



HappyDoorsSM
Property Management

OWNER MANUAL

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*Developing long term relationships
by promoting innovation and happiness*

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

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

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

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

OWNER DOCUMENTS

A copy of your management agreement (PMA) is included with the *HappyDoors Owner Manual*. Refer to it as needed and keep it with this information for a handy reference.

It is important that HappyDoors receive all critical information as we begin management. You may have completed the documents listed below. If not, we need you to fill out and return the following documents. Please return the appropriate forms with the self-addressed envelope included for your convenience.

Owner Information

This information located on the first page of the PMA enables HappyDoors to set up your account.

Electronic Banking Authorization – ACH form

This form enables HappyDoors to send your funds directly to your bank. If you do not wish to start ACH at this time, you can use this form in the future.

HOA Authorization

This form enables HappyDoors to work with your community association when needed. Examples include association violations, tenant registration, purchasing keys, etc..

W9 Tax Form

This form is required by the IRS and enables HappyDoors to issue tax information at the end of the year.

GE Tax and HOA Payment Agreement

When included in your selected level of service, this form provides HappyDoors with the information needed to process any GE Tax filings or making payments to your community association. If your selected package includes this service and you did not receive this form, feel free request copy from HappyDoors.

Change of Owner Information

Notify HappyDoors of any important change in phone numbers, email addresses, mailing address, etc. when it happens, please email or call one of our friendly team members so that we can update your file

Direct Deposit Information

Request a copy of our ACH direct deposit form so that you can provide us with your updated information.

Changes in HOA Maintenance Fee Payments

Contact HappyDoors to info us of the new payment amounts and the date this takes affect. It's important to update this information to ensure that the community association is receiving the correct payment amount.



HappyDoors Property Management is a limited liability company operating in the county of Honolulu, and the State of Hawaii, specializing in full-service property. The company has been operating since 2014, and is actively involved on the island of Oahu.

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

HappyDoors mission statement

The mission of HappyDoors is Developing long term relationships by promoting innovation and happiness. We accomplish this through providing quality service in property management in the community, demonstrating integrity and professionalism.

HappyDoors principals

The Broker of HappyDoors is **Brent Foster**. He has 10 years of experience in the real estate industry. **Brent Foster** provides the guidance and direction of HappyDoors. He personally oversees contract verbiage, policies, procedures, and works to educate our friendly team to provide excellent service to our clients.

HAPPYDOORS COMMUNICATION

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

Company communication

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

HappyDoors personnel communicate by:

- Email
- Telephone
- Fax
- Written correspondence

HappyDoors website

HappyDoors stays current with business technology. The HappyDoors website, www.happydoorspropertymanagement.com, has proved to be a tremendous asset. Here are a few of the benefits for clients on the HappyDoors website:

- Prospective tenants can search our site for available rentals and download our application.

- Tenants can access important information, such as a work order request, or send HappyDoors an email from the site.
- Owners can obtain copies of important documents, review payment history, access receipts/invoices, and download copies of past monthly statements.

General office information

HappyDoors Property Management General Information		
Address information		
Mailing address	1253 S Beretania St #1800	
	Honolulu, HI 96814	
Street address		
	326 Magellan Ave	
	Honolulu, HI 96813	
Communication		
Phone	(808) 800-4152	
Fax	(808) 800-4154	
Email	customerservice@happydoorspm.com	
Website	www.happydoorspropertymanagement.com	
Office Hours		
	Monday – Friday	9 am - 5 pm
	Saturday - Sunday	By appointment only
	Sunday	By appointment only
	Holidays	Closed

TEAMS

HappyDoors staff/personnel

We have a complete staff to assist you. HappyDoors has found that "Teamwork" is effective for servicing resident's needs. Together Everyone Achieves More. There is a convenient chart of the teams and their contact information below.

- **Management Team:** HappyDoors has assigned a management team consisting of a Property Managers and Assistant Property Manager. They focus on showing your property, processing applications, renting, managing all the many facets of tenancy, and handling the details when the tenant moves.

