

Class Act Property Management LLC. Serving the Willamette Valley and Central Oregon.

Your guide to how we do business and our policies in managing your rental property.

# CLASS ACT OWNER MANUAL



# Class Act Owner Manual

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# Class Act Property Management LLC

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189 Liberty St NE, Suite 307, Salem, OR 97301 · info.classactpm@gmail.com · 971-599-1440 office

## WELCOME

### *Class Act Property Management - Simply the Best*

Thank you for choosing Class Act Property Management to manage your investment. We are aware that you had many choices and we appreciate that you have selected us as your property management company.

Class Act works to achieve the highest professionalism in Real Estate/Property Management Services. Therefore, we have prepared the Class Act Property Management Owner Manual to assist you in a successful business relationship with our company. We urge you to take the time to review the information enclosed. We feel this will further clarify many of the procedures for our Property Management services. After reading the material, if you have questions or any concerns, contact your management team immediately, using the company contact information provided in the following pages.

Special note: the information provided in the Class Act Owner Manual is subject to change. Landlord/Tenant laws, personnel, policies, and procedures change according to events that take place. Class Act works diligently and continually to improve services and personnel training as well as remaining current with all landlord/tenant legislation.

Once again, thank you for choosing Class Act Property Management as your Property Management Company. We look forward to a successful business relationship.

## Owner Documents

A copy of your management agreement is included with the Class Act Owner Manual. Refer to it as needed and keep it with this information for a handy reference.

It is important that Class Act receive all critical information as we begin management. You may have completed the documents listed below. If not, they are available for you to download online on our website at [www.Manage-Your-Rental.com](http://www.Manage-Your-Rental.com) should you need them. Please return the appropriate forms via fax to (541) 719-1312 or via email to [mark.classact@gmail.com](mailto:mark.classact@gmail.com).

### Property Management Agreement

This authorizes Class Act to make management decisions about your property on your behalf.

### Property Fact Sheet

This information enables Class Act to set up your account and inform prospective tenants about the features of the property.

### Owner Checklist

A checklist of required items needed to start management service, provided for your convenience.

### Owner Questionnaire

An evaluation of the existing tenant structure for tenant-occupied properties. (Not needed for vacant properties.)

### Electronic Banking Authorization – ACH form (Optional)

This form enables Class Act to send your funds directly to your bank. If you do not wish to start ACH Direct Deposit at this time, you can use this form in the future. Alternatively, you can send a copy of a voided check to Class Act so that we have your account information to begin Direct Deposits.

### Mortgage Authorization (Optional)

This form enables Class Act to make payments and obtain information when needed from your mortgage company.

### Utility Authorization (Optional)

This form enables Class Act to make payments and obtain information from the utility company when needed.

### Insurance Authorization

This form requests the insurance company issue a copy of your property insurance to Class Act and that they name Class Act as “additional insured” on your policy.

Please complete all forms and return to us. We will send them to the appropriate organizations.

As your management continues, information can change. Please be prepared to send us a fax, email or letter should any of the following occur:

#### Change of owner information

Notify Class Act of any important change when it happens – address, telephone, fax, email, etc.

#### Owner Work Request/Authorization

This is for authorizing work requests from telephone conversations with your management team.

#### Owner Vacation Notice

This is for notifying Class Act when you will be unavailable for more than two weeks so that Class Act is prepared in the event of an emergency.

## About Class Act Property Management

Class Act Property Management LLC is a property management company operating in the Willamette Valley and Central Oregon, specializing in full-service property management of single family homes, multi-unit buildings, condominiums, large apartment complexes with onsite managers, and commercial properties. Class Act offers a variety of services to fit your specific needs. The company has been operating since 2011, and is actively involved in the community.

Class Act is an abbreviation used in lieu of the full company name, Class Act Property Management, LLC, and will be used throughout the Class Act Owner Manual.

### Class Act Mission Statement

The mission of Class Act is to continually provide quality service focusing on the needs of the owners, utilizing technology to reduce the cost of services, and following industry-leading practices to reduce owner legal liabilities and increase owner profits.

### Class Act Code of Ethics

1. Obey the Law
2. Take Care of our Clients
3. Take Care of our Employees
4. Respect our Tenants

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

### Class Act Principals

The licensed property manager of Class Act is Mark Bellamy. He has over 15 years of experience in the real estate industry. He is a third generation real estate investor cutting his teeth at a young age accompanying both his grandfather and dad as they collected rent from tenants and remodeled properties that had been damaged by departing tenants. His father has a law degree from Willamette University and taught Mark a great deal about landlord-tenant law. Mark began purchasing investment properties in 2000 with money from his successful lawn care company. His portfolio peaked in 2008 with 24 units. Some of the properties he purchased were run down and he supervised the remodeling. These experiences gave him the experience necessary for managing maintenance issues with properties owned by clients.

Mark Bellamy provides the guidance and direction of Class Act Property Management. He personally oversees all contracts, policies, and procedures, and works to educate the personnel to provide excellent service to our clients.

### Class Act Communication

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

### Company Communication

On the next page, you will find all general office information such as addresses, telephone numbers, email address, website, and office hours.

Class Act personnel communicate by:

- Email
- Texting
- Fax
- Written Correspondence by First Class Mail
- Telephone

## Email

Consistent with our Mission Statement, Class Act encourages electronic communication from both Owners and Tenants. Emails are the fastest and most efficient form of communication, and they provide documentation of what was discussed or authorized. Whenever possible, please use email to communicate with Class Act staff.

Special Note: When using email, we request that you put the “property address” in the subject line. With the problems of spam, worms, viruses, trojans, and more in the Internet world, this helps us identify the importance of your message, and avoids oversights or deletions of messages.

