



HALLMARK
PROPERTY MANAGEMENT

OWNERS HANDBOOK



UPDATED 4.5.24

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INTRODUCTION

THIS MANUAL COMMUNICATES THE POLICIES, PROCEDURES, AND PRACTICES THAT DICTATE HOW WE INTEND TO MANAGE YOUR PROPERTY. IN ADDITION, IT WILL SERVE AS YOUR GUIDE TO OUR MANAGEMENT PRACTICES. THIS DOCUMENT ENHANCES COMMUNICATION AND MAKES OUR ONGOING RELATIONSHIP MORE SUBSTANTIAL AND TRANSPARENT. THE OWNER'S HANDBOOK IS UPDATED REGULARLY AS WE WORK TO KEEP UP WITH THE LAWS AND ECONOMICS THAT AFFECT OUR BUSINESS PRACTICES.

Welcome

Thank you for choosing Hallmark Property Management to lease and manage your property. We appreciate your vote of confidence and will work hard to prove you made the right decision. This handbook is just one of the ways we've developed over the years to set your expectations for our relationship and communicate to our owners how we manage their property.

We look forward to assisting you in every way possible and a long relationship serving your needs.

Who We Are

We are a young and dynamic premier full-service management company offering a comprehensive range of services developed to make property management hassle-free for our clients so they can focus on what they do best.

Whether our clients are landlords, investors, multi-family units, or apartment complexes, our integrated approach guarantees them the peace of mind of knowing that a professional team takes care of the day-to-day details.

Exceeding Your Expectations

Hallmark Property Management strives to be your professional property management company in Oklahoma. We are passionate about helping our clients find the right home to meet their needs. We use our expertise to make your experience as seamless as possible. We're out to make this experience best-in-class.

Industry Designations

Every industry has a trade association offering its members designations to demonstrate their knowledge, professionalism, and commitment to the industry. Property Management is no exception.

Company Footprint

Hallmark Property Management manages homes in the State of Oklahoma.



TOP 5 REASONS PEOPLE CHOOSE HALLMARK PROPERTY MANAGEMENT

1. Single Owner Point of Contact

Single Owner Point of Contact

We have intentionally formulated a system that will give the Landlord/Homeowner the best service possible by knowing who handles their home's management.

2. Management Fees

Hallmark Property Management's simple pricing is designed to provide the best service possible to our clients.

3. Top-Notch Marketing

Marketing your home on various websites is the best way to get tenants through the door. When you market your home with Hallmark Property Management, we will list your home on all possible Internet Listing Services sites. The results from our listings also set Hallmark Property Management apart from other property managers, affording us numerous applications from out-of-state tenants.

4. Electronic Disbursements

One of our highest priorities is collecting rent when it's due and disbursing it to owners quickly. We pay funds (and financial statements) to the owner electronically by the 15th of each month through our online banking and Internet software system.

5. Maintenance Service with 24/7 Capabilities

We offer 24/7 maintenance solutions.

Communication

Address: 3004-B S. Sunnyslane Rd.
Moore, OK 73160

Email: leasing@hallmarkok.com

Office: (405) 735-8711

WEB: <https://www.hallmarkok.com/>

Technology We Use

Hallmark Property Management has embraced many technological tools to help make us more efficient and connect with our clients, residents, vendors, staff, and colleagues. Here is a sampling of what we use today.

Web-Based Property Management Software

We use AppFolio, a cloud-based property management software system for leasing services, and data analytics for the real estate industry. Owners and Tenants can view their payment records and current balances, make payments, review documents, give notice to vacate, make comments, submit repair requests, and leave a forwarding address on their portal 24/7. Good software makes all this simple and affordable.

Web-Based Property Management Files

Our property management software allows us to have an off-site backup for all pictures, videos, and files, in conjunction with several outside sources, such as Google Drive.

Hallmark Property Management Website

<https://www.hallmarkok.com/>

Websites are not just a tool to communicate with the public; they've become the company's face. We use ours extensively to attract new customers and serve our existing clients and tenants. We post as much information as possible on our website for easy reference.

THE MANAGEMENT AGREEMENT AND FEES

MANAGEMENT FEE

Renting the property is the highest cost you'll incur in the management process. It requires a lot of human resources, advertising, application processing systems, and move-in procedures. Our business model offers simple pricing designed to meet the owner's desires. Our percentage-rate management fee of 10% per month pays Hallmark Property Management for answering phones, lease enforcement, HOA complaints, rent collection, monthly reporting, accounting for tenant charges, trust, maintenance facilitation, account management, and handling emergencies.

The management fee is paid only for the collected rent.

LEASING FEE TO COOPERATING REALTORS

To find you the best tenants this market offers, we offer a Tenant Realtor Commission to all licensed agents/cooperating brokers in Oklahoma and surrounding areas to bring us their qualified applicants.

RENEWAL FEE

Each time a tenant renews or extends their lease agreement, Hallmark Property Management will charge a \$200 Renewal Fee, which is paid upon execution of the extended lease agreement.



CHARGE FOR TASKS OUTSIDE OUR "SCOPE OF SERVICE"

There are other services that we may perform that we do charge for. Our monthly management fee does not cover meeting with your HOA, digging out records from five years ago, or meeting your appraiser at the property. Owners often ask us to drive out to the property to see if the hailstorm did any damage, see if the neighbor picked up the trash outside his house, pick up and forward their mail, locate the pool keys, and see if they left the lights on. We are happy to make these unscheduled, owner-requested trips, passing the expense on to the owner.

