

SCREENING PROCEDURES OF POTENTIAL TENANTS

All tenants are required to pay an application fee when they submit their rental application. We use this fee to conduct background checks, including; reviewing their credit report, employment verification, social security number verification, prior evictions, and to research their prior rental history. This gives us an overall picture of the applicant. We also contact past landlords and any of the personal references that are given on the application. Frequently, we must “read between the lines” when we interview the applicant. Rarely will an applicant give us a name or number of a negative reference. Despite the positive or negative results of the background checks, the owner will be advised on whether the applicant should or shouldn’t be made a tenant. The “opinion” of the manager along with the owner will have the most definitive impact.

The Landlord client is not charged for screening prospective tenants that request residency, the cost is solely bore by the prospective tenant, and the screening review cost is bore by the management company; the landlord saves a great deal of money in regards to background checks and screening of potential tenants.

In a “best case scenario” we will have more than one applicant with interest in a specific property and we can discuss with the property owner who we believe shows the greatest potential for a mutually rewarding tenancy.

Tenants applying for tenancy at our commercial locations are screened accordingly. When dealing with corporations, we require guarantor’s to insure that the viability and success of the business to better protect our managed property. We evaluate their chance of success with their business and sometimes request additional security if the applicant is a start up business or if we determine that the applicant is not “strong”. We sometimes suggest that legal counsel review our final drafted lease prior to the acceptance of the landlord because of complications that may be brought about by the tenant’s complicated business operations.

TERMS OF TENANCY

Each rental period, like each property, is unique and will be determined by the property owner with the suggestion of the property manager. Las Vegas is a city that seems to be always full of transients and new arrivals, and because of that, there are many requests for short-term rentals and month-to-month rentals. These are not usually in the best interest of the owner. We attempt to rent most residential properties for terms of at least one year but there are, of course, exceptions. Commercial locations usually require a minimum 3-year term. The decision to rent for six months, or even less, would be an individual one, made by the owner and predicated on the particulars of the tenant and the financial terms of the situation.

RESIDENTIAL CONCERNS OF PETS, SMOKERS AND OTHER EXTENUATING CIRCUMSTANCES

Typically, a pet may be accepted as a provision of a tenant's application only with the appropriate disclosure to the owner and the Management Company. If an owner feels that the pet is, for instance, too large or that it is capable of inordinately damaging the property, there may be an additional security deposit required. An owner may disqualify a potential tenant based upon the terms of the proposed pet's occupancy. Some owners have chosen not to allow any tenants with pets. This is acceptable within the statutes of Nevada law; however, longer vacancy period may be incurred as a result of not allowing any pets into the leased dwelling. Service animals, however, like those required to aid the blind, are exempt by law from these restraints.

COLLECTION OF RENTS AND DISPERSAL OF FUNDS

Rents are received by our office sent by the tenant, either by directly depositing the funds into our bank accounts or via mail. We accept cash, check and money orders. We can accept credit card payments for rents due with a 5% surcharge paid for by the tenant. This is very beneficial to the landlord since we can accommodate whatever rental payment a tenant may bring. Rents are usually due the first day of the month with a three-day grace period. Late rents may be accepted with a late fee, usually an additional 5% of the rent due past the grace period. If our office does not receive the rental payment by the 5th of the month, a courtesy letter is sent to the tenant. If the rent has failed to reach our office by the 8th of the month, a demand letter is issued to the tenant advising the tenant that they are delinquent and legal eviction proceedings will commence. The tenant must bring their tenancy back to current from delinquent by paying the entire rent due, plus late charge, plus a notice service fee. Upon failure of the tenant to perform by the 10th of the month, eviction is then enforced.

The owners should expect to receive rent dispersal after the 10th of each month. In situations where the tenant pays late or does not pay rent at all, a delay of fund dispersal may occur.

EVICCTIONS

Many Owners' have opted to sell their real estate investment holding rather than endure the negative stigma of managing rental properties. Though rare, evictions, non-payment of rents, and damages to the rental dwelling do occur. These are risk associated with managing rental properties that a landlord must face and sometimes accept. Even though we conduct thorough background checks, credit report reviews and criminal background investigations, a tenant may still sometimes maliciously and purposely damage the rental dwelling and/or adamantly refuses to pay rent. These challenges are handled most expeditiously by Manago Management. We have systems in place to mitigate time loss incurred by a non-paying tenant. We will expedite in the removal of a non-paying tenant. Also, a tenant is responsible for damages that they cause through neglect, or malicious intent.

Nevada is regarded as a *Landlord Friendly State* in terms of eviction. With proper notice and procedure, a tenant who remains in default of rents paid or does not perform in accordance with the lease provisions can be removed from a property in as little as two-weeks to sometimes over forty-five days after notice is given and depending on the type of notice served. There is a fee charged by the City Constable's Office and the Clark County Justice Court for utilizing their services. A standard eviction can cost between \$250-\$900 from start to finish. Additionally, we charge a fee to serve the notices and administrate the eviction. Typically our average cost for eviction services are approximately \$250 plus court cost and constable serving fees.