## Class Act website “[www.ClassActProperties.com](http://www.ClassActProperties.com)”

Class Act stays current with business technology. The Class Act website, [www.ClassActProperty.com](http://www.ClassActProperty.com), has proven to be a tremendous asset. Here are a few of the benefits for clients on the Class Act website: Prospective tenants can search our site for available rentals and download our application, apply to rent online and watch online video tours of your property.

- Owners, Tenants and Vendors can access important information, such as a work orders, account ledgers and documents
- Owners can obtain forms or view their account online
- Tenants can pay rent online with credit cards, debit cards, online checks or ACH
- Owners can review their account status online 24/7
- Future tenants can search available properties, schedule showings, and apply online
- Tenants can submit repair requests online

## General Office Information

Street Address/Mailing Address:

189 Liberty St NE, Suite 307, Salem, OR 97301

(Reed Opera House, third floor in the back)

Office Hours are By Appointment Only

## Property Manager

Mark Bellamy

503-999-9090 cell

[mark.classact@gmail.com](mailto:mark.classact@gmail.com)

## Office

971-599-1440 main

541-719-1312 fax

[info.classactpm@gmail.com](mailto:info.classactpm@gmail.com)

## Accounting Questions:

[ap.ar.classact@gmail.com](mailto:ap.ar.classact@gmail.com)

## 24-Hour, 7 days a week Emergency Service:

Call 971-599-1440, option 3



## Owner vacation notice

Class Act respectfully requests that owners notify Class Act of vacations that are two weeks and over. Another alternative is to inform your Emergency contact listed on the Owner Information Form. The purpose in asking for this information is only so Class Act is prepared in the event of an emergency repair or major problem concerning the owner's property and/or tenant.

## Newsletter/Blog

To keep you updated on the property management industry, we routinely distribute a newsletter / blog via our website and by email. This information will enlighten you on many housing issues. Important changes or announcements concerning Class Act are also included in this fashion.

## OWNER RESPONSIBILITIES

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

Owner responsibilities are:

- Notify Class Act of any ownership change or eminent owner change for the managed property.
- Supply Class Act with accurate information so Class Act can service the management account properly.
- Review online or printed statements at least monthly and notify Class Act of any discrepancies found as soon as possible.
- If using ACH Direct Payment, examine statements monthly for accurate or missing deposits and notify Class Act if there are problems immediately.
- Support Fair Housing Laws and guidelines, as well as all necessary legislation.
- Maintain a current insurance policy for their property with Class Act listed as an "Additional Insured".
- Review their property insurance yearly and update as needed.
- Exercise responsibility for required maintenance and the safety of their tenants.
- Treat Class Act personnel with courtesy and notify Class Act principals if there are problems with Class Act personnel so they can be resolved quickly.
- Drive by the property regularly (please do not disturb tenants!) or watch the online video property inspections sent to you via email, and if an owner cannot perform this function, Class Act requests the owner assign a third party to represent them in this capacity. Please note that all interior visits should be scheduled through your property management team!
- Owner should not contact the tenant directly while Class Act is actively managing the property. Should a tenant contact the owner, we ask that the owner not try to answer any questions and tell the tenant to contact Class Act with all questions, concerns, and repair requests. Owner should maintain separation from the tenant to reduce legal liability. When using a property management company, a property owner is able to keep a professional distance from their tenants. Getting too personally involved can result in being too lenient on certain issues or too defensive about certain types of complaints. Renting out a property is a business and it is much easier for a property manager to keep things on a strictly professional level. When issues arise, a professional property manager is better prepared to deal with the problem effectively.
- If owner desires to do their own maintenance work at the property, owner shall not introduce themselves as the "owner". Just say that you are the "maintenance person" there to make a repair, and direct the tenant to submit all questions to Class Act. Reminder: entry is not permitted unless a 24-hour notice has been posted or you have called the tenant to make an appointment to meet them at the property. Tenants may legally refuse entry for any reason.
- Owner shall cut all ties with the tenant and allow Class Act to exercise management authority. The exception is if owner chooses to only have Class Act lease the property where Class Act is not assuming an ongoing management role.



# The Scope of Property Management

## What is included in Class Act Property Management services

We want you to know what Class Act does for you as your property management company. Therefore, Class Act has outlined details on our policies and procedures in this Owner Manual. There are so many details and aspects of managing property, that we can only include the basics in this manual. If you have more questions, contact your management team.

Again, these are general guidelines and when necessary, policies will change. Please bear in mind that we are unable to do "everything" that is required to service a property under our management fees.

## What is not included in Class Act Property Management services

Because Class Act provides owners with a very wide range of services, it can be easy to request something that we cannot perform. Some tasks go beyond the normal scope of property management or require additional fees/services (see below). There are also areas licensed property managers dare not tread, unless they have obtained the proper licensing or degrees. We ask that you remember this when making a request. In keeping with paragraph I-16 of the Property Management Agreement which states "Manager may assess an hourly fee for special services not specified in this agreement", the following are examples of services not specified in the Property Management Service Agreement:

*Owner understands and agrees that normal Property Management does not include providing on-site management services\*; property sales; refinancing; modernization; fire or major damage restoration or rehabilitation requiring a permit from a General Contractor\*\*; obtaining or giving income tax, accounting, or legal advice; representation before public agencies; advising on proposed new construction; debt collection; counseling; or attending Homeowner Association meetings.*

\* On-site manager salary and compensation is in addition to our management fee.

\*\* Our vendors routinely pull permits as required by law, however Class Act cannot legally pull a permit. Any work requiring a GC license is beyond the scope of our normal services.

