



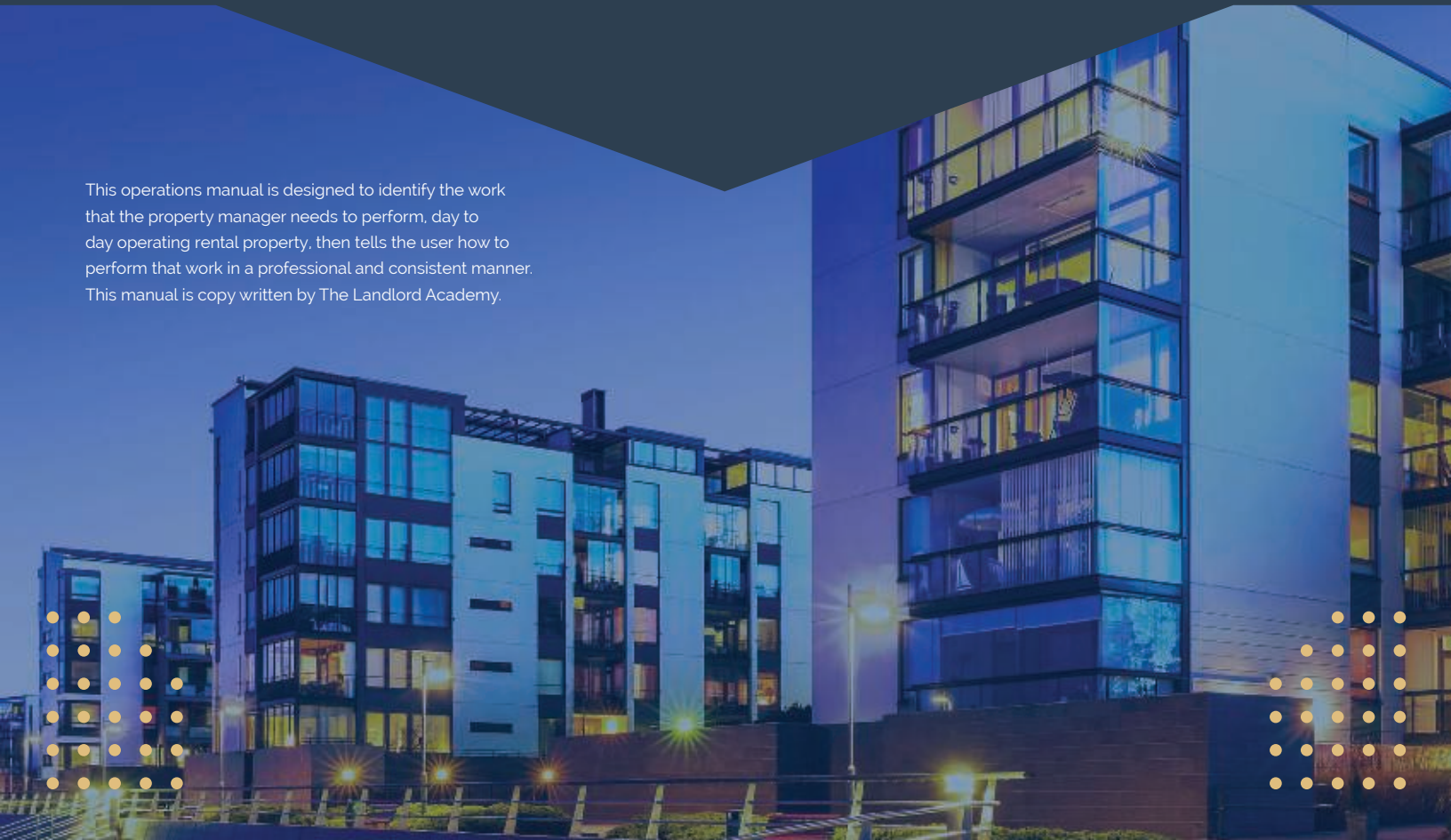
# MULTIFAMILY — M A T R I X —

# PROPERTY MANAGEMENT OPERATIONS MANUAL



PROPERTY MANAGEMENT  
PROCEDURES MANUAL

This operations manual is designed to identify the work that the property manager needs to perform, day to day operating rental property, then tells the user how to perform that work in a professional and consistent manner. This manual is copy written by The Landlord Academy.



# Property Management Procedures

## THE FIVE PHASES OF REAL ESTATE INVESTING

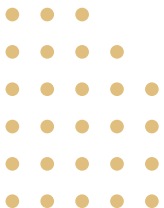
If I had to pinpoint one particular lesson I have learned through consulting and working with the some of the best real estate minds in the country, it would be the importance of learning the five key phases of real estate.

Most of the real estate experts I've met are pros in their specific field, but limited when it came to the full real estate spectrum. And after working in the real estate industry for more than 20 years, I know exactly how this happens. In general, most books and courses that teach real estate investing highlight just one or two phases of the investment process, but there have been very few that have been written about all five phases of real estate. As a result, even the brightest real estate professionals are launching their business and careers with a limited knowledge base. That changes now.

The five phases of real estate are as follows:

1. Acquisition
2. Implementation
3. Stabilization
4. Growth
5. Exit strategy

In my experience, the typical real investor is someone who does not have an affinity for any one form of investment. He may be interested in multi-family apartment buildings or single-family rentals, or he may have an interest in commercial developments like office buildings or warehouses. Maybe he's also considered flipping homes. In any case, this investor is typically very skillful on the acquisition side. He knows how find the best deals and negotiate the best prices. But it's unlikely that he excels in all five phases of investing.



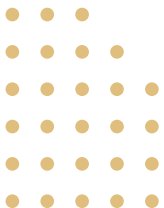
# Property Management Procedures

The most successful real estate investors and entrepreneurs truly know how to navigate all five phases, from purchasing, to managing, to stabilizing properties, and then facilitating dramatic growth before executing a sound exit strategy. As a property manager, it is critical that you also learn how to navigate each of these phases because, when you do, you can generate a volatile-proof income that will remain stable regardless of the current economic cycle.

As I go into detail about each of these phases, I want you to pay careful attention to the ways each phase compliments the others and how making a mistake in one phase can drastically impact another. For example, if an investor over spends on a property or makes another mistake during the acquisition phase, it is going to be much more difficult to stabilize the property and achieve growth. On the other hand, if the investor makes a wise purchase but then mismanages the property (i.e. by not hiring an experienced property management firm that can implement the proper systems) he will sabotage his stabilization phase, ultimately crippling his ability to enter the growth phase.

Now that we have a general overview of the five phases of real estate investing, let's take a closer look at each one individually.

**Acquisition:** The purchase phase of an investment property is one of the most important phases, as it determines how successfully the investor will be able to navigate the other four phases. This phase is all about financial management, and many of the key points to remember were discussed in the SEOTA description earlier in this chapter.



# Property Management Procedures

**Implementation:** In this phase, the primary responsibility of the investment shifts from the investor to the property manager/landlord, and the property manager's main goal is to implement the proper systems that will make managing the property as seamless as possible.

**Operating Systems:** Operating systems involve identifying the work that needs to be done and then determining the most efficient and effective way to perform that work both consistently and profitably. Please note that unless a system is documented, it cannot be repeated properly. It is possible to have a system that has developed over time and works well because the landlord or property manager has been doing it that way over time. However, if that process is not written down in detail, that property manager cannot expect to achieve consistent results, namely because he cannot replicate his efforts with other team members. Finally, when you own or manage rental property, it is critically important to document systems and remain consistent in their implementation for insurance purposes and legal protection.

**Technology Systems:** While documentation and consistency are the foundation for any business, it can be a cumbersome process. The good news is that both can be achieved by using a combination of property management software and apps. Over the past 10 years, these technological advances have allowed a single property manager or landlord to reduce their workload by more than 80%. A good property management software should allow you to:

1. Coast tenants' rents to their ledger and check payment history
2. Generate a work order for a rental and check its progress
3. Add charges to the tenant ledger
4. Generate reports, including delinquency, rent rolls and tenant profit and loss statements
5. Recognize the difference between single-family, vacation rentals and apartment buildings
6. Manage multiple rentals for multiple offers from multiple devices
7. Support multiple users
8. Allow the user to post listings to multiple social media and rental platforms



# Property Management Procedures

Instructor's Tip: Not sure where to find the appropriate systems to implement in your property management business? Hang tight, later in the class I will walk you step-by-step through an operations manual that describes in detail all of the necessary systems you need to stabilize and grow the value of your property before determining which exit strategy is right for you.

**Stabilization:** Stabilization occurs after the proper management systems have been implemented and a landlord or property manager is ready to adequately address the property's income and expenses. In order to accomplish stabilization, the property manager needs to control several key components:

1. **Occupancies:** Occupancies are primarily controlled by having a strong grasp on your prospect and putting in the necessary legwork during the strategic evaluation of the target area, which will ultimately help you to have a better understanding of your property's core demographic. Understanding the demographic will then help you control occupancy rates because you will understand the types of units your demographic is looking to rent and how much they are able/willing to pay for them.
2. **Rental Rates:** Understanding where to place your rental rate is a skill that is highly overlooked by many landlords and property manager. Again, the SEOTA analysis should help you to quickly determine where you need to set your rental rates, thanks to the clear picture of your prospects and their demographic/psychographic profile. Additionally, you should also consider age of the property, overall condition/maintenance of the property and location of the property.
3. **Turnovers:** Losing a tenant, for any extended time, will have a negative impact on future cash flows. This is magnified with single-family units, as a single-family property have only one source of income. Think of it like this: If owner A has a single-family rental home and he has a vacancy, he has a 100% vacancy rate. But if Owner B owns a duplex rental and she also has one vacancy, his vacancy rate is still just 50%. Owner B reduced his risk by 50% by owning just one more unit and benefiting from the ability to manage both rentals located in the same place. Ultimately, by owning just one more unit, Owner B benefits from the economy of scale

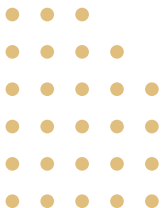


# Property Management Procedures

that accelerates his rental return. For further illustration of this concept, I want you to think back to the game Monopoly? This game taught us that five green houses would equal a greater cash flow than one producing red hotel. Essentially, this taught us that an investor will want to start with a single-family home, but that he would eventually look to move the cash flows into a greater-producing income property that benefits from larger scale. The smart investor with the red hotel also benefits from the ability to manage the assets on a single site, versus having five single-family homes spread over a given geographical area.

4. Delinquencies: Delinquencies can be drastically reduced by understanding your prospect tenant in advance. Again, I cannot stress the importance of a thorough SEOTA evaluation enough. This due diligence process will help you have a strong grasp of your prospect tenant, and when a landlord or property manager truly understands his prospects, he can begin to set qualifying criteria that will help eliminate high delinquencies, turnovers and the high cost of evictions.
5. Maintenance Budgets: when performing your due diligence process, we covered in detail how to evaluate each rental unit. When evaluating the rental units, we had an inspector/maintenance technician walk several rental units with us. This process allows us to do two things: understand the overall condition of the rental unit to help set true value of the rental property and allows us to understand future cash flows by forecasting maintenance issues that will arise in the near future.

**Growth:** In the growth phase, the property manager/landlord is focused on maximizing the income of the property and minimizing the expenses. Maximizing the income is accomplished by increasing the net operating income of the property while minimizing the expenses through careful budgeting. Both facets of the equation will change constantly and require maintenance. But once you have successfully increased the income-generating capabilities of the property, you have essentially increased the value of the rental asset. Now you can prepare yourself (and/or your investor) for the final phase.



# Property Management Procedures

**Exit Strategy:** The final stage of real estate investing occurs when investor determines that he has reached his desired return on investment. Once this phase has been realized, he can either sell the property, reposition the returns into a greater investment or cash out.

As I mentioned, gaining a thorough understanding of the five phases of real estate investing, you will be able to walk into any property and know how to turn it into a profitable investment. That knowledge, coupled with your knowledge of the SEOTA analysis and rental asset classes will give you the fuel you need to propel your property management business to new heights while creating massive value for your clients.

As you continue reading this book, you will learn many specific business-building strategies, from how to market your services to how to find and hire the right attorney. But none of that matters if you don't have this fundamental understanding of real estate investment. This is your foundation. Reread this chapter as often as necessary.



# Business Plan

It is important that you go into this with a proper mindset. Play devil's advocate, question the assumptions you are making. Arrive at the most realistic set of circumstances. Understand your skillsets and experience as well as their limitations and deficiencies. There are different skills and abilities required for each role of the many different hats a property manager has to wear.

One of the things I have found to be a fundamental truth over the 15 years of teaching thousands of investors and property managers is that most individuals if not all do not look at real estate investing as a business, let alone property management company. Most get involved in real estate and understand a specific part. Real estate professionals get thrust into a business ownership without proper preparation or skills. The process of getting required licensing includes education that prepares you to take and pass a test. However, this process falls short of giving the students necessary skillsets to being a successful entrepreneur. Being a great real estate agent transition into being a great property management entrepreneur because it requires a different set of skills. Inherently starting a new role and company will involve doing things that you don't have experience with. Understand what you need to know that you don't already and find a way to fill the void.

We are going to teach you how to transition from being great at your real estate niche to being a successful business owner.

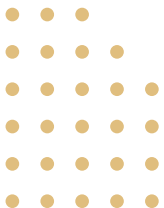
**Create Business Plan:** right now there are a lot of great ideas running through you head. It is vital these ideas be put down in writing to organize and understand how the pieces work together and flow. The following bullet points are important topics to think about when developing your business plan. Every person and their business plan will be different. The steps you start on will be different. You will restructure and rewrite things after you develop different topics. Your completed business plan that you will be giving to people for review, should be in the standard order starting with executive summary and so on. Developing your business plan is your creation and should be done in your own way. It is important to have other people look at your business plan to critique. Start with a business plan template.





# Business Plan

- executive summary - defines your property management company's purpose.
- description of business - discovering your USP (unique sales proposition)
- marketing - how you will find your property owners seeking your management services. Implementation of a CRM (customer relations management) will help guarantee success with the following strategies.
  - o Interactive website
    - Blogging
    - Educational material
  - o Social media
  - o Hosting educational events
  - o Attending or hosting networking meetings
- finances – this is important to understand what your expenses will be and how you will make money
  - o expenses
    - licensing fees
    - legal – development of contracts and corporate structure consultation (online/virtual legal resources available)
    - business entity selection and maintenance fee
    - insurance
    - operating equipment (smart phone/ tablet)
      - shared economy – office space, reception service, accounting
      - echnology – mobile apps (cloud storage, e-doc signing, voice recording & note)
  - o income
    - application fee
    - leasing fee
    - management fee
    - renewals
    - late fees
    - maintenance fees
    - transaction commissions
- legal/proper licensing



# Business Plan

- o creating your corporation
- o determine proper licensing requirements (state specific)
  - real estate/broker's license
  - business license
- appendix – supporting documents
  - o files or forms
  - o operations manuals
  - o swat diagram



# 7 STEPS TO BUILDING YOUR BUSINESS

## 1. Get licensed.

Each state varies on their licensing requirements for property managers, but most require a real estate broker license and/or a property management license. If you can afford it, I would actually recommend that you get both certifications. In addition to fulfilling the necessary requirements, the additional certification will prove to your insurance company that you are knowledgeable about the business and committed to staying abreast of industry best practices, which will likely reduce your premiums.

For more info on your state's requirements, visit:  
<http://www.allpropertymanagement.com/propertylaw/>

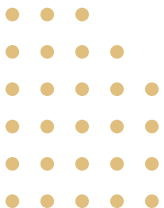
For information on licensing, visit:  
[www.realtor.org](http://www.realtor.org)  
[www.multifamilymatrix.com](http://www.multifamilymatrix.com)

## 2. Set up a corporate entity to operate your property management business from.

Any business creates liability for the owner, and a business like property management, in which you deal with people every day, is particularly susceptible to lawsuits. A vital step in protecting the wealth you are accumulating is to create a corporate entity to operate from. If you do acquire liability, it will be limited to the assets inside your company, protecting your personal assets. Of course, like with any strategy, you must do it correctly for it to work. We recommend you do not try to create this on your own, but work with an attorney who understands your protection goals. This is not an area in which you want to cut corners.

There are generally four types of business entities to choose from (this information is provided by Attorney Steve Riley, A Tampa, Florida-based attorney who works with real estate professionals to protect and grow their assets):

- **Sole Proprietor:** The first and simplest type is the sole proprietorship. This is not a corporation



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# 7 STEPS TO BUILDING YOUR BUSINESS

or an LLC. In this case you hold your individual self out as a business. There are very few advantages to doing business this way and several big disadvantages. You are 100 percent personally liable for the debts of the business. Also, some of the tax benefits you are looking for may not be available in this particular way of doing business.

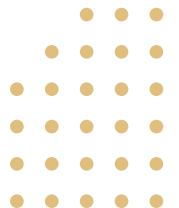
- **Partnership:** The second type of business is the general partnership agreement. When you have a partnership, two or more people have agreed to work in business together. Although there are certain tax benefits to a partnership, the downside is that each partner is liable for the debt of the other partner. So, for example, if your partner gets sued, you are automatically responsible for your partner's debt in most general partnerships.
- **Corporation:** The third type, the corporation, is a popular type of legal entity due to its flexibility. It basically provides the ability to protect your personal assets from claims against the business. You can elect two different types of tax structure for the business, subchapter S or C corp.
- **Limited Liability Corporation (LLC):** The fourth type of legal entity is a limited liability company, commonly referred to as an LLC. This is probably the most popular legal entity used to do business because it offers maximum creditor protection and maximum tax flexibility. The LLC provides protection from claims of creditors of the business. However, the LLC has some additional special protections that when used effectively can make it preferable over a regular corporation. First, if there are investors other than you in the LLC, most state laws provide that they are protected from any claims related to the LLC. This provides greater confidence to the investor. Investors know that the only risk they will have is the actual capital they invested. Second, the LLC provides that if a creditor tries to take ownership of an LLC, that creditor cannot seize the ownership. The creditor can receive only a "charging order." This protection makes the LLC preferable to a regular corporation in any situation where there is more than one owner.



# 7 STEPS TO BUILDING YOUR BUSINESS

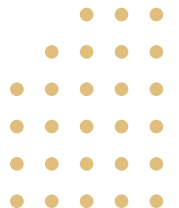
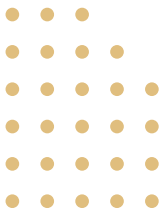
Please note that in our opinion, if you have a single-owner LLC or a single-owner corporation, the protection is approximately the same. When a business has more than one owner, we believe an LLC offers superior protection strategy. The LLC is also the most flexible from a tax perspective. You generally have four ways to tax it as opposed to the two ways to tax a regular corporation.

- As a sub-S you elect to treat your business as a small business under the tax code. All profits and losses are directly passed through to the owner. This is sometimes called "pass through" taxation.
- As a C corporation your business will be taxed twice: once on the income it earns, then again when the business makes distributions to its owners. This is often called "double taxation." There are two main benefits to a C corporation. First, the ability to accumulate capital inside of it. This is called retained earnings, and it is capital that the business may use for acquisitions or investment. Second, the C corporation has the ability to take greater tax deductions. Most large businesses are taxed as a C corporation.
- As a partnership tax status you are taxed on a "pass through" basis as well. Companies taxed as partnerships have quite a few flexible and advantageous tax benefits in the right situation.
- A disregarded entity is ignored for tax purposes. If the owners tell the IRS to ignore the business and just tax the owners as if the business was not there, it's "disregarded." A corporation can be taxed either as a sub-S or a C corp. The LLC may be taxed as a sub-S, C corp, partnership, or disregarded entity. These enhanced protection benefits and greater tax flexibility make the LLC the entity of choice for most investors.

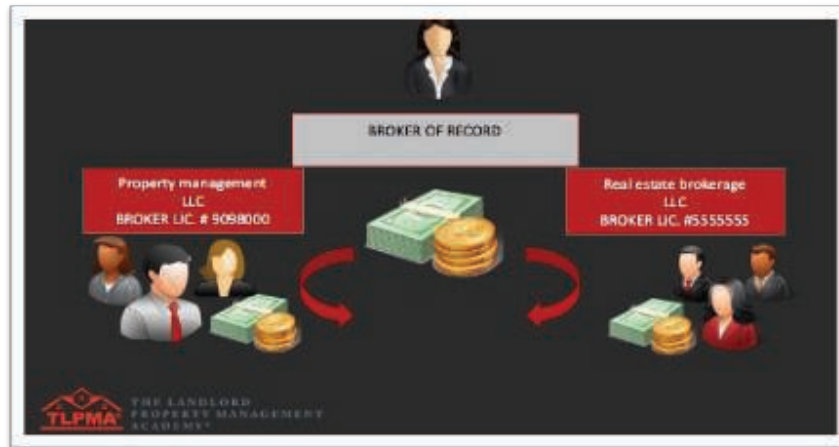


# 7 STEPS TO BUILDING YOUR BUSINESS

- **Develop a Smart Tax:** Understanding how your entities will be taxed is critical. One of the more powerful advantages of owning real estate can be tax benefits. Most mistakes I see by investors are the result of not understanding the tax ramifications of their legal entities. To cut costs, many go online and decide for themselves how their corporate entity should be taxed without realizing the potential negative consequence or lost opportunity for tax savings. My recommendation is that you have a clear tax strategy for each investment. Will this property make you money or lose you money? What is the depreciation? Is it accelerated or standard? How will this investment impact your personal income? All these issues are important to discuss with your CPA or lawyer before you pull the trigger on how you want to have your entity taxed.
- **Create and Use a "Management LLC":** One of the things I recommend that you do as an investor is to create a brand name around a management LLC. When I use the term "management LLC," I usually mean an LLC taxed as a sub-S corporation. This will not be an entity you own property in. It's a "storefront" that you can do business through. It may own some office furniture and a laptop computer, and it may or may not be licensed as a real estate sales entity, but ultimately it is the name that you hand out on your business card. You use it to make offers for contracts, and to buy office supplies. But you do not use it to own real estate. What do I mean by that? One of the big mistakes I see investors make is to pile all of the real estate assets they own into one corporate basket. So if there is one lawsuit against that corporation, all of their investment assets are impacted and at risk. Our recommendation is that although you may have a brand name under a corporation entity, you actually will end up owning separate properties under separate corporation entities. This limits the liability of each property but allows you one "brand" to operate under.



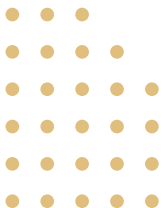
# 7 STEPS TO BUILDING YOUR BUSINESS



When creating your corporate entities, this is a common structure we see used to provide an added layer of protection. Keeping property management activities separate from your brokerage transactions limits exposure. Check with state and local licensing requirements to confirm this option is available to you.

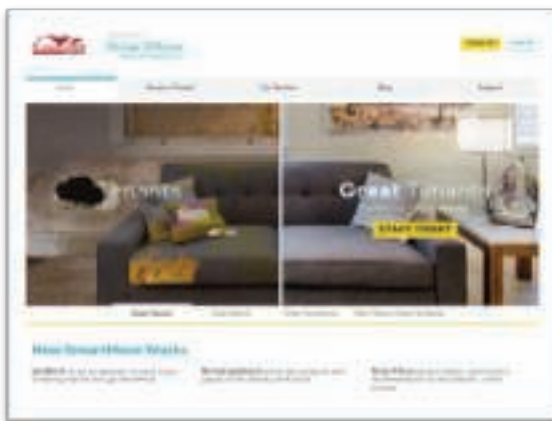
**3. Create the operating agreement.** It is important to set up an operating agreement in the early stages of your company. It spells out the rules of the game. How and when money is to be spent, what contributions are made and required. People's memory, emotions, life circumstances, business success or failure happen. Things are different from when times are good and bad. "If you are thinking... oh this can't happen to me, \_\_\_\_\_ would never do that to me." You need to seriously reconsider. It's not as much a matter of if, it is a matter of when problems will arise. Understand the reason contracts exist and when they are used.

**4. Set up screening process.** I created a partnership with TransUnion to bring an ideal system for tenant screening. We are now able to remove much of the risk involved in the screening process. After creating the qualifying criteria and submitting them into the TransUnion system, the tenant then fills out their information and TransUnion approves or rejects the applicant based on those set criteria. If you do not set up your tenant screening process properly you expose yourself to discrimination lawsuits. The process of the lawsuit is first the creditor will attack the integrity of the



# 7 STEPS TO BUILDING YOUR BUSINESS

corporation, meaning trying to prove you do not or have or have not maintained the corporation. They have many avenues to use to prove either of these two claims. If they do is a series of dominos falling. The first will be the insurance coverage you thought you had. They will inform you they insured your business. If you don't have a business, you don't have an insurance policy. If you don't have an insurance policy, you don't have coverage. You can help protect yourself from this disaster from happening by having a clearly defined qualifying criteria and system for screening process.





# 7 STEPS TO BUILDING YOUR BUSINESS

**5. Set up your property management systems.** Aside from impacting your own efficiency, remember you are now dealing with other people's investments, and they will need detailed reporting from you on financial matters. Systems for book keeping systems, document management, customer relations. Property management software and CRM software can do a lot of the heavy lifting for you and help keep you in compliance and your customer satisfaction high.

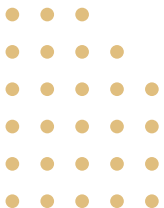
**6. Purchase business insurance.** Property managers wear many different hats while performing their day to day operations. In supplement to overseeing the maintenance and overall welfare of the properties, they must fulfill duties as:

- Leasing agents
- Real estate agents
- Appraisers
- Construction manager
- Consultant

To successfully perform these operations, a property manager must be knowledgeable and up to date with property values, landlord tenant law, tax regulations and proper procedures when dealing with law enforcement when necessary

Due to the many detail oriented responsibilities, errors are bound to occur. Whether its entering the wrong information on the lease agreement amongst many other scenarios that involve the day to day operations of property management. These instances can lead to lawsuits.