Separately, we provide re-keying of the entire dwelling after the conclusion of the eviction process. The owner is advised on the best course of action to take.

REPAIRS AND REHABBING OF THE RENTAL DWELLING

After a tenant has vacated the property through involuntary or voluntary means, the property must be rehabbed to insure positive habitability conditions and competitiveness in the open rental market, mitigating vacancy allowance. We can provide for janitorial services, landscape services, all the way up to full-blown general contracting work. A repair estimate or rehab estimate is provided to the owner. The owner is advised of the estimated cost and approximate completion time. Minimizing rehab turn around time allows for the maximum rate of return of the real estate rental investment. A rental property only produces income when it's rented. Of course, an owner may elect to conduct the rehab operations themselves; however, the manager will not be responsible for the repairs conducted by the owner or owner's agents and will not be responsible for the longer time lapse between tenancy due to longer than expected down time.

INSURANCE

Manago Management, LLC is not an insurance company. By entering into a management agreement, we are not held personally responsible or liable should harm fall to the property. A property owner is always responsible for researching, purchasing and keeping current his own fire, lightning, flood, windstorm and malicious vandalism insurance. Manago Management, LLC should be named as an additional insured on all insurance policies during the term of the property management agreement.

The tenant should purchase his or her own renter's insurance and we request that the tenant do so. Neither the landlord nor the Management Company should be construed to be responsible for the tenant's personal possessions in the event of theft, fire, flood or any other calamitous occurrence.

RESIDENTIAL LANDLORD'S: SECURITY DEPOSIT AND PET DEPOSITS

For most homes and in most circumstances, we recommend a pet deposit of \$250. This is usually refundable provided that the tenant returns the property in the same condition or a condition better than the original condition when the tenancy commenced. The manager with the owner's permission will grant acceptance of a pet. An exceptionally large or unusual pet (e.g. a Saint Bernard, a monkey or a parrot) may be accepted as a provision of tenancy with the owner's permission and with the receipt of an appropriate security deposit.

A tenant must provide for a security deposit, usually in the amount equivalent to the monthly rent. We hold this deposit in a State of Nevada bank labeled “Broker’s Trust Account” as mandated by state law on behalf of the tenant. This specific bank account is annually audited by the state of Nevada Division of Real Estate for compliance with state laws. If the property is left in a condition deemed to be as good as or better than when it was originally occupied, the security deposit may be returned minus certain non-refundable charges. We would prefer to refund the deposit when the tenancy has been terminated than to administrate an extensive cleanup and refurbishing of rental property.

BROKER’S TRUST ACCOUNTING IN NEVADA

Funds are kept in a trust account (Broker’s Trust Account) during the term of the management contract (as mandated by state law). All of the company’s management accounts will have funds in this account but each will have its own accounting ledger.

ACCOUNTING PROCEDURES

The broker’s trust account is reconciled monthly and an annual audit is conducted by the State of Nevada Real Estate Division. Furthermore, the reconciled accounts are submitted to the state of Nevada Real Estate Division once a year for their review, prior to December 31.

PAYMENTS SENT TO THE LANDLORD

The owners should expect to receive rent dispersal usually after the 10th of each month. In situations where the tenant pays late or does not pay rent at all, a delay of fund dispersal may occur. Frequently, if the tenant pays early enough, we can deliver to the post office by the 8th.

An owner may choose one of many methods of rent disbursement that Manago Management provide. An owner may elect to have the rental disbursement sent to them via U.S. Postal Service, directly deposited into their banking account, or held in reserve until they arrive in town with their many frequent visits to Las Vegas.

WHO IS CONTACTED IN CASE OF AN EMERGENCY?

All emergencies are handled at the discretion of the property manager. When, for instance, the hot water heater explodes in the middle of the night, a tenant may typically call one of our numbers immediately. We handle any emergencies as quickly as is reasonably possible though sometimes it is impossible to address a tenant’s needs as fast as the tenant feels is necessary. In any emergency situation, the owner will be notified promptly, but typically during business hours unless at the property manager’s discretion, it is important to call the owner otherwise.

REPAIRS AND NECESSARY MAINTENANCE

Repairs expected of the owner are paid from the owner’s funds. At other times, repairs will be conducted at the manager’s discretion. All repair cost will be the responsibility of the owner. If the owner does not provide the funds needed for the needed repairs or the owner’s account is inadequately insufficient, then the manager may deduct the repair cost from the rent proceeds that’s paid by the tenant.

Minor repairs (\$300.00 or less) are usually decided upon by the property manager unless the owner objects. We will send the appropriate maintenance vendor to provide for the repair service and deduct our cost from the monthly rent proceeds provided by the tenant. The rental disbursement “recap sheet” sent to the owner will indicate the repair deduction.

