

Aksland Real Estate INC.

Property Management Division

Property Owner's Handbook

Thank you for trusting Aksland Real Estate INC. to help you build and preserve wealth through your residential investment properties! We aim to deliver the optimal financial performance of the property and peace of mind with our proven practices and experienced friendly staff.

The purpose of this handbook is to clearly communicate our process of managing your property so you know what we do and how we do it.

We are looking forward to the journey ahead with you and hope, like most of our clients, you stay with us for many years to come!

Sincerely,



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Table of Contents

1. Relationship Expectations	5
1. Values That Govern Our Relationships and Decisions	5
2. Expectations	5
3. Aksland Real Estate Guarantees and Protections	6
4. Your Online Account	7
2. Getting the Property ‘Rent-Ready’	7
1. Rent-Ready Condition & Inspection	7
2. Utilities	7
3. Property Keys & Community Keys/Fobs	7
4. Personal Items Left at Your Property	8
5. Tracking Fixtures at Your Property	8
6. Mail Forwarding	8
3. Marketing & Leasing the Property	8
1. Objectives	8
2. Setting the Rent Amount	9
3. Weekly Updates and Price Adjustments	9
4. Signs	9
5. Property Showings	9
6. Marketing Your Property	10
7. Screening Applicants	10
8. Offer to Lease	10
9. Application Approval & Lease Signing	10

10. Renters Insurance	11
11. Service Animals and Emotional Support Animals	11
12. Pre-Marketing a Property Before It Is Vacant	11
4. Managing the Move-In	11
1. Prior to Move-In	11
2. Documenting Move-In Condition	12
3. Maintenance Requests Within the First 30-60 Days of a New Lease	12
5. Resident Relations	12
1. Adding/Removing Residents or Pets To/From the Lease	12
2. Communication with Residents	12
3. Lease Renewals	13
6. Managing The Property	13
1. Property Maintenance	13
2. Home Warranties	15
3. Homeowner Associations	16
4. Landscape Maintenance	17
5. Pest Control	17
6. Property Visits	17
7. Owner Visits to the Property	17
8. Regular Maintenance vs Replacements, Renovations and Remodeling	18
7. Managing the Money	19
1. Monthly Owner Distributions and Statements	19
2. Rent Collection and Delinquency Follow Up	19

3. Bills and Expenses	19
4. California Taxes	20
5. Security Deposits	20
6. Monthly Resident Administrative Fee	20
7. Pet Administrative Fee	20
8. End of Year Statement and 1099	20
9. Maintenance Oversight Fee	20
10. Charges for Tasks Outside Our “Scope of Service”	21
11. Resident Charges	23
8. Managing the Move-Out	23
1. Four types of Move-Outs	23
i. Normal, Scheduled Move-Out	23
ii. Early Lease Termination	23
iii. Skips & Abandonment	23
iv. Evictions	23
2. Increasing Cash Reserve	24
3. Move-Out Inspection & Security Deposit Reconciliation	24
4. Resident Damage	24
5. Security Deposit Disputes	25
6. Collections	25
7. Taking Back Possession or Selling the Property	25
8. Property Acquisitions and Dispositions	26

1. Relationship Expectations

A. Values That Govern Our Relationships and Decisions

- a. **Integrity** — Ever-increasing honesty with self and others; Do the right thing at the right time in the right way
- b. **Extreme Ownership** — Accepting full responsibility for everything in life; empowering others to do the same
- c. **Contribution Minded** — Eager to add value & innovate new ways of adding value to preferred partners
- d. **Grit** — Staying focused/driven on a worthy goal & persevering under difficulty
- e. **Purpose-Driven** — Humbly and respectfully magnifying personal gifts/talents for a purpose greater than oneself
- f. **Win-Win-Win Relationships** — Long-term mutually beneficial partnerships with all constituents

B. Expectations

We measure operational success based on: 95%+ occupancy, achieving market rents, renewal of 50%+ leases, capturing market rent increases, and managing maintenance costs to under 10% of rental revenue (for newer properties) in the long run.

The two primary expectations we ask of you are:

1. **Support our process.** Leave the daily ‘how-to’ to us. We have good reasons for the way we do things. We want you to feel comfortable with our approach to managing your property but please don’t expect us to change our process to the way you think things should go. We want you to feel confident about trusting our process so you can be ‘hands-off’ and enjoy the benefits of professional property management.
2. **Support reasonable market costs for maintenance.** Handyman rates are typically \$85+/hr and licensed contractors are usually \$150+/hr. We negotiate discounted rates with quality 3rd party service providers and we don’t add undisclosed markups or profit centers with maintenance. We ask that you support the reasonable market-rate pricing we obtain for work done at your property.

Please DO expect to be directly involved with these things:

- a. HOA payment, communication, and notices
- b. Keeping track of fixtures in the how (see 2E below)
- c. Home and appliance warranty issues
- d. Insurance claims
- e. Disputes and legal actions
- f. Collections (we do not engage in collections after a resident vacates, but we can refer you to collection agencies)
- g. Complying with city, state, and federal laws

Please understand we have a specific way we want to do business, and we have specific requirements for properties we manage. These processes and policies help us ensure consistently high service and low fees.

C. Aksland Real Estate Guarantees and Protections

To reduce your financial risks and liabilities for owning rental properties and to boost your confidence in our services we offer these protections and service guarantees.

Tenant Guarantee and Early Lease Termination Protection: When a resident vacates at least 30 days before the end of their lease, A.R.E. will ensure rent is paid by the tenant for an additional 30 days beyond their vacate date. If the tenant does not pay any portion of that 30-day rent, Aksland Real Estate will reimburse the unpaid portion of the 30-day rent to the owner. This guarantee only applies to leases originated by Aksland Real Estate. Early Lease Termination does not apply to residents protected by state or federal laws, military relocation, or orders such as COVID-19-related eviction moratoriums, etc.

Pet Damage Protection: If a resident's pet causes damage to the property that exceeds their security deposit, A.R.E. will pay up to an additional \$1,000 to correct the damage. This guarantee only applies to Platinum plan and leases originated by Aksland Real Estate after 2021.

