



Pyramis Company
Property Management

Owner Handbook

Pyramis Company
8600 Wurzbach, Suite 1201
San Antonio, Texas 78240
(210) 593-9807
pyramiscompany.com
September 25, 2020



Introduction

The purpose of this Handbook is to communicate the policies, procedures, and practices that dictate how we intend to manage your property. It will serve as your guide to our management practices, and shall further constitute an attachment to your Residential Leasing and Property Management Contract entered with us, which is incorporated therein. This document will enhance communication between us and make our ongoing relationship stronger and more transparent.

Over our 34 years in this business, the vast majority of conflict between our clients and us has stemmed from differences in expectation of service. This document has been drafted with the intent of setting these expectations from the start, in writing. Pyramis' dedication to superior customer service forces us to adhere to the standards, terms and conditions of this Handbook. Should you, a client, desire for us to deviate too far from these expectations due to special requests, you should understand that such deviations will either (a) negatively impact our ability to provide the superior service that is our hallmark; or (b) come at an additional expense to you, as we would have to set aside special time and procedures to accommodate such special requests.

This Owner's Handbook will be updated regularly as needed to keep up with changes in the laws and economics that affect our business practices.

Welcome from Pyramis Company

Thank you for choosing Pyramis Company to lease and manage your rental property. We appreciate your vote of confidence and will work hard to prove you made the right decision. This handbook is one of the many tools we have developed over the years to set your expectations for our relationship, and communicate to our owners how we manage their property. We look forward to assisting you in every way possible, and to a long relationship in serving your needs.

Who We Are

Pyramis Company is a full service Real Estate Brokerage focusing on Property Management, Leasing, and Sales. We have been licensed and conducting business since 1985 — longer than any other professional property management company in the San Antonio area.

Property Management, Elevated.

Exceeding client expectations is a big challenge, as some clients set the bar pretty high. We get it, and we will push hard not to disappoint you. When we do let someone down, it's usually because we did a bad job at properly establishing expectations. One way or the other, we're out to make you exceedingly happy with us. We have a higher standard for our properties, as we turn down more new business than we sign. This allows us to perform at a higher level, offering a superior degree of service than others in the marketplace. This also requires that we have a higher standard for our clients.



We don't like surprises. You shouldn't either.

We strive to keep our owners informed of everything going on in our business, and with their properties. This means that we strive to inform you in advance of what fees you'll pay, what outside costs you'll experience, and when we're dealing with a maintenance request. There's nothing more disheartening than opening your monthly statement and seeing a disbursement from us for less than you expected. We'll work hard to keep that from happening.

Service Plus

Our mission is to provide the highest level of property management & real estate services through our *team approach* by applying integrity, professionalism, competence and excellence. Pyramis Company pledges to offer solutions that enhance our clients' real estate investments and offer a complement of services to meet each client's needs. Pyramis Company prides itself in developing and maintaining long-term, mutually beneficial client relationships.

Core Values

Our Core Values are statements designed to conduct our business by. We hold out these values to ourselves and to our clients.

Service Orientation

- Provide the highest possible level of service
- Perform our service in a manner that satisfies all of our clients
- Conduct our work in a way that conveys genuine caring
- Treat all with patience and consideration
- Treat others the way we wish to be treated
- Deal with conflict and change calmly
- Be a leader in property management for the San Antonio area

Safety

- Report all unsafe conditions or equipment immediately
- Report all incidents, injuries, illnesses or near misses immediately
- Be aware of your surroundings
- Use available tools, follow the training, and never do anything to compromise safety

Maximize Return on Investment



- Be proactive about issues and problems
- Encourage original ideas that can be discussed openly
- Share and apply knowledge, skills and information openly in the workplace
- Be a good steward of your resources
- See the big picture

Accountability and Integrity

- Maintain high standards of professional ethics
- Arrive to work on time, ready and motivated
- Value the reporting structure when voicing concerns and always suggest possible solutions
- Take responsibility for your own actions/behaviors and hold others accountable as well
- Comply with all laws, policies, and procedures related to job function
- Use discretion in how and to whom communication is made
- Do not tolerate unethical behavior by our staff, vendors, or clients
- Follow the laws (and codes of ethics) that regulate our industry.

Quality

- Exhibit a sense of pride of ownership in our mission and work quality
- Contribute to Company's mission to provide a quality living experience for our Residents
- Work is careful, complete, exact, and free of errors to the extent possible
- Work is completed by designated deadlines

Rewarding Work Environment

- Build relationships based on trust and honesty
- Offer support and guidance in a cooperative and flexible manner
- Recognize each other's efforts
- Engage in and encourage open honest communication
- Listen to learn and understand
- Honor your commitments

Codes of Ethics



Like many other professional property managers, we are active members of the National Association of Residential Property Managers (narpm.org), the National Association of Realtors (realtor.org), the Texas Association of Realtors (texasrealtors.com), and the San Antonio Board of Realtors (sabor.com). Additionally, in an effort to further educate ourselves and set us apart from others, Pyramis maintains memberships with the Institute of Real Estate Management (irem.org), the National Apartment Association (naahq.org), and the Texas Apartment Association (taa.org). All of these have codes of ethics that we review regularly and measure ourselves by. You can review them at your leisure by going to each of their web sites.

Licenses and Affiliations

We are active members of the National Association of Residential Property Managers (narpm.org), the National Association of Realtors (realtor.org), the Texas Association of Realtors (texasrealtors.com), and the San Antonio Board of Realtors (sabor.com).

Industry Designations

Virtually every industry has a trade association which offers designations for members to demonstrate their knowledge, professionalism and commitment to the industry. Property Management is no exception. The National Association of Residential Property Managers is the trade association dedicated to the professional single-family residential property management community. NARPM offers two personal designations including the Residential Management Professional (RMP) and Master Property Manager (MPM). These and other real estate designations including, the TRLS, TRPM, MRP, ABR, GRI, CPM®, and Texas Real Estate Broker's License are present in our company.

For more information on the Certified Property Manager (CPM®) designation from IREM, please [visit our website](#). We're the only residential, non-apartment property management company in San Antonio with a CPM® on staff. It's a pretty big deal.

Company Service Areas

Pyramis Company manages homes in Bexar County, Guadalupe County, Comal County, Bandera County, Medina County, and Kendall County. Our office is located near the South Texas Medical Center.

Top 5 Reasons People Choose Pyramis Company

1. **Single Point of Contact:** With our company structure, we have intentionally formulated a system that gives our clients a single person who is in charge of handling the management of their home. We don't subscribe to the nonsense of a maintenance department, a leasing department, a renewals department, etc. It's your property, you should have one person to contact and that same person should be able to act on your request and answer your questions.



2. **Management Fees:** Pyramis Company doesn't play complicated pricing games to hide the cost of our services. Instead, we price on a range from 8% to 10% of the collected monthly income for each property we manage. This simplifies the process for our clients.
3. **Experience:** The fact is that we've been professionally managing single-family homes in the San Antonio area longer than anyone. We have the only Certified Property Manager (CPM®) in single-family property management active in the business in this Texas region.
4. **Marketing:** Marketing your home on a variety of websites and with the local Multiple Listing Service (MLS) is the best way to get potential tenants through the door. When you market your home with Pyramis Company, we will list your home on the San Antonio MLS, the Automated Housing Referral Network (AHRN), and one other system that syndicates only rental listings. In doing this, your home will get the absolute most exposure because of all the websites that syndicate this listing information. Of the hundreds of websites our listings are syndicated to, the reality is that 90+% of the leads come from less than 10 of these resources. We concentrate our efforts on these productive resources. We also use highly visible yard signs as well as 360° video to market many of our listings via YouTube.
5. **Pricing:** Any REALTOR® with access to the local MLS can research comparable rentals to help determine rental rates for a neighborhood. Where most stop is a simple price per square foot calculation to determine the estimated rental rate for your home. They do it this way because of the substantial time required to do it correctly. We actually take the time to review your property and compare it, detail by detail, to similar properties in the same neighborhood in order to make a true apples-to-apples comparison. We take the time to do this right to keep market times low. The faster your home rents, the faster you have cash flow.

