The Leases Renewal Process – Your Blueprint to Success

Many day-to-day processes can often feel overwhelming and cumbersome, including handling the many detailed steps within the lease renewal process. Propertyware is partnering with you to help you better streamline your processes, reduce risk and provide you more time to focus on growing your business.

Your key performance indicators for lease renewals can make for an effective selling point when bringing new owners and properties into your portfolio. Strong lease renewal rates tell an owner/investor that they will not experience unnecessary turn-related expenses and your tenants are likely satisfied with the service received.

This process outlines a streamlined way of tracking lease expirations, communicating with owners and tenants, lease signing and everything in between. By fully utilizing Propertyware's features and services, you will find that many tasks can be automated, reduced or even eliminated. Prior to following this process, there are key customizations and set ups that must take place. Please refer to the Lease Renewal Process Set Up and Customization instructions prior to proceeding.

120 Days Prior to Lease Expiration

Determine Which Leases Are Expiring in the Next 120 Days

The first step of the lease renewal process is to determine which leases are expiring in the next 120 days. This can easily be accomplished through the utilization of a Dashlet and View.
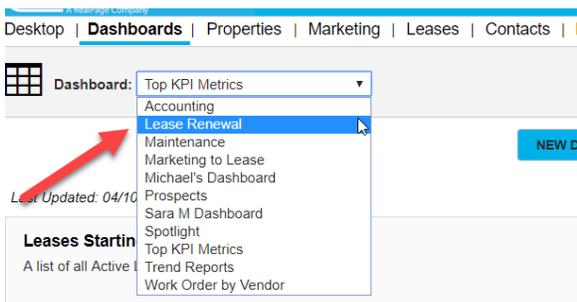
A Dashlet is located within a dashboard. A dashboard is a real-time snapshot of business metrics and key performance indicators. Each dashboard is comprised of charts, referred to as Dashlets.

To access the Dashlet:
1. Click on the Dashboards module.

2. From the Dashboard dropdown in the upper left hand corner, select Lease Renewal.
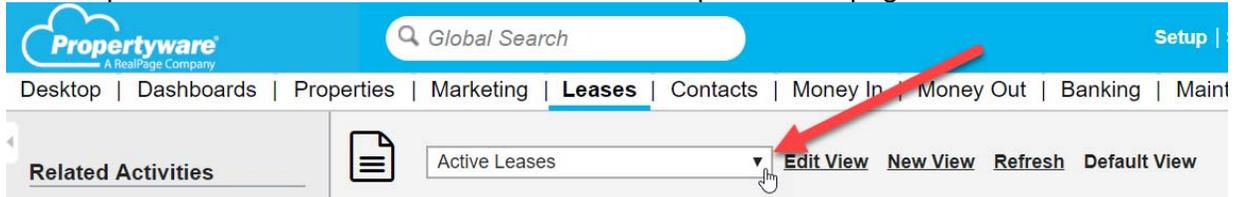

3. Locate the Dashlet named Leases Expiring 120 Days.

A view allows you to filter data on a particular page. To access the Lease view:
1. Click on the Leases module.

2. The dropdown for the Leases view is located at the top left of the page.

3. Select the Leases Expiring – Next 120 Days view.

Obtain Tenant Feedback

It is important to communicate with your tenants to obtain feedback on how their experience in the property has been. Find out if there are any outstanding maintenance issues that need to be addressed and if they intend to stay another term or vacate. This is not an offer to renew the lease at this point. It is simply a call to gain insight from the tenant.

If a tenant communicates they do <u>not</u> wish to renew the lease, there are several steps that must be taken.

1. Remind the tenant they are required to submit their notice to vacate as per the lease requirements. It is best practice for this to be done through the tenant portal as it automatically updates the lease status to Active-Notice Given, updates the Scheduled Move Out Date field, and sends the owner a notification and the property management company an alert.

2. Find out why they are vacating. Tracking why a tenant does not wish to renew a lease is important as it may provide you with insight into market trends or internal processes that need to be addressed. Based on the reason they are vacating, two courses of action can be taken.
   a. Refer them to your leasing agent to show them properties in your service area.
   b. Refer them to another property management company if they are moving outside of your service area. This allows you the opportunity to earn a referral fee.

3. Edit Lease fields:
   i. Tenant Intent: Select Nonrenew.
   ii. Which Company Was Tenant Referred To?: If applicable, enter name of company.
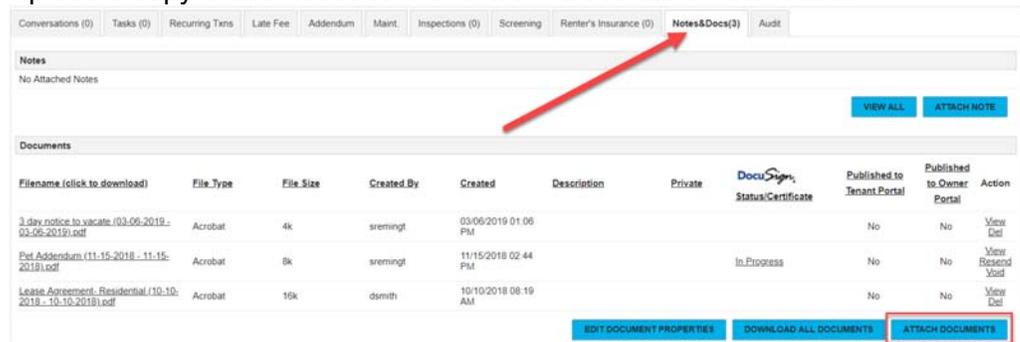   iii. Amount of Referral Fee: If applicable, enter amount.

   iv. If the vacate notice is received in writing (not from the portal):
       1. Upload a copy of the notice to the Notes & Docs tab on the lease.

       2. Status: Active-Notice Given

```
* Location(s)   📖 01.TRAINING | 3128TARRANTL  🗑 Remove
                ATTACH LOCATION
       Status   Active - Notice Given        ▼
```

3. Scheduled Move Out Date
4. Notice Given Date

    v. **Reason For Leaving**: This field is located in the Additional Dates section. Select the reason from the dropdown list.


```
Additional Dates
        Move In Date  10/10/2018  📅        Vacated Date              📅      Scheduled Move Out Date            📅
    Reason For Leaving                ▼      Notice Given Date          📅
```

4. If you are using a Utility Management Service, schedule the utilities to be transferred to the management company as of the move-out date. Update the Lease field: Utility Switch Scheduled For date.

```
Utility Services Scheduled to Switch  [          ]  📅
                        on:
```

When a tenant communicates they wish to stay at the property for another lease term or are undecided, update the Tenant Intent field to reflect Renew (Stay) or Unknown (Undecided).


```
Tenant Intent    Select Tenant Intent      ▼
                 Select Tenant Intent
ng Tenant To:    Renew (Stay)
                 Non-Renew (Vacate)
                 Month to Month
f Referral Fee   Unknown (Undecided)
```

Determine Lease Renewal Eligibility

If the tenant indicates they wish to stay, then the next step is to determine which leases are eligible for renewal. There are key lease performance factors to take into consideration when making this determination.