****SEE ADDENDUM AT THE END OF OWNER HANDBOOK****

DUTIES OF THE HALLMARK TO OWNER

Hallmark Property Management's duties to the Owner and the Owner's responsibilities to Hallmark Property Management are detailed throughout the management agreement. Below are highlights and further details of each responsibility.

DUTIES OF HALLMARK PROPERTY MANAGEMENT TO THE OWNER

1. Maintain corporate office, staff, website, escrow accounts, phone, and email systems.
2. Maintain appropriate licenses and trust accounts for owners' and tenants' funds and maintain said records for six years.
3. Hallmark maintains insurance to include general liability and errors and omissions.
4. Represent the owner exclusively unless the owner gives written authorization to the contrary, such as acting as an intermediary in selling their home.
5. Maintain qualified staff with experience and specialized training in managing residential rental properties.
6. Provide the owner insight and advice regarding the rental market, help set the asking rent, and get the property rent-ready.
7. Market owner's property for rent using signs (*as appropriate*), install lockboxes, and post on local and national web-hosting sites.
8. Maintain a leasing staff to respond to callers and show properties.
9. Receive tenant applications, pull credit history, employment and residency records, and eviction reports (along with other background information), and follow our application criteria in the qualifying/approving/denying applicants.
10. Maintain accurate accounting systems to know where all deposits are held, and where all owner disbursements have gone, and provide monthly statements to all owners.
11. Maintain a maintenance response system to take requests from tenants requiring maintenance.
12. Handling tasks to include the execution, renewal, default, and reinstatement of leases; collecting rent, maintaining the property; and making maintenance records available for owner review.
13. Maintain the owner's escrow account records, including receiving and recording rent receipts, handling owner advances, paying property expenses, paying vendors and managing emergencies, distributing collected funds to the owner, and providing monthly financial reports.
14. Manage the eviction process, including filing with the county, negotiating consent agreements, coordinating court appearances, and managing writs of possession.
15. Manage regular maintenance as part of the management fees and rehab, renovations, and restorations when authorized by the owner.
16. Complete a move-out inspection when the tenant vacates the property and charge the tenant for damages above normal wear and tear as described in the lease, according to the State of Oklahoma Landlord/Tenant Laws, consistent with industry standards.
17. Initiate legal actions on the owner's behalf related to evictions over rent collection.

DUTIES OF THE OWNER TO PORTFOLIO MANAGER

DUTIES OF OWNER TO HALLMARK PROPERTY MANAGEMENT

1. Warrant to Hallmark Property Management that all owners with rights in the property have executed the management agreement.
2. Maintain regular communication with Hallmark Property Management and respond to inquiries and requests for authorizations.
3. Keep loan payments, property taxes, insurance, and HOA dues current.
4. Investigate and communicate to any HOA rules governing leasing in the community where the property is located and provide Hallmark Property Management with any leasing requirements of the HOA.
5. Pay Hallmark Property Management the fees agreed to in the agreement and all governing documents associated with that agreement.
6. Avoid discrimination regarding the property while under agreement with Hallmark Property Management.
7. Avoid all contact with the tenant while Hallmark Property Management manages the property.
8. Reimburse Hallmark Property Management for maintenance necessary to maintain the resident's habitability, utilities, safety, and health.
9. Fund, in advance, any repair over \$500 and maintain a minimum owner reserve.
10. Maintain landlord insurance on the property, naming Hallmark Property Management as an additional insured party.
11. During the agreement term, keep plumbing, electrical, HVAC systems, appliances, and improvements left on the property in normal operating condition.
12. Pay attorney and court costs that arise in evicting tenants, but no other legal actions will be initiated by the Agent without the owner's permission to file such action.

LANDLORD INSURANCE

You must keep your property covered by a landlord policy during our relationship. You also need sufficient liability insurance to cover the increased risk of having a renter in the property. Renters are not a protected class in the courtroom but a favored class in the court system. **Your policy needs certain coverage limits, and Hallmark Property Management must be covered as an *additional insured and/or additional interest.***

HOA ISSUES

Homeowners associations (HOAs) can have an issue with renters and tend to create a lot of heartburn for owners and landlords when they move them into their communities. Suppose owners get behind on their dues or forget to tell us the leasing rules in their community. In that case, HOAs think nothing of booting cars, suing tenants for the rent until the owners' dues are current, turning off utility services, hauling off their vehicles, and evicting them overrule violations. Although we'll handle the process, you'll need to stay in the loop as HOAs don't always communicate well with third parties (property managers and tenants) regarding their actions. Since they can apply a fine and place a lien on your property's title over these issues, you'll need to work with us to resolve these challenges. This is one of the problems you can't entirely turn over to your property manager.

Please change the primary point of contact with the HOA to Hallmark Property Management at (405) 735-8711 whenever possible.

DUTIES OF THE OWNER TO PORTFOLIO MANAGER

AMENITY PASSES, GATE KEYS, AND POOL KEYS

We often rent properties in communities that require gate passes, codes, keys, and permission from the HOA for access to amenities and entry points. Occasionally, an owner will ask us to call the HOA on their behalf to find out about these restrictions. HOAs typically communicate poorly with third parties (property managers and renters) and often refuse to speak to anyone but the owner regarding these policies. The HOA, not Hallmark Property Management, controls the community, and we, like you, are indebted to them. **You must get permission from the HOA to rent your property and provide us with keys, passes, and codes before we lease the property.** If you don't do this before leasing the property, be prepared for battles with your HOA and increased expenses (time and labor) in resolving the resulting issues later.

