



Certified Property Management

**Frequently Asked Questions
Policies and Quality Standards**

Introduction

Why should I hire you as My Property Management Company?

You should hire us only if you think we are the best match for your property management needs. Frankly, we are not a perfect fit for every property owner and it would be arrogant and wrong for us to simply proclaim "we are the best, hire us!" We may be the best property manager for some owners and properties but not for others.

This is why these FAQ pages exist; so that you can learn about us and the guiding principles we will employ in the management of your property.

Turning over your rental property to the care of an unknown property manager can be an emotional and frightening experience. Talk to at least three property managers before hiring one, and ask questions. You want to be able to trust your property manager so that you won't be worrying about your home. The more research and information you gather, the better you will feel about your final decision. Of course, we'd love the chance to earn your trust and manage your property, so please read on.

Liberty Management, Inc. has been serving San Antonio since 1982. We are a full-service real estate office with one of the largest property management departments in San Antonio.

Our Philosophy is to create a relationship between Liberty Management, Inc. and our owner's that exists not only through contractual obligation, but from an achievement of mutual benefit.

Our primary duties are to attain a maximum return on your investment; and to ensure your property is well maintained.

These responsibilities are carried out in accordance with the instructions and authority delegated to us in the Residential Management Agreement. The success of our company depends on the way in which we manage your property.

Good communication between us is essential for a successful and profitable relationship. The most important part of our job is to make sure that both you and the tenant receive just and equitable treatment.

These guidelines will explain in detail how Liberty Management, Inc. will manage your property.

Our goal is to provide a clear picture of what you can expect from us, a thorough understanding of our policies will help to alleviate any concerns you may have about leasing your property.

The following pages answer the most frequently asked questions (FAQ) about our property management services and our policies and standards.

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Frequently Asked Questions

What type of properties do you manage?

We specialize in Single-Family Homes, Duplexes and Town Homes.

What type of properties do you not manage?

We don't manage anything larger than a duplex, such as 4-plex properties or small apartments.

We don't manage commercial properties.

We don't manage homes with chronic repair issues or conditions that might adversely affect the health or safety of an ordinary tenant. An example would be a home with a rotted 2nd story deck that an owner "can't afford" to properly repair.

Are you licensed?

Yes. We are licensed REALTORS®

We are members of:

- Better Business Bureau
- Greater San Antonio Chamber of Commerce
- San Antonio Board of REALTORS®
- Texas Association of REALTORS®
- National Association of REALTORS®
- San Antonio Chapter of the National Association of Residential Property Managers
- National Association of Property Managers

What experience and credentials do you offer?

Kevin Knight, President, ABR®, CRS, GRI, RFS, RMP®, REALTOR® After serving in the United States Army's 82nd Airborne Division, I started my career in real estate in 1982. In 1994 I received my (CRS) designation Certified Residential Specialist.

In 2004, I purchased Liberty Management from my father, Don Knight, and have continued the integrity and professionalism that he built the business on. Also in 2004, I was awarded the Residential Management Professional designation (RMP) from the National Association of Residential Property Managers (NARPM).

In 2005, The San Antonio Board of Realtors® named me the Property Management Specialist of the Year. In addition, I have served as the 2005 and the 2007 President of the San Antonio NARPM Chapter of Residential Property Managers in San Antonio. In 2008, I served as the Chairman of the Property Management Committee at the San Antonio Board of Realtors®.

In 2009 Kevin received his Master Property Manager designation (MPM) from the National Association of Residential Property Managers (NARPM). This is the highest designation a property manager can receive.

In 2011 Liberty Management earned the CRMC® Certified Residential Management Company from the Nation Association of Residential Property Managers. This esteemed designation has been awarded to less than 1% of the residential property management companies.

Don Knight, Founder, has been active in real estate in San Antonio since 1971. In 1982 he founded Liberty Management, Inc. becoming one of the pioneer management companies in Northwest San Antonio. Building on the ethical principles of honesty and hard work, Liberty Management has become one of the most respected management companies in San Antonio. Don Knight retired from property management April 2010.

How large is your company?

Our Property Management team:

Kevin Knight, President/Broker, ABR®, CRS, GRI, RFS, MPM®, RMP®
Mary Molina, REALTOR® – Vice President / Director of Operations, RMP®
Linda Luna - Senior Property Manager
Lulu Vargas, REALTOR® – Property Manager
John Garcia, REALTOR® – Property Manager
Jesse Sandoval– Owner / Tenant Coordinator
Oralia Bustos – Applications & Leasing Manager
Christen Escobedo – Marketing
Ammari Rodriguez – Eviction Specialists
Faustino Montoya – Lease Renewals / Survey Coordinator
Irene Valdez – Accounting / Bookkeeper
Brian Hollis – Information Technologies
Lloyd Bell – Field Representative
Carmen Sandoval – Secretary / Receptionist

Our Real Estate Team:

Cecelia Prendergast, REALTOR®, ABR® - Leasing / Sales Specialist
Ben DeLaCruz, REALTOR® - Leasing / Sales Specialist
Elsa DeLaCruz, REALTOR® - Leasing / Sales Specialist
Scott Nieland, REALTOR® - Leasing / Sales Specialist
Mari Fee, REALTOR® - Leasing / Sales Specialist
Mark Fee, REALTOR®, ABR®, ePRO - Leasing / Sales Specialist
Ruben Cortez, REALTOR®, ABR®, GRI, SRS - Leasing / Sales Specialist

***Owners appreciate the small office atmosphere
and personal service we deliver.***

What do you do to get my property leased?

Renting homes is a merchandising rather than a selling effort. Many tenants find their homes by scrutinizing the outer appearance of properties in neighborhoods where they desire to live. The placement of signs with our company name and telephone number is one of our best means of attracting potential tenants. We also acquire tenants through the Multiple Listing Service, Internet web searches, other Real Estate companies, Military Housing Office, rental agencies, walk-in business, and referrals from satisfied clients.

FOR RENT SIGNS – “For Rent” signs are normally placed on a rental property thirty (30) days prior to the property’s availability date. For new property, the sign is placed on the date the unit first comes under our management or, if necessary, when the property is in a showable condition. Unless restricted by Neighborhood Associations or City Ordinances, signs are placed in the yard where they are visible to traffic

BASE HOUSING – Properties are posted at Military.com, which is the major source of our military tenants.

NEWSPAPER – If requested, classified ads are placed in the San Antonio Express News and/or other publications. You are only billed for advertising that you request.

MLS - Your property data is entered in the San Antonio Multiple Listing Service giving access to over 5,500 REALTORS®. We pay a leasing fee to the agent who brings us a qualified tenant, whether the agent is from our office or from another company.

LEASING LOCATORS – We make all of our listings available to the many Lease locator Companies. These non-REALTOR® companies specialize in helping tenants find apartments, houses, and duplexes.

WORD OF MOUTH / REFERRALS – We regularly receive referrals from our current and past tenants, friends of our tenants, and from other Broker’s agents.

INTERNET LISTINGS – We have developed a web page, which provides information on rental homes to families that are planning to relocate into the San Antonio area. Our properties are posted online at Libertymgmt.net and <http://homes.mysanantonio.com> listings are updated regularly.

CORRECT PRICING – Even the best properties will not lease quickly if overpriced. We analyze the market to be certain your home is priced according to current market conditions.

THOROUGH PREPARATION – The most desirable properties, priced well, will not lease quickly if they are not in top condition. Properties must show well and have “curb appeal”. We make sure your property is presented in a clean and attractive condition so that it will catch the attention of a good, qualified tenant.

WE SHOW YOUR PROPERTY PERSONALLY – We have motivated leasing agents, who are all licensed REALTORS[®], who personally show your property. Potential tenants ARE NOT permitted to take keys and view properties.

Normally, there are three factors that make a property difficult to rent – undesirable neighborhood, it does not show well, or the rent is not competitive. If one of the last two problems appears to be a factor in marketing your property, we will make suggestions to correct them. We do our utmost to keep all properties rented, not only for your benefit but also because our income is based on a percentage of the rental income.