- **Office Team:** The office team supports all HappyDoors Personnel and Management. They handle the everyday business of telephones, taking messages, accepting applications, office details, preparing documents, and coordinating with your management team.
- **Sales Team:** HappyDoors also has a separate sales team, Agora Hawaii, that can assist you with Real Estate, buying or selling. The sales team consists of experienced and licensed Real Estate agents. There is no obligation when you ask for a market analysis for the value of your current property, information for purchasing a new investment property, or available financing.

OWNER COMMUNICATION

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

Email

HappyDoors encourages all owners to use email to contact us, customerservice@happydoorspm.com. It is fast and effective. Please supply us with your email address on all the HappyDoors forms. We will enter your email address in our database.

Special note: When using email, we request that you put the “property address” in the subject line. This helps us identify the importance of your message, and avoids oversights or deletions of messages.

Owner vacation notice

HappyDoors respectfully requests that owners notify HappyDoors of vacations where you will not be accessible by email and phone. Another alternative is to inform your Emergency contact listed on the PMA. The purpose in asking for this information is only so HappyDoors is prepared in the event of an emergency repair or major problem concerning the owner’s property and/or tenant.

OWNER RESPONSIBILITIES

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

Owner responsibilities are:

- Notify HappyDoors of any ownership change or eminent owner change for the managed property.
- Supply HappyDoors with accurate information so HappyDoors can service the management account properly.
- Review statements monthly and notify HappyDoors of any discrepancies found as soon as possible.

- If using ACH, check statements monthly for accurate or missing deposits and notify HappyDoors if there are problems immediately.
- Support Fair Housing Laws and guidelines, as well as all necessary legislation.
- Maintain a current insurance policy for their property, which is required.
- Review their property insurance yearly and update as needed.
- Exercise responsibility for required maintenance and the safety of their tenants.
- Treat HappyDoors personnel with courtesy and notify HappyDoors principals if there are problems with HappyDoors personnel so they can be resolved quickly.
- Review all inspection/condition reports which are accessible online through your owner portal.

THE SCOPE OF PROPERTY MANAGEMENT

What is included in HappyDoors Property Management services

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

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

What is not included in HappyDoors Property Management services

Because HappyDoors provides owners with full service, it can be easy to request something that we cannot perform. Some tasks go beyond the normal scope of property management or require additional fees/services (see below). There are also areas licensed real estate agents dare not tread, unless they have obtained the proper licensing or degrees. We ask that you remember this when making a request, and review a paragraph that was included in your Management Agreement:

Owner understands and agrees that normal Property Management does not include providing on-site management services, property sales, refinancing, preparing property for sale or refinancing, modernization, fire or major damage restoration, rehabilitation, obtaining or giving income tax/accounting/legal advice, representation before public agencies, advising on proposed new construction, debt collection (however we do partner with a third party who assist with this), counseling, physically inspecting all repairs, or attending Homeowner Association meetings.

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

COMPANY POLICIES

It is very important in the field of Property Management, that HappyDoors follow local, state, and federal legislation and guidelines. Our company takes pride in our industry, and we further implement guidelines and policies of several organizations, such as the National Association of Residential Property Managers, NARPM, and the National Association of Realtors, NAR®. Additionally,

we train all personnel by requiring them to read and follow the HappyDoors Property Management Policy and Procedures Manual and HappyDoors Employee Manual(s).

Department of real estate requirements

The Hawaii Department of Commerce and Consumer Affairs requires licensing for all persons conducting Property Management and Real Estate Sales in our state. HappyDoors requires all personnel that are Brokers, Property Managers, and Real Estate Agents to have a Hawaii Real Estate license. This requirement does not apply to all services performed by HappyDoors. Examples of tasks that require a Real Estate License includes, but not limited to, finalizing security deposit deductions, signing lease contracts, negotiating rent values or lease terms, etc. If you feel that a non-licensed team member is performing a task which requires a Real Estate License, please contact the HappyDoors management team.

Code of ethics

HappyDoors follows the Code of Ethics outlined by both NARPM and NAR®, and the Honolulu Board of Realtors. HappyDoors considers this a top priority in conducting business, and is required of all HappyDoors personnel.