PERSONAL PROPERTY

Owners often leave personal belongings (patio furniture, microwaves (not permanently attached), wall mirrors, tables, bar stools, lawnmowers, grills, ladders, etc.) behind when they leave the property, thinking it will be there when they return. It seldom is. Renters often forget what is not their own when they move out. You **MUST** remove all personal property before we begin leasing & marketing the property.

PROPERTY FEATURES / DISCLOSURE

Since you know the property better than anyone, please help us identify area schools, HOA, and necessary information to represent it properly in our advertising.

LLC, LAND TRUST, AND CORPORATE AFFIDAVITS

If you hold title in a corporation or limited liability company, you'll have some particular documents to execute to address who's authorized to act, receive money, approve maintenance, and terminate leases on the property. We want to ensure that we know who's who so we operate under the proper authority as the manager.



MARKETING YOUR PROPERTY

Hallmark Property Management has an excellent track record in renting out homes. It's no secret – good marketing is the key to attracting the best tenants. And we have an excellent grasp of what advertising it takes to get the job done quickly.

PRE-MARKETING

First impressions are critical when people are selecting a place to live. Before we start marketing a property, utilities must be on, repairs must be complete (or almost complete), and the property must be clean. Tenants get turned off by houses that are not move-in-ready and often won't return to see them a second time. We require that the property be in Rent-Ready condition before marketing begins.

RENT-READY ISSUES

We understand that our owners want the property on the market as soon as possible. However, if it's not ready, needs a cleaning, or needs minor repair, it will not work. Days on Market (DOM) can vary from property to property, and while we want to list your property, we need to ensure that we have a product that someone will want to move in right away. We will help you get it in Rent-Ready condition.

SETTING THE RENT

We lease numerous homes each month. We know the market and can find many rental comparisons to determine the rent requested. Although it's your call, we'll advise you on the market rent and report the activity.

LOCKBOXES

Lockboxes allow all agents in the market and prospective renters to view homes 24/7. We'll install a high-quality lockbox on the property and show it as soon as it's rent-ready.

UTILITIES

Utilities must be available before we start marketing a property. If you already have utilities in your name, please leave them on until a tenant moves into the property. We will activate utilities in our company name as needed during times of vacancy and in between tenants.

KEYS

We can't express how important it is for you to provide Hallmark Property Management with all applicable keys: keys to the property, pool, entry gate, clubhouse, mailbox, etc. Our job is to make your property stand out from all the others the potential renter will be considering, and often, the decision comes down to the amenities. We will work diligently to rent your property, and to do that, we must have all the keys.

MARKETING AND SHOWING

We have licensed agents who take calls from prospective renters and guide them through the process of leasing your home. We will show the property in person.

SCREENING APPLICANTS

Hallmark Property Management considers screening tenants one of the most important aspects of good property management. Identity theft is rampant, and it's easy to miss something even when watching for it. It's not a cut-and-dry system and takes a lot of experience. We have this experience because of the additional education we have received through local and national agencies. You benefit from our experience because we're not learning on your dime.

BACKGROUND CHECKS

We pull credit, employment history, residency history, foreclosure, bankruptcy, eviction reports, sex offender reports, and more. There is no perfect system to qualify applicants, but we take advantage of all the information we can access. Screening applicants is often a balancing act between the information we gather about them and the money they are willing to put down (security deposit) to fulfill the promises in the lease.

APPLICATION CONTINGENCIES AND OWNER APPROVAL

If the applicant has special requests, offers less than asking rent, has multiple pets, or presents issues outside the norm, our team may contact you for final approval. We work hard to stay within our authority regarding this or any other matters during our leasing and management of the property.

NEGOTIATING THE LEASE

An attorney has approved our lease and is firm on the terms. We will allow owner involvement to negotiate unique stipulations, such as finishing a fence, having an 18-month lease, or allowing multiple pets. Some issues need your input, but they can or will be handled on our end most of the time.

COSIGNERS

Good credit is required to secure the renter's promises in a lease, but it doesn't have to be the occupant's credit. We get many individuals who have their parents, employers, caregivers, and counselors guarantee the lease, and we've had great success enforcing cosigner agreements. The cosigner completes an application and is added to the lease agreement.

Lease Document Preparation

Hallmark Property Management will prepare all the lease documentation for the signing parties. Tenants will sign several documents before they take possession of your property. The lease is the primary document, but there will also be a pet addendum, Tenant Handbook, policies and procedures, lead paint disclosure, (applicable) addendums, and documents covering property visits, renter's insurance, smoke detectors, and more.

MANAGING THE MOVE-IN

When a tenant moves into a home for the first time, there are often “issues” during the first week. Our walkthrough and documentation of the property are done before the tenant moves in. We provide the tenant with the required Move-In Condition form (a link they receive on their phone) upon move-in, and they are allowed to fill that out and return it to us within three business days.

UTILITIES

As shared earlier, please ensure the utilities are left on through the move-in. We require that all utilities be turned on by move-in day.

