Signage

Service Star Realty displays “For Rent” signs prominently where permitted. Signs promote calls to our office, but they also direct people to our website where they can learn all about your property.

Video Tours

Service Star Realty has pioneered filming a 3-5 minute showing of your property, and making this video available in our advertising.

Showings and applications

We arrange showing times for your property. When prospective tenants see the property, the management team answers questions and distributes applications. Applications are available in the Service Star Realty office, at the property showings, and ONLINE on our website.

PROCESSING TENANT APPLICATIONS

Tenant screening

Thorough screening is crucial to successful Property Management. Service Star Realty requires all applicants to fill out a detailed application and submit it for processing/approval. A credit check is NOT enough! Our company conducts a careful review of their criminal, eviction, work, and rental history.

All applicants must submit verifiable information on their income to show they can support the property. Rental history or previous home ownership is carefully checked. Cross-referencing all three areas: credit, tenant history, and income, provides the answers to qualify or disqualify prospective applicants. If a pet is allowed on the property, the screening includes the pet (please review the upcoming pet policies).

Cosigners

Service Star Realty normally does not accept cosigners. Service Star Realty policy is that the applicants should have the ability to rent on their own merits. However, sometimes there are conditions that may warrant taking a cosigner on a property.

Pets

Statistics show that more than half of all tenants have pets. By excluding pets from their property, an owner will substantially reduce the available number of tenants – which can prolong vacancy time! As such, Service Star Realty policy is to allow pets at all properties unless specific written instructions to the contrary are provided.

Many tenants have or want pets. It is legal for property owners to discriminate against pets. You may wish to do so. However, whether you have or have not decided to allow a pet in your property, the Service Star Realty application has a place for prospective tenants to list pets and how many. It is

important NOT to discourage full disclosure on pets while taking an application. Service Star Realty does not place inappropriate pets in a property.

Service animals

Special note: “Service animals” for handicapped/disabled 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.

THE TENANT MOVE-IN

Rent and security deposits

Service Star Realty verifies that all funds have cleared prior to issuing possession to a tenant. Service Star Realty does not allow “payments” on security deposits – we require all funds paid in full prior to renting the property. This eliminates prospective tenants who really do NOT have the necessary funds for renting. These funds will be held in Broker’s Trust Account on behalf of the tenant until they complete their lease terms.

Rental/lease agreements

Once Service Star Realty receives funds, a thorough rental/lease agreement with the applicant is completed.

If the accepted applicants are a foreign nationality and cannot read and understand the documentation, they must supply an interpreter at their expense of legal age for signing the rental/lease agreements. Service Star Realty will automatically pursue lease renewals unless the owner notifies us in writing not to do so. Renewal fees are due for each written lease renewal or monthly tenancy beyond the initial lease term.

Video documentation

A vital part of the tenancy is a detailed video taken before each tenancy, documenting the condition of the property when they move in. Unless extenuating circumstances prevail, the Service Star Realty team completes the video before the tenant takes possession of the property. When the tenant moves out of the property, there is a sound basis for the security deposit refund or claim.

Maintenance addendum

Tenants immediately receive the “*Service Star Realty Maintenance Addendum.*” This detailed booklet gives them additional information on how to care for the property, report repairs, maintain the property, make timely payments, how to give proper notice to vacate, leave the property in good condition, and more.

WORKING WITH YOUR TENANTS

Collecting rent

If Service Star Realty writes the lease, rents are due on the first day of the month and late if not received in the Service Star Realty office by the fourth of the month.

Service Star Realty recognizes that many things can happen where it concerns rent; rent can really be lost “in the mail”; employers can delay the tenant’s paycheck, there are real tenant emergencies, and more. Therefore, we make a serious effort to determine why the tenant is having a problem. To encourage timely payments Service Star Realty enables Tenants to pay their rent ONLINE on our website. Service Star Realty can automatically draft rental funds from the Tenants bank account each month.

Notice to pay or quit

If Service Star Realty does not receive rent by the due date, Service Star Realty prepares and delivers a 5-day eviction notice to pay or quit, as the law allows. Service Star Realty makes every effort to mail and post notices properly should legal action be required.

Other notices

There are other notices that may be involved with tenants. Service Star Realty serves notices as situations warrant, such as a notice to clean up the landscape, HOA violations, 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.

Tenant problems

Service Star Realty has years of experience handling the myriad of tenant difficulties that can occur. The Service Star Realty policy is to obtain good tenants, thus eliminating many tenant problems in the future. However, even good tenants have problems. Service Star Realty treats each problem with common sense approach, follows landlord/tenant law, and uses the appropriate documentation. If the situation is serious, Service Star Realty contacts the owner, and works to find a solution for the problem. One of the reasons you hired a property manager is for “peace of mind.” This is what Service Star Realty recognizes and works to prevent legal issues from arising.