Some Rental Facts

- Monday is the busiest phone day.
- Renters visit three to five properties before making a decision.
- It usually takes two visits for a renter to make a decision.
- Over 75% decide to rent in the spring or summer.
- 58% of prospective tenants use the Internet.
- Women are the primary decision makers.

What do you do to qualify a tenant after they have made application to rent my property?

This is one of the most important aspects of the successful management of rental property. We look at an applicant's past behavior and assume their future behavior will be the same. An applicant must demonstrate a history of being a good, responsible tenant as well as meeting our financial criteria.

APPLICATION – After a prospective resident has been shown a property and has expressed a desire to lease it, our Rental Application must be submitted. The prospective tenant must also submit an Application Deposit and a non-refundable Application Fee. The application fee is retained by the company to defray the cost of processing the application. Upon approval of the application, the Application Deposit becomes the Security Deposit for that property.

SCREENING – We subscribe to ACUTRAQ Background Screening Texas premiere tenant performance reporting company.

LANDLORD VERIFICATIONS – ACUTRAQ verifies the true owner or agent for the property. They personally talk to past landlords and ask detailed questions about the applicant's past performance.

SCORED RETAIL CREDIT REPORTS – ACUTRAQ provides us with their exclusive Scored Retail Credit Report which tells us the applicant's current and past performance in meeting their financial obligations. It also tells us their monthly debt and shows their previous addresses (which we compare to addresses listed on the application). An applicant must have acceptable credit to qualify.

EMPLOYMENT / INCOME VERIFICATIONS – ACUTRAQ also provides us with a complete employment picture. They verify job title, job status, salary and prospects for continued employment. An applicant needs to earn at least 3 to 4 times the monthly rent in gross income to qualify for rental.

EVICTION & CRIMINAL REPORTS – ACUTRAQ has access to public records that tell us if the applicant has ever been evicted. They also provide us with criminal background checks. This is a level of scrutiny that most other property management companies do not perform.

If accepted, the applicant's in-processing includes a detailed explanation of the lease, lease signing, collecting pro-rated rent, and providing the tenants with a copy of our Lease Rules and Regulations and our Detailed Property Check List.

Our Lease Rules and Regulations further explains our Lease Agreement and provides information about rental payments, lawn care and maintenance, pets, service calls/emergency repairs, check-in/out procedures, lease renewal and termination, utilities, security deposit, etc. The Lease-Rules and Regulations becomes an addendum to the Lease Agreement.

What is the Duration of the Lease?

All leases are in writing and normally cover a period of one or two years. Longer Leases are approved after discussion with the property owner. With the owner's approval, during slower rental periods, we accept leases for less than one year in order to have the lease expire during a more active rental period. On occasion we may elect to place a tenant on a month-to-month or 6 month rental lease to accommodate sale of the property by the owner, a tenant's pending departure, or moving the property into a more active rental period.

How do you make sure the tenant is taking good care of my property?

First, careful tenant selection protects your property from being rented to unqualified people. During the lease term, we may have occasion to enter the property for repair or maintenance reasons and will use that opportunity to examine the property. In addition, we will generally schedule a 6 month property survey walk-through to see how the tenants are maintaining the property. We make sure the air filter is being changed, that the smoke alarms have batteries and that there are no unreported problems at the property.

We will also schedule a renewal survey when the tenant renews the lease. This protects both you and your property. The right for us to make routine inspections of the property is part of the tenant's lease agreement

What do you do if they are not taking care of my property, as they should?

We give them an opportunity to correct the situation, and usually they will. If a problem persists, we will make a decision based on that specific situation.

What happens if the tenant does not pay their rent?

If payment has not been made by the 5th – 6th day of the month, we send an eviction notice. Whether or not we eventually have to proceed with a formal eviction depends on the specific circumstances. It is usually financially better, for all involved, if a solution can be worked out. If the tenant has experienced a one-time event which caused them a financial hardship, and we have had no previous problems with them, we will normally give them a chance to catch up, if there is reason to believe they can do so. If the tenant has demonstrated an ongoing pattern of late payments, broken promises and/or evasiveness, eviction is usually the best course of action.

Each case is unique, and we make our decisions based on what is best for you and the property in the long run. We always proceed with the legal notices required for eviction regardless of any other factors. We will simply postpone the actual filing of the eviction if the tenant is showing favorable effort toward resolution. Evictions in Texas are a simple legal matter as there is no way a tenant can prevail in court if they have not paid rent, and the landlord has properly executed the notices and filing. Full evictions, when necessary, can usually be completed in five to eight weeks.

How informed will I be about what happens with my property?

We believe that you hire a property manager to manage the property for you, not to assist you in managing it yourself. We offer a turnkey style of property management service which is most appreciated by those property owners who prefer to be “out of the loop” on all but the most important matters related to the management and leasing of the property. We don’t pester you with small details, questions, information or “updates” about your property or tenants, except for those matters which will have a significant impact on your monthly cash flow. Instead, we simply take care of the things you have entrusted us to handle on your behalf.

What if I want to be informed to a greater degree than you have just outlined?

For some property owners, our system is not a good match, and we understand that. We are very up front about the fact that we do not want you to hire us if you expect to be involved in minor details or decisions related to the management and leasing of your property. We simply have not designed our systems and procedures to accommodate that level of involvement by owners.

Under your system of property management, how informed will I be about what's going on with my property?

Our general rule of thumb is this; if something has happened, or is about to happen, that will disrupt your ordinary monthly cash proceeds by more than \$300 per repair not total invoice; we will let you know about it. An example would be that we receive a 30-day notice from your tenant, and therefore a turnover, along with related expenses, is pending and we want you to be informed and prepared for it.

Another example would be that your A/C unit has failed during the middle of a hot summer; we have determined that the 12-year-old compressor needs replacing and have initiated the work to replace it. We will call or email you to let you know what has happened and the expected financial impact on the following month's statement.

Aside from any special considerations unique to you or your property, our rule of thumb is this: If something may cause a potential interruption in your ordinary cash flow (loss of tenant or major repair), we will let you know about it right away. Otherwise non-emergency items will be notated in your monthly statements. Of course, we encourage you to contact us anytime you have a question or wish to discuss something. If you are a worrisome owner that wants to be informed of every little thing, our style of management is probably not for you.

How do you handle maintenance requests?

Tenants may submit requests through our website or fax, email, or mail their requests to us. For emergencies, they may call us or use our 24 hour answering service that will contact us after hours. After receiving a repair request, we will contact the tenant and ask them questions in order to help us determine the exact nature of the problem before sending a service technician. We make sure it is not something the tenant can fix themselves (ex: reset button on the disposal, tripped breaker etc.) before your money is spent on a service call. After determining that it is a legitimate problem, we will send the appropriate service vendor to make the repair. We tell our tenants that we are able to handle most repair requests within 1 to 3 working days, and, in fact, are usually able to do so. Comfort items such as air conditioning, no hot water or heat, receive highest priority and are usually attended to the same or next business day.

Do you use the cheapest maintenance people you can find?

We do not! We do not employ nor do we profit from any maintenance people we use. They are competitive in price, competency and reliability. We have access to "all-around" maintenance technicians who are skilled in a wide range of home repairs including air-conditioning, light plumbing and electrical. These technicians are billed out at about \$45 per hour, compared to single trade vendors who charge \$60 - \$75 per hour, and occasionally more for conditions such as an after-hours emergency sewer backup. We save our owners money by using these technicians for the majority of multi-trade and make-ready tasks. Another benefit of using these technicians is the opportunity for checking out the general condition of the property — something that a single trade vendor will not do for you.

We believe we have developed a very sensible approach to handling maintenance and repairs, and that you will realize cost savings that other property management companies simply cannot deliver.

Do you hold some of my money for repairs? How much?

