

Progressive Property Management, Inc.

OWNER'S MANUAL

YOUR GUIDE TO PROPERTY MANAGEMENT HAPPINESS



Welcome

Thank you for choosing or considering Progressive Property Management, Inc. to manage your investment property.

We are aware that you have many choices and we appreciate that you have selected us as your property management company.

**We
Manage
Happiness**



Progressive Property Management (“Progressive”) works to achieve the highest level of professionalism in property management. Therefore, we have prepared this Owner’s 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 services. After reading the material, if you have questions or any concerns, contact your Branch or Property Manager immediately, using the company contact information provided in the following pages.

Special Note: The information provided in this document is subject to change. Landlord and tenant laws, personnel, policies and procedures change accordingly and sometimes quickly. Progressive works diligently and continually to improve services and personnel training as well as remaining current with all landlord and tenant legislation. We will strive to update this document as soon as possible.

Once again, thank you for choosing Progressive Property Management as your property management company. We look forward to a long and successful business relationship.



General Office Information

Central Office Information	
Mailing Address	1251 Yorba Linda Blvd. Placentia, CA 92870
Communication	
Office#	(714) 528-3100
Scott’s Extention	(714) 528-3100 ext. 101
Fax#	(714) 528-5522
General E-mail	info@propropinc.com
Website	www.ProPropInc.com or www.Progressive-PM.com
Office Hours	
Monday – Friday	8:30 am – 5:00 pm
Saturday, Sunday	By Appointment Only
Emergency#	(714) 349-3335

**PROGRESSIVE
PROPERTY MANAGEMENT**
WE MANAGE  HAPPINESS

Owner Documents

A copy of your management agreement is included with this guide. Refer to it as needed and keep it with this information for a handy reference.

Progressive Property Management, Inc.

Progressive Property Management (“Progressive”) is a full-service property management company with a centralized office in Placentia, California, but with 25 Branch Managers located throughout Southern California who act as our local Property Managers. Progressive (DRE# 01958885) also manages associations under Progressive Association Management and offers real estate sales under Partners Real Estate Group.

The Progressive Property Management Mission

We manage happiness by better protecting our owner’s asset and making the rental experience a better one for our tenants with our programs, pillars and professionalism.

Progressive Property Management Principals

The owner of Progressive is Scott P. Brady. He is a licensed California Manager since 1997 (DRE# 01202061) with a 30-year experience in lending, real estate and development.

Progressive Communication

Communication is the key to success in any personal or business relationship and the Progressive-Owner relationship is not an exception. We work constantly to have clear and direct communications with all of our stakeholders: owners, tenants, applicants, vendors, buyers, sellers and the public.

Progressive Property Management Website

Progressive stays current with business technology. Our website, www.Progressive-PM.com (or www.ProPropInc.com), is a valuable asset. Here are a few of the benefits for clients visiting our website:

- Prospective tenants can search our site for available rentals and submit an application online.
- We can run credit reports and background screening in a matter of minutes after the application is received and make recommendations based on the information received.
- Tenants can access our management software and make maintenance requests and communicate with their Property Manager.
- Owners can log in to their “owner’s portal” and download reports, review financials and view work orders.
- Prospective owners can compare our company to 7 other management companies in their area to determine if we are a good fit.



Scott P. Brady
Owner





Owner Communication

Communication works both ways. We need accurate and timely communication from you, the owner. It is important that you let us know of any significant change that can affect your account. Progressive needs to know when you are moving, if you have a problem with your account, if your social security number has changed to a Tax ID, or any other important information. Please use the owner portal or email us to notify us of any changes.

Email

Progressive encourages all owners to use email or their Owner Portal to contact us. It is fast, effective, and documents our correspondence. Please supply us with your email address on all the Progressive forms. We will enter your email address in our database.

Special Note: When using email, we request that you put the “property address” in the subject line so the appropriate Property Manager can respond to your inquiry. This also helps us to identify the importance of your message and avoids oversights or errant deletions of messages.

Owner Vacation Notice: Progressive respectfully requests that owners notify us of vacations that are three weeks and longer. Another alternative is to update your Emergency contact listed on the Owner Information Form. The purpose of asking for this information is so we are prepared in the event of an emergency repair or major issue concerning the owner’s property and/or tenant. Please notify us of this situation using the Owner Portal.