Drug-free policy

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

Legislation

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

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

Lead-based paint

Lead-based paint became a major issue in the 1990s that prompted mandatory requirements for residential housing and continues today. HappyDoors follows all mandated federal and state guidelines for lead-based paint. All properties prior to January 1, 1978 require disclosures to all tenants and owners. Tenants sign lead-based paint disclosures prior to renting a property and HappyDoors provides them with the required EPA Pamphlet, *Protect Your Family from Lead in the Home*. HappyDoors then forwards the required disclosure to owners for signature.

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

Mold issues

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

This is an area of extreme liability and HappyDoors takes action if a tenant reports mold. HappyDoors notifies owners as soon as practical of any mold issues so HappyDoors and/or the property owner can take the proper steps.

ANSWERS REGARDING FUNDS

When you entered into a management agreement, HappyDoors established an account for you and your property. HappyDoors recognizes the importance of accurately collecting and disbursing funds. The bookkeeping program used by HappyDoors is specialized software designed to handle the many facets of property management and accurate record keeping, and complies with the requirements of the Hawaii Department of Commerce and Consumer Affairs.

Banking

HappyDoors holds your account in a trust account mandated by the state of Hawaii. HappyDoors accounts for each owner's funds separately in the trust account and does not co-mingle funds with broker monies or the tenant's security deposit.

Monthly statements

HappyDoors sends monthly statements to owners via email. If you have difficulty reading your monthly statement, please contact our team. We are happy to assist you and answer your questions.

Disbursement of monthly funds

HappyDoors disburses available funds to owners around the 10th day of each month. If this day falls on the weekend, HappyDoors issues funds on the next business day. HappyDoors does not disburse funds on weekends and holidays. HappyDoors does NOT issue owner checks unless there are sufficient funds in the owner's account. It is vital to accurately post rents, pay vendors, and disburse funds for your account. Therefore, it is vital that HappyDoors adhere to this schedule to ensure servicing every owner's account.

HappyDoors distributes owner funds in two ways:

- Company check disbursed directly to the owner accompanying their monthly statement.
- ACH direct deposit – directly disbursed into an owner's bank account; HappyDoors emails monthly statements after disbursement. A form to start ACH can be provided upon request.

End of year procedures

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

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

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

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

RENTING YOUR PROPERTY

Preparing to rent the property

When prospective tenants view your vacancy, HappyDoors wants the property to look its best and compete with area rentals. A property maintenance report and rental market survey is completed. The HappyDoors team will contact you to discuss the details of your vacant property and any necessary maintenance.

Setting the rent

Supply and demand determines rent. If there are multiple rentals available in the area of your property, it is necessary to be very competitive. If very few are "for rent" in the same area, it can make it easier to rent the property. Markets change and HappyDoors advises owners on the "current rental market."

How long will the property be vacant?

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

HappyDoors, or any other property management company, can rent properties "quickly" if they do not have standards for obtaining good tenancy. However, bad tenants will only create more expense

and another unwanted vacancy; therefore, waiting for the “right tenant” is worth the additional time it can take to rent the property.

ADVERTISING/MARKETING

Internet/website

HappyDoors has found that the Internet and the HappyDoors website, www.happydoorspropertymanagement.com receives tremendous exposure, as well as using craigslist, Zillow, AHRN, Trulia, Hotpads, and MLS (plus approximately 15 other websites). HappyDoors takes full advantage of this medium to reduce advertising costs and gain more exposure for your property.

Signage

Occasionally HappyDoors displays “For Rent” signs, and each sign carries the appropriate extension for the property. Signs promote calls. The caller can immediately access the property information and showings 24 hours a day.

Showings and applications

The HappyDoors property managers conduct showings for each vacant unit. We arrange showing times for your property in advance, and appointments by contacting the HappyDoors. When prospective tenants see the property, our team answers questions and distributes applications. Applications are available in the HappyDoors office, at the property showings, and on the HappyDoors website. To provide prospective tenants with more freedom and flexibility to view properties during times that may be more convenient to them, HappyDoors will sometimes use self access lockboxes. Prior to issuing any lock box codes, prospective tenants must go through a basic screening/qualification process and provide a copy of a picture ID such as their drivers license.

