

Property Management & Leasing Services

RealtyEdge

GROUP INC.

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Note: The systems and procedures outlined in this booklet are those in effect at the time of presentation but may be changed without notice at the discretion of RealtyEdge Group.



A Little About Us

RealtyEdge Group Inc. Was founded in 2006 and is licensed as a real estate brokerage with the Real Estate Council of Alberta. Our focus is on residential property management of individually owned rental properties in the following areas as noted on the map.

The vision is to take our passion for the industry and provide a quality of service which, when matched with quality properties, would create a proactive relationship with owners / investors and tenants. Our goal is **QUALITY**, not **QUANTITY**. We are very selective with the owners/investors we work with, the properties we manage and the tenants we place in those properties. Our portfolio of selective, well maintained properties ensures our commitment to exemplary

service for each individual owner / investor. We like to take the time to get to know our owner/investors and our tenants. We constantly review the market and are able to provide up to date information on rental rates.

Our goal is to continue to have a property management company where owner/investors trust the quality of service they receive and in return will refer us to people they know who may need a property manager.

Our management team is always ready to meet with you to discuss your property management requirements and explain how we can provide the level of service you deserve to maintain your property and maximize the return on your investment.

Professional Property Management & Real Estate Services



**We have a 'team'
approach and
attitude.**

Leadership

ELAINE KRUG | President/Broker

Elaine Krug, founder of RealtyEdge Group delivers over 25 years in the Real Estate industry, and over 20 of those years working in Residential Property Management. Elaine confidently provides the leadership for RealtyEdge Group's ongoing success through dedication to integrity, trust and exceptional service and expects the same from everyone employed by or working for RealtyEdge Group.

With Elaine's background in office administration and entrepreneurship, in addition to her Real Estate and Property Management experience, she can provide the training and mentoring necessary for the success of everyone involved in the operation of RealtyEdge Group.

In addition to Property Management and Real Estate, Elaine also provides personalized consulting services for investors looking to add to their portfolio of properties or buy their first investment property. She advises what to look for and what 'not' to look for, best location and type of property to buy to get most return on investment. She also consults with property owners who like to manage their properties themselves, helping them to operate more efficiently and profitably.

Instrumental in our success is everyone else involved in the ongoing operation of our business - employees, realtors, accountants, lawyers, and all the trades people we hire – we are grateful to have been able to form such a strong group of support.

Service You Deserve | People You Trust





Professional Affiliations



REALTOR®



Company Insurance

Everyone licensed under the brokerage is covered by errors and omissions insurance through their licensing with RECA. Additionally we carry liability insurance for the brokerage for all employees.



Advantages of Using The REALTYEDGE Team



WE ARE BIG ENOUGH TO KNOW *Small Enough To Care*

We are licensed through the Real Estate Council of Alberta and our trust funds are audited yearly to provide you security.

Our knowledge of the Residential Tenancies Act and relevant legislation which prevents unnecessary dispute and minimizes legal costs.

We have a working knowledge of legislation covering the responsibilities and obligations of both landlords and tenants.

We hire only experienced people so that your property receives the best care possible.

Our custom state of the art property management and accounting software, **RentEdge**, allows us to be efficient and provides comprehensive informative reports.

We ensure tenant satisfaction with quick response to maintenance needs. We are available for emergency 24/7 through our emergency line.

Our experience in all aspects of property management and leasing saves our client substantial

costs and eliminates tenant dissatisfaction when a problem arises. We are able to offer you advice that comes from years of experience.

We will manage your investment in a manner that will sustain its market value and provide you peace of mind.

We will advise you of current market rental rates so your property can be priced to lease at a fair market value. Homeowners may overprice or often accept a price far below market value.

We recognize that effective tenant screening is essential. We don't place tenants just for the sake of getting the property rented. We look at tenant selection as a long term investment in your experience.

Tenants seek our services because they realize from past experience the pitfalls of direct negotiation with homeowners.

For Rent by Owner advertising invites curiosity, multiple showings and time, money and effort to properly screen prospective tenants.