Owner Responsibilities

A successful business relationship works both ways. Progressive takes their management responsibilities seriously, and requests owners do likewise.

Owner Responsibilities Are:

- Notify Progressive of any ownership change or eminent owner change for the managed property.
- Supply us with accurate information so we can service the management account properly.
- Review statements monthly and notify Progressive of any discrepancies found as soon as possible.
- If using ACH, check statements monthly for accurate or missing deposits and notify Progressive 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 and name Progressive as an additional insured.
- Review your property insurance yearly and update as needed.
- Exercise responsibility for required maintenance and the safety of your tenants.
- Treat Progressive personnel with courtesy and notify Progressive principals if there are problems with Progressive Property Managers or Operations staff so they can be resolved quickly.
- Let Progressive be the point person for your property and allow us to make all initial communications with tenants. You have hired us to manage your property and as much as possible we want you to allow us to do our job.

The Scope of Property Management

The property owner(s) authorize(s) Progressive Property Management to perform the following services: rental analysis, coordinating any needed minor rehabilitation to make the property rent ready, marketing, advertising, tenant screening, lease preparation, day-to-day management, lease enforcement, monthly accounting, and disbursements and annual renewals.

Company Policies

It is critical that Progressive follow all local, state and federal legislation and 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 Managers

(NARPM) and the National Association of Realtors (NAR). Additionally, we train all personnel and Property Managers by requiring them to read our own Management Policy and Procedures Manual and to stay in compliance with all laws and regulations.

Department of Real Estate Requirements

The California Department of Real Estate (DRE) requires licensing for all persons conducting Property Management and Real Estate Sales in our state, and furthermore, any operations personnel who have access to our trust accounts, must also be licensed. Progressive requires all personnel that are Brokers, Property Managers, Branch Managers and Real Estate Agents to have a California Real Estate license.

Drug-Free Policy

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



Legislation

Progressive 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 Progressive follows:

- **Fair Housing (HUD)** – Progressive supports and follows Fair Housing laws and guidelines; the office displays Fair Housing signage.
- **Equal Opportunity** – Progressive is an Equal Opportunity employer; our 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
- **FTC** – Fair Trade Commission.
- **EPA** – Environmental Protection Agency.

Lead-Based Paint

Lead-based paint became a major issue in the 1990s that prompted mandatory requirements for residential housing and still continues today. Progressive 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 Progressive provides them with the required EPA Pamphlet, Protect Your Family from Lead in the Home. We then forward the required disclosure to owners for signature.

Property owners and/or Property Managers must also notify tenants, in writing, of any scheduled work necessary for lead-based paint on the property. Legislation now provides that owners and managers must use certified vendors to work on lead-based paint.



Mold Issues

Progressive 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 resulted in millions of dollars in damages being awarded to tenants.



Bed Bugs

Bed bugs can be a serious issue, and owner(s) must disclose the existence of them, and eradicate them in compliance with state law if they infest the property.

Tenant Protection Act of 2019

California state law requires the owner to disclose to the tenant if the rental property qualified for the Tenant Protection Act of 2019 and whether the tenant qualified for annual rent caps and just cause eviction. Progressive will enforce any tenant rights protected by state law.

Water Heater, Smoke Detector(s) & Carbon Monoxide Detector(s)

California state law requires water heaters to be strapped properly, and carbon monoxide and smoke detectors to be installed in a manner consistent with state law. Progressive will comply with these regulations.

Answers Regarding Trust Funds

When you enter into a management agreement, Progressive established an account for you and your property. We recognize the importance of accurately collecting and disbursing funds. The bookkeeping program used by Progressive is specialized software (Appfolio) designed to handle the many facets of property management and accurate record keeping, and complies with the requirements of your state's Department of Real Estate.

Banking

Progressive maintains one trust account with Enterprise Bank & Trust. All rents and security deposits reside in this account. Each owner is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. After rents are received, we immediately forward the owner proceeds after our fee and any monthly expenses have been deducted. All security deposits remain in this trust account, but do not earn any interest. Once the tenant vacates your property, we disburse the balance of this security deposit back to the tenant within 21 days after any deductions for damage beyond normal wear and tear and other tenant caused expenses.