If you have any questions on what is included or not included in property management, please let us know. We have more information on additional services later in this manual.

## Company Policies

It is very important in the field of Property Management, that Class Act follow local, state, and federal legislation guidelines. Our company takes pride in our industry, and we further implement guidelines and policies of several organizations, such as the National Association of Residential Property Managers, NARPM, and the National Association of Realtors, NAR® and others. Additionally, we train all personnel by requiring them to read and follow the Class Act Property Management Policy and Procedures Manual and Class Act Employee Manual.

## Department of Real Estate Agency Requirements

The Oregon Real Estate Agency (REA) requires licensing for all persons conducting Real Estate Sales and Property Management in our state.

## Drug-free policy

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

## Legislation

Class Act adheres to the laws and guidelines of federal, state, and local legislation, and incorporates this into all documentation, policies, and procedures. Here are some of the agencies and acts Class Act follows:

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

## Lead-based paint

Lead-based paint became a major issue in the 1990s that prompted mandatory requirements for residential housing and continues today. Class Act follows all mandated federal and state guidelines for lead-based paint. All properties prior to January 1, 1978 require disclosures to all tenants and owners. Tenants sign lead-based paint disclosures prior to renting a property and Class Act provides them with the required EPA Pamphlet, Protect Your Family from Lead in the Home, as published by The Environmental Protection Agency. Property owners and/or Property Managers must also notify tenants, in writing, of any scheduled work necessary for lead-based paint on the property.

## Mold issues

Class Act regards mold issues as a top priority in property management. Owners should be aware that mold is another leading issue in the property management industry and failure to act if tenants report or discover mold can lead to costly lawsuits. Several cases regarding mold have awarded damages to tenants in the millions of dollars.

This is an area of extreme liability and Class Act takes action if a tenant reports mold. Class Act notifies owners as soon as practical of any mold issues so Class Act and/or the property owner can take the proper steps. Owners are hereby advised to immediately repair all roof, plumbing, sewage, drainage, pool or other leaks that can cause mold, as delays can cause costly mold remediation!

## Answers Regarding Funds

When you entered into a management agreement, Class Act established an ledger account for you and your property. Class Act recognizes the importance of accurately collecting and disbursing funds. The bookkeeping program used by Class Act is specialized software designed to handle the many facets of property management and accurate record keeping.

### Banking

Class Act holds your ledger and funds in a trust banking account supervised and audited by the State of Oregon. Class Act accounts for each owner's funds separately in the trust account and does not co-mingle funds with manager monies. Class Act and the State of Oregon require that all accounts maintain a positive balance, so Class Act in turn requires each property owner to be responsible to fund all expenditures in advance of their becoming due. To better enable Class Act to pay expenditures as they become due, owner's accounts have a required 'minimum balance' or maintenance reserve. Owners can replenish these funds via check or electronic transfer. When an owner is unable to fund an expenditure which Class Act is required to pay, Class Act will either transfer funds from another property ledger within owner's portfolio or from the gross receipts of the operations of the property.

### Monthly statements

All bookkeeping transactions are available for you to view online on our website. While online, you can print a statement of your choice from our site. Class Act emails monthly statements to owners each month, usually the first week of the month following the month for the accounting period. If you have difficulty reading your monthly statement or logging into the owner portal, please contact your management team. We are happy to assist you and answer your questions.

### Disbursement of monthly funds

Class Act generally disburses available rental funds to owners electronically the third week of the month (and never later than the last day of the month). It is difficult to say exactly when an owner draw will be issued because sometimes tenants are late with their rent. If the owner draw day falls on the weekend, Class Act issues funds on the next business day. (Class Act does not disburse funds on weekends and holidays). Class Act can not issue owner checks unless there are sufficient funds in the owner's account. This means that we have to wait until the payment from the tenant clears the bank. Unless otherwise agreed, 'available rental funds' are all monies over the maintenance reserve of \$500 and any additional recurring monthly expenses.

Class Act distributes available owner funds in two ways:

- ACH direct deposit into an owner's bank account.
- Company check mailed directly to the owner by first class mail.

### Early Disbursement of Funds

Owner may request to have their owner draw sent as early as the 10th of the month as an "early disbursement". In order to ensure that the ledger balance does not go below zero, the owner shall be required to have a reserve in the amount of one month's rent, and shall pay a \$10 "early distribution" fee for each early draw.

## End of year procedures

At the end of each year, Class Act is required to file 1099's for income received over \$600. Please note that this amount is for "total income received," and not the yearly total of owner disbursements. The Internal Revenue Service dictates the "total income received" requirement. Please note that security deposits are not included in this amount.

It is necessary that you supply Class Act with the proper Social Security/Tax ID information so the 1099 is accurate. Class Act will send the 1099 for the rent by January 31 for the previous tax year. If there is a change in your tax information such as a new trust or address, please notify us with the Owner Change of Information form. If you need another change form, please contact us.

Class Act also issues 1099s for disbursements to vendors for work over \$600.00. Therefore, owners do not have to issue 1099s for work completed and paid through the Class Act trust account. Owners are responsible for issuing 1099s to any vendor paid through the owner's personal account.

The last statement of the year will reflect "total amounts" for income and expenses that have transpired throughout the year, such as management fees, leasing fees, landscape, utilities, repairs and maintenance, etc. The amounts will not reflect any funds issued through the owners personal account. Owners can submit their last statement to their tax person along with other information for income tax reporting. Class Act does not issue statements to the owner's tax preparers.