UNCOMPLETED REPAIRS / CONTINGENCIES

One of the worst things that can happen when a tenant is trying to move in is to find that the property isn't ready. This is rare and only occurs when owners decide to prep the property themselves. We ensure our team walks through the property before moving in to avoid this. Should the property not be ready, this will prevent the tenants from moving in, leading to other concerns. When the property isn't prepared, or the contingencies are not done as promised by the owner, we often have to take drastic actions, costing the owner money. When a tenant moves into a dirty home or has unfinished repairs, they will hold it against us for the life of the lease. We'll do everything we can to make it right, but it is usually an expensive process because we're all scrambling for solutions at the last minute to avoid losing the tenant. In these situations, we work on “making it right” and discuss the costs later.

PRE-MOVE-IN REQUIREMENTS

For many years, it was common for us to get ready to move a tenant and then find the property was not clean and ready to occupy. Dead bugs accumulate in vacant homes; toilets get rancid, cobwebs gather, light bulbs die, vendors fail to clean up after themselves, and the property gets stale and musty. Tenants do expect “hotel (white glove) clean.” If we do this poorly, and the home is dirty at move-in, renters get angry and remember the experience until they move out. No one likes to clean up someone else's dirt. We offer a solution to this problem by scheduling a pre-move-in wipe-down before the tenant takes occupancy. If the owner agrees, we can organize this a day or two before the tenant moves in.

OWNER CLEANING CHALLENGES

Frequently, we have owners tell us that they will clean the property before a move-in, and we don't need to order the previously mentioned wipe-down. Everyone wants to save money, and the DIY method is often preferred. Here's the problem: Everyone has a different idea of what clean is, and people are satisfied with varying cleanliness levels. To some, cleaning once a month is good enough, while others clean daily. Since we can't attempt to match tenants with owners of the same cleaning standards, we have to use a neutral standard we can all agree on. That standard is “hotel clean,” often called “Rent Ready.” When you check into a hotel room and find dirty mirrors, toothpaste on the counter, Q-tips in the wastebasket, and mud on the floors, you demand another room. “Hotel clean” means leaving no evidence of the previous occupant.

If you tell us you'll do the cleaning and the property is not “hotel clean” when we arrive for the move-in inspection, we will call the cleaning crew to make it right before turning it over to the tenant. If we promised the tenant a move-in on Saturday and the home isn't ready, we may have to put the tenant up in a hotel on your dime until the cleaners can get there on Monday. Most tenants arrive at the move-in inspection with trucks full of stuff and movers ready to set up the house.

Having the property clean and ready for move-in is one of our highest priorities and should also be yours. The move-in can be a pleasant experience or a horrible one, and it will set the tenants' expectations and attitude toward the home, manager, and owner for the rest of their stay. Let's work together to welcome the tenants to a clean and safe living place.

MANAGING THE MONEY

One of the main parts of our job is managing the money. We do this through our property management software.

SECURITY DEPOSITS

Our policy is to hold the owner's security deposit in a qualified Trust Account. Our property management software allows us to account for each penny.

COLLECTING RENT

Collecting rent is one of the most tedious processes of being a landlord. We take the burden and documentation out of that process for our owners with the assistance of online bill payments and the best software available in the property management industry.

DUE DATE

All rents are due on the 1st of each month. We allow the tenant until the 5th to pay. We start our collection process on the 10th of each month with phone calls, emails, and text messages to the tenant.

LATE DATE

Rent is always late on the third of the month. Our software lets us track the day and time the tenant has paid rent through our online system. Currently, around 90% of our tenants are paying online and on time. We push rent collection hard because most owners make a mortgage payment, and pressing the tenant for the money and getting it to the owner is a high priority.

LATE FEE

Hallmark Property Management charges a flat late fee posted on the 6th of each month. As stated in the property management agreement, any late fees collected will go to the property manager.

THE EVICTION PROCESS*

We start eviction if we have not received their rent by the 10th. ****The following procedures apply When not in a Federal or State Eviction Moratorium.***

NOTICE TO VACATE NOTICE

A Notice to Vacate is sent to the delinquent tenants on the 10th or the next business day if the 10th falls on a weekend or holiday.

FILING

Hallmark Property Management will file and handle evictions for non-payment of rent. Most evictions are completed, and we possess the property in 30 days or less from the filing date.

ATTENDING COURT

Court costs can be costly and may require legal representation. We provide all of the necessary documentation for the attorney to file on our behalf. Once filed and the court date is set, we will always keep you in the loop every step of the way.

WRIT OF POSSESSION

If the State of Oklahoma court rules in our favor and the tenant is assigned to move out and does not within the required timeframe, we will file for a Writ of Possession.

The Hallmark Property Management team will meet the sheriff on-site, perform an inventory check (if applicable), and rekey the property during this process. All costs to dispose of such items are at the owner's expense and paid to Hallmark Property Management.

MANAGING THE MONEY CONTIUNED

REPORTING TO THE IRS (1099S)

For over 15 years, the IRS has required that all professional property managers issue 1099s to owners by January 31st for any money collected on your behalf from the previous year. Much like an employer, we are required to report the income we receive on your behalf. Your monthly owner's report will account for most of your expenses on the property for that year, and you'll show those expenses on Schedule E of your tax return.

Hallmark Property Management charges an annual Technology Fee of \$100/unit that covers these expenses.

ANTICIPATING VACANCY EXPENSES

We've had enough vacancies over the years to predict what it will cost to have a tenant move out. Once you understand the costs involved, keeping the property in excellent condition and keeping the current tenant there makes sense. Property damages are just a part of the vacancy costs. When you add to re-leasing expenses, utilities, lawn care, advertising, and maintenance, you quickly determine that keeping a tenant in the home is very important.