We require a \$300 reserve per property in your account so that there are always funds to pay the vendors quickly.

How do I know you will not spend my money on large repairs without my approval?

This is the greatest fear of most new owners. We promise in writing not to do that. Ordinary maintenance and repairs of less than \$300 are paid out of your account, and you will see this in your monthly statement. If we think a repair might exceed \$300 and if we are unable to reach you, we may initiate repair work even if it is higher than \$300 as stated in the management agreement; for the following cases: (1) the health or safety of a tenant is an issue; (2) the property will incur damage if immediate action is not taken, (3) In instances where there is only one option to consider. We will not leave a tenant waiting in 90+-degree heat without A/C or without hot water, or a leaking roof while we try to contact you for permission to do the obvious.

Sometimes an owner will complain that we spent \$355 (for example) when it was not an emergency. The simple explanation for this is that the company that went to the property charged a \$55 service call (for example) to go out to the property whether they fixed anything or not. Therefore, instead of having the owner incur a \$55 service call just for us to get an estimate and then having to send the company back out to do the repair and the owner having to incur another \$55 service call, the owner saved \$55 by having the repair done the first time.

We always tell the maintenance companies to alert us if the repair is going to be over \$300. Sometimes the maintenance company may think that the repair will not go over \$300, but after they get working on the repair, they find that there is more to fix than they could see before they started the job. It would not make good sense and it could be a safety issue if the company had to leave an air conditioner or dishwasher, etc. torn apart while we waited for your permission to ok the additional \$50.00(for example) and then the maintenance company could charge another trip charge on top of the extra money for the repairs. This would not be in your (the owners) best interest.

Liberty Management does not make any money on maintenance and any discounts that we receive are always passed on to the owner.

My brother-in-law is fairly handy; will you use him to perform repairs?

No, we only use our qualified vendors. We are not able for liability reasons to use your friends or relatives to perform work on your home unless they are in fact licensed vendors (see below).

What if I want you to use my plumber, A/C Company, etc.?

We will be happy to invite them to join our vendor list if they are qualified and insured, but we cannot promise that a specific vendor will be dispatched to your home for certain repairs.

We already have a stable of very qualified and reasonably priced vendors that we have used for many years. If a company you prefer wants to be added to our vendor list, they can contact us and we will interview them and let them know what documentation and references we need. However, we cannot guarantee that your favorite company will be sent on all service calls to your property. Our concern is always to resolve repair problems in the timeliest way possible with the best available vendor at the time. We cannot keep track of a pre-established roster of which vendors are assigned to certain properties — it would be very cumbersome and inefficient and would not achieve the best service to you, the tenant, or your property.

Our professional reputation, with both tenants and owners, is largely, if not entirely, determined by how well we handle maintenance. Therefore, we follow a practice that is most likely to insure the best possible response and resolution to problems.

I want you to use a Home Warranty for all repairs, is that ok?

We prefer that the owners do not use a Home Warranty Company to make repairs at their rental property. There is a HUGE problem in the home warranty industry, and the public is becoming savvy to it.

Try searching Google with the name of your favorite home warranty company and the word `complaints' or `fraud'. You will be amazed. Find out how many people feel like they got burned, turned down wrongfully, or got seriously bad service. Furthermore, feel free to visit www.my3cents.com for even more examples of this currently growing problem THERE ARE MANY OTHERS...

Almost every time we call a home warranty company for a problem, they deny the service either on grounds of lack of maintenance or abnormal wear and tear. How do you define abnormal wear and tear and lack of maintenance? When it comes to exclusions and small print, warranty contracts say a claim can be denied for lack of maintenance, improper maintenance, improper installation, pre-existing problems, code violations and numerous other reasons.

Warranties are typically purchased by home sellers or their real estate agents to avoid lawsuits if something breaks in the first year.

Not to be confused with a builder's warranty, a so-called home warranty — actually a service contract — is typically purchased for existing homes, especially homes sold by real estate agents. These service contracts generally cost \$300 to \$600 for a year-long basic-coverage plan that includes items like ceiling fans, water heaters and furnaces.

The contracts come with loopholes. You need to carefully read your service agreement to determine what is and what isn't covered. Coverage for plumbing, for example, typically ends at your home's foundation, so leaks or breakages beyond that would be your responsibility. "Pre-existing" problems typically aren't covered, nor are breakdowns that result from poor maintenance or improper installation. The contract also may require that a system be upgraded to current building code standards -- at the homeowner's expense -- before they agree to consider repairs. People who have had problems with the home warranty companies say that the more expensive the repair or replacement, the more likely home warranty companies are to invoke these exclusion clauses.

You don't have control over who does the work. The home warranty provider contracts with local service companies to perform the actual inspections and repairs. You don't get to choose, and scheduling repairs can sometimes be a trial. The service technician may also try to sell you unneeded services.

So what is a homeowner to do?

Many consumer advocates would say it's better to "self-insure" — setting aside a reasonable sum each year to cover routine maintenance and finding reliable local contractors to do the work. You can't shift all the risk of home repairs to a home warranty company because, as noted above, many repairs won't be covered by your agreement.

When might a home warranty make sense?

If you are trying to sell a house, a home warranty can give buyers some peace of mind and may reduce the chances of your being sued should an appliance or system break down after the sale.

We have had hundreds of problems with home warranties.

An example: we had a bathroom faucet go on the blink; we called the Home Warranty Company. After paying the \$55 deductible, their contractor refused to make the repair. We had our plumber go out and they made the repair for \$65. We have experienced this over and over where the owners are spending money on deductibles and then we have to send out our maintenance people to fix the problem.

Our next problem came in the form of a malfunctioning air conditioner. After two days with the tenants having no A/C and paying a \$50 deductible, the service technician reported that there was lack of maintenance and therefore it had to be replaced and was not covered under the Home Warranty. They gave us an estimate of \$4,000 to replace a six year-old A/C system. The tenants had been staying in a hotel and expected to be reimbursed for their expenses. We sent out our A/C vendor to assess the situation, he declared the A/C unit to be perfectly fine except that a small part had to be replaced; total cost from our vender was under \$200.

On another property, a dishwasher repair was needed. The home warranty company took 3 months and had make 15 trips out to the property to repair the dishwasher. If you were the tenant how would you feel?

On one property the A/C went out in the summer and it took 21 trips and 3 months before the warranty company finally replaced the A/C. You can be sure the tenants moved as soon as their lease agreement was up. Other tenants would have contacted an attorney and sued the owner.

Often home warranty companies will leave tenants hanging without heat or A/C for days while they go through their "second opinion" process.

If, as a property manager, I wanted to damage my reputation with as many tenants as possible by providing the lousiest repair service possible, I can't think of a better way to accomplish that than by using a warranty company on all service calls. They simply are not compatible with the level of service we demand of our vendors.

Our owners have been burned so many times in years past that we finally decided we had enough, and said "no more." Nothing affects the reputation of a property management company more than the manner in which repairs are handled. Tenants judge us by almost no other measure. It therefore makes little sense to entrust vendors we don't know — ones we have no relationship with or control over — with the reputation of our company and the relationship with your tenant. Instead, when repairs are needed, we will send **our trusted vendors** with whom established relationships exists, and they will provide the quality service we require in a professional and timely manner. That said, if we determine through our own vendor that a covered mechanical item in your home has failed, or is in need of costly repair, we will endeavor to get whatever Home Warranty company you have out to honor the warranty, provided that they accomplish the service call and repair in a timeframe and manner that is reasonable and just to all parties.