ADDITIONAL GUARANTEES AND PROTECTIONS AVAILABLE

Eviction Assurance: If a resident (placed in the home by A.R.E.) stops paying and must be evicted, A.R.E. will cover the cost of the court filing, process server, Sheriff and locksmith, Also included is our time to be present at the court hearing if needed, and to supervise the lock change. (Eviction Assurance is only included in the Platinum Plan.)

Eviction Rent Protection: If a resident (placed in the home by A.R.E.) is being evicted for non-payment of rent, A.R.E. will pay you one month's rent after the eviction is finalized. Eviction Rent Protection is included in the Platinum Plan. You must also agree to assign rights to collect on any debt the resident leaves to Aksland Real Estate.

Enhanced Pet Damage Protection: If a resident (that was authorized to be in the home and if the resident was placed in the home by A.R.E.) causes damage to the property that exceeds their security deposit A.R.E. will pay up to an additional \$1,000 to correct the damage. Enhanced Pet Damage Protection is included only in the Platinum Plan. Note: This protection only pertains to resident damage as defined in [CA. State law](#) and not normal wear and tear. If the damage is an insurable claim, you must seek restitution from your insurance carrier in which case A.R.E. will pay the deductible up to \$2,500. You must also agree to sign rights to collect on any debt the resident leaves to Aksland Real Estate.

Tenant Damage Protection: If a resident (placed in the home by A.R.E.) causes damage to the property that exceeds their security deposit, A.R.E. will provide coverage up to a reasonable replacement cost, not to exceed \$1,500, to repair or replace the damaged item(s) with a like or similar item(s). This coverage is only included in the Platinum Plan. Please note that this protection specifically applies to resident-caused damages as defined in [CA State Law](#) and does not encompass ordinary wear and tear. In the event that the damage qualifies as an insurable claim, you must first pursue restitution from your insurance provider. In such cases, A.R.E. will cover the deductible, up to a maximum of \$5,000. Additionally, you are required to grant A.R.E. the rights to pursue debt collection from any outstanding amounts left by the resident.

D. Your Online Account

We use a management software called **Buldium** which provides owners and residents online web portal access. We share important documents with you via your owner portal. These include your signed management agreement, current signed lease agreement, monthly and annual statements, and copies of invoices/bills. Residents can pay rent online, submit work orders, and view lease documents.

Please Note: Changes to the bank account where your owner distributions are sent cannot be completed through your portal. Please contact us to update banking or contact information: Staff@ask4rentals.com

2. Getting the Property 'Rent-Ready'

A. Rent-Ready Condition & Inspection

Prior to marketing your property, we will conduct a "Rent-Ready" Inspection to assess the condition of the home to ensure it meets our standards. Please review this link to familiarize yourself with our '[preparing your property for rent](#)' standards. We want to meet any reasonable expectations a quality resident would have for the place they call home.

During our inspection, we may write up a list of items that need to be addressed and help you coordinate their completion. If you choose to manage the work to get your property Rent-Ready directly (we call this a 'Property Turn') with your own service providers we ask that you notify us once the work has been completed and marketing will begin after we confirm the work is done. If we are managing the Property Turn for you, we can begin marketing as soon as the home will show well even if some repairs are still pending.

We can usually save you money and time by managing your Property Turn for you. We can also usually achieve a higher level of quality workmanship and attract quality residents more quickly. If you want to manage the Property Turn yourself, we ask that you manage the entire Property Turn, not just parts of it. If we arrive after you tell us the Property Turn is complete and find it is not, we can either initiate work orders for the balance of the unfinished work and manage them to completion for you, or charge you \$50 per visit to report the status back to you as you continue your follow up.

A 10% oversight fee applies if you have us coordinate work with a cumulative cost of over \$1,000.

B. Utilities

If you just hired us and we are leasing your property for the first time, please be sure to keep the utilities on in your name while we market the property. We have a process that ensures incoming residents transfer utilities into their name prior to taking occupancy.

C. Property Keys & Community Keys/Fobs

Replace or rekey locks as needed to ensure all exterior door locks are keyed the same. Be sure to provide us keys to the property, pool, entry gate, side gate(s), clubhouse, mailbox, padlocks, etc. Please be sure to obtain and provide all keys, fobs, and passes needed for the community.

If you are unable to provide all community keys, cards, fobs, and/or remotes prior to a resident moving in, please be prepared to contact the HOA to order/pay for them and authorize the new resident to pick them up.

D. Personal Items Left at Your Property

Please do not leave tools, supplies, personal items, storage, etc. at the property except for paint or extra flooring. Before renting the property, please make sure it is free from all chemicals, gardening tools, and all personal items stored in sheds, crawl spaces, cabinets, etc. Please understand that Aksland Real Estate accepts no responsibility for personal property left at the property.

E. Tracking Fixtures at Your Property

We ask that you take sole responsibility for tracking fixtures, appliances, hardware, drapes, and flooring at your property by reviewing the photos or videos we send you. Our process does not include taking inventory of fixtures at the properties we manage. Please alert us if you notice something missing or changed that is important to you when reviewing the videos or photos we send you.

F. Pool Barriers

Our insurance does not cover us for rentals with pools, therefore we do not manage homes with pools.

G. Mail Forwarding

If you lived in the property prior to us leasing it out, please notify the US Postal Service to forward your mail. This can be completed online at usps.com. Also, update your address with Amazon, etc. Residents are instructed to return mail or parcels not addressed to them, back to the sender.

3. Marketing & Leasing the Property

We have an excellent track record of finding quality residents quickly for our vacant properties.

A. Objectives

- 1. Secure a quality resident*
- 2. Lease the property quickly (30 days or less is the goal)*

3. *Obtaining the highest market rent possible without compromising number 1 or 2*

In most cases we will get marketing started within 3 business days of having a signed management agreement, the property in 'Rent-Ready' condition, and marketing photos taken.

We use a quality digital camera and enhance the property photos we take.

B. Setting the Rent Amount

We will help advise you on setting a realistic asking price for the property. Usually, we recommend starting at the upper end of comparable current listings if the property condition and amenities will support the price.

