



PROPERTY MANAGEMENT OWNER'S MANUAL

**1724 E Broad St, Ste 128, Mansfield TX 76063
www.DGpropertymanagement.com**

Welcome

Thank you for choosing DG Property Management (DGPM) 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.

DGPM works to achieve the highest level of professionalism in property management services. Therefore, we have prepared this owner manual to assist you in a successful business relationship with our company. We feel this will further clarify many of the procedures for your 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 DGPM owner manual is subject to change. Landlord/tenant laws, personnel, policies and procedures change from time to time. DGPM works diligently and continually to improve services, and personnel training remain current with landlord/tenant legislation.

Once again, thank you for choosing DGPM as your property management company. We look forward to a successful business relationship.

Getting Started

Initial Site Visit

A DGPM property manager must visit your property before we can provide an accurate rental price or agree to manage. The site visit must include interior access for the property inspection.

Property Inspection

When we have received all keys, we will survey the property. All utilities must be on for this inspection. DGPM 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. 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 are in functioning condition
- Verify that the heater and air conditioner work
- Verify that all plumbing fixtures are in functioning condition
- Verify that windows are operable
- Look for obvious structural defects
- Verify that the property is in white glove showing condition
- Verify that the property meets DGPM requirements for move-in condition

Proposal

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

Necessary Work Completion

After the property inspection, DGPM will send you a report of our findings. Sometimes the property is ready to market and does not require any repairs. Sometimes extensive repairs are needed. If repairs

are needed, we will send you a report with our bids to complete the work. You may choose to use one of our vendors to complete the work or you may complete the work with your own vendor(s).

The Management Engagement Begins

We must receive two things to begin the management engagement:

- A signed management agreement
- A key to the property

Marketing the Property

After the property is both safe for tenant occupancy and ready to market, we will take photographs, place a sign in the yard (if permitted by HOA regulations), place a lockbox on the door, enter the property into the MLS, and market the property.

Owner Documents

A copy of your management agreement with various intake documents is provided to you along with the DGPM Owner Manual. Refer to it as needed and use it as a reference. It is important that DGPM 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
- Owner information – this enables DGPM to set up your account
- Electronic Bank Authorization – this enable DGPM to send your funds directly to your bank
- W-9 – this enables DGPM to send you a Form 1099 for preparation of your taxes
- HOA Rules & Regulations, HOA contact information
- Post box information for cluster mailboxes

As management continues, information can change. Please keep all contact information current by notifying us of any change of address, change of email, change of phone numbers or change of bank account information.

DGPM Communication

Communication is the key to success in any relationship and DGPM/Owner relationship is certainly not an exception. We work constantly to improve communication with all our clients and prospective clients.

Company Communication

Please keep all DGPM contact information such as address, phone number, email address's, website and office hours, on hand at all times in case of emergency.

DGPM staff members communicate by:

- Telephone
- Fax
- Email
- Written correspondence

Company Website

DGPM stays current with business technology. The DGPM website has proved to be a tremendous

asset. Here are a few of the benefits for clients on the DGPM website:

- Prospective tenants can search for available rentals
- Prospective tenants may apply online
- Tenants can pay rent online
- Tenants make maintenance requests online
- Each owner will have access to the management agreement, current lease, monthly reports, receipts for which the owner is billed, and any photographic or written reports.

General Office Information

Address: 1724 E Broad, Ste 128
Mansfield, TX 76063

Phone #: 817-539-9434
Email: DGrentals@gmail.com
Website: www.DGpropertymanagement.com

Owner Communication

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

Email

DGPM encourages all owners to use email to contact us. It is fast and effective. Please supply us with your email address. We will enter your email in the 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.

Owner Responsibilities

A successful business relationship must engage both parties. At DGPM, 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.
- Notify DGPM of any ownership change or imminent owner change to the managed property.
- Supply DGPM with accurate information so DGPM can service the management account properly.
- Review statements monthly and notify DGPM of any discrepancies found as soon as possible.
- Review statements monthly for accurate or missing deposits and notify DGPM if there are any 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. PROVIDE PROOF TO DGPM WITH INDEMNITY RIDER.
- Treat DGPM personnel with courtesy. Notify the DGPM principal if there are any problems

- with personnel so they can be resolved quickly.
- Turn on all utilities for your property. (Initially, unless directed by DGPM)

The Scope of Property Management

What is included in DGPM Property Management Services

We want you to know what DGPM does for you as your property management company. Therefore, DGPM has outlined our policies in the pages of this manual. There are so many details to managing a property that we can include only the highlights in this manual. If you have more questions, please contact us.