Communicating with Pyramis Company

Address: 8600 Wurzbach, Suite 1201, San Antonio, Texas 78240

Office: (210) 593-9807

WEB: pyramiscompany.com

Technology We Use

Pyramis Company has embraced many technological tools to help make us more efficient and enable us to connect with our clients, residents, vendors, staff and colleagues in the business. This changes quite often, but here is a sampling of what we use today.

1. **Cloud-Based Property Management Software.** We use Appfolio – a cloud-based property management software system endorsed by the National Association of Residential Property Managers (NARPM).
2. **Client Portal.** Clients can view their statements and send funds to Pyramis 24/7.
3. **Tenant Portal.** Tenants can view their payment records, current balances, make payments, review documents, give notice to vacate, and leave a forwarding address on their portal 24/7.
4. **Cloud-Based Services.** Our property management software, in conjunction with several outside sources such as Google Drive, YouTube, and the Bluemoon electronic leasing system



allow us to perform our jobs efficiently.

5. **Pyramis Company Website** – <https://www.pyramiscompany.com/> Websites are not just a tool to communicate with the public; they've become the face of the company. We use ours extensively to attract new customers as well as to serve our existing clients and tenants. We post as much useful information as possible to our website for easy reference.

Management Agreement and Fees

The foundation of our relationship is the Residential Leasing and Property Management Contract (and housekeeping documents) you executed before you came on board with Pyramis Company. If we can't agree on something during our relationship, we will all rely on these documents to help us sort things out. An expansion of our relationship is outlined in more detail in this Owner Handbook. Wherever there are conflicts or inconsistencies between this Handbook and the Residential Leasing and Property Management Contract (and not this Handbook), shall control. The following is our current schedule of fees. *We reserve the right to revise services or fees, or no more than once a calendar year and will send written notification of any revision.*

Term of Contract

Our new Residential Leasing and Property Management Contracts run month-to-month, not one year at a time. Why did we make this change? We don't need to lock clients into a long-term contract to keep them. Our clients stay with us typically for 4-7 years and we still have many from the 1980s and 1990s. One of our Promises says that if you're not happy, we'll let you go.

Management Fee

Our business model offers a range of management fees designed to compensate us for the level of work required for the routine management of a specific property. This fee ranges from 8% to 10% of the funds collected on a property. This fee pays Pyramis Company for the day to day routine of answering phones, lease enforcement, HOA issues, rent collection, monthly reporting, accounting for tenant charges, trust account management and handling emergencies.

Leasing Fee

The biggest cost you'll incur in the management process is associated with getting the property rented by a qualified tenant. This component of property management requires a lot of manpower, advertising, application processing systems, and move-in procedures. In order to find you the absolute best tenants this market has to offer, we charge a one-time (per occupancy) leasing fee valued at 50% of the monthly rent. From that fee, where applicable, we pay a commission to licensed agents participating in



the San Antonio Board of Realtors who have brought qualified applicants to us. This commission is only payable to a SABOR agent if their client executes a lease agreement and occupies the property. Pyramis Company will handle the payment of this fee from the Leasing Fee we charge our owners.

Renewal Fee

Each time a tenant renews or extends their lease agreement, Pyramis Company will charge a Renewal Fee of \$200. This charge will be paid the month immediately following the month in which the extension or renewal of a lease agreement has been executed. Our Renewal Fee is slightly higher than that charged by some of our competitors. However, a portion of the Renewal Fee goes to your property manager, as a personal incentive for renewing leases. Renewals cost you far less than a new tenant.

Early Termination Fee

Pyramis Company does not charge Setup or Early Termination fees for exiting owners. The way we see it, you're taking as much of a chance on us as we are on you. To charge fees to establish or terminate our relationship would be counter to that thinking. Sure, we've been taken advantage of a few times, but those experiences are rare.

If an owner requests to terminate our business relationship in the middle of a tenancy, Pyramis Company is, however, entitled to the management fees for the balance of the current lease agreement. Refer to the Residential Leasing and Property Management Contract for further details.

Costs Associated With Maintenance

Let's face it, maintenance requests consume a notable portion of our time in managing property. Some of the time required is attributable to the size of the job, which in turn is usually related to the cost of the job – but not always. This makes it incredibly challenging to account for the cost of managing the work performed for maintenance or repairs to an owner's property. We attach a small service charge of \$20 for all invoices paid. The maintenance fee for a water heater replacement job will net most companies \$125. That same water heater replacement has only a \$20 fee with us. We're not trying to make a profit with maintenance, we're just trying to cover some of the cost of manpower for that extra time.

Charges for Tasks Outside Our "Scope of Service"

The management fee does not cover digging out records from five years ago, or meeting your appraiser at the property. Owners often ask us to visit the property to see if the hailstorm did any damage, pick up and forward their mail, locate the pool keys and see if they left the lights on. We're happy to make these unscheduled, owner-requested trips, but we pay our employees, or other parties, for these types of requests and the cost will be passed on to the owner. San Antonio traffic can be brutal and these "short trips" can take two to three hours and/or have some hard costs associated with them.



Responsibilities of the Property Owner and Manager

Throughout the management agreement, Pyramis Company responsibilities to the owner are laid out, as are the owner's responsibilities to Pyramis Company, as well. Here is a brief outline.

Responsibilities of Pyramis Company to the Property Owner

1. Maintain corporate offices, staff, website, escrow accounts, phone and email systems.
2. Maintain appropriate licenses and trust accounts for owner's and tenant's funds, as required by the Texas Real Estate Commission, and maintain said records for three years.
3. Maintain insurance to include general liability, and errors and omissions.
4. Represent the owner exclusively unless owner gives written authorization to the contrary, such as acting as an intermediary in selling their home.
5. Maintain qualified staff with experience and specialized training in managing residential rental properties.
6. Provide owner with insight and advice regarding the rental market, help with setting asking rent, and help with getting the property rent-ready.
7. Market owner's property for rent; put out signs and install lockboxes; post in the San Antonio MLS, as well as local and national web-hosting sites.
8. Maintain licensed leasing staff to respond to callers and show properties.
9. Receive tenant applications, pull credit history, employment and residency records, eviction reports (along with other background information) and use good judgment in the qualifying/approving/denying of applicants.
10. Maintain accurate accounting systems in place to know where all deposits are held, where all owner disbursements have gone, and be able to provide monthly statements to all owners.
11. Maintain a maintenance response system to take requests from tenants requiring maintenance.
12. Manage the property for the owner, handling tasks to include the execution, renewal, default, and reinstatement of leases; collecting rent; maintaining the property and making maintenance records available for owner review.
13. Maintain owner's financial records, including receiving and recording receipt of rents, handling owner advances, paying expenses on the property, paying vendors and managing emergency situations, distributing collected funds to owner and providing monthly owner financial reports.
14. Manage the eviction process, including filing with the county, negotiating consent



agreements, coordinating court appearances, executing writs of possession and overseeing the removal of the tenant's possessions from the property on behalf of the owner and at his expense.