A Tradition of Trust

Our Process

- » Initial meeting with owner
- » View Property
- » Sign management Contract
- » Document Property information
- » Assess Property Needs to get top value
- » Rental Evaluation
- » Take photos of property
- » Work Orders to bring property to standard

Get Started

- » Collect Rent
- » Pay monthly recurring bills and A/P
- » Debt collection
- » Owner Disbursement
- » Monthly financial reports to owner
- » 24/7 hour emergency line
- » Repair and Maintenance
- » Manage relationship with tenant
- » Mid-term inspections
- » Prepare and send notices

Management & Maintenance

- » Set up Property in Property Management software
- » Advertise / Market Property
- » Show property to qualified prospects
- » Tenant Application
- » Tenant Screening - credit checks, employment verification, landlord reference
- » Prepare Lease Agreement
- » Lease Agreement signed
- » Detailed Move in Inspection
- » Collect Security Deposit and Rent
- » Annual rental evaluation
- » Lease Renewals
- » Tenant Vacate inspections

Leasing

Marketing



We are committed to providing you with a marketing program that is not only cost efficient but that gives your property maximum exposure so it will rent as quickly as possible.

Website |

www.realtyedgroup.ca is a user friendly website. Our website is on our business cards, our marketing material and part of all advertising that we do.

Relocation Agencies |

we work with all relocation agencies and they are regularly updated with information on our current listings

Internet and Print Advertising |

We have found that internet advertising generates the most calls these days. People looking for a new place to rent head to their computer, not the newspaper anymore. We have identified that we get the majority of calls from the following rental websites and therefore use these for our advertising. Not only does internet advertising generate more calls, it is also very economical.

Exterior signage |



Rental Property Insurance

Did you know that your current insurer may not insure a rental property?

It is a must that you contact your insurer and ask them the following questions:

- » **Do they insure rental properties?**
- » **What is their requirement for inspections (how often) of vacant rental properties?**
- » **Do they offer rental income loss insurance in case of fire?**

If your insurer will not cover rental properties or if you would like a quote we can obtain one for you under our master policy with Cooperators Insurance that will cover rental properties.

Our master policy also may have more coverage than your current insurance.

How Long Does it Take

The factors that determine how long it will take to rent your property are:

The current rental market: If there are a lot of properties for rent it will take longer than if the demand is higher.

Is it priced right? It is very important to know just what the “fair market” rental value is for each property. Our office continually analyses the market through watching classified ads, checking with other management companies and keeping details of the properties we manage.

