



LIVABLE
COME SAVE WITH US


The Legal Aspects of Ratio Utility Billing Systems (RUBS)

What You Need to Know

LIVABLE + **AAOA**
AMERICAN APARTMENT
OWNERS ASSOCIATION


1

Meet the speakers



Annette Gallagher
Director of Content, Livable

Annette has been the director of content at Livable for almost two years and has eight years of experience creating educational content about property management and related fields. She's a professional writer, educator and researcher, passionate about helping people make the most of their investments while making the world a better place.



John List
Attorney, Lubin Olson & Niewiadomski

John has an extensive background advising market and non-profit clients on multifamily residential leasing operational issues with an emphasis on Fair Housing and compliance, including Ratio Utility Billing, addressing legal and practical issues with ambiguities raised by lack of clear regulation. John also guides clients through acquisition, disposition, and financing of market and affordable multifamily properties, as well as other commercial real estate transactions.

2

Ratio Utility Billing



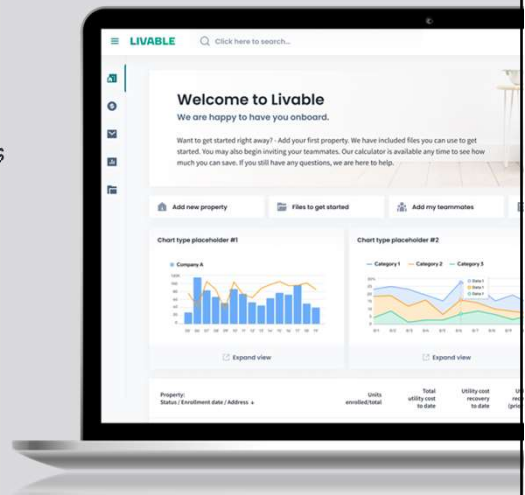
We are firm believers that **if you tie a tenant's consumption to their wallet, they're going to use less.** The majority of Housing Providers have historically absorbed the rising cost of utilities. With RUBS (ratio utility billing systems), you can finally share accountability with your tenants in a fair and accurate way.

3

Ratio Utility Billing

You can also...

- Review month-over-month utility costs and recovery
- Give tenants an online portal to view and pay their bills
- Use our calculator to tell prospective tenants their average bill amount, which will help you set your market rent
- View allocation table, occupancy list and enrolled unit data, including payment performance
- Manage turnover and occupancy changes



4

How RUBS works: Allocation Methods

Livable provides **up to 90% recovery** for:



Allocation formula*:



Square footage formula:



Size of the unit is calculated in relation to the total building square footage. Ability to bill for these utilities is market dependent.

Number of occupants	Occupancy factor
1	1
2	1.6
3	1.9
4	2.2
5	2.5
6	2.8

**We also consider common area and in-unit amenities*

5

How RUBS works: Legal Requirements

Requirements

- **Transparency** - what billed and how
- Lease addendum
 - Discloses billing methodology
 - Tenant agrees to billing
 - Deductions and fees
- Consistent representations to tenants and prospects in marketing and leasing (including renewal)

Limitations

- Cannot resell the utility for a profit
 - State/Local Laws
 - Utility provider agreements
- Reasonable and defensible fees
- Rent control laws
- Enforceability



6

How RUBS works: Recourse on Nonpayment

What to do if a resident doesn't pay their portion of the bill?*

- Enforce lease terms
 - Serve a notice to pay or quit or perform or quit
 - Withhold accrued balance from security deposit
- Enforce contract terms
 - Small claims court
 - Assign the debt to a 3rd-party collection agency



**Livable assesses late fees each month the balance is overdue*

7

Get to know us

- Nationwide utility billing and management company
- Founded in 2009 by San Francisco multi-family owners and operators
- **Vision:** build a community around conservation.
 - Through transparency, education and shared accountability, we empower tenants to be more mindful about their utility usage
- Unlike others in the industry, we realized to truly make an impact on the market, we needed to remove unit and monthly minimums.
- **Mission:** bring enterprise level tools to independent rental owners

About our team

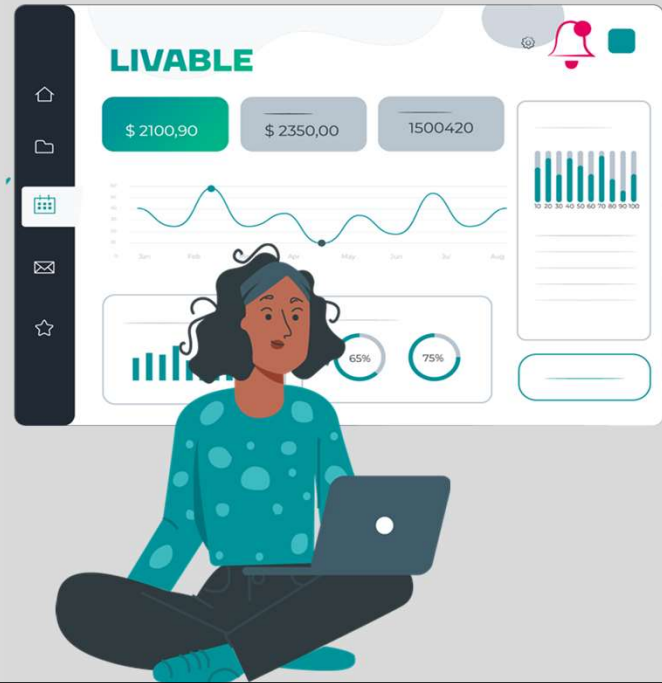
Livable has over 80 team members that are distributed throughout the U.S., Asia and Europe and South America.