Legal action – Eviction Protection Program

As we all know, evictions can happen to any landlord no matter how well a tenant is screened. Circumstances change in people's lives and they are not able to pay the rent. This is especially true when people lose their job, get a divorce or have a serious injury. When a tenant cannot afford to pay the rent, they also find it difficult to move, requiring the landlord to go through the costly procedure of evicting the tenant.

The current economic slowdown has created a drastic increase in the number of evictions filed in Arizona courts. At Service Star Realty, we protect our landlord clients from the high costs of an eviction. For a small monthly fee of \$10.00 per unit, this **Eviction Protection Program** will cover the cost of all evictions up to **\$1500 of legal fees**.

In the event any Renter procured by Service Star Realty under any lease shall default in the payment of rent or shall hold over in possession for longer than the lease term stated in any such lease, Service Star Realty shall have the right and sole discretion to institute legal proceedings for eviction,

unlawful detainer or other civil action against such Renter, and all other persons occupying the property, in Owner's name, place and stead. Included in this agreement is Service Star Realty Standard Eviction Protection: Up to \$1500.00 in the aggregate for all Notice And Appearance Fees, attorney fees and legal costs to file an eviction for possession only; except that Service Star Realty shall not be responsible for any such costs or fees in the event either (a) that such Renter shall demand jury trial, or (b) that such Renter shall make a counterclaim against Owner.

Any recovery by Owner of attorney fees, unpaid rent, damages or other charges or expenses shall be paid to Service Star Realty. The foregoing Eviction Protection shall only be valid while a management agreement is in effect and while the property is being actively marketed for re-lease by Service Star Realty. Owner represents and agrees (a) that this clause contains the complete and entire agreement of the parties regarding the Eviction Protection being provided by Service Star Realty, (b) that Owner shall fully cooperate in the institution, prosecution and collection of any such litigation; (c) that this Eviction Protection plan is not an indemnity or insurance contract of any kind; (d) that Owner waives any claims against Service Star Realty in the event Service Star Realty for any reason, decides not to file such litigation; and (e) that Owner fully and clearly understands the terms and legal effect of this provision.

Service Star Realty current policy for determining when to file an eviction is to file an eviction when a tenant is past due more than 50% of a month's rent and is at least 15 days late. If a tenant does not pay the final month's rent due per the terms of their lease, Service Star Realty will evaluate tenant's performance history and the dollar amount of their security deposit when deciding whether to file an eviction.

MAINTENANCE

Preventative maintenance

The best approach to maintenance is "preventative maintenance."

At the beginning of the tenancy, Service Star Realty has already started with educating the tenant by:

- Completing a detailed Service Star Realty Rental Agreement, which includes a thorough outline of what tenant responsibilities are regarding maintenance as well as owner obligations
- Completing a move-in video documenting the condition of the property before the tenant takes possession
- Supplying tenants with the "*Service Star Realty Maintenance Addendum*," which provides additional instructions on how to care for the property and how to report maintenance issues.

We want the tenant to know from the beginning of their tenancy how the landlord expects them to "care for the property." This approach can prevent costly maintenance.

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

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

It is equally important to keep up with maintenance while the tenant occupies the property. Often people think no news is good news; this can be just the opposite. Instead, “delayed news can become very bad news.” This is why, in our tenant instructions, we require them to report maintenance issues immediately.

The Service Star Realty management teams contact owners regarding maintenance above the current \$300 minimum that is listed in the Service Star Realty Management contract, unless the situation is an emergency.

Over the years as fuel costs and inflation rise, Service Star Realty reserves the right to adjust the maintenance minimum as needed to properly maintain an owner’s property.

Emergencies/disaster

Service Star Realty operates a 24/7 emergency maintenance line with trained staff to answer the phone who can properly handle any emergency situations.

When an emergency and/or disaster strikes, Service Star Realty has policies in place for the property and tenants. Service Star Realty notifies the property owner as soon as practical. The nature of the emergency and/or disaster determines the action needed by Service Star Realty.

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

WHEN THE TENANT VACATES

Notice to vacate

When there is a notice to vacate, the move-out procedures with tenants are as critical as when Service Star Realty moves in a tenant. The preparation for this really began when the tenant moved in with a detailed rental agreement, [video](#) and *Maintenance Addendum*. These documents communicate the landlord’s expectations on how to leave the property when they move out.

Communication with owners and tenants

Service Star Realty notifies the owner when a tenant gives notice to vacate. Owners can assume that Service Star Realty will automatically proceed with re-renting the property. Service Star Realty immediately places the property on the market to rent unless the owner notifies Service Star Realty in writing to take other measures.

Service Star Realty also responds to the tenant’s notice to vacate with a letter detailing and reminding them of the steps to complete a successful move out. Rent is required until the end of the notice period.

Changing the locks

Service Star Realty will always re-key the premises after a tenant vacates to limit liability.