Monthly Statements

The management software we use is provided by Appfolio. You will have access through your Owner Portal to view real-time and monthly reports. For those owners who request their monthly disbursements by check, we will include a printed monthly statement with their proceeds.

Disbursement of Monthly Funds

Progressive disburses available funds to owners within 3 days of receipt of “good” funds, this means if a tenant pays by the fifth of the month, our owners should receive their funds from 8th to the 15th of the month depending on holidays and weekends, when banks do not operate. Progressive does not disburse funds on the weekend or holidays, and we do not issue owners checks or ACH payments unless there are sufficient funds in the owner's account. It is recommended that you maintain a contingency fund in your rent account to cover any unexpected repairs or maintenance.

Progressive distributes owner funds in two ways:

1. Company check disbursed directly to the owner

accompanied by their monthly statement.

2. Most commonly, when an owner uses ACH direct deposit – proceeds directly disbursed into an owner's bank account; Progressive then mails the monthly statement by month end to the owner.

End of Year Procedures

At the end of the year, Progressive is required to file 1099's for income received over \$600 and we charge all owners a \$35 tax preparation fee. 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, not Progressive. Please note that the security deposits are not included in this amount.



It is required that you supply Progressive with a W9 with the necessary Social Security/Tax ID information so the 1099 is accurate. We 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 W9 change form, please contact us.

Progressive also issues 1099s for disbursements to vendors for work over \$600. Therefore, owners do not have to issue 1099s for work completed and paid through our 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 professional along with other information for income tax reporting. Progressive does not issue statements to the owner's tax preparers.

RENTING YOUR PROPERTY



Preparing to Rent the Property

When you have a vacancy, our goal is to attract the best possible tenant for your property. To do that:

- We conduct a move-out evaluation of your property and determine if repairs or maintenance are required to make it “rent ready”
- We run a competitive market analysis report to make sure your rents are priced right for the market.
- We subject your property to our extensive marketing program including submitting it to our local Multiple Listing Service (MLS), syndicating it to top rental websites in your market, as well as promoting it on our website.

Internet/Website

Progressive has found that the most pervasive marketing tool to promote your property is the MLS, it sends your property out to thousands of websites nationwide. We will also use Craig’s List, Rent.com and other sites as necessary, but not being on the MLS limits your exposure greatly.

Tenant Acquisition (Leasing) Fee

This fee will be 40% of the first month’s rent and consists of our 30% fee to secure the tenant, and we offer 10% to the agent who represents the tenant. Here is what we do for that one-time fee:

- Prepare your property for the market.
- Place your property in the local MLS and other websites with photos.
- Offer a 10% commission to a cooperating brokerage. Real estate agents will be compensated to

show you property and introduce their clients to your rental.

- We will screen all applicants and vet them thoroughly to determine if they meet our leasing criteria.
- Progressive will execute a lease agreement on your behalf with your consultation and approval.
- We will conduct the move-in and transfer of keys.

Showing and Applications

The Progressive Property and Branch Managers conduct showings for each vacant unit via appointments, open houses and in some cases, secured self-showings. When prospective tenants see the property, the management team answers questions and prequalified potential candidates. Online applications are available on the Progressive website.

Processing Tenant Applications

Tenant Screening

Thorough screening is crucial to successful property management. Progressive requires all applicants to fill out a detailed application online from our website and submit it for processing and approval. A simple credit check is not enough. We conduct a careful review of their credit, verify income, conduct a background check and seek previous landlord references. We also document the number of occupants, earliest move-in date, pets and their motivation. Here is our minimum criteria:

- 3 times the rent in verified income for all applicants.
- A minimum credit score of 600 for the lowest applicant.
- No evictions in the past 5 years.
- No lates with the previous landlord for the previous 12 months.

Cross-referencing all three areas – credit, tenant history and income provides the answers to qualify or disqualify prospective applicants. If a pet is allowed on the property, the screening includes the pet by requiring the applicant to register their pet with Pet-screening.com.

Co-signers

Progressive normally does not accept guarantors. Our policy is that the applicants should have the ability to rent on their own merits. However, there are occasions, e.g., college age tenants, that may warrant

taking a co-signer or guarantor on a property. If this is the case, Progressive will notify the owner, discuss the reasons, and obtain owner authorization. We disclose to the guarantor that they are equally responsible for the terms of the lease.