15. Manage normal maintenance breakdowns and manage rehab, renovations, and restorations when authorized by owner.
16. Complete a move-out inspection when the tenant vacates the property, and charge the tenant for damages above normal wear and tear as described in the lease, the Texas Property Code, and consistent with industry standards.
17. Employ legal counsel on owner's behalf to enforce the Lease or protect the Owner's best interest.
18. Refund owner's escrow funds within thirty (30) days of termination of the agreement and consistent with Texas Property Code.

Responsibilities of Property Owner to Pyramis Company

1. Warrant to Pyramis Company that all owners with rights in the property have executed the management agreement.
2. Maintain regular communication with Pyramis Company and respond to inquiries and requests for authorizations promptly.
3. Keep loan payments, property taxes, insurance, and HOA dues current.
4. Investigate and communicate to Pyramis Company any HOA rules governing leasing in the community where the property is located, as well as provide Pyramis Company with any leasing requirements of said HOA.
5. Pay Pyramis Company the fees agreed to in the agreement and all governing documents associated with that agreement.
6. Avoid discrimination of any kind regarding the property while under agreement with Pyramis Company.
7. Avoid all contact with the tenant while Pyramis Company is managing the property. Should you be contacted by the tenant, you agree to refer them to Pyramis Company for any needs or requests they may have.
8. Pay (reimburse Pyramis Company) for maintenance on the property necessary to maintain habitability, utilities, safety, and health of the resident.
9. Fund, in advance, any repair over \$300 and maintain a minimum owner reserve.
10. Maintain landlord insurance on property naming Pyramis Company as an additional insured party.
11. Keep plumbing, electrical, HVAC systems, appliances and improvements left on the property in normal operating condition during the term of the agreement.



12. Pay attorney and court costs that arise in the process of evicting tenants, tenant lease violations, and security deposit disputes but no other legal actions, initiated by the Agent, without owner's first giving permission to file such action.

Housekeeping Documents

Below is a list of other documents you signed and their descriptions.

Lead-Based Paint Laws

We require all clients and tenants to review and sign this documentation regardless of when the home was built. In April of 2010, the EPA changed the rules for anyone doing repairs, painting and basic maintenance of homes built before 1978. Their new law has terms like "one gram of lead," "jail time," "fines," and other words that make property managers and contractors really nervous. Before anyone disturbs six square feet of painted surface on a property built before 1978, they are required to have a Lead Paint Inspection done to assure that there is no lead-based paint. Local handymen, contractors and even pickup truck workers understand the consequences of working on these homes without having proper testing done first. You are paying us to know and follow the law so that none of us ends up talking to federal officers about how we handled maintenance on your property. We intend to do it by the book and keep everyone safe. If your property was built before 1978, please inform Pyramis Company so the proper disclosures can be put into place.

Landlord Insurance

You must keep your property covered by a landlord policy of casualty insurance during our relationship. You also need sufficient liability insurance to cover the increased risk incurred by having a renter in the property. Renters are not a protected class in the courtroom, but they are a favored class when owners or landlords do stupid things. Your policy needs certain limits of coverage and Pyramis Company must be covered as an additional insured.

Eviction Services Addendum

For tenants placed by Pyramis Company standards, without interference or override by the owner, Pyramis will cover the cost of evicting the tenant should the need arise. You're already going to be out money for lost rent and repairs, since evicted tenants never leave the place nice and tidy. This is a way for us to help mitigate your loss for a nominal monthly fee.

Property Features / Disclosures

Since you know the property better than anyone else, you should help us identify area schools, HOAs, and basic information about the property so we can represent it properly in our advertising. Tenants get



really upset when they move into a home and it's not in the school system they were told it was, so let's get this disclosed right up front and save everyone the headache and potential litigation.

Owner's IRS W-9 Form

Fifteen years ago, the IRS made property managers the cops for reporting income received on behalf of our clients from rental properties. Just like employers, we must report to the IRS (using a 1099 form) the gross rent we collected on your behalf and you must report the expenses of interest, insurance, repairs and other property expenses on Schedule E of your personal tax return. We'll send you (and the IRS) a 1099 reporting the gross rent we received from a tenant by the end of January every year, as required by the IRS. Owners must cooperate by getting the form completed or the IRS, by law, has ordered us to withhold rental income from any owner that has not completed it.

Renting Your Property

Pyramis Company has a very good track record in renting out homes. There's no secret recipe to this, as pricing and marketing are the keys to attracting the best tenants quickly.

If this is the first time we are marketing your property, and we began management with a tenant already in place, we don't have marketing photos to use. We'll take some of the outside in order to get it listed, but unless you have some quality photos that we can use, we'll have to wait until the tenant is out to get interior marketing photos.

Pre-Marketing

Get the property in rentable condition, and then the marketing can begin. First impressions are critical when people are selecting a place to live. Utilities must be on, repairs must be complete (or almost complete) and the property must be clean before we start marketing a property. It is aggravating to drive an hour to a property with a prospective renter only to find it dirty, smelly and unsightly. Tenants get turned off by homes that are not move-in-ready and often won't return to see them a second time.

Rent-Ready Issues

"Go ahead and start marketing the property ... I'll have the rehab done before you get a tenant" just doesn't work. We often rent houses in a few days and trying to move tenants into a half-ready home is painful. Get it ready and we'll market it, but we'll be reluctant to start too early.

Setting the Rent

We lease numerous homes each month. We know the market and can find lots of rental comps to drive the asking rent. Although it's your call, we'll advise you and report activity. You'll set the rent (and make the mortgage payment until the property is occupied) so we're on the path to getting it rented quickly.



Lockboxes and Signs

Lockboxes allow all agents in the market and prospective renters to view homes 24/7. We'll install a high-quality lockbox on the front door (or nearby) and start showing the property as soon as it's rent-ready. If your community requires a special sign, the cost of getting it made (and delivered) will be passed along to you. If you don't alert us about special signs required by your HOA and we get fined for using our own, you will absorb the charges.

Utilities

You'll keep the utilities in your name before the first tenant is placed. After that, in between tenancies, we'll put them in our name and pay the bill from your account with us. This is one of the reasons we increase the reserve amount at the end of a tenant's lease. You'll see these charges on your statements.

Keys

We can't express how important it is for you to provide Pyramis Company all applicable keys and access devices: two (2) keys to the property, pool, entry gate, clubhouse, etc. as well as garage door openers. It is our job to make your property stand out from all the others the potential renter will be considering, and often the decision comes down to the amenities. To put it bluntly, we can't sell what we can't show. We will work diligently to rent your property, and to do that we must have all the keys. We will re-key the property just before a tenant moves in.

Keyless Deadbolts

In Texas, state property code requires all external doors to have a third locking mechanism. The cleanest and most effective is a keyless deadbolt system. Pyramis Company will have one installed on your home at owner cost within 7 days of the tenant taking possession of your home. For more information – go to: <https://pyramiscompany.com/texas-property-code-chapter-92/>

Videos

More and more video is being consumed on the Internet than ever before, and the numbers continue to climb. For that reason, the marketing companies suggest to business owners that we include video on our websites and maintain YouTube channels to help drive up our Google search rankings. Most property management companies are shooting video of everything they can think of simply to add content to their sites without really caring about the quality or relevance of the content. Many are using it as a selling point that they video their properties during inspections as just another place to justify a video. We don't feel that inspections are the right place for video at this time. However, we are finding 360° video walkthroughs of homes to be a valuable marketing tool for our properties. They're not easy or quick to produce well, but we take the time for most of our clients' homes.