1. <u>Past Due Balance</u>: Oftentimes renewing a lease with a balance may have adverse legal repercussions affecting the ability to collect those funds if not handled properly.
2. <u>Number of Late Payments</u>: This is a key indicator of their ability to pay the rent.
3. <u>Tenant-Caused Maintenance Issues</u>: Determination needs to be made as to whether or not the tenant's actions or inactions are or could be greater than the cost of a turn.
4. <u>Tenant-Caused Association Violations</u>: Similar to recurring maintenance issues, association violations may result in a significant financial loss for the owner.
5. <u>Criminal History</u>: It is important to verify that your tenants still meet the criminal history guidelines to rent the property. It is best practice to pass on the cost of the criminal history screening to the owner by creating a bill.
6. <u>Evaluation</u>: Review the interim evaluation performed during the lease term. (It is best practice to complete an evaluation during the lease term to ensure the tenant is taking proper care of the property, identify outstanding maintenance issues and assess preventative maintenance needed.)

This information can easily be tracked in Propertyware.

	*DD_Leases Ending Next 120 Days ▼ Edit View New View Refresh Set As Default

| | | | NEW LEASE | DELETE | MAIL |

Total Active	?	Total Draft	?	Total Eviction	?
74		**7**		**0**	

☐	Name	End Date	Location	Current Rent	# Late Fees	Balance	Tenant Caused HOA Violations?	Tenant Caused Maintenance Issues?	Tenant Screening Result	Eligible for Renewal?	
☐	Long, R. 1	08/08/2019	AARONHARDY / 99091STST	$1,500.00	7	$0.00	Please Choose	Please Choose	Not Screened	Please Choose	
☐	Sanchez, J.	08/07/2019	GINABROWN / 213DALLASLAN	$1,500.00	6	$0.00	Please Choose	Please Choose	Not Screened	Please Choose	

1. Past Due Balance: The balance can tracked in the Leases Ending in Next 120 Days lease view.

2. Number of Late Payments: The number of late payments can be tracked in the Next 120 Days lease view.

3. Tenant-Caused Maintenance Issues: If the tenant is the cause of maintenance issues, adjust the dropdown to Yes on the Tenant-Caused Maintenance Issues field. In addition, be sure to make a note describing the incident(s) under the Notes&Docs tab on the Lease.

4. Tenant-Caused Association Violations: If the tenant is the cause of association violations, adjust the dropdown to Yes on the Tenant-Caused Association Violations field. In addition, be sure to make a note describing the incident(s) under the Notes&Docs tab on the Lease.

5. Criminal History: The Tenant Screened field is to be updated once screening is complete by selecting Qualified or Unqualified from the dropdown. To screen a tenant:

    a. Click Leases Module located on the white bar at the top of your screen.
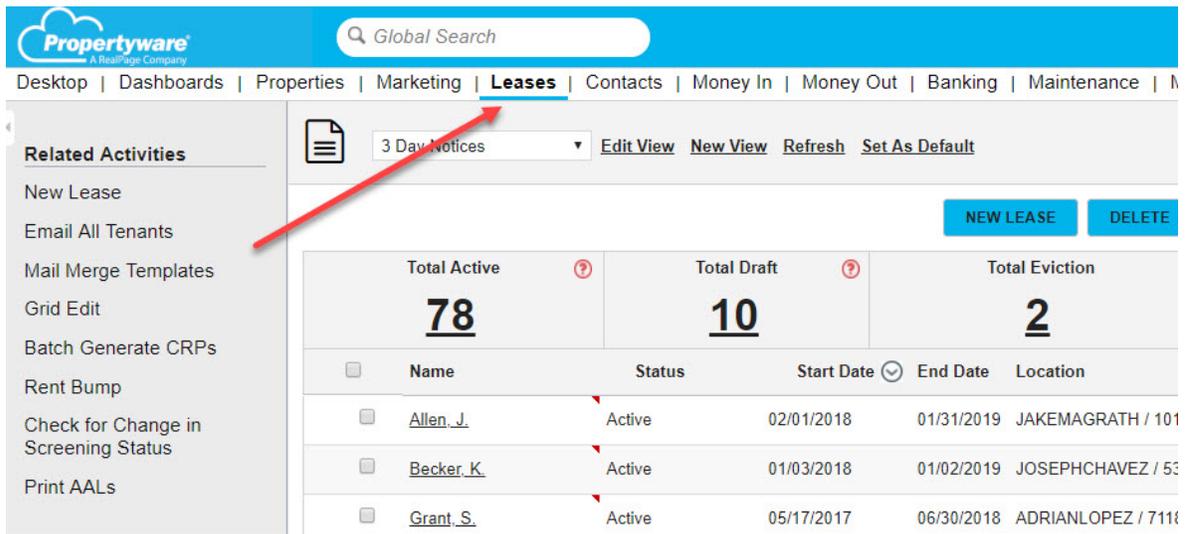
    b. Click on the applicable Lease Name to open the Lease Summary page.
    c. Scroll to the bottom and click on the screening tab.
    d. Click on the Send Screening Request link.
    e. In less than a minute, you will receive the screening results reflecting the criminal history.
    f. Update the Tenant Screening Results custom field on the Lease to reflect Approved or Declined.

6. Evaluation: If you completed the evaluation using Propertyware Evaluations, you can easily access the completed evaluation on the Building as well as in the Maintenance module.

Once all this information is verified, a determination of renewal eligibility can be made. Update the Lease field:

1. Eligible for Renewal: Yes/No

2. If the lease is not eligible for renewal, notify the owner to review why it is not in their best interest to renew the lease and follow move-out procedures.

90 Days Prior to Lease Expiration

Monitoring lease renewals at this stage can be done by viewing the custom Leases Expiring in 90 Days Dashlet on the Lease Renewals Dashboard and the Leases Expiring in 90 Days view in the Lease module.

Determine Renewal Rates & Terms

Now that you know which leases are eligible for renewal, you are ready to determine the market rental rates. Rental rates can be determined by doing a comparable analysis in MLS, viewing data provided on Internet Listing Services, accessing your own data related to rented properties and always staying up to date on the state of the market.

Consideration should also be given to seasonality. It is best practice to end a lease outside of the slow season in an effort to reduce vacancy periods and charge premium rental rates.

Three option renewal rates to be assessed:
1. Short-Term (6 months)
2. Long-Term (12-18 months)
3. Month to Month

The recommended renewal rates would be noted by adding the rates to their corresponding custom fields on the lease. This will also allow the rates to merge into a template document for the owner's review.

