



## FORTUNES PROPERTY MANAGEMENT (FPM) CLIENT ON-BOARDING PROCEDURES

There was a time when the ownership and management of an apartment building were largely unregulated. Landlords were virtually free to rent and operate their property in any fashion they deemed reasonable. All you really needed was the money for a down payment, a property to purchase, a cooperative lender and you were in business.

Times have changed. Today's rental industry has become considerably more regulated. Landlords must comply with many Fair Housing laws. In addition, some municipalities regulate the way properties are managed as well as the manner and speed in which landlords service the maintenance needs of their tenants. Among the requirements today's landlords face are set minimum amounts of heat in the winter and the installation of early warning devices to protect against smoke and carbon monoxide poisoning.

The task of managing residential real estate has grown increasingly dependent upon the ability to skillfully operate within both the demands of the marketplace and the laws that regulate the industry. Today's property manager must be able to compete with the manager of the rental properties down the street for suitable tenants and, at the same time, comply with federal, state, county and local fair housing laws. In many cities, landlords must comply with tenant/landlord ordinances and with rules concerning illegal activities committed by tenants. Failure to comply can result in dire circumstances.

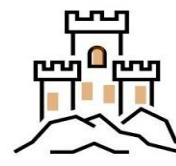
The key to the successful day-to-day operation of any property is planning and organized management. In fact, the actual planning should start prior to purchasing a property. Pre-purchase planning should include deciding in what area you want to buy and the type and size of the property(s). You will also have to decide whether you want to buy fix-it-uppers, new properties, or something in between. Additional planning should include how and where to finance your purchase, how much equity you have available and want to invest, and what improvements you want to make upon closing the purchase.

Once you've answered these questions, you're ready to decide on a host of management and maintenance issues including the possible use of a professional property management organization.

Every owner must recognize that the rental policies must be documented and enforced. Whether they are based on objective rules or subjective preferences, rental policies must be put in writing and applied in a fair and equal manner to everyone who inquires about, makes application for, or rents from you.

Negligence in the operation of a building can and often will result in legal liability for any violations. Ignorance of the laws is no defense. If you plan on owning an income producing property, you must be aware of the rules and regulations that affect the way in which you operate that building or employ someone who does. The end result is that you'll be better able to obey the law, achieve financial success, and be a valuable asset to the community.

The first step to a smooth property ownership experience is learning as much as possible from the former owner (the seller) and/or existing tenants living in the property. You'll usually find that sellers are cooperative and willing to take the time to answer questions about the property. You are now wisely considering a professional property manager. To make the information gathering session as effective as possible, we have prepared questions in advance and will keep detailed notes of the answers received.



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## OWNER AND LANDLORD PROPERTY MANAGEMENT INTERVIEW

### **Review of landlord goals**

Fixed costs

Variable costs

Capital growth versus income

Length of ownership

Exit goals

### **Review of landlord operating procedures**

Length of lease

Renewal of lease / month by month

Required change notice (30 / 60 days)

Rent date due

Late date

### **Review of property economics**

Agreed upon deposit

Agreed upon lease term rent / expressed monthly

Agreed upon additional deposits

Agreed upon last month rent

Agreed upon late fee

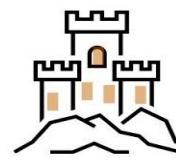
Agreed upon repair budget (before requiring approval)

### **Financial Control**

Determine incoming revenue

Collection method

Determine outgoing revenue



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### **Capital Expenditure Reserves**

Major maintenance reserves

Hardscape

Roof

Mechanicals

Renovation requirements

### **Appearance maintenance reserves**

Flooring

Walls

Appliances

Kitchen

Baths

Remodel (general)

### **Economic Life of:**

Carpet

Paint

Appliances

Fixtures

Landscaping

### **Review of Maintenance Procedures**

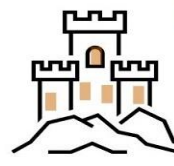
Tenant repair notification requirements

Tenant self-repair tolerance

Lawn care (routine)