Without proper insurance, these errors and omissions can be financially overwhelming. Startup costs for a new insurance agency are substantial and the insurance aspect makes up a big part of it. It is important that this step is taken very seriously and proper due diligence is done for what insurance is necessary for your company to have.



# 7 STEPS TO BUILDING YOUR BUSINESS

Common misconceptions about coverage by property managers include the belief that their commercial general liability policies provide coverage against error or omissions as previously mentioned or negligence. The general liability policy only covers property damage, personal and bodily injury as well as advertising injury.

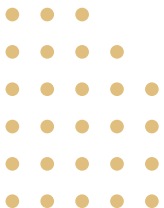
To protect themselves from claims such as fair housing, negligence, misrepresentation, inaccurate advice, etc. Property managers must turn to professional liability insurance. Professional liability insurance, also known Errors and Omissions or E&O. this insurance is designed to cover protect against errors, omissions and negligence. this type of coverage typically does not protect against non-financial losses.

E&O insurance typically has a claim limit and an annual limit. Understanding your portfolio and scope of work projected when speaking with an insurance professional will be important in making sure you are not over or under insuring yourself.

Another aspect of insurance that is often overlooked by property managers is their vendor's. it is important that the property management company mitigate their exposure by requiring and verifying vendor's policies are current. You should have vendor contracts pertaining to scope of work as well as a vendor/broker agreement detailing liability, required licensing and insurance.

It is a good idea that the property manager is also well versed renter's insurance as well as homeowner's policies that their prospective property owners will need and have.

For current information and forms relating to the insurance industry please, reference the resources section of our website.



# 7 STEPS TO BUILDING YOUR BUSINESS

## **7. Set up your bank accounts in your company name.** You will need three primary bank accounts:

- An Operating Account that you will deposit rent checks into and pay operating expenses from.
- An Escrow Account that you will use to hold the cost deposit each owner gives you to cover minimal and routine maintenance costs.
- A Security Deposit Account that you will use to hold the tenants' security deposits in. This should be a non-interest bearing account and these funds should NOT be co-mingled with other funds or accounts.

## **Understand how your business will make money:**

As a property management business you may want to create a point system to help grade a rental project and its presumed value. This will help dictate the fee structure for your management agreement. What seems like a good project may not be worth the time investment or the investment in operating cost to the business.

## **Things to consider:**

- Client relationship – how many properties do they own. Are there other opportunities working with them can provide?
- Property asset class – are these single family or apartment buildings
- Property location – is this in a high crime location that will require more of your resources to manage and maintain?
- Owner interview results – does this seem like an active owner? How much of your time will they consume? Are they the pain in the ass owner who is going to micromanage and urgently call you at all hours for minor issues? A well-built property management company will generate monthly income from the following sources:



# 7 STEPS TO BUILDING YOUR BUSINESS

- **Application Fees:** Through the Multifamily Matrix's partnership with TransUnion's SmartMove, you can charge prospects an additional fee over and above the hard cost to complete the tenant screening process. For example, if the average screen of a prospect tenant costs \$35, you can charge the prospect \$60, making a net profit of \$25. Multiply this by several screens a week and you can generate a considerable amount of income.
- **Leasing Fees:** Typically, a management company will charge a portion of the first month's rent as a lease-up. I recommend charging 100% of the first month's rent, unless you have a great relationship with the property owner and want to reduce the fee to 50% of the monthly rent. For simple math, this fee split will look like this: If monthly rent equals \$1000, a 50% lease-up fee will equal \$500 net profit to the property management company.
- **Renewal Fees:** Renewal fees are applied at the end of every lease term. I recommend charging the property owner between 30% and 50% of the monthly rent per renewed lease. Going back to the previous example, if a rental unit was leased for \$1000, the property management company would receive \$500 at the end of the lease term once the tenant renews the lease. Keep in mind that with each renewal the rent should increase based on market conditions. This ultimately increases the net operating income, which will affect the management fee positively, as management fees are typically attached to the gross operating income of the rental.
- **Late Payment Fees:** When a tenant pays rent late, he incurs a late fee which ranging between \$50 to \$100 or more, of which the management company receives a negotiated percentage.
- **Maintenance Fees:** Because a good property management company handles the majority of the maintenance issues on the property, I recommend that the management company receive a percentage of the fee charged to the property owner by the contractor who actually completes the maintenance work. When I have employed this practice in my property management company, I made sure that the owner was made aware of my fee. Also keep in mind that the owner did not pay a higher price for the services, as the



# 7 STEPS TO BUILDING YOUR BUSINESS

maintenance technician/contractor had simply reduced his fee in order to remain competitive in the market. This agreement was also beneficial for the contractors because of the sheer amount of business we referred to them on a monthly basis. Some property management companies choose to hire a full-time contractor/maintenance technician, but you may choose to subcontract to reduce costs.

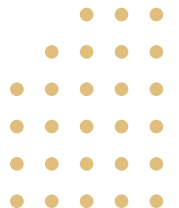
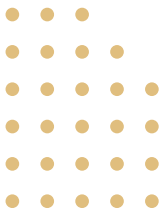
- **Management Fees:** This is typically attached to the gross operating income of the rental unit. So if the rental property is listed for \$1000 a month and the management company charges 10%, the management company would receive \$100 a month as a management fee. This is where property management companies tend to make most—if not all—of their revenue, but hopefully you can now see that there are many other ways to generate income for your company. And keep in mind all of the above items are negotiable. As I have often said, you don't get paid what you are worth, you only get paid what you negotiate.
- **Transaction Commissions:** There will be opportunity for your services to provide income from transactions. It is a good idea to be able to capture these as they can increase income as well as provide additional properties under management.

In addition to leveraging multiple income streams from the same property, you may also want to consider diversifying your management portfolio and taking on vacation rentals, commercial buildings, warehouses and other rental properties. You should also remember that, as a property manager, the amount of referrals from tenants and owners that you will receive is tremendous. In my opinion, property management is one of the greatest sources of lead generation there is for any real estate brokerage.



# STRATEGIC EVALUATION OF TARGET AREA

- SEOTA stands for the Strategic Evaluation of a Target Area, a step-by-step process for evaluating a property and determining if it's a good investment.
- Notice that the last words in the process are "Target Area." The first phase of this is to select the general area in which you are looking for properties. We are not ready to target specific properties yet, but we should have some sense of where the most profitable locations are within a region before we waste time running numbers and visiting specific properties.
- Even if you are a beginner in real estate, you've heard the cliché, "Location, location, location."  
Well, location is obviously key, but you have to think differently when you're dealing with rental properties. A nice neighborhood with rising home values may be a good location to buy a home in, but it may not be an attractive rental area.
- When you perform the SEOTA analysis, you will be taking a look at key demographic and economic indicators that reveal whether or not an area is worth investing in. These indicators are:
  - Building permits
  - Employment
  - Average household size
  - Demographics
  - Psychographics
  - Mortgage interest rates
  - Rental market rates
  - Occupancy rates
- We'll examine each of these individually, and I'll give you suggestions on how you can collect this data.



# STRATEGIC EVALUATION OF TARGET AREA

## **BUILDINGS DON'T PAY RENT, PEOPLE DO!**

Most real estate books talk only about the building, how to evaluate it, buy it and turn a profit on it. I believe this is backward thinking. In my experience, the building is the second part of the equation. You should first turn your focus to the people who will rent your property, by understanding what the renters in your target area actually want, based on demographic and psychographic data. Once you have that information, you can then find a building that fits those needs. When you learn to anticipate your target demographics needs in advance, you will be less likely to find yourself with a vacant rental unit.

## **FIND YOUR TARGET AREA**

The first goal of the SEOTA process is to identify areas that are good rental markets. Once you've done that, the information you assemble in your SEOTA will provide a clear picture of who your potential tenants are and what they need.

## **YOUR MOST EXTRAVAGANT EXPENSE**

Here's a little secret I'll share with you. I'm kind of lazy. Not in a bad way—things usually don't come easy to me, so I know I have to put my work in to achieve results. But I'll be honest: I'd rather spend my day playing golf than working. So, I've learned to not just work hard but to work smart.

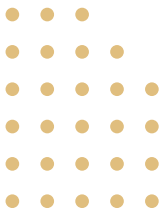
I heard once that the Army always gives the laziest soldier the new task, because they know he will find the fastest, easiest way to get it done. Then that becomes their system. That's my kind of plan. I like to find the fastest, easiest way to do something. Of course, you can't be sloppy in your work, but there is nothing wrong with getting something done in the most efficient, quickest way possible. That's good business, because in business your most costly and extravagant expense—and the one that doesn't show up on any financial sheet—is your time!

The first step to locating a target area is to evaluate the key indicators of an area. These indicators will have a positive or negative effect on the supply and demand of housing, and evaluating them will identify the areas with the strongest rental markets.



# STRATEGIC EVALUATION OF TARGET AREA

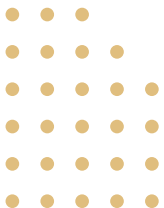
- **Building Permits.** We look at building permits to help track growth. We evaluate the various types of building permits, from single-family homes, multifamily, office space, and retail to paint a much clearer picture of the health and stability of the local economy at the micro level. This also helps you forecast supply and demand. Building permits help you see growth in advance because they are pulled before building begins so you can get an idea of what's coming.
- **Employment.** Where there is employment, the need for affordable housing is sure to follow. Strong employment also increases the demand for affordable housing. Over time, this can be a key indicator of who your target demographic is. A strong demand for housing can positively impact your occupancy rates and give you the ability to increase your rents steadily over time, which, in turn, increases the value of your property.
- **Average Household Size.** This is used to help determine the proper unit mix. If you learn the average household size is 3.7 persons per household, then pursuing a building with a mix of studio and one-bedroom apartments won't work.
- **Demographics.** Demographics determine who will rent from you. This information gives you the age, gender and income level of a group of people, and it also helps you get a picture of who your prospective tenant will be. When searching for demographics also note the total population of the area and how fast it is growing. Growth means more people looking for a place to live.
- **Psychographics.** Psychographics dictates why someone will rent from you, or why they won't. Put differently, demographics tell you who a person is, psychographics tells you what he wants. Knowing who the typical renter is and anticipating his needs in advance—including what amenities he'll want (garages, covered parking, pools, in-unit washers and dryers, walk in closets, proximity to highways, bus transportation)—will also help you focus on the right kind of building for your market and dramatically reduce the likelihood of vacancies.





# STRATEGIC EVALUATION OF TARGET AREA

- **Mortgage Interest Rates.** These help to evaluate and determine market cycles. If rates are at an all-time low, more people will be qualifying for mortgages and are therefore less likely to be in the rental market. When the money supply is tight and lenders are cautious and interest rates are high, that's when you're in the best position as a rental property owner. And when rates are low but lending standards are tight for the middle to moderate income demographic, this demographic will typically be forced to rent.
- **Rental Market Rates.** A survey is a vital tool that will identify the base rental rates in the area according to the respective unit size. Looking at the rental rate history in an area helps you determine where rents are currently and where they will be in the future. Sophisticated investors don't buy property based just on where rents are now, but also where they are headed. Harvard University's Joint Center for Housing Studies estimates that, depending on the pace of immigration, the number of renters in the U.S. will likely increase by between 4 and 4.7 million households from 2013 and 2023. It's a slowdown from the growth seen immediately after the housing market crash, but it's still far greater than the gains seen in the 60s and 90s. More stringent lending practices have kept some families out of the housing market, while younger professionals tend to prefer renting because of the flexibility it provides. But no matter what the reason, more renters means higher rents. It's a simple matter of supply and demand. The sky-high rates in markets like San Francisco and New York are a direct result of the limited supply of rentals. Based on this information, plus more detailed statistics in your local market, you can identify certain trends in the marketplace, and predict what will happen in the upcoming years. And in combination with the other factors listed above and below, you can see why the SEOTA process is so valuable. It gives you the ability to forecast into the future. A farmer will plant his seeds in fertile soil only after he forecasts the best time to plant his seeds to produce the most crops. Rental investing is the same. You want to forecast the conditions and then plant your seed in a property that will produce maximum results.
- **Occupancy Rates.** This is the percentage of currently rented units. This helps you forecast how many vacant units to average in your numbers so your financial calculations are based on accurate vacancy estimates. If you are significantly off in this estimate, it can have a serious, negative impact on your expected cash flow.



# STRATEGIC EVALUATION OF TARGET AREA

## SEOTA FROM THE PM PROSPECTIVE

This section covers the property managers prospective. The separation between good property managers and the rest is the ability to understand SEOTA from both the owners prospective and the property managers.

Demographics and psychographics will dictate how the property manager needs to set up their management proposal. Not every property will operate the same way. It is important the SEOTA process is applied to the following:

- Management Proposal – the amount of work required to manage the unit should dictate the terms of management agreement. Case study: Busch Terrace story.
  
- Qualifying Criteria
  - o Credit score
  - o Revolving debt is a reflection of the prospect's tenant's ability to pay rent on time.
    - Medical bills, student loans, delinquent accounts due to divorce are looked at differently than
  - o Criminal history
    - Needs to be applicable to the demographic and psychographic of the target area
  - o Employment history
    - How many jobs, how long have they kept those jobs, hourly vs salary. Some jobs will be more effected by economic trends. Those can have an immediate impact on vacancy and evictions.
    - Anticipation of future vacancy rates as a property manager. Empty units do not pay management fees.
  - o Eviction history
    - Do homework, sometimes tenants are wrongfully evicted or have circumstances that are important to consider. Take into account if there is a judgement, correlation to credit check and its ties to things such as medical bills.



# STRATEGIC EVALUATION OF TARGET AREA

- Lease conditions
  - o Late fee amount
  - o Late fee due date
  - o Rules and regulations
  - o Pet policy (house with a yard may want to allow for pets as pet owners will be seeking that)

## EXAMINING THE DNA STRAND OF A PROPERTY

As a property manager you need to understand how create from scratch, a property financial analysis and pro forma given just the rent role. if your client is failing, your account with them will also fail. If you do not demonstrate the necessary skills to determine a property's value from a cash flow prospective, how can you meet your client's goals.

Figure 1 – DNA Strand

		PGI	Potential Gross Income
	-	VCL	Vacancy + Collection Losses
	+	OI	Operating Income
	=	EGI	Effective Gross Income
Operating Expenses	-	FE	Fixed Expenses
	-	VE	Variable Expenses
	-	RR	Reserves for Replacements
	=	NOI	Net Operating Income
	-	ADS	Annual Debt Service (1 year principal + interest)
	=	BTCF	Before Tax Cash Flow
	+	RR	Reserves for Replacements
	+/-	Tax	Tax
	=	ATCF	After Tax Cash Flow



# STRATEGIC EVALUATION OF TARGET AREA

Figure 2 – Rent Schedules

Pro Forma Rent Schedules					Current Rent Schedules			
Unit #	Quantity	Area	PS	SR	Total SF	Unit #	Area	Current
1 Bed / 1 Bath	8	300	1,300	300	2,900	1000-1	800	900
2 Bed / 2 Bath	8	500	1,600	300	3,800	1000-2	500	500
3 Bed / 2 Bath	8	800	2,000	300	5,100	1000-3	750	500
4 Bed / 2 Bath	8	1,000	2,500	300	6,300	1000-4	800	500
5 Bed / 2 Bath	8	1,200	3,000	300	7,500			
<b>Total</b>			<b>2,900</b>	<b>1,200</b>	<b>21,600</b>			

General Summary		Current Summary		Pro Forma Summary	
Item	Value	Month	Annual	Month	Annual
Total Units	8	PS	\$2,900	PS	\$2,900
Total SF	5,100	Average Monthly Rent per Unit	\$422.50	PS	\$1,200
Average SF per Unit	637.5	Rent / SF	\$0.79	PS	\$0.84
Average Price per Lot	\$25,000	GC (Estimated)	\$294	PS	\$1,012
Minimum Construction Costs (\$)	\$6	ES	\$2,204	PS	\$2,204
Months	12				

Figure 3 – Expenses

Annual Operating Expenses				
Estimated Annual Expense Increase		3.00%		
Estimated Expense Rate		5%		
Months per Year		12		
Expenses	Annual Amount Current		Annual Amount Pro Forma	
	Management Fee (%)	32%	\$2,705	\$2,678
Variable Expenses	Utilities	Electricity	50	50
	Water / Sewer	\$1,200	\$1,200	
	Gas	50	50	
	Repairs and Maintenance	Unit Maintenance	\$1,500	\$1,000
	Common Area Maintenance	50	50	
	Ground Maintenance	3000	3000	
Miscellaneous	Miscellaneous			
Miscellaneous				
<b>Total</b>		<b>\$6,005</b>	<b>\$4,678</b>	
Fixed Expenses	Taxes	\$1,200	\$1,200	
	Insurance	\$1,800	\$1,800	
	Garbage Collection			
	Pest Control	500	500	
	Miscellaneous			
	Miscellaneous			
<b>Total</b>		<b>\$2,400</b>	<b>\$2,400</b>	
Revenues	PS (Pro Forma)	\$28,704		
	PS (Current)	\$21,948		
	Reserve %	8%		
<b>Total</b>		<b>\$1,081.82</b>	<b>\$1,148.18</b>	



# STRATEGIC EVALUATION OF TARGET AREA

Figure 4 – Financial Analysis

Financials			
		Current	Pro Forma
	PGI	\$26,400	\$31,300
	VDL	\$2,352	\$2,496
	D	\$0	\$0
	EGI	\$27,048	\$28,704
	FE	\$2,400	\$2,400
Operating Expenses	VE	\$6,005	\$5,870
	R	\$1,982	\$1,348
	NOI	\$17,561	\$13,485
	ADS	\$7,000	\$6,000
	BTCF	\$10,561	\$7,485
	R	\$1,982	\$1,348
	Tax	\$2,829	\$2,327
	ATCF	\$8,815	\$6,117

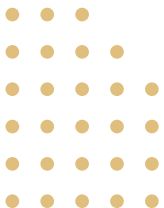
Summary	Current	Pro Forma
Operating Expense	\$8,487	\$8,235
Equity	\$30,000	\$30,000
Loan	\$70,000	\$70,000
Cap Rate	17.84%	19.49%
Equity Dividend Rate	35.20%	44.95%
Debt Service Coverage Ratio	2.51	3.23
Operating Expense Ratio	31%	32%

Seller Value	\$85,000	20.60%	22.52%
Preferred Rate	5.4%	\$125,438	\$139,582
Cost of Funds		10.0%	8.4%

Figure 5 – Definitions

PGI = Total annual income subject property is capable of producing if 100% occupied
Capitalization Rate ( Overall Rate of Return) = Income / Value
LTVR (Loan to Value Ratio) = Loan Amount / Property Value
OER (Operating Expense Ratio) = OE / EGI
DSCR (Debt Service Coverage Ratio) = NOI / ADS
BTCF (Before Tax Cash Flow) = NOI - ADS
EDR (Equity Dividend Rate) = BTCF / Equity



# KNOW YOUR ASSET CLASSES

The next real estate concept that you must master is the different types of property asset classes.

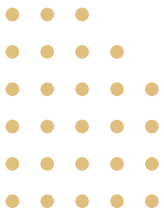
Most real estate books teach the reader to look for the investment property. All they focus on is the building itself, but the truth is that in the time that I have been in this industry, bricks and mortar have never paid me rent. People pay the rent. Many investors and property managers fail to understand this simple fact, and that is why they have trouble filling vacancies on their rental property and their cash flow suffers. I want you to think about rental properties in the way a big business like Wal-Mart thinks about their customers. You have customers, just like Wal-Mart does. Yours are your tenants.

In addition to understanding the prospective tenants you plan to attract; you must also understand the types of properties you can invest in. And, ultimately, that decision will play a large role in determining your future tenants.

Real estate books and media outlets tend to make very general statements about real estate markets and their current economic conditions. Statements like "Vacancy rates are extremely high," or "Rental rates are softening" are confusing because they are too general and don't apply to any specific segment of the market. The key for the real estate investor is to drill down to the specific segment of the market the individuals are speaking about and determine whether it applies to the class of property they own.

There are several different classes of properties that a real estate investor can own, and each one will have different opportunities and challenges, and rarely will those opportunities and challenges be the same as those of a different property class. Here are a few examples:

**1. Class A and B:** These luxury and semi-luxury properties are typically located in high-end areas. These classes are typically associated with luxury condos, luxury rentals, high-end single-family homes or high-end luxury multi-family buildings. The demographics and psychographics of tenants in these classes will be completely different from the demographic and psychographic profile of middle- and low-income tenants. What affects the rich does not affect the middle- and low-income tenant, so you must be very conscientious when making investment



# KNOW YOUR ASSET CLASSES

decisions. Typically, these properties are going to be priced at market or over market. As a result, the investor must understand that he is not necessarily buying for high returns, but for the anticipation of appreciation of their assets over time. A breakeven cash flow and above-modest appreciation typically makes paying at market or slightly over market more justifiable depending on the forecast conditions. This is a costly but sound investment when you consider that high-end properties typically are more stable when it comes to income-producing assets. Delinquencies as well as costly turnovers can railroad the net operating income on other asset classes fairly quickly, making it difficult to achieve positive cash flow, even on properties that were priced at below market value. This is generally not the case for Class A and B properties.

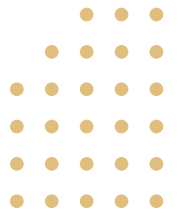
**2. Class C:** Class C properties typically cater to the middle-income demographic. When investing in class C properties the investor again must pay attention to the demographics and psychographics. Understanding employment factors are key in this segment because middle-income is considered to be stable but fixed, meaning that the household income typically grows at a moderate pace depending on various economic cycles. That is why it is very important for you to do your historical due diligence process before investing in this asset class. When you understand this demographics employment conditions and short- and long-term forecast, it makes investing in this product type a little easier. Personally, I like this asset class because tenants are typically more likely to be long-term renters, especially with today's economic conditions, and have access to capital, which means they can keep up with rent payments. However, transition and turnover will occur more often than with high-end properties, and issues like delinquencies increase a bit more in this asset class as well.

**3. Class D:** One reason that many investors—especially those who are just starting out—are attracted to this asset class is because of the acquisition price. The generally low price of Class D properties allows for individuals with limited access to capital to participate in real estate investing and typically make their first purchase. On its own, that it good reason to invest in some of these properties in low-income, sometimes blighted, neighborhoods. But please keep in mind that this demographic and asset type is extremely volatile. The tenants who typically rent these properties are typically at or near the poverty line, so their income and their ability to generate income is extremely volatile. It's also important to remember that when there are economic downturns,



# KNOW YOUR ASSET CLASSES

the low-income demographic is the first to take a hit. Their wages are the first to be cut and their hours are the first to be slashed. A reduction in hours and wages results in the inability for these individuals to pay rent, resulting in high evictions and a high turnover rate. This ultimately erodes the net operating income and may require the investor to spend his own money to cover the mortgage. I also know from personal experience that Class D properties require much more involvement from the investor than other classes. Simply put, a small, Class D duplex can require the same amount of manpower as 10-unit, Class B apartment building. It is possible to make these properties work for you, but you must be particularly savvy in property management when dealing with Class D assets.



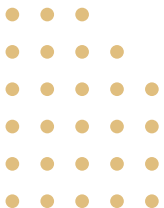


# THE NO-FAIL APPROACH TO LANDING CLIENTS

To attract and convert leads, you need to thoroughly understand your clients and their goals.

There are many types of owners and important characteristics and mindsets they operate under. The reason for investment is key to understanding your owners. As a property manager, whether you are a beginner or experienced you will quickly understand you are going to meet various property owners and properties. There are going to be different categories that these owners can be placed in. The terms in the management agreement needs to reflect these variables.

- **Capital Appreciation** – similar to a retirement fund. long term growth strategy. This type of investor is typically looking for less risk. This investor typically will not need an immediate return on investment and able to reinvest cash flows back into the property, strengthening their position for long term appreciation
- **Cash Flow** – similar to the day trader. these investors have a focus on a positive income stream and immediate returns. Scales of economies will play a big role to offset risk i.e. protect cash flow. The interview process is very important for this type of owner. If this investor needs immediate income to pay their personal bills and does not have the benefits of economies of scale, there will be a lot of pressure on the management to provide perfect cash flow results that likely are not realistic. There are many variables out of the control of the property manager. Projections can give accurate numbers but, that is biased on averages.
- **Distressed Income Properties** – poor asset selection, poor management, poor financing leads to an asset not performing to the desired cash flow. In our experience we have come across a lot of properties that people purchased from a wholesaler that was a great deal for the wholesaler but not the investor. The investor then finds out that there are unforeseen barriers to a positive NOI. In these cases, they have likely overpaid and have few resources left. This type of owner will be particularly challenging. They are going to require a lot of your time, and time is money that they might not have. You may need to be creative with the management agreement terms to arrive at a realistic win-win.



# THE NO-FAIL APPROACH TO LANDING CLIENTS

We are not saying that these are good or bad, simply considerations to make. There opportunities in distressed properties and challenging market conditions. What we are saying is, be realistic on what it will take to achieve the goals of the owner, the property, and the property management. Make sure they align before you take the project on.

## **Effective communication**

Communication is vital for property management success from generating leads, converting them, to maintaining them. You need to be able to accurately get your message across to show your ability to provide results to the owner. Various types of communication will be determined by several owner factors. Strive to provide easy accessibility and documentation.