Marketing and Showing

We have full-time, straight commission, licensed agents taking calls from prospective renters and showing houses seven days a week. Two thirds of our managed homes are leased by outside agents because we list them in the local MLS service exposing your property to 10,000 plus area REALTORS® and offer to share our commission with others who help us locate good renters. They often show through the lockbox, and so do we.

First-Time Rental

The first time your property is professionally rented, there are a few additional expenses to be aware of. As stated elsewhere in this document, the Texas Property Code requires that rental properties have the proper security devices on doors & windows. The Code also requires that smoke detectors be present in the property. All perimeter doors without glass in them are required to have a door viewer (peephole). They are also required to have a keyless deadbolt (interior thumb-throw, no keyed cylinder on the outside), this includes the door between the interior of the home and the garage. Sliding glass doors have to have two (2) locking mechanisms, like a handle latch, pin lock, or charlie bar. Working smoke detectors are required in each bedroom, in common corridors from the bedrooms, and at least one (1) per floor.

The property owner is responsible for the cost to add any devices missing from this list in order to bring the property up to code. We will wait to do this and the re-key until we have a signed lease and move-in is imminent. This will be paid for with proceeds of the first month's rent (the landlord's portion, not our Leasing Fee). We understand that most clients coming to us in this situation have plenty of other expenses associated with their move. This is done so that you don't have to come out of pocket with these funds.

Screening Applicants

Pyramis Company considers screening tenants to be one of the most important aspects of good property management. Our proprietary scoring system for screening applicants has helped us to keep our tenant default rate extremely low by looking at more than just their credit score. We score every applicant on 16 different key indicators and make a determination from that as to how good of a tenant they will likely be. As much as we think we have it figured out, applicants are still teaching us things every day, too. We will take multiple applications on your property and have the ability to screen all of them, selecting the best one to approve. After all, you're counting on us to put the best possible tenant in there.

Background Checks

We pull credit, employment history, mortgage/rental history, foreclosure, bankruptcy, eviction reports, sex offender reports and more. There is no perfect system to qualify applicants, but ours is about as



close as it gets; we take advantage of all the information we can get our hands on to make a neutral and fair approval decision.

Application Contingencies and Owner Approval

If an applicant has special requests, offers less than asking rent, has multiple pets, or presents any issues outside of the norm, you will be contacted for final approval. We work hard to seek owner feedback when it comes to unusual requests or circumstances.

Negotiating the Lease

Our lease agreement is a very reasonable, pro-landlord document drafted by the Texas Apartment Association. We use the version specifically created for single-family properties, but the content is largely the same as their flagship apartment lease documents used by nearly every apartment community in Texas. Owners will be involved in negotiating special stipulations for things such as finishing a fence, putting in a refrigerator, having an 18-month lease or allowing multiple pets. Some issues need your input, but most of the time – lease terms will be handled on our end.

Cosigners

Good credit is required to secure the renter's promises in a lease, but it doesn't have to be the occupant's credit. We see a lot of applicants who have their parents, employers, caregivers and counselors guarantee the lease and we've had great success enforcing cosigner agreements. The cosigner completes an application, and is processed to the same standards/criteria of any other applicant. Cosigners are added into the lease agreement as being an additionally responsible party.

Double/Triple Deposits

Money can be a great equalizer when approving an applicant. If an applicant is willing to put up additional security deposit funds to secure a lease, we can approve applicants with less than perfect histories. Since Texas courts are owner-friendly and grant evictions quickly, plenty of money in a security deposit is often sufficient guarantee for the promises in the lease. We do not utilize this option very often, but it is available at client request.

Length of Leases

Longer leases can save you tons of money by preventing expensive vacancies. You'll be happy if we can keep a tenant in your home for 10 years. We often get requests from applicants to be allowed to execute a two to three year lease agreements. Some owners plan to move back into their properties, so



we won't allow extended leases (anything over 14 months) without your permission. Why 14 months? If someone moves into your property during the slow season (February, for example), you'd likely prefer to have them moving out when the market is better and the opportunity for a shorter marketing period is best.

Lease Document Preparation

Pyramis Company will prepare all of the lease documentation for all parties to review. Tenants will sign several documents before they take possession of your property. Our leasing package includes the following documents, most of them written by the Texas Apartment Association (TAA):

- Residential Lease Contract (TAA)
- Federally Required Lead Hazard and Disclosure Addendum (TAA)
- Bed Bugs, A Guide for Rental-Housing Residents (NAA/TAA)
- Bed Bug Addendum (TAA)
- Lease Addendum for Requirement of Renter's or Liability Insurance (TAA)
- Animal Addendum (TAA)
 - Assistance or Service Animal Amendment to Animal Addendum (TAA, when required)
- Mold Information and Prevention Addendum (TAA)
- No Smoking Lease Addendum (TAA)
- Limited Waiver of Rights and Protections Under the U.S. Servicemembers Civil Relief Act (TAA, when required)
- Restricted Dogs (Pyramis)
- Pyramis Company Rules & Regulations (Pyramis)
- Tenant Security Notice and Acknowledgement (Pyramis)
- Information About Brokerage Services (TREC, required)

Pyramis Company is the only non-apartment management organization in the San Antonio area using the TAA documents for leasing. Others simply use the forms available to every Texas REALTOR®. We go the extra mile, and cost, for better legal documents in order to better service our clients.

The TAA documents we utilize are sought after across the country by other associations due to how thorough and up-to-date they are.

Managing the Owner Relationship

Authorization

During your time with Pyramis Company, from time to time we will need your authorization to make decisions that are outside our scope of authority. We'll do our best to leave you alone and manage the property, but occasionally we will need you to make a decision about such things as the appropriate action to take when a tenant is discovered to have an unauthorized pet or extra roommates; whether you want to repair the 8-year-old dishwasher for \$195, or replace it for \$350; and spending money over your reserve, to name a few examples. Many times an email is sufficient authorization, but occasionally we'll need something more formal. Most of the management decisions are small and we'll make them ourselves, but when confronted with larger issues, we'll contact you personally.



Renewing Agreements

The real estate licensing board requires that we keep the management agreements “current.” without clearly defining what “current” means. Some managers ask owners to complete new owner agreements every year. Our attorneys have assured us that this isn’t necessary. As a general rule, we may ask you to renew your owner paperwork every three to four years. Generally, it’s done between tenants. We have the agreement online so it’s not a big hassle, but every so often we’ll need you to update another management agreement. In addition, we regularly update the terms of this Handbook to maintain compliance with laws and market trends. We’ll notify you in writing when we update terms, services, or fees in the Residential Leasing and Property Management Contract or this Handbook.

Foreclosures

When owners can’t make their mortgage payment, they usually don’t call us and tell us to stop collecting rent. They usually take the rent and hope the lender takes a long time to complete the process. As unfair as this is, people do funny things when they are financially stretched. Usually we find out about a foreclosure when the tenant calls upset about the letter they got from the lender’s attorney demanding they move, or threatening eviction. Since the tenant’s only contact regarding the property is Pyramis Company, we get the majority of the anger and accusations. They often accuse us of protecting the owner and cooperating with them in scamming the renter. Their life is turning upside down and they want to vent, file grievances with the real estate commission, TAR, and say bad things about us on the Internet. We get beat up, the owner gets to keep the money, and the tenant must move. To help make this situation a little more palatable, Pyramis Company charges a \$650 termination fee on foreclosed properties.