Beds / Bushes / Trees / Weeds

Cable runs and holes (physical) / satellite dish mounting



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Mounting flags

Garage door openers

Use of contractors / repair individuals

**Utility Policy's**

Electrical / Gas / Power

Water

Cable

**Review of Tenant Selection Process**

Bedroom ratio to occupants

Pet policy

Credit score requirements

Credit blemish policy

Minimum job / credit / economic requirements

**Review of Operating Tolerance Regarding Tenants**

Occupant versus visitor policy

Property usage policy

Zoning violation policy

Business out of home policy

Renter's insurance requirements

Property exterior appearance policy regarding:

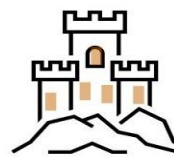
Automobile

RV / boat

Commercial vehicle

Utility trailer

Trash cans



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Outside sheds / miscellaneous storage

### **Review of Marketing Procedures**

Online ads

MLS ads

Publications (virtual and print)

### **Fishman Property Management is Responsible For:**

Establishing an optimum rental rate

Adjusting the optimum rental rate over time

Collecting and accounting for the rental income

Depositing rental income to landlord's account

Maintaining a legal escrow account for deposits

Marketing property

Showing property / Finding Tenants

Screening Tenants

- Credit checks

- Background checks

Handling leases

Collecting security deposits

Handling complaints / emergencies

Handling property transition

Walk-troughs

Damage determination

Security deposit reconciliation / tenant notification

Property maintenance

Property repairs



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Understanding of Fair Housing, Landlord / Tenant and local or municipal laws regarding the proper way to:

- Screen a tenant
- Handle security deposits
- Terminate a lease
- Evict a tenant
- Comply with health and safety standards

Fair Housing laws protect tenants against discrimination under seven protected classes and three other regional protected statuses:

- Race
- Color
- Religion
- Sex
- Handicap
- Familial Status
- Sexual Orientation
- Section Eight Participation
- Marital Status

Landlord / Tenant Laws are enacted by each state and seek to lay out the rules and laws between landlords and tenants to maintain stability between them. They impact subjects such as:

- Security deposits
- Eviction process
- Allowable deposits and fees
- Due dates
- Grace periods
- Maintenance requirements

Local and/or municipal laws are sometimes different and potentially more strict than state or federal laws.

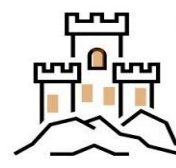
Supervising contractors and employees

Keeping vacate properties from looking vacate

Maintaining the agreed budget

Maintaining all records as they apply to property management responsibilities

Facilitate / assist in tax management and tax filings



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**Property Owner / Landlord is Responsible For:**

Funding property acquisition

Funding all maintenance and repairs

Funding all capital improvements

Filing taxes on rental income

Funding municipal assessments

Government / State / City / Municipal legal actions against the property

Understanding and abiding by Fair Housing, Landlord / Tenant and local or municipal laws

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Paying Fishman Property Management (FPM) the agreed upon compensation for services



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## Our Objectives

1. Maximize your income
2. Maximize your appreciation
3. Protect your assets
4. Minimize your liabilities
5. Work to achieve your stated goals

## The Duties of a High Quality and Caring Property Management Company

1. **Qualifying Tenants:** Fortunes Property Management shall use all reasonable efforts to lease the property as described to desirable tenants. Property Manager shall follow preset guidelines for qualifying potential tenants. (Please see rental qualifications.)

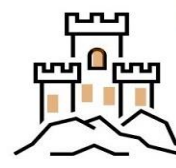
2. **Rent Collections:** Fortunes Property Management shall take all reasonable and necessary action to collect rents, charges or other income when due from tenants of said property in accordance with the terms of their tenancies and may execute all receipts or other documents reflecting receipt of said sums on behalf of the owner. Property Manager will file all notices on behalf of owner for non-payment of rent, coordinate with our attorney for the filing of court documents and attend all necessary court appearances.