- Types of owners – do you need screening or direct access.
- Location of the owner – time zone difference
- Communication preferences - phone, text, email, online portal, mail
- Scope of work – is a video of progress desired or simply confirmation of completion

## **Property Management Hacks**

We have found virtual receptionist companies provide great value and deliver ideal solutions for our management communication. They assure incoming calls are reliably professionally answered and immediate information provided to caller and management.

Understand that each client is different. Create a custom management strategy for each client that will facilitate meeting both client and management goals.

Understand the effects of being proactive vs reactive. Specifically, in respect to time for the management company.

## **First Contact – Lead Generation**

Regardless of how you are generating leads, be it from teaching a class or an unexpected introducing, always be prepared. Have your elevator pitch ready. Collect their contact information and get the lead into your CRM (customer relation management) to develop. Follow through with setting the second key appointment.



# THE NO-FAIL APPROACH TO LANDING CLIENTS

## **Second Contact – Owner Interview**

This is the most critical and often overlooked process. Using the effective communication method on page (), strive for a face to face meeting. This is when you will gather information necessary to prepare you for the proposal. Understand your client and their goals. This is an opportunity for you to insert yourself as an industry leader by being able to anticipate their needs in advance, provide systems and create a proposal.

## **Third Contact - Close**

this is where you are going to give a detailed plan of action on how you will achieve the goals of the owner. Give an explanation of your strategic recommendations and showing how your success is tied to theirs.

Now that we have taken you through the three stages of lead conversion, I am providing you with a sample management proposal. Your property management company's success depends on your ability to develop a customizable management proposal.



# YOUR PROPERTY MANAGEMENT COMPANY'S NAME HERE

Your mission statement here

## Management Proposal

Now that you understand your client's goals, you are ready to create a customized proposal to your client. Typical management proposals should include the following:

- Define purpose – your company's vision
- Services to be provided – demonstrate consistency
- Who will provide services – define what you are responsible for and display vendor relations
- How services will be performed – details how each requirement will be completed
- Fee structure – spells out how much the services will cost



# INTRODUCTION

(Use this section to define your company's unique sales proposition, take the time to really distinguish your business brand and its services. This section should be well thought out, and your website should reflect much of what is listed in this section. Remember there are a lot of so-called thought leaders out there with new blogs this is your opportunity to show your prospective client why building a relationship with you and your business will be a rewarding and profitable experience.)

Our purpose for the "Property Owner's Handbook" is to first help you, the property owner, better understand the administrative and management systems of (Your Property Management Company). Second, it is to help provide valuable industry knowledge and insight. It is our pleasure to introduce you to our company and to answer any questions that involve our company or the industry as a whole. When property owners are provided with industry knowledge and tools, we have found it provides them with a greater understanding of the day-to-day operations of property management. This then enables those owners to hold a property management company accountable for its performance, putting both parties on the same page and allowing for a greater working relationship.

We achieve this in our company through inviting each owner to attend a training course at The Multifamily Matrix™. The Matrix was founded by Bryan Chavis, author of the industry bestsellers Buy It, Rent It, Profit!, and is nationally recognized for providing the highest quality rental investor, landlord and property management courses. Our team obtained their training and education through the Matrix, and we believe it is a great resource to help you better understand the field of property management and the services we will provide you. The Matrix is also a great source for providing up-to-date industry news and information. For more on The Multifamily Matrix, including online courses, please visit [multifamilymatrix.com](http://multifamilymatrix.com)



# INTRODUCTION

Author Insight: As you can see we use education to create a relationship with our clients, over the years I have found that this approach works best to break the ice and allow our property management company to high-light our skills, in return building trust between our management company and the client.

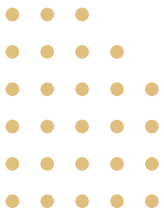
Please Note: Our business relationship is formed in writing between you, the property owner, and (Your Property Management Company), through a document called the "Management Agreement." All procedures, terms, services and conditions detailed in this proposal are subject to change, withdrawal or modification at any time and could take place without notice. You should look solely to your individual "Management Agreement" for actual services rendered. Our team in advance thanks you for taking the time to understand our business. We look forward to serving you and your business.

(Your Property Management Company) IS AN EQUAL HOUSING PROVIDER.

(Your Property Management Company) does business in accordance with the Fair Housing Act and does not discriminate on the basis of race, creed, religion, age sex, familial status, marital status, disability, color, national origin, sexual orientation or any other protected classes.

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3. What Additional Factors Should You, The Owner, Consider When Employing The Services Of A Management Company?
4. Frequently Asked Questions About Qualifying Tenants, Leasing, Rents And Overall Rental Investment Market Conditions
5. Who Is Responsible: The owner or the tenant?
6. Quick Tips On How to Prepare Your Property For Rental
7. The Art of Communication
8. Going Beyond Property Owners Expectations
9. Conclusion



# INTRODUCTION

## **(Your Property Management Company) Makes Investing & Owning Rental Property Easy**

(in this section you are going to differentiate yourself from the competition. Detail your value add and make sure to point out what you can do for them that others can't specifically through your training and education. See sample below. You want to really focus on how doing interacting with your business will benefit your client long term. Remember there are a lot of so called thought leaders out there. Let the client know why building a relationship with your business is benedictional to them.)

A big part of success in real estate—and business in general—can be attributed to forming the right types of alliances. Alliances increase strategic positioning and are used as a method to increase strengths, helping all involved parties to reach their goals more efficiently and at a much quicker pace. At (Your Property Management Company), we are committed to this philosophy. In fact we built our name on it.

### 1. Each member of our team is a Certified Property Managers.

One of our team's biggest strengths is that all team members have received their Professional Property Management Certification. This intensive training is only available through the nationally-recognized Landlord Academy, and in addition to training our team members to become the most effective property managers in the industry, this designation must also be kept current on an annual basis, ensuring that our team members stay abreast of all legal and industry changes. This designation helps ensure that your property will be managed by a very elite group of well-trained property managers.

### 2. We employ comprehensive tenant screening and qualification procedures.

One of the most powerful ways to reduce late rents, problem tenants and evictions is through proactive tenant screening. All prospective tenants will be screened using The Multifamily Matrix's tenant screening program. The Matrix has partnered with Transunion's SmartMove to provide one of the most comprehensive screening platforms in the nation, effectively evaluating prospects on past evictions, criminal record, rental history, credit history work history and other factors. To view a free demo of the tenant screening process, we encourage you to visit our website (insert your website name).



# INTRODUCTION

3. Efficiency through property management software. Full-service property management software is a cost-saving tool for a rental investor/owner. It provides accurate, efficient tracking of rents collected, late rents, vacancies, maintenance costs and more. While off-the-shelf accounting programs may provide tools like a balance sheet, profit-and-loss statement, aged receivables and other financial reports, they do not include property-related reports such as a rent rolls, vacancy listings or lease expiration reports. Property management software (refer to the website for suggestions of preferred software) combines modern accounting and property management features to provide our team—and you—with an all-inclusive solution. This enables us to provide you with a wide range of detailed reports that will better enable you to track the performance of your investment.

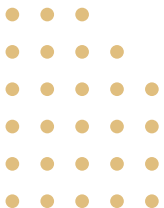
4. We provide easy communication. We are available by phone, text, email, postal mail or personal appointments, and our team is always ready to assist you.

5. We contract with experienced service personnel. Maintenance, repairs and other services are always performed by licensed and insured vendors. As part of our team's Professional Property Management™ training, we have specific training to better monitor the work of vendors and also to implement our preventative maintenance program.

6. We provide detailed property inspections. We can provide, as a special service, written comprehensive inspection reports including photos or video of your property during tenancies and after.

7. We offer free consultations and training. Through our partnership with The Multifamily Matrix™, we have arranged to provide you with additional advice about how to evaluate potential rental areas, how to invest in rental properties, how to prepare your property for rent and how to better understand the current market rents. Also be sure to ask about our Owner Workshop Program. Some of the listed workshops like: Rental Investing 101™ (a comprehensive study of the current market conditions) and Building a Foundation in Property Management™ (an overview of all aspects of property management) provide you with industry knowledge to help better gauge property management services.

8. We use an owner-friendly Management Agreement. There are no restrictive clauses, no hidden fees for services and no difficult termination clauses. Just an easy-to-read and understandable Management Agreement.



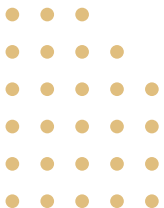


# INTRODUCTION

## **Frequently asked questions about (Your Property Management Company)**

(this is an opportunity for you to cover a lot of questions you will get from clients. This will demonstrate your knowledge and your ability to anticipate client needs in advance. Below is a list we have comprised from our experience. The ability to show your prospect client that you possess the ability to anticipate their real estate investment needs in advance is key to gaining your prospect clients respect and trust. This will also help to separate you from the competition.)

- What makes (Your Property Management Company) different from other companies? This is a very common question and we provide a very easy answer: You can trust that our team is among the most well-trained in the business. We also offer our Owner Workshop Program, a very unique training program that provides seminars to all our owners, cover topics like: Rental Investing 101™ (a comprehensive study of the current market conditions) and Building a foundation in Property Management™ (a comprehensive study of all aspects of property management). These workshops are used as a tool to help you stay up-to-date with any industry changes that may impact your portfolio. These programs also allow you to gain industry knowledge that will help you to better gauge our level of service.
- As an investor, you may also take part in our Rental Portfolio Checkup, an analysis designed to specifically evaluate your rental portfolio, then strategically plan out your investment strategy according to the current real estate market conditions. You may also choose to have your investment portfolio analyzed from a legal standpoint. If so, we'd be happy to refer you to one of the leading law firms in the state that specializes in asset protection. This firm will then evaluate and/or create corporate entities that may be used to protect your real estate portfolio.
- We're not required to offer these additional services; we choose to do it because we care about you and the success of your investments.
- What types of properties does (Your Property Management Company) manage? We primarily focus our services on residential single-family, duplex and multi-family properties. However, this does not preclude us from providing management for select commercial properties.



# INTRODUCTION

- What are the office hours of (Your Property Management Company)? We are open for business from 9:00 am to 5:00 pm weekdays. After hours and on weekends we always have an emergency contact on call and available.
- How does (Your Property Management Company) handle emergencies? A big part of good landlord-tenant relations is availability and a timely response. Our company provides an on-call person 24 hours a day to handle emergencies. We have a preferred list of service vendors who will respond promptly to all emergencies.
- How does (Your Property Management Company) perform bookkeeping services and report that information to property owners? With our preferred property management software, we are able to send you detailed property reports at your request. This includes:
  - Detailed profit and loss statement and comparison
  - Fiscal year budget reports
  - Detailed rent roll reports
  - Security deposit reports
  - Late rent report
  - Unit available reports
- Will (Your Property Management Company) deposit an owner's checks directly into the bank? We will deposit your distribution check directly into your bank, either by mail or electronic deposit, and mail the monthly statement to you.
- How much does (Your Property Management Company) charge for management services? We have several services available to fit the needs of any rental owner, and you are free to choose which services you need us to handle on your behalf. Our fees are competitive in the market place; we charge a small percentage (10%) of the monthly rent as a management fee. Our leasing program's fee to find and place a qualified tenant is 50% of the monthly rent, and our lease renewal fee to renew a lease with the current tenant is as low as 20%.



# INTRODUCTION

There are a lot of property management companies that will advertise lower fees, but they often offer inferior services and have hidden costs. Keep in mind, "There are some who know the price of everything but the value of nothing."

- Does (Your Property Management Company) charge extra for overseeing maintenance repairs? No! This is part of our standard service to you, the owner, and it is included in our management fees. We do not accept rebates from vendors, nor do we charge fees to tenants to oversee maintenance repairs.

## **Understanding your Management Company's USP (Your Property Management Company)**

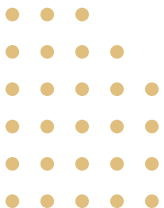
(In this section you will cover some of the key ingredients that will help create the terms of your management agreement. This is important because it will change client to client. Make sure you use the SEOTA information to help establish realistic guidelines upfront this interview process is extremely important to you and your business. Remember not all business is good business. You need to determine whether or not managing a prospect client's property or properties is a good fit for them as well as you. Understanding the prospect client's needs and concerns before signing a management agreement can actually save you both time and money.)

Sometimes property owners commit to obligations they later regret because they are unfamiliar with evaluating Management Agreements, or they have not taken sufficient time to review the document. Our practice has been to provide a copy of the Management Agreement to you for review before setting up a consultation. We want you to see, up-front, that there are several ways our Management Agreement is unique and provides confidence and flexibility to you, the owner.

## **Management fees apply only when rent is collected.**

- We do not charge management fees when your property is vacant.
- We do not charge management fees on uncollected rent.
- We do not charge owners or tenants administrative fees to oversee maintenance repairs.

In short, your success is important to us. Therefore, we only get paid when you get paid.



# INTRODUCTION

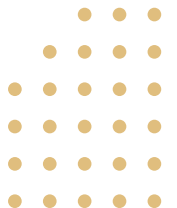
## **We have an easy termination policy.**

(Your Property Management Company) agreements are as easy and flexible as you will find anywhere. There are three provisions:

1. If a Lease Agreement or a Move-In Cost Sheet has not been executed by a tenant, you may terminate our Management Agreement, in writing, at any time, and the only cost to you is any out of pocket expenses related to your property, such as an authorized marketing cost.
2. If the property has been leased, but we have managed the property less than six months, you may terminate our Management Agreement in writing, with sixty days notice, and the only cost is a nominal termination fee of \$300 (and management fees incurred during the time we managed the leased property including the 60 day notice period for services provided.)
3. If the property has been leased and we have managed it for more than six months, you may terminate in writing within sixty days notice without penalty. The only amount due would be the management fees for the time period our services were provided.

## **No management fees after termination.**

Many Management Agreements stipulate that if you terminate the agreement and the tenant remains in the property, you could owe fees to the former property manager as long as the tenant remains. The (Your Property Management Company) Management Agreement has no such clause. We will assign the Lease to you, the owner, or another property manager at no charge. We will only accept payment for the time period that our services were rendered.



# INTRODUCTION

## Frequently Asked Questions About Qualifying Tenants & Marketing the Rental Unit

One of the major concerns for most all rental owners have for most all property management business is how will the management company market and qualify prospect tenants? By addressing these concerns up front you not only show that this process is not a issue for you management company but you have a well thought out plan for filling vacancies with qualified tenants. Remember there is a difference between economic occupancy and physical occupancy. Show the prospect client you understand this concept and have the systems in place could very well be the tipping point you need to building a relationship with the prospect client.

- How long will it take to rent a property? There are several factors that influence any given rental market, such as location, condition of the rental unit, rental price and the demographics and psychographics of the target prospects. Demographics tell us who will rent from us and psychographics tell us why they rent. (To help our property owners better understand the importance of how to evaluate a target rental area and market, we provide a free seminar that covers how to locate and buy rental property.) Keep in mind that the demand for affordable housing will only continue to increase as long as such economic indicators as higher interest rates and lower availability of affordable rentals for an increasingly large middle income population. As a result, the ability to find high-quality will only increase. Typically, the time frame to rent a unit should take no more than 30-60 days.
- How will (Your Property Management Company) market my rental unit? Getting your property rented as soon as possible to a qualified tenant is one of our highest priorities. Lost rent because of unnecessary vacancies is typically never recovered. Therefore, we use many methods of advertising to give your property the widest possible exposure. These include, but are not limited to:
  - o Internet listing sources. We advertise your properties on a broad or targeted list of listing sites depending on your custom marketing strategy.
  - o Rental spotlight list – this is useful if you have your own website to feature listings. Your property description will be added to our rental list. This list of available or upcoming rentals is updated daily and available free of charge to all

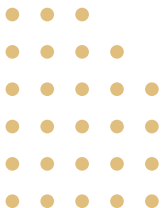


# INTRODUCTION

- o Other real estate offices and rental locator services – this is useful if you have any referral sources. If interested, your rental information will be shared with other real estate offices looking to locate rentals for their clients. Additional fees may apply and will vary with each locator service.
  
- How does (Your Property Management Company) qualify prospective tenants? (Your Property Management Company) uses one of the most comprehensive tenant screening services in the nation. Powered by The Multifamily Matrix in partnership with TransUnion's SmartMove software, this screening program will evaluate the following areas of a prospect tenant's background:
  - Rental records
  - Employment verifications
  - Court evictions
  - Driving record
  - Criminal background check
  - Retail credit files
  - Rental debt collection records

The amount of detail you choose to cover in your screening process will be up to you, though we do have recommended criteria. We can help you create a personalized screening criteria. We also recommend that you access the article, "Finding a Blue Chip Tenant" on [Multifamilymatrix.com](http://Multifamilymatrix.com). This article will provide a more detailed explanation of the impact of finding a good tenant, while also examining the liabilities a landlord AND property owner could face if tenants are not properly screened.

- How long will it take to qualify an applicant? Depending on the level of screening, the process could take as little as 15-20 minutes, or it could take as long as one business day. Our team is trained in techniques to close a deal quickly, even if approval is still pending.



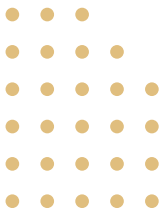
# INTRODUCTION

- Does (Your Property Management Company) guarantee your leasing services? We are so confident in our tenant qualification process that we offer the following guarantee to owners: If a tenant qualified by our company breaks the original Lease Agreement within the first year for any reason, we will waive our customary lease fee and re-rent the property to a new tenant for FREE!
- What if additional persons move into the rental property during a tenancy? This is a common and costly problem rental owners face. To proactively address this issue, this is prohibited in our Lease Agreement. If an unauthorized person moves in to any unit, a 7-Day Notice to Cure will be served, requiring this person move out or be added to the lease—but only after completing an application and being approved through our tenant screening process. This entire process must be completed within seven calendar days. Failure to comply can result in the termination of the Lease Agreement.
- Does the rent stay the same until a tenant moves out? Our management is designed to not only manage the day-to-day activities of your property, but to maximize its cash flow potential. One key to increasing a property owner's cash-flow and the overall value of the property is to periodically increase the rents in accordance with market rates. Approximately six weeks before the end of each lease period we evaluate the market rent of your property to see how much we should raise the rent in order to keep it in line with the current market conditions. A lease renewal is then presented to the tenant with the new rent amount stipulated. Approximately eighty percent of our tenants accept the new rental rate and renew the lease. Of those who choose to move, it is rarely because of a rent increase. Additionally, it has been our experience that the increase in profits owners receive through rent increases have, over time, more than covered the cost of our management fees. Our team constantly conducts market surveys to maintain the ability to keep pace with current market rent conditions. This not only includes an evaluation of rental amount, but also amenities offered, and other competitive factors.



# INTRODUCTION

- What happens if the tenant doesn't pay the rent? This is one of the most frequently asked questions by owners and the subject of greatest concern. When a tenant fails to pay the rent and remains in the rental unit, we begin the process to quickly have the tenant removed. Our trained team knows how to file the required legal notices to prepare for an eviction process. We work closely with premier and experienced eviction attorneys to not only make sure you receive fast, excellent service, but that you receive those services at a competitive rate. For more details on how an eviction works, please review the eviction timeline provided on Multifamilymatrix.com. Once the eviction is completed in the court system, the tenant is required to physically move from your property. We coordinate the required performance of the writ of possession by a local sheriff, which then puts our management company back in possession of the rental unit. Finally, our trained team handles any abandoned property as required by state law. (Left behind property is one of the costliest areas of property management, and it is an issue that can often lead to lawsuits if not handled appropriately.)
- Once the eviction process is complete, we quickly make the rental unit ready to show and lease again. In fact, at the time of the initial filing we would have already begun to advertise and find a new tenant. The eviction process usually takes three to four weeks, not months, as many would believe. For our clients, an eviction usually costs the owner an initial legal fee of only \$150.00.
- How likely is it that an eviction will occur on my property? Although we can never be 100% certain, the superior property management training our staff has received, as well our industry-leading management systems and tenant screening processes, has been proven to significantly reduce the frequency of evictions, as compares to a property management company that does have equivalent training and that does not employ our same systems and processes.





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## **Who is Responsible: The Owner or the Tenant?**

Gaining a clear understanding up front of the responsibilities of both parties is key to building a trusting successful relationship with your prospect client. Keep in mind most of the time this subject is never covered until something has gone wrong. To avoid any finger pointing, its best to cover in detail with your prospect client who will be responsible for what.

Before we address the most common questions in this category, it is important to note that the amount of owner vs. tenant responsibility is typically impacted by the number of rental units on the property. More specifically, tenants in single-family rentals are typically willing to assume more responsibility for maintenance and other matters than residents of multi-family rentals.

- What happens if the tenant damages the property? After eviction-related questions, this is probably the second largest area of concern for owners. Because of our comprehensive tenant-screening program, our tenants are ones who consistently pay the rent on time and who also take care of the rental property. In the event the tenants do cause damage, they are instructed to repair the damage at their expense. A follow-up inspection by the property manager will determine if the work has been performed properly. If tenant-caused damages are discovered at the time the tenant vacates the premises, a claim is made against the security deposit to cover the damage. This is a legal process that must be followed precisely to allow deduction of a security deposit. If not handled correctly and within the allowed time frame, the entire security deposit can be required to be returned to the tenant, regardless of damages.
- Who is responsible for the heating/air conditioning system? This is a shared responsibility. The owner is responsible for the major operations of the system when things go wrong that are beyond the control of the tenant. However, the tenant is responsible for changing the filters regularly and keeping the drain line open. System maintenance or repair resulting from tenant abuse, misuse or neglect is the responsibility of the tenant. To help our tenants better understand the level of preventive maintenance we expect them to perform, we provide them with a preventative maintenance guide at the move-in meeting that explain in detail various preventive maintenance techniques. These responsibilities are also spelled out in our Lease Agreement.



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- Who is responsible for plumbing repairs? Once again, this is a shared responsibility. Owners are responsible for circumstances beyond the tenant's control, i.e. water heater failure, tree roots in the sewer line or worn out fixtures. However, the tenant is responsible for clogged toilets or drains; toilet seats, flappers, and handles; jammed garbage disposals; and any problem resulting from abuse, misuse or neglect. If the premise has a septic tank system, owners are customarily responsible for septic tank pump-outs, sump pump failure and clogged drain fields.
- Who is responsible for windows and screens? The owner is responsible through the property manager to ensure that these are in good condition when the tenant takes possession. After that, the tenant is responsible for the repair or replacement of broken glass or damaged screens, including screen doors and sliding doors. One exception would be if the damage occurred because of a natural disaster such as a major storm.
- Who is responsible for pest control? Our Lease Agreement makes this a tenant responsibility for single family homes and duplexes, except for problems beyond the tenant's control, including termites, carpenter ants, pharaoh ants and rodents. (Florida Statutes stipulate that for multi-family buildings larger than a duplex, pest control must be an owner's responsibility.)
- Who takes care of the yard? Our single-family Lease Agreement makes this a tenant responsibility and requires the tenant to maintain the yard and shrubs in the same condition the yard was in during move-in, unless the owner chooses to provide complete lawn care for the property.
  - Many owners now provide chemical lawn service: a quarterly fertilization, weed control, and insect control treatment for about \$25 per month.
  - Hazardous work such as tree trimming is an owner's responsibility and is arranged and scheduled by the property manager. The cost of this service would be the responsibility of the owner and would, thus, need to be pre-approved.



# INTRODUCTION

- Who is responsible for swimming pool service? It has been our experience that it is best for this service to be provided by the owner to make sure that the pool is maintained properly. We contract with a pool service company to provide weekly pool services. The cost of this service would be the responsibility of the owner and would, thus, need to be pre-approved.
- What is your policy on animals? Whether or not to accept animals is always the owner's decision. Some owners allow animals; others do not. A non-refundable fee of \$100 per animal and an additional \$200 security deposit per animal must be paid by the tenant in order to have an animal in the rental unit. Where animals are permitted, only small to medium sized, non-violent, common domesticated animals would be considered. Certain breeds of dogs are not accepted because of liability considerations. Farm animals are also not permitted. (Due to Fair Housing Laws persons with disabilities will be allowed a therapy pet without being charged a pet fee. For more information, please review the Fair Housing Act provided in this manual.)
- What does (Your Property Management Company) do when the rental becomes vacant? To reduce out of pocket costs to the owner, we promptly conduct a move-out inspection of the rental premises. This allows us to make any appropriate claims against the security deposit for damages made by the tenant and then disburse the deposit accordingly. We then immediately prepare the property for re-rent. This process is referred to as the "Punch Out" and typically includes cleaning the carpet, painting the walls, etc. As soon as we are notified the unit will become vacant, we begin advertising for a new tenant. This is often the best time to address major repairs, improvements or upgrades to the rental unit if needed.
- What kind of liability insurance should a property owner have? If you are converting your personal residence to a rental property, you should change your policy from a homeowner's policy to a landlord's policy (sometimes called a rental dwelling or dwelling fire policy). If your property is already a rental unit, you probably have the right policy, but please check just to be sure. The limits should be in an amount not less than \$100,000 per person and \$300,000 per occurrence.



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If your rental property is in a condominium or two-home community, please do not assume that the condo association policy for the community will adequately cover you or your property. It will not! You should have your own liability policy (separate from the association's policy) to make sure that both you and your rental property are adequately protected.

If you do not know an insurance agent we can recommend local, independent insurance agents who will be glad to recommend the appropriate policy for you.

It is the policy of (Your Property Management Company) that you, the owner, request that your insurance company add (Your Property Management Company) as an "additional insured" to your policy. Most companies make this addition at no additional charge. Some companies, however, have a policy against adding coverage for management agents to your policy. In these cases (Your Property Management Company) reserves the right to charge the owner's account once each year a nominal insurance charge (\$50 for one house) when we are not covered under the owner's policy as an "additional insured."