C. Weekly Updates and Price Adjustments

We commit to providing you with written weekly updates on marketing activity (after we have at least 7-14 days' worth of data available). We commit to providing you with recommendations on pricing weekly to balance the three marketing objectives noted in Section A above.

We use a software called Tenant Turner to aggregate data and provide detailed weekly reports to you that show the number of clicks, schedules, completed showings, and exit survey results from those showings so you can adjust prices with confidence when needed to avoid a prolonged vacancy.

Typically, if the property receives less than 5 showings per week, a 5% price adjustment should be considered. If you are unwilling to respond to market activity with the appropriate price adjustments.

We ask that you follow our recommendations on price adjustments if needed to avoid prolonged vacancies. Please consider that our interests are aligned with yours – our success is based on your success in renting your property.

D. Signs

Installing a sign in the front yard of the property is not part of our normal process because we have found that it does not generate many leads and may attract vandalism. We are happy, however, to order a sign for your property upon request at a cost of \$85.00 to cover the cost of the sign post company.

E. Property Showings

We use an industry leading application called Tenant Turner to coordinate viewings at the property when it is vacant. This application pushes the ads out to dozens of websites for maximum marketing exposure. It also tracks all incoming inquiries and prompts prospects to schedule a showing appointment to view the property.

After answering pre-screening questions and after we verify a copy of ID, prospects are given the opportunity to self-access the property at a scheduled time using an Electronic lockbox. This allows them to access the property faster than coordinating the time with an agent and helps us rent the property quicker while keeping our costs low. We have been using this showing method for years, and with thousands of showings, we have not experienced any instances of property damage, theft, or abuse. We have attempted to reduce the risks of using this showing method by visiting your vacant property each week. Your property was viewed to check conditions and change the lockbox code.

F. Marketing Your Rental

Please let us handle the marketing of your property. We utilize a service that syndicates ads across dozens of the highest-volume rental sites. Such as hotpads, apartments.com and many others. ([See Market condition advisory](#))

Please do not run your own ads for your rental property. While it may seem like a good idea to market your property on social media or otherwise to supplement our efforts, this can create false demand metrics that affect our ability to give you the proper pricing recommendations. We ask that you let us be the sole point of contact with prospective renters. Prospective renters getting in touch with you directly compromises our ability to clearly communicate with and manage expectations with incoming residents.

G. Screening Applicants

To secure quality residents and to ensure we **DO NOT** violate Fair Housing Laws, we have adopted specific and detailed screening criteria for credit, criminal, income, and rental history. Age, race, gender, family status, religion, national origin, etc. are protected by Fair Housing laws and are not considered when reviewing applications. We also do not call or consider personal references provided by the prospective resident(s).

It is a Fair Housing violation to decline an application that meets the established screening criteria. Because of this, we do not give you the “final say” with applicant approvals. Let us spend whatever time is needed upfront to get you comfortable with our screening criteria because we are unable to modify them on a case-by-case basis. Privacy Laws do not allow us to share the applicant’s credit report with you and as a matter of policy, we do not share resident’s phone numbers and emails with you to help ensure all communication with residents comes through our office.

H. Offer to Lease

Prior to application approval, prospective residents are asked to submit ‘Earnest Funds’ typically in the amount of one month’s rent to show they are serious about renting the property.

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Prospective residents are also required to sign a one-page 'Off Market Hold Agreement' document agreeing that they will forfeit a portion or all of their earnest funds if they do not proceed with the lease for any reason. At the time we receive earnest funds, we suspend marketing for the property.

We use the California Association of Realtors Lease agreement it has been developed over many years and in consultation with California Landlord/Tenant law attorneys. As soon as a prospective resident applies to rent your property, they will be sent a copy of the lease language for review and acceptance.

I. Application Approval & Lease Signing

If the prospective resident has special requests, offers less than asking rent, has multiple pets, or presents any issues outside of the norm, we will contact you as part of the application review process. Otherwise, we will approve applicants based on our published criteria.

As your agent, we sign the lease agreement with the incoming resident. You are listed as the principal in the lease agreement with the resident. The lease is valid and binding on both you and the resident even if you cancel our service in the future.

J. Renters Insurance

Renters insurance *is* required in efforts to protect the tenants personal property against damage or theft. We have a clear disclosure in their lease that the Landlord is not liable for damage, theft, vandalism, or other loss of any kind to their personal property. Our lease also contains a strong indemnification clause further protecting our landlords.

K. Service Animals and Emotional Support Animals

Service Animals and Emotional Support Animals cannot be restricted from any leased property. Because they are not considered pets, no pet deposit or additional security deposit can be charged. We use Pet Screening <https://akslandrealestate.petscreening.com> Which uses standard industry-approved processes to determine whether the applicant meets the US Department of Housing and Urban Development (HUD) requirement for approving animals and pets. See Section V. Handler's Rights, sub-section c) This pet screening must be completed by all applicants whether they have a pet or not.

L. Pre-Marketing a Property Before It is Vacant

When we have an upcoming vacancy, our practice is to start marketing the property approximately 7 days before a resident moves out *without* showings. This practice balances the objective of keeping the days-on-market- low and helps ensure some of the high-quality prospects do not see the home when it is in disarray while a resident is moving out.

4. Managing the Move-In

A. Prior to the Move-In

Prior to receiving keys to the property on their move-in date, residents are required to sign the lease agreement, provide evidence they have turned on utilities, and pay the balance of the move-in funds that are owed.

Disclosure: While it is rare, it is possible for residents to not sign their lease until the move-in date. Should residents not sign the lease by their move-in date and/or take occupancy to start their lease, their earnest funds are subject to forfeiture. Forfeited earnest funds are paid to you, the owner.

B. Documenting Move-In Condition (California Law Update Jan 1 2025)

We provide residents with a move-in inspection with pictures as well as a move-in checklist. We also complete a pre-move-in inspection of the property to document the property condition because: 1) We do not always get the move-in checklist back from the resident, and 2) The resident's statements on the move-in checklist are not always accurate. We share the move in inspection with the incoming residents showing them the location the of the electrical panel, water shut-off valve and other important features of the home.