Short-Term - 6 Months	$0.00
Long-Term - 12-18 Months	$0.00
Month-to-Month	$0.00

Verify Owner's Intent to Renew

Before approaching the tenant with a renewal offer, you must first determine if the owner is interested in renewing the lease and is agreeable to the renewal terms. There are several ways Propertyware allows you to easily communicate with owners , including email, mail, automated notifications and text.

1. Owner Notifications: When using the "First Notice of Lease Expiration" notification, an automated email will notify the owners that the lease is scheduled to expire and that you will soon be in contact to discuss options.

2. Email: Send an email with a mail merge document attached. The terms and rental rates will automatically merge, and the owner can sign the document through eSignature to indicate their intentions. To do this:

   1. Click on the Leases Module located in the white bar across the top of the screen.
   2. Select the custom lease view reflecting leases ending in the next 90 days.
   3. Click on the box next to each lease record that you wish to send an email to.
   4. Click the blue Mail Merge button located in the center of the screen.

5. Select the Owner Lease Expiration template to email the owner.
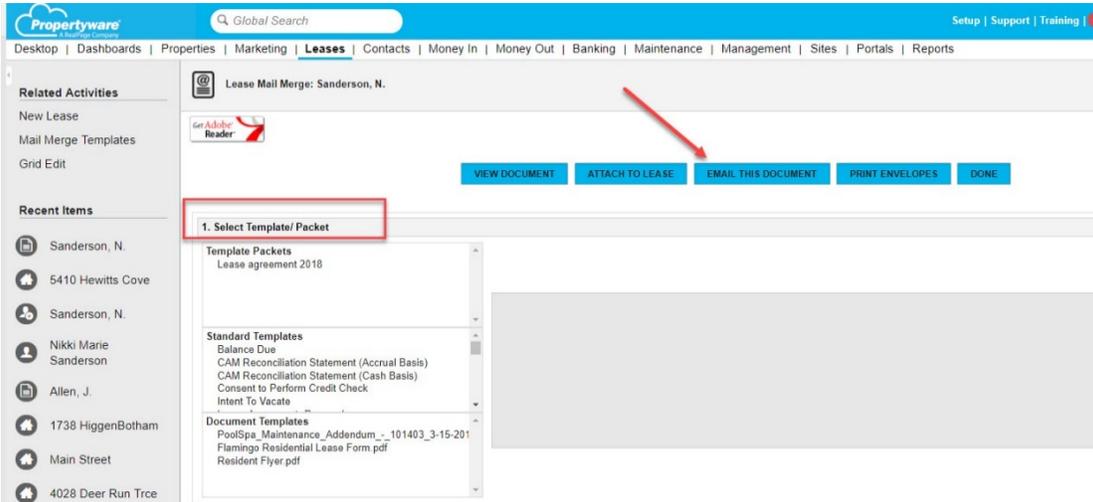
6. Click the blue Email This Document button found in the center of the screen.
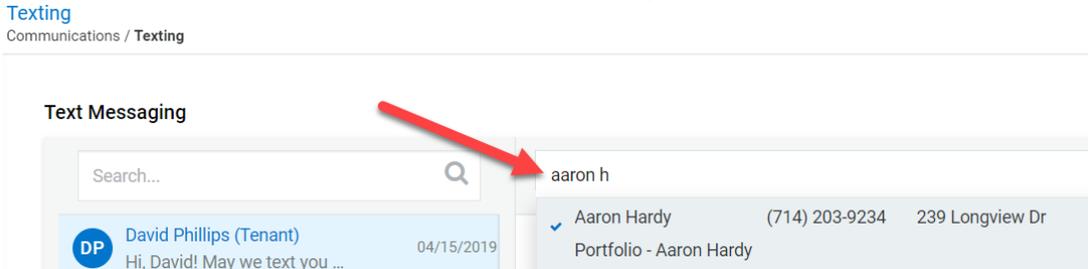7. Select the Owner Lease Expiration email template.
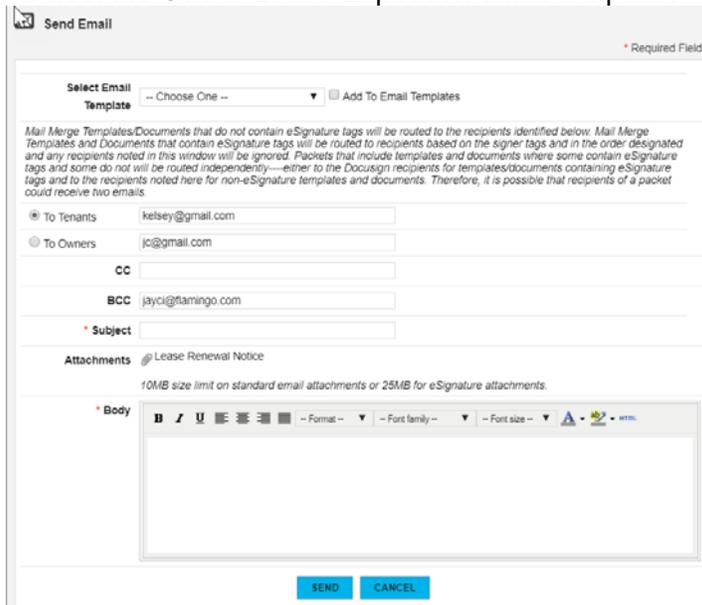
8. Select To Owners.
9. Click on the blue Send button to send the email.
10. Monitoring the signing of the document can be done in two ways:
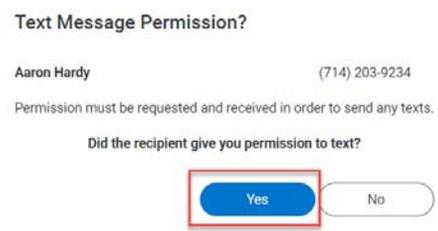   a. First, by monitoring the Notes & Docs section for a change from In Progress to Completed
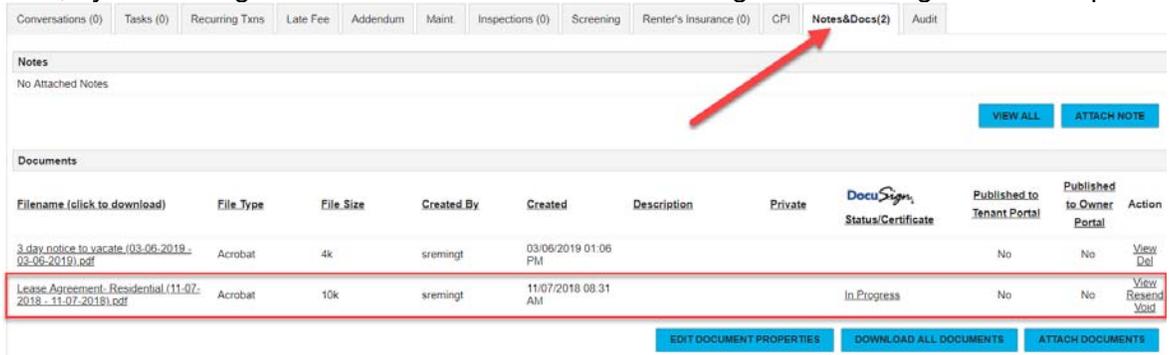
b. Second, by monitoring the eSignature status Dashlet located on the Lease Renewal Dashboard.
3. Text: Sending a text through Propertyware is a quick way to alert the owners that you sent them correspondence and are awaiting a response. To send a text:
    a. Click on the Text Messages link in the upper right hand corner.