- What is (Your Property Management Company)'s Rental Inspection Program? In addition to overseeing all maintenance and repairs, as well as handling all tenant relations as part of our regular management responsibilities, we can conduct an annual inspection of the visual interior and exterior of a rental property's property, complete an inspection report and provide a copy of the report to you, the owner. Due to the complexity of the inspection, the annual inspection is not a part of our normal management services. But for a reasonable investment of \$125 we gladly perform these very important services.



# HOW TO PREPARE YOUR RENTAL INVESTMENT PROPERTY FOR RENT

- Carpet should be professionally cleaned and in good condition with no pet odor.
- Premises, interior and exterior, should be in "move-in clean" condition
- All windows and sliding glass doors should operate and lock properly with screens in good condition on all windows and sliding glass doors.
- All appliances and other systems related to the premises should be clean and in good condition and repair: stove, refrigerator, dishwasher, microwave, garbage disposal, central heat/air system, automatic garage door opener, etc.
- All plumbing fixtures should be in good repair and working properly
- All bathroom tiles should be in good condition with no loose tile and tile cracks, corners, etc. properly caulked or grouted
- Kitchen and bath counter tops and back seams properly caulked. Splash boards in good condition
- Window treatments (drapes, horizontal blinds, vertical blinds, shades) should be clean and in good working condition.
- All electrical outlets, switches should be in good condition and have cover plates
- Interior paint should be newly applied.
- Smoke alarms properly installed in bedroom areas and in proper working order
- Household rated fire extinguisher on the premises and properly serviced
- All light fixtures should have light bulbs and be in proper working order. Ceiling fans, if any, should be clean and in proper working order.
- Lawn should be clean, grass cut, edged & trimmed, shrubs trimmed, and irrigation systems (if applicable) in good working order. (this is essential to the 'Curb Appeal' of the property which directly impacts the speed of leasing.)
- Well water system and any water softener system, if applicable, should be in good working order with appropriate chemicals added at proper levels
- House numbers three inches high should be properly displayed on the front of the house or apartment unit as well as any street side mailbox
- Roof should be in good condition with no leaks.
- All debris, trash and/or discards should be removed from the rental unit premises, including from the attic
- All exterior door locks be changed after the last occupant. Each exterior door should have an entrance lock and a single cylinder deadbolt lock
- Exterior paint should have good appearance with no significant fading, chalking, weathering or peeling
- Copies of all warranties, service contracts, and termite and/or pest control contracts should be provided to (Your Property Management Company)



# YOUR TEAM

Insert the names of your team members, their role or job title, and contact information here. Designate who is the emergency contact after hours and on weekends, or provide a schedule if that contact rotates.

Be sure to include the CPMS designation and any other certifications these individuals have.

It's also a great idea to include a photo of each team member. This makes an owner feel more at ease when meeting someone at his property for the first time, as well as making the relationship a little more connected.



# THE PROPERTY OWNERS EXPECTATIONS “INSPECT WHAT YOU EXPECT”

With our company, you will always have the ability to inspect what you expect from us. This is accomplished many different ways. One common way is through our property management reporting system. In essence, your property's performance can constantly be evaluated with these quick and easy reports.

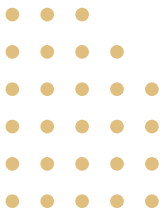
Now it's time to make your rental portfolio work for you. This is accomplished by allowing (Your Property Management Company) to help provide the tools, knowledge, wisdom and proper alliances necessary to profitably invest in rental property. We do this in many different ways.

One way is to provide constant up-to-date educational courses, consultation and market reports to act as a guide for those who are new to rental investing. And if you are a veteran investor, think of our company as water—providing you the ability to adapt by being able to flow in any direction the current or future market may lead us.

## **Marketing and Leasing.**

As an Investor/Owner you can expect our normal Leasing services to include:

- Placing one of our (Your Property Management Company “Now Leasing” signs on your property (if permitted) as soon as a vacancy is recorded, usually 30-60 days early.
- We will place a full voice description of your property in our voicemail system that provides information to interested renters 24 hours a day.
- We will share information to interested renters by using real estate, locator services, website full photo and description advertisement, and curb-advertisement. (Additional fees may apply for website and locator services.)
- We will have our trained leasing staff show your property to prospect tenants during rental touring hours.



# THE PROPERTY OWNERS EXPECTATIONS “INSPECT WHAT YOU EXPECT”

- During the rental tour, when a prospect decides that he is ready to move forward with leasing, we will immediately ask the prospect to complete our prospect packet, which includes our application. Our team then begins the efficient, but comprehensive, applicant qualification process. This will ensure we have a qualified tenant and that the security deposit is received by money order or electronic payment for your financial protection. We can usually have a prospective tenant approved within 15-20 minutes of receiving their application.
- Not renting your property for an amount lower than what you have agreed to without first receiving your permission.
- We will conduct the move-in meeting with the tenant and have the tenant examine and sign a Move-In/Move-Out Inspection Report. This will ensure the tenant and property manager agree on the condition of the rental unit before the tenant receives the keys. After the Move-In/Move-Out Inspection Report is signed, we will review and sign the lease, as well as the Rules and Regulations Form, and then turn the keys over to the tenant. This move-in process is a proven method for developing the trust and relationship needed for a successful tenant relationship, as well as providing the documentation and legal structure necessary to protect the owner if problems occur in the future.

## **Lease Renewals.**

As an Investor/Owner you can expect our normal procedures to include:

Our renewal program will allow us to be proactive in renewing the tenant's lease. We will have evaluated the current rental market to determine how much of an increase the current tenant can expect. If the tenant decides not to renew the lease (which is less than a 20% probability, based on our experience), we will be proactive in re-leasing the rental unit at the current market rental rate.





# THE PROPERTY OWNERS EXPECTATIONS “INSPECT WHAT YOU EXPECT”

## **Property Inspection Program.**

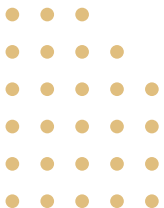
As an Investor/Owner you can expect our normal procedures to include:

- Our team will inspect your property at least once each week when it is vacant.
- Our team will conduct our Inspect What We Expect Checklist, which consists of walking the whole rental unit with the Move-In/Move-Out Inspection Report to detect any damage caused by the tenant that previously moved out. If damages are found caused by the previous tenant, then we will follow our system to properly impose a claim against the security deposit.
- When authorized by the owner in writing, we will conduct an annual visual interior and exterior inspection of the rental property. After completing the inspection report, a copy will be made available to the owner. There is an additional charge of \$125 for these services.

## **Why We Are the Top in Our Industry.**

As an Investor/Owner you can expect our normal procedures to include:

(Your Property Management Company) will follow a very innovative system model. This system model enables us to provide very dependable and predictable services to our clients. All of our team members have studied and received our distinguished designation as Certified Property Management Specialists™. Our team is required to maintain this designation annually and required to complete six continuing education classes in industry related courses, as provided by The Multifamily Matrix™.



[www.multifamilymatrix.com](http://www.multifamilymatrix.com)



# THE PROPERTY OWNERS EXPECTATIONS “INSPECT WHAT YOU EXPECT”

## **Day-to-day operations.**

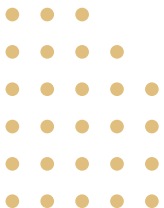
As an Investor/Owner you can expect our normal procedures to include:

- Our team will make owning rental property as an investment not only smart, but easy. We will make every reasonable effort to collect the rent in a timely fashion. Rent is due on the 1st of the month and is considered late after the 5th.
- Through our experienced staff and our state-of-the-art property management software, we make responding to all tenant concerns and emergencies quick and efficient.
- Our team will make every reasonable effort to renew the Lease with the current tenant with an increase of rent to current market rental rate.

## **What if a tenant does not comply with the Lease Agreement or Rules and Regulations?**

As an Investor/Owner you can expect our normal procedures to include:

- Our team will serve any applicable legal notice under state law to ensure compliance with the Lease Agreement.
- Our team will make a follow-up visit to the rental property to determine whether or not the tenant has complied in a timely manner to any and all legal notice or letters, delivered by us.
- Our team personally delivers all notices and letters including the 3-Day Notice.
- Our team also works with the top landlord-tenant and eviction attorney's in Florida. They will assist in any eviction action taken against a delinquent or non-complying tenant. This procedure will always be done in a timely fashion, unless directed by the owner to allow a delay.



# THE PROPERTY OWNERS EXPECTATIONS “INSPECT WHAT YOU EXPECT”

## **Reporting to owners.**

As an Investor/Owner you can expect our normal procedures to include:

- Our team will prepare and email or fax a copy of any and all comprehensive statements along with the owner's distribution check no later than the 17th the day of the month.
- Our state-of-the-art property management software allows for many useful, detailed reports. Our team will fax or email the owner key reports they request once a month.
- We also provide copies of all vendor invoices for expenses charged to your account.
- We will deposit your distribution check directly into your bank account if we have mutually agreed in writing to do so.
- Our team will also send a 1099 Income Form and Profit & Loss statement at the end of each calendar year to assist you in your tax preparation.

## **What about maintenance and upgrades?**

As an Investor/Owner you can expect our normal procedures to include:

- Our team will consult with you, the property owner, in advance regarding any expenditure to the property that would exceed \$250, unless it is an emergency affecting the safety health of the tenant, or the integrity of the property. We will obtain written permission to proceed with any property expenditure exceeding \$250, unless an emergency.
- We will arrange and authorize services, necessary to maximize the property's appeal to prospective tenants, thus expediting the leasing process and minimizing vacancy time. Examples would include: utilities, maid service, carpet cleaning, lawn service, pool services, painting and minor repairs.
- We will change the locks between tenant's residency to decrease owner's liability.



# THE PROPERTY OWNERS EXPECTATIONS “INSPECT WHAT YOU EXPECT”

- We also will only use properly licensed and insured vendors who are highly qualified and have experience dealing with the rental industry to perform the work on your property.

## **We comply with local state and governmental regulations.**

As an Investor/Owner you can expect our normal procedures to include:

- We comply with local, state and federal Fair Housing laws and ordinances.
- We comply with all state statues regarding landlord-tenant law.
- We comply with U.S. EPA requirements regarding lead-based paint disclosure.
- We comply with all other applicable laws and ordinances, whether local, state or federal, that may affect the management of residential rental property.
- We will also make it company policy for all team members to carry the Certified Property Management Specialist™ designation from The Multifamily Matrix™, an academy recognized on a national level for providing landlord and rental investor courses. This ensures that the aforementioned items are not only understood but carried out.
- 



# THE GET-STARTED CHECKLIST

The following is a list of items we will need to begin management of your rental property:

A signed Management Agreement by all owners of the property.

If applicable, a completed Lead-Based Paint Hazard Disclosure form. This form only applies to homes built before 1978. Disregard this form if your property was built after 1978.

All keys pertaining to the rental property, i.e. house keys, pool keys, garage door opener remotes, and gate entry cards and /or remotes to the community. Four (4) sets of keys are ideal. If you don't have that many keys available, we can make duplicates. For liability and security reasons, if the rental property has been occupied either by the owner or a tenant all locks should be re-keyed before a new prospect tenant moves in. Please do not duplicate keys unnecessarily.

A copy of the Homeowner Association or Condo Association Rules and Regulations where your property is located, along with the name and address of the governing association will be needed. (Disregard if your property is an apartment complex.)

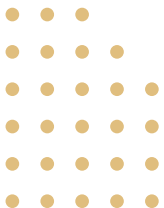
A copy of your insurance policy naming our company as an additional insured. Please return written confirmation that our company has been added as an additional insured to us.

If applicable, a copy of any current Lease Agreement and Assignment from previous landlord to our company. Tenant names, and contact information.

If applicable, security deposits for any existing tenants or written information on where this deposit is being held.

A completed and signed W-9 form providing your Social Security Number or Taxpayer Identification Number, or other applicable taxpayer form (i.e. W-8, 4224) for non-U.S. citizens.

A check in the amount of \$250 to fund the rental trust account. Please make check payable to (Your Property Management Company) Trust Account



# THE GET-STARTED CHECKLIST

A completed "Authorization for Automatic Deposits" form with voided check attached, if you wish to have your funds electronically deposited into your bank account each month.

Thank you, we look forward to developing a successful strategic alliance with you!

## **In Closing**

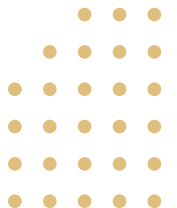
Thank you for allowing us this time to introduce our revolutionary property management company to you. We hope this handbook has helped you better understand how to evaluate a property management company, in addition to providing you with very important industry knowledge. At (Your Property Management Company) our main focus is to maximize your income and minimize your expenses through a strategic alliance between you and our team.

We would consider it a privilege to help you continue to grow your real estate portfolio.

Let's get started!

## **To move forward:**

1. Please contact us at: Insert your contact info here
2. Begin completing the Get Started Checklist on the next page.



# THE MANAGEMENT AGREEMENT

"You never get paid what you are worth, you get paid what you negotiate. Sometimes you win by walking away from the project" – Bryan Chavis

Your management agreement should be comprised of information from your management proposal. It will establish in contract form, the relationship between you and the client. This is extremely important in preventing misunderstandings and resolving future disagreements. It is designed to protect both parties and spell out the rules of the game. You must understand all of the terms of your contract in order to protect yourself and to remain in compliance. On the other hand, a poorly crafted management agreement will have the opposite effect. Terms of the management agreement need to accurately reflect the relationship between client and manager. Terms will change from client to client.

Key components for the management agreement should include:

- Key elements of the relationship between the property manager and owner
- Compensations – fee structure and when and how they are paid
- State each party's responsibilities
- Authority of the manager
- Owners obligations
- Property manager's obligations

The following is a sample management agreement.



# THE MANAGEMENT AGREEMENT

**YOUR PROPERTY MANAGEMENT COMPANY'S NAME HERE**  
Property Management Agreement

This is an AGREEMENT between \_\_\_\_\_ hereinafter referred to as "Owner," and \_\_\_\_\_, hereinafter referred to as "Agent," who agree as follows:

**I. EXCLUSIVE RIGHT TO RENT, LEASE AND MANAGE:**

Owner hereby employs Agent, giving Agent the exclusive right to rent, lease and manage Owner's property (hereinafter called the "Premises") known as \_\_\_\_\_ under the terms and conditions herein set forth. Agent accepts the management of the Premises for the period, and upon the terms herein provided.

**II. TERM:**

This Agreement shall commence on \_\_\_\_\_, is perpetual, and shall end when either Owner or Agent shall give the other party notice of intent to terminate according to terms stipulated in section VII of this Agreement.

**III. MANAGEMENT AUTHORITY AND AGENT RESPONSIBILITIES:**

Owner expressly grants to Agent the following authority, powers and rights, any or all of which may be exercised in the name of Owner, in Agent's name alone, or in the names of both, and Owner shall assume all responsibilities for expenses in connection herewith, and shall reimburse or pay in advance all expenses incurred or to be incurred by Agent pursuant to this Agreement:

- A. Full management and control of the Premises with authority to collect all rent and other monies and securities from Tenants in the Premises, and issue receipts for same.
- B. The exclusive right to accept and qualify applications for rental and to perform credit checks and other screening services on applicants, and the exclusive right to approve or decline such applicants according to agent's policies. Owner shall not be provided with the Tenants credit report and/or Application unless specifically authorized in writing by the tenant and the provider of the credit report.
- C. To prepare and negotiate new leases and renewals of existing leases in which Agent is authorized to execute leases and renewals for a maximum of one year at a time or for longer periods with Owner approval.
- D. To have repairs made, to purchase necessary supplies, to provide for all negotiation and contractual arrangements by suppliers or other independent contractors for all improvements, maintenance or repair services deemed necessary by Owner and/or Agent or to comply with applicable building, housing, and health codes, and to determine that such services were performed in a proper and prescribed manner. On each improvement, maintenance or repair item that shall exceed two hundred fifty





# THE MANAGEMENT AGREEMENT

dollars (\$250.00) in cost – except for emergency repairs – Owner's approval shall first be obtained.

- E. To change locks on Premises between tenancies.
- F. To place "For Rent" signs on the Premises unless prohibited by applicable bylaws or local ordinances.
- G. To advertise the Premises when vacant or in anticipation of vacancy \_\_\_\_\_ web site-a \$ 0 charge is made for posting an ad on the website. The Owner shall have the right to limit advertising expenditures at any time by written request.
- H. To serve any and all applicable legal notices upon Tenants and to prosecute legal actions to terminate tenancies, evict Tenants and recover rents and any other sums due, and when necessary employing for these purposes a reputable attorney.
- I. To collect from Applicants or Tenants any or all of the following: application fees, late rent fees, non-negotiable check fees, re-leasing fees, lease modification fees, legal notice services fees, or any other fees that may now or in the future become a Tenant obligation. All such fees shall belong to Agent to offset Agent's extra time and expense for handling additional work and responsibilities related to such fees, and Agent need not account for such fees to Owner. First funds collected from Tenant each month shall be applied to Tenant obligations chronologically beginning with the earliest obligation incurred. Any outstanding Tenant obligations at end of tenancy may be deducted from Tenant's security deposit and/or last month's rent.
- J. To submit all available properties for rent, including those of other Client/Owners Agent, to all interested parties.
- K. To resolve disputes over security deposits and any other sums due. Agent may use any lawful means to resolve such disputes. Agent is authorized to compromise and settle claims on Owner's behalf as may be necessary or prudent in Agent's judgment.
- L. To accept or decline checks for rental and other payments due from Tenants according to Agent's policies. Agent shall not be held liable for bad checks or money not collected. Owner shall reimburse Agent for any sums disbursed on the faith of such checks should they be uncollectible for any reason. Owner agrees to hold Agent harmless for any failure to secure Tenants for the Owner, any cancellation by the Tenants and/or failure to collect any rents or monies due from the Tenants for any reason.
- M. To make every reasonable effort to collect rents and other monies from Tenant when and as they become due, however, Agent does not guarantee the payment of Tenant obligations. Agent may employ collection agencies, attorneys, or any other reasonable and lawful means to assist in the collection of any outstanding Tenant obligation.
- N. To render monthly statements to Owner of income and expenses and to disburse to Owner the net proceeds of such accounting. Statements and financial disbursements will be made-customarily between the seventeenth (17<sup>th</sup>) day and twentieth (20<sup>th</sup>) day of each month, but in no case will disbursements be made until Tenant funds have cleared Agent's bank. In the event disbursements should be in excess if income collected, Owner shall pay such excess promptly to Agent. Agent may reserve Owner's funds to meet obligations that are or may become due thereafter and for which current income may be adequate.
- O. To deposit all receipts collected for Owner or held on behalf of Tenant in escrow accounts separate from Agent's personal funds. However, Agent shall not be held liable in the event of bankruptcy or failure of depository (such as a bank or banking



# THE MANAGEMENT AGREEMENT

institution.) Agent may require releases from all parties in the event of a controversy before disbursing escrow funds.

- P. To receive interest on any Agent escrow accounts, and interest received, if any, above that which may be required by Florida Statutes to be paid to Tenant or others, shall belong to Agent to offset Agent's time and expenses of maintaining such accounts, and Agent need not account for such interest received to Owner.
- Q. To arrange for authorized individuals to inspect, survey or view the Premises as directed by Owner.
- R. To provide security deposit evaluations to Owner and submit recommendations and cost estimates, of any, to Owner at the expiration of a tenancy.
- S. To honor Owner's preference with respect to allowing pets to be kept on the Premises. Pets — other than animals trained or used for assisted living purposes — will be permitted only with prior approval of Owner.
- T. Agent is clothed with such other general authority and power as may be necessary or expedient to carry out the spirit and intent of this Agreement. Agent assumes no responsibility for any other services unless agreed to in writing.
- U. Rental Rates will be the current market rate as determined in the sole judgment of Agent or no less than \$ \_\_\_\_\_ per month. Late charges or fees owed by any Tenants shall be collected at the discretion of the Agent and Agent shall retain any such charges and late fees.
- V. Agent is given the authority to sign all lease(s)
- W. Damages or Missing Items: Agent is not responsible for damage to the premises or items missing, switched out, lost or damaged under any circumstances, including but not limited to, theft, vandalism or negligence of Tenants or their guests. In furnished units, an inventory will be checked by Agent at departure. In the event Tenants damage the premises or owes any monies to the Owner, Agent is given the exclusive authority to determine in its professional judgment the amount due, charge the Tenants accordingly and/or settle with the Tenants upon advice Agent's legal counsel. Agent is given the power to make claims upon the security deposit on behalf of Owner and Agent shall not be held liable for any failure to make claims on any damages which were not readily apparent to Agent.

#### IV. OWNER PROVIDES THE FOLLOWING ASSURANCES:

- A. That he/she/they/ constitute all of the Owners of the Premises and will provide a copy of the deed if requested by Agent. That he/she/they have full power and authority to hire Agent and have the right to receive income proceeds from the Premises and that this power, authority, and right have not been assigned, or transferred to others.
- B. That all mortgages, and taxes, insurances and association dues are currently paid and are not in default, that the Premises is not now the subject of a foreclosure or pending foreclosure action. In the event a foreclosure action is filed against Owner, Agent shall be notified immediately in writing. Owner shall indemnify, defend and save Agent harmless in any foreclosure action.

#### V. OWNER ACCEPTS THE FOLLOWING RESPONSIBILITIES:

- A. To keep Agent informed of any changes of Ownership interest in the Premises.
- B. To be responsible for payment of the following recurring expenses: mortgage payments, taxes, fire or other insurance premiums, Homeowner/Condominium Association obligations, and any other recurring expenses unless that responsibility has been accepted by Agent in writing. Agent shall not be required to advance his



# THE MANAGEMENT AGREEMENT

own money to pay any Owner obligations, including recurring expenses, unless Owner has provided sufficient funds to cover the amount. Monthly income collected, if any, shall be applied chronologically beginning with the earliest obligation, including Agent's compensation, and the remaining balance, if any, shall be available for remaining obligations and recurring expenses. Mailing of previous month's statement to Owner shall be sufficient notice to Owner of balance on hand and the need for additional funds. Owner assumes full responsibility for any consequences resulting from late payment or non-payment of any obligation or recurring expenses should Agent be unable to make said payments due to insufficient funds on hand, lack of income from the Premises, non-delivery or delay of mail, or for any other reason beyond Agent's control.

- C. To provide agent with current and up-to-date copies of any applicable Condominium or Homeowner Association rules and regulations. In the event Tenants fails to comply with the rules
- D. and regulations and the Association or Board levies fees, fines, or assessments against Owner, Agent shall not be liable for the payment of such obligations.
- E. To keep Premises adequately insured, and shall immediately notify Agent in writing should insurance lapse.
- F. To keep Agent informed in writing of any changes of Owner's mailing address and phone numbers.
- G. To place in reserve with Agent **two hundred fifty dollars (\$250.00)** per property/unit, or such other amount as may be jointly agreed to by Owner and Agent, for the purpose of maintenance repairs, or other expenses that may arise, and authorize Agent to replenish this reserve from rents collected.
- H. To cooperate fully with Agent in complying with all applicable building, housing, and health codes, as well as applicable **Fair Housing regulations. The Premises shall be rented without regard to race, creed, color, religion, sex, national origin, age, disability, marital status, familial status, or sexual preference.**
- I. To indemnify, defend, and save Agent harmless to all cost, expenses, suits, claims, liabilities, damages, proceedings, or attorney's fees. Also included, but not limited to, are those arising out of any injury or death to any person or persons or damage to any property of any kind whatsoever. In addition to the above stated would be whomsoever belonging, including Owner, in any way relating to the rental, leasing and management of the Premises or the performance or exercise of any of the duties, obligations, powers, rights or authority granted to Agent. Owner agrees to and does hereby indemnify and hold harmless the Agent, it's employees, agents and assigns, from any and all claims, suites, damages cost, losses and expenses arising from the management of the property and from any injury to persons and/or property occurring on or about the Premises. Owner agrees to indemnify Agent for damages suffered as a result of any lapse in or failure by Owner to maintain insurance coverage.
- J. To carry, at Owner's expenses, such public liability, property damage, and worker's compensation insurance as shall be adequate to protect the interest of both Agent and Owner. Such policies shall name Agent as well as Owner as the party insured, and Owner shall provide Agent with a copy of insurance policy within fourteen (14) days of the execution of this Agreement. Additionally, Agent may carry insurance sufficient to protect Agent's interest solely and shall charge to Owner's premises and ten dollars (\$10.00) for each additional premises managed by Agent to cover cost of such insurance. Agent may waive this charge with copy of certificate in insurance



# THE MANAGEMENT AGREEMENT

policy from Owner showing adequate insurance coverage and Agent named as an additional insured.

- K. That Agent shall not be liable for any willful neglect, abuse or damage to Premises by Tenants or others nor for loss of or damage to any personal property of Owner by Tenant including loss due to exchange or theft by Tenants or others. Agent shall not be responsible for nonpayment of or theft of any utility service by Tenant. Agent shall not be held liable for any error of judgment or mistake of law except in cases of willful misconduct or gross negligence.
- L. Utilities: If allowed by law and unless otherwise agreed to by the parties, Tenants are required to have telephone service, cable, electric service, water service and all other utilities in their own name. In any lease where the Tenants shall have use of the Owner's utilities and be responsible for all or part of the bills, Owner shall pay the entire bill in a timely manner and forward copies to this office for reimbursement. Under no circumstances shall Owner cause the termination of these services and Owner agrees to indemnify Agent for any damages or litigation fees/cost incurred by Agent if Owner improperly terminates a utility services. Agent will deduct bills to the extent of funds available and Owner agrees that Agent shall be in no way responsible for nonpayment of or theft of any utility service by Tenants.