PROCESSING TENANT APPLICATIONS

Tenant screening

Thorough screening is crucial to successful Property Management. HappyDoors requires all applicants to fill out a detailed application and submit it for processing/approval. A credit check is NOT enough! Our company conducts a careful review of their credit, income, criminal history (when available) and tenant history or ownership.

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

Cosigners

HappyDoors normally does accept cosigners. There are sometimes conditions that may warrant taking a cosigner on a property. Examples include applicants who meet all qualifications but either do not earn enough money (students, retirees, etc.), may earn sufficient money but have some credit issues, or those who are being sponsored through a third party organization such as a business.

Pets

If an owner authorizes a pet, HappyDoors increases the security deposit even more. HappyDoors does not use the term “pet deposit” within the lease contract. By avoiding this terminology, HappyDoors can use the amount of the entire security deposit when there is animal/pet damage. Although the HappyDoors policy is to increase the security deposit, the amount cannot exceed the amount allowed by the State of Hawaii landlord/tenant law.

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

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

1. First, it makes the property more marketable. Many tenants have or want pets, but there are very few pet friendly rentals available. By considering pets, you increase the number of people who may be interested in renting your property.
2. Second, by listing pets as negotiable, it avoids eliminating an excellent tenant that does care for their pet, has an excellent tenant history, and owns a pet that is suitable to your property.

Service animals

Special note: service and comfort animals for handicapped/disabled persons are NOT pets by Federal law, and owners cannot discriminate against handicapped/disabled persons with a service animal.

Fair Housing legislation does NOT allow owners or property managers to collect additional deposits of any kind or increase rent for service and comfort animals.

However, property managers and property owners can still process applicants who are handicapped or disabled on the same criteria as other applicants: income, credit, and tenant history. If they fail to qualify in these areas, the landlord/manager can still deny the application, handicapped or not. In addition, the applicant can be required to provide a written letter from a medical practitioner which must establish the need to have a service or comfort animal.

THE TENANT MOVE IN

Rent and security deposits

HappyDoors does not accept personal checks prior to renting the property and does not allow payment plans for security deposits – we require all funds paid in full prior to renting the property. This eliminates prospective tenants who really do NOT have the necessary funds for renting.

Once approved, all applicants must pay in full, the first month's rent, and a security deposit equal to one month's rent, in certified funds. It is normally HappyDoors policy to require a higher security deposit for pets. HappyDoors does not exceed the maximum-security deposit allowed by the State of Hawaii landlord/tenant laws.

Rental/lease agreements

Once HappyDoors receives funds, a thorough rental/lease agreement with the applicant is completed.

All persons 18 and over, including "adult children", are required to submit an application, read, and sign all rental/lease agreements. If the accepted applicants are a foreign nationality and cannot read and understand the documentation, they must supply an interpreter of legal age for signing the rental/lease agreements.

Walk-through

A vital part of the rental agreement is a detailed walk-through addendum performed with the tenant, documenting the condition of the property when they move in. Unless extenuating circumstances prevail, the HappyDoors team completes the walk-through with the tenant before the tenant takes possession of the property.

The walk-through documents the condition of the property. When the tenant moves out of the property, there is a sound basis for the security deposit refund. HappyDoors also documents the move in with digital photos.

WORKING WITH YOUR TENANTS

Collecting rent

Rents are due on the 1st day of the month and considered late if not received in the HappyDoors office by the 1st of the month no later than 5 pm.

HappyDoors recognizes that many things can happen where it concerns rent; rent can really be lost “in the mail”; employers can delay the tenant’s paycheck, there are real tenant emergencies, and more. Therefore, we make a serious effort to determine why the tenant is having a problem. If HappyDoors receives the rent prior to issuing owner funds, HappyDoors does not contact the owner unless the HappyDoors management team determines there is an ongoing rent issue.