MANAGING OWNER RELATIONSHIP

AUTHORIZATION

During your time with Hallmark Property Management, we will need your authorization to make decisions outside our scope of authority occasionally. Sometimes, we will require you to decide and take the appropriate action. For example, we may ask whether you want to repair the 8-year-old dishwasher for \$195 or replace it for \$350 or spend money over the \$500 reserve, to name a few examples. Most management decisions are small, and we'll make them ourselves, but we'll contact you personally when confronted with more significant issues.

FORECLOSURES

When owners can't make their mortgage payments, they usually don't call and tell us to stop collecting rent. They typically take the rent and hope the lender takes a long time to complete the process. Usually, we find out about a foreclosure when the tenant calls about the lender's attorney's letter demanding they move and threatening eviction. Since the tenant's only contact regarding the property is Hallmark Property Management, we get the brunt of the anger and accusations. They often accuse us of protecting the owner and cooperating with them in scamming the renter. Their lives turn upside down, and they want to vent, file grievances with the real estate commission, and post negative reviews online. We get slandered; the owner gets to keep the money, and the tenant must move. Please notify us of any changes in your property.

MANAGING THE PROPERTY PT.1

MANAGING MAINTENANCE ISSUES

Managing the physical condition of the property is one of our biggest tasks. We must be sensitive to mold, electrical problems, plumbing, ceiling fans, septic tank backups, rodents, dishwashers, A/C systems, air, water, and gas quality and power. Judges and court systems hold us to a high standard for our duties to provide a safe and habitable place, as do the people living in these houses. In their minds, people's safety overrides the safety of the property and cost to the owner, so we manage with that standard in mind.

MAINTENANCE PRIORITIES

Resident maintenance issues are handled in the order submitted with the following response times as guidelines. Here is how we present this to our residents.

CATEGORY I: EMERGENCY MAINTENANCE

EMERGENCY DEFINED

Anything relating to the property under the lease threatens life, health, or the property: fire, flood, sewage back-ups, gas odors. Hallmark Property Management follows general guidelines when dealing with emergencies, including the loss of running water, hot water, heat, electricity, sanitary facilities, or other essential services or facilities the landlord is responsible for.

Target: 5 to 8 hours

NON EMERGENCIES

Refrigerator out; locking yourself out of the house; power or gas off; broken dishwasher, and noise complaints. These issues may be inconvenient, uncomfortable, and aggravating, but they are not emergencies. Hallmark Property Management is not liable for food loss caused by appliance breakdowns or damaged belongings due to water leaks. We advise that tenants have adequate renter's insurance to cover unforeseen personal losses.

CATEGORY II: URGENT MAINTENANCE

Broken windows: plumbing repairs (not clogged toilets; see notes below); loose railings; wobbly decks; electrical problems.

Target: 2-4 business day service

Note: during peak seasonal months, target response times for heat and air may be subject to delays due to the technician's schedule.

CATEGORY III: NORMAL MAINTENANCE

Appliance repair, garage repairs, leaky faucets.

Target: 4-8 business day service

CATEGORY IV: NON-ESSENTIAL MAINTENANCE

Fence repair, gutter cleaning, garage door remotes.

Target: 30-day service

CATEGORY V: NOT A HABITABILITY ISSUE

Screens, broken lattice, power washing, broken window shade, broken tree limb, missing door stopper, missing doorknob, all light bulbs, including stove, chandelier, refrigerator, and fireplace gas keys.

Target: Point these items out during the next property visit or address them at lease renewal. The owner may not approve of their repair.

MANAGING THE PROPERTY PT.2

MAINTENANCE SPENDING LIMITATIONS

No one wants to give their property manager an open checkbook, and we don't want one. We also can't contact the owner whenever something needs repair. The management agreement has a \$500 ceiling on repairs we can order without waiting for your response. We'll let you know by email when a maintenance request comes in, but often just as an FYI. As a practical matter, that limit may be exceeded out of necessity to save the owner money in the long run. A great example would be an after-hours plumbing call or a Sunday No A/C call.

Note: This spending limit does not apply to emergencies, move-in contingencies (cleanliness), or habitability issues.

Occasionally, not often, there is a heavy storm, burst water pipes, flood, fire, heat/air out in adverse weather, sewer backup, etc., and we must respond immediately. We will sometimes have to make a "command decision" based on our information and the situation in which it comes up.

MINOR MAINTENANCE ISSUES

Before the tenant moves in, they agree to handle common, everyday issues, like flipping GFCI switches, changing out light bulbs in two-story foyers, resetting garbage disposals, etc. Some tenants are accustomed to living in an apartment community with maintenance personnel to change their light bulbs and help them move the grill. We will refer them to the maintenance agreement as these issues arise.

LAWN CARE, IF APPLICABLE

We would love to assure you that tenants will keep the lawn manicured as you did, but we cannot. The lease calls for them to provide lawn care, but most tenants think differently from owners. Getting them to mow is about all you can expect; sometimes, getting them to do that is difficult. The real problem is when an active HOA counts weeds and takes photos of a sidewalk line that was not perfectly edged. Generally, lawn care isn't a problem as much as trimming shrubs, edging, and watering.