Setup | Support | Training | 0 Text Messages | ! Alerts | Maintenance Login | Logout

b. In the To field, enter the name of the owner exactly how it is set up on the contact record.

Texting
Communications / Texting

Text Messaging

Search...		aaron h
David Phillips (Tenant)	04/15/2019	Aaron Hardy (714) 203-9234 239 Longview Dr
Hi, David! May we text you ...		Portfolio - Aaron Hardy

c. A dropdown will appear underneath; click on the name.
d. If you have not previously texted this owner, a pop up will appear asking if the recipient has given permission to Text. Click on Yes.

Text Message Permission?

Aaron Hardy   (714) 203-9234
Permission must be requested and received in order to send any texts.

Did the recipient give you permission to text?

Yes   No

e. A text will then be sent to the recipient asking for permission to text. The recipient must respond by texting YES to opt in. Once this occurs, then you can send texts to the contact.

Aaron Hardy   +   ⋮

Hi, Aaron! May we text you with information about Flamingo Property Management? Please reply with YES to opt in or STOP to opt out

Jayci Holton - Today at 10:32 am
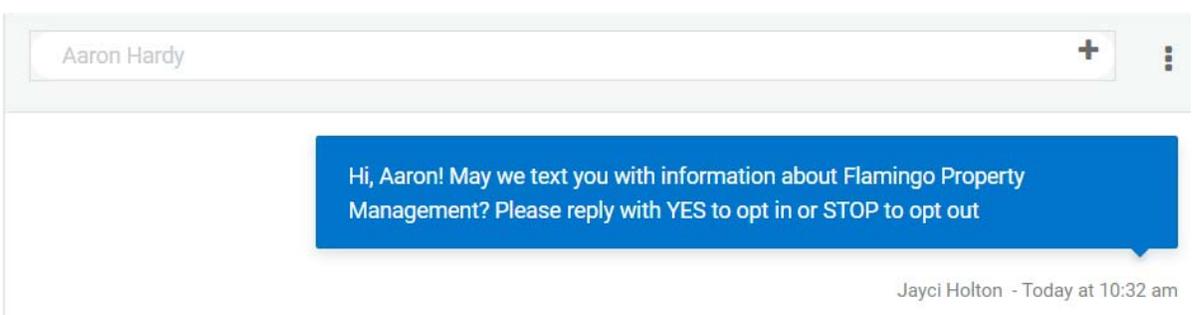
f. In the Message field, type your message.
g. Click on the arrow icon to send the message.

Message...
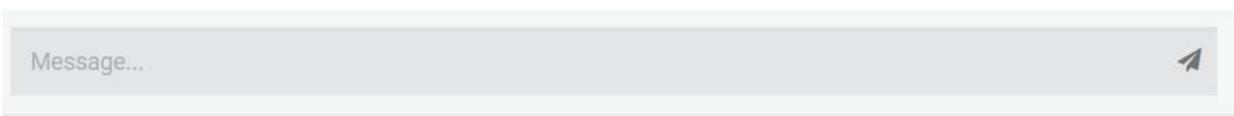
Tracking Owner Responses

It is important to keep track of which owners have and have not responded. This can be done through not only the lease view but also by utilizing tasks in Propertyware. A task includes a description of what needs to be completed, and it can be assigned to a user with a due date.

To set up a task on a lease:

1. On the Lease Summary page, scroll down and click on the Tasks tab.
2. Click on the New Task button.
3. Description: Enter the task that needs to be completed. (Example: Follow up with owner regarding renewing the lease.)
4. Due Date: Enter the date the task needs to be completed.
5. Delegate: Enter the name of the user that is responsible for completing the task.
6. Tags: A tag allows you to do a global search or pull a report based on the tag. Example: Enter Lease Renewal – Owner Response Needed. When a global search is done, all outstanding tasks tagged will pull up.
7. Click on Save.

A user can view all of their outstanding tasks on the Tasks page view of the Desktop module.
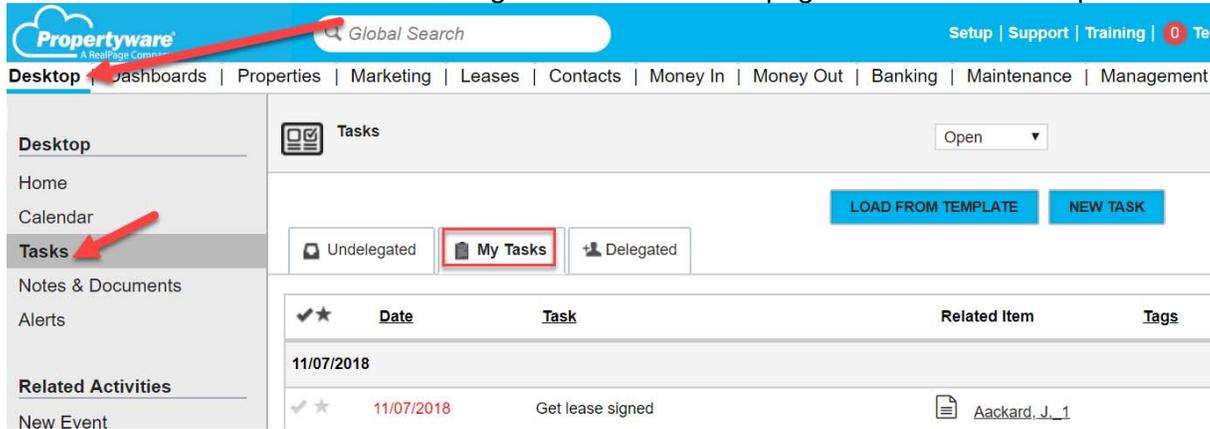
Asset Protection Plan

It is in the best interest of the owner, tenant and the property management company to require an insurance policy, in addition to the landlord's policy, to protect the asset against accidental, tenant-caused damage. Propertyware allows you to offer your owners and/or tenants the ability to enroll in the insurance program at a low rate. This is done by adding an addendum to the management agreement or lease notifying the owner and/or tenant of the requirement to obtain insurance and the option to enroll in the program.

This is not only a benefit to the owner and tenant, but it also creates a new stream of revenue for the property management company. In addition, the property management company has full control of enrolling, un-enrolling, tracking their tenants' insurance policies and handling insurance claims.