Notice for non-payment of rent

If HappyDoors does not receive rent by the due date, HappyDoors prepares and delivers a timely notice to pay or quit, as the law allows. HappyDoors makes every effort to mail and post notices properly should legal action be required. If HappyDoors determines the tenant is not going to pay the rent during the notice to pay or quit period, or shortly thereafter, HappyDoors contacts the property owner and works out a plan of action. In the event the owner is inaccessible or incapacitated, HappyDoors may, at it’s discretion, initiate the eviction proceedings and hire an attorney to assist in this process. Any legal and attorney fees as well as locksmith charges are the responsibility for the owner to pay. HappyDoors will make it’s best effort to recoup these cost from the tenant and/or their security deposit when its allowed by the State of Hawaii landlord/tenant laws.

Other notices

There are other notices that may be involved with tenants. HappyDoors serves notices as situations warrant, such as a notice to clean up the landscape, a notice regarding an illegal pet, illegal tenants, unauthorized smoking, etc. These tenant violations may be in the form of a letter or email. Often, these notices are simply to correct minor tenant problems and most tenants comply. However, if necessary, HappyDoors may contact the owner with the information to discuss the situation.

Tenant problems

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

Our company policy is to take a “what if” approach. HappyDoors documents tenant problems in the event that it becomes a legal problem. One of the reasons you hired a property manager is for “peace of mind.” This is what HappyDoors recognizes and works to prevent legal issues from arising.

Legal action

Although HappyDoors works diligently to avoid the necessity to begin an action, such as an unlawful detainer or eviction proceeding, it can happen. In the event any legal action is required, HappyDoors will contact the owner within a reasonable period of time to discuss what is needed.

MAINTENANCE

Preventative maintenance

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

HappyDoors has already started with educating the tenant by:

- Completing a detailed HappyDoors Lease Rental Agreement.
- Completing a walk-through documenting the condition of the property before the tenant takes possession
- Reviewing a move-in checklist with the tenant which recaps important policies and confirms that they are familiar with how to operate certain amenities such as appliances.

We want the tenant to know from the beginning of their tenancy that the HappyDoors/property owner expectations are to “care for the property.” This approach can prevent costly maintenance.

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

Consider the cost of repairs like holes behind doors, clogged heaters and air-conditioners, appliance problems, dry rot, safety issue and more. Then, of course, there are the major issues in a home such as the roof, the exterior condition of the building, carpeting, interior, and exterior paint, etc. When left to deteriorate, it usually means the owner will have to spend more in the future.

It is equally important to keep up with maintenance while the tenant occupies the property. Often people think no news is good news; this can be just the opposite. Instead, “delayed news can become very bad news.”

This is why we require tenants to report maintenance issues or concerns. For example, what is worse than finding out dry rot could have been prevented or discoloration of the linoleum if the tenant had reported the leaking toilet in the bathroom? Avoiding major maintenance costs are certainly more favorable in such cases.

The HappyDoors teams contact owners regarding maintenance above the \$400 minimum that is listed in the HappyDoors Management contract, unless the situation is an emergency.

Emergencies/Disaster

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

There are times when a property manager must “act” in order to prevent great financial risk to the owner or to protect the health/safety of the tenant and others. For example, when a property is flooding, action is necessary.

WHEN THE TENANT VACATES

Notice to vacate

When there is a notice to vacate, the move out procedures with tenants are as critical as when HappyDoors moves in a tenant. The preparation for this really began when the tenant moved in with a detailed rental agreement, maintenance addendum, walk-through, and *HappyDoors move out checklist*. All of these documents gave instructions to the tenant on how to move out.

Per the State of Hawaii, tenants are required to provide a 28 day notice whereas the landlord is required to provide a 45 day notice prior to the end of the lease or when a lease is on a month to month term. In the event a tenant is on a month to month term and the landlord provides a 45 day notice to vacate, the tenant is legally required to pay rent only for the days they occupy the property.

Communication with owners and tenants

HappyDoors notifies the owner in on how they will proceed with the tenant and re-renting the property. HappyDoors automatically places the property on the market to rent approximately 2 to 3 weeks before the anticipated move-out date unless the owner notifies HappyDoors to take other measures.

