



**Property  
Management** INC.

ASSOCIATION • RESIDENTIAL • COMMERCIAL • SHORT TERM



# OWNER'S MANUAL



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# Making Property Management Manageable<sup>SM</sup>

## Welcome

Thank you for choosing PMI North Texas 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.

PMI works to achieve the highest professionalism in Real Estate/Property Management Services. Therefore, we have prepared the Property Management Inc. 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 for our Property Management services. After reading the material, if you have questions or any concerns, contact your management team immediately, using the company contact information provided in the following pages.

**Special note:** the information provided in the PMI Owner Manual is subject to change.

Landlord/Tenant laws, personnel, policies, and procedures change accordingly to events that take place. PMI 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 PMI North Texas. as your Property Management Company. We look forward to a successful business relationship.

## Owner Documents

A copy of your management agreement has been published to your online owner portal. Refer to it as needed and keep it with this information for a handy reference.

## Property Management Inc.

Property Management Inc. (PMI) is a property management company operating in the greater Indianapolis, Indiana area, specializing in full-service property management and residential sales.

### PMI mission statement

The mission of PMI is to provide quality service in property management and real estate sales in the DFW area, demonstrating integrity and professionalism.

### PMI ownership

The owner/principal of PMI North Texas is Katie Bedford. She is the broker of PMI.

Katie Bedford

[katie@pminorthtexas.com](mailto:katie@pminorthtexas.com)

469-656-8400

## PMI Communication

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

### Company Communication

Below you will find all general office information such as addresses, telephone numbers, email address, website, and office hours.

PMI personnel communicate by:

- Telephone
- Text Message
- Owner Web Portal
- Email
- Written correspondence

### PMI Website

PMI stays current with business technology. The PMI website, [www.pminorthtexas.com](http://www.pminorthtexas.com), has proved to be a tremendous asset. Here are a few of the benefits for clients on the PMI website:

- Prospective tenants can search our site for available rentals and apply online.
- We can run credit reports and background screening in a matter of minutes after the application is received and make recommendations based on those screenings.
- Tenants can access important information, such as a work order request, or send PMI an email from the site.
- Owners can log onto our website and view their vacant listing and log into the Owner Portal for real-time financial reports.

### General Office Information

<b>PMI General Information</b>		
<b>Address information</b>		
Mailing address	<b>2770 Main St STE 173</b>	
	<b>Frisco, TX 75033</b>	
<b>Communication</b>		
Business #	<b>(469) 656-8400</b>	
Office:	<a href="mailto:admin@pminorthtexas.com">admin@pminorthtexas.com</a>	
Website	<a href="http://www.pminorthtexas.com">www.pminorthtexas.com</a>	
<b>Office Hours</b>	Monday – Friday	<b>9-5 CST</b>
	Saturday-Sunday	<b>Closed</b>
	Holidays	<b>Closed</b>
<b>After Hours Maintenance Emergencies</b>	<b>(214) 617-4788</b>	

## Owner Communication

Communication works both ways. We need communication from you, the owner. It is important that you let us know of any significant change that can affect your account. PMI 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. Please use the owner portal or email to notify us of any changes.

### Email

PMI encourages all owners to use email or Owner Portal to contact us. It is fast and effective. Please supply us with your email address on all the PMI forms. We will enter your email address in our 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 vacation notice

PMI respectfully requests that owners notify PMI 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 PMI is prepared in the event of an emergency repair or major problem concerning the owner’s property and/or tenant. Please notify us of using the Owner Portal.

## Owner Responsibilities

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

Owner responsibilities are:

- Notify PMI of any ownership change or eminent owner change for the managed property.
- Supply PMI with accurate information so PMI can service the management account properly.
- Review statements monthly and notify PMI of any discrepancies found as soon as possible.
- If using ACH, check statements monthly for accurate or missing deposits and notify PMI if there are problems immediately.
- Support Fair Housing Laws and guidelines, as well as all necessary legislation.
- Maintain a current insurance policy for their property.
- Review their property insurance yearly and update as needed.
- Exercise responsibility for required maintenance and the safety of their tenants.
- Treat PMI personnel with courtesy and notify PMI principals if there are problems with PMI personnel so they can be resolved quickly.