## Billing Rights Summary

If you think your bill is wrong, or if you need more information about a transaction on your bill, write to us at the physical address or email address shown on your statement as soon as possible. We must hear from you no later than 60 days after we sent you the FIRST bill on which the error or problem appeared. You can telephone us, but doing so will not preserve your rights. In your letter, give us the following information:

\*Your name and managed property address. \*The dollar amount of the suspected error, and \*Describe the error and explain, if you can, why you believe there is an error. If you need more information, describe the item you are unsure about.

This is a summary of your rights under the Federal Fair Credit Billing Rights which governs all of our practices.

## Renting Your Property

### Preparing to rent the property

When prospective tenants view your vacancy, Class Act wants the property to look its best and compete with area rentals. An Annual Property Review (APR) report and rental market survey is completed. The Class Act management team will contact you to discuss the details of your vacant property and any necessary maintenance.

### Setting the rent

Supply and demand, and seasonal factors, determine rent. If there are multiple rentals available in the area of your property, it is necessary to be very competitive. If very few are "for rent" in the same area, it can make it easier to rent the property. Renting a property is easier when people are looking to move during the Spring and Summer rather than during the cold, rainy months. Markets change and Class Act advises owners on the current rental market. We utilize many sources to determine current market rent including research on Zillow, Craigslist, and a specialized tool called a Rental Market Analysis which compares actual rents from like-kind properties within a short distance from your property (kind of like how a real estate agent pulls "comps"). We strive to maximize the return on your investment by advertising at the highest end of the spectrum; however, if a low response is experienced, we will adjust the asking rent accordingly or offer a special to attract attention. Class Act earns a percentage of the rent; therefore, we have a strong incentive to get your property rented for as much as the market will bear.

### How long will the property be vacant?

This is the most commonly asked question Class Act receives from owners. There is no way to predict how long a property will remain on the market, even in the best market conditions. However, Class Act works diligently to rent the property as quickly as possible. What is important to remember is that the most important objective is to have "a quality tenant."

Class Act, or any other property management company, can rent properties "quickly" if they do not have standards for obtaining good tenancy. However, bad tenants will only create more expense and another unwanted vacancy; therefore, waiting for the "right tenant" is worth the additional time it can take to rent the property.

# Advertising/Marketing

## Internet/website

Class Act has found that the Internet and the Class Act website, [www.ClassActProperties.com](http://www.ClassActProperties.com) receives tremendous exposure. Additionally, we routinely market our listings on other popular websites, including [www.Zillow.com](http://www.Zillow.com), [www.Trulia.com](http://www.Trulia.com), and a host of other sites.

## Signage

Class Act displays professional "For Rent" signs prominently where permitted. Signs promote calls to our office, but they also direct people to our website where they can learn all about your property.

## Video Tours

Class Act is unique in the real estate rental market by actually filming a 3-5 minute showing of your property, and making this video available in all of our advertising. Be sure to ask to have your property filmed! Video Tours are included for FREE with our Premium management package and can be purchased separately for our Lease Only clients.

## Showings and applications

All properties are shown by a Smart Lockbox system which requires a valid credit card before issuing a one-time use access code. The credit card is charged if any damages occur during the showing or if the person loses the keys. We have used lockboxes for over five years and have never had any damage to a property.

Class Act offers unlimited Smartbox showings and the service is included free with any long-term management package or lease-only marketing option. Tenants can select their desired showing time on our website and go see the property at their convenience. Tenants love being able to go see a property at their convenience rather than waiting for the next open house. We have found this method greatly increases property showings and interest in a property, and eliminates wasted effort and expense from no-shows. Owners have the option to request personal showings rather than lockbox showings. Class Act may collect a charge of \$45 for each personal showing or open house.

When prospective tenants see the property, the management team answers questions. Applications are filled out online at the Class Act website eliminating data entry and human error. We also conduct a Vacancy Review frequently to make sure your property shows well.

# Processing Tenant Applications

## Tenant screening

Thorough screening is crucial to successful Property Management. Class Act requires all applicants to fill out a detailed application and submit it for processing/approval. A credit check is NOT enough! Our company conducts a careful review of their credit, income, criminal, sex offender, bankruptcy, evictions, and tenant history or ownership. Plus, we scour online postings such as Facebook for hints of personal conduct.

All applicants must submit verifiable information on their income to show they can support the property. Rental history or previous home ownership is carefully checked. Cross-referencing all four areas – credit, tenant history, criminal, and income - provides the answers to qualify or disqualify prospective applicants. If a pet is allowed on the property, the screening includes the pet (please review the pet policies below).

## Co-signers

Class Act will accept co-signers who live in, and earn money in, the State of Oregon. Sometimes there are conditions that may warrant taking a co-signer on a property. Class Act will pursue all responsible parties for all monies owed after the lease terminates.

## Pets

Statistics show that more than half of all tenants have pets. By excluding pets from their property, an owner will substantially reduce the available number of tenants – which can prolong vacancy time! Studies have proven that tenants who are allowed to have pets will stay in a property much longer and are often happier. As such, Class Act's policy is to allow pets at all properties unless specific written instructions to the contrary are provided.

If a tenant has a pet, Class Act increases the deposit even more. Class Act does not use the term "pet deposit." By avoiding this terminology, Class Act can use the amount of the entire security deposit when there is animal/pet damage.

Class Act requires an additional rent for each pet (pet rent) to cover the additional wear and tear most pets can cause. Our standard policy is a maximum of two pets, a maximum of one cat, no aggressive breeds, and no farm animals.

Many tenants have or want pets. It is legal for property owners to discriminate against pets. You may wish to do so. However, whether you have or have not decided to allow a pet in your property, the Class Act application has a place for prospective tenants to list pets and how many. It is important NOT to discourage full disclosure on pets while taking an application. Class Act does not place inappropriate pets in a property.

