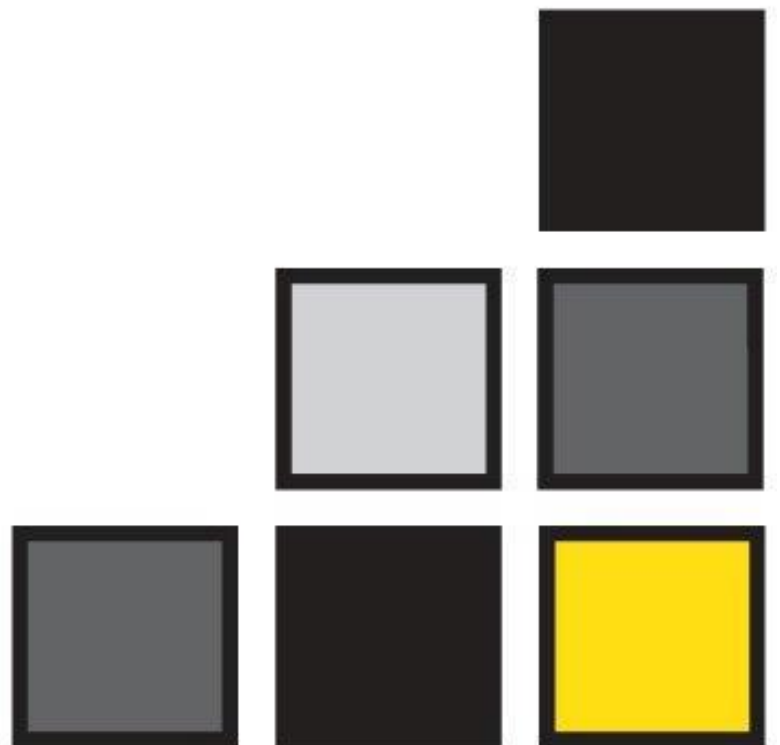


# cornerstone management

Residential Property Management



## OUR COMPANY

Cornerstone Management is a locally owned and operated real estate and property management brokerage licensed through the Real Estate Board of Alberta and the Realtors Association of Edmonton. Our brokerage specializes in providing property management services for investors and owners with portfolios of all sizes. Due to our extensive and varied client base we offer unique experience in managing a variety of unit types, including single family homes, duplexes, townhouses, condominiums of all sizes and types, fourplexes, six-plexes, twelve-plexes, and even small and medium sized apartment buildings.

Along with being members of the local real estate board, we are active members of the Alberta Residential Landlord Association or ARLA. This organization is committed to improving the level of education and knowledge of property managers, while increasing their ability to protect both owners and tenants. Our Broker continues to serve as a long-time board member of the association, this provides our brokerage with an increased level of awareness of current legislation along with unique challenges and successes of property managers and owners alike.

The Cornerstone Management team consists of licensed Property Managers, many of whom have been working in the Edmonton real estate and property management industry for decades, and a full team of experienced, well trained office support staff. Working together our outstanding team members are able to provide each client with competent and efficient management of their portfolio, not matter the size. Our entire team has to the tools and knowledge to maximize the return on your investment property, including access to Propertyware, a premium property management software, which allows for detailed accounting and tracking of your portfolio.

Over the years we have found that communication is the key to successful client relationships and as such we have made communication with our clients a priority in our brokerage. The unique size and structure of our brokerage combined with the dedicated work of our entire staff and efficient internal processes we are confident in our ability to provide a premium level of communication to our cliental. Our ongoing relationship with various clients, especially those who have been with our company for years, combined with our rapid rate of growth in the last few years is a testament to our commitment to providing the best property management services in the greater Edmonton area.

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## OUR SERVICES

As a full-service property management company, we assume responsibility for all aspects of your unit and send monthly reports which allow you to track your investment. Below is a brief overview of the services we offer combined with a small insight into our operating practices.

