

SNL

Associates, Inc.

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The Company

SNL Associates, Inc. (SNL) is a full-service property management company based in Dallas, Texas. Our focus is on multi-family community and homeowner association management. The company was founded in 1989 by Spencer N. Lengyel.

SNL has grown continuously since its' inception. Beginning with a portfolio of apartment communities in Dallas, Fort Worth and Wichita Falls, we now manage a growing number of apartment communities, homeowner associations, mobile home communities, shopping centers, and office buildings. Designed to meet the management needs of its' principals, as of January 2008, SNL provides services to 14 clients, with 17 properties under management.

As SNL's management practice has expanded, so has our geographic coverage. We have the capability to manage properties anywhere in north central Texas. We have properties under management from Azle to Garland, and from Pottsboro to DeSoto. Our heaviest concentration of properties is in north Dallas.

The mark of our growth and success has been our ability to fulfill our mission:

“24-hour hands-on management, property improvement and
creation of value for the owner”

Spencer N. Lengyel is the president of SNL Associates, Inc. Mr. Lengyel has a degree in Sociology/ City Planning from Rutgers – The State University and his graduate training in City and Regional Planning at the University of North Carolina – Chapel Hill. He is a full member of the American Institute of Certified Planners and for over 15 years was active in providing the complete range of planning, economic and developmental feasibility services to over 150 governmental entities, private developers, attorneys and citizen groups in five states. In the past, Mr. Lengyel was active in real estate development with the Rouse Company in Columbia, Maryland and the Clarke-Frutes Corporation in Dallas.

Mr. Lengyel founded SNL Associates, Inc. in 1989.

Mr. Lengyel was joined by his son, Craig, in 1990. **Craig Lengyel** graduated from Vanderbilt University with a Bachelor of Arts in Communication Studies. Craig began working at SNL as a porter and has worked onsite at each of the communities SNL has managed, learning the “in's and out's” of all aspects of property management. In 1994, Craig earned the designation of *Certified Apartment Manager* through the National Apartment Management Accreditation Board. He has maintained this designation with active participation in continuing education seminars such as Fair Housing, Real Estate Principals, Commercial Investments, and Legal Liability & Risk Exposure for Owners.

When SNL made the decision to provide their style of property management, they also elected to offer a wide variety of other services, including:

- ◆ Real Estate Consulting
- ◆ Due Diligence Studies
- ◆ Construction
- ◆ Rehabilitation of Properties

SNL Associates, Inc. has successfully renovated eight communities, consisting of 771 units, which gives us an advantage when inspecting HOA communities for future upgrades; reviewing contractor proposals; and determining the scope of work needed at any location.

Our Role

The relationship between SNL and our clients is the foundation of our management practice. Our mission is to provide 24-hour hands-on management, property improvement and creation of value for the owner. How we fill our mission is equally important to us as the mission itself. We value our reputation for integrity and ethical business practices.

We work together with our clients to discover each client's goals. Once a set of goals and priorities is established, we create a management plan for each property.

The relationship between our clients and SNL is that of principal and agent. We establish this relationship in a management agreement. The foundation of this relationship is our commitment always to act in the best interest of our clients.

Meeting our obligations as management agent requires us to perform five distinct, multi-disciplinary roles:

- ◆ Planner
- ◆ Organizer
- ◆ Communicator
- ◆ Controller
- ◆ Developer of Human Resources

Planner

Our role as planner relates primarily to our responsibility for preparing management plans for properties under our management. Preparing a management plan requires input from the homeowner association and the managing agent. We work directly with our clients to develop short- and long-term objectives and determine the allocation of resources. Our detailed experience as owners and managers of residential and multi-family investment properties and community associations is the key factor in our ability to identify goals and develop detailed management plans for our clients.

Organizer

The organization of work is the task that typically determines the performance and success of any enterprise. This calls for the development of a logical structure that encourages people to work together productively. For a small company, we have devoted substantive resources to providing the best resources available to our team. We have continuously upgraded our network and our software package to the most sophisticated systems available in our industry. We use Yardi Professional Property Management

software for our property, accounting and maintenance management needs. Every team member receives consistent education and training, not only in property management, but also time management.

Communicator

A property manager cannot be effective without good communication skills. Managerial communication is a reciprocal process that includes sending and receiving information. As managers, we have learned that even if we cannot immediately solve a client or resident's needs, we can effectively manage any situation if we communicate efficiently with all parties involved. Every member of our management team is equipped with pagers, cellular telephones, and email. We are committed to avoiding the poor communication habits that lead to expensive lost time and higher bills.

Controller

We have developed an extensive control system to operate, regulate and guide our management activities. Over the years we have devoted significant resources to developing a detailed set of Operations Manuals. Our manuals cover all aspects of our management practice and provide a set of standards that we operate under. Our reporting system is timely and accurate – without forcing our managers to get bogged down in minutiae.

Developer of Human Resources

The most critical role of a property management firm is to develop the people who work for it. It is our responsibility to select, train and motivate our staff and create a team whose aim is to meet the objectives of our organization. We are a nineteen-year-old team, and have employees who have been with us since the beginning. Over the years a number of our staff have taken on roles of increasing responsibility. Our ability to develop our people will continue to be the critical factor to our success.