We do not review move-in inspection reports turned in by new residents to create service requests or initiate repairs. Residents are provided with an online portal and are instructed to make repair requests there.

C. Maintenance Requests Within the First 30-60 Days of a New Lease

It is somewhat common for residents to make maintenance requests within the first 30 days of living on the property. Please expect it. We always do our best to balance the objectives of maintaining the quality of the property, fostering goodwill with the new resident(s), and keeping costs as low as reasonably possible.

5. Resident Relations

A. Adding/Removing Residents or Pets To/From the Lease

Requests to add or move residents or pets from a lease are evaluated on a case-by-case basis and forwarded to you for your decision. Generally, we recommend being open to these requests once we screen and verify that a new resident meets our qualifications, or in the case of a pet if the resident has a good history.

If a lease is approved with one or more pets, our policy is to permit the residents to replace pets (if they die, run away, etc.) provided the new animal is not restricted by our policies and is approved by Pet Screening

B. Communication with Residents

We commit to being responsive, professional, and courteous in our communication with your residents.

We ask that you do not directly communicate with your resident(s) while they are living in our rental property and while we are managing the home. If you feel that direct communication with your resident is critical, please contact us first so we are aware. We have found that when an owner and resident have direct contact, it can make it nearly impossible for us to be effective at doing the job you hired us to do and it may result in us choosing to cancel management services.

C. Lease Renewal

Our Objective is to retain good residents for as long as possible. Our financial incentives (fees) naturally encourage us to retain residents for the long term whenever possible because our marketing fee is set below the cost of resources expended to turn and lease your property.

Approximately 60-90 days prior to the end of a lease term you should receive an email from us with recommendations on renewal options to offer to the resident(s). Please respond to this notice and alert us if anything has changed about your plans to hold the property as a rental. We help many of our clients sell their properties after they are done renting and we can often offer discounts on the listing fees to do so.

After we send the renewal notice and sometime before the end of the lease term, the residents will do one of the following: 1) Sign the renewal offer, 2) Give us written notice of their intent to vacate, or 3) Do nothing, which will cause their rent to increase to the month-to-month rate.

Please do not worry if you do not receive confirmation of a lease renewal. In many cases, residents wait until just prior to their lease expiring to make a final decision so it may be several weeks before they sign.

It is also somewhat common that a resident will submit maintenance requests if their rent is increased at renewal time so, please do not be concerned if this happens. We evaluate and follow up appropriately on any such requests when received.

6. Managing the Property

A. Property Maintenance

We work with service providers who provide good reliable service at a fair price.

With all service providers, we work diligently to deliver the best value for our clients. Value is a blend of skill, price, and reliability. We negotiate discounts with service providers whenever possible and pass those discounts on to you. We do not receive undisclosed revenue to our company (kickbacks, 'early payment discounts', etc.) from repairs or maintenance in any way so you can trust that you are getting good pricing.

Please note, that because of the good working relationships we have with service providers, we generally do not request multiple bids for repairs. The exception to this is typically unique, uncommon, or expensive work, where obtaining multiple bids may be required to validate reasonable pricing.

We ask that you invest in quality repairs, invest in making appropriate upgrades to your property over time, and invest in the goodwill of the resident relationship. These investments

do pay off. Please do not assume the resident is breaking things unless we get proof of this. Please do not assume that agreeing to make repairs at your property will embolden the resident to ask for even more repairs. Trust us to manage resident expectations and costs for you. Please accept that keeping repair costs under 15% of annual revenue over the long run is an appropriate and successful standard.

We ask that you think long-term about maintenance. Patching a roof, for instance, for \$1,800 when the entire roof needs replaced only increases your costs in the long run.

Our standard for approving maintenance requests is to meet any reasonable expectation a quality resident has of the home. This includes things like; having screens on all opening windows, having two garage remotes for a two-car garage, side access gates shutting and latching properly, etc.

We commit to being **responsive to all maintenance requests** and to use reasonable care and professionalism in the selection and coordination of service providers for your property. We have a 24/7 emergency maintenance line for residents to call when needed.

Maintenance requests (work orders) are **processed in this manner:** 1) Request is received and you are sent a notification by email, 2) We troubleshoot by phone with the resident if possible and/or defer if appropriate, 3) Send a handyman, if possible, at a lower hourly cost or a licensed contractor if appropriate (\$89/hr - \$160/hr), 4. Ask service professionals to report back if resident neglect/abuse/misuse caused the needed repair and bill the resident if applicable.

To avoid surprising you, we will usually try to call or text you to discuss repairs of \$300 and up. If we do not reach you or if circumstances necessitate urgent action, we will use the authority given to us in the management agreement to authorize an appropriate repair. We are looking for your support to **get A/C and Heat or hot water restored in 48 hours or less** if either goes out. If you have a home warranty and they cannot meet this time frame, **we will dispatch another service provider that can.**

The only **confirmation you may receive to show that work is completed** is the charge displayed on your owner statement and the published invoice in your owner portal. If you never see a charge for a requested repair, it may mean that we were able to troubleshoot over the phone, the resident never scheduled with the assigned service provider or a service provider was dispatched but the repair was simple and the provider never billed for time, or the item was under warranty from a previous repair, etc.

If a property becomes uninhabitable until a repair is made, the law provides a rent credit to residents equal to 1 x times the daily rental rate. You will need to support us in providing this to your residents upon request if they do not have A/C or hot water for more than 2 days or if there are significant repairs going on that make it difficult or unsafe to live on the property.

We do not expect service providers to provide free estimates for work except for painting, flooring installation, Roofing and landscape installation.

Urgent weekend and after-hours service calls typically require a premium to be paid for the service call.

Residents are expected to report obvious signs that something is wrong with a repair. Service professionals are also expected to stand behind their work according to reasonable commercial standards.

We do not visit properties in person to view maintenance issues before processing them. We also do not troubleshoot maintenance issues at a property visit (including irrigation timers, A/C thermostats, etc.) as we are not licensed contractors and this would be outside our scope of knowledge

Scanned copies of all paid invoices are made available in your owner portal under the ‘Bills’ Section.