**VI. MANAGEMENT COMPENSATION:** In consideration of the services to be rendered by Agent, Owner shall pay Agent each month any and all of the following forms of compensation as may be applicable as they become due:

- A. FOR MANAGEMENT: Ten percent (10%) of the gross monthly rents collected. Should a security deposit claim be made to cover any unpaid rent, management fees will be applicable to such rent also.
- B. FOR LEASING: A leasing fee in the amount of 50% of the rent due at the beginning of each new tenancy.
- C. LEASING GUARANTEE: If Tenant has been qualified by Agent and defaults on the original lease term, Agent will re-lease the Premises and waive the leasing fee (as long as default was without Owner approval).
- D. RENEWALS: A renewal fee of 20% of the rent due upon the renewal of lease. Any extension of the Tenant occupancy shall be deemed a renewal of the previous rental term for the purpose of renewal compensation.

**VII. TERMINATION:**

- A. Either Owner or Agent may terminate this Agreement by giving the other party sixty (60) days written notice of termination. Agent may terminate this Agreement immediately with written or verbal notice if Owner's actions or inactions appear to be illegal, improper, or jeopardize the safety or welfare of Tenants or others. Should Owner terminate this Agreement before Agent has managed the Premises at least six (6) months Owner shall pay Agent a termination fee of three hundred dollars (\$300.00) or 30% of monthly rent whichever is greater.
- B. Owner may terminate this Agreement in writing before Agent has committed to a Tenant for the Premises and shall reimburse Agent for any out of pocket expenses.
- C. All provisions of this Agreement that indemnify, defend, and save Agent harmless to any and all matters shall survive any termination of this Agreement.
- D. Agent may withhold funds for thirty (30) days after the end of the month in which this Agreement is terminated to pay any obligations; Owner shall pay Agent the deficit within thirty (30) days of termination date.



# THE MANAGEMENT AGREEMENT

E. In the event this Agreement is terminated by either Owner or Agent, regardless of cause, the parties agree that Agent shall have no further obligation to rent, lease, or manage the Premises.

**VIII. MODIFICATION OF THIS AGREEMENT:**

Agent may change the terms of this Agreement by giving ninety (90) days written notice to Owner. The ninety (90) days shall be counted from the date notice was mailed.

Should no written objection be forthcoming from Owner within the ninety (90) days period, Owner's acceptance of said changes shall be presumed. Any exception would be a change required by applicable statute or regulation in which case the change would become effective according to the time period required by such statute or regulation.

**IX. OWNER AND AGENT MUTUALLY AGREE:**

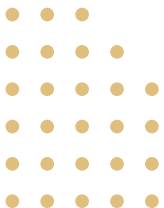
- A. That this Agreement shall be governed by and construed in accordance with the laws of the state of Florida. Should one or more of the provisions contained in this Agreement be held to be invalid, illegal, or unenforceable, that disability shall not affect any other provision of this Agreement
- B. That in the event legal procedures are necessary to enforce any provision of this Agreement the prevailing party shall be entitled to recover or receive an award for their reasonable legal fees.

**X. OTHER TERMS OF MUTUAL AGREEMENT:**

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# MASTERING THE DAY-TO-DAY

The following day to day procedures represents the more common components of an operations manual. This template has been developed over the course of 15 years of my consulting and personal experience setting up property management businesses. Simply put, this template operations manual will identify the work that needs to be done by the property manager and then tell the property manager how to go about performing that work in a consistent manner. When you can perform work consistently perform the required steps, that will equate into a compliant and profitable company. As I have often said, we can all make a better hamburger than MacDonal'd's, but none of us will sell 5 million hamburgers in a day. One of the reasons they are able to do this because they have proper systems in place. The secret to success is not necessarily based on experience, it is more so based on your operation systems.

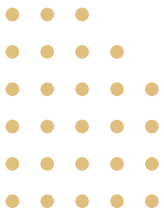
The company's vision, mission statement, values, and purpose may be included in the introduction to the manual. The following bullet points are things you may want to consider and include into your manual.

- Company policies
- Office policies and procedures
- Computer and information technology policies (including ownership of information)
- Leasing procedures
- Maintenance procedures
- Construction supervision or coordination policies and procedures

Before we begin, I have an Important Disclaimer:

Please be advised that industry regulations vary from state to state. Accordingly, it is imperative that you thoroughly review any and all such laws and regulations in your state, as well as their impact on your ongoing business activities. This manual is designed solely for informational purposes and is not intended and shall not be deemed to offer or provide legal (or other) advice or guidance. The Multifamily Matrix makes no representations or warranties that the procedures covered in this manual comply with any laws, rules, or regulations, which may exist in or be applicable to your jurisdiction.

Now we're ready.



# PHASE ONE FIRST CONTACT QUALIFYING AND APPROVING A PROSPECT TENANT SECTION 1 GETTING READY

Before you are ready to lease your rental property, you need to decide on the following things. Check with your local fair housing agency for any jurisdiction specific requirements.

1. What monthly rent are you going to charge?
2. What is your application fee?
3. What is your security deposit amount?
4. Are you requiring first and/or last month's rent?
5. What credit score are you requiring?
6. What type of criminal record will you accept, if any?
7. Are you allowing pets? If so, what kind and what are you charging?

## **TIPS: WHAT TO CHARGE FOR RENT**

Rent must at least cover these items:

1. Mortgage Payments
2. Taxes
3. Insurance
4. Interest Payments
5. Estimated Vacancy Loss (at least 5% if you have more than one rental property)
6. Utilities Provided by Landlord (if any)
7. Collection Expenses
8. Legal & Accounting Fees
9. Advertising



# PHASE ONE FIRST CONTACT QUALIFYING AND APPROVING A PROSPECT TENANT SECTION 1 GETTING READY

## **TIPS: MAXIMIZING YOUR RENTAL AMOUNT**

Determining how much you can charge for rent is a tricky game. If you charge too much, your unit will sit empty. If you under charge, you are losing money that you may need one day for repairs or other expenses. The Multifamily Matrix— offers resources and tools to help you determine Market Surveys. For more information on this process please visit our website [www.multifamilymatrix.com](http://www.multifamilymatrix.com). Go to the Tools section for tips on how to locate rental rates.

When running a property, things to consider are:

- When renting a unit for the first time
- Prior to the end of a lease term to determine how much to raise the rent
- When deciding whether to rent or sell a property
- When renting through the Section 8 program

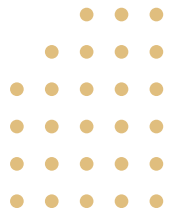
Remember you can only raise the rent at the end of a lease term, so if you don't get it right, you may have to wait the entire lease term to change it!

## **TIPS: SINGLE FAMILY HOMES**

I recommend for landlords renting out single-family dwellings to ask for a security deposit equal to one month's rent, plus first and last month's rent in advance.

Single family means just that, one household. There is more risk and little mistakes can be costlier. You don't have the luxury of other rental units bringing income, as in a multifamily complex that will offset your vacancy loss for one empty unit. So cover every angle by collecting a month's rent in advance. You don't need any surprises, but if one should arise, you will be more prepared with 30-45% of the total rate.

With vacation rentals, you will want to receive a deposit up front. Best practice is to take a percentage of the full daily, weekly rate. A typical rate is 30 – 40% of the total rate.





# SECTION 2 FIRST CONTACT WITH PROSPECT

## Technology Hacks - Marketing your rental unit and its first impression

Be prepared for your first interaction with your prospect. It is important that before you receive a phone call or email from them you have put thought into their first impression of your property's marketing. When you are putting your property online on various sites like Zillow, there are few strategies to use

- Clean or stage the property
- Quality over quantity of pictures - make sure they highlight the important amenities for the tenant. Include pictures of each bedroom, walk in closets, front of the property, yard, bathrooms, garage, kitchens, etc. If you leave out important features or basic expectations, you will lose potential leads.
- Add a video of your unit. This will help people see the floorplan and if it is good fit for them. It will also be beneficial when you have a tenant moving. You can effectively bring your marketing of the unit before that tenant is out saving time and money.
- Provide all necessary information relevant to the tenant. Let your technology aid in the screening process. Do not waste your own time or theirs with misleading advertising.

## Technology Hacks

Be prepared for contact from prospect tenants. Having systems in place will help you stay in compliance with fair housing laws as well as improve efficiency and lead conversions.

1. Have the pertinent information below available when a prospect calls:

- Address of property
- General area of town property is in and nearby attractions, hospitals, shopping, etc.
- Type of dwelling (single family house, townhouse, duplex)
- Square footage
- # of bedrooms and bathrooms
- Amenities (Washer/dryer, pool, garage, etc.)
- Pets Allowed?



# SECTION 2 FIRST CONTACT WITH PROSPECT

- When is property available for move-in?
- Rental rate
- How much down? (Security deposit, first month's rent, etc.)

Your rates will change weekly and sometimes daily depending on the season. So you will need to have your rates available to quote. Always be ready to offer promotions discounts and special offers to keep the prospect visiting your website often.

2. When you receive your first initial contact from a prospective tenant, you will use the Phone Card or your CRM software. Your goal will be to get as much information about the prospect as possible from this first phone call. You can use this information to help pre-qualify them by explaining all rental prices, application fees and deposits.

## **STUDY SESSION PHONE TECHNIQUES**

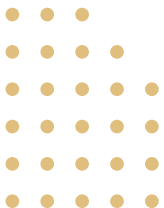
When your phone rings be ready to focus on the task at hand. Make sure you are ready to answer the questions of the phone prospect. Your Phone Card should be used as a tool. Try not to read the Phone Card word for word. Look at it as a guide to help you touch on some of the important subjects.

Listen to the prospect. Understand their needs and adjust your conversation around their needs. If they are not clear, then ask questions designed to help discover what is most important to them. Get their full name. It's hard to connect with someone and discover their needs without first getting to know their name.

Sample Questions:

- "May I ask your name please?"
- "And your name is?"
- "I apologize. What did you say your name was?"
- "Sir or madam, your name is?"
- "When are you looking to move?"
- "What size home are you looking for?"
- "Are you new to the area?"

Try and only get the information you need right then and there. You can get all the other details once the prospect commits to an appointment to see your rental unit.



# SECTION 2 FIRST CONTACT WITH PROSPECT

Be clear that the prospect knows how to find your rental unit. Always be ready to provide clear directions. Also explain to the prospect how they will benefit from setting an appointment with you to see the rental unit.

## Sample Explanations:

- "We will be able to a one on one conversation with no interruptions."
- "You will be able to better plan your day knowing exactly how long it will take to see the rental unit. Making an appointment means I will be available and ready to show the unit so you won't have to wait!"

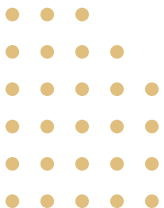
## TIPS: Technology Hack

A professional phone reception service can be beneficial for your company no matter the size. At Chavis Realty we use Ruby Receptionist for several reasons. Virtual receptionists eliminate the costly need for employing a receptionist for your company while allowing you to wear the many hats of a property manager.

- Calls being answered by a real person
- Answered with a script designed by you that can provide pertinent information
- Contact information and message taken and emailed to you if you are not available
- Includes an app to track information

3. If your first contact with your prospective tenant is in person, you will use the Guest Card Card or CRM. This should be used in conjunction with showing the apartment or home. Like the Phone Card, this form should be filled out as completely as possible. You can use many of the same questions above to relate to your prospect.

4. If at the end of your conversation, your prospective tenant is interested in renting your property, schedule a time to meet the prospect to pre-qualify and show the property. If possible, make this time during the day so they can get a clear view of the property in daylight. Also give them the address and ask them to go by and look at the outside of the property and the neighborhood. Ask them to call you back after doing so if they are still interested.



# SECTION 2 FIRST CONTACT WITH PROSPECT

5. If the prospect does not call back in few days, you call them! Some people are indecisive. Perhaps your call or demonstration of interest in them is all they need to bring them around to making a decision.

After gathering the information on the prospect and filling out either a guest or phone card, you will need to enter the information into your property management software. This is very important step to insuring that the information gathered can be tracked.

Property Management software will help to:

- Remind property manager to follow up
- Track vital information on the prospect
- Keep track of prospect traffic
- Allow you to track marketing



# SECTION 3 READYING YOUR UNIT & YOURSELF FOR SHOWING

Most day's property managers have lost the art of staging a rental unit, now most just take a few pictures and post to their rental listing platform of choice. As a Professional property manager you will take a much more strategic approach to advertising your rentals. One key technique is to take well thought out pictures of the rental unit, showing all the bedrooms, bathrooms, closets and storage areas. Do not forget to include any garage, and yard, space as well.

## 1. Appeal to the senses of the prospect.

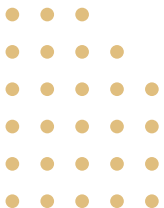
- Plug in fragrances
- Vacuum away footsteps so nice, clean vacuum lines show
- Have light refreshments, bottled water, cookies, etc.
- Play soothing music like jazz, classical or nature sounds
- Have bright lighting

## 2. Have good curb appeal. Most prospects make their decision within the first few moments of seeing your property. That is why the curb appeal, or what the property looks like when you first drive up to it, is so important.

- Clear away any trash from your yard or curb
- Make sure the grass is cut
- Make sure there is no junk or old items in the yard or visible
- Have a good paint job
- Make sure the window dressings (curtains, drapes, blinds, etc.) look nice from the outside view
- Have some landscaping

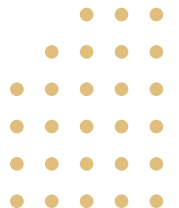
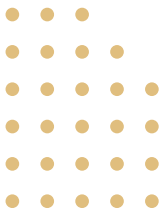
## 3. Have a Leasing folder with all the items you may need. These items can be added to your tablet, using available apps for easy access, and required signatures.

- Floor plans
- Community Information
- Photographs
- Maps of the City for New Tenant
- Applications
- Guest Cards
- Qualifying Criteria
- Move in Cost Sheet
- Lease
- Pen
- Paper



# SECTION 4 QUALIFYING PROSPECT & SHOWING YOUR PROPERTY

1. You will want to "qualify" your prospect before showing them the property. Use a Qualifying Criteria form to explain to the prospect your qualifying process so they know up front what it takes to move in. If you utilize this form, modify the criteria to fit your rental rate, etc. When you are qualifying, you must stay within the Fair Housing Laws.
2. Show the Property. Be sure to show the prospect all of your rental home's amenities, such as washer/dryer hookups, large closets, etc.
3. If your prospect is interested in leasing your rental property and feels confident they will qualify, your next step is to complete an Application. This form is very important. Why, you ask? Because this form is the cornerstone of the tenant's file. For example, if you need to evict a resident you will need this application, along with a lease, to begin the eviction process. The application is also needed to report money owed to a collection agency. This form will serve many purposes, so be sure it is filled out completely and legibly.
4. Be sure to collect your Application Fee! The Application Fee should be adequate to cover your costs of either using an agency to qualify your prospects for you, or to cover the cost of a credit check and your time. We offer tenant screening services through our website, [www.multifamilymatrix.com](http://www.multifamilymatrix.com)
5. At this point you will also want to collect a Security Deposit. Explain to your prospect that the Security Deposit will be refundable for 72 hours. If their application is not approved, their deposit will be refunded, but not their Application Fee.
6. You will now proceed to the tenant screening process. Using our tenant screening, you can now approve the prospect on the spot. This is essential to closing the deal as if they leave they may continue looking at other rentals and decide on another unit.



# SECTION 5 THE APPROVAL PROCESS

## **Finding the "Blue Chip Tenant" and Putting a Stop to the Majority of Landlord Tenant Problems**

It never fails that when the Matrix holds one of its free online roundtable discussion for landlords/property managers some of the most frequent complaints are: (by creating a profile on the website you can participate in many group forums)

"My tenant never pays on time." "My tenant never follows the rules." Or "my tenant treats my rental like it's a barn, night club, or some hole-in-the-wall tavern."

## **Some of the more serious problems associated with not properly screening your tenants.**

So many landlords fall short in conducting proper criminal background checks on prospective tenants. Many landlords unknowingly move tenants into their rental units that have criminal records or are sexual predators. In 1996, Congress directed the Department of Justice to maintain a database of sex offenders. It also required the states to enact public notification laws. REMEMBER IT IS CRUCIAL THAT YOU CONDUCT A COMPREHENSIVE SCREENING OF YOUR TENANT THAT INCLUDES A CRIMINAL BACKGROUND CHECK AND SEXUAL PREDATOR CHECK. This allows you, as a landlord, to screen your prospective tenant to see if they are in one of these sexual predator databases. By getting the right tenant into your rental in the first place, you may decrease criminal activity you are experiencing on your property two-fold.

## **What should a landlord check in a prospective tenant's background?**

Thorough tenant screening includes checking all prospect tenants' credit history. By law, prospects must be made aware that a consumer report will be requested. The tenant must sign a form giving the landlord permission to perform the credit search. The tenant screening should be performed after you have shown the rental unit to the prospect tenant and the prospect determines that he or she is ready to move forward. The prospect should complete an application that states they give permission for you to pull their credit report and perform a background check. A good tip to keep in mind is while going through the application process make small talk with the prospect. Does the prospect find trouble answering simple questions or misrepresent very easy facts? Make sure your application contains a provision stating that an applicant will be rejected or tenancy terminated if the information presented is falsified.

This gives you a valid way out if the prospect lied on their application.



# SECTION 5 THE APPROVAL PROCESS

**Here are some other key items that should be checked when renting to a prospect tenant:**

- Retail Credit file
- Statewide eviction search
- Statewide criminal check
- Rental collection search
- Employment Verification

**A quick and easy way to help weed out undesirable and dishonest tenants.**

Have a written rental criterion, or "Qualifying Criteria", that lists your approval criteria. For example, it may say that you require a tenant to have two times the monthly rent in income and that you do not allow anyone with a felony criminal record to rent from you. Be careful that your criteria does not violate any Fair Housing Laws. Post this where it can be seen while you show the rental unit. This will help deter undesirable or dishonest tenants. Many will see your criteria and know that when you perform your tenant screening they will not be approved. They will not waste your time or their money running an application. We recommend that you go over the Qualifying Criteria on the telephone briefly when you schedule showing appointments so you do not waste your time meeting an unqualified prospect.

Your criteria can include:

- A completed application
- Upfront security deposit payment
- Verifiable employment history
- Verifiable income
- At least two pieces of identification, including one government issued photo I.D.

**It is also a good idea to post reasons for denial.**

- Poor credit history
- Falsified information given
- Poor employment history





# SECTION 5 THE APPROVAL PROCESS

- Poor rental history which may include reports of disturbances, damages, failure to give proper vacating notice, failure to pay rent timely, or illegal activity.
- Criminal history that would be considered a very serious threat to the landlord's property or the current tenants or neighbors.
- Failure to meet income requirements.

## **Making sure you comply with Fair Housing Law.**

Whatever screening procedures you use, be sure to use them the same way for each and every prospect to avoid charges of discrimination. Use a fair process and apply it consistently and equally to all prospects.

## **Making sure you comply with the Fair Credit Reporting Act.**

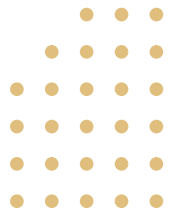
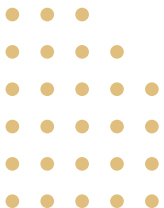
By law you must also provide your prospect with an Adverse Action Letter if you deny their application. This is a letter stating what credit agency you used to access their credit report and information on how they can obtain a copy of their credit report. Use a Tenant Rejection Letter

## **It only takes a few minutes and it won't cost the landlord a thing**

These days, with technology, performing a tenant screening only takes a few minutes when using a reputable tenant screening company. REMEMBER, THE PROSPECT PAYS FOR THE APPLICATION so it doesn't cost the landlord anything! So there is NO excuse for not performing a proper tenant screening.

## **IPS: Technology Hack**

We have partnered with SmartMove by TransUnion to provide the best in tenant screening. Reference the tools section of the website to set up your free account. Screening is done directly through email between TransUnion and the tenant – limiting tenant screening risk to property management company. Takes minutes to set up and the completed reports are sent to you within minutes of tenant completion with 24//7 access. [www.multifamilymatrix.mysmartmove.com](http://www.multifamilymatrix.mysmartmove.com)



# SECTION 5 THE APPROVAL PROCESS

1. Log onto [www.multifamilymatrix.com](http://www.multifamilymatrix.com) and perform your tenant screening. This service will:

- Search Credit History
- Search Criminal History
- Search Eviction History
- Search Rental History
- Search Rental Collection
- Verify Employment
- Out of state searches are available

## **Fair Housing Law**

### **Legal Reasons to Possibly Reject an Applicant**

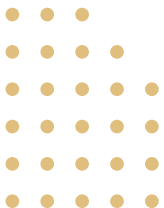
(check with state and local laws for jurisdictional specific laws)

The following are several legal reasons you can reject an applicant:

- Poor credit history and/or income
- Poor references from previous landlords
- A record of evictions and civil lawsuits
- A criminal conviction for drug trafficking, distribution or manufacture is specifically excluded from protection under the Fair Housing Act. However, some argue that past addiction to drug use is considered a disability under the Fair Housing Amendments Act.
- Incomplete or inaccurate rental application
- Inability to comply with the terms of the lease such as a security deposit or the length of the lease
- Pets (unless a "reasonable accommodation" is necessary for a person with a disability)

2. If an Application is not approved, provide Tenant Rejection Letter.

3. If an application is a marginal risk, you can increase deposit or require first and last month's rent to limit your risk. Be sure to put in writing why you increased the deposit and have the tenant sign.



# SECTION 5 THE APPROVAL PROCESS

4. If applicant is approved:

- a. Complete Move in Cost Sheet to explain all of the upfront costs of moving in. This form is essential to avoid any confusion on move in day about any monies due.
- b. Have them sign the lease right away. Until they actually sign the lease all they have to lose is their security deposit if they decide to back out. Once they sign the lease, termination fees would also apply if they back out. In the day and age of "free month's rent and move in specials", this is a necessary reinforcement. All leases do not have the language to support this technique, but The Multifamily Matrix™ lease does.

The day they sign the lease and the day that the lease term begins do not have to be the same day!

**TIP: Use Money Orders!**

Be sure to explain that all money for move in should be paid by certified check or money order!

This will protect you by avoiding the possibility of moving a tenant in with a bad check. I could tell you a story or two about tenants moving in with bad checks and landlords having to pay hundreds of dollars to evict them. See, once you move a tenant in, you must evict them, even if their check was bad. You can avoid this situation by requiring a money order or certified check on move in day.

5. Schedule a day and time for your new tenant to meet you to obtain the keys and sign any other paperwork. Schedule this meeting at the property, as you will need to complete a walk through. (This is discussed in our next Phase.)

**Fair Housing Law Fair Credit Reporting Act**

If you check an applicant's credit history during your application process, which we strongly recommend, you must do so in a manner that complies with the Fair Credit Reporting Act. Our system operates within the law, therefore we do not recommend changing or modifying The Multifamily Matrix™ application process. If you want more details on the laws consult Housing and Urban Development (HUD) or an attorney.



# SECTION 5 THE APPROVAL PROCESS

Main components of the Fair Credit Reporting Act are:

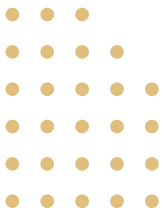
- Regulation of reports obtained from consumer reporting agencies on employees and applicants
- Handling the denial of an application properly
- The law applies to all employers without consideration of size
- The Federal Trade Commission enforces compliance

In order to comply with the law:

- Inform applicants you will be requesting a consumer report
- Have your applicant sign an authorization for you to perform a credit search
- If an applicant is rejected, you must notify them in writing of their right to obtain a copy of their credit report. You must give them the name and address of the credit bureau that provided the report.
- Always keep a copy of your records and correspondence on file in case you need to prove you complied with the law.

How you inform a rejected applicant (due to their credit report) must comply with the law also. Be sure you do not change the Tenant Rejection Letter we have supplied. It includes necessary items such as:

- The name, address, and phone number of the credit bureau you used.
- An explanation that the rejection decision was not made by the credit bureau. Therefore, they cannot supply a reason for the rejection. They can only provide a copy of the credit report.
- Notification of the rejected applicant's right to obtain a free copy of their credit report if they request it within 60 days.
- Notification that the rejected applicant can dispute the accuracy of the report as provided in Section 1681 of the Fair Credit Reporting Act.



# SECTION 5 THE APPROVAL PROCESS

Disclaimer: Please be advised that certain state and federal and/or regulations vary from state to state. Accordingly, it is imperative that you thoroughly review any and all such laws and regulations and the impact of the same on your on-going business activities. This manual is designed solely for informational purposes and is not intended and shall not be deemed to offer or provide legal (or other) advice or guidance. The Multifamily Matrix makes no representations or warranties that the procedures covered in this course comply with any laws, rules, or regulations, which may exist in or be applicable to your jurisdiction.

TIPS for Using the Operations Manual Template...

Whether or not you use our template, we recommend you use a system to operate your property management company.

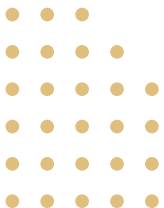
For free examples of common fair housing violations that are pertinent to property managers please visit blog section of the website.

## Using technology

- Upload all forms into your cloud based storage platform such as box.com
- Download your tablet document signing app such as Sign Easy. These apps and cloud base storage platforms allow a landlord and property manager to save both time and money.

## Phone Techniques

Listen to the prospect. Understand their needs and adjust your conversation around their needs. If they are not clear, then ask questions designed to help discover what is most important to them. Get their full name. It's hard to connect with someone and discover their needs without first getting to know their name.