Class Act recommends to owners that when the property is on the market, that pets are “negotiable.” This can solve two problems.

1. First, this encourages prospective applicants to disclose any pets.
2. Second, by listing pets as negotiable, it avoids eliminating an excellent tenant that does care for their pet, has an excellent tenant history, and owns a pet that is suitable to your property.

## Service animals

**Special note:** “Service animals” for handicapped/disabled persons are NOT pets by Federal law, and owners cannot discriminate against handicapped/disabled persons with a service animal. Fair Housing legislation does NOT allow owners or property managers to collect deposits or pet rent of any kind for service animals.

However, Landlords can still process applicants who are handicapped or disabled on the same criteria as other applicants: income, credit, criminal, and tenant history. If they fail to qualify in these areas, the landlord/manager can still deny the application, handicapped or not.

## The Tenant Move-In

### Rent and security deposits

Class Act never accepts checks at move in; only certified funds or money orders are accepted. Class Act never allows “payments” on security deposits – we require all funds to be paid in full prior to renting the property. This eliminates prospective tenants who really do NOT have the necessary funds for renting.

Once approved, applicants must pay in full, the first month’s rent, and a high security deposit, in certified funds. It is normally Class Act policy to require a higher security deposit than the rent.

### Rental/lease agreements

Once Class Act receives funds, a thorough rental/lease agreement with the applicant is completed. Class Act will spend a minimum of an hour going over the fine print in the rental agreement with the applicant to “train” the tenant what is expected of them. We have found that this step greatly reduces the number of problems we have with tenants. Our rental agreement is 26 pages long and very detailed. No stone is left unturned, and no excuses are accepted from the tenants. Taking the time to prepare tenants for their residency is another step toward a successful tenant/landlord relationship. Class Act wants both owners and tenants well informed.

If the accepted applicants are a foreign nationality and cannot read and understand the documentation, they must supply an interpreter at their expense, of legal age for signing the rental/lease agreements. Class Act will automatically pursue lease renewals unless the owner notifies us in writing not to do so. Renewal fees are due for each written lease renewal or monthly tenancy beyond the initial lease term.

### Video Documentation

A vital part of the tenancy is a detailed video taken before each tenancy, documenting the condition of the property when they move in. Unless extenuating circumstances prevail, the Class Act team completes the video before the tenant takes possession of the property. When the tenant moves out of the property, there is a sound basis for the security deposit refund or claim. Each time a video is recorded, we upload it to a private YouTube channel and send you the link so you can see for yourself the condition of each unit. The move-out/move-in inspection video conducted between tenants is free. Current a la carte pricing for each annual video inspection during a tenancy is \$175, billed to the owner’s ledger. Significant discounts may apply depending on your management package.

### Tenant handbook

Tenants have access to the “Class Act Tenant Handbook.” This detailed booklet gives them additional information on how to care for the property, report repairs, maintain the property, make timely payments, how to give proper notice to vacate, leave the property in good condition, and more.



# Working with Your Tenants

## Collecting rent

Rents are due on the first day of the month and late if not received in the Class Act office by 11:59pm on the fifth of the month. No excuses are accepted.

To encourage timely payments Class Act enables Tenants to pay their rent ONLINE on our website, and can use all major credit cards. Class Act also can automatically draft rental funds from the Tenants bank account each month.

## Notice to pay or quit

If Class Act does not receive rent by the seventh of the month, Class Act prepares and delivers a 3 day eviction notice to pay or quit, as the law allows. Class Act makes every effort to mail and post notices properly should legal action be required. If Class Act determines the tenant is not going to pay the rent during the notice to pay or quit period, or shortly thereafter, Class Act will automatically file for an eviction. This is necessary to remove the tenant from the property as quickly as the law allows before the tenant ends up owing thousands of dollars in past due rent that can never be repaid. Our policy is to remove non-paying tenants quickly and place good tenants into the property to maintain a positive cash flow to the owner. Class Act recognizes that the owner is not a charity, and "if the tenant does not pay, then they will not stay!" Class Act does not allow an owner to be involved with this process. If an owner desires to make these decisions, then we recommend using our Lease Only service to allow Class Act to advertise the property, screen backgrounds, and sign a detailed lease with the tenants for you. Then you manage the property after the tenant is placed. Talk to our management team for details or read on.

## Other notices

There are other notices that may be involved with tenants. Class Act serves notices as situations warrant, such as a notice to clean up the landscape, HOA violations, a notice to enter the property, a notice to perform inspections, a notice regarding an illegal pet, illegal tenants, etc. These tenant violations may be in the form of a letter or a legal notice "form." Often, these notices are simply to correct minor tenant problems and most tenants comply. However, if necessary, Class Act will enforce the warning with fines and possible evictions.

## Tenant problems

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

Our company policy is to take a "what if" approach. Class Act documents all interactions with tenants in the event that something escalates into a legal problem. One of the reasons you hired a property manager is for peace of mind. This is what Class Act recognizes and works to prevent legal issues from arising.

## Legal action – Eviction Protection Program

As we all know, evictions can happen to any landlord no matter how well a tenant is screened. Circumstances change in people's lives and they are not able to pay the rent. This is especially true when people lose their job, get a divorce or have a serious injury. When a tenant cannot afford to pay the rent they also find it difficult to move, requiring the landlord to go through the costly procedure of evicting the tenant.

At Class Act, we protect our clients from the high costs of an eviction. If an owner is on the premium plan, for any tenant placed by Class Act, there is NO CHARGE for the labor to appear in eviction court! Court and service fees are charged to the tenant and taken from their deposit.