### Finding, Screening, Placing Tenants

- Cornerstone Management is pleased to offer premium advertising through our partnership with Landlord Web Solutions. We secure photos of the unit and create and place advertisements on the most popular websites in Edmonton, including Kijiji, RentFaster, RentBoard, Padmapper, Zumper and our own website. This allows us great exposure online for your unit which in turn creates leads for viewings, which are scheduled between our team of property managers.
- Upon viewing a unit potential tenants can access our online application via our website, this application is hosted by Naborly – a tenancy screening company. Their application process allows us to conduct a credit check, verify identification and income sources and contact previous landlords as references. This process allows us to find quality long term tenants for every unit.
- Once an applicant is approved we have them meet at our office to read and sign our Residential Tenancy agreement and provide us with a security deposit equal to one months rent. The first day of their lease term we will meet them at the unit to conduct a thorough move in inspection, where the condition of the premise will be noted. This inspection will then be used at the time the tenant moves to compare the condition of the unit and make deductions from the security deposit, if required.

### Maintenance

- As maintenance is requested by tenant or required at the unit, work orders will be sent to vendors from our approved list, they in turn will complete the work in a timely manner and submit invoices for all work done. These invoices will be sent along with your monthly statements, and all invoice totals will be deducted from rental income. Maintenance over \$500 will be sent for approval to the owner before being completed.
- We maintain both an email and phone number where our tenants can request maintenance, each requested is vetted by our property manager. When emergencies present themselves, our tenants can contact our 24-hour emergency line which connects them immediately to a property manager, who can make sure the necessary arrangements are made to protect both the tenant and the unit itself.

## Accounting and Reporting

- A large part of our service involves the collection of monies including monthly rents and security deposits. To make sure every transaction is detailed and reported we have implemented Propertyware, a property management software which is able to record and report all transactions, this software enables transparency in our accounting and reporting practices.
- Rent payments are collected on the first of every month, we offer our tenants a variety of ways to do so including PAP (automatic withdrawal), debit and post-dated cheques. Our pre-authorization payment option is preferred, as it cuts down on the amount of late rent payments. If a tenant has missed a monthly rent payment the necessary steps are taken to rectify the situation as soon as possible.
- Once the rent has been collected, the financial statements begin. Deductions from rental incomes for expenses incurred will be made and the income deposit will be sent near the end of each month followed by a monthly statement detailing all income and expenses of the month. Attached to this statement will be copies of all vendor invoices from the statement period. This easy to read report will enable you to track your investments financial monthly.
- A sample schedule of our accounting timelines has been included below to give an idea of what to expect each month. Please note that our monthly statements detail transactions regarding your property for the entire month. Therefore, statements cannot be delivered until the month ends and any money collected after owner bank deposits have gone out will appear on your statement as “Ending Balance”.

1 <sup>st</sup> – 10 <sup>th</sup>	(Approx. 8 business days) – Rent collection and final accounting on security deposit returns from previous month end.
11 <sup>th</sup> – 25 <sup>th</sup>	(Approx. 5 business days) Payment of all bills from Rent Trust Accounts– this includes utility charges, vendor invoices, and management fees.
26 <sup>th</sup> – 28 <sup>th</sup>	(Approx. 3 business days) Preparation of all owner draws and direct deposits to owner accounts.
28 <sup>th</sup> – 31 <sup>st</sup>	(Approx. 3 business days) Preparation and dispersal of all owner statements and attached invoiced via email.

## Property Management Agreement

This Agreement made in duplicate this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_

Between: \_\_\_\_\_

(hereinafter called “the OWNER”)

AND

### **CORNERSTONE MANAGEMENT**

(hereinafter called “the BROKERAGE”)

Whereas the OWNER is the registered OWNER of the lands and premises located either at

\_\_\_\_\_ and/or  per Addendum(s) “D”

(hereinafter called “the PROPERTY”)

NOW THEREFORE IN CONSIDERATION OF THE TERMS AND THE MUTUAL COVENANTS AND AGREEMENT HEREINAFTER CONTAINED, the OWNER hereby appoints the BROKERAGE as sole and exclusive BROKERAGE of the OWNER to rent, administer, and manage the PROPERTY heretofore set forth upon the terms and conditions herein contained from the \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_ until the \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_ and continuing thereafter on a monthly basis subject to Section 12.