Take a look at Paragraph 18 section F of the tenants lease agreement:

18. REPAIRS:

B. NOTICE: If Landlord fails to repair a condition that materially affects the physical health or safety of an ordinary tenant as required by this lease or the Property Code, Tenant may be entitled to exercise remedies under §92.056 and §92.0561 of the Property Code. **If Tenant follows the procedures under those sections, the following remedies may be available to Tenant: (1) terminate the lease and obtain an appropriate refund under §92.056(f); (2) have the condition repaired or remedied according to §92.0561; (3) deduct from the rent the cost of the repair or remedy according to §92.0561; and (4) obtain judicial remedies according to §92.0563.** Do not exercise these remedies without consulting an attorney or carefully reviewing the procedures under the applicable sections. **The Property Code presumes that 7 days is a reasonable period of time for the Landlord to repair a condition** unless there are circumstances which establish that a different period of time is appropriate (such as the severity and nature of the condition and the availability of materials, labor, and utilities.)

Tenants have more rights now than they ever have had in the past and Judges are normally on the side of the tenants and if repairs are not made timely, owners can find themselves on the wrong side of the legal system. It is hard enough to try to use a home warranty on the home that you live in. It is not cost effective or practical to use a home warranty on a rental property.

Our Broker will not use any existing Home Warranty Company for “first responder” service calls to the property, under any circumstance. Covered items that need replacing will be run through the Home Warranty Company only after an initial determination is made that replacement may be necessary.

My home has a pool. How do you handle the maintenance?

Currently we are not accepting any properties with pools.

When do you mail the owner's checks and statements?

Frequently, I get asked why owners have to wait so long to get their rent proceeds when rent is due on the 1st of the month.

That it is a good question and I would like to take a moment to answer it!

Yes, our lease agreement states that the rent is due on the 1st of the month. Texas law says that we have to give the tenants a grace period. Therefore, the tenants have to midnight on the 3rd before they are considered to be late with their rent.

The checks that we receive on the morning of the 4th have to be posted into the property management software and deposited to the bank. If the 4th falls on a Saturday or Sunday, or a holiday, in which case we are closed, this will further delay the process.

The bank posts these deposits to our account, which again, if it falls on a weekend or a holiday, this does not happen until the following Monday, or workday for the bank. Therefore, if the funds for us to send you your money are not credited or put into our account before we send out your checks, some checks we send out could be returned for Non-sufficient funds, causing numerous problems for all of us.

We process statements and rent proceeds between the 7th and 10th of each month.

You should receive your statement and rent proceeds no later than the 15th providing the property is occupied and the rent has been paid on time.

Disbursements are made by check and mailed with the owner’s statement or ACH direct deposit into the owners' accounts and statements are mailed the same day. **We now email owner’s statements for owners that receive their rent proceeds by ACH.**

When we send out the ACH payments the banks take two business days to process the payments.

Payments to Owners who had late rents (received after 5th) and before the 15th are processed between the 15th and 20th of the month. Late payments received after the 15th of the month are processed the following month.

If you have not received your statement or rent proceeds by the 15th of each month, please call our office, but calls prior to the 15th will just delay the processing of your funds and statement. Your cooperation is greatly appreciated.

Can you put the money directly into my checking account?

Yes! We can deposit your proceeds directly into your bank account. Please download the Direct Deposit form from our website at www.libertymgt.net or come by the office. We will also need a voided check, a copy will do. **DO NOT USE DEPOSIT SLIPS.** We will email you your monthly statements. Also you may login to our online portal to view your monthly statements. **There is no convenience fee for ACH deposits.**

What bills related to my rental property will you take care of getting paid for me?

We will pay your recurring invoices such as, lawn service and any other bills or invoices generated as a result of repairs, utilities or other services to your property. We are not able to pay mortgage or insurance payments on your behalf. We strongly recommend that owners pay their own HOA fees in order to avoid the possibility of fines and fees or other legal issues that could arise. Please see our information about Keeping Your HOA up-dated.

There must be sufficient cash flow from the property to cover such expenses, and sometimes we must set up an additional reserve fund for this purpose, which will allow us to make prompt payment for you without waiting for the rent to arrive.

What will I receive with my monthly statement each month?

Statements include all income and expenses for the accounting period. We request that any unpaid balance be brought current within thirty (30) days. Accounts in arrears more than thirty (30) days will be charged 10% interest on the unpaid balance.

What is your Monthly Management Fee?

Our management fee is a percent of the monthly rent depending on the size, location, and number of properties. There is no monthly fee if the property is vacant.

What is the Leasing Fee?

In order to have our managements competitive in the rental market our leasing fee is 50% - 100% of the first month's rent for new tenants depending on which city your property is in and the market conditions in that city.

We list our rental properties in the Multiple Listing Service, which is accessed by several thousand real estate agents. This greatly helps minimize the vacancy time of your property on the rental market.

Are your fees negotiable?

Our fees are very competitive, and therefore are not negotiable. We realize you can find a cheaper property manager, but price should not be the determining factor in deciding whom you hire to manage your property. The ultimate cost of using a property manager is determined by many things other than the fee we charge, namely, the efficiency and manner in which we handle problems. We feel that our services, our systems, and the experience and expertise we offer are a very great value at the fee structure we have established.

Are there administrative fees or other services charges?

There are no start-up costs. We do not charge for long distance calls or mileage nor do we markup maintenance costs at any time as some Property Managers do routinely. The only other expenses you should incur would be for services which fall outside the normal scope of our Management Agreement and for duplication of services. If you lose a rent proceeds check, there is a \$35 replacement fee. (Our charge to cancel the check at our bank.)

Here are some examples that fall outside of normal management service:

Example (1). When an owner wants to use a company like Sears to deliver a new stove to a vacant property, and we have to meet Sears at the property, there is a service fee of \$45 per hour — minimum \$45.00.

Example (2). If the owner is refinancing the property, and we must meet the appraiser or other person at the property, there is a service fee of \$45 per hour — minimum \$45.00.

Example (3). Our records are boxed and archived each year. Owners receive copies of all bills and receipts with their monthly statement. Consequently, if an owner requests a duplicate bill, receipt, statements or other items, there is a service fee of \$35 per hour — minimum \$35.00.

Example (4). Sometimes an owner wants us to take pictures of a new fence, new roof or a repair that has been done on the property. We are happy to do this for owners, but it is very time consuming, therefore there is a service fee of \$45 per hour — minimum \$45.00.

Owners often ask us to do things that are outside our normal management services, and we try to accommodate our owners whenever possible.

Can Liberty Management help me sell my property?

Yes! Our agents are well trained in property management procedures and in the sale or purchase of residential investment property. In fact, some of our agents have received advanced designations such as Certified Residential Specialist (CRS) and Accredited Buyer Representative (ABR). They would be happy to assist you in either the purchase or sale of residential or investment properties.

Owners receive a discount if they use our agents to represent them in the sale of their properties.

Is the management agreement a standard, widely used form?

Yes. We use the Texas Association of REALTORS® Property Management Agreement. You can also look at the Residential Lease Agreement we use with tenants and even our Rental Application if you would like.

Who holds the tenant's security deposit?

If you are currently holding your current tenant's deposit, you should send it to us at the time we take over management of the property. Any new deposits that we receive are held in our deposit trust account.

How much security deposit do you charge the tenant?

We stay within the norms for the San Antonio market. Normally we require about 70% to 90% of one month's rent. This also helps differentiate the deposit amount from the monthly rent, so the tenant does not confuse it with a last month's rent.

What should I do if the tenant calls me?

Responsible tenants are valuable assets to both of us. A satisfied tenant can bring us referral business and will be more inclined to care for your property as if it was their own. As the owner of the property, it is best that you avoid direct communication with the resident and refer all inquiries to our office. We maintain a diplomatic relationship, between you and your tenant, through personal contact and in the form of our Property Survey Reports and a newsletter, we periodically mail to each of our tenants. We also publish an owner's newsletter to keep you advised of changes in the housing market, problems we are encountering, changes in laws that affect rental housing, etc.

Can I go by and view my property?

Yes. In fact, we recommend owners view their property at least once every year or two... Owners should give Liberty Management at least five or seven days' notice, so we can make arrangements with the tenants. Often the trip to view your property is tax deductible! Please check with your tax preparer.

How soon can Liberty Management start managing my property?