In May of 2009, in response to all the foreclosures on rented property, Congress passed the “Renters Rights in Foreclosure Act” mandating that the tenant be allowed to stay in a foreclosed property until the end of their lease term. In May 2018, a similar law, the “Protecting Tenants at Foreclosure Act” became permanent. The PTFA enables renters whose homes were in foreclosure to remain in their homes for at least 90 days or for the term of their lease, whichever is greater. Lenders sometimes ignore these laws and order their representatives (the foreclosure attorneys) to get the tenant out, whatever it takes. Renters are not strong enough to fight the attorney so they pack up and move out, mad at the world, the owner, but particularly at Pyramis Company. There is nothing fair about any of this. The owner’s credit is destroyed, our reputation is trashed, the renter is in upheaval, and the lender takes a bath on the property. There is no upside and there’s nothing we can do to change it. However, owners can avert some of this disaster by being forthcoming with us in those situations where the mortgage payments have fallen behind. We respectfully ask that you do so.

Managing the Money

One of the main parts of our job is managing the money. As noted above, we do this through our



property management software in accordance with rules from the Texas Real Estate Commission.

Security Deposits

Our policy is to hold the security deposit on all properties. There is no law in Texas that states the property manager must hold the security deposit, only account for it. It is our policy to hold them in a dedicated trust account, since we are the ones tasked with performing the move-out inspection, performing repairs, and accounting for the deposit after such repairs have been made. As provided in the Residential Leasing and Property Management Contract, we will surrender the security deposit to the owner only at specified times and upon certain conditions.

Collecting Rent

Collecting rent is one of the most tedious processes in being a landlord. We take the burden and documentation out of that process for our owners with the assistance of online bill payments and the best software available in the property management industry.

Due Date

The due date for tenant rent is always the 1st day of the month. If the tenant moves in during the middle of the month, their first month's rent will be pro-rated. Texas law requires a 1-day grace period for rent payments. They are due the 1st – and late the 3rd.

Late Date

Rent is always late the 3rd of the month in accordance with Texas law that states a grace period of 1-day must be given. Our software allows us to track exactly what day and time the tenant has paid rent through our online system. Currently, around 80% of our tenants are paying online. We push rent collection hard because most owners are making a mortgage payment and pressing the tenant for the money and getting it to the owner is a high priority.

Late Fee

The fee for rent not timely received is 10% of the rent and is assessed on the 3rd of the month. As stated above – the tenant's grace period goes to 11:59PM on the 2nd of each month in accordance with Texas law. We make the late fees 10% of the rent so it is uniform across the spectrum of renters. Any late fees collected will be retained by Pyramis Company for our time involved in the collection process as stated in the Residential Leasing and Property Management Contract.

Notice to Vacate

A Notice to Vacate is generally posted on a delinquent tenant's door between the 5th and the 8th of the month depending on the timing of rent not being collected. This is the first step in the eviction process as we are required to give the tenant at least a THREE day notice to vacate, in writing, with a confirmed delivery.



Filing with the Court

Following expiration of the period identified in a posted Notice to Vacate, an eviction is typically filed with the Justice of the Peace in the county and precinct where the property is located. This begins the eviction process and we file this quickly because the judicial process takes time and we don't want the tenant to get too far behind if we have to eventually put them out of the home. The court cost for filing an eviction is typically \$100 to \$200 depending on the county. Tenants are allowed to reimburse that cost in an effort to catch up and cure their delinquency under the lease. You'll see this charge on your owner report until we get it from the tenant, unless you participate in the Pyramis Company Eviction Protection Program. Ask us about that program for more details.

Attending Court

Court costs are very reasonable in Texas because we have a good small claims court system. We can attend court on your behalf so you don't have to hire an attorney. We charge a whole lot less and no real legal expertise is required. In most cases, the tenant does not show up – and even if they do show up – non-payment of rent is not tolerated by the courts for any reason. You'll be kept in the loop every step of the way. These costs are also covered by our Eviction Protection Program.

Writ of Possession

Once the judge grants the eviction for non-payment of rent, which they typically do, the next step is to arrange the Writ of Possession, if needed. This is executed by the Justice of the Peace's police force – the Constable, or by the county Sheriff depending on the jurisdiction. The cost of filing the Writ of Possession is between \$250 to \$350 depending on the location of the home and the jurisdiction it is in. Once the Writ is filed, a law enforcement officer will contact us to arrange an appointment to remove the tenant from the home. An occupancy check is often conducted a day prior to that to find out if a crew needs to be hired to assist in removing the tenant. Pyramis Company Eviction Protection Program may cover this cost.

Executing a Writ of Possession

If a Writ of Possession has to be fully executed, the Sheriff or Constable will make an appointment with us to meet them at the home with a locksmith, and a moving crew. The officer will watch the locksmith break in (or we use our key), and they will then clear the home of any occupants. Whatever stuff left behind of any value, at the officer's discretion, will need to be moved to the curb. The expensive part is having a moving crew ready to empty out the possessions still left in the home as we have a limited amount of time to complete this process. Our Eviction Protection Program may cover this cost.

Re-Keying

Immediately after the sheriff or constable has finished the put-out, we will need to rekey the property.



This expense may be covered by the Eviction Protection Program, or be charged to the owner as an expense.

Monthly Distribution & Statements

Owners will receive their money somewhere around the 10th to 15th of each month. Actual dates depend on weekends, holidays, and which property manager you have as they each handle theirs on different days. You'll receive your statement that day and the funds will generally arrive in your account that same evening or the following day.

Anticipating Vacancy Expenses

We've had enough vacancies over the years to be able to predict what it will cost to have a tenant move out. Once you understand the costs involved, it makes sense to keep the property in great condition and help us keep the current tenant there. Property damages are just a part of the vacancy costs. When you add to the expenses re-rent costs, utilities, lawn care, advertising and pest control you figure out pretty quickly that keeping a tenant in the home is very important.

Managing the Property

Managing Maintenance Issues

Managing the physical condition of the property is one of our biggest tasks. This is where most of the stress comes from as we balance habitability and money issues. We have to be sensitive to mold, electrical problems, plumbing, septic tank backups, rodents, dishwashers, A/C systems and the quality of the air, the water, the gas and power. Judges and court systems hold us to a high standard when it comes to the expectation to provide a safe and habitable place to live, as do the people living in these houses. In their minds, safety of people overrides safety of the property and cost to the owner, so we manage with that standard in mind. Tenants are not a protected class, but they are a favored class when it comes to managers keeping their safety as a high priority.

Maintenance Priorities

Resident maintenance issues are handled in the order in which they are submitted with the following response times as guidelines. Here is how we present this to our residents.

Emergency Maintenance

Emergency defined: Anything relating to the property under the lease that is threatening to life, health, or the property. Fire (please call 911), flood, sewage back-ups, gas odors (please call gas company), broken water pipes, tree falling on house. Target: 5 to 8 hours.



The Following are NOT Emergencies

Refrigerator out; locking yourself out of the house; power or gas off; a/c out; oven not working; water heater out. These issues may be inconvenient, uncomfortable, and aggravating, but they are not emergencies. Neither Pyramis Company nor Owner are liable for loss of food caused by appliance breakdown or for damaged belongings due to water leaks, unless protected by law. Tenants shall maintain adequate renter's insurance to cover unforeseen personal losses.