Pets

If an owner authorizes a pet on the premises, Progressive requires the following:

- The applicant must submit their pet information to Petscreening.com. There is a small fee per pet (\$20 for the first pet, \$15 for each additional pet and \$0 for service/comfort animals), and the site requests the following information:
 - Type of Breed
 - Weight
 - Vaccination History
 - License Information
 - (If Applicable) Certification of Service/Comfort Animal from a Legitimate Source
 - Based on this data, the site generates a “paw” score from 1 (worst) to 5 (best).
- We then charge the tenant a monthly fee as follows:
 - If the tenant would like to avoid the complexity and cost of submitting their information for Petscreening.com, we will charge the tenant \$25 per pet as an application fee and \$30 per pet monthly to participate in our Pet Protection Program.
 - If the tenant would like to avoid the cost and complexity of using Petscreening.com, they can pay a flat fee of \$30 per pet.
 - For that fee, we guarantee to the owner up to \$1,000 per pet in pet damage over and above the security deposit.
 - We will also perform an annual pet inspection of the premises to make sure the pet is not causing additional damage to the property and the tenant will be charged \$95 for this inspection.

Many tenants have or want pets and it is estimated that 70% of all households have a pet. It is perfectly legal for property owners to discriminate against pets and not allow them in their rental. You may wish to allow pets though, to make your property more attractive to prospective tenants. Even if a tenant wants a pet and you allow it, there are certain breeds



that may be restricted by your insurance an unwise to allow on your premises.

Progressive recommends to owners that when a property is vacant is on the market, that pets are “negotiable”. This solves a couple problems:

1. This encourages prospective applicants to be honest and disclose any pet. Once disclosed, based on the “paw” score, and the owner/manager preference, Progressive can notify the applicant that the owner does not allow that pet. If the listing says “no pets allowed” and the applicant has a pet but also a great desire to rent your property, they may be inclined to lie (they are not going to give away their pet or worse to occupy your rental) and create an issue after they move in with their pet.
2. By listing the possession of a pet as negotiable, it avoids eliminating automatically an excellent applicant that does care for their pet, has an excellent tenant history, owns a pet suitable for your property and is willing to pay a monthly fee to guarantee that pet.

Service, Comfort and Emotional Support Animals

IMPORTANT: The above animals are not pets by Federal law, and owners cannot discriminate against handicapped/disabled persons with a service, comfort or emotional support animals. Fair Housing

legislation does not allow owners or property managers to collect additional deposits of any kind for these animals.

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

The Tenant Move-in

Rent and Security Deposits

Progressive does not accept personal checks prior to renting the property and does not allow “payments” on security deposits: we require all funds paid in full prior to taking possession of the property. It is company policy to collect two month’s rent as the security deposit for an unfurnished unit, and we have a program that allows the tenant to pay one month’s rent as the security deposit, and we guarantee the second month to the owner. Participation in this program is optional to the owner.

Rent/Lease Agreements

At the execution of the lease, Progressive will collect all required funds. All persons 18 and over, including adult children, are required to read and sign all lease agreements, addendum and disclosures and complete an application. If the accepted applicants are a foreign nationality and cannot read and understand the documentation, they must supply an interpreter of legal age for signing the lease agreements.



Walk-Through

A vital part of the rental agreement is a detailed walk-through documenting the condition of the property when they move-in. Unless extenuating circumstances prevail, your Property or Branch Manager (or their assigned) completes the walk-through before the tenant takes possession of the property. Photos are taken to document the condition of the rental and any damage to the property.

Working with Your Tenants

Collecting Rent

Rents are due on the 1st of the month and late if not received in the Progressive office by the 5th of the month.



Progressive recognizes that many things can happen where it concerns rent: rent can really be lost in the mail; employers can delay the tenant’s paycheck; there are real tenant emergencies, and more. Therefore, we do make a serious concerted effort to determine the reason the tenant is having a problem. If Progressive receives rent prior to the “3-Day Notice to Quit or Pay” has expired, we do not contact the owner. Once the 3-Day has expired, we will contact the owner and determine the next steps.

