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**3380 Trickum Rd #1300/100 Woodstock, GA 30188 matt@stotthomes.com**

Thank you for your inquiry about our Property Management services.

Our mission is to solve real estate problems with superior service and absolute integrity. Our goal is to establish long-term clients who re-use our services and are a source of referral business. To achieve this goal our property management division is designed to provide you:

• Comprehensive statements for your personal and tax records.

• Scheduled payments of owner checks.

• Extensive qualification of all tenants prior to checking them in.

• Detailed move-in and move-out procedures.

• Routinely scheduled property inspections.

• Cost effective repairs.

• Superb management/listing teamwork should you decide to sell.

• Competitive fees.

• Property Management Options.

The purpose of this paper is to answer some of the more frequently asked questions we receive, as well as to provide you information concerning some of policies and procedures of Stott Homes. We take pride in maintaining your investment so that you can get the highest rents and maintain the highest possible value. If you have additional questions, please feel comfortable calling us personally.

Sincerely yours,

Matt Stott, Donna Stott & Mike Stott

**Frequently Asked Questions About Property Management:**

**1. Do I have to use a property manager?**

No in fact if you own fewer than 10 rental properties in Georgia you don’t have to follow security deposit rules, move-in/move-out rules etc. However, many owners find that following the guidelines for owners with more than 10 properties and using a professional service, like ours, saves both time, frustration, and money in the long run.

**2. Are there any problems associated with having a friend manage my rental property?**

There are a number of laws, rules, mandatory disclosures, etc. that apply to all property management. If a “friend” is not working in the field on a full-time basis, it is very difficult to remain up to date on property management issues. Violation of some of the rules such as the Federal Fair Housing Act or Fair Debt collection Act can create major problems and penalties. As the property owner, you could be liable for the actions of an unlicensed “friend” acting as your agent.

Our experience indicates that the management fees saved by using a “friend” or doing it yourself are usually expensed by the owner many times over by way of unnecessary vacancies, below market rents, uneconomical repairs, unusual expenses, incomplete or missing forms, etc. We carry Errors and Omissions insurance to protect both you and NWATLPM.

**3. How do you establish fair rent?**

Supply and demand determine fair rent. We use our personal experience coupled with currently advertised rents from about a dozen sources and input from other property managers to arrive at a recommended (or fair) rent for you to set.

**4. How long will it take to rent my property?**

This is probably the most common question we are asked and the most difficult to answer. In most cases, our recommended fair rent is designed to provide you with a rent-paying tenant within a two to four week period. However, we often adjust our recommended rent based upon input from owners desiring an immediate tenant or a higher-end rent. We also consider the feedback we get from prospects who have seen your property.

**5. How do you select or screen tenants?**

This is very complex as there are both Federal and State laws dealing with tenant discrimination. We consider this one of the most important steps in property management. Initial screening is conducted through a series of questions asked of prospective tenants prior to showing them your property. Assuming they pass this initial screening, they are shown the property. If they desire to rent your property, the next step is to have them submit a formal application. Some of the key factors to us in their formal application is their rent to income ratio; their income; referrals, and length of employment.

After receiving their formal application, we conduct a rental audit on tenants using one or more commercial credit checking companies. Therefore, if the tenants have a history of late payments or other rental problems, there is a great chance it will be disclosed. We also obtain a credit report on tenants indicating if they have good credit history.

We then call the prospective tenants’ places of employment to verify employment and income. We look for a three to one income to rent ratio with $300 per child added to that figure. (So for a $2,500 per month rental for a family with one child we look for $7500 + $300 or $7,800 in monthly income.) This requirement generally eliminates the challenge of 3 to 4 people to a bedroom.

The formal application requires references and the names of prior landlords; these are researched as applicable. There are also a number of intangible factors taken in account in recommending a specific tenant to an owner. In most cases, you make the final decision based upon our recommendations. Good tenants are worth this careful and sometime time-consuming selection process. They pay on time, maintain properties, and are good neighbors. It adds up to getting a good return on your investment.

**6. How and where do you advertise an available rental?**

We have found the best source to be, by far, internet services like Zillow, Facebook, and rentals.com. We submit all applicable listings to the MLS and frequently use condominium community bulletin boards, University Housing offices, large places of employment etc.