#### **Owner agrees to provide a current copy of the title of the property and item of picture ID.**

1. a) The BROKERAGE agrees to use its best efforts to obtain tenants from time to time as vacancies occur, to negotiate the rent, the duration, the terms and conditions, applications or agreements of all leases, and renewals thereof, to collect all rents in accordance with the terms of the respective tenancies or leases, now in force or hereafter entered into by the BROKERAGE. The BROKERAGE may conduct reference or credit checks and at its discretion, adjust, compromise, sue for, and arrange settlement of monies due or becoming due to the OWNER.  
  
b) The BROKERAGE shall arrange for necessary repairs, winterization, lock changes if needed, and management of the PROPERTY. No expenditure estimated to exceed \$500.00 will be approved without written consent of the OWNER, unless it is an emergency. All such costs will be assumed by the OWNER and paid out of rent monies collected and/or the management reserve if sufficient funds are available. If such expenses exceed the OWNER’s account balance, the OWNER agrees to immediately forward the brokerage the entire sum needed. For any estimate which exceeds the management reserve, the OWNER agrees to forward the estimated amount before work can be scheduled.

Initials \_\_\_\_\_  
Owner

Initials \_\_\_\_\_  
Property Manager

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- c) The BROKERAGE at the expense of the OWNER may install a secured key box at each property to facilitate repairs and emergency service (only if necessary).
- d) The BROKERAGE may, at the expense of the OWNER, employ or retain such trades people or workmen as it may require for the purpose of discharging its duties hereunder and shall not be responsible for any misconduct on the part of any of them, but may act, in good faith, on the opinion or advice of, or information obtained from any of them, for the economical and efficient operation of the PROPERTY.
2. The BROKERAGE shall generally have such powers as are required or incidental to the fulfillment of its obligations under this agreement including but not restricting the generality of the following:
- a) The power to sign, execute and deliver on behalf of and in the name of the OWNER, all leases, service contracts, utility contracts, returns, notices or other documents and to remove and/or cancel leases, or any part thereof at any time.
- b) The power to advertise the PROPERTY for rent and to display “FOR RENT” signs therein.
- c) The power to terminate tenancies, and to sign and service in the name of the OWNERS such notices as are appropriate to institute and prosecute actions, evict tenants, recover possessions of such PROPERTY, and the power to sue in the name of the OWNERS and recover rent and other sums due, and when expedient to settle, compromise and release such actions or suits, or reinstate such tenancies.
3. The BROKERAGE shall not be held responsible or have any liability in any way should any insurance be inadequate, or should any type of available coverage not be obtained.
4. The BROKERAGE will not be held responsible for any acts of vandalism, theft or damage done to the PROPERTY by tenants or the public at large.
5. The OWNER agrees to release, indemnify and hold harmless the BROKERAGE from and against any and all claims and damages of each kind attributable to the actions of tenants or the public at large in respect to the OWNER's property. This includes, but is not limited to unpaid rent, utilities and civic fines.
6. All rent monies collected will be deposited in a pooled trust account. **Net balance after expenses will be forwarded to the OWNER by the 28<sup>th</sup> of each month.**
7. The OWNER agrees that all security deposits will be held in trust by the BROKERAGE and will be disbursed at the BROKER'S discretion as the tenants vacate the property. Interest due to tenants will be paid as per the Residential Tenancies Act.
8. The OWNER agrees to pay the BROKERAGE management fees as per Addendum A (attached) plus GST. The OWNER agrees to be responsible for payment of repair expenses and all other costs that are incurred while managing the property.

Initials \_\_\_\_\_  
OwnerInitials \_\_\_\_\_  
Property Manager

## 9. Insurance:

- a) The OWNER agrees to pay all insurance premiums and municipal property taxes due on behalf of the PROPERTY. The BROKERAGE shall not be held liable for non-payment of insurance premiums or property taxes.
- b) The OWNER agrees to carry, at their own expense, public liability insurance adequate to protect the interest of the OWNER and the BROKERAGE. Should the OWNER not obtain liability insurance, the BROKERAGE may obtain but not be required to obtain liability insurance at the OWNER'S expense.

Insurance Agent is: \_\_\_\_\_

Policy No.: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: (\_\_\_\_) \_\_\_\_\_ - \_\_\_\_\_ Fax: (\_\_\_\_) \_\_\_\_\_ - \_\_\_\_\_

10. Notices given hereunder by the OWNER or the BROKERAGE shall be deemed sufficiently given and served if in writing and delivered or addressed to the OWNERS as indicated in Section 11 and to the BROKERAGE at: CORNERSTONE MANAGEMENT, 6839 - 83 St. Edmonton AB T6C 2X9 Tel: 780 701 7400 Fax: 1-888-520-5035.