Notice to Quit or Pay Rent

If Progressive does not receive rent by the due date (typically the 5th of the month), we prepare and deliver a timely 3-Day Notice to Quit or Pay, as the law allows. Progressive makes every effort to mail and post notices properly should legal action be required. If Progressive determines the tenant is not going to pay rent during the notice to pay or quit period, or shortly thereafter, we will contact the property owner and work out a plan of action leading to possible eviction.

Other Notices

There are other notices that may be involved with the tenants. Progressive serves notices as situations warrant, such as a notice to comply with the rules and regulations of a homeowner’s association, a notice to enter the property, a notice to perform inspection or a notice to allow vendors access for necessary repairs. These tenant violations may be in the form of a certified letter or a legal notice “form”. Often these notices are simply to correct minor tenant

problems and most tenants quickly comply. However, if necessary, Progressive may contact the owner with the information to discuss the situation.

AB 1482 – Statewide Rent Control Measures

Certain properties will be subject to Statewide Rent Control and tenants are provided additional legal protections on rent increases and our ability to have them vacate the property. We will keep you abreast of the tenant’s legal protections and assist you in abiding by all city, county and state laws.

Tenant Problems

Progressive has years of experience handling the myriad of tenant difficulties that may occur. Our policy is to obtain good tenants which eliminates many tenant problems. However, even good tenants have problems. Progressive treats each problem with a common-sense approach, follows all landlord and tenant laws, and uses the appropriate documentation. If the situation turns serious, we will contact the owner and work to find a solution for the problem.



Legal Action

Although Progressive works diligently to avoid the necessity to begin a legal action, such as an unlawful detainer or eviction proceeding, it can happen. In the event any legal action is required, Progressive will contact the owner prior to taking action, discuss the situation and obtain owner authorization.

Maintenance

Preventative Maintenance

The best approach to maintenance is “preventative maintenance”, and this is the Progressive policy.

First, Progressive has already started educating the tenant by:

- Including a Lease Addendum outlining tenant responsibilities regarding maintenance as well as owner obligations.
- Completing a walk-through documenting the condition of the property before the tenant takes possession.



- Giving the tenant two weeks after move-in to bring up any issues with the property which can be immediately addressed.
- If the tenant participates in one of our three Resident Benefit Packages, we supply a proper sized air filter directly to the property twice a year.

We want the tenant to know from the beginning of their tenancy that the Progressive 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 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 issues and more. Then of course, there are the major issues in a home such as 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.

It is equally important to keep up with maintenance while the tenant occupies the property. Often people think no news is good news; this can be just the opposite. Instead, delayed news can become very bad and expensive 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 because a tenant does not report a leak in the toilet, there is major damage to the flooring? Avoiding major maintenance costs are certainly more favorable in such cases.

The Progressive management team contacts owners regarding maintenance above the minimum that is listed in the management contract, unless the situation is an emergency.

Emergencies/Disaster

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

There are times when a property manager must “act” quickly 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 Progressive moves in a tenant. The preparation for this really began when the tenant moved in with a detailed lease agreement, Move-In Checklist and walk-through. All of these documents gave instructions to the tenant on how to move out.

Communication with Owners and Tenants

It is critical that Progressive follow a standardized renewal and/or notice to vacate, so here is the process:

- Approximately 90 days prior to the lease expiration the owner is contacted and asked two questions:
 - Does the owner want to keep this as a rental or sell? If the owner wants to sell, or move back in, Progressive gives the tenant a notice to vacate at the expiration of the lease.
 - If the owner wants to keep it as a rental, do they want to rent again to this tenant? Perhaps the tenant has not abided by the terms of the contract or have been particularly difficult during the term of the lease, so if the owner chooses not to renew to them, the tenant is sent a notice to vacate at the expiration of the lease.



- If the owner is open to retaining this tenant, the Property or Branch Manager will visit the property, conduct a visual inspection of the property, and report back to the owner on two issues:
 - Is the property in adequate condition and merits allowing the tenant to renew the lease? and;
 - Is the tenant interested in renewing the lease?
- The Property or Branch Manager reports back to the owner. If the property is in poor condition or the tenant has not abided by the terms of the lease (there are pets or additional residents) the Manager sends a notice to vacate at expiration of lease. Otherwise, they discuss any increase in rent or change in terms and the Manager draws up an addendum.
- No later than 60-days prior to the expiration of the lease, the tenant is sent both a Notice to Vacate at Expiration and a Lease Addendum with a change in terms (typically an increase in the monthly rent and an extension of the lease for another year). The tenant is given 2 weeks to sign the addendum or the Notice to Vacate may be in effect.
- Please note, if your property is impacted by state or local rent control laws, we follow these laws assiduously.