We can start the process immediately. Contact us so we can find out more about you and your property and see if we would be a good match for your wants and expectations. Please contact us if you have other questions or wish to discuss letting us handle your property.

Property Management Policies

Breaking the Lease

A lease normally contains only one provision by which a tenant can terminate his or her lease without penalty.

A Military Clause permits military personnel to terminate the lease when they present proof of a transfer outside the San Antonio metropolitan area. They are required to provide thirty days written notice prior to vacating the house. If orders are not available, a letter signed by their Commanding Officer will suffice.

Occasionally, a tenant's civilian employer requires them to transfer to another city. In this case, the resident may terminate their lease by following the EARLY TERMINATION procedures in their lease agreement.

The tenant will bear all expenses normally experienced with re-letting, and pays the rent until the property is re-rented, tenants may be released from their obligations upon successful completion of the early termination and paying all associated fees involved in the re-letting of the property.

Carbon Monoxide Detectors

Carbon Monoxide is an odorless, colorless gas that kills many people every year. If your property has gas heat, gas water heater, or a gas stove, we recommend that you install Carbon Monoxide Detectors in your property. We believe state law will soon mandate carbon monoxide detectors in rental properties. All detectors should be installed in accordance with their instructions.

Communication

Good communication between us is essential for a successful relationship. You can email us at Liberty@Libertymgmt.net, fax us at (210) 681-0003 or call us at (210) 681-8080. Also we have a great deal of information on our website at www.libertymgmt.net (Please be aware that some of our phones record phone calls.)

Decorator Paint in Home

Although the decorator paint colors you used in your bedroom, bath or living room is enjoyable and pleasing to you that is not necessarily true for the prospective tenants. We consistently find that having even one wall that is maroon or green or one bedroom that is blue or pink can greatly increase the time it takes to rent the property each time it comes available. **We strongly recommend that all walls and ceilings be painted an off white.** We use Dover White semi-gloss paint on the walls, so that it is easy to do a touch-up when necessary.

Equal Housing Opportunity

Liberty Management, Inc. is committed to the Equal Housing Opportunity Laws, and we do not discriminate against anyone on the basis of Race, Color, Religion, Sex, Handicap, Familial Status, National Origin or Age.

Eviction Procedures

Eviction procedures are initiated against the tenants if they have not paid their rent by the fourth (4th) & the sixth (6th) day of the month. The provisions of an eviction notice can vary. Some give the resident three days to move, while others allow the tenant to remain in the house if they pay the full amount due, including any late fees.

This first step is called a Notice to Quit or Vacate (NTQ). If, after approximately ten days, the tenant does not respond to previous notices, we ask the court to proceed with the second step of the eviction process, a Forcible Entry and Detainer Notice (FE&D). The FE&D demands that the resident appear in court on a certain day. At that time one of our staff members appears in court to represent your interests and will make a claim for all monies due.

The third and most sensitive step of eviction is what is known as asking the court for a Writ of Possession or simply a Writ. A Writ is required when a resident fails to comply with the FE&D ordered by the court. The Writ process requires us to hire a crew to set a tenant's belongings at street side or, during inclement weather, in storage. When you have monetary damages as a result of this process, a judgment is issued by the court. We file the judgment in the applicable county records and with the Credit Bureau. On the average it takes about forty-five days to evict a tenant, and hopefully this will not happen with your property. We do very few evictions thanks to our strict tenant screening.

Inspection of Property

We are not licensed inspectors and our surveyors are not licensed inspectors. We only perform surveys of the properties to assess the general condition of the property. A licensed inspector does a very detailed inspection, including checking the function of the plumbing systems, heating and cooling systems and more. Generally a licensed inspection is done when a buyer purchases a property; the cost is between \$550 - \$650.

Our team charges \$65 - \$85 to conduct a property visit. We normally perform an initial 3 month property visit to see how the tenants are maintaining the property. Also we do a property visit at 9 months to see how the tenants are maintaining the property before we renew their lease agreement. This helps to ensure the property is being maintained by the tenants. We send notice to the resident asking them to cure any noted deficiencies that are their responsibility. On more serious violations, we will inform you of the problem and recommend what corrective action should be taken. Also when our maintenance personnel do repairs, they are instructed to report anything that is out of the ordinary.

Anytime you desire us to perform an additional property survey, the fee is \$65 - \$85 depending which market your property is located in.

Insurance

You must advise your insurance company that the property will be a rental unit, and Texas insurance regulations require that any existing Homeowner policy be cancelled. You will need to take out 'Fire and Extended Coverage' and also notify your agent the property will be a Rental Property. In order to protect your investment the amount of insurance should equal the replacement cost of the property.

Also, be certain that you have adequate Property and Liability Insurance coverage. The Residential Property Leasing and Management Agreement requires the owner to carry insurance adequate to protect all parties.

IF YOUR RENTAL PROPERTY IS VACANT BEYOND 60 DAYS, REQUEST THAT YOUR INSURANCE AGENT ADD A VACANCY CLAUSE TO YOUR POLICY. WITHOUT THIS CLAUSE YOUR INSURANCE IS INVALID.

Have your agent name Liberty Management, Inc. as an additional insured, or property manager in your liability policy. We need this proof of insurance in our files. We must be provided copies proving coverage no later than thirty (30) days after signing the Residential Property Leasing and Management Agreement.

What is 'Additional Insured'?

Often, I am asked what is 'additional insured' and why the owner should name the management company as additional insured. The first and best line of protection an owner has in the event of a lawsuit brought on by a tenant being injured on the property by faulty wiring, a faulty appliance, or anything else where you may need adequate insurance. Additional insured is a person or organization not automatically included as an insured under an insurance policy, but for whom insured status is arranged, usually by endorsement.

A property owner's reason for providing additional insured status to others may be a desire to protect the other party because of a close relationship with that party (e.g., employees) or to comply with a contractual agreement requiring the named insured to do so (e.g., Property Management Agreement or others working in behalf of the owner).

The Property Management Agreements requires the owners to name the property management company as additional insured because the management company does not hold title to the rental property that they are managing and cannot acquire general liability insurance on property that they don't own to cover the management company. Ordinarily there is no extra premium charge to the property owner to add the management company as additional insured.

To satisfy yourself that you have adequate coverage, we recommend you contact your insurance agent for specific details.

Key Control

We maintain strict control of all keys. The keys for each property are locked in a steel wall cabinet and are assigned a control number (i.e., they are not labeled with an address). All keys issued to tenants, repairmen or agents are documented.



Maintenance

The actual maintenance expenses for the home are the responsibility of the homeowner. Every effort is made to control maintenance costs while maintaining the integrity and value of the property. While the property is occupied, the tenants are required to notify our office of any problems.

If the estimated cost to repair exceeds the maximum that is allowed in the Residential Property Leasing and Management Agreement, the owner is contacted for permission to make the necessary repairs. **(Except as outlined on page 12.)**

We realize it can be rather upsetting when you receive an unexpected bill from us for repairs made to your property; however, some repairs are urgent and must be corrected immediately. Emergency repairs are made in accordance with our Residential Management Agreement. Normally, the tenants pay a portion of the repair expense but if, in our opinion, the expense was due to their negligence, the tenant will be billed and become liable for the entire amount.

We do not do bids or estimates on repairs under \$300.00. We normally, on any major repair, obtain at least two bids from reliable contractors. The bids will be sent to you, or we will call to discuss them. Due to the fact that the bids take time to be completed and in order to eliminate further delay, we ask that you make a timely decision or provide our staff with firm guidance.

You will be asked to forward a check for the cost of the repair before the work is started. It is our policy to use only reliable contractors that do professional work at a reasonable cost. We have used most of the contractors for several years and have found their prices very competitive.

Some Property Management Companies charge owners a service fee based on a percentage of the total cost of any repair. We do not!

Billing for repairs will be made directly to our company. We then bill only that amount to the owner's account. As tenants are billed and reimbursements are received, the owner's account will be credited with the amount of reimbursement. This will appear on the statement. We require owners to deposit \$300.00 for a maintenance reserve upon signing the Residential Property Management Agreement.