Urgent Maintenance

Broken windows; plumbing repairs; loose railings; wobbly decks; electrical problems. Target: 2-4 business day service. *Note:* during peak seasonal months, target response times for heat and air may be subject to delays due to contractor overload.

Normal Maintenance

Appliance repair, garage repairs, leaky faucets. Target: 4-8 business day service. (Note: Convenience appliances (fridge, washer, dryer, garage door opener, sprinkler systems) are offered "as-is" and do not have to be repaired by Owner.)

Non-Essential Maintenance

Fence repair; gutter cleaning, screens; broken lattice; power washing; broken window shade; broken tree limb; missing door stopper; missing door knob; all light bulbs including stove, chandelier, and refrigerator; and fireplace gas keys. Target: 30-day service, with owner approval.

Maintenance Spending Limitations

No one wants to give their property manager an open checkbook, and we don't want one. That being said, we also can't contact the owner every time something needs to be repaired. The management agreement has a \$300 ceiling on repairs we can order without waiting for your response. We'll let you know by email when a maintenance request comes in, but often just as an FYI. Where we get into trouble with this limit is during weekends and holidays, or on HVAC units. As a practical matter, we exceed that limit from time to time out of necessity to save the owner money in the long run. A great example would be an after-hours plumbing call, or a Sunday HVAC call.

Note: This spending limit does not apply to emergencies, move-in contingencies (cleanliness), or habitability issues. Occasionally, but not often, there is a heavy storm, burst water pipes, flood, fire, A/C out in 95-degree weather, heat out in 35 degree weather, sewer backup, etc., and we must respond immediately. We will sometimes have to make a "command decision" based on the information we have, and the situation in which it comes up. We know we are ultimately accountable to you for using good judgment. However, sometimes we just have to use common sense when managing your property. The day we abuse this is the day you'll find another manager, so we understand our limits and want to



handle your home as best we can.

Minor Maintenance Issues

Before the tenant moves in, they agree to handle regular, everyday issues around the house themselves like flipping GFCI switches, resetting garbage disposals, etc. Some tenants are accustomed to living in an apartment community with maintenance personnel around to change their light bulbs and help them move the grill. We've dealt with this long enough to know what we can pass on to them and what we should respond to.

Homeowners Associations

As a whole, homeowners associations (HOAs) have an issue with renters and tend to create a lot of heartburn for owners and landlords when they move them into their communities. If owners get behind on their dues, or forget to tell us the rules for leasing in their community, HOAs think nothing of booting cars, suing tenants for the rent until the owners' dues are caught up, turning off utility services, hauling off their cars and evicting them over rule violations. Although we'll handle the process, you'll need to stay in the loop as HOAs don't always communicate very well with third parties (property managers and tenants) regarding their actions. Since they can fine you and lien the title of your property over these issues, you'll need to work with us to resolve these challenges. This is one of the issues you can't turn over to your property manager entirely. Prior authorization from the Owner to the HOA must be given before we can communicate with the HOA.

Amenity Passes, Gate Keys and Pool Keys

We often rent properties in communities that require gate passes, codes, keys and permission from the HOA for access to amenities and entry points. Occasionally, an owner will ask us to call the HOA on their behalf and find out about these restrictions. HOAs typically don't communicate very well with third parties (property managers and renters) and often refuse to speak to anyone but the owner regarding these policies. The HOA, not Pyramis Company, is in control of the community and we, like you, are beholden to them. It is imperative that you provide us with keys, passes and codes for us before we lease the property. If you don't do this in advance of our leasing the property, be prepared for battles with your HOA and increased expenses (time and labor) in resolving the resulting issues later.

HOA Violations

Trash cans left out too long, weeds out of control, or the rogue vehicle parked on the street for several days – all of these cause HOAs to send all sorts of violation notices. These notices often come with fines if the issue is not cured quickly. In order to act as swiftly as possible on these violation notices, we ask that clients with properties in HOA communities to add Pyramis Company to their list of notification contacts for the property so that we receive violation notices when you do. Often times, we get them faster (via mail) and have already acted on them by the time you receive your copy.



The most common occurrence we see from HOA's are letters sent to owners for one of the following: 1) The lawn needs to be mowed and trimmed. 2) The trash cans are still in sight from the street on non-trash days. 3) There is a trailer / boat parked in the driveway on a weekday. Putting down Pyramis Company as a notification contact typically makes sure we receive a copy of any notices you do so we can get them addressed more quickly. Should you wish us to pay your HOA dues, too, please also put us down as a billing contact so we receive the invoices.

Lawn Care

We would love to assure you that tenants will keep the lawn manicured like you did, but in reality, we cannot. The lease calls for them to provide their own lawn care, but most tenants do not think like owners in this regard. Getting them to mow is about all you can expect, and sometimes it is difficult to get them to do that. The real problem is when there is an active HOA going around counting weeds and taking photos of a sidewalk line that was not perfectly edged. Generally, lawn care isn't a problem as much as, trimming shrubs, edging and watering.

Annual Property Reviews

We use a third-party company to conduct our annual property reviews in order to provide our clients with a neutral opinion of a property's condition. This company specializes in property assessments and identifying potential Property Code violations, insurance company risks, preventative maintenance issues (including A/C filter), hazardous issues, HOA violations, unauthorized pets, and illegal activity.

They are also equipped to take care of certain life-safety and liability items requiring immediate attention while onsite, therefore preventing the need for additional maintenance requests. This company will not only be testing smoke alarms to ensure they are working but will also be taking the alarms down to verify whether or not they are expired. Smoke alarms are only good for 10 years, so any alarms that are expired will be replaced before the inspector leaves the house.

Emergency Maintenance Phone System

Occasionally a tenant calls with a true maintenance emergency which requires immediate attention. If they call into our office after hours, they're able to leave a message on our Emergency Mailbox. This has a member of our team (not a call center across the country or on the other side of the world) monitoring it 24/7 who is prepared to respond quickly. When the home is flooding from a burst pipe, or the AC unit has quit working in 98-degree heat, we need to provide immediate service. Weekend service calls can be expensive, but some things cannot wait until the next business day.

Handling Your Own Maintenance

Most owners hire a manager because they don't want direct involvement with the tenant in the property. However, some owners have a tool belt and like to tinker around the house to save a little



money. When the property is vacant (and anytime on exterior issues) you are free to do whatever you like. While the tenant is occupying the property, we will handle all interior maintenance. There are liability and common-sense issues that drive this policy. We understand your neighbor is your best friend and may be able to fix that leaky toilet. But, what if the tenant's purse comes up missing, or the neighbor hurts himself while in the home fixing your toilet? Can you see the potential pitfalls in this? We can, this is why we have strict policies surrounding vendors and maintenance.

Home and Builder Warranties

Home warranties are a curse to professional property managers. When an owner puts us in charge of maintenance and then transfers repair issues to another company (a warranty company), the outcome is often a stressful situation that is impossible for us to manage. Home warranties were designed for owners who live in the property and who will cooperate with the warranty company vendors. Tenants aren't quite as responsive, so warranty company vendor calls are hard to manage and cause lots of tenant hostility.

You're paying us to manage maintenance, so let us do it for you. Buying a home warranty makes it more difficult. If an owner demands to purchase a home warranty, we can accommodate as much as we can – but we will charge an additional fee for the added work. [See our website](#) for further information regarding home warranties for landlords.

Personal Property

Owners often leave personal belongings (patio furniture, microwaves, wall mirrors, tables, bar stools, lawn mowers, grills, ladders, etc.) behind when they leave the property, thinking it will be there when they return. It seldom is. Renters often forget what isn't theirs when they move out. You should remove anything you care about when you leave.