Once the owner decides to secure a new tenant, Progressive will immediately place the property on the market to rent unless the owner notifies us to take other measures. Progressive also responds to the tenant notice with a move-out check list to complete a successful move. Rent is required until the end of the notice unless otherwise stated in the lease agreement.

Tenant Move Out

Progressive conducts a walk-through similar to the one performed when the tenant moved into the property. We record any maintenance required and disclose a list of damages to the vacating tenant. Photographs are taken when the tenant move out to document the condition of the property and support any deductions from the security deposit. After assessment of the tenant move out, Progressive advises owners of any tenant damages or any maintenance required to re-rent the property.

Security Deposit Refunds

Proper handling of the security deposit is crucial. Any tenant deductions are determined in a timely manner, and a security deposit transmittal is prepared in accordance with state laws. Owners receive a copy of the transmittal with their monthly statement, showing any deductions and monies refunded.

Collections

If collecting damages is required, Progressive will refer the matter to a qualified consumer collection service at the instruction and authorization of the owner. Your agreement with Progressive does not include recovering tenant damages but leaves this to companies with expertise in debt collection.

Progressive will supply consumer collection companies with the necessary documentation needed.

Owner & Tenant Fees

OWNER FEES – Progressive strives to keep our fees fair and reasonable and do not seek to “nickel and dime” our owners. Here is a list of all fees we may potentially charge our owners:

- **Base Management** – Your management fee will be state in your management agreement, but typically it will be a hybrid fee: a flat monthly plus a percent of rents collected. Your flat fee may be lower if you own a multi-unit building or have us manage multiple properties.
- **Tenant Acquisition** – For single family homes, condominiums and townhomes, we charge a one-time fee of 40% of the first month’s rent as a tenant acquisition (or leasing) fee. For this fee we do the following:
 - Prepare your rental for the market
 - Advertise your property on the MLS
 - Offer a commission to the agent who represents the tenant



- Show your property to prospective tenants
- Screen all applicants
- Execute the contract
- Conduct the move-in
- Document the condition of your property
- **50% of Late Fee** – If the tenant is late but pays within the allowed time, we charge 5% of the monthly rent as a late fee, retain 50% of that fee and forward the balance to you.
- **Tax Preparation** – Every year we file the appropriate forms with government agencies and charge each owner \$35 annually.
- **Tenant Transfer** – We charge \$100 to transfer and existing tenant to our system.
- **Contract Close Out** – If you choose to terminate our services, which you can do at any time, we charge a \$200 close out fee and maintain all documentation for three year to remain in compliance with the Department of Real Estate.
- **Home Warranty Coordination** – If an owner wishes to keep a home warranty in effect, we charge \$175 annually to coordinate repairs with the home warranty company’s vendors.
- **Eviction Assistance**– If the tenant needs to be evicted, contests the eviction, and we must appear at small claims court on your behalf, we charge a \$300 eviction assistance fee. This fee is waived if the tenant participates in our Owner Protection Program.
- **Work “Outside the Scope”** – If you request us to assist you for work not included in our contract, e.g., meeting an appraiser, meeting an association representative, etc., we charge \$30 an hour (with a \$50 minimum) for such work.
- **Preventative Maintenance Program** – Some owners want more than one annual inspection, so for \$75 we will conduct a mid-term inspection and provide a report to the owner.

- **Tenant Transfer** – We charge \$100 to transfer an existing tenant to our system and review the lease, inspect the property, on-board the tenant.
- **Non-Standard Owner Bill Payment** – We typically don't pay your mortgage, property taxes, homeowner dues or insurance premiums. If you request that we pay any of these bills, we charge \$10 per bill per month.
- **Contract Close Out** – If you terminate our services, which you can do at anytime with 60-day notice, we charge a \$100 close out fee.
- **Home Warranty Coordination** – If you have a home warranty policy in effect, we charge \$75 annually to coordinate every home warranty service call. If Owner chooses Manager's "Premium Pricing Plan" this fee will be waived.
- **Annual Tax Preparation** – Every January, we charge each Owner \$25 to generate the 1099, report taxable revenue to the IRS, obtain vendor insurance and licensing, and audit the your file for compliance.