Our ability to fulfill each of the above roles in our capacity as your management agent will determine how well we meet each of our clients' objectives. We are committed to the continued development of a management practice that excels in the performance of each of these roles.

Our Services

Our property management services include six segments, which are detailed below.

Product Preparation

The preparation of a property for marketing is a critical function of a property manager – whether we are managing an apartment community or a community association. In a community association setting, individual owners enhance their ability to sell or lease their property at the best price possible if the property is properly presented. We base this segment of our service on a thorough understanding of why people rent or buy in the specific markets in which we operate. Our experience, research and understanding of our markets are critical. To fulfill the product preparation function, we will perform the following services:

- *Exterior Inspection & Preparation* – routine inspections of the exterior property are conducted by senior personnel. Suggested improvements are made in writing to the owner. We communicate regularly with the owner on liability issues.
- *Interior Preparation* – interior areas (mailboxes, common areas, courtyards, etc.) are routinely inspected and maintained.
- *Architectural Control* – we routinely inspect the property for adherence to Architectural Control standards. We enforce the rules established by the association to ensure the architectural integrity of the property.
- *Safety* – we continually inspect and analyze the property to eliminate any potential hazards or liabilities to the association. We monitor applicable state and local regulations to assure the property's compliance.

Ongoing General Maintenance

The job of continually maintaining the physical property is key to the economic success and life of a property. SNL does not engage in crisis maintenance – fixing only what's broken. We will provide the following services related to the maintenance of the property:

- *Maintaining the Property* – a program of planned maintenance is developed to lower overall maintenance costs. Routine and emergency maintenance procedures provide the highest level of service and the lowest possible cost to the association.
- *Preventive Maintenance* – we inspect and service equipment and other property components on a rotating basis to protect the association from incurring expected expenses.

- *Personnel* – we employ qualified maintenance technicians who are available on a 24-hour basis.
- *Contractors* – we have an established network of vendors, contractors and suppliers. The volume generated by the extent of our practice allows us to pass on substantive cost-efficiencies to our third-party clients. We have detailed procedures that allow us to manage third-party contracts in the most effective manner possible. We verify insurance and bond coverages of all contractors prior to authorizing any work.

Owner/ Resident Relations

Our service-based philosophy of owner/ resident relations has generated superior results for our clients. Our efforts to encourage positive resident relations and high levels of resident retention include the following:

- *Resident Policies* – each resident receives a booklet detailing our community policies and procedures. We design our policies, with the owner, to be informative, fair and clear. Each resident understands our policies relating to payment of rent, dues, renewals, guests, and so on.
- *Problem Solving* – we train our staff to confront any resident-related problems – complaints, emergencies, resident abuses, etc. We resolve such situations promptly and efficiently to avoid future problems. Our approach is to consider complaints and problems as opportunities to provide service to our customers.

Value and Economics

Owning property requires a great deal of capital and often a long-term commitment to ownership. Apartment communities are particularly in need of sound financial practices. As property managers, our responsibilities extend beyond operations to the business aspects of association management. Our staff will contribute to the viability of your association by focusing on the following areas:

- *Income* – we continually evaluate income levels, particularly in view of capital requirements.
- *Expenses* – we continually monitor budgets (see below) and track operating expenses to generate all available cost-efficiencies for owners.

Insurance

Given the environment for association liability, obtaining adequate insurance is a challenging task for most owners. Providing adequate insurance coverage is a particular challenge for community associations. North Texas has experienced major property casualty losses over the past few years, making insurance difficult to obtain and increasingly complex. We provide assistance in the following areas:

- *Obtaining Insurance* – we review the insurance needs for each client, collect proposals and make recommendations as needed. We maintain ownership and mortgagee information to ensure that owners do not experience any difficulties.
- *Monitoring Claims* – we process claims and follow-up on the completion of any casualty repairs and payments.

Budgets

Budgets are the most valuable management tool available. They demand planning, control and forethought. They also allow us to monitor our progress in meeting our clients' goals. Our budgeting tasks include the following:

- *Preparing Budgets* – we determine the appropriate type of budget and prepare a detailed budget each year. We base our budgets on prior experience, anticipated changes in expenses and rental rates/ HOA dues, capital needs assessment and market knowledge.
- *Monitoring* – we monitor actual versus budget performance each month. We discuss variances with clients in detail.

Accounting

SNL uses sophisticated software designed specifically for property management firms to track and process receivables and payables. Our software allows us to be extremely flexible and detailed in our reporting. We have the ability to customize our accounting and reporting according to each client's needs. We perform the following accounting and financial functions:

- *Receivables* – we collect, process and track payments.
- *Payables* – we receive, track and pay all bills related to the property. We communicate with vendors, mortgage companies, taxing authorities, etc., as needed.

- *Reporting* – we provide owners with concise and timely reports detailing each property's performance. At year-end we issue Form 1099's as needed and work with client's accountants to assist with tax return preparation.