3. **Trust Account:** All sums received from rents, supplies & services from the property shall be deposited in a "trust account" maintained by the Fortunes Property Management as broker. Fortunes Property Management will submit to the Owner a monthly statement of receipts and disbursements. Disbursements may include miscellaneous repairs, commissions and management fees.

4. **Statements:** Fortunes Property Management shall maintain full and accurate records of the accounts of the property. Fortunes Property Management shall supply the owners with a detailed monthly statement. Said monthly statement shall be deemed accurate and correct between the parties unless owner notifies Fortunes Property Management within (30) days after the date of said statement of any claimed error or inaccuracy. In the event there is a deficit in the account of the property, Fortunes Property Management shall notify the Property Owner of the amount of this deficiency, and the Property Owner agrees to forward this amount to Fortunes Property Management within (24) hours' notice. Fortunes Property Management shall provide the Property Owner with an annual statement and a 1099 no later than February 15 of the following year for taxes.

5. **Maintaining Property:** Fortunes Property Management shall do everything reasonably necessary for the proper management of the property, including, without limitation thereto, periodic inspections, handling all tenant requests and negotiations, supervision of maintenance and arranging for such improvements, alterations and repairs as may be required of the Property Owner. Fortunes Property Management shall obtain approval from Owner for any





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expenditure for repairs, improvements or work in excess of a predetermined amount according to property management agreement and excluding monthly or recurring operating charges and/or emergency repairs in excess of the maximum, if in the opinion of Fortunes Property Management, such repairs are necessary to prevent additional damage or a greater total expenditure to protect the property from damage or to maintain services and conditions to the tenants as called for by their tenancy. Fortunes Property Management shall notify the Property Owner promptly whenever emergency repairs have been ordered. Fortunes Property Management is available 24 hours a day for emergencies.

**6. Inspections:** Fortunes Property Management will complete a move-in inspection whenever a tenant takes possession and a move-out inspection when tenants leave. Fortunes Property Management will complete a drive-by-exterior inspection and an internal inspection as needed. Internal inspections may be completed more frequently if Fortunes Property Management suspects potential problems.

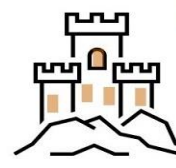
**7. Contractors:** Fortunes Property Management shall employ, discharge, supervise and pay, on behalf of the Property Owner, contractors considered by Fortunes Property Management as necessary for the efficient management of the property. Fortunes Property Management will diligently interview all contractors to provide the best possible service for the best possible price. All contractors must be licensed and bonded.

**8. Equal Housing Opportunity:** Fortunes Property Management is pledged to the letter and spirit of U.S. policy for the achievement of equal housing opportunity throughout the nation. We encourage and support an affirmative advertising and marking program with no barriers to obtaining housing for all qualified tenants without reference to race, color, religion, sex, national origin, familial or handicap status. Fortunes Property Management adheres to all Ohio Landlord/Tenant laws.

**9. Documentation Duplication:** If you, as the Property Owner need a duplicate copy of any document, Fortunes Property Management will provide it with no cost unless duplication incurred a cost. It may cost a modest amount for a hard or electronic copy or as otherwise provided in the property management agreement signed by the Property Owner and Fortunes Property Management.

#### **SAMPLE Minimum Rental Qualifications For Fortunes Property Management Clients**

1. Tenants must have a combined gross income of 3 times the monthly rent.
2. Tenants must have a clean credit report. Any derogatory credit must have a reasonable and verifiable explanation and will have to be cleared with the Owner.



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3. Tenants must have a clean legal report. Any items on the legal report must have a reasonable and verifiable explanation and will have to be cleared with the Owner.
4. Tenants must have clean and verifiable past rental references (minimum 3 years.)
5. Any past evictions are grounds for immediate rejection.
6. All parties over the age of 18 on the lease must fill out and sign an application **completely**.
7. We pull credit and legal reports on all tenants. All references will be checked. Falsification of **any** information on the rental application is grounds for immediate rejection.