# SECTION 5 THE APPROVAL PROCESS

Sample Questions:

- "May I ask your name please?"
- "And your name is?"
- "I apologize. What did you say your name was?"
- "Sir or madam, your name is?"
- "When are you looking to move?"
- "What size home are you looking for?"
- "Are you new to the area?"

Try and only get the information you need right then and there. You can get all the other details once the prospect commits to an appointment to see your rental unit.

Be clear that the prospect knows how to find your rental unit. Always be ready to provide clear directions. Also explain to the prospect how they will benefit from setting an appointment with you to see the rental unit.

Sample Explanations:

- "We will be able to a one on one conversation with no interruptions."
- "You will be able to better plan your day knowing exactly how long it will take to see the rental unit. Making an appointment means I will be available and ready to show the unit so you won't have to wait!"

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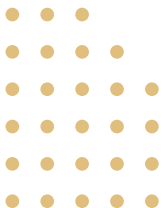
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# SECTION 5 THE APPROVAL PROCESS

## Statement of Qualifying Criteria Thank you for visiting and applying.

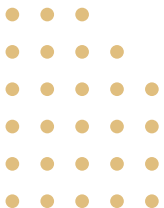
To assure our neighbors of a well-maintained community, as well as enjoyable neighbors, we require that all prospective residents meet the following qualifying criteria when completing the rental application:

**Applicant must be employed or have verification of income.** We require monthly gross income to be at least three times the monthly rental rate. If income from employment is the primary source of income, a minimum of six months at the same place of employment must be verified. Self-employment will require the applicant's previous year's tax return as income verification. Income other than wages from employment such as tips, commissions, school subsidies, or allowances from parents will require notarized verification. An applicant that is not currently employed must provide proof of funds (current bank statement), which will equal the full term of the lease agreement.

**Applicant must have a minimum of one-year verifiable rental history.** Verifiable rental history for a period of at least 12 months, in which all the lease terms have been satisfactorily fulfilled, is required. Negative rental history, eviction, or outstanding monies owed to a previous landlord are unacceptable. If applicant owned a home, applicant must furnish all mortgage information. If applicant has no prior verifiable rental history an additional security deposit up to a full month's rent will be required.

**Applicant must physically reside in the apartment for which they are applying.** Applicant must live in the rental unit and must disclose all persons that will be occupying the unit. All persons under the age of 21 are subject to background checks prior to occupancy. All persons 18 years of age or older must be a leaseholder and qualify for the unit with the applicant.

**Credit history for a two-year period prior to this application will be evaluated.** No credit history as well as discharged bankruptcies is acceptable. Negative credit history, other than not fulfilling terms of a lease contract, will be considered provided there are more positive accounts than negative accounts. More than 30% of applicant's credit accounts showing negative remarks is unacceptable.





# SECTION 5 THE APPROVAL PROCESS

**A criminal background check will be done on all applicants and any occupant 18 years of age or older.** No felony convictions within the past five years will be accepted. No misdemeanor convictions against persons or property, prostitution or drug related offenses will be accepted.

**If rental property is a single family dwelling or single unit, landlord reserves the right to ask for a security deposit equal to one month's rent and first and last month's rent in advance.**

**If you are inquiring about an apartment or duplex, occupancy limits have been established per unit size.** Maximum number of persons allowed is as follows with no more than three unrelated adults per apartment or duplex in either a two or three bedroom floor plan:

Studio/Efficiency - no more than 2 persons

One Bedroom - no more than 2 persons

Two Bedroom - no more than 4 persons

Three Bedroom - no more than 6 persons

In order to view a rental home, you must show a form of identification. Your driver's license or an alternate second form of identification will be photocopied. Please have identification with you.

We do business in accordance with the Federal Fair Housing Law. We do not discriminate against any person because of race, color, religion, sex, national origin, familial status or disability.

I have read and understand the above qualifying criteria.

Note: False information given on an application will be grounds for rejection of the application.

Applicant \_\_\_\_\_ Date \_\_\_\_\_

Applicant \_\_\_\_\_ Date \_\_\_\_\_



# SECTION 5 THE APPROVAL PROCESS

## **Situational Exceptions:**

Most, but not all seasonal rentals, are subject to taxation. Some exceptions are carved out, but not frequently encountered. A seasonal rental to a full time college student is exempt from taxation. Rentals to federal employees are exempted if they are performing work related duties. For example, FEMA employees need a place to rent on a short-term basis when they are responding to major storms, like flash flooding and earthquakes. Military personnel traveling under military orders and diplomats are also exempt. It is the responsibility of the lessor to obtain all the necessary documentation from the tenant before any exemption should be given. Always check with your accountant or attorney if you are unsure of being in compliance.

## **Inspect what you Expect:**

You will want to make sure your lease or reservation agreement specifically outlines the taxable amounts. If a tenant refuses to pay, refer them to the law. If the reservation agreement or guest agreement does not properly address the responsibility of the sales tax is on the guest, and they refuse to pay, the owner may be put in the position to pay the amount due. It is highly recommended to visit your state's DOR website to review their Sales and Use Tax Guide for Vacation and Transient Rentals.



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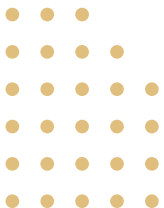


# SECTION 5 THE APPROVAL PROCESS

## *Phase 1: First Contact, Qualifying & Approving A Prospect* **CHECKLIST**

Use the checklist below to complete all the actions necessary to ensure a smooth, successful move in of your new tenant!

- \_\_\_\_\_ Complete Phone Card or Guest Card (*Form 1a or 1b*)
- \_\_\_\_\_ Review Qualifying Criteria (*Form 1c*)
- \_\_\_\_\_ Schedule a Meeting with Prospect at Property
- \_\_\_\_\_ Show Rental Property
- \_\_\_\_\_ Complete Application **COMPLETELY** (*Form 1d*)
- \_\_\_\_\_ Collect Application Fee
- \_\_\_\_\_ Screen Tenant ([www.landlording101.com](http://www.landlording101.com))  
Package Chosen: \_\_\_\_\_ CPMS \_\_\_\_\_ CPME \_\_\_\_\_ CPMD
- \_\_\_\_\_ Determine If Approved: \_\_\_\_\_
- If Yes:
  - \_\_\_\_\_ Collect Security Deposit
  - \_\_\_\_\_ Review Move In Cost Sheet (*Form 1e*)
  - \_\_\_\_\_ Schedule Move In Meeting
- If Yes, *but raising Deposit Amount*
  - \_\_\_\_\_ Also Have Tenant Sign Letter Requiring Increase in Deposit
- If Not Approved:
  - \_\_\_\_\_ Send Tenant Rejection Letter



# SECTION 5 THE APPROVAL PROCESS

## RENTAL APPLICATION

Rental Address _____			Unit Type _____		
Rent Rate \$ _____		Deposit \$ _____		Starting Date _____	
Applicant's Last Name	First	Middle	Birthdate	Driver's License & State	Social Security #
Unmarried Married Separated	Spouse's Name		Birthdate	Driver's License & State	Social Security #
Expected Move-in Date	Apt. to be occupied by: # Adults # Children		Children(s)' Full Name(s) & Date(s) of Birth		
Do you have Pets? Yes No	How Many?		Type & Size (Keeping of pets requires a pet deposit and owner's consent)		

## RESIDENCE HISTORY

Present Address	City	State	Zip	How long? Yrs Mths	Area Code & Phone #	Rent Own
Name & Address of Present Landlord or Mortgage Co.				Area Code & Phone #		Monthly Pmt. \$
Previous Residence Address	City	State	Zip	Previous Landlord	Area Code & Phone #	How long? Mthly Pmt.
<i>Have you ever been filed on for an eviction?</i> YES NO						

## EMPLOYMENT HISTORY PAST YEAR

Applicant Employed By	Supervisor's Name			How long? Yrs Mths		
Address	City	State	Zip	Phone	Position Held/Occupation	Salary \$ Per
Previously Employed By	Supervisor's Name			How long? Yrs Mths		
Address	City	State	Zip	Phone	Position Held/Occupation	Salary \$ Per
Previously Employed By	Supervisor's Name			How long? Yrs Mths		
Address	City	State	Zip	Phone	Position Held/Occupation	Salary \$ Per
ADDITIONAL INCOME: Additional Income such as child support, alimony, or separate maintenance need not be disclosed unless such Additional Income is to be included for qualification hereunder. Source: _____ Amount of \$ _____ per _____						

## CREDIT AND LOAN REFERENCES

No. of Vehicles On Property	Do you have any recreational vehicles, vans, boats, motorcycles? If so specify:				
Auto No 1 - Type	License			State	
Financed Through	Account No.			Monthly Payment	
Auto No 2 - Type	License			State	
Financed Through	Account No.			Monthly Payment	
Loans & Charge Accounts including Department Stores, Credit Cards, etc.					
Owed To	Account #	Address	Zip	Total Debt	Payments
				\$	per
				\$	per
				\$	per



# SECTION 5 THE APPROVAL PROCESS

## BANK REFERENCES

Name of Bank or Savings & Loan	Account #	Address	City	State	Zip
Family Physician		Address	City	State	Zip
In Case of Emergency, Call	Relationship	Address	City	State	Zip

Applicant hereby authorizes verification of any and all information set forth on this Application, including release of information by any bank or savings and loan, credit reporting agencies, employer (present and former) and any Lender. Applicant hereby specifically authorizes Management to perform a credit check and criminal background check to verify information on this Application. All such information herein, and released as authorized above, will be kept confidential. APPLICANT REPRESENTS THAT THE INFORMATION SET FORTH ON THIS APPLICATION IS TRUE AND COMPLETE. Material misrepresentations on the Application will constitute a default under the Lease or Rental Agreement between the parties.

**CREDIT CHECK CHARGE** - Applicant has submitted the sum of \$ \_\_\_\_\_ which is nonrefundable payment for a credit check and processing charge, receipt of which is acknowledged by Management. Such sum is not a rental payment or deposit amount. In the event this application is approved or disapproved, this sum will be retained by Management to cover the cost of processing application as furnished by applicant. This application must be signed before it can be processed by Management.

**GOOD FAITH DEPOSITS** - I hereby deposit \$ \_\_\_\_\_ with Management as a good faith deposit in connection with this rental application. If my application is accepted, I understand this deposit can be applied toward payment of my security deposit of \$ \_\_\_\_\_ when I take possession of the rental unit. If for any reason Management decides to decline my application, the Management will refund this good faith deposit to me in full. I understand I may cancel this application by written notice within 72 hours and receive a full refund of this good faith deposit within 30 days of the cancellation. If I cancel after 72 hours or refuse to occupy the premises on the agreed upon date, I understand this good faith deposit will be held until Management can determine if it has incurred any expenses or rent loss due to my cancellation. These costs will be deducted from this good faith deposit and the balance will be refunded to me.

Applicant's Signature \_\_\_\_\_ Applicant's Signature \_\_\_\_\_

**RELEASE OF GOOD FAITH DEPOSIT** - I authorize Management to release my good faith deposit of \$ \_\_\_\_\_ on rental unit and apply it towards a security deposit of \$ \_\_\_\_\_

Applicant's Signature \_\_\_\_\_ Applicant's Signature \_\_\_\_\_



# SECTION 5 THE APPROVAL PROCESS

## MOVE-IN COST SHEET WELCOME TO YOUR NEW HOME

Dear \_\_\_\_\_,

The management/owner of your new rental home extends a warm welcome to you. We hope your residency will be enjoyable.

Your New address is \_\_\_\_\_, \_\_\_\_\_, FL \_\_\_\_\_.

Your move-in date is: \_\_\_\_\_

If your move-in date is after the 24th of the month, pay the pro-rated rent on move-in day, as well as the next month's rent. It is pertinent that the lease be signed by all parties on or before the move-in date. The application fees, security deposit, all rent due, and any other move-in costs must be paid by cashier's check or money order.

Lease agreement to be for the period from \_\_\_\_\_ to \_\_\_\_\_

MARKET RENT: \$ \_\_\_\_\_

CONCESSION: \$ \_\_\_\_\_

MONTHLY BASE RENT: \$ \_\_\_\_\_

Charges due are as follows:

Pro-rate Rent (Based on a 30 day month) \$ \_\_\_\_\_

Rent \_\_\_\_\_ \$ \_\_\_\_\_

Security Deposit \_\_\_\_\_ \$ \_\_\_\_\_

Non-refundable Pet Fee \_\_\_\_\_ \$ \_\_\_\_\_

Pet Deposit \_\_\_\_\_ \$ \_\_\_\_\_

Pet Rent \_\_\_\_\_ \$ \_\_\_\_\_

Application Fees \_\_\_\_\_ \$ \_\_\_\_\_

Other \_\_\_\_\_ \$ \_\_\_\_\_

TOTAL RENT, FEES, DEPOSITS REQUIRED \_\_\_\_\_ \$ \_\_\_\_\_

LESS AMOUNT PAID WITH APPLICATION \_\_\_\_\_ \$ \_\_\_\_\_

TOTAL BALANCE DUE PRIOR TO MOVE-IN \_\_\_\_\_ \$ \_\_\_\_\_

**Please contact the following utility companies BEFORE you move-in:**

Electric Service: \_\_\_\_\_ Phone ( ) \_\_\_\_\_

Telephone: \_\_\_\_\_ Phone ( ) \_\_\_\_\_

Cable: \_\_\_\_\_ Phone ( ) \_\_\_\_\_

**\*Please note that proof of utility transfer will be required at the time of move-in.**

**APPLICANT(S)** understands the above acknowledged rental deposit will be applied against the required amount due as indicated above, and that no representations, promises or agreements as to occupancy, lease or date of possession have been made. **APPLICANT(S)** also understands that the rental application submitted with this deposit is not to be construed as a lease or rental agreement.

**OWNER** reserves the right to reject **APPLICANT(S)**'s rental application any time prior to execution and delivery of the lease agreement. In the event of rejection, any sums deposited (with the exception of non-refundable application fees) shall be refunded. If **APPLICANT(S)** withdraws application prior to execution of a lease agreement, the deposit will be forfeited unless written cancellation is received within seventy-two (72) hours from the date and time indicated below. **IF OWNER** for any reason cannot deliver possession of the premises to **APPLICANT(S)** at the commencement of the term, all deposits paid to Owner shall be refunded to **APPLICANT(S)**, releasing Owner from all liability.

\_\_\_\_\_  
Applicant Signature

\_\_\_\_\_  
Applicant Signature

\_\_\_\_\_  
Date/Time

\_\_\_\_\_  
Rental Unit Address

\_\_\_\_\_  
Owner/Agent



# SECTION 5 THE APPROVAL PROCESS

## Application Approval Checklist

Complete the following steps to determine if an application is approved or not.

Determine your criteria for approval.

Screen your applicant. Go to [www.landlording101.com](http://www.landlording101.com) to use our comprehensive tenant screening services. Our packages include credit check, criminal background check, eviction checks and more.

### Determine Application approved \_\_\_\_\_ or not approved \_\_\_\_\_

\_\_\_\_\_

If an Application is not approved, notify applicant.

\_\_\_\_\_

Send applicant Tenant Rejection Form.

*This must be done to comply with the Fair Credit Reporting Act.*

\_\_\_\_\_

If an application is a marginal risk, you can increase deposit or require first and last months rent to limit your risk.

\_\_\_\_\_

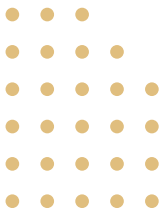
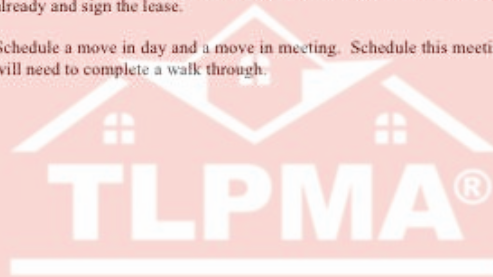
Notify the applicant of the adjustment. Be sure to put in writing why you increased the deposit and have the tenant sign.

\_\_\_\_\_

If applicant is approved notify the prospect. Ask them to leave a security deposit if they haven't already and sign the lease.

\_\_\_\_\_

Schedule a move in day and a move in meeting. Schedule this meeting at the property, as you will need to complete a walk through.





# SECTION 5 THE APPROVAL PROCESS

## Tenant Rejection Letter

To: \_\_\_\_\_ Date: \_\_\_\_\_  
Address: \_\_\_\_\_

We regret to inform you that your application for residency has the following adverse action:

- Your application for rental has been declined.
- We are requesting a larger security deposit for approval. Deposit required \$ \_\_\_\_\_
- You must provide us qualified lease guarantor for approval.
- Your application is denied.

The reason for this is based on one or more of the following reasons:

- Residence History
- Employment Information
- Insufficient Income
- Other
- Credit History
- Public Criminal Records
- Public Eviction Records

Information that resulted in adverse action was received from a person or company other than a consumer reporting agency. You have the right to make a written request to us within 60 days for a disclosure of the nature of this information.

Information that resulted in adverse action was obtained from the following consumer reporting agency: \_\_\_\_\_

The consumer reporting agency did not make the decision and is not able to explain why it was made. According to the Fair Credit Reporting Act, Public Law 91-508, you have the right to review all consumer reporting information used in the evaluation of your application, and you also have the right to dispute any information on file. If you would like to receive a free copy of the information used in the decision, contact the agency within 60 days. Include you full name, date of birth, social security number, current and former address, daytime and evening phone numbers. You have the right to dispute directly with the consumer reporting agency the accuracy or completeness of the information in your file. The agency must then, within a reasonable period of time, reinvestigate and modify or remove any inaccurate information. There is no charge for this service. If reinvestigation does not resolve the dispute to your satisfaction, you have the right to have a consumer statement up to 100 words explaining your position which will be kept in your file.

Sincerely yours,

\_\_\_\_\_  
Printed Name of Owner/Agent

Hand delivered on: \_\_\_\_\_

Or

\_\_\_\_\_  
Signature

Mailed on: \_\_\_\_\_

*Keep a copy of this notice with the applicant's file for 2 years.*



# PHASE 2: MOVING YOUR TENANT IN

## SECTION 1: PRIOR TO YOUR MOVE-IN MEETING

You will want to prepare your paperwork prior to meeting with your tenant.

### **1. Complete the Lease.**

Most of us know the definition of a lease. It is a contract between the landlord and the tenant that spells out terms and conditions of the tenancy. With that said, I'm more concerned about landlords being able to distinguish the difference between a well-written lease and a poorly written lease. Our survival as landlords depends on it. A lease is one of the most important lines of defense your investment has.

Again, when dealing with a Vacation Rental, you DO NOT have a landlord and tenant relationship. You have a Property Manager, Guest relationship. You are dealing with short term agreements, not long term leases. It is best practice to use terms such as: Guest, not tenant. Check in Check out policy instead of lease agreement. This procedure should be close to the experience of checking in and out of a hotel.



# UNDERSTANDING THE IMPORTANCE OF THE LEASE

The lease is the first line of defense that your investment has. This contract will be put to the test on occasion throughout a tenant's lease term. So it's imperative that you reflect on this section until the terms used become second nature.

## **Lease breakdown:**

Understanding in advance these key elements can identify a well-written lease. The lease should:

- Recognize all parties involved
- Use the correct legal names
- Recognize all occupants that are of legal age and require them to sign the lease (Check with your local landlord tenant attorney. This is not required in all states.)
- State the duration of lease term, beginning date, lease date, and expiration date
- State required methods of payments, i.e. check, certified check or money order
- State rental amount
- State complete address, rental unit number, street address, city, state, and zip code
- Give very detailed description of the premises that will be under lease contract
- Give the name of managing agent or owner and community name, if any
- State payment terms:
  - o Underline when the rent is due and the amount of any late fees that are assessed
  - o Where payments are to be made
- Spell out clearly the returned check policy
- State causes for any legal action
- State acceptable use of premises
- State termination procedure and requirements for submitting notice to vacate
- Give holdover tenant language
- State terms and conditions of rental increase
- Contain abandonment language
- Contain radon gas language (if applicable in your state)

(Note: a common item to have in your lease or in an addendum is Mold language. This is a quickly growing area causing landlords to be sued!)



# UNDERSTANDING THE IMPORTANCE OF THE LEASE

The lease should also identify other key issues such as:

- Who's responsible for certain maintenance issues
- Condition of premises
- Landlord or landlord's agent's right of access
- Renter's insurance
- Subletting policy
- Any pet policies or procedures
- Utilities
- Security deposit
- Parking

(Always check with a local landlord tenant attorney to see what other language your state statutes indicate should be in your lease. You want to add any language your law allows to protect yourself in the future!)

Hopefully you now have a basic understanding of not only the definition of a lease, but more importantly the key components that make up a well-written lease.

## TIPS: ACCEPTING CASH PAYMENTS

Cash is a legal, accepted method of payment. Not accepting the cash could negate the residents rent responsibility for that month. However, cash is not recommended as a source of payment. For your safety and the safety of your staff, you should use caution when accepting cash. Try to deposit the cash in the bank as soon as possible.

## TIPS: USING THE PROPER LEASE

The lease is your first line of defense. Using a well-written lease is critical. You may have tenants already on a lease. As soon as their lease term ends have them sign the lease in this manual. This lease was written exclusively for the PROFESSIONAL PROPERTY MANAGEMENT™ Operations Manual by Bryan M. Chavis and a premier Florida eviction attorney. Many leases you get from realtors or online are not Florida specific and have lots of loopholes. Depending on what state you are located in, we highly recommend you visit our US legal document section of our website to find out your state specific lease.



# UNDERSTANDING THE IMPORTANCE OF THE LEASE

## **TIPS: LATE FEES**

Late fees should be addressed in your lease. You should have your Tenant initial by your late fee charge. I recommend charging at least \$50.00 as a late fee. Some like to charge \$50.00 after the grace period expires and \$2.00 a day every day after until the rent is paid and late fees are paid in full. Many judges have ruled this excessive. Also remember, you can only charge late fees that are indicated in your lease. So again, it is important to have a well-written lease like the one in this manual.

## 2. Complete Addendums.

Addendums are key in pointing out the rules and regulations to be enforced by the owner, management, or agent. They allow you to add customizations to the lease that pertain to your property and/or the specific rules you wish to be enforced. A common Addendum is a Pet Addendum.

We have included important Addendums we recommend you use in our system. If you feel you need other specific areas of concern addressed, you can obtain additional Addendum's from an eviction attorney.

## 3. Gather and organize the rest of your Move-In Forms.



# SECTION 2: MEETING WITH YOUR TENANT FOR MOVE-IN

1. When your tenant arrives for his or her Move-In meeting, if they have not already signed the lease as we recommended, review the lease with them and have them sign it now. They should sign their name exactly as it appears on the lease contract.
2. Review any Addendum's with them and have them sign also.
3. Review the Rules & Regulations Form. This form should contain general rules you want followed.
4. Collect your first month's rent. (If you are requiring last month's rent, collect that also.) Again, be sure to collect a money order or cashier's check.

## TIPS: SEPARATE ACCOUNTS FOR SECURITY DEPOSIT

You should open two separate bank accounts for depositing your security deposits and your rent.

A security deposit is not your money. You cannot spend it. The IRS likes to see that the funds are NOT co-mingled. This is a must for security deposits. I recommend you use a bank that returns cancelled checks to help you with maintaining your documentation.

## STUDY SESSION UNDERSTANDING SECURITY DEPOSITS

A diligent landlord/property manager will always seek to collect a security deposit for various reasons. For example, collecting a deposit as soon as possible can help ensure that a prospect-tenant will return after a visit to your property. It deters the prospect from looking at other rental properties. Another important reason is just as the name implies. The deposit is the landlords/property manager's security to help ensure the lease contract is fulfilled. The deposit can help to ensure there is money available in case of damages left by the tenant after he or she moves out. You can also require an extra deposit if the prospect-tenant's rental or credit history has some discrepancies.

Many landlords/property managers like to charge a pet deposit. Remember deposit implies refundable. So if your intent is to keep the money paid by a tenant for having a pet then call it a "pet fee" not pet deposit. Non-refundable deposit is an oxymoron and should not be used. If the payment is nonrefundable call it a "fee."



# SECTION 2: MEETING WITH YOUR TENANT FOR MOVE-IN

## COLLECTING PROCEDURES FOR A SECURITY DEPOSIT:

A landlord/property manager must not collect a deposit from more than one applicant at a time for the same rental unit. It is good practice to collect other applications for the same unit in case the first applicant does not qualify, but do not collect more than one deposit. The second applicant should be informed that there is someone ahead of them and if that applicant does not take the rental unit then they will be next in line to be considered for the rental unit.

## LAST MONTH'S RENT:

Problems can occur when allowing a tenant to apply their Security Deposit to their last month's rent because the condition in which the rental unit will be left is unknown. Current market conditions may not call for the security deposit to be equal to current rental rates or the cost of repair. You could have applied the Security Deposit for last month's rent and now have nothing left to cover damages.

If a tenant chooses to not to pay his or her last month's rent and requests you use their security deposit instead, you should treat this as rent non-payment. The landlord/property manager should follow the steps in this operations manual for non-payment of rent. If after receiving the proper notice the tenant still has not paid, then you must follow the necessary legal steps to file for an eviction.

5. Walk through the unit and inspect its condition with your tenant. Complete the Move In Move Out Inspection Report. This form should be used twice. The first time is when the tenant moves in. Walk through the unit with the tenant, having them point out any damage or abnormalities. List each noted area or item on the Move In Move Out Inspection Report.

Example: If an appliance has chipped paint prior to move in, note the chipped paint on the form. Be detailed and accurate to differentiate the old damage from any new damage. Clearly explain to the tenant that they will not be charged when they move out for any damage noted on this form. Explain to them the importance of walking through the unit and noting any damages to avoid being charged for damages they did not do.