Tenant move-out video

Service Star Realty conducts a move-out [video](#) similar to the one performed when the tenant moved into the property. Service Star Realty records any maintenance required and discloses a list of

damages to the vacating tenant. Digital photographs and videos taken when the tenant moves out are compared to move-in media to document the condition of the property and support any deductions from the security deposit.

Security deposit refunds

Proper handling of the security deposit refund is crucial. Any tenant deductions are determined in a timely manner, and a security deposit transmittal is prepared in accordance with state laws. Law requires that we return all security deposits with the proper accounting for any deductions within 14 business days of tenant returning possession of the property.

Collections

Once a tenant vacates our leased premises, Service Star Realty's rent collection efforts will conclude with the preparation of a final statement of claim sent to the last known address of the tenant. Service Star Realty's contractual management service does not however include debt collection after a tenant vacates the leased premises. Within 30 days after a tenancy ends, Owners can request the collection account to be sent to companies with expertise in debt collection, and Service Star Realty will supply consumer collection companies with the necessary documentation needed to collect. If after 30 days the owner has not informed us that he has engaged a collection company, at Service Star Realty's sole discretion, Service Star Realty may attempt to collect the debt, and will earn half of any monies recovered for their collection efforts and legal costs.

ADDITIONAL SERVICES

The following are "additional services" offered by Service Star Realty to each property owner. They are not included in the fees for managing and/or leasing the property.

Quarterly A/C filter change and interior overview

This is a great program Service Star Realty offers to make sure the AC filters get changed at least once a quarter and it lends Service Star Realty the opportunity to take a quick candid look at the condition of the property. The handymen will change the filters and visually inspect the property for cleanliness, unauthorized occupants, pets, and damages. If we notice any problems, we will issue a ten-day notice to the tenants to correct any non-compliance. Owners can sign up for an entire year at a time and the charge for this service is \$35 a visit.

Annual Property Review (APR)

Service Star Realty maintains properties as part of their property management services. This survey goes beyond overseeing normal maintenance. A licensed contractor will perform this inspection, and the purpose is to check the property thoroughly each year in order to perform necessary or preventative maintenance. Photos of the property are made available for your review, as well as an inspection report. Cost for this service is currently \$145.

The APR is generally scheduled 60-90 days prior to every lease anniversary date, to afford Service Star Realty and the owner the opportunity to evaluate the condition of the property before a lease renewal is negotiated. **Please notify Service Star Realty if you are interested in this service.**

Supervision of extraordinary maintenance

Although not always taken, Service Star Realty reserves the right to charge an hourly fee for supervising work requiring extraordinary maintenance. The definition of extraordinary maintenance is

as follows: *rehabilitation work that exceeds \$3000.00 for insurance claims, and major systems replacements. (Examples include major tree work, vandalism, renovation, etc.)*

Service Star Realty will consult with licensed contractors for bids and solutions. Then Service Star Realty contacts the property owner for authorization and/or decision regarding the maintenance.

Real Estate services

Unless you have been referred to Service Star Realty by another real estate agency, Service Star Realty is available to assist you in buying more investment property or selling your property when ready, including those requiring 1031 exchanges.

A free market analysis is available at any time with no obligation. Please contact your property management team to provide you with the information or services you need.

CANCELLATION OF MANAGEMENT

It is the goal of Service Star Realty to satisfy your management needs and engage in a successful business relationship, but some things do change over time. Owners sell properties; people give notices. If this happens, the Service Star Realty cancellation policy is to resolve your account in a professional, timely, and pleasant manner.

Please review the following policies for cancellation.

Written notice

- Owners are advised that lease renewals are frequently negotiated with tenants during the 10th month of a lease, and advertising for new tenants may begin as early as 60 days prior to lease expiration. Cancellations of the management contract may be subject to any lease renewal and new leases. For this reason, it is imperative that Owners give written notice of cancellation at least 90 days prior to lease expiration to avoid any conflict!
- The Service Star Realty policy is to give cancellation of management by certified US Mail.
- If an owner sends a cancellation of management by certified US mail, Service Star Realty must receive the notice within three business days of the date of the notice.

Notice to current tenants

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

Distribution of documents

- Service Star Realty will supply current tenant documentation to the owner.
- If the owner has employed new management, it is the owner's responsibility to instruct them to pick up documents, keys, and any other necessary materials at the Service Star Realty office.

Final distribution of funds

- Service Star Realty will distribute funds, including security deposits, and final statements to the owner within thirty-five days of the terminating date of management, except for monies needed for unpaid obligations incurred during the property management term.
- Service Star Realty will issue a 1099 for funds collected during the current tax year when the tax year ends.

CONCLUSION

We hope you have found the *Service Star Realty Owner Manual* informative and useful. If you feel there is any other information Service Star Realty can provide, let us know so we can include it in the future.

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