When the property is vacated the property manager will contact and arrange for any necessary cleaning or repair contractors as soon as possible to bring the property back to rentable condition as quickly as is reasonable. We recognize that there will typically be a few days between tenants after a change of tenancy but we will always strive to make this turnover period as brief as possible. We recognize the economic impact of a prolonged vacancy.

WHEN THE TENANCY IS TERMINATED

A tenant is bound by law to perform under the provisions of the lease agreement. From time to time extenuating circumstances may make this impossible. When a tenant prematurely vacates the leasehold without proper notice, the tenant is still responsible for the monthly rent until a suitable new tenant can be found and a new cycle of rents have commenced. However, a court order is needed in order to force the terminated tenant to pay. When this situation occurs, the owner will be informed and advised on what best course of action to pursue.

All tenants are entitled by law to the right of “quiet enjoyment” of their rental during the period of their tenancy. As property managers and landlords, we must, by law, give at least a 24 hour notice if we wish to enter their residence. In an effort to reduce the period of vacancy to its absolute minimum, we sometimes ask a vacating tenant to allow us access to show the property to prospective new tenants with shorter notice. Under these circumstances, we find that some renters are not understanding and do not allow agents to enter the property, even with proper notice. Some tenants also object to an electronic lock box being installed on the property that they occupy. Some tenants feel that the lockbox and premature showings compromise their privacy and violate their leasehold interest. During this situation, an owner will be advised on the best course of action to pursue.

THE INITIAL AND THE FINAL WALK-THROUGH INSPECTIONS

When we give the keys to a new tenant, we walk-through the premises and record the condition of the property on an appropriate form. We note any problems that are not the responsibility of the incoming tenant. Still pictures are taken to insure that the tenant cannot deviate from the true condition of the property on the onset of the tenancy.

When a tenant finally vacates the residence, the Management Company does a “final walkthrough” of the property to appraise the property’s condition. We compare the condition of the property to pictures documented at the onset of the tenancy. If the tenant returns the property in a condition equal to or better than the original condition at the beginning of the tenancy, their security, cleaning, pet, and other deposit is then returned. We will determine what fees, if any, may be appropriate to subtract from the security deposits. A property returned in clean and rentable condition means the tenants will get more money back.

THE TERM OF OUR PROPERTY MANAGEMENT CONTRACT

As professionals, our time and our expertise are extremely valuable. Additional charges may result from extra time required of the manager in small claims court, serving eviction notices or overseeing the refurbishing or redecorating of a rental property. Commercial accounts are evaluated on a “to-be-determined or TBD” basis.

Typically our property management agreements are for a period of not less than one year. The agreement is assumed to be self-renewing in the absence of a signed document terminating the term.

Short-term management agreements can be negotiated, also the premature cancellation of an existing management contract is possible, meaning if an owner desires to manage their rental property themselves once a tenant has been found, the cancellation of an existing and current management agreement is possible. We just have to be reimbursed for our costs that we incurred while setting-up your property and the costs for the performance of leasing activities, these charges are very reasonable and relatively inexpensive. These costs are not any more than if you would have performed the services yourself. Thus, if a one-year management contract has been signed and the owner desires to manage the property themselves, then the remainder of the accrued management fees earned would be due. In simpler terms, if a one-year management agreement was agreed upon, subsequently the owner desires on the sixth month that he no longer wish for the management services to be performed, then six months of management fee would be paid, roughly \$480, if the management fee was for 8% on a \$1000 per month rental.

Again, we are very reasonable, realistic, accommodating, and cater to the needs of the landlord as we are landlords ourselves.

SALE OF THE PROPERTY DURING THE TERM OF THE MANAGEMENT CONTRACT

Situations change and from time to time an owner will decide that it is in their best interest to liquidate their real estate asset. Manago Management, LLC is a full service real estate brokerage and as a licensed real estate brokerage we are actively involved in the business of selling properties. As per the initial Owner/Management agreement, we request the right to represent the sale of the property during the term of the agreement. This includes a sale to the current tenant or to a new buyer.

Our marketing efforts will utilize all of the professional tools at our disposal, including, but not limited to, the MLS, Commercial Property Listing services, various site and promotional signs, printed advertisements (flyers and newspapers) and the cooperative efforts of our agents and agents from other companies. Manago Management, LLC is very competitive with their brokerage charges and can meet or beat any other brokerage charges to sell any real estate in southern Nevada. Should any tenant ultimately purchase a property after being introduced to that property by our company, then Manago Management, LLC, as the procuring cause to that transaction, is entitled to their earned brokerage fee whether the property is currently being managed by us or not.

Commissions (compensations) may be adjusted and negotiated on a case-by-case basis. All commercial fees are to be determined on a case-by-case basis, subject to the specific property.