#### **SAMPLE Minimum Pet Qualifications For Fortunes Property Management Clients**

1. Large breeds are classified as over 30 lbs. Small breeds are 30 lbs. And under.
2. Large breeds must be over 5 years of age.
3. Small breeds must be over 2 years of age.
4. Female cats must be fixed and declawed or fixed and outdoor only. **NO MALE CATS.**

Certain breeds of dogs must be approved by the Owner regardless of age and carry an extra liability policy naming the Property Owner and Fortunes Property Management Real Estate as added insured parties. These breeds are as listed, but not limited to: Pit Bull, German Shepherd, Rottweiler, Doberman and Chow.

Tenants shall ensure that all pet(s) are well behaved and shall not allow the pet(s) to disturb any other residents or neighbors.

Tenants are to ensure the pet(s) cause no damage to the property. Tenants agrees the pet(s) shall only be walked on a leash and only in areas so designated by the Property Owner/Landlord, Fortunes Property Management and the homeowners association, if one exists.

Tenants will be responsible for any and all damages caused by the pet(s) on the property or in the community and will indemnify and hold harmless the Property Owner and Fortunes Property Management for, from and against any and all claims arising because of the pet(s).

Tenants agrees that the pet(s) will be licensed in accordance with all applicable governmental provisions.

Property Owner/Landlord and/or Management reserve the right to require Tenants to immediately remove the pet(s) at any time upon any violation of Tenant of these rules.



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## Sample Fee Structure For Professional Residential Property Management By Fortunes Property Management Real Estate

EXAMPLE: Residential Unit Owned by a valuable client of Fortunes Property Management

RENTAL PRICE: **\$1000**/ MONTH      LEASE TERM: 12 MONTHS       $\$1000 \times 12 \text{ mos.} = \mathbf{\$12000.00}$   
(GROSS LEASE REVENUE)

### 1. COMMISSIONS

A ONE TIME COMMISSION WILL BE DUE ON THE 1ST MONTH OF THE LEASE OF EXAMPLE:  
**\$720.00 (6%). DUE WHEN TENANT IS SECURED AND MOVED IN.**

(assessed for the acquisition of new tenants, not existing tenants or extending tenants.)

LEASING COMMISSION BREAKDOWN:

**\$360.00** EXAMPLE COMMISSION PAYABLE TO FORTUNES PROPERTY MANAGEMENT REAL ESTATE OR FISHMAN PROPERTY MANAGEMENT REAL ESTATE. This is for listing paperwork, advertising fees, sign fees, and MLS input.

**\$360.00** EXAMPLE COMMISSION PAYABLE TO COOPERATING LEASING AGENT / BROKERAGE  
This half of the commission is offered out to any licensed real estate agent through the terms listed in the ARMLS agreement you will sign.

The commission facilitates your property to be shown more frequently and rented more quickly by offering maximum exposure to the Real Estate Brokerage Community and offering all participating parties a part of the lease commission.

### 2. MANAGEMENT FEES:

08% OF MONTHLY RENT: EXAMPLE -  $\$1000.00 \times 08\% = \mathbf{\$80.00}$

This monthly fee covers includes collection of rent, service of notices, internal inspections, external inspections at least every month, an accounting statement each month of deposits and payments from your account, an end of the year statement along with your 1099 form, collection of late fees, payment from your account of any bills you want us to pay, and balance credited to you by your option of payment: check, wire transfer, or held in management account for later use.

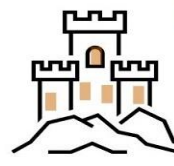
Example:

Deposit \$1020.00 Rent plus tax (e.g. 2% rental tax-each city differs)

Management fee **\$ 80.00** Management

City sales tax **\$ 20.00** Rental tax mailed to appropriate taxing authority

Remaining funds \$ 920.00 Mailed/wired to you/applied as you prefer to other bills



