



## INCOME & EXPENSE DEFINITIONS

**Rental Income:** The total of all rents that could have been collected if 100% occupied.

**Vacancy:** List either the % of units vacant or the total number of units vacant as of Dec. 31<sup>st</sup>.

**Collection Loss:** The amount of money lost due to nonpayment of rent.

**Tenant Reimbursements:** Expenses paid back to the landlord by a tenant. Common examples include property taxes, property insurance, maintenance and repair costs, and other operational expenses. Often landlords will bill the average expected cost of these expenses to a tenant each month as additional rent.

**Property Insurance:** Include one year of insurance charges for fire, liability, theft and all other insurance premiums *EXCEPT* workman's comp, health insurance and benefit plans.

**Utilities:** Include all utility costs (i.e. electricity, water, gas, cable, telephone, etc.) for the property even if some of these costs are billed back to the tenant.

**Repairs & Maintenance:** These expenses account for the on-going upkeep and maintenance of the park, such as common area landscaping, lighting, fire/security systems, septic system maintenance, pest control, contracted services, repairs/maintenance of the property, and related supplies. Please *include* the renewal of small parts of any property component but *exclude* the replacement of any substantial part of the property (see Capital Expense Items).

**Management Fee:** Annual fee paid by an owner to a management company to oversee day-to-day operation of property. This is typically based on a percentage of collected rent and is not payroll.

**Payroll & Benefits:** Includes the wages, salaries, benefits, payroll taxes and related worker's compensation expenses for the on-site staff needed to operate the property, including any onsite manager.

**Advertising & Marketing:** Includes online and direct mail advertising, print ads, promotional items, resident referral discounts, and related expenses to obtain residents and promote the property in the market.

**Professional Fees:** Fees paid to hire a professional such as legal counsel, financial advisors or an independent accounting firm.

**General & Administrative:** Includes the supplies and services that support the off-site or on-site office management activities for the property, as well as general fees for operation. Expenses include phone, tenant screening, registration programs, and related expenses that support the administrative activities of the operation.

**Reserves for Replacement:** An annual expense or reserve set aside to replace short-lived items (parking lot, interior finishes, HVAC systems, appliances, etc.) that wear faster than the long-lived items (structure, foundation, pipes, electric wiring, HVAC ducts, etc.). This item reflects money the owner saves for future replacement of a short-lived item and is sometimes required by a lender on a commercial property loan.

**Capital Expense Items:** These items are expenses that do not typically occur on an annual basis. Examples: roof replacement, building addition, storm damage, remodel of an existing building, etc.