**7. Should I allow pets in my rental property?**

It is often difficult to find suitable rentals in Georgia that will allow pets. Many pet owners, therefore, will pay a premium rent and a non-refundable pet deposit. On the downside, pets can destroy carpeting, yards, etc. We believe pets are an item that should be discussed on a case-by-case basis. We have special pet clauses to protect your interests if you do decide to allow pets. Please be aware that many tenants claim their pets are emotional support or service animals. There are many rules we must follow. See this article www.[tinyurl.com/EmoSA](https://tinyurl.com/EmoSA)

**8. How long of a rental should I accept?**

Most long-term rentals are written for a one-year period. In most cases, we do not recommend a rental period for shorter than one year or longer than two years for two reasons. First, shorter terms hurt your returns they add re-leasing fees and vacancy. Second, on longer term leases fair rents will likely increase over that term. We are generally able to charge the same tenants an increased rent at renewal time.

**9. How can I ensure that the rent is paid in time for me to make my mortgage payment?**

The best way is to do hire us to do the vetting and background checks of each prospective tenant and select tenants with the least risk possible. Of course, there is always some risk of changes in a tenant’s circumstances. When the only or best applicants available still present risk, we recommend requiring additional deposits from the tenant. Two, sometimes three months of deposit instead of the standard one-month security deposit protects you through the rare cases when dispossessory action is needed (eviction).

**10. What are your management fees?**

The following **full–service management fees** are normally charged by Stott Homes & Management:

No fees while the property is vacant.

You pay 75% of the first full month’s rent only after we find, screen, move-in and provide a new tenant.

Another agreed 8-10% of each full or prorated month after the first month with a new tenant. And additional 1% a month fee will be charged for regular payment of HOA fees or other vendors (cleaners, landscapers, etc.)

Since banks in Georgia have a 3 to 10 day hold on personal checks; we will deposit or mail you your proceeds each month by the 15th.

No additional fee for re-leasing the property to the current tenants.

We pay for all normal advertising.

We pay cooperating brokerage fees (if applicable)

There are no garbage fees charged (many other companies charge hefty extra fees like re-leasing, overhead and profit on repairs etc.)

Tenants pay for their own credit reports.

For our **lease only service** the charge is one full months rent.

We provide only the advertising, showing, tenant screening, and lease preparation for this service. The owner takes over from lease signing. (i.e. you conduct the move-in inspection – we can provide this service for an additional $350)

No fees while the property is vacant.

We pay for all normal advertising.

We pay cooperating brokerage fees (if applicable)

Tenants pay for their own credit reports.

**12. What can I expect to net each month?**

Your rental income will be the tenant’s gross rent less our agreed upon management fee % less any expenses paid by us that month. Generally, these expenses are repairs, or sometimes regular maintenance items like yard or gutters. We require all owners to maintain a minimum balance of $500 at all times for repairs and expenses paid by us. Therefore, if we have expensed funds on your behalf (e.g., advertising), we build your balance back to $500 from rental receipts.

**13. How do you handle authorized and non-authorized repairs?**

Each property is different, and you have specific goals for your rental property. If you are planning on moving back into the home in a year or two then a broken appliance might be replaced with an upgraded model versus a entry level model appropriate for a long-term rental. We hope to discuss with you your long-term plans for the property. We attempt to obtain authorization from owners prior to making any repairs. However, emergencies occur at times that necessitate immediate action. We have an extensive handbook for tenants that describe this area in considerable detail. For example, if their refrigerator fails on a weekend and they are unable to contact us, we authorize tenants to purchase inexpensive Styrofoam coolers or to rent a refrigerator from selected companies on an interim basis. However, we assume no responsibility for any spoiled food.

We have developed an excellent working relationship with a number of repair personnel, plumbers, handymen, etc. Most of them are very experienced working with rental properties and keeping costs reasonable. Frequently, they are able to provide us expert input as to whether a problem was caused by tenant abuse or normal wear and tear. Because we provide them a considerable amount of business, they are usually fairly receptive to unscheduled work that needs to be done quickly. Many of them provide better rates to us than would be available otherwise.

**14. How do you handle property inspections?**

In addition to the Move-In/Move-Out Form, we take extensive photos for tenant check-ins and will provide you copies if you so desire. We create a google drive or drop box file that we offer to share with the tenant as well.

For our routine inspections we will quickly walk the home with the tenant and take a photo of each room as well as additional photos for any areas of concern. All rental properties are inspected internally at least annually; i.e., we make annual internal inspections even though there may be long-term tenants who rent the property for several years. Generally, for the first year we will visit the property for internal inspection two or three times, after that first year for long term tenants we will do an internal inspection at each renewal. The third party contractors we use also notify us of any concerns and we ask them about the general state of the house whenever there is a repair done at the property. If they share anything concerning, we schedule an inspection to see for ourselves and take photos for you to discuss next steps.