TENANT FEES – All our potential tenant fees are presented to them in our lease agreement and represent additional work performed on their behalf.

- **Late** – It is Progressive's company policy to charge 5% of the monthly rent as a late fee (the maximum per California law is 6%).
- **NSF** – If the tenant delivers "non-sufficient funds" and we must contact them to pay with good funds, we charge \$25 to the tenant.
- **Posting** – If the tenant does not pay or abide by the contract as agreed, and we must post a "3-Day Notice to Quit or Pay" or a "3-Day Notice to Quit or Cure" we charge them \$40 for each notice.
- **Renewal** – At the time of lease renewal, if the owner decides to retain the tenant, and the tenant agrees to the revised lease agreement, we charge as little \$50 if the tenant responds quickly or \$250 if the tenant allows the lease to lapse into month to month.
- **Month-to-Month Administration** – If Tenant requests a month-to-month lease, but Owner prefers an annual lease, Tenant will pay a monthly \$25 administration fee until such time lease is converted to an annual lease.
- **Lease Change** – It is not uncommon for tenants to request a change in the terms of their lease, and most commonly, this is a change of tenants. We



will investigate the new tenant for credit and income worthiness, amend the lease with an addendum, and charge a \$250 lease change fee.

- **Lost Key Administration** – If the tenant loses their key or lock themselves out of the rental, we charge \$100 fee to provide additional key to the tenant and travel to the property.
- **Lease Termination** – If the tenant decides to terminate their lease prior to its expiration, we charge \$250 to mitigate damages, but the tenant is responsible for all financial damages incurred by you.
- **Lease Reinstatement** – If Tenant cures an unlawful detainer and the eviction process is stopped, we charge the \$250 for the time spent initiating the eviction.
- **Security Deposit Processing** – If any deductions need to be made to the security deposit which includes calculating deductions, coordinating vendors and making repairs, the tenant shall pay a \$100 administration fee.
- **Utility Disconnection** – If the tenant neglects to keep utilities on through and past the move-out date and the utilities must be put in your name, we charge the tenant \$100.
- **HVAC Filter Non-Replacement Administration and Liquidated Damages** – If the tenant does not replace the furnace filter as stipulated in the lease agreement, we will charge a \$25 administration fee and another \$100 will be retained by you to bring the unit to operating standards.

- **Denial of Access** – If the tenant does not allow access to the property for inspections, vendor work or reasonable showings for real estate sales, and proper measures have been taken, we charge a \$25 administration fee of \$25 for each denied access request.



Optional Owner & Tenant Programs

Progressive offers thirteen (9) optional owner and tenant programs designed to accomplish two goals: in order to (1) better protect our owner’s valuable real estate investment asset and (2) improve the rental experience for our tenants.

Owner Paid Programs

- **Priority Owner** (Payment Guarantee) – Some of our owners want to receive their rental disbursement on the first of the month even if we don’t receive the rent and “good funds” until the 3rd, 6th or 8th of the month. For \$30 a month, we mail or ACH the funds on the 1st and replenish the account once funds are received from the tenant.
- **Preferred Owner** (Income Guarantee) – Some of our owners want to receive rental income even if the property is vacant or the tenant does not pay as agreed. For an additional 6% a month (\$75 + 8%) we pay the monthly rent to our owner after deducting our monthly fee, guaranteed. We also do not charge for tenant acquisition.

Tenant Paid Programs

- **Preferred Tenant** (Security Deposit Guarantee) – Progressive’s company policy is to collect 2 month’s rent as a security deposit for an unfurnished

rental. Some tenants are unable or unwilling to pay 2 months, but can manage to pay 1 month. For 1% to 2% of the monthly rent (depending on credit score), we will guarantee the second month’s rent to you for any damages done to the property at move-out. If the tenant leaves the rental in proper condition, we will rebate 50% of the total amount collected at move-out.