The second time this form is used is during move out, which we will discuss later.



# SECTION 2: MEETING WITH YOUR TENANT FOR MOVE-IN

## TIP: MOVE-IN/MOVE-OUT PICTURES

You and your nice, new tenant will surely differ in your recollections of the condition of the rental property as it was when they moved in compared with how it is when they finally move out. You should have a written and photographic record of both conditions.

6. Give your tenant a set of keys to their unit and any other keys, such as pool area, gate, storage, etc.

7. Make sure you save all documents in your cloud base storage. Once saved into your system be sure to send a copy to your new tenant via email. Your cloud based storage platform should allow for you to easily email your tenant all signed documents in real time.





# SECTION 3

## AFTER THE MOVE-IN MEETING

1. Save all documents in your tenants file.
2. Note in your file any notable discussions you had with your tenant.

### TIP: FOLLOW UP WITH TENANT

Calendar a reminder for yourself a week out to check in with your tenant. This is simply a phone call to your tenant to ask how they are enjoying their new home.

Ask them if they have any questions about living there. This simple act can clear up any confusion and avoid future tenant problems caused by simple misunderstanding.

Again note anything particular you discussed in your tenant's file. Make a practice of always noting discussions involving the rules or anything notable. This documentation can prove valuable in the future if a dispute arises.



# SECTION 3 AFTER THE MOVE-IN MEETING

## FLORIDA APARTMENT POWER LEASE

Apartment Address:		Community Name		Initial Lease Term (see paragraph 3) Beginning: Ending:	
Monthly Rent	Prorated Rent	Security Deposit	Administrative Fee	Pet Fee	Prepared by:
\$	\$	\$	\$	\$	

Residents Name(s):	Full Name(s) of Child(ren):	Date(s) of Birth:
_____	_____	_____
_____	_____	_____
_____	_____	_____

Additional Agreement(s):

This is a lease between the above named Resident(s) and the below named Owner for the apartment dwelling described above. It (and any contemporaneously executed additional agreements) is the entire agreement between Resident(s) and Owner and may be modified only in writing. As used in this lease "you" means the Resident or Residents whose names appear above. If there is more than one Resident, you are jointly and severally liable for any liability to us. "We," "our," or "us" means the Owner. "Premises" means the entire apartment community. **UPON EXECUTION OF THIS LEASE, YOU ACKNOWLEDGE THAT YOU HAVE READ AND AGREE TO ALL OF ITS PROVISIONS.**

**BY SIGNING THIS RENTAL AGREEMENT YOU AGREE THAT UPON SURRENDER OR ABANDONMENT, AS DEFINED BY FLORIDA STATUTES, WE SHALL NOT BE LIABLE OR RESPONSIBLE FOR THE STORAGE OR DISPOSITION OF YOUR PERSONAL PROPERTY.**

Resident Signature(s)	Owner name:
_____	_____
Date	Community address:
_____	_____
Date	Managing Agent:
_____	_____
Date	By: _____ Date
_____	_____
Date	Witnesses: _____
_____	_____

### 1. Security Deposit:

A. Your security deposit will be held as indicated below:

Deposited in a separate:  interest bearing  non-interest bearing account with: \_\_\_\_\_

\_\_\_\_\_ (bank name and address). You will receive 75% of any interest paid on your deposit but not more than 5% per year.

Commingled with our other funds. You will receive interest on your deposit at the rate of 5% per year.

B. Your security deposit is security for your full performance of this lease and may not be applied by you to any money which you owe to us.

C. The following is Florida Statute 83.49(3) which we are required to provide you:

"(3)(a) Upon the vacating of the premises for termination of the lease, if the Landlord does not intend to impose a claim on the security deposit, the Landlord shall have 15 days to return the security deposit together with interest if otherwise required, or the landlord shall have 30 days to give the tenant written notice by certified

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www.multifamilymatrix.com

# SECTION 3

## AFTER THE MOVE-IN MEETING

mail to the tenant's last known mailing address of his or her intention to impose a claim on the deposit and the reason for imposing the claim. The notice shall contain a statement in substantially the following form:

This is a notice of my intention to impose claim for damages in the amount of \_\_\_\_\_ upon your security deposit, due to \_\_\_\_\_. It is sent to you as required by s.83.49(3), Florida Statutes. You are hereby notified that you must object in writing to this deduction from your security deposit within 15 days from the time you received this notice or I will be authorized to deduct my claim from your security deposit. Your objection must be sent to (landlord's address)... If the landlord fails to give the required notice within the 30-day period, he or she forfeits the right to impose a claim upon the security deposit.

(b) Unless the tenant objects to the imposition of the landlord's claim or the amount thereof within 15 days after receipt of the landlord's notice of intention to impose a claim, the landlord may then deduct the amount of his or her claim and shall remit the balance of the deposit to the tenant within 30 days after the date of the notice of intention to impose claim for damages.

(c) If either party institutes an action in a court of competent jurisdiction to adjudicate the party's right to the security deposit, the prevailing party is entitled to receive his or her court cost plus a reasonable fee for his or her attorney. The court shall advocate the cause on the calendar.

(d) Compliance with this section by an individual or business entity authorized to conduct business in this state, including Florida-licensed real estate brokers and salespersons, shall constitute compliance with all other relevant Florida Statutes pertaining to security deposits held pursuant to a rental agreement or other landlord-tenant relationship. Enforcement personnel shall look solely to this section to determine compliance. This section prevails over any conflicting provisions in chapter 475 and in other sections of Florida Statutes, and shall operate to permit licensed real estate brokers to disburse security deposits and deposit money without having to comply with the notice and settlement procedures contained in s. 475.25(l)(d).

**2. RENT:** You agree to pay the monthly rent indicated above at the community office on or before the 1<sup>st</sup> day of each month without deduction or set off. If prorated rent is indicated, it is the amount due for the partial first month of this lease. Time is of the essence. Rent payments must be made by one check or money order even if there is more than one Resident. Payment may not be made by third party checks nor in cash. **Payment after the 5<sup>th</sup> day of the month must be by money order and include a one time late charge of \$50.00 paid in full,** all as additional rent. However, we reserve the right to refuse payment after expiration of our demand for rent or possession as provided for in the Florida Statutes. If your check is dishonored by your bank, you must pay us a service charge of \$50.00 plus any other charges provided by law and plus any accrued late charge(s). If one of your checks is dishonored, you may be required to pay, at our option, future rent by money order. We are not required to redeposit a dishonored check. You must pay any taxes due on your payments. Any payment due under this lease is rent. We may apply any payment to any outstanding balance regardless of any notation on or with the payment.

**3. RENEWAL:** This lease will continue for one year after the Initial Lease Term unless either you or we give the other **at least 30 days' written notice** of termination before the end of the initial term. During the continuation term, either you or we may terminate the lease at the end of a calendar month by giving the other not less than 60 days written notice. We may increase the rent at the end of the initial term or during the continuation term by giving you not less than 70 days notice before the beginning of a calendar month.

**4. UTILITIES:** Water and sewer service are provided to you. However, you may be required to pay for this service. If you are required to pay, you will be given an invoice each month. You must pay the amount of the invoice according to its terms as additional rent. You must obtain and pay for all other utilities. We are not liable for interruption or malfunction in service. You may not occupy your apartment without electric service except during brief interruptions beyond your control.

**5. OCCUPANCY:** Only those persons whose names appear on the lease may occupy your apartment without our prior written consent except guests for no more than 7 consecutive or 14 total days. The apartment may be used solely for private housing. You may not assign this lease or sublet any portion of your apartment. If you will be absent for more than 14 days, you must notify us in writing.

**6. PETS:** No pets may enter or be kept in your apartment or on the premises without our written consent.

**7. CRIMINAL ACTIVITY:** If you or your invitee engages in criminal activity on the premises or near enough to adversely affect it or other residents such activity will be a default for which this lease may be immediately terminated.

**8. REMEDIES:** You and we have all remedies provided by law. If you vacate before the end of your lease (even if due to eviction) you must still pay rent for the entire lease less any net rent which we receive from re-renting your apartment. We have no duty to re-rent. The prevailing party in any dispute arising out of this lease will be entitled to recover reasonable collection costs including attorney fees from the non-prevailing party.

**9. NOTICES:** Any notices from us to you will be deemed delivered when mailed to you at your apartment by first class mail; or personally handed to you or anyone in your apartment, or left at your apartment in your absence. Delivery of one copy of a notice is sufficient for all residents. Any notice from you to us will be deemed delivered when received at our office, by certified mail, return receipt requested, or personally delivered to our office staff during normal business hours.

**10. RIGHT TO ENTER:** You consent to our entering your apartment during reasonable hours for any inspections (by us or prospective buyers or renters), maintenance and repairs, pest control, for delivering notices, and for other purposes as provided by law.

**11. REPAIR AND MAINTENANCE:** You acknowledge that you have inspected the apartment and are fully satisfied and accept it in its "as is" condition, except as otherwise agreed by you and us in writing. You must maintain your apartment in a clean and sanitary condition including prompt removal of trash and garbage and placing it in a collection point container which we provide. We will maintain air conditioning and heating equipment; plumbing fixtures and facilities; electrical systems; and appliances provided by us. Any damage to your apartment or the premises, except for normal wear, caused by you or your invitees will be corrected, repaired, or replaced at your expense. **You must immediately notify us in writing of any needed maintenance or repair. You must inspect your smoke detector at least once a month to determine if it is working properly and notify us of any deficiency. You must change the air conditioning and heating filter monthly, or more often if required.** We supply filters at no cost to you.

**12. MOLD:** You must take steps to limit the growth of mold in your apartment. This includes operating your heating and air conditioning system as appropriate to reduce humidity, using appropriate ventilation, limiting evaporation of water, promptly removing any visible mold, and immediately reporting to us any leaks or other water intrusion into your apartment or any visible mold that you cannot remove.

**13. ALTERATION:** You may not make alterations or additions, nor install or maintain in the apartment, or any part of the premises, any fixtures, large appliances, devices, or signs without our written consent. Any alterations, additions, or fixtures which are made or installed will remain a part of the apartment unless we specifically agree otherwise.

**14. LIABILITY:** We will not be liable for any damages, loss, or injury to persons or property occurring within your apartment or upon the premises. Although there are entrance and exit gates for the apartment community, they do not significantly limit access to the property by anyone. There will be times when they do not work due to malfunction or damage. In addition, access is not restricted by a wall or fence. You are responsible for obtaining your own casualty and liability insurance. With respect to your family or invitees, you agree to hold us harmless and indemnify us from liability. **WE STRONGLY RECOMMEND THAT YOU SECURE INSURANCE TO PROTECT YOURSELF AND YOUR PROPERTY.** Your successors, heirs, beneficiaries, and personal representatives are bound by the provisions of this lease.

**15. SECURITY:** We do not provide and have no duty to provide security services to protect you, others, or property. You must look solely to the public police for such protection. We will not be liable for failure to provide security services or for the criminal or wrongful acts of others. If, from time to time, we provide any security

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# SECTION 3

## AFTER THE MOVE-IN MEETING

service, these services are only for the protection of our property and will not constitute a waiver of, or in any manner modify, this disclaimer. They may be modified or discontinued at any time without notice.

**16. CONDO/HOA ASSOCIATION PROPERTIES LEASE LANGUAGE:** If the lease premises are included in a condominium association or home owners association, you agree to abide by its bylaws, rules, and regulations including as they may be amended and that failure to do so is a violation of this lease.

**17. DAMAGE:** If we determine that your apartment should not be occupied because of damage or risk to property, health, or safety we may, at our option, terminate this lease. If it is unoccupiable due the fault of you, your family, or invitee, you will be liable for any monetary loss to us including rent. Nothing may be used or kept in or about your apartment which would in any way increase our insurance cost, be a violation of law, or otherwise be a hazard.

**18. WAIVERS:** Our acceptance of rent after knowledge of a breach of this lease by you is not a waiver of our rights nor an election not to proceed under the provisions of this lease or the law. Our rights and remedies under this lease are cumulative; the use of one or more shall not exclude or waive our right to other remedies. Your rights under this lease are subordinate to any present or future mortgages on the premises. We may assign our interest in this lease. You and we waive any right to demand a jury trial concerning the litigation of any matters arising between us.

**19. POSSESSION:** If the apartment is not ready for your occupancy on the beginning date of this lease, the beginning date may be extended up to 30 days or the lease may be voided at our option. We shall not be liable for any loss caused by such delay or termination.

**20. APPLICATION:** If any information given by you in your application is false or not complete, we may, at our option, terminate this lease. You must notify us promptly in writing of any changes in the information provided to us in your application.

**21. RADON GAS:** Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county health department. Florida Statute section 404.056(5) requires that you be provided the preceding notice.

**22. CREDIT REPORTS:** We have the right to obtain credit and any other reports on you which we may deem appropriate until all of your obligations under this lease are fulfilled. Upon your written request, we will inform you of the name and address of each agency from which a credit report is obtained. We have the right to report to others our credit and other experience with you.

**23. PARKING:** No more than one automobile or noncommercial small truck is allowed for each apartment and for each visitor (as long as adequate parking space remains for residents), without our written consent. No other vehicles or things may be parked or placed on the premises without our written consent (except for loading or unloading) including motorcycles, trucks, boats, trailer, motorhomes, and storage containers. All vehicles must be currently licensed with the license displayed as required by law; be in good operating condition; be in compliance with all requirements to operate on public streets including insurance; and not be unsightly (within our sole discretion). Vehicles must be parked only within the boundary of a single designated parking space. Anything in violation of the foregoing may be removed without notice at the owner's or your expense. We are not liable for any claim arising as a result of removal. It is your responsibility to advise your invitees of these requirements and to determine that they have complied. You agree to indemnify and hold us harmless for any claims by your invitees for the removal of their property for violation of these requirements and to pay immediately as additional rent any amount due pursuant to such claim. We may impose additional parking requirements including limiting the number of vehicles which your or your invitees may park on the premises, requiring the use of parking decals and/or assigning parking spaces. No vehicle maintenance or repairs or similar activities may be performed on the premises. Signs may not be displayed on or from vehicles.

**24. POLICIES:** You must observe the policies below and any other reasonable policies which may be given to you now or later by us.

(a) No "garage" or other sales may be conducted by you on the premises.

(b) Solicitation by you or others is not allowed on the premises.

(c) Locks may not be altered nor may new locks, knockers, or other door or window attachments be installed without our prior written consent.

(d) No noise, music or other sounds, or conduct or attire (or lack of) is permitted at any time in such manner as to disturb or annoy other persons. Certain attire may be prohibited such as "T-back" swimsuits.

(e) No spikes, adhesives, screws, hooks or nails, or the like may be driven into or applied to the walls or other surfaces without our prior written consent except that small nails may be used for hanging wall decorations. You are responsible for the cost of repairing any holes.

(f) No water-filled furniture is permitted except waterbeds. Waterbeds are not permitted unless we are first protected as a loss payee on an insurance policy approved by us.

(g) Any draperies or other window covering must be white or lined in white so that only white may be seen from outside your apartment.

(h) Water may not be wasted. Water hoses may be used only with automatic shut-off nozzles. Washing of vehicles may be restricted to designated areas and times. Outside water use may be prohibited. Water leaks must be promptly reported to us.

(i) Patios, balconies, hallways, and entrances may not be used to store belongings. Only appropriate potted plants and other outdoor furniture are permitted on patios and balconies. We may further limit what is placed in outside areas. Only electric grills may be kept or used on the premises.



# SECTION 3

## AFTER THE MOVE-IN MEETING

mail to the tenant's last known mailing address of his or her intention to impose a claim on the deposit and the reason for imposing the claim. The notice shall contain a statement in substantially the following form:

This is a notice of my intentions to impose claim for damages in the amount of \_\_\_\_\_ upon your security deposit, due to \_\_\_\_\_. It is sent to you as required by s.83.49(3), Florida Statutes. You are hereby notified that you must object in writing to this deduction from your security deposit within 15 days from the time you received this notice or I will be authorized to deduct my claim from your security deposit. Your objection must be sent to \_\_\_\_\_.

If the landlord fails to give the required notice within the 30-day period, he or she forfeits the right to impose a claim upon the security deposit.

(b) Unless the tenant objects to the imposition of the landlord's claim or the amount thereof within 15 days after receipt of the landlord's notice of intention to impose a claim, the landlord may then deduct the amount of his or her claim and shall remit the balance of the deposit to the tenant within 30 days after the date of the notice of intention to impose claim for damages.

(c) If either party institutes an action in a court of competent jurisdiction to adjudicate the party's right to the security deposit, the prevailing party is entitled to receive his or her court cost plus a reasonable fee for his or her attorney. The court shall advocate the cause on the calendar.

(d) Compliance with this section by an individual or business entity authorized to conduct business in this state, including Florida-licensed real estate brokers and salespersons, shall constitute compliance with all other relevant Florida Statutes pertaining to security deposits held pursuant to a rental agreement or other landlord-tenant relationship. Enforcement personnel shall look solely to this section to determine compliance. This section prevails over any conflicting provisions in chapter 475 and in other sections of Florida Statutes, and shall operate to permit licensed real estate brokers to disburse security deposits and deposit money without having to comply with the notice and settlement procedures contained in s.475.25(l)(d).

**2. RENT:** You agree to pay the monthly rent indicated above at \_\_\_\_\_ on or before the 1<sup>st</sup> day of each month without deduction or set off. If prorated rent is indicated, it is the amount due for the partial first month of this lease. Time is of the essence. Rent payments must be made by one check or money order even if there is more than one Resident. Payment may not be made by third party checks nor in cash. **Payment after the 5<sup>th</sup> day of the month must be by money order and include a one time late charge of \$50.00 paid in full**, all as additional rent. However, we reserve the right to refuse payment after expiration of our demand for rent or possession as provided for in the Florida Statutes. If your check is dishonored by your bank, you must pay us a service charge of \$50.00 plus any other charges provided by law and plus any accrued late charge(s). If one of your checks is dishonored, you may be required to pay, at our option, future rent by money order. We are not required to redeposit a dishonored check. You must pay any taxes due on your payments. Any payment due under this lease is rent. We may apply any payment to any outstanding balance regardless of any notation on or with the payment.

**3. RENEWAL:** This lease will continue for one year after the Initial Lease Term unless either you or we give the other **at least 30 days' written notice** of termination before the end of the initial term. During the continuation term, either you or we may terminate the lease at the end of a calendar month by giving the other not less than 60 days written notice. We may increase the rent at the end of the initial term or during the continuation term by giving you not less than 70 days notice before the beginning of a calendar month.

**4. UTILITIES:** Water and sewer service are provided to you. However, you may be required to pay for this service. If you are required to pay, you will be given an invoice each month. You must pay the amount of the invoice according to its terms as additional rent. You must obtain and pay for all other utilities. We are not liable for interruption or malfunction in service. You may not occupy your rental unit without electric service except during brief interruptions beyond your control.

**5. OCCUPANCY:** Only those persons whose names appear on the lease may occupy your rental unit without our prior written consent except guests for no more than 7 consecutive or 14 total days. The rental unit may be used solely for private housing. You may not assign this lease or sublet any portion of your rental unit. If you will be absent for more than 14 days, you must notify us in writing.

**6. PETS:** No pets may enter or be kept in your rental unit or on the premises without our written consent.

**7. CRIMINAL ACTIVITY:** If you or your invitee engages in criminal activity on the premises or near enough to adversely affect it or other residents such activity will be a default for which this lease may be immediately terminated.

**8. REMEDIES:** You and we have all remedies provided by law. If you vacate before the end of your lease (even if due to eviction) you must still pay rent for the entire lease less any net rent which we receive from re-renting your rental unit. We have no duty to re-rent. The prevailing party in any dispute arising out of this lease will be entitled to recover reasonable collection costs including attorney fees from the non-prevailing party.

**9. NOTICES:** Any notices from us to you will be deemed delivered when mailed to you at your rental unit by first class mail, or personally handed to you or anyone in your rental unit, or left at your rental unit in your absence. Delivery of one copy of a notice is sufficient for all residents. Any notice from you to us will be deemed delivered when received at our office, by certified mail, return receipt requested, or personally delivered to our office staff during normal business hours.

**10. RIGHT TO ENTER:** You consent to our entering your rental unit during reasonable hours for any inspections (by us or prospective buyers or renters), maintenance and repairs, pest control, for delivering notices, and for other purposes as provided by law.

**11. REPAIR AND MAINTENANCE:** You acknowledge that you have inspected the rental unit and are fully satisfied and accept it in its "as is" condition, except as otherwise agreed by you and us in writing. You must maintain your rental unit in a clean and sanitary condition including prompt removal of trash and garbage and placing it in a collection point container. We will maintain air conditioning and heating equipment; plumbing fixtures and facilities; electrical systems; and appliances provided by us, unless noted otherwise in this lease agreement. Any damage to your rental unit or the premises, except for normal wear, caused by you or your invitees will be corrected, repaired, or replaced at your expense. **You must immediately notify us in writing of any needed maintenance or repair. You must inspect your smoke detector at least once a month to determine if it is working properly and notify us of any deficiency. You must change the air conditioning and heating filter monthly, or more often if required.**

**12. MOLD:** You must take steps to limit the growth of mold in your rental unit. This includes operating your heating and air conditioning system as appropriate to reduce humidity, using appropriate ventilation, limiting evaporation of water, promptly removing any visible mold, and immediately reporting to us any leaks or other water intrusion into your rental unit or any visible mold that you cannot remove.

**13. ALTERATION:** You may not make alterations or additions, nor install or maintain in the rental unit, or any part of the premises, any fixtures, large appliances, devices, or signs without our written consent. Any alterations, additions, or fixtures which are made or installed will remain a part of the rental unit unless we specifically agree otherwise.

**14. LIABILITY:** We will not be liable for an damages, loss, or injury to persons or property occurring within your apartment or upon the premises. Although there may be entrance and exit gates for the rental unit, they do not significantly limit access to the property by anyone. There will be times when they do not work due to malfunction or damage. In addition, access is not restricted by a wall or fence. You are responsible for obtaining your own casualty and liability insurance. With respect to your family or invitees, you agree to hold us harmless and indemnify us from liability. **WE STRONGLY RECOMMEND THAT YOU SECURE INSURANCE TO PROTECT YOURSELF AND YOUR PROPERTY.** Your successors, heirs, beneficiaries, and personal representatives are bound by the provisions of this lease.

**15. SECURITY:** We do not provide and have no duty to provide security services to protect you, others, or property. You must look solely to the public police for such protection. We will not be liable for failure to provide security services or for the criminal or wrongful acts of others. If, from time to time, we provide any security

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# SECTION 3 AFTER THE MOVE-IN MEETING

service, these services are only for the protection of our property and will not constitute a waiver of, or in any manner modify, this disclaimer. They may be modified or discontinued at any time without notice.

**16. CONDO/HOA ASSOCIATION PROPERTIES LEASE LANGUAGE:** If the leased premises are included in a condominium association or home owners association, you agree to abide by its bylaws, rules, and regulations including as they may be amended and that failure to do so is a violation of this lease.

**17. DAMAGE:** If we determine that your rental unit should not be occupied because of damage or risk to property, health, or safety we may, at our option, terminate this lease. If it is unoccupiable due the fault of you, your family, or invitee, you will be liable for any monetary loss to us including rent. Nothing may be used or kept in or about your rental unit which would in any way increase our insurance cost, be a violation of law, or otherwise be a hazard.

**18. WAIVERS:** Our acceptance of rent after knowledge of a breach of this lease by you is not a waiver of our rights nor an election not to proceed under the provisions of this lease or the law. Our rights and remedies under this lease are cumulative; the use of one or more shall not exclude or waive our right to other remedies. Your rights under this lease are subordinate to any present or future mortgages on the premises. We may assign our interest in this lease. You and we waive any right to demand a jury trial concerning the litigation of any matters arising between us.

**19. POSSESSION:** If the rental unit is not ready for your occupancy on the beginning date of this lease, the beginning date may be extended up to 30 days or the lease may be voided at our option. We shall not be liable for any loss caused by such delay or termination.

**20. APPLICATION:** If any information given by you in your application is false or not complete, we may, at our option, terminate this lease. You must notify us promptly in writing of any changes in the information provided to us in your application.

**21. RADON GAS:** Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county health department. Florida Statute section 404.056(5) requires that you be provided the preceding notice.

**22. CREDIT REPORTS:** We have the right to obtain credit and any other reports on you which we may deem appropriate until all of your obligations under this lease are fulfilled. Upon your written request, we will inform you of the name and address of each agency from which a credit report is obtained. We have the right to report to others our credit and other experience with you.

**23. PARKING:** No more than one automobile or noncommercial small truck is allowed for each rental unit and for each visitor (as long as adequate parking space remains), without our written consent. No other vehicles or things may be parked or placed on the premises without our written consent (except for loading or unloading) including motorcycles, trucks, boats, trailer, motorhomes, and storage containers. All vehicles must be currently licensed with the license displayed as required by law; be in good operating condition; be in compliance with all requirements to operate on public streets including insurance; and not be unsightly (within our sole discretion). Vehicles must be parked only within the boundary of designated parking space. Anything in violation of the foregoing may be removed without notice at the owner's or your expense. We are not liable for any claim arising as a result of removal. It is your responsibility to advise your invitees of these requirements and to determine that they have complied. You agree to indemnify and hold us harmless for any claims by your invitees for the removal of their property for violation of these requirements and to pay immediately as additional rent any amount due pursuant to such claim. No vehicle maintenance or repairs or similar activities may be performed on the premises. Signs may not be displayed on or from vehicles.