Lease renewal is a great time to introduce the offering to the owner and determine if the owner desires to require it and whether the owner or tenant is to pay for the expense.

Update the Status in Propertyware

If the owner approves extending a lease renewal offer to the tenant, there are several fields that need to be updated.

Lease Update:

Owner Intent	Select Owner Intent ▾
Future Start Date	🗓
Future End Date	🗓

1. Click on the Leases module.
2. Locate the Lease and click on the Lease name link.
3. Click on Edit.
4. Scroll to the Lease Renewals section.
5. Update the Owner Intent field.
6. Update the Future Start Date and Future End Date.

Building Update: (The Target Rents field is used to merge into the lease renewal offer and the lease renewal agreement. It also allows you the ability to track past market rates as well as rental rates.)
1. Click on the Properties module.
2. Locate the property and click on the Property name link.
3. Scroll to the bottom and click on the Target Rents tab.
4. Click on the Add Target Rent Change button.
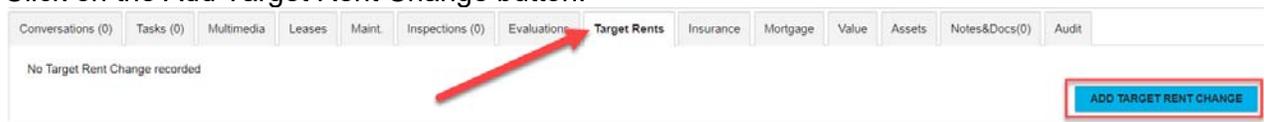
5. Enter the following fields:
   a. New Target Rent: This will be the agreed-upon rental rate for the lease renewal.
   b. Changed On: Set this date to match the lease renewal start date.
   c. Reason For Change: Specify it is the new rental rate.
   d. Click on Save.

Portfolio Update: If the owner requires the tenant to obtain asset protection insurance or if the owner agrees to pay the expense for the asset protection insurance, be sure to update the corresponding field on the Portfolio. The Portfolio will need to be updated only once. This setting allows the Portfolio's leases to enroll in the program.

1. From the Portfolio, click on Edit.
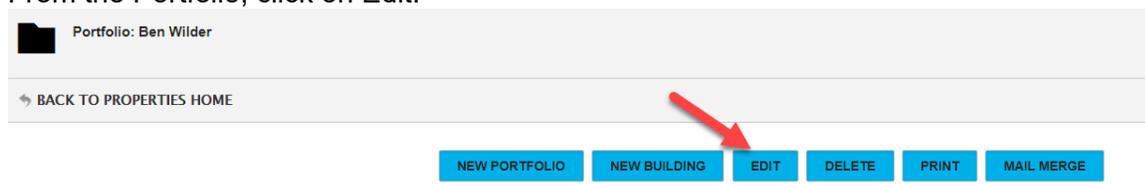
2. Scroll down to the Insurance Settings section.
3. Check the box next to Asset Protection Plan required for Tenants.

⊖ Insurance Settings

Asset Protection Plan required for Tenants ☑

4. Click on Save.

If the owner does not wish to renew, then proceed with your move-out process.

60 Days Prior to Lease Expiration

Monitoring lease renewals at this stage can be done by viewing the custom Leases Expiring in 60 Days Dashlet on the Lease Renewals Dashboard and the Leases Expiring in 60 Days view in the Lease module.

Verify Tenant's Intent to Renew

Now that the owner has expressed interest in renewing the lease, it is time to reach out to the tenant to offer them the opportunity to renew the lease based on the terms agreed upon by the owner. There are several ways Propertyware allows you to easily communicate with tenants.

1. Email: Send an email with a mail merge document attached. The terms and rental rates will automatically merge and the tenant can sign the document through eSignature indicating their intentions. To do this:

   a. Click on the Leases Module located in the white bar across the top of the screen.
   b. Select the custom lease view reflecting leases ending in the next 60 days
   c. Click on the box next to each lease record that you wish to send a lease renewal offer.
   d. Click the blue Mail Merge button located in the center of the screen.
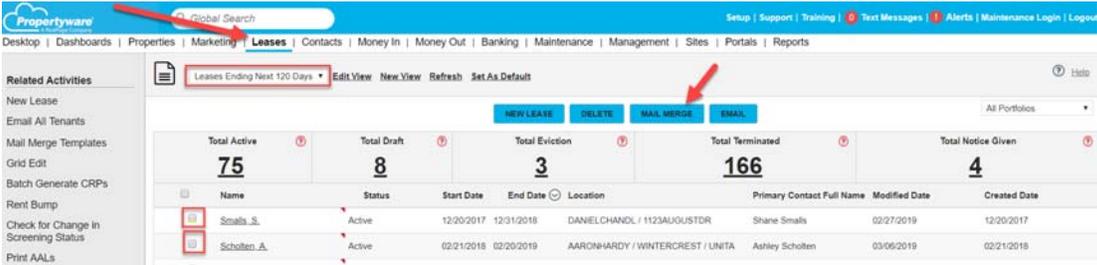
   e. Select the Lease Renewal Offer template to email to the tenant.
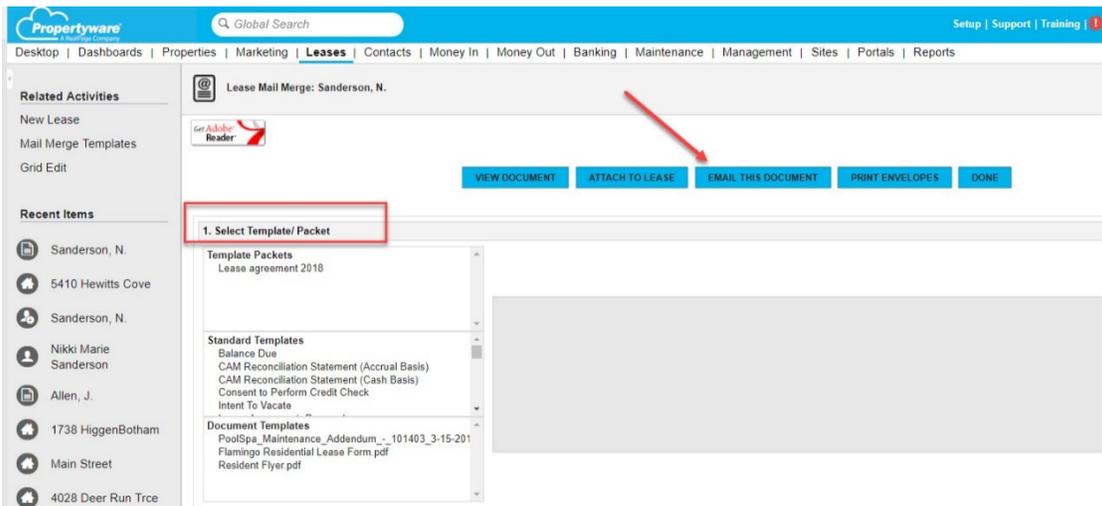
f. Click the blue Email This Document button found in the center of the screen.
g. Select the Lease Renewal Offer email template.
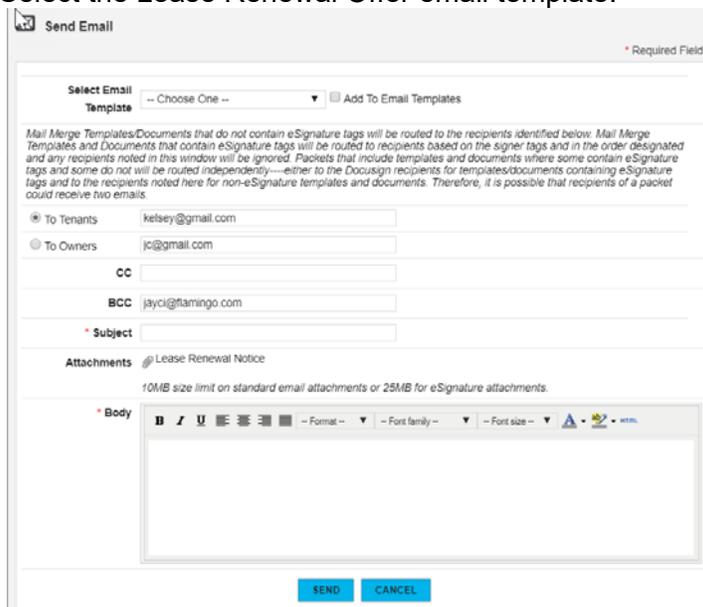
h. Click on the radio button for To Tenants.
i. Click on the blue Send button to send the email.
j. Monitoring the signing of the document can be done in two ways:
   a. First, by monitoring the Notes & Docs section for a change from In Progress to Completed.
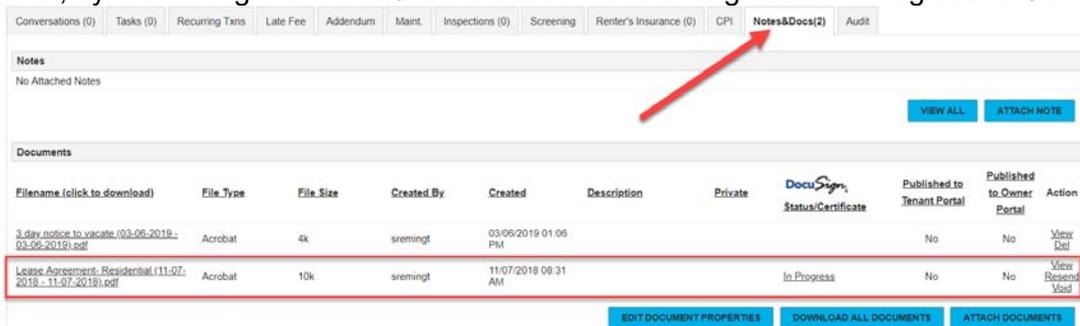
   b. Second, monitor the eSignature Status Dashlet located on the Lease Renewal Dashboard.
2. Text: Sending a text through Propertyware is a quick way to alert the tenants that you sent them correspondence and are awaiting a response. To send a text:

h. Click on the Text Messages link in the upper right hand corner.

Setup | Support | Training | **0 Text Messages** | ! Alerts | Maintenance Login | Logout

i. In the To field, enter the name of the owner exactly how it is set up on the contact record.

Texting
Communications / Texting

Text Messaging

Search...		aaron h
DP David Phillips (Tenant) Hi, David! May we text you …	04/15/2019	✓ Aaron Hardy (714) 203-9234 239 Longview Dr Portfolio - Aaron Hardy
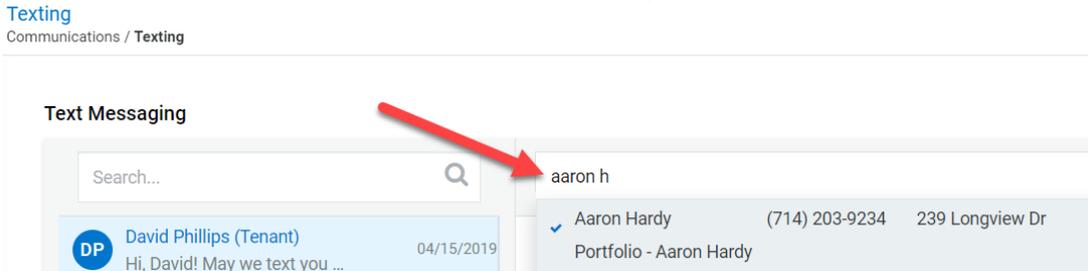
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Text Message Permission?

Aaron Hardy   (714) 203-9234

Permission must be requested and received in order to send any texts.

Did the recipient give you permission to text?

Yes   No

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Aaron Hardy   +   :

Hi, Aaron! May we text you with information about Flamingo Property Management? Please reply with YES to opt in or STOP to opt out

Jayci Holton - Today at 10:32 am
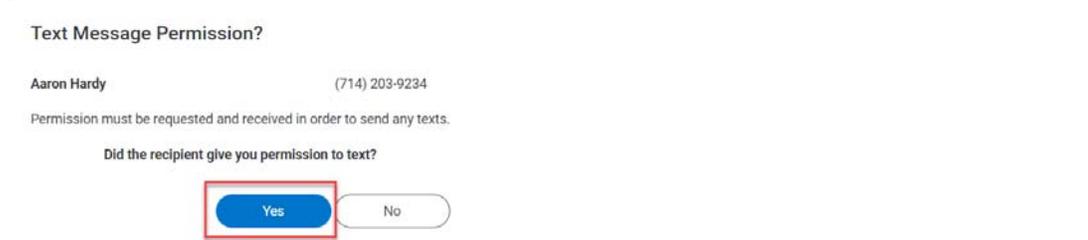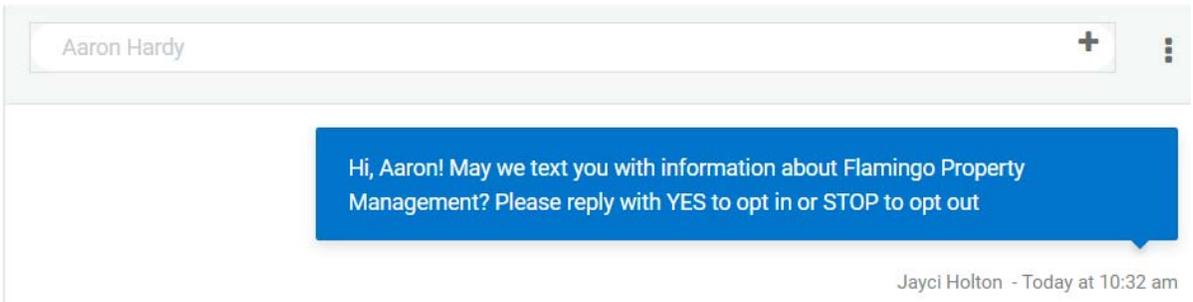
m. In the Message field, type your message.
n. Click on the arrow icon to send the message.