**SAMPLE Move-Out Cleaning Requirements For Residential Units Managed By  
Fortunes Property Management**

**KITCHENS**

1. All cabinets and drawers need to be wiped down inside and out.
2. Clean off top of all cabinets.
3. All appliances must be thoroughly cleaned inside, outside and behind unit, including but not limited to the oven/stove, dishwasher, microwave, refrigerator, washer and dryer. Do not use harsh cleansers or abrasive pads on the appliances' surfaces as it will destroy the finish.
4. All gasket seals must be cleaned (i.e., stove, refrigerator, and dishwasher.)
5. Ice trays must be cleaned out. If automatic, please dump ice, wash tray and replace.
6. Water and ice area in door must be cleaned out.
7. Drip pans, oven racks and hood (top & underneath) - exhaust fan for stove must be cleaned. Replace the vent filter if it cannot be cleaned. Replace burned out light bulbs in the oven hood.
8. Garbage disposal must be clean of debris and operating.
9. Counter tops and sink must be clean. Please remove hard watermarks, stains, and soap scum.
10. Floors must be clean. Please pay special attention to corners, under refrigerator and under stove. Be careful not to tear vinyl flooring or mar wood flooring when moving any appliance(s).

**BATHROOMS**

1. Tub, shower and sink must be thoroughly cleaned—use disinfectant if necessary. Please remove all hard watermarks, stains and soap scum.
2. All grout in bathroom must be cleaned and free of mold, mildew, etc.
3. Toilet must be cleaned inside and out, around and behind. All hard water rings and buildup must be removed even under the rim.
4. Medicine cabinet must be wiped down inside and out.
5. Mirrors must be cleaned and free of spots.
6. Cabinets must be wiped down inside and out.
7. Exhaust fan and light bulbs/fixtures must be cleaned.
8. Floor must be clean. Please pay special attention to corners.

**CARPETS**

All carpets must be professionally cleaned and a receipt provided or you may have us clean them for you and the cost will be deducted from your deposits. Make sure you vacuum thoroughly or the carpet person may charge an extra fee. Nails, coins, etc. that are in the carpet due to moving may break the cleaning machine. Please remove them.

\_\_\_\_\_ Tenant initial

**AIR CONDITIONING AND HEATING UNITS**

All AC filters must be changed or cleaned if they are permanent. AC filter covers and vent covers are to be cleaned and or vacuumed. If we find an AC unit with an excessively dirty filter, tenants will be charged to have the unit checked by a licensed AC company.

\_\_\_\_\_ Tenant initial



**MISCELLANEOUS**

1. All plant shelves and closet shelves must be wiped down and free of dust and debris.
2. All ceiling fans & light fixtures (including bulbs) must be cleaned & in working order.
3. Baseboards must be wiped down.
4. Please brush all walls with broom. No spider webs please.
5. All nails are to be removed. Nail hole patching must be professional.
6. Please clean top of all doors.
7. Please clean all windows inside and out. This includes all blinds and window sills. Broken and/or damaged blinds will be charged to the tenant's security deposit. Dust off all window screens. Repair or replace any damaged window screen. Replace any cracked /broken windows.
8. Repair or replace any holes behind doors, fractured door frames and/or splintered doors.
9. Repair any sheet rock damaged walls.
10. Any touch up or re-paint (if walls have been tenant painted with permission) must have the correct color and sheen. If unknown, it must be "Builder's White".
11. Replace any missing door stops.

**OUTSIDE**

1. All plants and shrubs neatly trimmed and manicured.
2. All weeds and debris must be removed from rock areas. Rocks must be raked.
3. Grass mowed and edged.
4. Driveway, garage and patio must be cleaned. All grease and debris removed.
5. Please brush outside of house with broom to remove all spider webs, etc.
6. All pet debris / feces must be removed.
7. All trash and debris must be removed from property.
8. Remove all furniture and personal property. If you are leaving anything behind, please get permission in writing from management.
9. Remove any personal property that you may have installed with or without management's written authorization and restore the property back to its original condition.