- **Pet Protection** (Pet Guarantee) – If the tenant has a pet, and the owner is willing to have one on their premises, Progressive will charge a monthly fee for each pet (from \$10 to \$30 depending on their “paw” score generated by Petscreening.com) and guarantee to the owner an additional \$1,000 per pet for any damage caused by the pet.
- **Owner Protection** (Eviction Guarantee) – Some owners would like to avoid the high cost of an eviction. For \$15 a month, if the tenant must be evicted, we will pay for that eviction (up to \$1,000) and waive the owner’s eviction assistance fee of \$300. We can’t charge this to an owner, since the Department of Real Estate considers it a potentially “unearned fee”, but explain to the tenant it is attached to the property and not a reflection of them or their intention to abide by the lease agreement.
- **Utility Management Service** – Turning on and off of utilities can be confusing, difficult and time consuming. If the owner allows it, and the tenant requests this program, Progressive will put all utilities in our name, estimate the monthly usage by the tenant (we look back 12 months of usage for that rental), and send one bill for all utilities to the tenant. At the renewal, move-out or every 12 months, we will adjust the monthly amount paid based on actual usage and “true-up” the account. This service is included in all “Resident Benefit Packages” or a monthly administration fee of \$7.50 is billed to the tenant monthly.
- **Owner Liability Insurance** – If the tenant cannot provide evidence of liability insurance, Progressive will bill the tenant \$12.50 monthly for a \$100,000 policy with no deductible. Renter’s insurance is not included with this policy.
- **Renewal Option** – If agreed to by the owner and requested by the tenant, if the tenant abides by the terms of the lease agreement, the lease will be automatically renewed for another year and the rent cannot be increased more than 2% of the Consumer Price Index (CPI). There is monthly fee to check compliance of \$15 per month.

- **Resident Benefits Package** – For \$15 a month, Progressive will provide the following services to the tenant: 24 hour emergency service, free online payment, a resident portal for maintenance requests, 2 tenant guarantees, one NSF waiver once a year, rent reporting on their credit report, and additional move-out services including a landlord reference and accelerated security deposit dispute resolution.



Cancellation of Management

It is the goal of Progressive to satisfy completely your management needs and engage in a successful business relationship, but circumstances can change over time. Owners sell properties, or choose to re-occupy the property and sometime owners simply give notice to terminate the contract. If this happens, the Progressive cancellation policy is to resolve your account in a professional, timely and pleasant manner.

Please review the following policies for cancellation.

Written Notice

- Owner must provide written notice via mail or e-mail.

Notice to Current Tenants

- Progressive will notify current tenants the date we will no longer manage the property and that we will forward all security deposits to the owner.

- It is the owner's responsibility to advise the tenants where to make future rental payments and work requests after the notice period.
- All optional owner and tenant programs will not be in effect after the cancellation date.

Distribution of Documents

- Progressive 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 Progressive office.

Final Distribution of Funds

- Progressive will distribute funds, including security deposits, and final statements to the owner within 10 days of the terminating date of management, as agreed in the management contract.
- Progressive will retain a \$200 Contract Close Out fee.
- Progressive will issue a 1099 for funds collected during the current tax year when the tax year ends.

Conclusion

We hope you have found this guide informative and useful. If there anything we can do to improve the guide, please let us know.

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



Guarantees

EIGHT PERFORMANCE GUARANTEES

1. BETTER TENANT GUARANTEE – If a tenant we place in your rental does not abide by the terms of the contract in the first year, we will secure the next at no cost to you.

2. PAYMENT GUARANTEE – If the tenant does not pay their rent as agreed, you don't pay us our management fee. We are only paid when you are.

3. SERVICE GUARANTEE – If we don't mail or wire your monthly proceeds within 5 business days of receipt of rent, we will waive that month's management fee.

4. FEE GUARANTEE – If you can find a lower fee to manage your property in writing, we will match it.

5. RESPONSE GUARANTEE – If an owner or tenant calls, texts or emails us, we will respond within 24 hours, or we will waive that month's management fee.

6. SATISFACTION GUARANTEE – If you are not satisfied with our service, you can cancel our contract at any time with 60-day notice.

7. HAPPINESS GUARANTEE – If you are not happy with our service after 6 months, we will give your property back to you and refund of the fees.

8. RENTAL GUARANTEE – If we do not secure a suitable tenant within 21 days from the start of marketing, we will waive your first month's management fee.



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