What is Not Included in DGPM Property Management Services

Some tasks go beyond the normal scope of property management or require additional fees. The property management fee does not include providing maintenance, obtaining or giving income tax, accounting, or legal advice, representation before public agencies or attending HOA meetings.

If you have any questions on what is or is 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 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 DGPM Employee Manual and the DGPM Property Management Policy and Procedures Manual.

Legislation

DGPM 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)-DGPM supports and follows Fair Housing laws and guidelines.
- Equal Opportunity – DGPM is an Equal Opportunity employer.
- FCRA – Fair Credit Reporting Act

Lead-based paint

Lead-based paint became a major issue in the 1990's that prompted mandatory requirements for residential housing and continues today. DGPM follows mandated federal and state 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 DGPM provides them with the required EPA pamphlet, Protect your Family from Lead in the Home.

Answers Regarding Funds

DGPM recognizes the importance of accurately collecting and disbursing funds. The bookkeeping program used by DGPM is specialized software designed to handle the many facets of property

management and accurate record keeping and complies with the requirements of the Texas Real Estate Commission.

Money Flow During the Lease Cycle

75% of the first month's rent is paid out to DGPM as a tenant procurement fee. For the remainder of the lease, DGPM receives 10% of the rent or \$100 a month, whichever is greater, as a monthly management fee.

Disbursement of Monthly Funds

DGPM disburses available funds to owners on the 10th of each month. If this date falls on a weekend or bank holiday, DGPM issues funds on the previous business day. If the rent is paid on time, the owner payment will be disbursed on the 10th.

DGPM distributes owner funds by Electronic Fund Transfer (EFT) direct deposit. Payments by EFT take 2-3 business days to post in our owners' bank accounts.

Monthly Statements

Within 24 hours of the EFT, DGPM will email monthly reports and paid invoices, if any, to each owner. If you have difficulty reading your monthly statement, please contact us. If there are no funds to disburse, owners will not receive a statement.

End of Year Procedures

At the end of each year, DGPM is required to file 1099's for owner clients who receive over \$600. Please note that this amount is for total income received, and not the yearly total of owner disbursements. The IRS dictates the total income received requirement. Security deposits are not included in this amount.

You will need to supply DGPM 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. DGPM will send you the 1099 by January 31st for the previous 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 that information.

Renting Your Property

Preparing to Rent the Property

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

Requirements for Property Condition

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

- 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 professionally cleaned.

- 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 (water, gas, electric, etc.).
- 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 DGPM vendors complete 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 DGPM expect to take possession of a property that is ready to be lived in. DGPM is committed to delivering to tenants what we promise; a property that is move-in ready.

Why Has My Property Been Cleaned More Than Once?

DGPM 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, settles and the property simply becomes dirty again.
2. Various kinds of insects become more active in 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, lizards, rodents, and birds. Dead creatures in the home can be very upsetting at move-in.
4. If technicians have been in to repair the home, it may need to be cleaned again. In an ideal world, every technician 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 completing their work.
5. In some cases, the owner has cleaned the home, and the owner's standard of cleanliness for move-in is lower than DGPM's standard of cleanliness for move-in. In the event of a disparity, DGPM'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 DGPM advises owners on the current rental market.

How Long Will The Property Be Vacant?

This is the most commonly asked question DGPM 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, DGPM 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.

Marketing

Signage

DGPM displays “For Lease” yard signs prominently, unless prohibited by neighborhood covenants, and each sign carries our office phone number and website address. Yard signs promote calls and website visits.

Internet Marketing

DGPM prides itself on effective internet marketing. Each rental property has a page on our website, DGpropertymanagement.com. The DGPM website has rich information on each property with photos, maps, property description, and instructions about how to request a showing appointment and how to apply.

In addition to our own website, DGPM markets properties on a variety of websites such as; MLS, Zillow, Trulia.

Print Media

DGPM has found that internet advertising is far more cost effective than print media advertising. We do not recommend print advertising.

Showings and Application

The DGPM property managers conduct showings for each property. Tenants contact us by email and phone. We arrange showing times for your property in advance.

DGPM has a very easy-to-use online rental application. We are prepared to execute leases with approved tenants very quickly.

Processing Tenant Applications

Tenant Screening

Thorough screening is crucial for successful property management. DGPM requires all applicants to fill out a detailed application and submit it for processing and approval.

For each tenant we examine the following:

- Credit report
- Nationwide criminal background report
- Nationwide report of previous evictions
- Employment
- Income
- Rental history

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 prospective applicants.

Cosigners

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

Pets

If an owner authorized a pet, DGPM requires an additional security deposit.

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 DGPM 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, DGPM will not place inappropriate pets in a property.