Message...
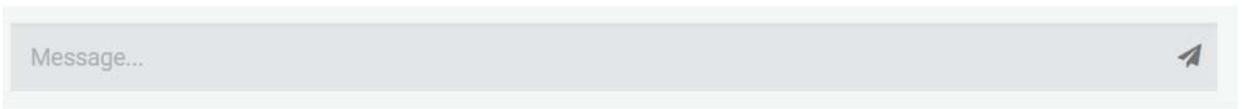
Tracking Tenant Responses

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4. Due Date: Enter the date the task needs to be completed.
5. Delegate: Enter the name of the user that is responsible for completing the task.
6. Tags: A tag allows you to do a global search or pull a report based on the tag. Example: Enter Lease Renewal – Tenant Response Needed. When a global search is done, all outstanding tasks tagged will pull up.
7. Click on Save.

A user can view all of their outstanding tasks on the Tasks page view of the Desktop module.

Update the Status in Propertyware

Lease Update:
1. Click on the Leases module.
2. Locate the Lease and click on the Lease name link.
3. Click on Edit.
4. Scroll to the Lease Renewals section.
5. Update the Renewal Offer Accepted field.

Send Renewal Lease Agreement for Signature

It is now time to send the lease renewal agreement for signature. Propertyware makes this simple when using

eSignature.

1. Click on the Leases module located on the white bar at the top of your screen.

2. Click on the applicable Lease Name.

3. From the Summary Page View, Click Mail Merge

4. Select your lease renewal agreement template from the list.

5. Click View Document to view and print the document, if needed.

6. Click Email this Document to email it to the tenant.
7. Enter in Subject/Body.
8. Click to Send.

Asset Protection Plan

If the tenant is required to purchase an asset protection plan, be sure to include the addendum in the Lease Renewal Agreement allowing the tenant the opportunity to enroll in the program.

Verify Renewal Lease Agreement is Signed

Monitoring the status of the lease signing can be done in two ways. The first is directly from the lease summary page in Propertyware and the second is through reporting and a Dashlet.

1. To locate the record on the Lease Summary page in Propertyware, scroll to the bottom of the page and click on the Notes & Docs tab.
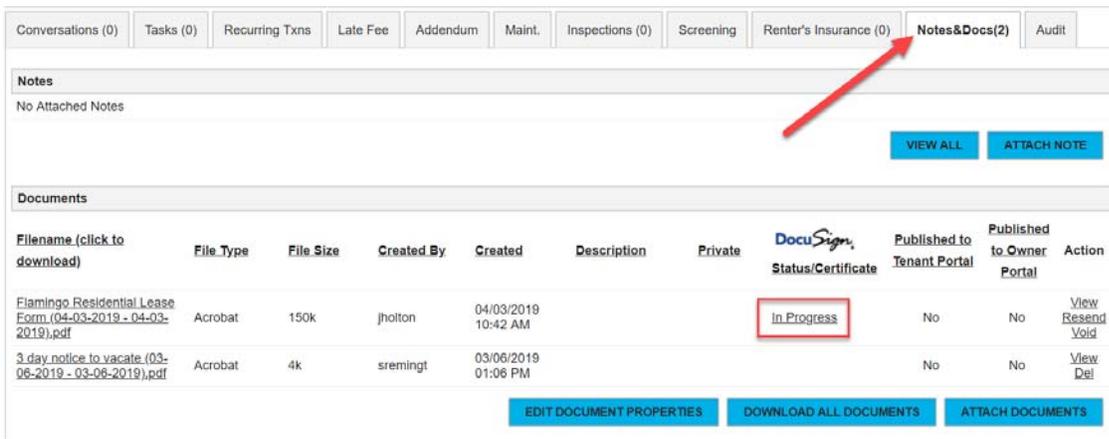

2. To monitor all of the outstanding esignature lease renewal documents at once, click on the Dashboard module, select the Lease Renewal Dashboard and view the eSignature Status Dashlet.

Publish the Renewal Lease Agreement to the Owner & Tenant Portal

Once the document is fully executed, you can publish it to the Owner and Tenant Portal. To do this:

1. From the Lease Summary page, scroll to the bottom and click on the Notes & Docs tab.
2. Click on Edit Document Properties.
3. Under Publish To Tenant Portal and Publish To Owner Portal, select Yes from the dropdown.
4. Click on Save.
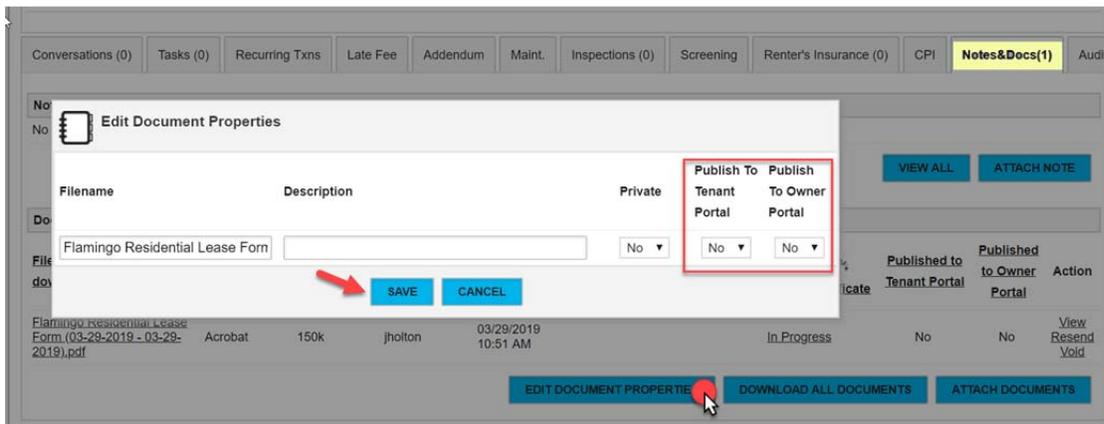
Update Propertyware & Charge Lease Renewal Fee

Now that the lease is renewed, Propertyware must be updated to reflect the new lease terms and charge the lease renewal fee to the owner. There is a specific function to use within Propertyware that will allow you to accomplish these tasks in one step. It is called Lease Renewal.

