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To Owners Considering Woodstock Properties, Inc. Property Management Services:

We look forward to helping you manage your real estate investments in Hawaii. If this is the first time you are purchasing property on Oahu, congratulations on taking this exciting step to investing in real estate in our islands! I have lived on Oahu for over 40 years and I too am an investor with rental property here. You have made a wonderful choice. This is a beautiful place indeed!

We are honored that you are considering choosing Woodstock Properties, Inc. to be your Property Management Company. Whether you are just completing the purchase of your new property or you have owned your property for a while, the paperwork for Woodstock Properties, Inc. is the same. The following information will help you to understand and complete the several forms we ask of you. Once you have completed filling them out, fax or email the signed Property Management Agreement with the accompanying forms. However, if you have any questions, please don't hesitate to call Linda C. "Dusty" Woodstock at 808-371-7711 or email Dusty at [Dusty@WoodstockHawaii.com](mailto:Dusty@WoodstockHawaii.com)

There are a few issues that usually generate questions. Please allow me to explain in advance.

**1. W-9 Form**

This form asks you to supply your social security number. We respect the sensitive nature of this information. This information is needed so we can file your General Excise Tax (explained below), and prepare and send to you the Federal 1099 Miscellaneous Income Form which is due each January. We assure you this information will be kept confidential. It will be held in your file in our office which is secure.

**2. The Property Management Agreement**

**G.E.T. Tax:** The state of Hawaii charges a 4.5% General Excise Tax (GET) on all gross rents. If you pay \$2,000 or less per year in GET you must file semiannually. If you pay \$4,000 or less per year in GET, you must file quarterly. If you pay more than \$4,000 per year in GET, you must file monthly. If you do not currently have a GET license, as your property manager, Woodstock Properties, Inc. will apply on your behalf and obtain your GET license. To assist us in providing the state with the necessary and correct information, we ask that you complete the form: "General Excise Tax Owner Information Form". There is a \$20 charge from the State

to obtain your GET license. As a convenience for our owners, Woodstock Properties, Inc. will pay your GET taxes for you and then deduct that amount from your account in the month when those taxes are due. Woodstock Properties, Inc. charges an annual fee of \$25 for this service.

Automatic Electronic Deposit: At no charge to you, Woodstock Properties, Inc. will electronically transfer payment of your monthly net rent into your checking account. Electronic transfer payments provide you with the convenience of not having to travel to your bank with a check. There will not be a "hold" on these payments therefore your funds will be available sooner. To ensure timely receipt of your monthly net rent, complete the form: "Electronic Payment Service Authorization Owner Form". Be sure to attach a voided check to the form before mailing, faxing or emailing it back to our office.

Owner Landlord Tenant (OLT) Liability Insurance: OLT insurance, also called HO-6 insurance is mandatory. Generally, this insurance costs between \$80 - \$200 annually on a condominium and \$600 - \$1,000 annually on a single-family house, depending on hurricane insurance costs. OLT insurance is not to be confused with the insurance that the Association has on the building. Your condominium association's Master Insurance Policy may protect the exterior and common areas of your building, but not necessarily the interior of your unit or your personal liability. For example, a burst pipe can cause extensive damage to walls and ceilings, cabinets and carpets. No one wants to receive a call from our office informing them of a \$9,000 bill for water extraction, dry wall repair and recarpeting only to discover they neglected to purchase OLT insurance. As a note: if you are purchasing a single family home, you will need two types of insurance. One type of insurance is to satisfy the requirements of your mortgage lender. The second insurance, OLT insurance, is to satisfy the requirements of Woodstock Properties, Inc. and to protect you, the owner. (There are no property management companies on Oahu who will manage your property without OLT insurance in place.) However, insurance companies will not permit anyone other than the owner of the property to establish this insurance. Therefore, you must call your insurance company and request OLT insurance. Please remember our requirement, that you name Woodstock Properties, Inc. as an "additional insured" on your policy. Listed here are some companies you may wish to call to compare rates: Insurance Associates, Inc. – Sue Savio at 808-538-6938 or Finance Insurance, Ltd. – Kevin Kono at 808-522-6080. If you are in the military, USAA has excellent rates.

Pets: We love pets but after our many years of Property Management experience, we highly recommend you do not allow pets in your unit. Let us share some issues for you to consider when deciding whether or not you want to permit a pet to occupy your rental home. Dogs bark, especially when tenants are not home. This barking causes a disturbance with resulting notices and fines from the association. Dogs can bite which can cause you additional problems including possible litigation. Cats don't bark however, many people are allergic to cat hair. Once you rent to someone with a cat, you may have problems thereafter unless you rent to another cat owner. There is a situation when we occasionally advise our owner that it would be appropriate to consider renting to a tenant with a pet. For example, if the carpets need to be replaced but the owner does not wish to spend the money for new carpets, agreeing to rent to a tenant with a pet is sometimes a viable option.

Advertising: We understand the Oahu rental market very well. Like businesses and the economy, it cycles, sometimes the market is soft sometimes it is tight. We take very seriously our responsibility to limit any vacancy in your rental property while seeking to select only

outstanding tenants. We place advertising in those platforms most likely to yield the best results. In order to compete for those select tenants, it has become necessary to also place online advertising. While it is free to place these ads on the various websites, a great deal of time and money is spent to ensure that there are beautiful pictures of your unit on the web. In many cases, these websites must be maintained weekly. There is a \$150 owner fee each time we must market your unit to prospective tenants. Please note: if you are just now in the process of purchasing a property you plan to rent out, we have found it most cost effective to hold off on advertising until your closing is completed.