If you would like us to use your own service providers for repairs, please understand the service provider must have a valid contractors Lic., Insurance Policy and a W-9 on file with us before we can pay them.

We *do not* require before and after photos from service professionals for work done at the property.

We pay invoices received promptly upon receipt as soon as funds are available in your account. We do not request invoices or follow up with reminders to service providers for invoices not submitted. Because of this, if a service providers invoices slowly, you may not see a bill for a repair until 30 or more days after the repair is made.

B. Home Warranties

We ask that you support our approach to maintenance to 1) Get the right maintenance done, 2) For the long-term good of the property, 3) At a reasonable cost, and 4) In a way that fosters goodwill with the resident(s) and allows us to operate efficiently.

Home warranties sometimes accomplish #1 above but rarely accomplish numbers 2, 3, and 4.

Our experience with home warranties has been overwhelmingly negative. If you have a home warranty now or if you are considering purchasing one.

PLEASE UNDERSTAND WE WILL NOT TOLERATE POOR OR UNRESPONSIVE SERVICE FROM A HOME WARRANTY PROVIDER OR THEIR ASSIGNED VENDOR. IT IS BAD FOR TENANT RELATIONS AND IT IS BAD BUSINESS THAT HURTS OUR COMPANY'S REPUTATION.

If any of the following conditions apply, we expect your full support to stop working through your home warranty and their assigned vendor and contract with another service provider at your cost:

- Waiting on hold for more than 2 minutes with the home warranty company.
- Having to make more than 2 follow-up calls with the home warranty or assigned vendor for the same issue without a timely response.
- Waiting for more than 2 business days for parts to be ordered or arrived that are readily available in local supply stores.
- Having to personally supervise or check work done by a home warranty dispatched vendor.
- No hot water or air conditioning for more than 48 hours for any reason.
- The same or similar problem recurring within 30 days.

If you have a home warranty and you would like us to attempt to use it, please do the following:

1. Call the home warranty company and have them list us as the property management company on the account (and ask them to remove any previous property manager from the account if applicable).
2. Please instruct the home warranty company to communicate with us directly regarding the service appointment: scheduling and completion. We require that you remain the primary point of contact with the home warranty regarding billing and account renewals.
3. If you would like us to pay the service fee for your home warranty charges DO NOT have them send it directly to us by mail or email. Have them send the invoice to you and then forward it to us. This helps avoid duplicate payments and missed invoices. When you forward it to us, please email it to accounting@ask4rentals.com
4. Please establish an online login for the purposes of submitting service requests and email us the login URL, username, and password so that we can submit the request online for you.
5. Whenever you receive email updates regarding a service call from your home warranty, we ask you to forward them to us within 4 business hours. Forward them to Staff@ask4rentals.com

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C. Homeowner Associations

Please plan to be the primary point of contact for all communication and information related to the HOA and the HOA management company. Please do not provide our address as the contact address with your HOA and please do not list us as an Agent to receive communication on your behalf.

Please understand that we will not be reviewing the CC&Rs and Bylaws for the community. If there are important rules and conditions that will affect how we manage your property, property maintenance, or that will affect the resident (no parking on the streets, resident registration, etc.) please notify us of these in writing. Thank you!

Please promptly forward us important community notices and HOA violation notices.

We encourage you to set your HOA dues payments on an automatic payment. While it is our policy to pay any bill that you send to us and ask that we pay it, we have found that having you pay your HOA dues directly is the best practice. Please instruct your HOA to send important notices and communication directly to you.

Please understand HOA management companies are not always responsive to our communication. As the primary point of communication with the HOA, we may need your help following up regularly about issues related to your property.

If you receive an HOA violation notice, please forward it to us within 3 days of receipt. We have a process for following up on these for you and are happy to do so! In some cases, we are able to visit the property to ensure compliance, but most often we are going to ask for pictures from the resident or some other validation that they have followed up. If you receive multiple notices for the same issue or receive fines from the HOA for non-compliance, please be patient as we will continue our follow-up with the residents and assess those fines to their resident ledger.

If resident registration is required by an HOA, we ask that you obtain and forward the HOA registration forms to us at Staff@ask4rentals.com

D. Landscape Maintenance

If landscaping at the property requires watering, an automatic irrigation system needs to be installed and operational. We do not expect residents to manually water trees, shrubs, plants, or grass. We also do not expect residents to be available to operate flood irrigation at a property.

We do not require residents to cover plants when there is a potential for freezing temperatures and we have not found any efficient way of ensuring your plants do not die from freezing.

We have clear language in our lease agreement holding residents accountable for reporting issues with landscaping and irrigation at the property. Despite this, our experience is that neither residents, nor landscape maintenance crews can be relied upon to ensure that non-indigenous grasses, shrubs, or trees do not die from lack of watering, aging, pests/disease/fungus, etc. If your property has anything other than native xeriscape landscaping, please expect to routinely pay for irrigation system repairs/replacement and

AKSLAND REAL ESTATE INC.
105 E YOSEMITE AVE, Manteca Ca
DRE#01760371

vegetation replacement over time. As a company, we will use reasonable diligence in holding residents accountable for their obligation to report problems with landscape care and irrigation. Please understand that as a company we are not accepting responsibility if grass, trees, shrubs, and plants die over time.

In California, Landlords are responsible for trimming/thinning any trees or shrubs above a 6ft height regardless of whether the resident is responsible for landscape maintenance in the lease. We have found that most trees require trimming/thinning 1-2 times per year.

E. Pest Control

Regardless if pest control is resident responsibility in the lease, owners are expected to take responsibility for mitigating termite, rodent, and bee infestations, as well as pigeon issues at the owner's cost when needed.

F. Pools (We do not manage properties with pools at this time)

If your property has a pool, please be aware that it will need to be occasionally drained and filled for repairs and water quality maintenance. You should expect to reimburse/credit the resident for the cost of the water to refill the pool. Due to insurance reasons we do not manage properties with pools

G. Mid Lease Property Check

In 2020 we modified our annual Mechanical Inspection process to accommodate for COVID restrictions but still achieve the objective of ensuring residents are respecting the property and complying with the lease. The new process involves a resident-led inspection with extensive photos and descriptions once a year prior to lease renewal. If a resident does not complete the process, we initiate a physical visit to the property.