## The Scope of Property Management

### What is included in PMI Property Management services?

PMI has outlined details on our policies and procedures in future pages of this information. We can only include the basics in this manual. If you have more questions, contact your management team. These are general guidelines and when necessary, policies will change.

### Company Policies

It is very important in the field of Property Management, that PMI 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 PMI Property Management Policy and Procedures Manual.

### Texas Real Estate Commission

The Texas Real Estate Commission requires licensing for all persons conducting Property Management and Real Estate Sales in our state. PMI North Texas requires all personnel that are Brokers, Property Managers, and Real Estate Agents to have a Texas Real Estate license.

### Code of Ethics

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

### Drug-Free Policy

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



### Legislation

PMI 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 PMI follows:

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

## Lead-Based Paint

Lead-based paint became a major issue in the 1990s that prompted mandatory requirements for residential housing and continues today. PMI follows all mandated federal and state guidelines for lead-based paint. All properties prior to January 1, 1978 require disclosures to all tenants and owners. Tenants sign lead-based paint disclosures prior to renting a property and PMI provides them with the required EPA Pamphlet, *Protect Your Family from Lead in the Home* PMI 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. Legislation now provides that owners and managers must use certified vendors to work on lead-based paint.

## Mold issues

PMI 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 PMI takes action if a tenant reports mold. PMI notifies owners as soon as practical of any mold issues so PMI and/or the property owner can take the proper steps.

## Answers Regarding Funds

When you entered into a management agreement, PMI established a portfolio for you and your property. PMI recognizes the importance of accurately collecting and disbursing funds. The bookkeeping program used by PMI 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.

## Banking

PMI maintains a Trust Account as per Texas state requirements. There is a Rents Trust Account where all money is deposited and paid out. All rents and owner contributions are also deposited in the Rents Trust Account. All payments to vendors for maintenance and repairs, eviction expenses, management fees, returned deposits and owner draws come from the Rents Trust Account.



## Monthly Statements

You will have access through your Owner Portal to view real-time and monthly reports.

## Disbursement of Monthly Funds

PMI disburses available funds to owners on the **10<sup>th</sup>** of each month. If this day falls on the weekend, PMI issues funds on the next business day. PMI does not disburse funds on weekends and holidays. PMI does NOT issue owner checks or ACH payments unless there are sufficient funds in the owner's account. It is vital to accurately post rents, pay vendors, and disburse funds for your account. Therefore, it is vital PMI adhere to this schedule to ensure servicing every owner's account. It is recommended that you maintain a contingency fund in your Rents Account to cover any unexpected repairs or maintenance.

PMI distributes owner outlined below:

- ACH direct deposit – directly disbursed into an owner's bank account; PMI emails monthly statements after disbursement. A form to start ACH is included with this information.

## End of Year Procedures

At the end of each year, PMI 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 PMI with a W9 with the necessary Social Security/Tax ID information so the 1099 is accurate. PMI 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 with the Owner Change of Information form. If you need another W9 change form, please contact us.

PMI 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 PMI 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 owner's personal account. Owners can submit their last statement to their tax professional along with other information for income tax reporting. PMI does not issue statements to the owner's tax preparers.

## Renting Your Property

### Preparing To Rent The Property

When you have a vacancy, our goal is to attract the best possible pre-qualified tenant for property. To do that:

- We conduct a move-out evaluation of your property and determine if repairs or maintenance are required.
- We run a competitive market analysis report to make sure your rents are priced right for the market.



- We list your property in MLS and on our website. Our comprehensive marketing program includes syndication to the top rental websites in your market as well as on to our own website as a featured rental.

## Advertising/Marketing

### Internet/Website

PMI has found that the Internet and the PMI website, [www.pminorthtexas.com](http://www.pminorthtexas.com) receives tremendous exposure, as well as syndicating to Hot Pads, Zillow, Trulia, Realtor.com and many other rental websites.

### Showings and Applications

We coordinate all showings through our showing service. You will receive a weekly showing report outlining the total number of inquiries on the listing, actual showings and any feedback. Online applications are available on the PMI website.

## Processing Tenant Applications

### Tenant Screening

Thorough screening is crucial to successful Property Management. PMI requires all applicants to fill out a detailed application. A credit check is NOT enough! Our company conducts a careful review of their credit, background, income, and tenant history or ownership.



All applicants must submit verifiable information to verify the income so we know they can afford the rent. 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.