11. The BROKERAGE agrees to render statements of receipts, expenses and charges to the OWNER at:

Address: \_\_\_\_\_

Phone: (\_\_\_\_) \_\_\_\_\_ - \_\_\_\_\_ Fax: (\_\_\_\_) \_\_\_\_\_ - \_\_\_\_\_

E-mail: \_\_\_\_\_

12. The OWNER may terminate this agreement with three month's prior written notice. If the OWNER takes control of the property before expiration of this three-month period, the balance of three months of fees at the most recent full monthly contract rate will be charged against the OWNER's account and reflected on the final statement.

13. The OWNER agrees that all or any interest accrued on a security deposit during a tenant lease will be paid to the BROKERAGE who will in turn pay any interest owing to the tenant upon termination of their lease and any excess earned interest will be retained by the BROKERAGE. The OWNER agrees that any late rental fines and/or NSF fees collected will be payable to and remain the property of the BROKERAGE.

14. Wherever the singular number or neutral gender is used in this agreement the same shall be construed as including the plural and masculine or feminine respectively where the fact or context so required, and where there is more than one OWNER their covenants hereunder shall be deemed to be joint and several.

Initials \_\_\_\_\_  
OwnerInitials \_\_\_\_\_  
Property Manager

15. Now therefore, the said BROKERAGE hereby charges the above described land for the payment of any and all indebtedness which may from time to time be owing by the said OWNER to the BROKERAGE pursuant to the agreement.

16. The BROKERAGE reserves the right to terminate this management agreement upon thirty (30) days written notice.

17. The BROKERAGE may assign your account or this Agreement and all rights and/or obligations hereunder to any third party without notice for any purpose, including, without limitation, collection of unpaid amounts, or in the event of an acquisition, corporate reorganization, merger or sale of substantially all or part of the party's assets to another entity. You hereby consent to such assignment. You must continue making all required payments to the BROKERAGE in accordance with your billing statement, unless notified otherwise.

18. The OWNER agrees not to advertise the property independently or otherwise interfere with the BROKERAGE's processes to market the property for rent. If the OWNER should incidentally encounter a prospective tenant, this person must be directed to call our office to make an appointment to view the property and be qualified as per normal BROKERAGE procedure.

19. The OWNER agrees not to contact tenants by any means. All contact must be made through the BROKERAGE. If the OWNER wishes to make an appointment to inspect the property, an agent of the BROKERAGE must arrange this with the tenant and be in attendance.

20. If the property is vacant upon commencement of this contract, the OWNER promises that it will be in clean and rentable condition. If not, the OWNER agrees to pay the BROKERAGE in advance for the cost of repairs and cleaning necessary to prepare the property for rent. The owner also agrees to provide THREE full sets of entry keys and/or fobs plus adequate garage door openers and mail keys where applicable.

21. The OWNER agrees to pay for utilities during periods of vacancy. The BROKERAGE will transfer utilities into their name upon a tenant vacating the unit and will use funds from the management reserve to pay all bills received, if there are insufficient funds in the reserve, the OWNER agrees to forward the required amounts to the BROKERAGE immediately upon request.

22. Upon termination of this agreement the BROKERAGE may hold back funds to cover outstanding expenses. The BROKERAGE will provide a final statement and return the balance of funds to the OWNER within 30 days after the expiration of the contract unless there is an ongoing dispute. The parties have hereunto set their hand, as of the day, month and year first above written.

23. Agreement by:

OWNER \_\_\_\_\_ Date: \_\_\_\_\_  
Signature

OWNER \_\_\_\_\_ Date: \_\_\_\_\_  
Signature

PROPERTY \_\_\_\_\_ Date: \_\_\_\_\_  
MANAGER Signature



## Addendum A - Basic Fee Schedule

### Monthly Management Fee (Percentage of Gross Rent)

Single Family Home, Condominium, Suited Home, Tri - Plex	10% (\$125.00 Minimum)	<input type="checkbox"/>
5+ Single Family / Condominium Portfolio	8%	<input type="checkbox"/>
Larger Complexes – Rates are Negotiable	_____	<input type="checkbox"/>
<i>*Premium for Out of Town Units</i>	+2%	<input type="checkbox"/>