8

Get to know us

- Customizable billing
- Robust and multilingual Tenant Support team
- Dedicated and responsive Customer Success team



9

What Our Clients Have to Say



"The staff at Livable is amazing. Anytime I have had a question or needed assistance, they have immediately been there to help. If you're reading this, you're probably on the fence about partnering with them.

I promise you'll see an increase in your bottom line and wonder why you didn't partner with them sooner."

— Ryan S.

"Livable has benefited my business through offsetting utility expenses through pro rata distribution to the lessee's and during the process reduced water usage by 25%.

I no longer have to worry about what the amount of the bill will be as the residents also have an interest in not wasting water."

— Dennis R.

"Before learning about Livable... we had no knowledge about the RUBS program as a whole. As a small Mom and Pop (mostly Mom) operation who ourselves are working individuals, and in an environment where the costs of water, sewer and other utilities climb annually and sometimes twice in a calendar year, Livable has been a game changer as represented in our bottom line!

Bravo to the entire Livable team who have made our lives as working property owners a lot easier! Great job guys!!!"

— Darlene P.

"Our RUBS program has allowed us to recoup \$8,895 in utility expenses over the past 12 months, and a projected \$14,250 over the next 12 months. Not only does this help us with our cash flow (it's like us adding 3.5 parking spaces to our garage), but just as important it adds \$316,666 in value to our building using a conservative 4.50% cap rate for this building. If we keep up with our current trajectory and unit turns, **we should realize \$745,000 +/- in incremental value through this program** (almost 4.5% of the building value)."

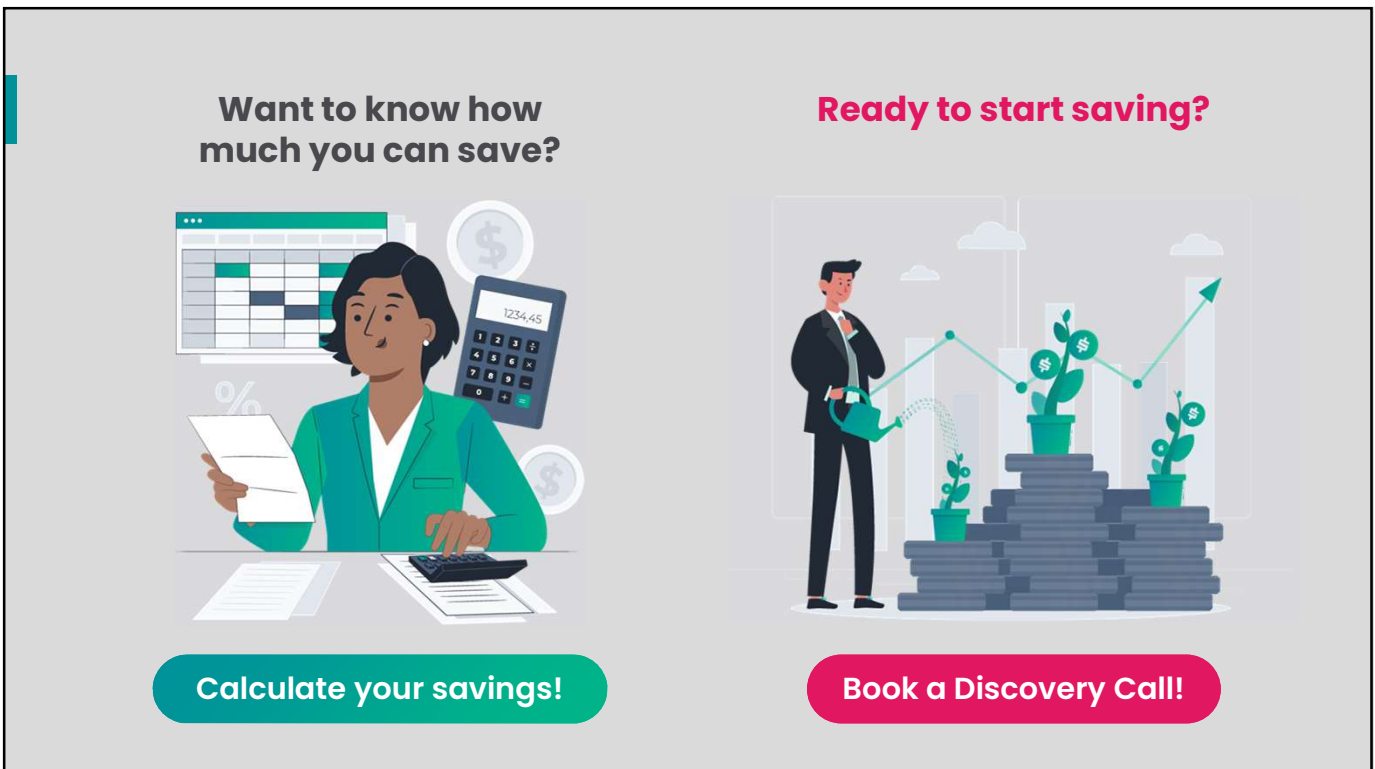
— Brit M.



10



11



12