### Cosigners

PMI normally does not accept guarantors. PMI policy is that the applicants should have the ability to rent on their own merits. However, there are sometimes conditions that may warrant taking a cosigner or guarantor on a property. If this is the case, PMI will notify the owner, discuss the reasons, and obtain owner authorization. We disclose to the guarantor that they are equally responsible for the terms of the lease.

### Pets

If an owner authorizes a pet, PMI increases the deposit even more.

PMI recommends to owners that when the property is on the market, that pets are “case by case.” This can solve two problems.

1. First, this encourages prospective applicants to disclose any pets. Then, based on the owner's preference on pets, PMI can automatically notify the applicant that the owner does not allow pets.
2. Second, by listing pets as case by case, it avoids eliminating an excellent tenant that does care for their pet, has an excellent tenant history, and owns a pet that is suitable to your 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.



## **The Tenant Move In**

### **Rent And Security Deposits**

PMI does accept certified funds prior to renting the property and 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.

Once approved, applicants must sign the lease and pay the security deposit within 48 hours. All other rental funds and renters insurance policy must be received by the move-in date.

### **Walk-Through**

A vital part of the rental agreement is a detailed walkthrough documenting the condition of the property prior to move in. Unless extenuating circumstances prevail, the move in condition with photos will be documented on a detailed property report.

When the tenant moves out of the property, there is a sound basis for the security deposit refund.

## Working with Your Tenants

### Collecting Rent

Rents are due on the **1st** day of the month and late if not received in the PMI office by the **3rd** of the month.

PMI recognizes that many things can happen where it concerns rent; 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. If PMI receives the rent prior to issuing owner funds, PMI does not contact the owner unless the PMI management team determines there is an ongoing rent issue.



### Notice To Pay Or Quit

If PMI does not receive rent by the due date, PMI prepares and delivers a timely notice to pay or quit, as the law allows. PMI makes every effort to mail and post notices properly should legal action be required. If PMI determines the tenant is not going to pay the rent during the notice to pay or quit period, or shortly thereafter, PMI contacts the property owner and works out a plan of action leading to possible eviction.

### Breaking a lease

We want all our tenants to stay throughout their lease term. However, sometimes things change, such as a job relocation, a marriage, or a divorce, and it is necessary to allow a tenant to break their lease. PMI has a lease break termination fee, that is assessed after the final prorated rent, in the amount equal to three month's rent. If a lease break fee is collected, we treat it as rent and the leasing guarantee does not apply. This additional rent covers our owners for a minimum of 30 days of vacancy, and covers the costs of re-leasing the property for PMI.

### Other Notices

There are other notices that may be involved with tenants. PMI serves notices as situations warrant, such as a notice to clean up the landscape, a notice to enter the property, a notice to perform survey/inspections, a notice regarding an illegal pet, illegal tenants, etc. These tenant violations may be in the form of a certified letter or a legal Notice "form." Often, these notices are simply to correct minor tenant problems and most tenants comply. However, if necessary, PMI contacts the owner with the information to discuss the situation.

### Tenant problems

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

## Legal action

Although PMI works diligently to avoid the necessity to begin an action, such as an eviction proceeding, it can happen. In the event any legal action is required, PMI will contact the owner prior to taking action, discuss what is needed, and obtain owner authorization.



## Utilities

### How we handle utilities

We offer utility coordination services, and will call all the utility companies and place the utilities for your property into our account. You are responsible for all utility charges that occur when the property is vacant.

Upon placing a tenant, the tenant will then be responsible for switching utilities to their name by their move in date.

## Maintenance

### Preventative maintenance

The best approach to maintenance is “preventative maintenance,” and this is the PMI policy.

First, PMI has already started with educating the tenant by:

- Executing a detailed lease agreement outlining what are tenant responsibilities regarding maintenance as well as owner obligations.
- Completing a walk-through documenting the condition of the property before the tenant takes possession.



We want the tenant to know from the beginning of their tenancy that the PMI/landlord expectations are 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, 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 issues 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. For example, what is worse than finding out dry rot could have been prevented or discoloration of the linoleum if the tenant had reported the leaking toilet in the bathroom? Avoiding major maintenance costs are certainly more favorable in such cases.