A copy of any bills will accompany your statement explaining the type of work/repair accomplished on the property.

Maintenance Charges & Late Charges

When a tenant owes a maintenance or late charge, our policy is to withhold from their regular monthly rent payment any amount that is owed. Tenant's failure to pay the lease payment prior to 12:00 p.m. on the 3rd day of each month requires them to pay the late fee, as stated in their lease, which is collected at the same time as the monthly payment. If the tenant fails to include the late fees with their rental payment, your income for the month will be short because our procedure is to credit all payments to non-rent charges first, including late charges.



The Justice of the Peace (JP) court system only permits us to evict for non-payment of rent. Because of this eviction restriction, we must collect any delinquencies first which causes the unpaid amount to be for rent only. Hopefully, you will receive the balance of your income in the next monthly collection cycle.

No Smoking

Smoking is not allowed inside the property. We will rent to tenants who smoke, but we require them and their guests to smoke outside. We make this very clear to them; they are required to sign that they fully understand this at the time of their application. It is also part of the lease agreement.

Occupants

Everyone who lives in the property must be named on the Lease Agreement. **It is our Policy that a guest staying with the tenant longer than 21 days is no longer considered to be a guest but a roommate**, therefore, if the person is eighteen (18) years of age or older, he/she must fill out and submit our Rental Application for approval by Liberty Management, Inc. Tenant(s) must abide by the decision of Liberty Management, Inc. whether another person or persons can be added to the Rental/Lease Agreement. Failure to do so may result in termination of their lease.

Pest Control



Owners have an obligation to provide a residence that is relatively free of pests upon occupancy. If not, the owner is responsible for treatment(s) during the first 30 days after the tenant's original possession date.

The owner is responsible for maintaining the residence in a reasonable rodent-proof condition and rectifying any condition that would allow squirrels, birds, etc. to enter and nest.

Infestations of mice, squirrels, vermin, and or poisonous insects need to be taken seriously, as they can cause damage to a property and can be a health risk to people. Infestations of this type are treated at the owner's expense. This does not release the tenant from their obligation to keep the property in a clean and sanitary condition so as not to promote the attraction of rodents and or pests.

Pet Control

No pets may be kept on the property without Liberty Management's written authorization. Pets include birds and fish in aquariums larger than ten gallons. Our properties have restrictions on number, size and type of pets. We recommend, due to the fact that 70% to 85% of today's renters have pets, that owners allow pets.

We require a refundable pet acceptance fee of \$250 pet for each pet. Of course, the tenants are liable for any damage caused by pets. Unauthorized pets found on a property can result in eviction and/ or an initial \$500 and a \$50 per day charge per pet. **We are extremely careful when selecting tenants who wish to bring pets with them.**

If you do not allow pets, it may double or even triple the time it takes to rent your property. If you will not allow pets, please let us know in writing, or we will assume that pets are allowed and follow our normal pet policies.

Referrals

When an owner sends a management referral to us we consider it to be one of the greatest compliments we can receive.

Due to Texas state laws regarding compensation provided to people who are not licensed real estate agents, the maximum gift we can give for a referral is a \$50 gift card. The good news is for New Owner you referred to us, we are pleased to offer the New Owner One Free Month of Management Fees. Please be sure that you or the person you refer informs us of the referral.

Rental Payments

Rent payments are due on the first day of each month. If a tenant moves into a property during the middle of the month, rent for the month will be prorated, and the rent for the ensuing months will be due on the first.

Rental Increases / Lease Renewals

Unless we receive specific written instructions from you at least 45 days prior to a lease expiration date, rent increases (if any) and lease renewals will be solely at our discretion. When making the decision on whether or not to increase rents, we consider market conditions, neighborhood conditions, resident payment history, length of occupancy, property condition, time of year and anticipated expiration date of any renewal.

There are times after the tenants initial lease agreement, where the tenant needs to stay on a month-to-month lease agreement or renew their lease agreement for a shorter period of time because of pending job transfers, purchasing a property, financial reasons, etc. Unless the owner is moving back into the property or putting the property on the market for sale we will allow shorter periods.

Once a lease is signed, it cannot be changed, so it is very important for you to notify us well in advance of your desire to make any changes.

Rental Rates

Prior to placing a property on the rental market or renewing a lease, we do a comparative market analysis and determine the most economical and profitable rental rate that can be charged. After a property has been exposed to the market for two weeks without renting, we look into the possibility that the asking rent is too high. We will consider lowering the rent so that the property will not sit vacant.

We may, if necessary, offer a prospective tenant some “free” rent as an incentive to rent the property. We have found this to be very beneficial in obtaining tenants in a “slow” rental market.

Tenant Purchasing a Home

When tenants purchase a home prior to their lease expiration, they fall into the same category as a tenant who breaks their lease, and all rules pertaining to breaking a lease apply.

Security Deposits

The security deposit is typically one month’s rent. If the rental application is approved, the deposit is retained by us in an interest bearing account until the tenant departs from the property. Interest accrued on the deposit will be retained by our firm. Within 30 days after departure, the deposit is returned to the tenant if all provisions of the lease agreement have been met. Payment for damage to the property, due to neglect by the resident, is deducted from the security deposit and credited to your account. Any deductions from a deposit must be supported by copies of bills for the expenditure, or otherwise authorized in the Lease Agreement.

Re-Keying and Security Devices

All rental-housing owners in Texas should have been in compliance with the Texas security device statute as of January 1, 1995.

The statute applies to owners of apartments, houses, duplexes, triplexes, condominium units, townhouses, cooperatives, mobile homes, rooms in private dormitories and rooming houses, garage apartments, public housing projects, and all other types of dwellings that are rented.

The safety and security of your residents and their families are at stake - as well as your own potential liability exposure to multimillion-dollar lawsuits. Here is a list of what should have been done: or what will be done when converting a residence into a rental property

1. **Keyless deadbolts.** You must have a keyless deadbolt on every exterior door, including a door from a garage into the dwelling. A keyless deadbolt is not necessary on sliding glass doors or on doors that open from a garage to the outside.
2. **Keyed deadbolts.** You must have a keyed deadbolt or a keyed doorknob lock on at least one exterior door. You don't need a keyed lock on all exterior doors. You need a keyed lock on only one exterior door which is normally used for entry. That lock can be either a keyed deadbolt or a keyed doorknob lock. Obviously, a keyed deadbolt is far superior to a keyed doorknob lock because of its one-inch bolt.
3. **Door-viewers.** You must have either a door-viewer (peephole), a clear glass pane or one-way mirror in each exterior door — even if there is a clear glass panel or window right next to the door — and even if the door opens from the dwelling into the garage and even if the door is at the rear of the dwelling or on the second or third story of the dwelling. Door-viewer range must be 1600 or greater; lens can be made of plastic but glass is better.
4. **Pin locks on sliding glass doors.** You must have a sliding door pin lock on each sliding glass door.
5. **Security bars or door-handle latches on sliding glass doors.** You must have either a security bar (sometimes called a "Charlie bar") or a door-handle latch that works, on each sliding glass door. You have a choice of one or the other.
6. **Window latches.** You must have a window latch on each window. It can be the original latch or an after-market type.
7. **French doors.** All French doors must have a threshold bolt and upper door jamb bolt (with a 3/4" throw) on one door. The other door must have a keyless deadbolt and either a keyed deadbolt or keyed doorknob lock.
8. **Automatic door closers.** You must have an automatic door closer on each hinged door that opens directly into a pool-yard or a multi-unit rental complex (defined as "two or more units"). This requirement is in the 1993 pool-yard enclosure statute rather than the security device statute. Door closers on sliding glass doors are not required. Similarly, door closers on doors opening into a pool-yard of a rent house are not required, but they are highly recommended for safety and liability reasons. Spring-loaded door hinge pins seem to be the best and most aesthetic type of automatic door closers.