PROPERTY VISITS AND CHARGES*

We do a six-month visit to the property by appointment with the tenant. The owner will receive a complete report from this inspection. If you ask us to make a special trip (owner-requested trips), you will be charged a trip fee. Examples include (but are not limited to) meeting an appraiser, a relative, your contractor, or the HOA manager to check on utilities, to see if your vendor is finished, to see if the hailstorm did any damage, to pick up your mail, or to see if you left your lights on. Most traffic can lead to what we think is a "quick property visit" to take about 30-40 minutes each way, plus time at the property and gas. We try hard to avoid unscheduled trips, but we don't want to say no when the owner asks to do something special

EMERGENCY MAINTENANCE PHONE SYSTEM

Occasionally, a tenant calls with a valid maintenance emergency requiring immediate attention. When they call our system 24/7, they will be met by our after-hours maintenance call center and speak to a live person regarding the repair needed. When the home is flooding from a burst pipe, or the AC or furnace unit has quit working at 80 degrees (or on the occasion that it's below 45 degrees at night), we must provide on-the-spot service. Weekend service calls are pricey, but some things can't wait until the next business day.

MANAGING THE PROPERTY PT.3

HANDLING YOUR OWN MAINTENANCE

Most owners hire a manager because they don't want direct involvement with the tenant in the property. However, some owners have a tool belt and like to tinker around the house to save money. You can do whatever you want when the property is vacant (and anytime on exterior issues). We will handle all interior maintenance while the tenant is occupying the property. Liability and common-sense problems drive this policy. We understand your neighbor is your best friend and can fix that leaky toilet, but what if the tenant's purse comes up missing or the neighbor hurts himself while in your home fixing your toilet? Can you see the potential pitfalls in this? We can.

TENANT VS. OWNER (MANAGER) RESPONSIBILITIES

We take pains at the move-in to clarify what the tenant can expect from us in the maintenance response. Sending our technician or a vendor to the property is expensive, so every call is not an option. For example, a dead limb hanging over the fence is relevant, but it probably doesn't justify a special visit. In most cases, we assure the tenant that we'll address these minor issues at the anniversary date or look at it next time we're at the property. Remember, every time someone goes to the home, it incurs costs. We mitigate that cost by deferring the minor requests later, such as during the annual walk-through.

REGULAR MAINTENANCE VS. REPLACEMENTS, RENOVATIONS, AND REMODELING

We are responsible for overseeing routine repairs as a part of our management fee. We separate these issues from the more significant renovation projects such as complete paintings, carpet replacement, roofs, siding, and appliances. All property managers put limits on what they do for their monthly fees. Hallmark Property Management has established \$500 as our benchmark.



MANAGING THE TENANT

A significant part of our job is interacting with the tenant. The more you know about how we manage tenants, the better you'll appreciate and enjoy the benefits of your anonymity. Our motto for the tenants is "clean and safe." Here are just a few topics for discussion.

30-DAY LEASE RENEWAL

Unless the landlord, or vice versa, gives the tenant a 30-day notice – the lease is renewed before the 30-day notice period. Keeping a renter in the property and paying rent for a long time is an essential strategy, and we work hard to make that happen. If you want to move back in or sell the property, you must put your wishes in writing to us long before the 30-day timeframe from the lease ends so we can offer plenty of warning to the tenant. We work all year to get our tenants to renew and celebrate when they do. The standard renewal rate is \$200, billed the following month after renewal.

RENT INCREASES

We recommend 12-month leases that will give the owner flexibility. A standard rental increase between 2-5% can be considered and measured at renewal to see if the market will bear the increase. We will review market conditions, vacancies, and repairs needed to make that decision.

HOA CHALLENGES

One of the more recent challenges with renters is having an overactive HOA manager. If owner dues are not paid or someone violates their rules, they can fine owners, harass them with constant letters, and even file liens against an owner. Some HOA managers are convinced that renters are the community's curse and bring down property values for other owners. They love to harass tenants and do what they can to drive them (and their landlords) out of the community.



MANAGING THE MOVE-OUT

The next part of the management process is the move-out. The Oklahoma State Landlord Tenant Act has much to say about the move-out process. Legislators have had many complaints from renters over the years because there is a lot about tenants moving out, charges for damages, and security deposits in the law. Here is a description of the process.

BEFORE THE MOVE-OUT

In managing rentals, there are four kinds of move-outs depending on the circumstances:

NORMAL SCHEDULED MOVE-OUTS

Normal Scheduled Move-Outs account for a majority of our business. Once they give us the notice to move, we will communicate with them, and with you, right up to the day of the move-out, ensuring keys, garage door openers, and all other keys are returned, and they remove all personal property. We give them lists of things to think about to avoid fines and earn back their security deposit. Our priority is to get the property back in rent-ready condition. Most renters want their deposit back and pay close attention to these issues.

EARLY TERMINATIONS

Occasionally, people get transferred or buy another home before their lease ends. An early termination stipulation in the lease allows the tenant to move early by paying a one-month rent penalty upfront. This will enable us to put the home on the market again on the tenant's behalf. When the house is on the market to find another tenant – the current tenant is still under the lease agreement and is obligated to pay rent, keep the utilities on, and maintain the home. Once a qualified replacement tenant is found, the current tenant's lease can be terminated. We'll notify you immediately if a tenant wants to exercise the Early Termination Clause.

COORDINATED SKIPS

Occasionally, renters call us in the middle of their lease term and just tell us they're moving for any number of reasons. They lose jobs, get divorced, can't get along with their roommate, or can't afford the rent anymore. They're not skipping, but they're also not offering to pay the early termination fees; they just want to notify us of their intent to move and want to do it under controlled conditions. We'll notify you immediately and handle all the charges according to the lease and state law.