Tenant move out

HappyDoors conducts a walk-through similar to the one performed when the tenant moved into the property. HappyDoors records any maintenance required and prepares a list of potential tenant damages. Digital photographs may be taken when the tenant move out to document the condition of the property and support any deductions from the security deposit.

After assessment of the tenant move out, HappyDoors advises owners of any tenant damages or any maintenance required to re-rent the property.

Security deposit refunds

Proper handling of the security deposit refund is crucial. Any tenant deductions are determined in a timely manner, and a security deposit transmittal is prepared in accordance with state laws. Security deposits must be processed within 14 days from when possession of the property is transferred and a statement detailing deductions accompanied with estimates or receipts must be provided. Owner's monthly statement will show repair charges and monies refunded by the tenant's deposit.

Collections

If collecting damages is required, HappyDoors, at it's discretion, will refer the matter to a qualified consumer collection service. HappyDoors management does not include recovering tenant damages, but leaves this to companies with expertise in debt collection. HappyDoors will supply consumer collection companies with the necessary documentation needed.

ADDITIONAL SERVICES

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

Referrals

Do you know someone who is looking for management services on the island of Oahu? If so, then notify our team. HappyDoors values their client business and believes in rewarding referrals from clients. We will waive 1 months management fee for referring a new client who chooses HappyDoors to manager their property.

Inspections

HappyDoors maintains properties as part of their property management services. Periodic inspections are performed regularly based on the service you selected. Additional inspections can be requested but goes beyond our normal services and a fee may be incurred.

Supervision of extraordinary maintenance

HappyDoors charges a fee for supervising work requiring extraordinary maintenance and the definition of extraordinary maintenance is as follows:

HappyDoors defines extraordinary maintenance as rehabilitation work that exceeds \$5000.00, insurance claims, and major systems replacements. (Examples are roof replacement, major tree work, exterior painting, vandalism, insurance claims, etc.). Any coordination fees charged by HappyDoors will be discussed with the owner in advance.

The HappyDoors policy is to consult licensed contractors for bids and solutions. Then HappyDoors contacts the property owner for authorization and/or decision regarding the maintenance based on the maintenance polices previously described. When obtaining bids and estimates, HappyDoors limits the number of quotes obtain to 2. Additional quotes can be obtain but this goes beyond our normal services and a fee may be incurred.

Real Estate services

The HappyDoors Sales Division, Agora Hawaii, is available to assist you in buying more investment property or selling your property when ready, including those requiring 1031 exchanges.

A free market analysis is available at any time with no obligation. Please contact our team for more information.

CANCELLATION OF MANAGEMENT

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

Please review the following policies for cancellation.

Written notice

- The HappyDoors management contract accepts a 60 days written notice by either party, but this excludes the minimum management period. Please refer to your management contract.
- The HappyDoors policy is to give cancellation of management by US Mail.
- If an owner sends a cancellation of management by US mail, the cancellation notice period begins on the date that the notice is received by HappyDoors.
- HappyDoors may, at it's discretion, accept cancellation of management by email.

Notice to current tenants

- HappyDoors will notify current tenants the date HappyDoors will no longer manage the property and that HappyDoors forwards all security deposits to the owner or new managing agent.
- It is the owner's responsibility or their newly appointed agent to advise tenants where to make future rental payments and work requests after the notice period.

Distribution of documents

- HappyDoors will supply current tenant documentation to the owner or their agent which includes copy of lease documents, move in documentation, and move out documentation.
- If the owner has employed new management, it is the owner's responsibility to instruct them to pick up documents, keys, and any other necessary materials at the HappyDoors office.

Final distribution of funds

- HappyDoors will distribute funds, and final statements to the owner within 60 days of the terminating date of management, as agreed in the management contract
- The security deposit will be transferred within 5 business days after the last day of the notice period.
- HappyDoors will issue a 1099 for funds collected during the current tax year when the tax year ends.

CONCLUSION

We hope you have found *HappyDoors Owner Manual* informative and useful. If you feel there is any other information HappyDoors can provide, let us know so we can include it in the future. Feel free to email or call HappyDoors at any time when you need any forms.

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