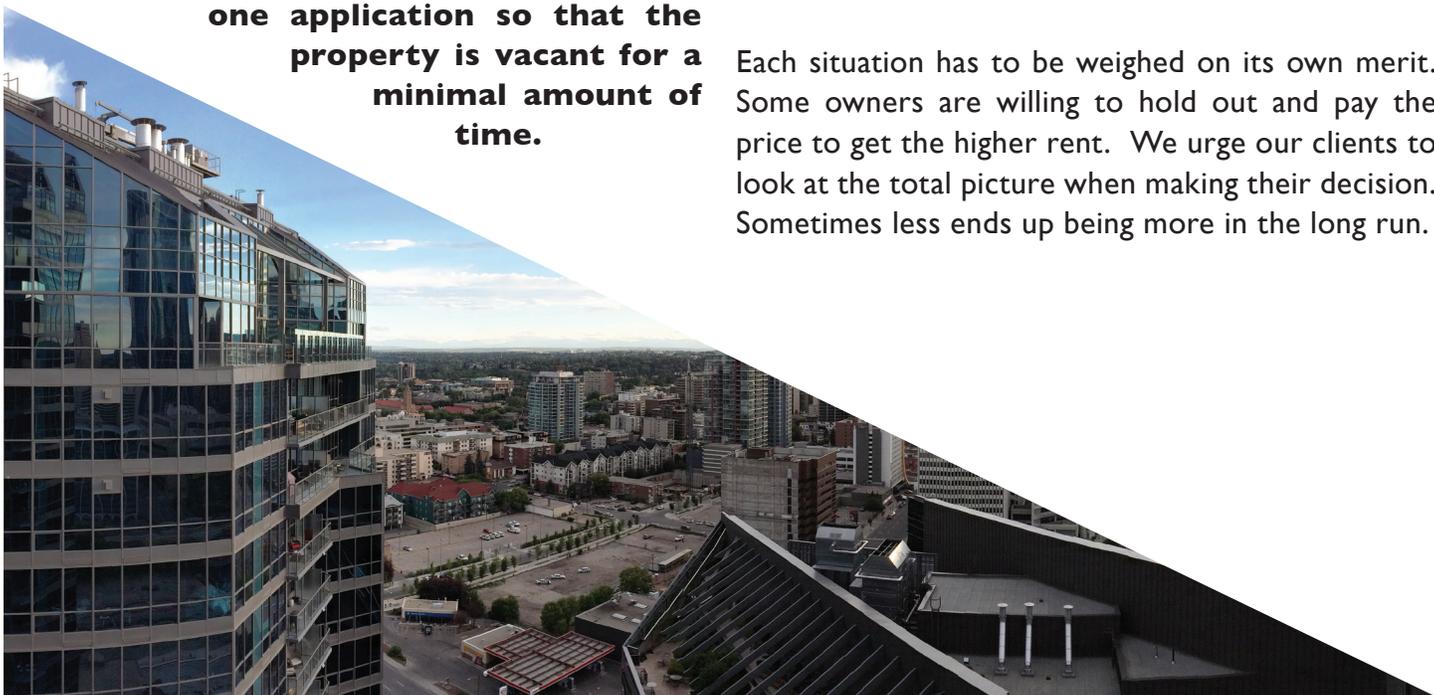
Condition of property: Tenants want to move into well maintained properties and if your property does not meet that standard then tenants are not interested. Maintaining your property such that you would live in it yourself makes it more attractive to prospective tenants.

It is our opinion it is best to set the rent at a rate that will attract more than one application so that the property is vacant for a minimal amount of time.

Example of over pricing:

In this example we will use a property where the asking rent is \$2,000.00 per month which is slightly overpriced for the market but the owner insists on getting \$2,000.00. The property has now been vacant for 30 days during which the owner has to pay the utilities, mortgage payment, taxes, inspections, mgmt fees, advertising etc out of his own pocket which totals \$1,400.00. There was an offer to lease the property in the first week of vacancy for \$1,800.00 which was turned down by the owner. We will assume the property does not rent until the beginning of the third month, so the owner now has \$2,800.00 invested in keeping things running. The tenant rents the property for \$1,900.00 ($\$1,900.00 \times 12 = \$22,800.00$) - \$2,800 the owner had to invest to keep the property running, so his yearly gross rent would be \$20,000.00. If the owner had taken the advice of his property manager and rented the property for \$1,800.00 a month prior to any expenses being incurred, he would have seen gross yearly rent of \$21,600.00.

Each situation has to be weighed on its own merit. Some owners are willing to hold out and pay the price to get the higher rent. We urge our clients to look at the total picture when making their decision. Sometimes less ends up being more in the long run.



Tenant Selection



Finding a tenant:

There are four goals when a prospective tenant calls:

- » Determine as much as possible if he/she is a desirable tenant
- » Find out what his/her needs are
- » Determine if he/she meets the criteria you have set out for renters
- » Make appointment to show property

Tenant selection is the most vital part of Property Management

The Steps We Take To Select The Ideal Tenant Are:

Screening tenant:

There is only one thing worse than a vacant house, and that is a house with a bad tenant. There are ways of dealing with such a tenant; however it is far more effective to exercise care and discernment in choosing the right tenant to begin with. We start by taking a detailed application. There are three areas that we check thoroughly:

While we gather as much objective information as possible, we also spend enough time with the applicant to get a subjective assessment as well, observing habits and responses. Intuition often plays a role in our decision.

Final Decision – President/Broker thoroughly reviews each application and the property owner is informed of all information on the prospective tenant and our recommendations. A final decision is made after discussion with owner. Tenant is notified.