Our typical routine is to initiate the first inspection around **the end of month 7 of any new lease and approximately every 12 months thereafter**. These **'annual' property checks' are not comprehensive inspections**. Our practice is to obtain photos and give you access to them via the owners portal

H. Owner Visits to the Property

California law protects a resident's right to 'quiet enjoyment' of the property. Showing up without prior notice violates this right and can be grounds for you to owe the resident one month of free rent for each illegal entry.

If you plan to visit your property at any time, please let us know 10 or more days in advance so we can provide proper notice to the resident and coordinate our schedule to accompany you to the property.

Any visit to the property, including entering the front yard or driveway, requires either an appointment with the resident or proper legal notice. Please note, the only recognized form of notice under the Landlord/Tenant law in California is certified mail which requires a 5-day

receipt period, so the quickest we can ensure access to the property is 7 calendar days after a notice is sent via certified mail to the resident.

If you ask us to make a special trip (owner-request trip) to meet you, an appraiser, a relative, your contractor, the HOA manager, etc., to check on utilities, to see if your vendor is finished, to see if a storm did any damage, to pick up your mail, or to see if you left your lights on, there will be a trip charge (See 'Owner Charges' section below). We try hard to avoid unscheduled trips, but we do not want to say 'no' when asked by the owner to do something special.

I. Regular Maintenance vs Replacements, Renovations, and Remodeling

Clearly, we are responsible for overseeing normal maintenance breakdowns and regular renovations as part of our management fee. We separate these issues from the larger projects of renovations, full paintings, carpet replacements, roofs, and appliances. All property managers put limits on what they do for their monthly fees. We have established \$1,000 and two trades as our benchmark for what we do with no additional fees. For anything over that amount (large jobs), we add 10% to cover the additional costs of managing the project, inspecting the repairs and any follow up visits needed.

7. Managing the Money

A. Monthly Owner Distributions and Statements

We commit to initiating your owner funds distribution to you on or before the 15th of each month. You will receive an alert email letting you know the funds transfer has been initiated. Because we send funds via Ach transfer, it may take 3-5 business days after we initiate the transfer for the funds to arrive in your account. Please contact us if you do not receive an alert email or if your funds have not arrived by the 20th of the month.

Your monthly statement is online for review. We kindly ask you to review your monthly statement before calling or emailing with questions about your owner distribution. Note: If a resident's funds are returned for any reason, you will be required to return those funds if they were already paid to you.

Disclosure: Any time a resident or prospective resident pays funds to us via ACH transfer, it is possible for them to later dispute the transaction through their bank and get the funds back automatically with no dispute resolution process. This is very rare in our experience, but if it happens, you would be required to immediately send funds to us to cover the amount deducted.

California withholding, Property managers are required to withhold 7% of the gross rent or lease payments in excess of \$1,500 per calendar year, and remit those payments to us if they both:

- Manage real property
- Collect rent or lease payments for California property owners that reside outside of California (nonresident owner)

The property manager may deduct its management fees.
This article will identify when a property manager is required to:

- Withhold taxes
- The amount that the property manager needs to withhold
- The consequences that will result if a property manager fails to withhold and remit the taxes to us

California law requires withholding of tax by persons having the control, receipt, custody, disposal, or payment of items of income, commonly termed “withhold at source.” (Title 18 California Code of Regulations (CCR) section 18662-1(a)(1)). As a property manager providing services to nonresident property owners, including but not limited to renting, leasing, or collecting rent or lease payments on behalf of the nonresident owner, you are considered the withholding agent for California withholding purposes. As a withholding agent, you are required to withhold 7% on rent or lease payments to nonresidents when the total payments of California source income, excluding property management fees, exceed \$1,500 for the calendar year. For example, a property manager who collects rents from tenants for a nonresident California property owner is required to withhold 7% of all payments associated with rents paid to nonresident owners when the payments are greater than \$1,500 per calendar year. The property manager may deduct its management fees and then calculate the seven 7% withholding based on the amount to be sent to the property owner.

B. Rent Collection and Delinquency Follow Up

We have found that having a strict rent collection policy helps set the tone for the resident relationship. Under our lease agreement, rent is due by 5:00 p.m. on the 3rd of the month with no further grace period. Late fees start accruing on the 4th; \$50 paid to the owner plus \$50 late processing fee paid to Aksland Real Estate.

Our policy is to split resident late fees 50/50 with you.

We send out 3-day Delinquency notices on the fourth business day after the first of the month. This puts us in a position to be able to file for an eviction by the 13th-15th if the rent remains unpaid at that point.

We proceed with evictions as quickly as possible while still attempting to negotiate a resolution with the resident along the way. Often, a resident handing in keys is better for a landlord than evicting, storing belongings, etc.

C. Bills and Expenses

When we receive a bill pertaining to your property, we scan and publish a copy of it to your owner portal. This scanned copy can be found in the Attachments section of the bill once you click on it.

A reasonable expectation for annual repair expenses and capital improvements for your property is between 10-20% of gross annual rent (depending on the age and condition of the home).

AKSLAND REAL ESTATE INC.
105 E YOSEMITE AVE, Manteca Ca
DRE#01760371

D. Security Deposits

We require that you hold the tenant's security deposit in your Account. Security Deposits are tenant funds. We reconcile and disburse them appropriately after the move-out.

E. Resident Fees

Aksland Real Estate charges residents for items outside the scope of normal property management and retains it as an administrative fee to cover the costs involved with managing a resident. ([see Resident fee's](#))

F. Pet Administration Fee

We charge new residents a per-pet non-refundable Pet Administration Fee. This fee is retained by Aksland Real Estate in exchange for the pet damage protection to you of \$1,000 per pet. If pet damage exceeds the resident's security deposit upon move-out, Aksland Real Estate will cover the cost to correct the damage up to \$1,000 per pet. This protection does not apply to assistive animals or pets that were not approved on the lease.

