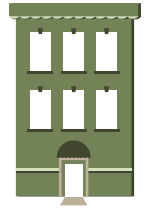


PROPERTY MANAGEMENT SERVICES



MIDTOWNE
REALTY, INC.

Midtowne Realty (MTR) provides what we call “Full Property Management.” MTR is unwilling to offer any less to maintain the quality of property that we offer for renters, owners, and the community. We have found that, although you can maximize short term cash-flow by running a property in poor condition, in the medium to long term an investment does much better when you keep up with maintenance and take care of things that need improved. When you do this, you get better tenants who take better care of the property, you substitute cashflow for equity and have a property you can be proud of owning that is a positive force in the community.

The duties listed below are not exhaustive but should give a good indication of what full property management means to us. For these services, MTR charges a 10% commission on gross receipts. In addition, for some properties there are additional commission charges for additional services and/or types of properties.

Leasing Units:

- Post units available for rent: MTR posts vacancies on a variety of online sources (i.e., Zillow, Apts.com and our website). Some of these are free, some have an additional cost that is borne by the owner. In addition, we often use “For Rent” signs on site. MTR handles all aspects of marketing including taking marketing pictures.
- Show available units for rent: We use a self-show system where prospective tenants can check out a key and look at the property themselves. Our staff is then available to answer any questions the prospective tenant might have. We answer all phone calls and emails pertaining to any lead.
- Take and Screen Applications: This is one of the most important and time-consuming aspects of good property management. MTR staff assists prospective tenants with the application process. We require a completed application (app) that we supply, proof of income and a copy of their photo ID. MTR requires an application for anyone over 18 who plans to regularly stay on the premises. While taking the application, MTR does an initial screening of the application to make sure there are no glaring issues with the application that will result in the application being denied. We refuse to take apps that will not meet our minimum criteria to avoid applicants wasting the app fee and their time. Once the app is received, we begin processing it. MTR looks at a variety of factors: Criminal and Civil Background, Employment History, Residential History, Credit Score and Activity. MTR verifies that all the information provided by the applicant is correct and meets our standards. Some applications are “Expedited” if they meet our highest threshold on every aspect of the application, these applicants are immediately selected for the unit and begin the move-in process. Some applications are denied if MTR finds they do not meet our minimum criteria. Most applications are “Competitive.” These applications must wait until the end of the availability window then are compared with other “Competitive” applications and the most qualified one is selected to continue to the move-in process.
- Execute Lease Agreements: Once selected the applicant puts down a security deposit and then has 1 week to come up with the full first month’s rent and sign the lease. Security deposits are put into a designated Escrow account. MTR staff briefly goes over the lease with all our residents to avoid potential misunderstandings.

Manage Occupied Units:

- Receive Rent: MTR collects rent on behalf of owners and deposits it into a designated bank account MTR manages for them.
- Delinquency: MTR checks on delinquency frequently. MTR sends out late letters around the 10 th for accounts with a balance. MTR staff makes payment arrangements with delinquent tenants and follow up to ensure residents are complying. For residents that aren’t following through or fall too far behind we will file evictions on behalf of the owner and go to court for them.

- Manage Communications: MTR will handle all communication with residents. This includes taking work orders, scheduling work that needs done, and handling disputes with residents such as issues with neighbors or complaints about the property.

Maintenance:

Occupied Maintenance:

- MTR will arrange for maintenance on behalf of owners. MTR does a significant amount of the maintenance with employed maintenance techs, but also hires out some tasks to sub-contractors.
- MTR inspects properties frequently to find concerns before they become major issues.
- MTR also conducts scheduled routine maintenance of major systems. This includes changing furnace filters, servicing commercial water heaters, maintaining common doors and walking all common areas monthly.
- MTR also routinely inspects occupied units for condition and un-reported maintenance issues. These inspections are conducted approximately annually.

Flips:

- MTR will manage all routine flips including repairs, painting, floor coverings and cleaning.
- Repairs can include some improvements. For example things like replacing outlets and switches, installing new faucets or replacing doors are all things MTR will arrange.
- MTR does some of this work “in-house” but we also hire sub-contractors. MTR strives to get the work that is needed done as affordably as possible taking time and quality into account.

Capital Improvements:

- MTR will manage larger projects at our discretion and in conjunction with the owner, often with an additional fee.
- MTR will take on such work depending on our availability, the complexity of the project and how confident we are that we can do a good job.
- Examples of Capital Improvements are bathroom remodels, kitchen remodels, re-wiring of houses or apartments, re-plumbing houses or apartments, mold remediation, window replacement, installation of new HVAC systems, and roof replacement.
 - MTR will usually handle roof replacement and HVAC replacement unless there are extenuating circumstances.

Bookkeeping and Administrative Tasks:

- For all the tasks listed above MTR will pay for services out of the owners account and keep adequate records for IRS and decision-making purposes.
- MTR will arrange for utilities as needed at occupied properties and for all vacant units including turn on, turn off and record keeping.
- MTR will report to owners monthly including income and expense reports detailing every transaction that month as well as occupancy and delinquency status for all units under management.

Additional Property Management Services

In addition to full property management MTR offers other services that increase the management commission we charge or have additional fees. Some of these services are voluntary, others are inherent in the property or are things MTR will insist on adding. These services are listed below with their cost.

Multi-Unit Property Management: 2%

Properties with multiple units require more management than single family houses. Multi-unit properties create more inter-unit disputes, require more communication when doing maintenance and require more work to maintain common areas and exteriors.

MTR spends a lot of time on-site with eyes and ears open to keep multi-unit properties running smoothly. Just a few bad incidents or residents can severely affect the reputation of your building so we strive to catch those culture problems before they drive people to move.

Lower Income: 2-5%

For properties that rent for lower amounts MTR charges a higher commission as such properties have higher turnover and other challenges.

Unit Quantity: 2%

For owners who have less than 5 units under management there is a surcharge to the management commission.

Technology Management: \$500 Annual Fee

For larger complexes MTR often insists on adding security cameras and electronic access. Both systems require work to maintain and, in the case of cameras, time to review when incidents happen.

Extra Bookkeeping Services: \$200 Annual Fee

At the owner's request MTR can provide additional bookkeeping services. These include mortgage payment, property tax payment, tax filing assistance and communicating with the assessors office to have your property assessed using the income method.