The only cost of the eviction that is not covered is; a jury trial, or when a tenant is awarded legal fees, or if a tenant contests an eviction and the judge awards a hearing. (Since 2000 we have never had to go through a jury trial or had a judge award a tenant legal fees! If that happens we will let you know and try to negotiate a favorable settlement in your behalf.)

In the event any Renter procured by Class Act under any lease shall default in the payment of rent or shall hold over in possession for longer than the lease term stated in any such lease, Class Act shall have the right and sole discretion to institute legal proceedings for eviction, unlawful detainer or other civil action against such Renter, and all other persons occupying the property, in Owner's name, place and stead.

Owner represents and agrees (a) that Owner shall fully cooperate in the institution, prosecution and collection of any such litigation; (b) that these eviction procedures are not an indemnity or insurance contract of any kind; (c) that Owner waives any claims against Class Act in the event Class Act, for any reason, decides not to file such litigation; and (d) that Owner fully and clearly understands the terms and legal effect of this provision.

Class Act's current policy for determining when to file an eviction is to file an eviction when a tenant is past due more than 50% of a month's rent and is at least 15 days late. In addition, Class Act will evaluate tenant's performance history and the dollar amount of their security deposit when deciding whether to file an eviction.

## Maintenance

### Preventative maintenance

The best approach to maintenance is "preventative maintenance," and this is the Class Act policy.

First, Class Act has already started with educating the tenant by:

- Completing a detailed Class Act Rental Agreement, which includes a thorough outline of what are tenant responsibilities regarding maintenance as well as owner obligations
- Completing a move-in video documenting the condition of the property before the tenant takes possession
- Supplying tenants with the "Class Act Tenant Handbook," which provides additional instructions on the care of the property and how to report maintenance issues.

We want the tenant to know from the beginning of their tenancy that the Class Act/landlord expectations are to "care for the property." This approach can prevent costly maintenance.

Next, we use "preventative maintenance" techniques when work is required and utilize competent contractors. Often the minor expenditures save the most money such as doorstops, new filters, checking appliances, testing smoke alarms, adjusting doors, window latches, deadbolts, caulking, grouting and more. Many small repair items can prevent maintenance that is more expensive.

Consider the cost of repairs like holes behind doors, clogged heaters and air-conditioners, appliance problems, dry rot, safety issue and more. Then of course, there are the major issues in a home such as the roof, the exterior condition of the building, carpeting, interior and exterior paint, etc. When left to deteriorate, it usually means the owner will have to spend more in the future. Class Act has many years of experience supervising repairs, maintenance, cleaning, and minor rehabilitation of rental units. We have many quality and reliable vendors who give us discounts for the volume of work we send their way (saving you money). Tenants can submit maintenance requests on their tenant portal, and Class Act will assign the work to the appropriate vendor, then follow up to make sure the job was done in a timely manner.

It is important to keep up with maintenance while the tenant occupies the property. Studies show that the number one reason tenants will submit notice and leave a property is because maintenance requests are ignored or are not fixed quickly.

Often people think no news is good news; this can be just the opposite. Instead, "delayed news can become very bad news." This is why, in our tenant instructions, we require them to report maintenance. For example, what is worse than finding out dry rot could have been prevented or discoloration of the linoleum if the tenant had reported the leaking toilet in the bathroom? Avoiding major maintenance costs are certainly more favorable in such cases.

Class Act contacts owners regarding maintenance above the current \$500 minimum per unit that is listed in the Class Act Management contract, unless the situation is an emergency. Items that are repaired below the \$500 monthly limit will be reported on the monthly owner statement so you will be able to see what is being done to the property on an ongoing basis.

Over the years as fuel costs and inflation rise, Class Act reserves the right to adjust the maintenance minimum as needed to properly maintain an owners property. Class Act reserves the right to add 15% to all service and repair work orders as compensation in part for requests for bids, procurement, supervision, bookkeeping, and bill payments of work orders and repair requests.

Once a property has been cleaned and placed on the market for rent, experience has shown that it needs to be 'freshened up' every two weeks. Class Act's Vacancy Maintenance Program includes sending a Service Tech to the property to perform light cleaning, pick up newspapers, change air fresheners, remove any light debris or weeds etc... at a cost of \$25 per visit plus any materials used. This service is generally provided automatically to every vacant property, however a property owner may 'opt out' if they prefer to maintain a vacancy themselves.



## Emergencies/Disaster

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

There are times when a property manager must act in order to prevent great financial risk to the owner. For example, when a property is flooding, action is necessary, particularly if the property owner is not immediately available.

## When the Tenant Vacates

### Notice to vacate

When there is a notice to vacate, the move out procedures with tenants are as critical as when Class Act moves in a tenant. The preparation for this really began when the tenant moved in with a detailed rental agreement, video and Class Act Tenant Handbook. These documents gave instructions to the tenant on how to move out.

### Communication with owners and tenants

Owners can assume that Class Act will automatically proceed with re-renting the property. Class Act immediately places the property on the market to rent unless the owner notifies Class Act in writing to take other measures.

Class Act also responds to the tenant notice with information detailing the steps to complete a successful move. Rent is required until the end of the notice unless otherwise stated in the rental/lease agreement.

### Tenant move out video

Class Act conducts a move out video similar to the one performed when the tenant moved into the property. Class Act records any maintenance required and discloses a list of damages to the vacating tenant. Digital photographs and/or videos taken when the tenant moves out are compared to move in media to document the condition of the property and support any deductions from the security deposit. Digital videos are available to the owner to view ONLINE, often the same day the video is taken!