The PMI management teams contact owners regarding maintenance above the **\$400.00** minimum that is listed in the PMI Management contract, unless the situation is an emergency.

### **Emergencies/Disaster**

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

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.

### **How do you protect your investment?**

None of us have control of economic factors that might affect the value of your property, but we can help protect your assets by doing regular inspections and providing maintenance and repairs when needed. Some renters don’t have the same pride of ownership that a property owner would have.

You need to have control over the maintenance and repair process. Using our Owner Web Portal the whole process is totally transparent. We document our inspections with notes and photos. All property inspection reports are reviewed in detail by our team to check for lease compliance, property code compliance, safety issues and overall condition. Owners will also receive a copy of this report.

From the signing of the lease, tenants are aware of their responsibility for maintaining the property and they also know that we will be following up with regular inspections. We also instruct them how to enter work orders using the Tenant Web Portal. When a work order is entered in the Portal, an email is sent to us and to you immediately. We have preferred vendors who can do the repairs professionally at a reasonable price or you can opt to do the repairs or maintenance yourself.

- We will do pre-move in and post-move out inspections, which includes photographs to document the condition of the property.
- We also complete periodic inspections every 6 months.

- If there are tenant-caused issues found during the inspections, the tenants are given a time table to make the repairs or we will order the repairs and bill the tenant.

**During the inspection, maintenance and repair process you remain in control of your property. You know that your valuable assets are protected.**

## When the Tenant Vacates

### Notice To Vacate

When there is a notice to vacate, the tenant receives move out procedures and a list explaining wear and tear vs. damage.

### Communication With Owners And Tenants

PMI notifies the owner in writing on how they will proceed with the tenant and re-renting the property. PMI will complete a move out inspection, address any needed repairs, and immediately place the property on the market to rent unless the owner notifies PMI to take other measures.

### Tenant Move Out

PMI conducts a walk-through similar to the one performed when the tenant moved into the property. PMI records any maintenance required and discloses a list of damages to the vacating tenant. Photographs are taken when the tenant moves out to document the condition of the property and support any deductions from the security deposit. After assessment of the tenant move out, PMI 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 state laws. Owners receive a copy of the transmittal with their monthly statement, showing any deductions and monies refunded.

### Collections

If collecting damages is required, PMI will refer the matter to a qualified consumer collection service at the instruction and authorization of the owner. PMI management does not include recovering tenant damages, but leaves this to companies with expertise in debt collection. PMI will supply consumer collection companies with the necessary documentation needed.

## Additional Services

The following are “additional services” offered by PMI to each property owner. They are not included in the fees for managing and/or leasing the property.

### Referrals

Do you know someone who is looking for management services in the DFW area? If so, then notify your management team. PMI values their client business and believes in rewarding referrals from clients.

### Supervision of Insurance Claims

PMI charges a percentage or fee for supervising and assisting with insurance claims. The PMI policy is to consult licensed contractors for bids and solutions. Then PMI contacts the property owner for authorization and/or decision regarding the maintenance.

### Real Estate Services

The PMI North Texas is available to assist you in buying more investment property or selling your property when ready, including those requiring 1031 exchanges. We also regularly assist owner clients in selling their properties.



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

## Our Guarantees

We are committed to providing our clients with high-quality service for their rental property and we back it up with our service guarantees. Click below to see how we are elevating our services to meet your needs: <https://www.propertymanagementinc.com/pmi-north-texas/residential/residential-guarantees/>

## Cancellation of Management

It is the goal of PMI 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. If this happens, the PMI cancellation policy is to resolve your account in a professional, timely, and pleasant manner.



Please review the following policies for cancellation.

### Written Notice

- The PMI management contract accepts a written notice of termination by either party. Please refer to your management contract.
- The PMI policy is to give cancellation of management by US Mail or email.
- If an owner sends a cancellation of management by US mail, PMI must receive the notice within 5 business days of the date of the notice.

### Notice To Current Tenants

- PMI will notify current tenants the date PMI will no longer manage the property and that PMI forwards all security deposits to the owner or new property manager.
- 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

- PMI 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 PMI office.

### Final Distribution of Funds

- PMI 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.
- PMI will issue a 1099 for funds collected during the current tax year when the tax year ends.

## Conclusion

We hope you have found the PMI Owner Manual informative and useful. If there is anything we can do to improve the Manual, please let us know.

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