G. End of the Year Statement and 1099

Your full-year profit and loss statement with a full breakdown of income and expenses is available in your owner portal under reports. (This is the "Income statement detailed" report)

In the last two weeks before the end of January each year, we will prepare and mail you a 1099 for gross income collected for your account during the preceding calendar year. Your full-year profit and loss statement and 1099 should provide all the accounting information needed for your tax filings. If your 1099 information has changed and we have not been updated there will be a \$75.00 fee charged to change the 1099.

H. Maintenance Oversight Fee

The monthly management fee pays us to manage "normal maintenance breakdowns", not for overseeing rehabs, renovations, restorations, and other large jobs. We differentiate the two by costs (under or over \$1,000) and how it is done (from the office or with multiple trips to the property). When repair or upgrade costs exceed \$1,000, we add a charge of 10% of the total cost of the job to cover our cost.

Charges for Tasks Outside Our “Scope of Service”

Special trips to the property, picking up mail or packages, etc. create additional costs for us that we pass along to you. It should be very rare for you to need any of the below services. They are listed here for your peace of mind if you need us to do something that is outside the scope of our management services.

- **Oversee Owner’s Vendor: \$75 per property visit**

This fee may be assessed if we are asked to oversee a vendor that the owner has personally hired if that process requires additional attention, supervision, or a visit to the property.

We highly recommend owners allow us to use our approved list of vendors, whom we have a long-standing relationship and high level of confidence with, who will return to make corrections if work is not completed properly for most items under most circumstances. This fee will be assessed on a case-by-case basis.

- **Drive-By Fee – Outside Only: \$75 Weekend Fee-Outside Only: \$100**

We often get requests from owners to run by the home and do a quick drive-by to make sure the garage door is down, or the garbage cans be put away.

- **Extra Walkthrough Fee: \$85 Weekend Fee: \$100**

This fee would be applied if the owner requests us to go to the home and perform a walk-through with the resident, or while it is vacant, outside of our normal process. This would only be applied in certain circumstances that go above and beyond our normal management.

- **Owner Foreclosure Charge: \$650**

This fee is charged if the owner has let the home go into foreclosure, on a case-by-case basis.

- **Repair Projects Over \$1,000: 10% of Vendors’ Fee**

This fee is charged if we are tasked with a major renovation or repair. Larger projects often involve several walk-throughs, additional billing, and follow-up to ensure the job is done correctly. This fee will be assessed on a case-by-case basis.

- **Pool Key Retrieval Fee: \$85**

This fee is charged if we are tasked to go in person to an HOA office and retrieve a pool key. Often this fee can be avoided if you provide the HOA to release the key directly to the resident who can go directly to the HOA office to retrieve the key.

- Stop Payment Fee: \$45

This fee is charged if we are asked to cut a check directly to an owner and mail it out. If it was determined that an incorrect address was given our it was lost in the mail (9This happens often) we would have to charge the fee. We are charged a fee by the bank and that charge gets passed along to the owner. This is on a case-by-case basis. We strongly encourage all property owners utilize our EFT service

- Reissue Check Fee: \$25

This fee is charged if we are asked to replace a missing check with a new check. At this point, we will have two checks out for payment and must make the effort to track down and reconcile the missing check. This fee is charged on a case-by-case basis.

- Meet Someone at the Property: \$75

We occasionally get requests from owners to meet them at the property or to assist someone else in gaining access. This could be appraisers, contractors, pest control, inspectors, or even family members. This fee is charged on a case-by-case basis.

- Court Appearance: \$250 per day

This fee is already part of the property management agreement and would only apply if the owner did not carry eviction assurance. It comes into play for evictions and/or lawsuits where we are asked to appear in court on behalf of the owner.

- Security Deposit Dispute: \$150

In the event that Aksland Real Estate has to deal with an outgoing resident who is in disagreement with a Security Deposit Reconciliation, this charge would be applied should it become necessary to seek mediation or legal assistance in resolving a resident security deposit dispute.

- Resident Take Over Fee: \$350

This fee would be charged to a new owner coming into Aksland Real Estate INC. that already has an existing resident. To make the transition as smooth as possible, we will attempt to schedule a meeting with the resident at the property. We may also need to visit your previous property manager to pick up items/keys. Also, there are administrative costs associated with getting the lease set up in our software, etc.

- Owner's Insurance and Surcharge: \$20 per month – Opt Out Option

AKSLAND REAL ESTATE INC.
105 E YOSEMITE AVE, Manteca Ca
DRE#01760371

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 costs of the property's improvements and contains endorsements showing the insuring party is aware that the home will be leased to prospective residents. It is required that the Owner name "Aksland Real Estate" as "Additional Insured" on their Homeowner's Insurance policy.

- Management Fee If Property Vacant Over 60 Days: \$59 per month

We do not charge a monthly management fee while your property is vacant with the expectation that it will be made 'rent-ready' and rented out in under 60 days. If we are waiting for the owner to decide what to do, complete a property turn on the property, or if an owner refuses to lower rent while marketing the home to meet market demand, we will charge \$59 per month after 60 days of vacancy have lapsed.

I. Resident Charges

In addition to rent, residents are charged for other things that we clearly disclose in their lease. We try to follow best practices and industry norms with these charges. We do not want residents to feel as though they are being treated unfairly.

8. Managing the Move-out

A. Four Types of Move-Outs

There are four types of move-outs we manage:

1. Normal, Scheduled Move-Out

Residents provide us with written notice that they will be leaving at the end of their lease term. This notice must be in written form and must be received at least 30 days prior to the end of their lease. For Normal Scheduled Move-Outs, we begin pre-marketing the home approximately 7 days prior to the resident vacating.

For all scheduled move-outs, residents are sent an email communication 15-30 days prior to their departure entitled "Preparing for Your Move Out". This document provides them detailed instructions which include a reminder to thoroughly clean the home, have the carpets professionally cleaned, and bring the keys/remotes to our office no later than 5 p.m. on the last day of their lease term.