### Additional Fees

Lease Up Fee – covers the cost of finding, screening and securing a new tenant	\$395.00 (Per Tenant Found)	<input checked="" type="checkbox"/>
Monthly Advertising – covers the cost of signage and online advertising when vacant	\$125.00 (Per Vacant Month)	<input checked="" type="checkbox"/>
Administration Fee – contribution for general overhead and yearly audit	\$100.00 (Per Year Per Unit)	<input checked="" type="checkbox"/>
General Maintenance Costs – covers the cost of all maintenance performed at unit	As Required	<input checked="" type="checkbox"/>
Eviction Fees – covers the cost of RTDRS filings and other eviction related costs incurred	As Required	<input checked="" type="checkbox"/>
Winterization – covers the cost of protecting units during vacant winter months	As Required	<input checked="" type="checkbox"/>
Preparation and Remittance of Non-Resident Tax – covers the cost of filing NR4 forms	\$100.00 (Per Year)	<input type="checkbox"/>

### Mandatory Management Reserve

This reserve is funded perpetually starting from the first month of rental income and the balance is maintained throughout the term of the agreement. If expenses are incurred during periods of vacancy or exceed monthly rental income amounts the reserve may be used to pay for these expenses. The full reserve will be returned upon termination of this agreement.

Condominium	\$250.00	<input type="checkbox"/>
Single Family Home, Duplex, Townhouse	\$500.00	<input type="checkbox"/>
Multi-Family Building	\$1000.00	<input type="checkbox"/>

 Owner \_\_\_\_\_  
Signature

 Agent \_\_\_\_\_  
Signature

<b>Addendum C – Owner Banking Information</b>
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Owner Name: \_\_\_\_\_

Address: \_\_\_\_\_

Postal Code: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Fax Number: \_\_\_\_\_

Email Address: \_\_\_\_\_

### Banking Info

(Please attach a void cheque or include banking transit, branch and account information)

## Addendum D – Property Information

Address: \_\_\_\_\_

Buzzer #: \_\_\_\_\_ Mailbox #: \_\_\_\_\_ Parking Stall # \_\_\_\_\_ Storage Unit # \_\_\_\_\_

Type (i.e. House, Duplex, Condo...): \_\_\_\_\_ Bedrooms: \_\_\_\_\_

Year Built: \_\_\_\_\_ Sq. Ft: \_\_\_\_\_ Full Baths: \_\_\_\_\_

Parking (i.e. Underground, Garage): \_\_\_\_\_ Half Baths: \_\_\_\_\_

Basement Development:    unfinished    finished    suited                      Fenced Yard:    Y    N

Pets:    Y    N    Negotiable    Smoking:    Y    N

Features (fireplace, dishwasher...) \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

If your rental property is a **CONDOMINIUM**:

Condominium Complex: \_\_\_\_\_

Who pays Condominium Fees: \_\_\_\_\_

What utilities are included in condominium fees? (circle)    power            water            heat

Name of the Condominium Management Company. Please include ALL contact information

\_\_\_\_\_  
 \_\_\_\_\_

*Please send a copy of the CONDOMINIUM BYLAWS to our office*

If the property is **OCCUPIED**: Please include the following information with your management agreement:

- Tenant’s name and contact information
- Lease agreements
- Accommodation Inspection Reports
- Rent amounts and any rental increases
- Security deposits
- All keys: suite door keys, mail box keys, garage door openers, etc

Initials \_\_\_\_\_  
 Owner

Initials \_\_\_\_\_  
 Property Manager

## Frequently Asked Questions

### How do I pay for repairs and maintenance to my property?

All maintenance and repair invoices will be paid by Cornerstone Management from rental monies collected. If rental amounts are insufficient you will be contacted to forward the balance to our office.

### Why can't I pay the trades people myself?

We carefully screen the contractors who do our maintenance and value their workmanship. The volume of business in which Cornerstone Management engages can mean savings for our clients. To retain contacts and maintain a good relationship we need to ensure our trades people are paid promptly.

### What if I want to do the repair work myself?

We discourage owners from doing their own repairs, having learned from past experiences that tenants will automatically call you in the future for any maintenance requests, whether valid or not. Also, if you have work performed by a contractor other than one on our approved list, we cannot be held responsible for the quality or timeliness of work.

### When will I receive my rental balance money?

This will be automatically deposited into your bank account by the last day of each month followed by a prepared statement of monthly incomes and expenses with copies of all vendor invoices attached.

### Why can't I receive my rent money at the beginning of the month?

The office account schedule is as follows. Please note that statements detail transactions regarding your Trust Account for the entire month. Therefore, statements cannot be delivered until the month ends and any money collected after owner bank deposits have gone out will appear on your statement as "Ending Balance".