After assessment of the tenant move-out, Class Act advises owners of any tenant damages or any maintenance required to re-rent the property which exceed the tenant deposit and monthly maintenance limit. Class Act will automatically schedule cleaning and repairs and deduct appropriate costs from the tenant's deposit.

### Security deposit refunds

Proper handling of the security deposit refund is crucial. Any tenant deductions are determined in a timely manner, and a security deposit refund and/or claim is prepared in accordance with state laws.

### Collections

Once a tenant vacates our leased premises, Class Act's rent collection efforts will conclude with the preparation of a final statement of claim sent to the last known address of the tenant. At Class Act's sole discretion, Class Act may attempt to collect the debt, and will earn 40% of any monies recovered for Class Act's collection efforts. (Discounted to 30% on the Premium Plan.) If Class Act chooses not to collect the debt for any reason, owner may choose to pursue the debt himself or send the debt to an outside collection agency.

## Additional Services

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

### Referrals

Do you know someone who is looking for management services in the Willamette Valley or in Central Oregon? If so, then notify your management team. State law does not allow us to pay a referral fee to someone who is unlicensed (although you will receive our eternal gratitude). However, we do pay a \$100 referral fee to licensed real estate agents for every door that signs with Class Act from a referral, so send other property owners to us!

## Annual Property Review(APR)

Class Act maintains properties as part of their property management services. This survey goes beyond overseeing normal maintenance. An Class Act representative performs this review, and the purpose is to check the property thoroughly each year in order to perform necessary or preventative maintenance. Photos and a YouTube video of the property are made available for your review, as well as an inspection report. Cost for this service is currently \$175. (Discounts are available on both the Standard and Premium plans.)

**An owner may opt out of this inspection by providing Class Act written notice not to perform annual APRs.**

## Scope of Liability for Videos

Class Act may use video to market or document the condition of a property. Although all precautions are taken to properly take and store these videos, Class Act cannot guarantee the quality of the digital media, nor can Class Act assure that digital media will remain undamaged/stored. Owner agrees the scope of Class Act liability for videos is limited to the fee charged by Class Act to produce the video. If a tenant objects to pictures or a video being taken, Class Act will honor the tenant's request, and will submit a written report to the owner instead.

## a la carte Services

Below is a list of services that Class Act offers. You may select individual services, or sign up for long-term management with one of our Package discounts.

## No Contract Required

- "Lease Only" Tenant Placement - 1/2 first month's rent plus \$300 upfront. Includes screening tenants, signing with tenants using Class Act's extensive rental agreement, and initial training with tenants to instruct them on the rules and procedures.
- Advertising and Showings Package \$35 per week, \$100 initial set up fee. Includes unlimited Smartbox showings, writing and posting internet advertising on Craigslist and Zillow and dozens of websites, and answering inquiries about the property. (Pictures are required. Owner may provide marketing pictures, or hire Class Act to take pictures and/or videos.)
- Photography and Marketing Package - \$240. Class Act will take pictures and shoot a Video Tour of the property.
- Annual Video Inspections with Emailed Report - \$175. Class Act will send Notice of Entry to tenant, get keys from owner, inspect the property, take pictures and video (if permissible by tenant), and send a detailed report with YouTube link to owner of the condition of the property and recommendations, if any, for repairs or maintenance.
- In-Person Showings or Open Houses are \$45 per showing. Available as a service to owners who request to have their property shown by a Class Act staff member to potential renters.
- Lease Renewals - renewing an existing tenant using Class Act's paperwork - 2% of gross annual rent. Includes Rental Market Analysis to determine if the rent can be increased, a lease renewal offer letter sent to tenant, and signing with the tenant on the new rental agreement.

Many of these services are discounted or included free with a long-term management agreement. Ask about our package rates.

## Contract Required

- FED Evictions - \$300 initial appearance, \$500 if tenant asks for a hearing or trial, plus actual filing and service costs. Class Act would be happy to remove a problem tenant for you. (In extreme cases, Class Act may recommend that an attorney get involved, but that is rare.) Eviction services are available only as part of an ongoing property management program. Most evictions for tenants placed by Class Act are free!
- Rent Recovery Service (Collections) - 40% of collected funds after move out (discounted to 30% on the Premium plan). If a tenant owes money exceeding their deposit after moving out of a property, Class Act will send a letter to the tenant offering payments over 12 months. If tenant does not cooperate, Class Act will file a small claims suit against tenant, get a judgment, and then garnish wages and bank accounts. The Rent Recovery Service is only available as part of an ongoing property management program initiated at least 30 days prior to the tenant moving out and at manager's discretion. Collection efforts are only as effective as the information provided about the tenant from their application.
- Maintenance and Cleaning Services - 15% of invoices. Class Act will supervise repairs, cleaning, and minor rehabilitation projects. We are especially good at renovating worn out units with new paint and carpet and fixtures while keeping the renovation cost as low as possible.

# Management Philosophy

Our owners have different needs and levels of risk they are willing to assume. Some owners just want help screening and finding good tenants. Other owners want greater legal protection and hassle-free ownership. This is why Class Act offers two styles of management services.

## Broker Style

In this model, sometimes referred to as a "Lease Only", the owner signs an exclusive right with a manager to advertise the property. Class Act advertises the property, handles phone and email inquiries, shows the property, screens applicants, and meets with the tenant to have the tenant sign papers and pay the first month's rent and deposit money. The rental agreement is signed by the owner and the tenant, the tenant is given the owner's contact information, and the owner assumes all liability and risk for managing the property. Class Act is only acting as a "broker" bringing two parties together.