DGPM recommends to owners when the property is on the market, pets are negotiable. This can solve two problems:

1. This encourages prospective applicant to disclose any pets. Then, based on the owner preference on pets, DGPM can automatically notify the applicant that the owner does not allow pets.
2. 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 rental history. If they fail to qualify in these areas, the landlord/manager can still deny the application, handicapped or not.

Smoking

Owner may designate the property as a non-smoking property.

The Tenant Move-In

Rent and Security Deposits

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

Lease

Once DGPM receives the 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 of a foreign nationality and cannot read and understand the documentation, they must supply an interpreter of legal age for signing the rental/lease agreements & ownership guidelines.

Move-In Inspection

Locks must be changed by DGPM prior to tenant move-in. A vital part of the rental agreement is a detailed move-in inspection performed with the tenant, documenting the condition of the property when they move in.

The move-in inspection documents the condition of the property. When the tenant moves out of the property, there is a sound basis for the security deposit refund.

Tenant Education and Preparation

Taking the time to prepare tenants for their residency is another step toward a successful tenant/landlord relationship. DGPM wants both owners and tenants to be well informed.

Working With Your Tenants

Collecting Rent

Rent is due of the first day of the month and late if received after the 5th day of the month.

When Rent is not Paid

If DGPM does not receive the rent by the due date, DGPM prepares and delivers a demand letter. The demand letter notifies the tenant that their rent is delinquent and asks them to pay in full within 5 business days.

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

Evictions

If an eviction is necessary, DGPM handles every part of the process. We will file all necessary documents, monitor legal proceedings, attend court if necessary, hire a crew to perform a set-out by the county Constable, 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. Details are in your management agreement.

Notices of Violation

DGPM serves notices as situations warrant, such as notices 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, DGPM contacts the owner with the information to discuss the situation.

Tenant Problems

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

Maintenance

Preventative Maintenance

The best approach to maintenance is preventative maintenance, and this is the DGPM policy. First, DGPM has already started with educating the tenant by:

- Completing a detailed lease, with owner's rules & regulations, 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.

We want the tenant to know from the beginning of their tenancy how DGPM 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 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.

Emergencies (Fire, Flood, Police Action)

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

When the Tenant Vacates

Communication with Owners and Tenants

Sixty days prior to the expiration of a lease, DGPM notifies the owner in writing. DGPM asks for the owner's instructions. Shall we invite the tenant to renew for another year, 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.

Thirty days prior to the expiration of a lease, DGPM 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 15 days prior to the expiration of the lease, the lease will automatically go month-to-month and \$100 will be added to the rental amount. If DGPM receives no instruction to the contrary from the owner, the tenant will be allowed to stay month-to-month.

Notice to Vacate

When there is a notice to vacate, the move-out procedures with tenants are as critical as when DGPM moves in a tenant. The preparation for this really began when the tenant moved in with a detailed rental agreement, maintenance exhibit, and walk-through. All of these documents gave instructions to the tenant on how to move out.

Tenant Move-Out

DGPM conducts a walk-through similar to the one performed when the tenant moved into the property. DGPM records any maintenance required and discloses a list of damages to the vacating tenant. Digital photos 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. DGPM 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 Texas law. Owners receive a copy of this transmittal with their monthly statement, showing any deductions and monies refunded. Any refunds must be returned to the tenant within 30 days of the expiration of the lease or tenant vacancy and key surrender.

Additional Services

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

Annual Inspection

DGPM maintains properties as part of their property management services. This inspection goes beyond overseeing normal maintains. A DGPM inspector performs this inspection, and the purpose is to check the property thoroughly each year in order to perform necessary or preventative maintenance. The charge for this inspection is \$75 and will only be completed if there is a lease renewal.

Cancellation of Agreement

It is the goal of DGPM to satisfy your management needs and engage in a successful business relationship, but all things do change over time. Owners sell properties, people give notices, etc. When this happens, the DGPM cancellation policy is to resolve your account in a professional, timely, and pleasant manner. Please review the following policies for cancellation.

Written Notice

- The DGPM management contract accepts a 30-day written notice by either party.
- Your written notice must include your signature. You may convey this to us by US mail, fax, or email.
- Owner will be responsible for any management fees due DGPM on any active lease until lease expires.

Notice to Current Tenants

- DGPM will notify current tenants of the date DGPM will no longer manage the property and that
- DGPM 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

- DGPM will supply current tenant documentation to the owner.
- If the owner has employed new management, DGPM will forward documents, keys, and any other necessary materials to the new management upon request by the owner.

Final Distribution of Funds

- DGPM will distribute funds, including security deposits, and final statements to the owner within 30 days of the terminating date of management, as agreed in the management contract.
- DGPM will issue a 1099 for funds collected during the current tax year when the tax year ends.

Conclusion

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

Thank you for your business. We appreciate it very much.