LLC, Trust and Corporate Affidavits

If you hold title in a corporation or limited liability company you'll have some special documents to execute to address who's authorized to act, receive money, approve maintenance and terminate leases on the property. Investors love to hide title from the public; we get it. Let's just make sure that we know who's who so we are operating under the right authority as the manager.

Hot Tubs

Owners know that hot tubs require maintenance. Tenants don't, and think they are just fun. When hot tubs are not managed properly, motors burn out and water gets green. They can create a hazardous environment for the tenant. We'll manage hot tubs with a maintenance contract, but the best way to deal with them is to remove them before you put the property on the rental market.



Managing the Move-In

When a tenant moves into a home for the first time, there are often “issues” during the first week. Our walk through is done prior to the tenant moving in. We provide the tenant with the required Inventory and Condition form upon move in and they are allowed to fill that out and return it to us within 5 days. This form is designed for a tenant to document what they perceive as issues with the property at the time they take possession.

Re-key, Security Devices, & Smoke Detectors

Texas Property Code states that all locks will be changed anytime a new tenant takes over a home. It is our policy to get this done within 7 days of the tenant taking possession of the home or prior to that time. A copy of the key will be kept at our office in a locked box. This is an owner expense and will *usually* run less than \$100 for a re-key. Under no circumstances will we allow anyone other than our locksmith to perform re-keys on a property. This is for liability protection. Texas law prohibits this charge to be passed on to the tenant in normal circumstances. The home may also need additional security measures installed to meet Texas Property Code. While our vendor is at the property for the re-key, they will also check to make sure the property is up to code (security devices and smoke detectors) in one single sweep, to include replacing any detectors that are expired or will be within 6 months. replacing non-functional or expired detectors is an additional owner expense, and is not optional.

Utilities

Marketing a property without the utilities on is an impossible task. We’ve tried it many times and always end up at the same place, frustrated and kicking ourselves for trying it. When utilities are off at move-in, there are repercussions and expenses the owner probably didn’t anticipate. **Please make sure the utilities are left on through the move-in.**

Incomplete Repairs / Contingencies

One of the worst things that can happen when we meet a tenant at the property for a move-in is to find that the property isn’t ready. Owners (or their vendors) don’t always complete work as they promised or clean up thoroughly, and it causes lots of yelling and screaming. Tenants often arrive with their moving van and don’t have the time to clean the home before moving in. We do everything we can to prevent this, including a pre-move-in wipe down, but it doesn’t always work out the way we hope.

When the property isn’t ready, or the contingencies are not done as promised by the owner, we often have to take drastic actions, costing the owner serious money. When a tenant moves into a dirty home, or one that has unfinished repairs, they will hold it against us for the life of the lease. We’ll do everything we can to make it right, but it usually is an expensive process because we’re all scrambling for solutions at the last minute in order to avoid losing the tenant. Remember this: speed always costs



more, whether you're shipping packages or calling a contractor or a cleaner to come immediately and finish a repair or clean the home so we can let the tenants take possession. In these situations, we go to work "making it right" and discuss the costs later.

Pre-Move-in Light Clean

For many years, it was common for us to get ready to move a tenant in and then find the property was not clean and ready to occupy. Dead bugs accumulate in vacant homes, toilets get rancid, cob webs gather, light bulbs die, vendors fail to clean up after themselves and the property gets stale and musty. Tenants expect hotel (white glove) clean, whether they should or not. If we do this badly, and the home is dirty at move-in, renters get really angry and remember the experience until they move out. No one likes to clean up someone else's dirt. We offer a solution to this problem by scheduling a pre-move-in wipe down just before the tenant is to take occupancy. Like re-keying, it is done a day or two before the move-in takes place. The cost is generally around \$65 to \$150 depending on just how big (and how dirty) the house is.

Owner Cleaning Challenges: Frequently we have owners tell us that they will clean the property before tenant move-in and we don't need to order the previously mentioned wipe down. Everyone wants to save money and the DIY method is often preferred. Here's the problem: everyone has a different idea of what clean is and people are satisfied with different levels of clean. To some, cleaning once a month is good enough while others clean every day. Since we can't attempt to match tenants with owners of the same cleaning standards, we have to use a neutral standard we can all agree with. That standard is "hotel clean." When you check into a hotel room and find dirty mirrors, toothpaste on the counter, Q-tips in the wastebasket, and mud on the floors, you demand another room. "Hotel clean" means leaving no evidence of the previous occupant.

If you tell us you'll do the cleaning and the property is not "hotel clean" when we arrive to do the move-in inspection, we'll call a crew to make it right before we turn it over to the tenant. Also, if we promised the tenant a move-in on Friday and the home isn't ready, we may have to put the tenant up in a hotel on your dime until the cleaners can get there on Monday. Most tenants arrive to the move-in inspection with their truck full of stuff and movers ready to set up house.

Having the property properly cleaned and ready for the move-in is one of our highest priorities and should be yours as well. The move-in can be a pleasant experience or a horrible one and will set their expectations and attitude toward the home, manager and owner for the rest of their stay. Let's work together to welcome the tenants to a clean and safe place to live.

Managing the Tenant

A major part of our job is interacting with the tenant. We believe the more you know about how we manage tenants, the better you'll appreciate and enjoy the benefits of your anonymity. Our motto for the tenants is "clean and safe." Here are just a few topics for discussion.



30-day Auto Renewal

Unless the tenant is given a 30-day notice by the landlord, or vice versa – the lease is extended automatically on a month to month basis, at an increased rate, until an extension is signed or one party provides the other party with a 30-day notice to end the lease. Keeping a renter in the property and paying rent for a long time is an important strategy, and we work hard to make that happen. If you want to move back in or sell the property, you must put your wishes to us in writing 60 days before the lease ends so we can offer plenty of warning to the tenant.

Rent Increases

We recommend 12-14 month leases that will give the owner flexibility in a number of different ways: 1) they can raise the rent at lease end, 2) they can move back in, 3) they can sell the home, or 4) they can non-renew the current tenant out and look for a new tenant. We always evaluate a rent increase and review the past 12 months of activity in the neighborhood. We'll look at market conditions, vacancies, and needed repairs in making that decision.

Lease Renewal Process

The last thing you want is a vacancy. Therefore, it makes sense to reward your property manager for keeping the renter for another year. We start earning the renewal fee the day we move the tenant into the property. We work all year to get our tenants to renew and we celebrate when they do. Our standard renewal rate is \$200 and your individual property manager will be given a commission from this fee. Lease renewals are sent to tenants approximately 45 days before their lease expiration. In the event you wish for us not to renew your Tenant's lease, please notify us no later than 60 days before lease expiration.

Contact with the Tenant

We strongly advise that the property owner not have contact with their Tenant. The vast majority of our clients want both the anonymity and freedom granted them by hiring a management company. On the other hand, there are always a few who feel the need to get involved in tenant relations. Take it from our experience spanning 3 decades, it very rarely works out well for any of us. Tenants start calling the Owner for maintenance, to complain about late fees, or to complain when they don't like our answer to something. Owners communicating with the Tenants completely undermines our authority and credibility as your property manager.



Managing the Move-Out

An equally important part of the management process is the move-out. The chapter of the state law related to residential tenancies has a lot to say about the move-out process. Legislators obviously have had a lot of complaints from renters over the years, because numerous provisions of the law govern and relate to tenants moving out, charges for damages, and security deposits. Here is a description of the process.