- » Employment – Is his/her job secure? Does it provide sufficient income? If self-employed can the prospect provide proof of income for the past 2 years?
- » Credit – We run a credit check. This tells how timely the applicant has been in paying bills. This also confirms information the tenant provides on the application.
- » Landlord Reference - We talk to his/her past landlord(s) and we do a tax roll check to ensure landlord identity if we feel the need to confirm this. We want to know how they cared for the property and whether they have a good payment history. If a landlord reference is not available we contact character references.

Moving the Tenant In

After processing and accepting the application we do two more things to actually move the tenant in:

Our goal is to ensure that we are on firm legal ground should a dispute ever arise. We want the tenant to know what he can and cannot expect from us, and we want him to know what we expect from him.

1. We review and explain the lease agreement and any addendums so that the tenant understands them fully. We then obtain signatures.
2. We go through the property with the tenant and complete a thorough Move-In report which details the condition of the property as of the time of possession. We explain that these steps offer protection both to the owner and to the tenant.



Communications

Communication is the key to any great relationship. We always make a concerted effort to keep you informed of anything important regarding your property.

We prefer e-mail as it is the most efficient method of communication and encourage our owners and tenants to contact us through this means. You can also text us on our cell phone. Our goal is to return calls the next business day, but sometimes it is not possible.

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Evictions

Our office has a no nonsense policy of rent collection. If the tenant has not paid after receiving the 48 hour notice, we have several remedies:

We deal with Civil Enforcement Agencies for all of our evictions. Their expertise is dealing with landlord tenant issues such as this. Any legal issues are at the expense of the owner. Owners are responsible for cost of Civil Enforcement Agencies and any court related costs. You can read more about Civil Enforcement Agencies and their services by asking us for the information.

1. 14 day eviction notice
2. Landlord Distress - Turn the file over to the sheriff to enforce Landlord Distress. This is probably one of the most effective ways of resolving the situation. In most cases the sheriff is able to collect the rent as well as their fee from the tenant. The owner is responsible to pay the sheriff if he is not able to collect from the tenant (which is rare).
3. Court to get eviction order – this is an owner expense.

Rent



Collecting Rent

All rents are due on the first of the month and are delinquent if not received by the third. Tenants have the option of paying by cheque or by pre-authorized debit.

On the fourth of the month, every tenant who has not yet paid his rent receives a reminder phone call.

By the sixth we deliver a '48 hour notice to pay' to the property and a copy mailed to the tenant as well.

Rent Disbursements

Monthly Owner Disbursements are deposited into the owner account around the 23rd – 25th of each month. This is comprised of the total rent collected less management fees and all expenses.

We e-mail the owner an easy to read statement of the month's activities. This also shows year to date information.

Owners are encouraged to maintain in their own account an amount equal to two months rent so that mortgage payments etc are not late should a tenant be late paying their rent, the rent is not collected or the property is vacant waiting for a new tenant.

Normal Wear and Tear

We want you to be clear on the definition of ‘Normal Wear and Tear’ as this is an area that seems to be the cause of misunderstanding. We must abide by the Residential Tenancy Act when making any deductions from the tenant security deposit.

An excerpt from Residential Tenancy Act Clause 39(4):

“No deduction may be made from a tenant’s Security Deposit for normal wear and tear to the premises during the period of his tenancy. Prohibited deductions for normal wear and tear include charges for:

