

Management Supplement

This company employs standard procedures in managing rental properties. Owner concurrence **IN WRITING** is required to deviate from the standard procedures listed below:

TENANT PROCEDURES

1. The company performs actions to gain information in order to determine if a prospective tenant is qualified to rent a property. These actions include:
 - a. Credit check. A credit check with a credit agency (currently Transunion) is performed and results analyzed.
 - b. Landlord reference. A positive report from the prospective tenant's most previous landlord is required, if available. Sometimes it is not possible to obtain a reference, i.e. military returning from overseas, or tenant owned their previous residence, etc.
 - c. Review proof of income supplied by the tenant. The company requires that prospective tenants earn four or more times the rental amount in monthly income.
 - d. Terrorist Lists
 - e. Unless applicant is in the military and at a pay grade of E-6 or higher (and subject to Department of Defense scrutiny), the applicant will be screened against all available state Sex Offender lists (currently over 40 states) and a criminal check will be run from the last state in which the applicant has lived.
2. The company reserves the right to reject outright any applicant who fails to meet the qualification criteria in paragraph 1. However, the company may, at its discretion on a case-by-case basis, contact the owner to inquire if they will accept an applicant who has minor deficiencies in their credit or who has slightly less than the required income. The owner understands that Townsend Real Estate does not guarantee any rental payment, and does not accept responsibility and liability to do so.
3. To rent a residence from this company, a prospective tenant must do the following:
 - a. View the property.
 - b. Complete the standard application and meet the criteria in paragraph 1 and 2 as appropriate.
 - c. Sign a lease.
 - d. Pay the full security deposit.
4. The tenant is required to make the residence available for inspection 2-3 months after occupancy, upon the occurrence of any repair to the home, prior to contract extension or renewal, and at any time upon demand by the property manager. At a minimum, this company will perform an inspection annually.
5. The tenant is briefed that the company does not accept extensions of time in which to make a rent payment, and that failure to pay rent (and any accumulated fees) by the 10th of the current month

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may make the tenant liable for eviction. The tenant is informed that the company will file for eviction on or before the 21st of the same month in which rent is not paid, and that there are no exceptions.

CRITICAL DATES

Day of Month*	Activity
1 st	Full amount of Rent due (NO partial payments)
6 th	Late fee assessed
10 th	Owners and maintenance repairs paid (provided tenant has paid rent)
11-14 th	Owner notified of that rent has not been received
21 st	Eviction filed in Magistrate's Court (this date may not be waived)
27-31 st	Eviction proceeding in Magistrate's Court
28-11 th (Month 1&2)	Mandatory delay for appeals
12 th (Month 2)	File writ of possession (10 days minimum after Magistrate's Court)
15-20 th (Month 2)	Execute writ, i.e. take possession (depends on police schedules). Begin renovations and re-renting actions.
26-31 st (Month 2)	Dispose of tenant possessions, if any. (Various rules apply to disposal.)

*Month 1 days 1-10 are firm "Not Later Than" dates. Beginning month 1, day 11, all dates are approximate, due to weekend and holiday closings, and court/police scheduling.

REPAIRS

1. Tenant-initiated requests. Tenants are directed to call the office number 24 hours a day. During daytime hours, the property manager for the particular property contacts the repair company and directs them to contact the tenant. After office hours, tenants must leave a message on the voice-mail system.
2. Property managers take turns monitoring the voice-mail on evenings and weekends. The property manager on duty after office hours requests/coordinates repairs for all properties while on their shift, including those requests received on properties managed by other property managers.
3. According to the NC Residential Rental Agreements Act, owners are responsible for all repairs, including those caused by tenants. In all cases, the repair will be paid out of the owner's rent proceeds. If the tenant has caused the repair, and thus should pay the bill, the tenant will be billed for reimbursement. When the tenant pays Townsend Real Estate for the repair, the money will be credited to the owner and included with the next rent proceeds check. If the tenant does not reimburse the owner for the repair, the repair will be carried as a tenant debt and deducted from the tenant's security deposit upon lease termination.
4. Owners do not need to advance funds for repairs when the estimated cost of repair, or the cumulative cost when more than one repair is initiated, is less than the next month's expected rent proceeds. When estimated repair costs exceed the next month's anticipated rent proceeds, the owner must advance funds for the repair.
5. For repairs over \$500, owners will be notified by e-mail or telephone as soon as practical, and preferably before the work is commenced.

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6. Repairmen selected to work on residences will either be on the list approved by Townsend Property Management or as supplied by the owner of the residence. The company will attempt to use owner-supplied choices, provided they are licensed, guarantee their work, and agree to be paid in the standard cycle (10th of the month). The company will also attempt to utilize warranty repair companies to the maximum extent possible, but will not guarantee 100% accuracy. The policy to contact warranty companies or owner-requested repairmen, is particularly vulnerable in the event of an emergency repair during the evening hours, as the telephone call may be handled by someone other than the assigned property manager. The owner is reminded that they are responsible for payment of all repair bills.

7. Tenants do not automatically share a dollar amount for repairs. That is to say, we do not write contracts with the condition, "Tenant to pay the first '\$XX' of repair costs." The company has found that tenants under such a contract tend to fail to report repair needs until the repair has progressed from minor to major. Such delays increase the net owner expense.

8. It is natural that occupants become accustomed to minor deficiencies that occur during the course of their occupancy. They tend not to report every minor deficiency. Owners should anticipate that a new tenant will report minor repair requests soon after move-in, but that such requests will taper off shortly after move-in.

9. During periods of vacancy, owners should still maintain their homes in a good condition. Expenses will vary on a property-by-property basis. Owners may anticipate incurring expenses for four general reasons while vacant:
 - a. Residences become dirty due to dust, pollen, and dirt brought in on people's shoes while viewing the residence. The residence may have to be re-cleaned, including carpets, if it has been vacant for an extended period of time.
 - b. During the period April-October, the yard may have to be mowed. During the period November to April, the yard may have to be raked, and limbs/debris removed.
 - c. During November – February, the home may have to be "winterized" to prevent damage to pipes.
 - d. Repairs necessary to maintain the property in good condition.

10. It is company policy that tenants will move into a property that has had the carpets professionally cleaned, and which have had a fireplace inspection and cleaning as required. We require that the tenants accomplish the same upon lease termination at their expense. Owners are advised that the tenant security deposit cannot be used as a source of funds to pay for these actions if the tenant objects, even if the lease so requires the tenant to accomplish those actions.

I/we acknowledge receipt of this addendum.

_____ (SIGNED) _____ (DATE)
 _____ (SIGNED) _____ (DATE)

Agent _____

Form Date: September 2, 2005