Notice Received

When we receive notice from the Tenant of their intent to move (contractual 30-day notice to vacate), we begin a series of tasks to ensure a smooth and orderly transition.

1. We Acknowledge the Tenant's notice and send them instructions for their move out. These outline how to proceed in the best interest of receiving a refund of their security deposit.
2. We begin researching the market for your rental property, to best strategize marketing it for rent by a replacement tenant. We also reach out to you to let you know that your property is about to go back on the market.
3. We adjust your reserve balance from \$300 to \$500 to cover the additional expenses when there's a vacancy (utilities, landscaping, etc.).

Before the Move-Out

In managing rentals there are three kinds of move-outs depending on the circumstances:

Normal Scheduled Move-Outs

Normal Scheduled Move-Outs account for about 90% of our business. Once the tenants give us notice to move we will communicate with them, and with you, right up to the day of the move-out inspection to make sure they keep utilities on; return keys, garage door openers, community keys and passes; and remove all personal property. We give the tenants lists of things to think about so they can avoid fines and earn back their security deposit. Our priority is to get the property back in rent-producing, occupant-ready condition. Most renters want their security deposit back and pay close attention to our guidance.

Early Termination

Occasionally renters call us in the middle of their lease term and just tell us they're moving for any number of reasons. They buy a house, lose jobs, get divorced, can't get along with their roommate or just can't afford the rent anymore. They're not skipping, but they're also not wanting to finish out their lease term. They notify us of their intent to move and want to do so under controlled conditions. We have a process for handling such situations and it starts with a re-letting fee equal to 85% of the monthly rent amount. Once that fee is paid, we'll begin marketing the property. The outgoing tenant will be responsible for the property—including rent—until a replacement tenant is found and a lease is



signed. Regardless, we'll notify you immediately and keep you in the loop. All will be handled according to the lease and state law.

Abandonment

Every now and then, we find a property abandoned. Usually we discover it when we're doing a drive-by due to unpaid rent or an imminent eviction. Often the utilities are off and there's plenty of personal property left behind. When this happens, we'll make a decision about whether we take immediate possession or need to go through the eviction process to lawfully regain possession of the home. We will notify you immediately with the intent of keeping you informed.

During the Move-Out

We do not perform move-out inspections with the tenant present, as their presence often turns the process into a highly combative event. They usually want to argue about the damages for which we are charging them, claiming the issues were there when they moved in. We will charge for all damages unless we see it on the move-in inspection or it is normal wear and tear. We conduct a detailed inspection of the home including photos. This procedure puts us in a good position to defend any necessary charges, and protects the owner from excessive conflict, which could worsen into a lawsuit. The move-out inspection in most cases will take less than 1-2 hours, depending on how much damage needs to be recorded.

Photos and Videos

Photos have been the *de facto* standard for documenting tenant damage to the property for years. This isn't really changing, regardless of what others may say. We take a lot of photos during our move-out inspection to document the condition of a home. Some may say they're switching to video or adding video to their process, it's purely a marketing gimmick. Video adds nothing to this process but a cool new buzzword.

Normal Wear and Tear

Landlord Tenant laws prevent landlords from charging renters for "normal wear and tear" that occurs during a lease-occupancy period. Upon renting, the law recognizes the property as a business and requires Owner to expect some expenses for cleaning and maintenance as "normal wear and tear" while operating a rental property. Most of the conflict comes from this principle. This is very subjective and we know for a fact that different property managers will come up with uniquely different assessments looking at the same property. We do this with one eye on explaining it to you (and if needed the judge) if the tenant disputes the charges, as the judge has the final say as to charging damages to the tenant. We have over 30 years of experience in dealing with this. We know how best to handle the condition dispute process and will do so in the best possible manner to minimize conflict.



After the Move-Out

Texas law gives landlords thirty days, from the time of surrender, to identify charges and get the information to the tenant for review. Refunding the balance of their security deposit, or sending them a bill with the detailed charges satisfies this requirement. Texas Law also requires that we disburse the security deposit within 30 days of lease end. We will send the tenant a document detailing all the charges they owe, including unpaid rent, late fees, NSF charges, and damages to the property.

Staying in the Vacancy

On multiple occasions we've had a property owner come into town to visit their property while it's vacant. Usually, they feel it's a good idea to handle the needed maintenance themselves in order to save a few bucks. And, while in town (and saving some money) they want to stay in the property. While it's your property and we all love to save some money, this is a much better idea in concept than reality. While this is happening, the property can't be shown, so we're losing valuable market time and opportunities. Our vendors are faster and can typically get some of the most frequently done jobs in a matter of days, instead of weeks. In order to save a few bucks on a paint job, are you willing to make an extra mortgage payment with no cash flow? That's what will end up happening.

Disbursing the Security Deposit

If the tenant disputes any charges, we work aggressively to substantiate deductions by providing them the information we have gathered with pictures, vendor receipts, quotes, and or estimates for work that needs to be done. We will only deduct from the tenant's security deposit work that is completed and invoiced, so time is of the essence. We must abide by the 30-day requirement to notify the tenant in writing what charges were incurred and refund any balances left in their account. No owner wants to get served papers for a lawsuit at their residence or place of work for a few hundred dollars – so we are very aware of this when recommending a deposit refund or any withholdings.

When It's Time to Sell

Nearly half of our clients buy the rental property we manage as a long-term investment. The other half used to live in the property, but could not sell it when they needed to move.

When our clients are done with leasing the properties we manage, they often call upon us to sell the home for them. We have been licensed brokers for over 34 years and have a team of listing agents who understand how to sell a rental. Because we know a lot about the property, and we have a relationship with the occupant, we are able to get it on the market before they move out and we don't need much from you to make it happen. When you get notice from us that your tenants are moving, let us know if you want to sell.



Managing the Separation

There will likely come a day when we decide to part ways. When that time comes, we want it to be a smooth and orderly transition. The best time to terminate is between tenants as it causes the least amount of confusion for all parties involved with security deposits and other funds. Because there are license laws and security deposit funds involved, we have to manage and document the transition very carefully. We have forms and checklists for this process so we don't miss a thing. We have done this before and know exactly where the common potential pitfalls are. Some owners decide to manage their own property. Some want another property manager. Others want to sell and be done with being a landlord. Whatever the reason, we will always be willing and cooperative to make the transition smooth. Here is more on the final process of terminating our relationship:

Separating in the Middle of a Tenancy

Either party can initiate a separation. In doing so, the party that wished to terminate the relationship is obligated to provide a 30-day written notice. If a tenant is already in the home under a current lease agreement, all documents and funds can be handed over to the owner, or to a new property manager once appropriate documentation is completed and submitted to us. Notwithstanding such termination, Pyramis is entitled to management fees for the remainder of lease of any tenant we secured.

In The End...

In the end, you've hired us to manage an asset for you. You hired us because this is what we excel at doing, and you don't want to do it yourself. In a business relationship we have to trust each other. You're trusting us to make decisions and recommendations that are in your best interest. We're trusting you to honor our decisions and recommendations to maintain a quality rental property. If one of us falls short of these expectations, we should call each other out. We want to hear from our clients; we want feedback. We maintain a true open door policy at our office. Those that are local, are welcome to come see us face to face. If you're not local, we want to see you if and when you're in town. Honest feedback from our clients has helped to make us who we are and is a big part of why we're the oldest professional single-family property management company in San Antonio.

Thank you for choosing Pyramis Company and deciding to *Elevate* your Property Management experience.