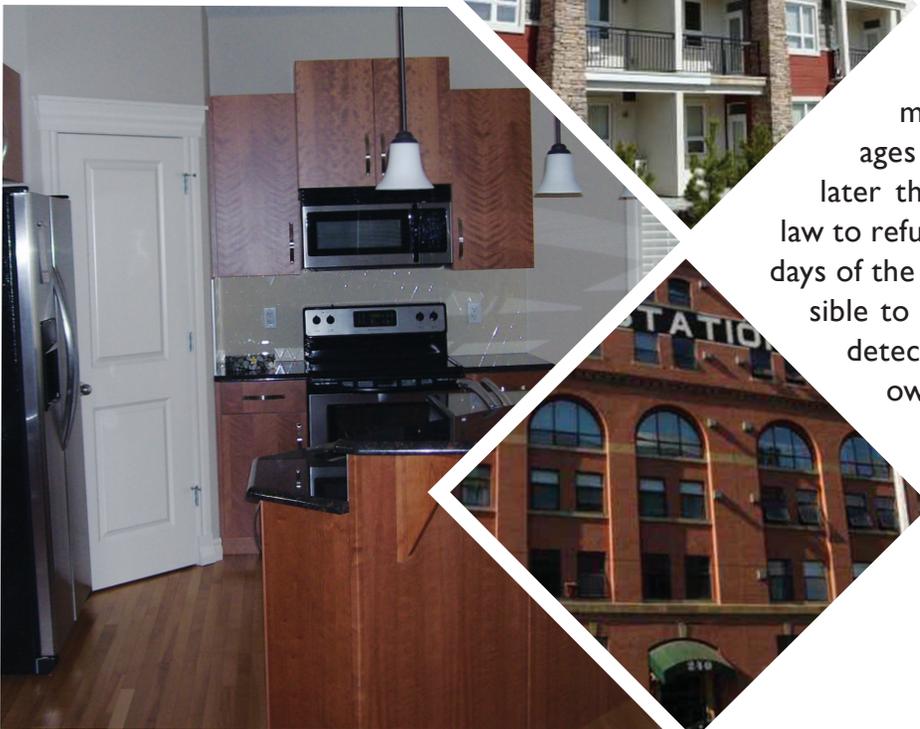
- » **Cleaning carpets and drapes after normal use and care**
- » **Cleaning children’s scuff marks from walls**
- » **Replacing furnace filters and light bulbs**

Our lease and move out confirmation letter define carpet cleaning as a tenant responsibility. However, this refers to major stains on carpets or heavily soiled areas. The same with drapes and blinds if they are extremely dirty or stained. These areas must be able to be photographed or the Residential Tenancy Act takes precedence. Further, a tenant cannot waive his rights under the Residential Tenancy Act.

You need to be prepared that there may be some of the following which is called normal wear and tear and is NOT CHARGEABLE.

- » **Minor marks and nail holes on walls**
- » **Light scuff marks and fingerprints on walls**
- » **Minor stains on carpets**
- » **Minor chips and scratches on walls and counters**

When we do a move in condition report, we usually have the tenant’s help identifying imperfections in the house. Tenants are not so cooperative when it comes to the move out condition report, so the property manager does his best to note any damages but there could be things discovered later that were missed. We are required by law to refund the security deposit within ten (10) days of the tenant moving out. It is usually impossible to charge the tenant for anything that is detected after the 10 days and it becomes an owner cost regardless of who is responsible for the damage. Be assured, we do our utmost to prevent anything being missed in our inspection.



Maintenance & Repair



RealtyEdge Group understands the need to be readily available to serve the needs of tenants.

Our obligation to both the tenant and owner is to see that the property is kept in good repair. While we encourage tenants to solve some problems on their own, it is important for them to call us when significant breakdowns occur.

We have an updated list of reliable contractors that we know provide the type of service we expect and who understand the importance of maintaining your property.

We also conduct maintenance inspections on a regular basis, to be pro-active in fixing little issues before they become big problems.

Tenants can reach us 24/7, during the weekdays at the office or after hours on our after hours emergency line.

We only authorize repairs over the limit as set in your management contract under the following scenerios:

- » **We are unable to contact the owner.**
- » **The owner does not make a decision within a reasonable period of time – determined by the urgency of the repair.**
- » **The repair is an after hours emergency call. Furnaces, hot water tanks, refrigerators, leaks, garage doors that will not close are a few of the things that are considered emergencies and we do not contact you prior to dispatching the repairs.**

Non - Residents

Non-residents are:

- » **Owners who will be living out of the country for a period of time but want to maintain their property to come back to**
- » **Owners living and working out of the country but have revenue properties in Canada**

Revenue Canada has very strict guidelines regarding non-residents who are renting their properties. There are accounting firms in Calgary that deal almost exclusively with non-resident taxes and we would encourage you to get professional advice on your situation.

As a property manager we must submit taxes to Revenue Canada each month on your behalf. This amount is either 25% of the gross rental income or 25% of the net rental income. An NR6 must be filed and approved from Revenue Canada before we can take the taxes on the net rental income.

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