1 <sup>st</sup> – 10 <sup>th</sup>	(8 business days) Reconciliation of previous month Bank Trust Accounts. Delivery of Owner Statements for previous month, rent collection, bank deposits, final accounting on security deposit returns.
11 <sup>th</sup> – 25 <sup>th</sup>	(5 business days) Payment of all bills from Rents Trust – utilities, trades people, management fees.
26 <sup>th</sup> – 28 <sup>th</sup>	(3 business days) Preparation of all owner draws and direct deposits to owner accounts.
28 <sup>th</sup> – 31 <sup>st</sup>	(3 business days) Preparation and emailing of all owner statements.

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## What is the process of evicting a tenant and resolving damages/rent owing?

Once a lease clause has been breached by a tenant, we will make every possible effort to contact the tenant and resolve the issue immediately. If the issue persists and we feel it warrants further action a 14-day eviction notice will be issued.

If the tenant chooses to dispute the eviction and/or significant damages/expenses are incurred and/or rent is owed by the tenant, we will submit a filing for a hearing with the Residential Tenancy Dispute Resolution Service. Once we obtain a judgment from a hearing officer we will do everything in our power to remove the tenant and/or reclaim monies owed, including submitted such judgment to a collection agency who specializes in collecting owed monies.

As with any investment, the placing of a tenant in your unit is associated with risks of damages and loss of income. Cornerstone Management works diligently to protect your investment and reclaim losses when they occur, but we cannot be held liable for any damages or loss of monies caused by a tenant.

## What is the purpose of the management reserve?

The management reserve serves as a type of deposit held in your name for emergencies, periods of vacancies and other maintenance matters. This reserve is perpetually funded from rental income and only used when necessary. The full amount of the reserve fund is returned at the end of your agreement with us.

As we strive to keep positive relationships with vendors and maintain proper accounting practices there are instances when funds are required without notice and/or in abbreviated time periods. To ensure there is a sufficient funds to protect your investment at all times we hold a reserve on your behalf.

## How does the monthly advertising fee work?

The monthly advertising fee is applied during periods of vacancies only and covers the cost photos and placement of premium advertisements on popular rental websites. With a competitive and saturated market in Edmonton, the need to have online exposure is greater then ever and we are happy to provide elite advertising in the area through our partnership with google-certified Landlord Web Solutions.

As the cost to advertise a single rental unit has greatly increased in the past few years, our monthly advertising fee ensures we can still provide our clients with the best online exposure possible. Once we are able to secure a new tenant we will remove all advertisements and the monthly fee will end.

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## As an owner of a condominium unit insurance is included in my condominium fees, do I need additional insurance for my rental unit?

Yes, insurance policies included in condominium fees almost always exclusively include common areas and the exterior of the building(s). We require all clients to hold a current insurance policy for their individual unit, that includes a clause allowing a tenant to be placed in the unit. This is to ensure both you as the owner of the unit and the tenant are protected in cases of unforeseeable events.

Just as we require all owners to hold a current insurance policy for their unit, we require all tenants to have a current tenant insurance policy as well.

## What does the term Winterization mean from Addendum A?

As Edmonton is situated in a winter climate, we make every possible effort to prevent damages commonly caused by the frigid winter months during periods of vacancy. If we suspect there will be a period of vacancy during the winter months we will send a plumber to “winterize” the unit. This service will include the draining of water lines and the hot water tank(s), as well as adding a plumbing antifreeze to toilets and sinks.

Once we are able to secure a tenant we will need to remove the antifreeze from the lines and return the unit to move in ready form, as such we will send a plumber back to complete this work. Both these invoices will be sent directly to the owner through the monthly statement.

## What is the cancellation policy for an agreement with Cornerstone Management?

If the situation arises where you would like to cancel your management agreement for any reason, we simply require, as per our agreement, that written notice of your intent to terminate the agreement be provided three months in advance. If you desire to take possession before the three months notice is given we will, we will charge three months of management fees to your account, a charge that will be reflected in your final accounting.

Once we receive notice of your intent to cancel our agreement we will begin to prepare final accounting documents, as well as prepare to transfer all documents related to the unit including leases, inspections, security deposits, etc. Though we will notify the tenant that will no longer be managing their rental unit, it is the new manager's responsibility to contact the tenant and provide further information and direction.