SKIPS AND ABANDONMENT

Very rarely do we find a property abandoned. Usually, we discover it when we're doing a drive-by due to unpaid rent or an imminent eviction. Often, the utilities are off, and plenty of personal property is left behind. When this happens, we'll decide whether to defer minor requests, take immediate possession, or go through eviction to regain control of the home. We will notify you immediately with the intent of keeping you informed.

DURING THE MOVE-OUT

We avoid having the tenant present during the move-out inspection, as their presence often becomes a highly combative event. They usually want to argue about the damages we are charging them, claiming the issues existed when they moved in. We will charge for all damages unless we see them on the move-in inspection or normal wear and tear. When they are absent, we conduct a detailed home inspection to include pictures. This procedure puts us in an excellent position to defend any necessary charges and protects the owner from too much conflict, worsening into a lawsuit. In most cases, the move-out inspection will take less than 90 minutes, depending on how much damage needs to be documented.

MANAGING THE MOVE-OUT CONT.

PHOTOS

For years, we have sought to document our tenants' charges by taking digital photos of damages if the tenant disputes the charges. Often, carpet stains or excessive wall damage don't show up well in photos. We do our best to ensure we have documented all damages to highlight issues better than pictures alone.

NORMAL WEAR AND TEAR

Landlord-tenant laws prevent landlords from charging renters for "normal wear and tear" on the move-out inspection. Most of the conflict from owners comes from "what is normal wear and tear." This is very subjective, and we know that different property managers will develop uniquely different assessments of the same property. We do this with one eye on explaining it to you (and, if needed, the judge) if the tenant disputes the charges, as the judge has the final say regarding charging damages to the tenant. Some owners think the tenant should return the property in the same condition they found it in or in a Rent Ready condition.

No statutes or court decisions clearly define what "normal wear and tear" is. Many gray areas determine what "normal wear and tear" is and what is "above and beyond normal wear and tear." We do our best to determine what will be deducted so there is no discussion later.

AFTER THE MOVE-OUT

The State of Oklahoma gives landlords 45 days, from the time of surrender, to identify charges and send out the deposit disposition that will have a refund or partial refund of their security deposit. If any monies are withheld, we must provide a written statement of charges applied to damages. We will also send the tenant a statement itemizing all charges they owe, including unpaid rent, late fees, NSF charges, and damages to the property.

DISPUTING THE SECURITY DEPOSIT

If the tenant disputes any charges, we ask them to submit a letter with a detailed explanation and supporting evidence of their dispute. We then have an independent internal committee review the complaint, compare all documentation with what we have, and decide within 30 days if any money is refunded or the original deposit disposition holds. No owner wants to get served papers for a lawsuit at their residence or place of work for a few hundred dollars – so we are very aware of this when recommending a deposit refund or any withholdings.

LEGAL PURSUIT

If the tenant owes money to Hallmark Property Management once they vacate the home, this is called a "collection" effort. This unpaid debt from the tenant is a difficult thing to collect. Credit agencies can report this, but this does little to get tenants to pay in most circumstances, as they often don't have the means to pay.

The only natural way to collect a debt on a tenant is by getting a judgment for any outstanding debt; to do this, a claim must be filed in conciliation court. This is not something we offer as a service with collections. Should an owner request we pursue this avenue, we will charge for our time to file and appear in court, or owners are welcome to take this action themselves. Should the case be 'won,' the judge will grant the owner a "judgment" of a specific dollar amount. This judgment can be filed with the county and the collection agencies tied to that person until the case can be settled. That person could not buy a home with a lender until that judgment is paid, along with several other deterring factors. Employers would also see that on their records and ask questions about it.

WHEN IT'S TIME TO SELL

Around half of our clients buy the house as an investment property and intend to hold it for a long time. The other half used to live in it and could not sell it when they needed to move. When it's time to sell, there are some options.

SELLING TO THE TENANT

The most efficient sale you will ever have is selling the property to the existing tenant. Everybody loves selling to the tenant because there is no vacancy between when the tenant moves out and when a new buyer moves in. This is the best of both worlds for the owner. When you are ready and want to sell the property, and a tenant occupies it – consult with Hallmark Property Management, and we can best advise you on the strategy to sell the home.

LIST FOR SALE

When our clients are done leasing the property, we can list the home for them as a licensed brokerage. Because we know a lot about the property and have a relationship with the occupant, we can get it on the market before they move out, and we don't need much from you to make it happen. When you get a notice from us that they're moving, let us know if you want to sell.

SHORT SALES

It's a common misconception that a short sale is the best way to get rid of a property quickly. People don't understand that the owner must be several months behind in the mortgage payments (which damages their credit rating) before their lender even talks to them about taking a discount on the loan payoff (paying it short). They also won't talk to you if the property is rented. The lender thinks you should be able to make the payments if the property is rented. Short sales are not common in real estate, and the rules change weekly. If you think your property is upside down for market value look at your current mortgage and interest rate and we can investigate this option, contact your lender and get the story before you call Hallmark Property Management about offering it to the renter. We've closed a few, but it's complicated.