Keys and House Rules: As your property manager, Woodstock Properties, Inc. requires you to supply us with 3 sets of all keys for your property, 2 garage remotes (if applicable) and a copy of your Association's House Rules. We always keep a set of keys to each property we manage in a secure lockbox in our office and your new tenants will be given the additional items. Please understand that for security and liability reasons, it is our policy to re-key all locks whenever we check a new tenant into your property. The cost to re-key is an owner charge.

Maintenance and Renovations: We suggest you return to our website and under the subheading TENANT SERVICES, click on and read our "Preventative Maintenance Guide" and "FAQ: Maintenance". We have posted these documents on our website for several reasons. We expect our tenants to follow these preventative measures so the household items will perform consistently and so the tenant is not presented with an avoidable "tenant cost" for repairs due to tenant negligence. We also expect our tenants to attempt some simple troubleshooting prior to submitting a Maintenance Request Form. This extra step will help avoid needless repair costs to both the tenant and the owner. However, just as the property you now live in has to be maintained, so too your investment property will need to be maintained. In the long run, we believe addressing maintenance issues promptly will protect your investment, attract quality tenants and keep small repairs from becoming large expenses. For example, if your unit has central air conditioning, we will have the unit fully serviced annually and provide the tenant with new disposable filters. While this is an owner expense, we have negotiated special pricing from our vendor due to the volume of units we manage. At the same time, we realize this is an investment for you and we will do all we can to keep your expenses to a minimum. We will always try and save you from unnecessary expenses. So, if you receive a call from us explaining that one of your appliances needs to be replaced, please realize we have already had a trusted appliance repair person determine if it makes sense to repair it or if the appliance has met the end of its economical life and should be replaced. Rest assured that after all the years we have been providing property management services, we know where to go to get the best price on appliances which stand up to the wear and tear of a rental. We provide supervision of maintenance services for repairs from normal wear and tear. The Property Management fee covers our services of responding to the normal wear and tear issues of a unit. For a full listing of our Maintenance Services refer to our website under the Header: MANAGEMENT SERVICES and subheading: Maintenance Services. If your unit needs painting, carpeting, termite tenting, cabinet replacement, etc. we consider this to be renovations and not maintenance. We have assisted many of our other owners with these types of renovations and have a list of skilled, pre-approved vendors. As an added service, we will gladly price out, coordinate and supervise this type of work for you. The vendors we use are independent contractors and not employees. We do not receive or accept any financial benefit from our relationship with these vendors. To offset the additional man-hours required with these renovation projects, Woodstock Properties, Inc. does charge a 10% fee on the costs of renovations.

### 3. **Rental Agreement and Addendum A**

We encourage you to go to Tenant Services > Tenant Forms on our website and read these two documents that your tenant will be required to sign prior to taking possession of any of our rental properties. We have very high standards of care and cleanliness and we expect our tenants to return the property at Check-Out in the same condition they receive it, minus normal wear and tear. As Paragraph 38 of Addendum A of the Rental Agreement spells out, prior to handing the keys over to the new tenants, each rental unit will have been professionally cleaned, pest treatment for ants and roaches will have been completed and the carpets will have been professionally cleaned using the "extraction method". We hold the tenants to this standard by requiring receipts for these services at the time of their Check-Out. Our tenants appreciate receiving their new home in such pristine condition and it sets the stage for the responsibility we expect them to show in caring for your property. And of course, our owners appreciate that their investment has been so well cared for and maintained.

As you get ready to turn your property over to us to manage please understand that we ask the following of you prior to your first tenant; subsequent cleaning and pest treatment will be a tenant expense as they vacate:

- Professional Dryer Duct Cleaning: As a matter of safety and fire prevention, it is necessary that dryer ducts be professionally cleaned at least once per year. Some Homeowner Associations provide this service annually and bill the owner. However, this appears to be sporadic with many of the Associations. Woodstock Properties, Inc. wants to protect your investment property. In the event your Homeowners Association does not coordinate this service, it may become necessary to conduct dryer duct cleaning for your unit.
- Professional Carpet Cleaning: Please have your carpets professionally cleaned using the "extraction method". We recommend using one of the companies listed on our Approved Vendor List which can be found on our website at Rental Services>Tenant Services>Useful Phone Numbers. Have this service done 1<sup>st</sup>. If you have carpet stains, we recommend you have the stains "spot treated" by the professional carpet cleaning company. It will take 24 hours for the carpets to dry.
- Professional Cleaning: Please have your unit professionally cleaned. Have this service done 2<sup>nd</sup>. We recommend you use the cleaners listed on our Approved Vendor List whom we have previously worked with. Our approved cleaners are familiar with our high standards and will return to your unit, at no additional cost, to clean any items not cleaned to our standards. Please understand it takes approximately 23 hours to thoroughly clean a 2-bedroom, 2-bath unit to the standards Woodstock Properties, Inc. requires. If your home is larger, it will take more hours.
- Pest Treatment: Have this service done 3<sup>rd</sup>. Allow the carpets 24 hours to dry from the carpet cleaning before the Pest Treatment is performed. Request Pest Treatment for "ants and roaches". If a family pet was residing in the property, you will additionally need to schedule "two treatments (typically two weeks apart) for prevention of fleas and ticks". Woodstock Properties, Inc., and all its owners & tenants receive a discount from Diversified Exterminators (808-841-5855).

In conclusion, we at Woodstock Properties, Inc. take an immense pride in the service we provide to our owners. We hold ourselves to a high standard in all that we do from finding quality tenants for your unit, to promptly completing repairs on your property, to providing the ease and convenience of online monthly statements and an electronic payment system. We feel an enormous responsibility to keep your investment in outstanding condition. We care about you and your investment and we look forward to a long, respectful and mutually beneficial relationship with you.

Aloha,

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*Woodstock Properties, Inc.*

*The right choice when you need a professional to sell, buy, manage or rent your home.*

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