9. **Window screens.** Window screens are not statutorily required by the security device statute. But if a window has a screen and the window is in a wall used as part of a pool-yard enclosure of a multi-unit complex, the pool-yard statute requires the screen to have a screen latch or be permanently affixed with screws.

Note for Upper floors: the requirements of the statute apply no matter how high or what story the door or window is on.

1. **Good working order.** You must have all security devices working properly when residents move in.
2. **Rekeying at turnover.** At each resident turnover we rekey all keyed deadbolts and keyed doorknob locks on exterior doors if the doors can be opened from the outside by a key. We require owners to use our locksmith. Our locksmith re-keys the property to our key system and makes sure the locks and smoke alarms are up to code.
3. **Quick repair.** You must quickly repair or replace a security device that you or your employees at any time discover is missing or not working--even if the resident has not asked you to do so.
4. **Prompt response.** You must promptly respond to legitimate resident requests for rekeying, repairing, installing or replacing--preferably within three days after receiving the tenant's request, but no later than seven days.
5. **Fair charges.** You must be fair in billing residents for rekeying, repairs and installations for which they're liable. Even though it is allowed by the statute under certain circumstances, it is recommended that you not require payment in advance. It's too easy to mistakenly require advance payment when you're not supposed to under the statute.

It is illegal for unlicensed locksmiths to install, repair, and service locks. It also is illegal for businesses needing locksmith services to knowingly contract with an unlicensed locksmith, directly or indirectly through a maintenance company. Both criminal and civil penalties apply. Individuals changing house or personal property locks also are subject to the same law.

Showing the Property

Before properties are shown, prospective tenants are advised of available properties and specifics of each. Information given generally includes the type of unit, the number of rooms, rental fee, security deposit, location of schools, limitations placed on use of the property, etc.

Our agent will pre-qualify the applicant by determining the family size and composition, rental history, current rent and desired date of move-in. This process is completed in the office or over the telephone and then, if the customer is still interested, one of our sales associates or leasing agents will show them your property.



Smoke Alarms

New Legislation Texas law HB 1168 requires at least one smoke alarm to be placed in each bedroom, or in the room used for sleeping in the case of an efficiency unit. In addition, if multiple bedrooms are served by the same hallway, there must be a smoke alarm in the hallway in the immediate vicinity of the bedrooms; and if the unit has multiple levels, there must be a smoke alarm on each level.

Utilities

Unless otherwise stated in the Residential Property Leasing and Management Agreement or restricted by property limitations, all utilities used on the premises are paid for by the tenant. New tenants are advised to notify the appropriate utility companies to have service turned on in their name. During periods of vacancy, utilities will be placed in the company's name, and the resulting usage will be charged to the owner's account. Having the electricity on greatly enhances the showing of your property when darkness arrives early in the evening and during hot weather.

Vacancy

While a property is unoccupied, periodic inspections are made to see that lawns and yards are maintained, the property is presentable, and that no vandalism has occurred. During periods of vacancy, it is physically impossible for our staff to accomplish the task of watering the lawn and shrubs. If this service is needed, we will assist in contracting for the service at your expense.

When we have extensive repairs or painting to do, we will ask the assigned contractor to assist in watering.

Wear & Tear

We expect an interior paint to last 3 years and carpet to last 7 years. If a tenant moves into a property that is freshly painted, moves out after one year and we have to repaint, the tenant is charged 2/3 of the cost to paint. If the tenant moves out after 3 years and we have to paint, the full cost is charged to the owner. Carpet replacement is pro-rated over a 7 year period. If a tenant moves out after 3 years and we have to replace the carpet, the tenant is charged 58% of the cost to replace the carpet.

If we have a garbage disposal fixed that was clogged by the tenant, the owner will be reimbursed for the repair bill by the tenant. If the garbage disposal has rusted through, the owner pays the whole expense. We make every attempt to be fair to both owners and tenants.

The Courts and Judges are not sympathetic to owners who want to charge tenants wear and tear repairs.



Yard Maintenance

The tenant is responsible for yard maintenance which includes watering, cutting grass, weeding, reseeding if needed, trimming trees and shrubs plus fertilizing the yard, trees, shrubs and flowers. Owners are responsible for trimming limbs that are on or near roofs. Grass must not be higher than 6 inches. The area around the driveway, sidewalks, curbs and gutters are considered to be part of the yard and need to be kept free of weeds, grass, and leaves. For security reasons, hedges and bushes should be trimmed so they do not block the view from windows.

Property Review

Updating and replacement review on an ongoing basis is an integral part of maintaining the value of the property. Outdated carpet, counter tops and light fixtures can significantly reduce the value of the property and cause unwanted delays in occupancy. **WE DO NOT INDEMNIFY YOU AGAINST ANY LOSS OR EXPENSE DUE TO VACANCY (for any reason), UNPAID RESIDENT CHARGES, TENANT DAMAGES, ATTORNEY'S FEES IN THE PURSUIT OF A TENANT, OR THE COST OF MAKE-READY.**

Quality Assurance Standards

Liberty Management, Inc. is committed to maintaining at least minimum property standards for all properties under our management. Maintaining these standards will protect our owner's investments and enhance the living environment for our tenants. It is important that all parties involved with a property maintain compliance with these standards to ensure a successful rental experience.

Exterior Standards

Structural

Property is to be structurally sound, providing the tenant with a safe living environment.

Roofs and Gutters

Roofs must be free of leaks and in good repair. Gutters are to be clean and free flowing.

Landscaping, Trees, Miscellaneous Appearance

Landscaping is to be well maintained and at all times provide a neat appearance, including mowing and watering of lawns, trimming shrubs and flowers, and pruning of trees as may be required from time to time. All personal property, trash receptacles, and disabled cars are to remain out of sight. All debris is to be removed no less than monthly.

Doors and Locks

All exterior doors are to be in sound condition, securable, and weather tight. All locks are to be re-keyed between occupancies. Also all locks must be operational at all times and be in compliance with the State Security Devices Statutes.

Paint

Siding and trim paint is to remain free of peeling paint. Any homes built prior to 1978 must have a Lead Paint Addendum signed by the owner on file with Liberty Management.

Windows and Locks

All window glass must not be broken or cracked. All windows and window locks must be operational.

Exterior Lighting

Exterior lighting is to be provided on perimeter areas where hazards may exist. All burned out bulbs are to be replaced immediately.

Garages and Outbuildings

Garages and outbuildings may be used for storage, but must remain free of waste and debris.

Interior Standards

Heating System

All Properties are to be equipped with an adequate heating system meeting local building codes at the time of installation and be in good repair at all times. Defects are to be repaired immediately.

Electrical System

Entire electrical system is to remain in good repair and meet local building codes at the time of installation. Any exposed wiring, defective outlets, switches, fixtures, or hazards of any kind are to be repaired immediately.

Plumbing System

All Properties must be supplied with hot and cold running water. Plumbing fixtures are to remain free of leaks and be operational. Water heaters should be set no warmer than 120 degrees and be equipped with a pressure relief valve and appropriate drain plumbing in the event of a high pressure water release.

Appliances

All appliances on the premises supplied by the property owner are to be maintained in good working order. Defective appliances are to be repaired / replaced immediately. (Unless otherwise stated in the lease agreement)

Smoke Detectors

New Legislation Texas law HB 1168 requires a least one smoke alarm to be placed in each bedroom or in the room used for sleeping in the case of an efficiency unit. In addition, if multiple bedrooms are served by the same hallway, there must be a smoke alarm in the hallway in the immediate vicinity of the bedrooms; and if the unit has multiple levels, there must be a smoke alarm on each level

The smoke detector must meet current local, state, and federal standards. Any defects in equipment must be repaired / replaced immediately.

Floor Coverings

All flooring materials are to be clean and maintained in good condition at all times. Flooring, including carpet, vinyl, and wood is to remain free of rips, tears, and gouges. We require that the owners have the carpets professionally cleaned before the tenants move in and we require that the tenants have the carpets professionally cleaned when they move out.