**UTILITIES MUST REMAIN ON FOR MOVE-OUT INSPECTIONS AND MUST REMAIN ON FOR 72 HOURS AFTER MOVE-OUT INSPECTION FOR CLEANING AND REPAIRS. IF UTILITIES HAVE TO BE TURNED ON FOR CLEANUP AND REPAIRS, IT WILL BE DONE AT TENANTS' EXPENSE.**

\_\_\_\_\_ Date \_\_\_\_\_  
Tenant Date

\_\_\_\_\_ Date \_\_\_\_\_  
Tenant Date

\_\_\_\_\_ Date \_\_\_\_\_  
Fortunes Property Management



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### **New Management Assignment Takeover Checklist**

**Location(s) of Property** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Take Over Date \_\_\_\_\_

Building Phone Number \_\_\_\_\_

Previous Management Firm \_\_\_\_\_

Contact Person(s) \_\_\_\_\_

Telephone # \_\_\_\_\_

Existing Personnel \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

#### **Verify Occupancy:**

Are fully executed current leases in place?

Yes \_\_\_\_ No \_\_\_\_

Are all rents current?

Yes \_\_\_\_ No \_\_\_\_

Is there a list of all residents with both home and work phone numbers?

Yes \_\_\_\_ No \_\_\_\_

Have the security deposit amounts been verified with Lease Agreements?

Yes \_\_\_\_ No \_\_\_\_

Have the security deposit amounts been verified with Tenants?

Yes \_\_\_\_ No \_\_\_\_

Are there any pending legal actions involving tenants?

Yes \_\_\_\_ No \_\_\_\_

Have all vacant units been viewed to assure they are vacant?

Yes \_\_\_\_ No \_\_\_\_

Are all delinquent renters in possession of the units they lease?

Yes \_\_\_\_ No \_\_\_\_

Have all delinquent renters been served Termination Notices?

Yes \_\_\_\_ No \_\_\_\_



**Services requiring assurance of continuation:**

Has the electric company been notified of changes and made final readings?

Yes \_\_\_\_ No \_\_\_\_

Has the gas company been notified of changes and made final readings?

Yes \_\_\_\_ No \_\_\_\_

Has the water company been notified of changes and made final readings?

Yes \_\_\_\_ No \_\_\_\_

Has the scavenger company been notified of the change in ownership/management and billing?

Yes \_\_\_\_ No \_\_\_\_

Have you provided for ongoing janitorial services?

Yes \_\_\_\_ No \_\_\_\_

Have you provided for ongoing maintenance services?

Yes \_\_\_\_ No \_\_\_\_

Have you provided for ongoing landscape services?

Yes \_\_\_\_ No \_\_\_\_

**Building Code Issues:**

Are there any existing Notices of Violations?

Yes \_\_\_\_ No \_\_\_\_

Does each unit have an operating smoke detector?

Yes \_\_\_\_ No \_\_\_\_

Are carbon monoxide detectors in place?

Yes \_\_\_\_ No \_\_\_\_

Are there proper locks on windows and doors?

Yes \_\_\_\_ No \_\_\_\_

Are all windows and screens in good repair?

Yes \_\_\_\_ No \_\_\_\_

Has the building been properly registered with the city?

Yes \_\_\_\_ No \_\_\_\_

**Emergency Procedures:**

Have you contracted with an answering service for after hours?

Yes \_\_\_\_ No \_\_\_\_

Have current residents been informed of any changes that they'll be required to make?

Yes \_\_\_\_ No \_\_\_\_

Have emergency point people been identified and provide with your emergency procedures plan?

Yes \_\_\_\_ No \_\_\_\_

Have emergency service providers been identified and contracted with?

Yes \_\_\_\_ No \_\_\_\_



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**Do You Have Reports from Previous Owner/Agent:**

- Regulatory Agreements
- Financial Reports
- Inventory
- Security Deposit Listing
- Waiting Lists
- Legal Actions
- Current Billing
- Personnel Records

**Service Contracts in Place:**

\_\_\_\_\_ terms

\_\_\_\_\_ terms

\_\_\_\_\_ terms

\_\_\_\_\_ terms

\_\_\_\_\_ terms

\_\_\_\_\_ terms

**Immediate Actions Needed:**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Comments:**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Completed By \_\_\_\_\_ Date

\_\_\_\_\_