**15. What do you recommend for yard care or swimming pools?**

For swimming pools, we recommend the owners provide a pool service for chemical addition, cleaning, etc. Our recommendation for yards is normally made on a case-by-case basis. We expect tenants to water and cut their lawns, though it’s generally unlikely they do more than that. This is addressed in some detail in our tenant handbook. One of the objectives of our periodic drive-bys is to monitor the condition of at least the front lawn. Some owners opt to pay for a weed and feed service like True Green or Lawn Masters to ensure the weeds do not get out of control in the lawn. We do not normally recommend this unless the HOA is strict about weeds and weed control.

**16. What if I want to cancel my management contract?**

Our management contract provides for cancellation by either the owner or Stott Homes & Management with forty five days advance notification in writing to the other party.

**17. What do you mean by management/listing should I decide to sell?**

We have considerable experience converting rental properties into listings for sale. We shall work with whomever you select to assist you as the listing company. If you do decide to sell, we would like you to consider using our Team to help you sell for top dollar by allowing us to interview for the job. We've sold over 3000 homes over the past 30 years.

**19. What do you do to protect my property?**

Besides regular drive-by and physical inspections we maintain an extensive library on the properties we manage. Each property is inspected in a timely manner. Digital photos are taken. Copies of our photos/videos are available to owners.

We carry extensive errors and omissions insurance for your protection. We do require that your homeowners insurance include Stott Homes as additionally insured. This generally can be done for no charge to you.

**20. How do you handle the late or non-payment of rent?**

We have wrestled with this problem for several years balancing the rights of the owner, the legitimate reasons a tenant may have for falling behind in the rent, and the expense of taking action against the tenant. Based on our experience we have implemented an automatic series of letters sent certified and/or posted notice on the front door of the property. (starting with a demand letter and ending with a notice of eviction.) We have found this system works well in getting the tenant to pay their rent and/or voluntarily vacate the premises. We keep the owner informed of our actions and will stop the process at any point if so desired by an owner. Each county has a different backlog of sheriffs serving eviction notices, so we take that into consideration as well.

**20. What is the biggest problem you face in managing properties?**

By far regular maintenance and repairs. As we write this, I have paid $1768 to repair an HVAC unit in my own personal home and another $389 to repair a broker shower handle cartridge in the past 3 weeks. $2100+ in under a month! Many owners are “shocked” to see what it costs to replace a hot water heater ($1400 to $1800); paint a room (paint is $60 to $100 a gallon a room in general $600 to paint); get an electrician or plumber to do a service call ($125 to $175 + additional labor and materials); and to hire a handyman ($65 an hour.) We all remember the days when people were fighting to get work and handymen were $25 an hour. Currently we use our influence with vendors to get them to take on another job. Be assured we want your input and also need to be 100% truthful with you in what things cost in today’s economy.

Other factors in when you live in a home you own because you are the owner you may put two to four months of “wear and tear” on it in a year (which why we see some homes with 20 years old carpet that’s perfectly fine but a good tenant will put 8 to 12 months of wear and tear and a poor tenant might place 18 months to 2 years during a one-year lease.

**22. What other information is available on property management?**

We have also written papers or have literature on: Market Statistics, Short Sales, Lead Based Paint requirements, Tenant Selection, The Eviction Process, Cleaning Procedures, The Fair Housing Laws, various addenda (asbestos, waterbed, etc.) and a Tenant's Hand- book that are available for your review. Our website is the best way to access these items.

**Management Agreement**

**Owner Checklist**

1. Stott Homes & Management contract completed and understood.

2. Maintenance Deposit of $500 submitted to Stott Homes.

4. Insurance reviewed and/or obtained for property with Stott Homes named as additionally insured.

5. Fund Dispersal addresses verified, coupon books, electronic filing forms obtained.

6. 3 Sets of Keys to Stott Homes

7. 2 Sets of all House Rules.

8. Rental Charges understood

Advertising, maintenance, repairs, utilities, phone calls.

9. Yard and/or Pool maintenance needed? Tenant or Owner responsibility.

10. Tenant Occupation Dates?

11. Any Special requirements required by association or owner?

13. **Relax** your property is in good hands with Stott Homes & Management