General

Premises are to be clean and free of debris at all times. Property is to be turned over to incoming tenants with the highest standard of cleanliness at all times.

Do not make these Costly Mistakes that some owners make!

1. Not having proper insurance.

Many real estate investors consider insurance a necessary evil. The truth is that insurance is necessary and can certainly be evil if you do not have the right protection. Investor insurance is inherently more complex and much less standardized than your average homeowner's insurance products that you are most familiar with. That's why it is crucial that you understand what you need to purchase to mitigate coverage holes, otherwise you risk **losing hundreds of thousands of dollars and damaging your excellent credit.**

Below is a list describing essential coverage options that you should include on every investment policy. Be careful; many of these coverage enhancements are not available with your typical home and auto insurance company. That's why it is imperative that you discuss this with a licensed Texas insurance professional that understands your unique needs as a Texas real estate investor.

- Property Manager Listed as Additional Insured**
 Did you know that your contract with Liberty Property Management requires them to be listed on your policy as an additional insured? If you don't have this protection, you are violating the contractual agreement between you and Liberty. This protection is provided for FREE with many reputable insurance carriers.
- 100% Replacement Cost**
 Minimum coverage of \$70-\$75 per square foot in Texas is recommended in order to ensure your same property is rebuilt completely in the event of total loss.
- Landlord Liability Protection**
 Did you know that many basic policies only cover up to \$100,000 of liability per property? This may barely be enough to pay legal fees, much less to indemnify for actual damages. Coverage of at least \$500,000-\$1,000,000 is required.
- Accidental and Sudden Discharge of Water or Steam**
 Coverage for hot water heater bursts, pipe breaks, and other common plumbing issues are regularly left off basic policies and are some of the most frequent claims payouts.
- Dwelling vs. Homeowner's Policy**
 If you have a homeowner's policy form on your investment property, you need to **switch to a dwelling policy immediately**. Your current policy has a provision in it that excludes coverage if you do not occupy the home.
- Vacancy Clause**
 Most dwelling policies exclude coverage for any property left vacant for 60 days or longer. If your home is vacant, you need to be temporarily switched to a vacant home policy in order to be eligible for a claims payout.
- Loss of Rents (aka Loss of Use, Fair Rental Value)**
 If your property is significantly damaged due to a covered claim, your tenant will move out and more than likely not pay rent. With this endorsement, the insurance policy pays you rent while the home is being repaired / rebuilt.

Liberty Management, Inc. has contacted Grona Bloes & Martin Insurance to provide very competitive property and liability insurance for properties under our management.

To: Request a Quote
 Contact Chris Bloxsom at or call
 (210) 366-5094.
 Toll Free: (800) 216-1170
 Fax#: (210) 366-9549

cbloxsom@gronaboles.com

Also, Liberty Property Management was recently accepted as an Approved Property Manager by a leading A-rated insurance company, Cypress Texas Lloyds. (TWG Insurance). Because of Liberty's outstanding reputation and business practices, you have immediate access to an exclusive investor grade insurance program that can improve your cash flow and properly protect your assets. This program is unique because you receive the necessary additional liability coverage required by your contract at a substantial discount.

To: Request a Quote
Ben Davis: 682-334-9215 – Billy Ross: 682-334-9266
Toll Free: 866-428-5353
Fax #: 866-877-6250
investorquotes@twginsurance.com

You are not required to use Grona, Bloes & Martin Insurance or TWG Insurance for us to manage your property, but a lot of owners have been very happy with the rates and coverage.

Provide us with copies of your insurance coverage no later than 30 days after signing the management agreement. To insure that you have adequate coverage we recommend you contact your insurance agent for specific details.

2. Not updating your address with the Bexar Appraisal District

One of the mistakes that homeowners and investors make is failing to update their mailing address with the Bexar County Appraisal District or removing the Homestead Exemptions or other exemptions from the property for which they are no longer or not eligible.

When you buy a new rental property or move from a property and convert it into a rental property you need to update your mailing address with the Bexar County Appraisal District and remove any exemptions for which you are no longer or are not eligible. Also, many times, we have Deeds or other legal or important documents being mailed directly to the rental property. Some tenants do bring the documents, but most do not.

By keeping your mailing address current with the Bexar County Appraisal District, you can save yourself a lot of frustration and money. To check to see what mailing address the Bexar County Appraisal District has on file for you go to their website at www.bcad.org and go to property search to see the mailing address on file.

The Bexar Appraisal District contact information is:
Bexar Appraisal District
P.O. Box 830248
San Antonio, TX 78283

Physical Address
411 North Frio

San Antonio, TX 78207

Phone: (210) 224-8511
Cust. Svc: (210) 224-2432
Fax: (210) 242-2454
Email: cs@bcad.org

We also suggest Owners converting a personal residence into a rental home remove their Homestead Exemption. Failure to do so can cause a potential conflict with underpaid Real Estate Taxes. (Check with the appraisal district to ascertain whether or not you must remove your Homestead Exemption)

We have a form available on our website at www.libertymgt.net under owner docs that you can mail to the Bexar Appraisal District to update your mailing address.

3. Not updating your mailing address with the Home Owners Association (HOA).

A common but costly mistake that homeowners and investors make is failing to update their mailing address with the Home Owners Association (HOA).

If your property is in a Mandatory Home Owners Association (HOA) you should personally contact the HOA and make sure that they have your current mailing address and phone number every time you move. HOA's can charge large fines if HOA fees are not paid, are late, or if HOA violations go unanswered. HOA's in San Antonio have even foreclosed on properties where the owner did not pay the HOA dues or cure a violation of their property simply because the HOA was uninformed of the owner's current mailing address.

Unfortunately, filling out our HOA addendum is not enough. Many HOA's will not recognize our HOA addendum even though it was signed by the owner of the property simply because of the way the HOA rules and laws are setup. Most HOAs will only talk to or deal directly with the owner of the property.

The importance of complying with the community covenants and restrictions has been made clear by the Texas Legislature in the 1987 statute which states that the community association covenants and restrictions will be liberally rather than narrowly construed or interpreted. The Law also allows a judge to fine someone in violation up to \$200 per day from the day the violation began, plus court costs and attorney's fees.

If the HOA does not have the owners current mailing address they will mail the HOA dues invoices, and violation notices directly to the rental property. Some tenants do notify us and a few even bring the notices into our office, but most do not. As a result, owners get charged with huge late fees, attorney fees, and could end up facing possible foreclosure. **All because the HOA does not have the owner's current address.**

If you do not know the contact information for your HOA please call or email us and we will help you look it up. We do not like seeing any owner pay unnecessary fees that could have been avoided if they only had kept their mailing address updated with the HOA.

We strongly recommend that owners pay their HOA fees in order to avoid the possibility of fines and fees or other legal issues that could arise.

There is additional information about Liberty Management including forms and sample management agreement, lease agreement and more, available on our website at www.libertymgt.net.

***We value our owners' suggestions,
recommendations, and comments!***

If you have any that you believe would be beneficial to us and, or other owners, please forward them to us.

We reserve the right to amend our
Frequently Asked Questions – Policies and Quality Standards as deemed necessary
by Management.

**If you have any questions regarding the management agreement or our
Frequently Asked Questions – Policies and Quality Standards, do not hesitate to ask.**

If there is any way we can assist you, please feel free to call or visit us at the office.
You can also email us at *liberty@libertymgt.net*.

We need and appreciate your business, and our staff will do their utmost to resolve
problems to your satisfaction.

Our goal is to always provide you with efficient, courteous service.
We look forward to a mutually satisfying relationship.

***THANK YOU FOR SELECTING US AS
YOUR PROPERTY MANAGER!***

Liberty Management, Inc.
7217 Bandera Rd
San Antonio, TX 78238

(210) 681-8080
1 800 732-4276

www.LibertyMgt.net