When an owner utilizes the Lease Only option, they are managing the property themselves. This includes responding to maintenance requests, supervising vendors, signing vendor contracts in their name, issuing warnings and late notices, filing eviction paperwork, filing small claims suits to recover damages, filing garnishments to collect judgments, etc. The owner assumes all risk of management on themselves and must do their own research to stay current with the law. The tenants have the owner's contact information and will file suit against the owner rather than Class Act if a situation goes bad.

The risks to the owner of this model are substantial. Instead of the owner having anonymity, and being hidden from view of the tenant, letting someone else take the risks, they are put on the frontline of litigation where the tenant has a clear view of them. Any legal actions filed by the tenant will name the owner as defendant, because they are listed as the Landlord, instead of a property manager being listed as the Landlord. The more you as an owner are involved with the day to day issues of managing your property, the more liability you take on. If you are going to act as a Landlord, you will be liable as a Landlord. If you are going to be named as the Landlord in the documents, you must be ready to defend yourself in litigation as the Landlord.

The enticement of this option is that you as the owner would have more control. Being in control of day to day operations brings with it certain risks and consequences and owners need to be ready to face these risks and know how to prepare for them.

## Manager Style

In this model, the owner signs a long-term management agreement. Class Act executes a rental agreement with the tenant directly and does not disclose who owns the property. Class Act is listed as the property manager on the rental agreement and handles all interactions with the tenant. (If a tenant should somehow find out who the owner is and try to contact the owner, Class Act will send a warning notice and possibly fine the tenant. We enforce the same policy with the owner.)

Class Act administers all warnings, fines, court filings, suits, evictions, and garnishments following the procedures outlined by Federal, State, and local laws and county court guidelines. Class Act enforces all rules contained in our 26-page rental agreement. Should a tenant file suit, Class Act will be listed as the defendant, rather than the owner. Class Act has been in court dozens of times and has always been the prevailing party (we have never lost a case in 15 years of management). Rest assured that our contracts, procedures, and policies are solid and will hold up in court.

Class Act sends contractors to the property as its vendor and keeps the name of the owner off the record. All the liability for what the vendor does (or doesn't do) falls on the Landlord/manager instead of the owner. It is Class Act's insurance at risk when something goes wrong.

The difference between this Manager Style model, and the Broker model, are substantial. In this model the owner is not named in the lease and is out of sight of the tenant. The owner is safely tucked away in the bunker, far behind the line of battle and safe from most of the liabilities of owning rental property. Class Act is the one fighting the battles on behalf of the owner and stands in the gap between the parties. Class Act acts as a liability shield for the owner and attempts to keep him out of the line-of-fire on property management disputes.

When you use Class Act to look after your property you can still be involved in all the important decisions. There is a maintenance spending limit on the management agreement, and we have to consult with you for all major decisions. Class Act is not taking away your authority over the property but making minor decisions and protecting you from the liabilities of being a rental property owner. The liabilities of owning rental property are real but they can be substantially reduced by placing a well-trained property manager as a shield between you and the tenant.

## Correcting a commonly promoted error.

Some property managers tell their clients "you need to be involved in management decisions (or manage the property yourself) to qualify for the tax benefits of owning rental property." This is utterly false. The tax code requires you to be the owner, not the manager, to get the tax benefits. Talk to a CPA and get this straight before you buy into this argument. You do not need to be active in the management of the property to get the tax benefits.

# Cancellation of Management Services

It is the goal of Class Act to satisfy your management needs and engage in a successful business relationship, but some things do change over time. Owners sell properties; people give notices. If this happens, the Class Act cancellation policy is to resolve your account in a professional, timely, and pleasant manner. Please review the following policies for cancellation.

## Written notice

- Owners are advised that lease renewals are frequently negotiated with tenants during the 10th month of a lease, and cancellations of the management contract may be subject to any lease renewal! For this reason, Owners are advised to give written notice of cancellation at least 90 days prior to lease renewal!
- The Class Act policy is to give cancellation of management by First Class US Mail or by fax. Class Act does not accept Certified or Registered mail.
- Class Act does not accept cancellation of management by email due to lack of signatures.

## Notice to current tenants

- Class Act will notify current tenants the date Class Act will no longer manage the property and that Class Act forwards all security deposits to the owner.
- It is the owner's responsibility to advise tenants where to make future rental payments and work requests after the notice period.

## Distribution of documents

- Class Act will supply current tenant documentation to the owner.
- If the owner has employed new management, it is the owner's responsibility to instruct them to pick up documents, keys, and any other necessary materials at the Class Act office. Class Act will need written authorization from the owner, with a valid signature, before releasing any materials to a third party. At no time shall Class Act forward Deposits or other monies to a third party.

## Final distribution of funds

- Class Act will distribute funds, including security deposits, and final statements to the owner within sixty days of the terminating date of management, as agreed in the management contract. Owner will be required to sign a General Release Form and return it to Class Act before final distribution of funds can be made to Owner.
- Class Act will issue a 1099 for funds collected during the current tax year when the tax year ends.
- For the purpose of determining Owner default of the management agreement, filing of foreclosure for non-payment of any association dues, lien or mortgage payment, and/or inclusion of leased premises in any bankruptcy proceedings filed by owner shall constitute an owner default. Because said default imposes considerable additional risk, work and responsibility upon Class Act, the monthly management fee will be assessed at triple the normal rate for as long as the management agreement remains in force, whether rents are collected or not, for as long as the foreclosure or bankruptcy proceedings ensue.

## Conclusion

We hope you have found the Class Act Owner Manual informative and useful. If so, please inform your management team. If you feel there is any other information Class Act can provide, let us know so we can include it in the future. Call Class Act at any time or go to our website at [www.Manage-Your-Rental.com](http://www.Manage-Your-Rental.com) when you need any forms.

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

**Class Act Property Management LLC**

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