1. Click on the Leases module located in the white bar across the top of the screen.
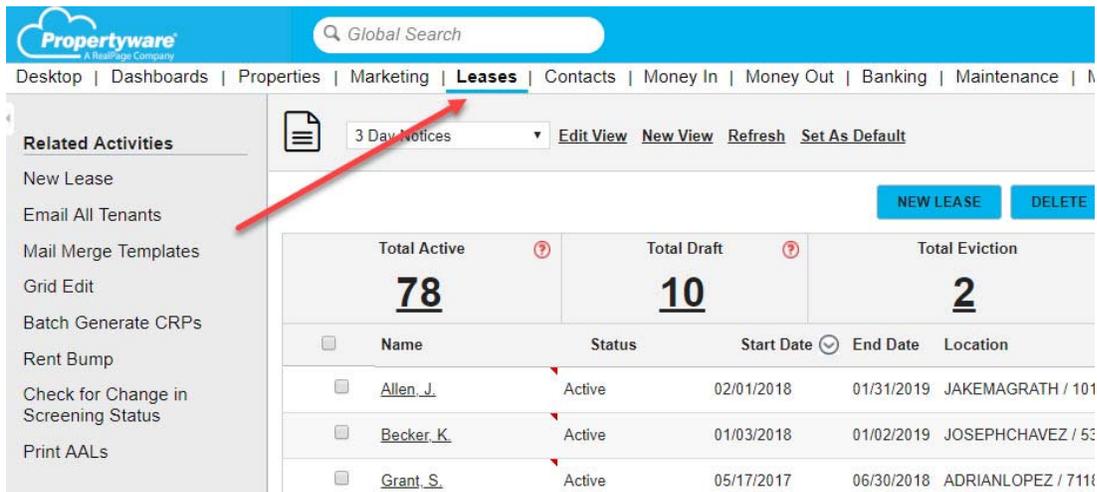
2. Click on the applicable Lease Name.

3. On the left side of your screen, you will see Related Activities. Click on Lease Renewal.

16
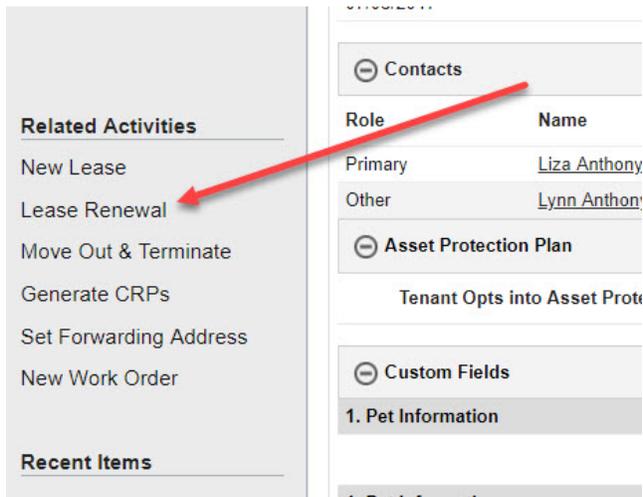
4. You will see a new screen pop up. Enter in:
    a. New Start Date: Start date of the lease renewal.
    b. New End Date: End date of the lease renewal.
    c. *Renewed On Date: Date lease was signed.*
    d. *Leasing Fee: The lease renewal fee is pulled from the field on the Building. Make adjustments to the charge as needed.*

5. Click on Save.

Update Auto Charges

The most efficient way to complete this task is by using the Rent Bump function. Using this function will allow you to update one record or many records at once. This process will allow you to end the current auto charge and start a new one all in one step.

1. Click on the Leases module.
2. From the view, select the applicable lease(s).
3. On the left side, under Related Activities, click on Rent Bump.
4. A pop-up window will appear
    a. Account: The account will default to the Rent account, but can be adjusted if needed.
    b. Date: Enter the date in which the new auto charge will take effect. This is typically the same date as the start of the new lease term.
    c. Type: Select Percentage or Amount. This refers to how the change in the auto charge will be calculated.

i. If Percentage: Enter the percent of the rent increase or if it is a decrease, enter (-) in front of the number. Then select from the drop down how to find that figure.
ii. If Amount: Enter the dollar amount in which the rental rate will change. For example, if the rent is currently $1500 and it will be increasing to $1550, enter the difference of $50 in this field.
iii. Click on Save.

Enroll Tenant in Asset Protection Plan

If the tenant is enrolling in the Asset Protection Plan for the first time, you must enroll them into the program and set up the auto charge.

5. Lease: The lease is where a tenant is enrolled or un-enrolled in the insurance plan.
   a. From the Lease Summary page, click on Edit.

   b. Scroll down to the Asset Protection Plan section and complete the following fields.
      i. Tenants Opt into Asset Protection Plan: Select Yes to indicate that the tenant has opted in to the Asset Protection Plan.
      ii. Coverage Start Date: Indicate the date the plan starts. This will likely align with the lease renewal start date.
      iii. PMC certifies that we are unaware of any occurrence or accident which could give rise to an existing or potential claim for this property: Indicates that the property does not have existing conditions that could lead to asset protection claims. Select the checkbox to agree with the statement.
      iv. Date of Certification: This field auto-populates once the checkbox from the field above is checked.

      v. Click on Save.
   c. The monthly fee recurring transaction will need to be set up on the lease.
      i. From the Lease Summary page, click on Edit.

      ii. Scroll down to the Auto Charges section.
      iii. Click on New Auto Charge.

      iv. An Auto Charge window will appear. Enter the following fields:
         1. Account: Select the corresponding income account for the insurance plan.
         2. Ref #: Enter a reference number, if desired.

3. Start Date: Enter the date the recurring charge is to start.
4. End Date: Leave this field blank until the tenant un-enrolls and/or vacates.
5. Amount: Enter the charge amount.
6. Frequency: Enter Monthly for the charge to occur once a month.
7. Due Day: Enter the due day of the charge.
8. Description: Enter a description of the charge, if desired.
9. Click on Save.

10. Click on Save on the Lease.

30 Days Prior to Lease Expiration

Monitoring lease renewals at this stage, can be done by viewing the custom Leases Expiring in 30 Days Dashlet on the Lease Renewals Dashboard and the Leases Expiring in 30 Days view in the Lease module.

Follow-up with Tenants Scheduled to Vacate

Make a point to contact the tenants scheduled to vacate one last time. There may be a chance that they have not procured another place to rent, leaving an open opportunity to renew their lease.

Address Outstanding Tasks

While the goal is to have all leases renewed at this point in the process, there may be some loose ends that need to be tied up. Be sure to check the Leases Ending Next 30 Days view to do a final check.

Key Performance Indicator Reporting

Tracking KPIs is an important part of the lease renewal process. Propertyware has identified several metrics allowing you to better identify how effective you are in meeting lease renewal-related objectives. This information can be easily monitored through a Dashlet.

Lease Renewals This Year: Track how many leases are renewed each month.

Reason For Not Renewing: Track why your tenants are not renewing their leases.

Rent Increase Report: Track rent changes at the time of renewal by amount and percentage.

Referred Tenants - Referral Fee Tracking: Track how many vacating tenants are referred to another brokerage/property management company and the amount of referral fees collected.