2. Early Lease Termination

AKSLAND REAL ESTATE INC.
105 E YOSEMITE AVE, Manteca Ca
DRE#01760371

If a resident requests to move out before the end of their lease, we have a process to accommodate the request while minimizing the risk to you. The process includes Aksland Real Estate charging the resident a fee. The payment of this fee covers our costs to handle the early termination and allows us to guarantee rental income to you for 30 days from the date we receive possession of the property even if A.R.E. pays it. We start marketing for a new resident immediately. This is our *Early Lease Termination Protection* and it applies to every lease that is on an Aksland Real Estate agreement. It does not apply to lease agreements that you have in place when you hire us (if applicable).

3. Skips & Abandonment

If a resident leaves the property unexpectedly with or without turning in their keys during the middle of their lease, we consider it to be an abandonment of the property, or a skip move-out. We handle these move-outs according to their individual circumstances with the aim of working quickly to regain legal possession of the property, making it rent-ready, and re-renting it.

4. Evictions

When a resident stops paying rent and does not voluntarily leave the property (or commits some other non-curable lease breach) we will proceed with an eviction action on your behalf. In most cases, an eviction can be completed in 60-90 days. Our Eviction Assurance (included in our Platinum Plan) covers normal legal, filing, process server, constable, and lock change costs when an eviction becomes necessary. It does not cover trial attorney cost depositions or mediation / arbitration cost.

B. Increasing Cash Reserve

In order to minimize downtime during the upcoming vacancy, our standard practice is to increase your account cash reserve by \$400 or more to help cover utility deposits and bills while the property is vacant.

C. Move-Out Inspection & Security Deposit & Reconciliation

Approximately two business days following the receipt of keys from the departing residents, we will perform the move-out inspection. (See 'Move out Property Inspection').

Following the Move-Out Inspection, we will send you a Move-Out Inspection Report that will itemize suggested charges against the resident's security deposit and, if we will be

continuing to manage the property, outline the work needed to bring the property into rent-ready condition again. If you have decided to sell the property with Aksland Real Estate, this report will also outline our recommendations to get the property sell-ready.

California law requires before and after pictures of any damage/cleaning as well as an invoice of payment to the vendor, If this process is not done correctly the tenant could be awarded the entire security deposit returned to them.

We ask that you either let us manage the full property turn or none of it. Please note: There is a \$75 per visit charge if extra visits are required to check the property condition if you are managing the turn.

In most cases we reconcile resident security deposits within 18 business days but no more than 21 days of the receipt of keys, prepare a report, and check for any funds due to them. (See [California Security Deposit Reconciliation](#)).

D. Resident Damage

Normal Wear and Tear: California law requires Owners to maintain their rental properties. This means that if something wears out over time due to normal use it must be repaired or replaced at the owner's cost.

Residents are responsible for paying for the things they damage. To determine if something has been damaged, we are looking for clear evidence of misuse, abuse, or neglect. We rely on the service professional sent to the home to make this determination. Our policy is *not to assume* resident damage unless there is clear evidence of the damage. If something may have failed from normal use, that is the assumption we will be making.

When residents are charged for damage after a repair is made, the charge against the deposit is calculated by multiplying the full cost of repair or replacement by the depreciated life of the item.

For example: If the resident damages drawers in the refrigerator and the 'useful life' of a refrigerator in a rental property is 10 years and the refrigerator is 5 years old when the damage is repaired and the cost of the repair is \$400, then the resident is charged $\$400 \times (5\text{years}/10\text{years}) = \200 .

E. Security Deposit Disputes

Resident Security Deposit Disputes are, by far, the most common cause for litigation in Landlord/Tenant issues in California. We have designed our move-in and move-out processes and communication in such a way that it minimizes security deposit disputes. Despite this, they are still relatively common.

California law provides residents with an **award of 3 times the amount of the security deposit if funds are wrongfully withheld** from their security deposit so it is important to promptly and fairly address security deposit disputes to avoid legal action.

If you support our suggested charges against the resident security deposit, we will be happy to stay involved in negotiating a resolution to any security deposit disputes with the resident that may arise. If you disagree with our recommended charges and dictate that they should be higher, and if a dispute ensues with your resident's belief of what they should be charged, we will put the resident directly in touch with you (email and phone number) for resolution.

We ask you to support our efforts to resolve security deposit disputes even in some cases where a settlement may be necessary to avoid legal proceedings. The objective in a security deposit dispute is often to minimize your legal risk and loss of time and resources in what could become a costly legal proceeding. We will work diligently to show the resident we have a solid basis for any charges and negotiate the least possible settlement with the disputing resident that will close the issue for all parties.

F. Collections

While it is uncommon for us, some residents leave while owing money to you. We are not a collection agency, but we have some companies that we can refer to you if you would like to pursue the matter. A collection in California may require you to file a small claims suit and get a judgment prior to sending the money owed to a collection company.

G. Anticipating Vacancy Expenses

Even with no damage, we find the average cost to 'turn' a property between residents is 1-2 times the monthly rent (more if the home is due for a new carpet and/or painting). Please set aside funds and expect to invest in your rental property. Keeping the property in great condition helps us attract quality residents and increase rents.

H. Taking Back Possession or Selling the Property

If you have intentions of taking back possession of the property or want to sell the property at the end of the lease term, please notify us in writing as soon as you have come to this decision. A 60-day notice to vacate must be submitted to the resident at the end of the lease term. Providing as much notice as we can helps the resident have an easier move.

If at any time during our management, you list the property with another agent for sale or enter into a contract to sell the property, it is our policy to immediately terminate management services. Please communicate to us in advance if you plan to list the home with an agent or sign a contract to sell it.

I. Property Acquisitions and Dispositions

In addition to property management, we can also help you buy and sell properties. We hope to earn your trust so that when the time comes to sell the property you think of listing it with us first. Our staff are experienced and skilled at home sales and can often offer a discount on listing fees to you.

We are passionate about helping you build and preserve wealth through your property holdings. If the market and your personal circumstances permit, we would love to help you acquire additional rental properties.

Thank you

Jeffrey A Aksland

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Broker Owner
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