



Dear Owners,

We would like to send this email out to our owners to help you easily understand the Monthly Statement. Appfolio is the top of the line Property Management system in the industry. Although its Monthly Statement is the clearest we have ever seen, we would like to take this opportunity to answer some of the most commonly asked questions regarding the Month-end Closing and its Statement generated.

1. What is our month end cycle?

The rent is due on the 5th of each month and it will generally take about three business days to clear the rent checks we deposited on the 6th of each month. So the earliest day we can do the month-end closing would be the 2nd Tuesday of each month. We will review the statements on Wednesday and Thursday and send the Statements out via email on Friday (the email batch may fire off during the weekend due to high volume of emails). Owners' balance (rent minus expenses) will be wired (we will be responsible for the fixed fees to the bank) to your USD Account in the US on Friday or during the weekend. The wire will generally take about three business days to arrive. If you would like to have the money two days earlier, we will do the same day wire for \$35 (fee to the bank).

2. Are you paying our HOA or Property Tax?

Not like most of other management companies, we will process your HOA payment and Property Tax payment **under your written instruction** as long as there are funds available in your account. Before July 2012, we submit the HOA payment 10 days before the beginning of the month. Since the system generate an entry automatically with a time stamp of the month that payment is generated, the description will not reflect the HOA it is actually paid. e.g. If you see "June 2012 HOA Payment" on your owner Statement, it is actually for the period of July 1 - July 31, 2012 since we have to cut the check in June to make sure it arrives before July 1st to avoid unwaivable late fees (HOA never waive late fees). Starting August 2012, we will send HOA payment on the first business day of each month via traceable Express Mail to each HOA Management so the description on the Statement will reflect the true purpose of that payment. e.g. You will see "August HOA Payment" and it is for HOA period of August 1 through August 31, 2012. We have discussed with 10+ HOA Management companies we sent payments too and we all have agreed on this arrangement so our owner will have a clearer statement.

3. How to read the Statement?

The most important columns on your statements will be Income and Expenses. Balance is netted automatically. Income can be: Rent or Owner Contribution (Owner pay money into their own account by sending us a check). Expenses can be: HOA Payment, Repairs, Commission (calculated automatically) and Owner Distribution (Month End Balance which we wire to our owners as remaining rental income). When you review the statement, please only review items under Income and Expense since everything else is netted automatically.

Hope this email answers some of your enquiries.

Accounting Department
Number 1 Broker LLC