

Lease Renewal & Lease Incentive Policy

The Lease Renewal & Lease Incentive Policy reflects the denizenQUE philosophy of quality, unique and exceptional Customer Service and that our existing Residents (“Members”) are especially important as their satisfaction of service is the benchmark of the denizenQUE quality service quotient (“QSQ”). As a result, Lease Renewals as a Team Incentive are the primary focus of this Policy. The denizenQUE Team includes all on-site personnel; Service Technicians, Concierge, Grounds, Custodian, Assistant Manager and General Manager.

The denizenQUE philosophy of Customer Service benefits our Owner Customers as it improves and maintains the reputation of the property, increasing the Lease Renewal percentage; which lowers turnover cost and shortens the supply of available units to lease; increasing the demand for the property, improving rents and lowering marketing costs.

General Policy Guidelines

Leasing is the responsibility of the General Manager, Assistant Manager and Concierge at each property.

Lease Renewal & Lease Incentives requests:

- a. Are to be submitted monthly for the first payroll period of each month (no exceptions).
- b. Will be paid the month immediately following the effective date of the Lease Renewal or Lease (new).
- c. Earned and paid to Employees who are:
 1. employed at the Community at the Lease start dates, and;
 2. employed at the Community during the payroll period for which Lease Renewal and Lease Incentives are processed for payment.
- d. In order to be paid, the Lease Renewal or Lease must be posted to the Accounting Software as follows:
 - Lease must be fully executed and uploaded to the Resident history
 - Old auto-charges stopped
 - All Rental Charges posted
 - New auto-charges set-up

- Proof of current renter's insurance to the Resident history, old auto-charges stopped, new auto-charges set up, proof of current renter's insurance attached to resident history.

Lease Renewal Incentive

In addition to the Concierges, Assistant and General Managers, our Service Technicians, Custodial and Grounds personnel have daily contact and play a key role in making our Residents comfortable in their homes, feeling a sense of community and of our service. From the first hello, to a perfect move-in experience, a prompt and efficient completion of a Work Order, a clean and well-kept property and grounds; or just for being kind, friendly and respectful, ALL of the on-site personnel contribute to the denizenQUE experience.

In recognition of and to reinforce the denizenQUE philosophy, the Lease Renewal is a Team Incentive.

Lease Renewals

- a. Lease Renewal Letters will be written, personalized, and sent by the General Manager, Assistant Manager and/or Concierge.

One Hundred Dollar (\$100.00) Leasing Renewal Incentive (with all of the following present):

- a. Rent increase of three percent (3.00%) or more
- b. Twelve (12) month Lease or longer, or if less if a Short-Term Lease Fee is charged

Seventy Five Dollar (\$75.00) Leasing Renewal Incentive (with all of the following present)

- a. Rent increase between zero percent (0.00%) to less than three percent (3.00%)
- b. Twelve (12) month Lease or longer, or if less if a Short-Term Lease Fee is charged

Allocation of Lease Renewal Incentive as the Team Incentive:

- a. All Lease Renewal Incentives are to be split between all of the on-site personnel at the property.

- b. The denominator for the split is based on one (1) Divisible Unit per Regular Full-Time Employee and a fraction for a Part-Time Employee based on the average hours worked in 40 hour week (set by the Regional Manager). For example, if the property has three (3) Regular Full-Time Employees and one (1) Part-Time Employee who works two (2) days a week (2/5ths or 0.40 Divisible Unit) the total Divisible Units would be three point four (3.4). Then, if the total Lease Renewal Incentive for the given period was one thousand dollars (\$1,000), then Lease Renewal Incentive paid to the three (3) Regular Full-Time Employees would be two hundred ninety-four 12/100 dollars (\$294.12) (computed as $1/3.4$ or $29.41\% \times \$1,000 = \294.12) and one hundred seventeen 65/100 dollars (\$117.65) (computed as $0.40/3.4$ or $11.76\% \times \$1,000 = \117.65)

New Lease Incentive

The Lease Incentive on new Leases will reward personnel directly involved in securing new Leases and Lease Renewals.

Lease Periods

- a. Twelve (12) to Eighteen (18) month leases
- b. The goal is always to have leases expire March through August (the prime leasing season).

Assignment of Lease Incentive

- a. The Concierge (General Manager or Assistant Manager) shows a Prospect a Unit for the first time (regardless of who made the appointment, spoke to them on the phone, or corresponded with them via email), will earn the Lease Incentive. This is for cases when Concierge does get an Application on the first visit or if the Prospect drops the Application off at a later date.
- b. If the Prospect is shown multiple Units over different visits by multiple Concierges, then the Lease Incentive will be equally split.

Fifty Dollar (\$50.00) Leasing Incentive (with all of the following present)

- a. Twelve (12) month Lease or longer, or if less if a Short-Term Lease Fee is charged
- b. At market rents (Price List)
- c. With no free rent or concessions.



Twenty Five Dollar (\$25.00) Leasing Incentive (if any of the follow are present)

- a. New leases of six (6) to eleven (11) months, or
- b. New leases at below market rents (Price List), or
- c. New Leases with free rent or concessions

Special Leasing Incentives

From time to time, as provided by the Regional Manager and as approved by the Owner Customer, Special Leasing Incentive may apply to specified properties to achieve the leasing goals of the Owner Customer such as:

- A seasonal increase in occupancy,
- To meet refinancing occupancy goals, etc.
- To manage lease terminations, such as lease expirations from March through August, for example

Such Special Leasing Incentive will be provided as a periodic addendum to this Policy by the Regional Manager and approved by the Owner Customer.

Lease-Up Incentives

One Hundred Dollar (\$100.00) Leasing Incentive (with all of the following present)

- a. For designated (by the Regional) properties and Units that are newly constructed or with significant renovation.
- b. On the first new Lease for such designated constructed or renovated Unit
- c. Twelve (12) month Lease or longer, or if less if a Short-Term Lease Fee is charged (as provided by the Regional)
- d. At market rents (Price List)
- e. With no free rent or concessions