MANAGING THE SEPARATION

There will come a day when we decide to part ways. Eventually, everyone does. Since it is inevitable, we want a smooth and orderly transition. We have to do this very carefully because license laws and security deposit funds are involved. We have forms and checklists for this process, so we don't miss a thing. If a tenant is in the property, this can be a little sticky, but we have done it before and know what to look for. Some owners decide to manage their property. Some want another property manager, while others want to sell and be done with leasing. Whatever the reason, we will always be willing and cooperative to make the transition smooth. Here is more on the final process of our relationship:

SEPARATING IN THE MIDDLE OF A TENANCY

Either party can initiate a separation. In doing so, the party that wishes to terminate the relationship must provide a 30-day written notice. If a tenant is already in the home under a current lease agreement, all documents and funds can be handed over to the owner or a new property manager. No refunds are offered for early termination. The best time to terminate is between tenants to cause the least confusion for all parties involved with security deposits and other funds.

Additional Helpful Information:

[State of Oklahoma Fair Housing Laws](#)

SEPARATING WITH CAUSE AND WITHOUT CAUSE

Either party can initiate a separation. However, there are two sets of circumstances that generate a separation. One is "for cause," meaning one of us is unwilling to fulfill their agreement, and the other is unwilling to continue to tolerate it. For example, if we don't manage as we agreed, and you call us on it, we must be allowed to correct the problem. If we don't, then you should be able to sever our relationship without penalty. The second is "without cause," meaning there is no contractual reason to separate, just a need to part company. If that occurs, there may be consequences as we count on each other to fulfill the agreement.

ADDENDUM TO OWNER HANDBOOK

OWNER CHARGES



UTILITY MANAGEMENT FEE: \$75

The utility management fee will be assessed if Hallmark Property Management is asked to spend excessive effort and time crossing over utilities, including power and water, on behalf of the owner. Some municipalities are easy to cross over with a phone call – others require someone to appear in person, pay with a check, and sign paperwork to assume the home's utilities. This will be assessed on a case-by-case basis.

DRIVE-BY FEE – OUTSIDE ONLY: \$50

WEEKEND FEE – OUTSIDE ONLY: \$100

We often get requests from owners to run by the home and do a quick drive-by to ensure the garage door is down, or the garbage cans are put away. We can do these things, but it requires us to send someone, which costs gas, money, and time; because of traffic, even the quickest of trips can take an hour or more round-trip.

WALK THROUGH FEE: \$75

This fee will be applied if the owner requests us to go to the home and do a walkthrough with the tenant or, while it is vacant, outside the regular scheduled 6-month walk-through or leasing. This would only be applied in certain circumstances that go above and beyond our everyday management. For example – the neighbor calls the owner and says they saw something suspicious at the home and requests us to do a walk-through to investigate. We can do this, but we must charge for the time and gas money to get to the home. This will be applied on a case-by-case basis.

OVERSEE OWNER'S VENDOR: \$75

This fee may be assessed if we are asked to oversee a vendor the owner has personally hired. In doing so, we assume direct liability for that vendor with the home and the interaction with the tenant. This can sometimes be a non-licensed vendor sent over to look at the house on behalf of the owner. This creates more work for us in follow-up, liability, and correct job completion. We encourage owners to allow us to use our vetted 3rd party vendors for repairs. We require all vendors to have insurance, but we manage the process and take responsibility for the repair since Hallmark Property Management is billed directly. Any exceptions will be assessed on a case-by-case basis.

MEET SOMEONE AT THE PROPERTY: \$75

We often get requests from owners to meet someone at the property to assist them in gaining access. This could be appraisers, contractors, pest control, inspectors, or family members. Often, the home has a combination lockbox with a key, and we can give that information out as required to avoid making a trip there. This fee is charged on a case-by-case basis.

ANNUAL TAX PREPARATION / 1099 FEE: \$100

Covers the administration fees associated with all technology features, including electronic delivery of the required IRS Forms each year. This fee is collected annually in January.

ADDENDUM TO OWNER HANDBOOK



OWNER CHARGES

RENEWALS OR EXTENSION FEE: \$200

Each time a tenant renews or extends their lease agreement, Hallmark Property Management

COURT APPEARANCE: \$150/HOUR

Applied toward lawsuits where, we are asked to appear in court on behalf of the owner.

OWNER'S INSURANCE AND SURCHARGE: \$20.00 PER MONTH – OPT-OUT OPTION

At all times during this agreement, while this home is under management, the Owner must maintain, in effect, a public liability insurance policy (homeowner's insurance) that covers losses to the property. This will include an amount equal to the reasonable replacement cost of the property's improvements and contain endorsements showing the insuring party that the home will be leased to prospective tenants. It is required that the Owner name Hallmark Property Management as "Additionally Insured" on their homeowner's Insurance Policy.

OWNERS MAY OPT-OUT -\$0

of this \$20.00/month fee by providing the Manager a letter or notice showing Hallmark Property Management as "Additionally Insured" on their Homeowner's Insurance Policy no later than 15 days from the completion date of this agreement.

EARLY TERMINATION FEE: \$500

This fee is added to the standard property management agreement. If an owner hires us to list their home for rent, we put the house on the market, and then sometime later, they decide to change their minds and **not** rent the home with us. We understand those decisions. We have put a lot of time and effort into taking pictures, posting to all of the websites, fielding calls about that home, and sometimes dealing with applicants. This applies only to an owner before a tenant signs a lease agreement.

Once a tenant signs a lease agreement, the property management agreement will govern any charges if an owner wants to terminate services early.

Owners who are thinking about selling their property at the end of the lease need to begin the process 60 days before the lease end date. We ask that Hallmark Property Management will manage the last 60 days. Ensuring that the tenants are communicated with and work with outside realtors and your realtor to ensure all showings and other scheduled appointments are addressed according to tenants' rights.