**24. POLICIES:** You must observe the policies below and any other reasonable policies which may be given to you now or later by us.

(a) No "garage" or other sales may be conducted by you on the premises.

(b) Solicitation by you or others is not allowed on the premises.

(c) Locks may not be altered nor may new locks, knockers, or other door or window attachments be installed without our prior written consent.

(d) No noise, music or other sounds, or conduct or attire (or lack of) is permitted at any time in such manner as to disturb or annoy other persons. Certain attire may be prohibited such as "T-back" swimsuits.

(e) No spikes, adhesives, screws, hooks or nails, or the like may be driven into or applied to the walls or other surfaces without our prior written consent except that small nails may be used for hanging wall decorations. You are responsible for the cost of repairing any holes.

(f) No water-filled furniture is permitted except waterbeds. Waterbeds are not permitted unless we are first protected as a loss payee on an insurance policy approved by us.

(g) Any draperies or other window covering must be white or lined in white so that only white may be seen from outside your rental unit.

(h) Water may not be wasted. Water hoses may be used only with automatic shut-off nozzles. Washing of vehicles may be restricted to designated areas and times. Outside water use may be prohibited. Water leaks must be promptly reported to us.

(i) Patios, balconies, and entrances may not be used to store belongings. Only appropriate potted plants and other outdoor furniture are permitted on patios and balconies. We may further limit what is placed in outside areas. Only electric grills may be kept or used on the premises.

## LANDLORD/RESIDENT RESPONSIBILITY SINGLE FAMILY DWELLING

1. Utilities: Utilities shall be paid for by the party indicated on the following chart:

Utility Expense	LANDLORD	RESIDENT
Electricity		
Gas		
Water		
Garbage		
Other		

When electricity, gas, or water is to be furnished by landlord, resident agrees not to use any supplemental heating or air conditioning units, washing machine, dryer, dishwasher, or other appliance other than those provided by landlord and listed in Section 2. Appliances without landlord's written approval.

# SECTION 3 AFTER THE MOVE-IN MEETING

2. Appliances. Appliance furnished to resident by landlord:

Appliance	YES	NO
Refrigerator		
Stove		
Air Condition		
Dishwasher		
Washer		
Dryer		
Garbage Disposal		

3. Pool. Pool will be maintained by: LANDLORD RESIDENT  
Resident agrees to maintain pool by:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_ (Resident initial) Resident agrees to said conditions. \_\_\_\_\_ (Resident initial) Not applicable.

4. Grounds. Grounds will be maintained by: LANDLORD RESIDENT  
Resident agrees to maintain grounds by:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_ (Resident initial) Resident agrees to said conditions. \_\_\_\_\_ (Resident initial) Not applicable.

5. Pest Control. Pest Control will be provided by: LANDLORD RESIDENT  
Resident agrees to provide pest control by:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_ (Resident initial) Resident agrees to said conditions. \_\_\_\_\_ (Resident initial) Not applicable.

6. Repairs. Repairs will be provided by: LANDLORD RESIDENT  
Resident agrees to provide repairs under the following conditions:

\_\_\_\_\_

\_\_\_\_\_

\*Maintenance requests, except in emergencies, must be made in writing or left on voice message at address \_\_\_\_\_ (provided by landlord) or phone number \_\_\_\_\_ (provided by landlord).

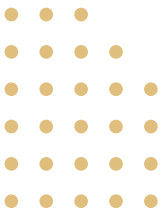
\_\_\_\_ (Resident initial) Resident agrees to said conditions. \_\_\_\_\_ (Resident initial) Not applicable.

7. Policies. Additionally resident agrees to:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_ (Resident initial) Resident agrees to said conditions. \_\_\_\_\_ (Resident initial) Not applicable.





# SECTION 3 AFTER THE MOVE-IN MEETING

## LEASE ADDENDUM - PET

This is an addendum to the following described lease.

Rental Unit Address: \_\_\_\_\_

Lease Date: \_\_\_\_\_ Unit Number (If Any): \_\_\_\_\_

Resident Name(s): \_\_\_\_\_

If there is more than one resident, "resident" includes all residents.

1. The lease is modified to allow resident to keep the below described pet in the rental unit under the conditions which follow.

2. Pet description.

Species: \_\_\_\_\_ Breed or type: \_\_\_\_\_

Weight: \_\_\_\_\_ lbs. Height: \_\_\_\_\_ inches Color(s): \_\_\_\_\_

Name: \_\_\_\_\_ Age: \_\_\_\_\_

3. Resident must pay one or more of the following as indicated.

a. Additional security deposit of \$ \_\_\_\_\_ increasing the total lease security deposit to \$ \_\_\_\_\_.

b. Non-refundable fee of \$ \_\_\_\_\_.

c. Additional monthly rent of \$ \_\_\_\_\_ increasing total rent to \$ \_\_\_\_\_.

4. Whenever pet is outside resident's rental unit it must be controlled by resident with a leash.

5. If pet disturbs or annoys neighbors or persons on the property, resident may be required to remove pet from the premises upon 7 day's notice.

Date Executed: \_\_\_\_\_

Date Executed: \_\_\_\_\_

Resident Signatures: \_\_\_\_\_

Landlord or Property Manager Signature \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



# SECTION 3

## AFTER THE MOVE-IN MEETING

### *Moving Your Tenant In* **CHECKLIST**

Use the checklist below to complete all the actions necessary to ensure a smooth, successful move in of your new tenant!

#### ***Prior to your move in meeting:***

- \_\_\_\_\_ Complete Lease.
- \_\_\_\_\_ Complete Abandoned Property Agreement. *(Form 2a)*
- \_\_\_\_\_ Complete any Addendum's. *(Pet Addendum: Form 2b)*

#### ***At move in meeting:***

- \_\_\_\_\_ Review Lease and have tenant sign if it is not already signed.
- \_\_\_\_\_ Review Abandoned Property Agreement and have tenant sign. *(Form 2a)*
- \_\_\_\_\_ Review any Addendum's and have tenant sign. *(Forms 2b)*
- \_\_\_\_\_ Review Rules & Regulations Form. *(Form 2d)*
- \_\_\_\_\_ Collect security deposit if you haven't already.<sup>®</sup>
- \_\_\_\_\_ Collect first month's rent. *(Certified Check or Money Order)*  
If you are requiring last month's rent, collect that also.
- \_\_\_\_\_ Collect any other fees due, such as a Pet Deposit or Pet Fee.
- \_\_\_\_\_ Walk through unit with tenant and complete Move In Move Out Inspection Report. *(Form 2e)*
- \_\_\_\_\_ Give tenant keys.

#### ***After the Move-In Meeting:***

- \_\_\_\_\_ File documents in tenant's file.
- \_\_\_\_\_ Calendar a "check in" with your tenant for one week away.



# SECTION 3

# AFTER THE MOVE-IN MEETING

THIS ADDENDUM IS HEREBY MADE A PART OF THAT CERTAIN LEASE AGREEMENT DATED \_\_\_\_\_  
\_\_\_\_\_, 20\_\_\_\_, EXECUTED BY \_\_\_\_\_ ("Resident").

## **RULES AND REGULATIONS**

*For Multi-Family Properties*

The following Rules and Regulations have been established by the Owner/Management and are considered an addendum to your Lease Agreement. Failure to comply with said Rules and Regulations may, at the discretion of Owner/Management, be grounds for termination of the Lease Agreement.

1. **RENTAL PAYMENT:** Rent is due on the first day of each month. Rent received after 5:00 p.m. on the fifth (5th) must include the late fee specified in the Lease Agreement. Checks which do not include the late fee as required will not be accepted. All late payment checks and charges must be paid by cashier's check, certified check or money order. After you tender two (2) NSF checks during the term of the lease agreement, personal checks will no longer be accepted and all monies due must be paid by cashier's check, certified check or money order. Please mail or deliver your rental payment to the business office.
2. **MAINTENANCE REQUESTS:** Maintenance requests should be made by phone or in writing to the business office. Maintenance hours are weekdays from \_\_\_\_ a.m. to \_\_\_\_ p.m. In case of an emergency, call the office and you will be given an emergency number to call. Emergencies include fire, flood, electrical shortage and sewer back-ups. Your maintenance request cannot be fulfilled if pets are left unattended. It is not our policy to make appointments for maintenance work.
3. **LOCKS:** You are prohibited from adding, changing or in any way altering locks installed on the doors of the residence.
4. **ENTRANCES, HALLWAYS, WALKS AND LAWNS:** Entrances, hallways, walks, lawns and other public areas should not be obstructed or used for any purpose other than entering and exiting.
5. **PERSONAL PROPERTY:** Due to legal limitations, it is not possible for us to insure your personal property. It will be necessary for you to obtain rental dweller's coverage at your expense from a local insurance agent to cover any possible loss to personal property.
6. **DELIVERY OF PACKAGES OR FURNITURE:** Our employees are prohibited from receiving packages for anyone. Please make your own arrangements for such items. If you are expecting delivery of furniture, appliances or repairs to these items, you may leave a key at the office for the serviceman, but you must sign a release of responsibility for theft or damages. We will not be able to accompany any serviceman to your residence.
7. **SPEED LIMIT:** The maximum speed limit throughout the Community is 10 m.p.h. Please drive carefully and watch out for children.
8. **PARKING FACILITIES:** Our parking lots are not to be used for abandoned or inoperable vehicles. The determination of whether a vehicle is abandoned or inoperable shall be within the discretion of Management, but a vehicle will be deemed to be inoperable if not "street legal." All vehicles must be periodically moved to prevent build-up of dirt and debris. Automobiles should not be parked on the grass. Recreational vehicles and trailers may only be parked in certain areas, which are clearly marked for recreational purposes. Vehicles not conforming to these rules may be towed away at the owner's expense.
9. **PEST CONTROL:** Residence units are sprayed on a regular basis. If you have a special problem with pests, notify the office and the exterminator will pay special attention on his next visit. You are asked to assist our pest control by maintaining a high standard of good housekeeping. If you have a pet and it becomes necessary to spray for fleas, you must pay an additional charge.
10. **GROUND'S UPKEEP:** The Owner maintains a high degree of grounds maintenance. Owner/Management requests that you help in maintaining our high standards.
11. **DUMPSTERS:** There are dumpsters conveniently located throughout the Rental Community. Please insure that your trash is placed in plastic bags and securely tied before placing it in the dumpster, not beside it. You must break down boxes before placing them in dumpsters.
12. **GUESTS:** You are responsible and liable for the conduct of your family, invitees, licensees and guests. Acts of these persons in violation of the Lease Agreement, or one of these or future rules and regulations, may be deemed by Management to be a breach by you which may result in termination of the Lease Agreement.
13. **POOL:** Pool Regulations are posted at pool area. Children under age \_\_\_\_\_ must be accompanied by an adult. Older children may use the pool without supervision as long as they have parental permission and behave in a responsible manner.
14. **MOTORCYCLES, MINIBIKES, ETC:** All state regulations that apply on the street will apply in the Rental Community. All vehicles, including motorcycles and mini-bikes, must be properly licensed, and all operators must be licensed as well. No one under age is allowed to operate a motor vehicle of any type on the grounds of the Rental Community at any time. All motorcycles and mini-bikes must be parked in the parking lot, and may not be placed in the rental unit.
15. **PLUMBING:** A charge will be made for unclogging plumbing equipment, in cases where malfunctions are caused by the introduction of improper objects therein, such as toys, cloth objects, grease and other foreign matter. The cost of repair or replacement of other equipment or furnishings of the Owner will be borne by you.
16. **LOCK OUTS:** If you find it necessary to have authorized personnel unlock the rental unit after hours you will be charged a fee of \$ \_\_\_\_\_ payable at time of entry. If this service is not available at the Rental Community it will be necessary to call a locksmith and you will be responsible for locksmith fees.
17. **DRAPERIES:** Window treatments must have white linings or a white shade. Bed linens, towels, tin foil, flags, reflector film, etc. are not acceptable. You are requested to comply within ten (10) days of move-in.
18. **TELEPHONE HOOK-UPS:** Telephones may only be placed at previously wired locations provided by the telephone company. Additional drilling, cutting, or boring for wires is not permitted without written permission from Owner/Management.



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# SECTION 3

## AFTER THE MOVE-IN MEETING

19. **WATER BEDS:** Water beds are allowed subject to Owner/Management's prior written approval.
20. **STORAGE:** No goods or materials of any kind or description, which are combustible or would increase fire risk shall be placed in storage areas. Storage in such areas shall be your risk and Owner/Management shall not be responsible for any loss or damages. Heating/air conditioning or water heater closets are not to be used for storage purposes.
21. **RECREATION:** You agree to abide by rules and regulations established for use of recreational and service facilities provided by Owner/Management.
22. **ANTENNAS:** Radio, television, CB or other types of aerials or antennas should not be placed or erected by you on the roof or exterior of any building.
23. **DISTURBING NOISES:** Your family, invitees, licensees and guests shall have due regard for the comfort and enjoyment of all other residents in the Rental Community. Your Residence is your home, free from interruption by Owner/Management, unless you or your guests disturb other residents of the Community. Televisions, stereo units, radios and musical instruments are not to be played at such a volume or time that will annoy persons in other residences.
24. **SIGNS:** You should not display any signs, exterior lights or markings on the rental unit. No awnings or other projections should be attached by you to the outside of the building of which the rental unit is a part.
25. **PATIOS:** All balconies or patios must be kept clean and clear of storage items. Hanging of clothes, garments or rugs over railing of balconies or patios will not be permitted. Patios or balconies should not be used for anything except patio furniture, flower boxes and plants. They are not to be used for storage under any circumstances. For safety, please do not place plants on balcony railings.
26. **PETS:** No pets allowed except with the permission of Owner/Management and the execution of a Pet Addendum. An additional fee will be required, a portion of which is non-refundable. The entire fee may be applied against damages to the residence in the event of default by you under the Lease Agreement.
27. **LAUNDRY ROOM:** If the Rental Community provides laundry facilities, please remove clothing from machines promptly. Do not use tints or dyes. Report any malfunction of machines to the office.
28. **ALTERATIONS:** No apartment alterations allowed without Owner/Management's prior written approval.

To avoid misunderstandings regarding the **SECURITY DEPOSITS** that are made at the time you sign your Lease Agreement, the following information is provided:

**RELEASE OF THE SECURITY DEPOSIT IS SUBJECT TO THE FOLLOWING PROVISIONS:**

1. Full term of lease has expired and all persons have vacated the Residence.
2. A **written notice** of Intent to Vacate effective the end of the calendar month must be given by the 1<sup>st</sup> of the calendar month prior to said vacating.
3. No damage to property beyond normal wear and tear.
4. Entire Rental Unit including range, refrigerator, bathroom, closets and cupboards are clean. Refrigerator to be defrosted.
5. No unpaid legal charges, delinquent rents or late fees.
6. **All** keys must be returned.
7. **All** debris, rubbish and discards placed in proper rubbish containers.
8. Forwarding address left with Owner/Management.
9. "Move In Move Out Inspection Report" must be completed when you move in and signed by the Owner/property manager and you. This form must also be completed and signed by both parties when you move out.

**QUESTIONS AND ANSWERS ON SECURITY DEPOSIT POLICY:**

- Q. What charges are made if the prerequisite conditions are not complied with?
- A. The costs of labor and materials for cleaning and repairs will be deducted. Also, any delinquent payments including late charges will be deducted.
- Q. How is the Security Deposit returned?
- A. By a check mailed to your forwarding address. The check is jointly payable and addressed to all persons who sign the Lease Agreement. No pick-ups from the office.
- Q. Can the Security Deposit be applied to any rent still outstanding during the lease term?
- A. No. All rents must be paid separate and apart from the Security Deposit.

**ADDITIONAL RULES AND REGULATIONS (if any):**

INITIALS

I/we hereby acknowledge that I/we have read the foregoing Rules and Regulations and hereby agree to abide by each and every one.

Date

Resident

Resident



# SECTION 3 AFTER THE MOVE-IN MEETING

## MOVE IN/MOVE OUT INSPECTION FORM

Resident(s) Name \_\_\_\_\_ Date \_\_\_\_\_  
 Address \_\_\_\_\_ Unit # \_\_\_\_\_

PRE/AT OCCUPANCY	ND= No Damage				POST OCCUPANCY					
Item	Condition unless noted otherwise	Exception			Move Out Condition			Cost per item to clean or replace	#	Total Cost
<b>Kitchen:</b>										
Floors	Clean, ND							10		
Walls/Ceiling	Paint Good							10		
Counters	Paint Good							10		
Cabinets/Drawers	Clean, ND							10		
Stove/Oven	Clean, ND							25		
Drip Pans	Clean, ND							5		
Hood, Filter Fan	Clean, ND							25		
Refrigerator	Clean, ND							15		
Dishwasher	Clean, Working, ND							5		
Sink & Stopper	Clean, Working, ND							10		
Lights	Clean, Working							10		
Windows/ Track, Screens	Clean, No Breaks							15		
Other:										
<b>Living &amp; Dining Area:</b>										
Floor/Carpet	Clean, ND or spots							50		
Carpet Rips/Tears/Burns	Clean, ND							25		
Vacuuming Only	Clean, ND							10		
Walls/Ceiling	Paint Good							20		
Lights, Dimmer Switch	Working, Clean							12		
Heating, AC	Working, Clean							10		
Blinds	Clean, Working							30		
Windows/Tracks, Screens	Clean, ND							15		
Fireplace	Clean, ND							2		
Ceiling Fans	Clean, ND							10		
<b>Bedroom:</b>										
Floor/Carpet	Clean, ND	1	2	3	1	2	3	20		
Carpet Rips/Tears/Burns	Clean, ND							25		
Vacuuming Only	Clean, ND							10		
Walls/Ceiling	Paint Good, ND							20		
Lights, Dimmer Switch	Clean, Working, ND							15		
Blinds	Clean, ND							25		
Windows/Tracks, Screens	Clean, No Breaks							15		
Closets	Clean, ND							5		
Other:										
<b>Bathroom:</b>										
Floor	Clean, ND	1	2		1	2		10		
Walls/Ceiling	Paint Good, ND							10		
Sink	Clean, ND							5		
Vanity/Counter	Clean, ND							10		
Vent Fan	Clean, Working							10		
Lights	Clean, Working							5		
Tile/Grout	Clean, ND							15		
Bath/Shower Enclosure	Clean, ND							10		
Toilet	Clean, ND							10		





# SECTION 3

## DURING YOUR TENANTS RESIDENCY

During a lease term, certain scenarios may occur that you may have questions about. Some of the most common are addressed below.

If you have further questions or are uncertain about a legal aspect of property management, please consult a landlord tenant or eviction attorney.

### **Section 1 Late Rent RENT COLLECTION**

Asset/Property management is a very interpersonal job. You have to be able to work with many different types of individuals and wear many different hats day to day. One of the most uncomfortable tenant conversations you will have is about late rent. Many regret or just flat out refuse to deal with this subject. Obviously, this is an unrealistic approach to take, considering rent is the major source of income for rental property. Rental income usually pays the mortgage on the property. You should deal with the subject of late rent head on.

As I said before, rent collection is a major source of income for rental property. This will be one of the most important tasks you will have. A very important tool to have is a well-written lease contract that will clearly spell out the terms and the conditions of the rental payments within the lease contract.

- Be very persistent. Always remind a tenant when he or she has not paid rent.
- Follow your procedure to help provide consistency.

Typically, a landlord/property manager will choose to use a computer software program to assist with keeping all the tenants account ledgers in order. Through software, landlords/property managers gain the ability to better manage the property. In addition, the software program will offer financial controls as well as very valuable reporting functions. In a nutshell, property management software provides a very easy avenue for providing a high-quality look and feel to your business.



# SECTION 3

## DURING YOUR TENANTS RESIDENCY

One of the most important reports you should review often will be the delinquency report. The delinquency report will list individually all the tenants who are behind on their rent or who have unsettled balances. (The delinquency report should be reviewed no less than 3 times a month.)

What is a delinquency report?

A delinquency report will quickly tell the property manager or landlord which tenant(s) is in the rears with their rent and any other balances due. It is common to run a delinquency report on the 6th, 15th, and 20th of the month. After you deliver your Three Day Notices and they expire, you should evaluate a delinquency report to see who has still not paid rent. Then follow these steps:

1. Pull all delinquent files.
2. Gather application, lease, and Three-Day Notice
3. Send file to your eviction attorney. You can find recommended attorneys on our website, [www.multifamilymatrix.com](http://www.multifamilymatrix.com).

It is recommended that the landlord or property manager fully understand how to pull a delinquency report from their property management software or how to create a delinquency report from scratch.

### TIP: TECHNOLOGY

Most jurisdictions have not caught up legally to current technology that we use. Notices need to be physically placed. Do not text or email notices. It is a good idea to document posting of the notice by taking a picture and saving it. This helps to avoid any discrepancy if the tenant says it was not posted.

Another commonly used report used by a landlord/property manager is the "rent roll". The rent roll is a very detailed record of occupancy and rent collection activity. It should include any and all addresses, each tenants' move in date, lease expiration date, current rental rate, and the current tenant balance for the current month. This report will typically be used as the foundation that will support all other types of reports associated with the rental property.





# SECTION 3

## DURING YOUR TENANTS RESIDENCY

Rent is due on the day of the month specifically stated in your lease, usually the first day of each month. Most Landlords give a 3-5 day grace period. This means rent can be paid no later than the third or fifth day, respectively, of the month before late fees are applied and a Three-Day Notice is delivered. After the grace period is over, rent and the late fee must be paid in the form of a money order or certified check. A personal check is no longer acceptable.

Example: If your grace period expires on the fifth day of the month, the Three-Day Notice is delivered on the sixth. Be sure to read "The Rights & Wrongs of The Three-Day Notice" in our Legal Section of this manual.

### Non-Payment of Rent - Notice Rules

A Three-Day Notice is a form required to be delivered prior to any legal action taken for the tenant not paying rent.

Keep in mind the Three-Day Notice excludes the day of delivery, Saturday, Sunday, and legal holidays from calculation of the notice expiration date. (reference list of legal holidays)

Remember a Three-Day Notice is not hard to fill out, but consequently this form is the most abused form.

The amount owed should be the rent only, not any late fees unless your lease specifies you can include late fees as "additional rent". The lease in this manual does provide this language.



# SECTION 3

## DURING YOUR TENANTS RESIDENCY

Make sure you count a full three days, again excluding the date of delivery, Saturdays, Sundays, or legal holidays, and then write the appropriate expiration day on the form.

1. Fill out a Three-Day Notice. This form should be completed and delivered on the first day the grace period expires.
2. Deliver the Three-Day Notice by placing it on the door of the delinquent tenant. If the tenant is not home, mark the notice to indicate how it was delivered on the tenant's copy and your file copy.
3. If three days pass and rent has not been paid, begin the eviction process immediately. Eviction is a specific legal process with particular rules that must be followed exactly and in the proper sequence. The wrong move can turn the tables in your tenant's favor. A conservative estimate for a timely eviction, from filing suit to physical removal of your tenant, is three to four weeks.

\*We recommend the use of an eviction attorney.



# SECTION 2

## ACCEPTING PARTIAL RENT

Accepting partial rent is a practice commonly used by a landlord or property manager. The procedure is when a resident only pays part of his or her rent. The property manager will accept the partial payment while reissuing another Three-Day Notice for the remaining balance. This Three-Day Notice should be reissued on the spot, as soon as partial rent is accepted.

### \*\*\*WARNING\*\*\*

Be careful of accepting partial rent. The reason is that the tenant could use that extra three days the notice gives them to file bankruptcy. If a tenant files bankruptcy the property manager must stop all attempts to collect rent. A tenant filing bankruptcy will also stop an eviction cold.

If your tenant does file for bankruptcy, call your attorney who will check with the Federal Bankruptcy Court to see if a bankruptcy has been filed. The attorney will then prepare a motion to obtain relief from the automatic stay of bankruptcy. You must petition the bankruptcy court to allow the stay to be lifted for the purpose of the landlord or property manager to collect the debt or to continue to move forward with the eviction. This process can typically take 30-45 days with regard to the different chapters a tenant can file for bankruptcy. The longest period could take up to 45-60 days.

All this quickly adds up to lost money and a very unhappy owner, and we can afford to have neither! Something to think about next time we find ourselves accepting partial rent.



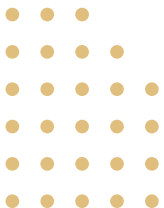
# SECTION 3

## HANDLING RETURNED CHECKS

If a resident has a returned check, that tenant's account ledger should be considered unpaid and delinquent. Follow the steps in Section 1 regarding late rent.

Follow these steps to address the NSF check:

1. Send a Dishonored Check Notice to the tenant and include a Three-Day Notice ASAP. This will inform the tenant of his or her delinquency.
2. Make a copy of the Dishonored Check Notice and copy of the notification received from the bank alerting you of the NSF. Also make a copy of the check. Place in your tenant's file.
3. Update the tenant's account ledger either manually or in your property management software. Add your NSF charge as indicated in your lease. It is very important you update the account ledger immediately upon receiving the NSF notice.
4. Add tenant's name, address, check amount, and check number to your monthly NSF log. Use this log to follow up and make sure all NSF checks are collected.



# SECTION 4

## TENANTS WHO BREAK THE RULES

What if a tenant breaks the rules?

1. Issue a Disturbance Notice. Be detailed in your description of the disturbance.
2. Deliver the Disturbance Notice by placing it on the tenant's door or delivering it directly to the tenant.
3. Be sure to note any subsequent conversations and/or correspondence in your tenant's file.
4. If a tenant continues to break the rules, issue a Seven Day Notice to Cure. Be very detailed with the subject matter on the Notice.
5. Deliver the Seven Day Notice by placing it on the tenant's door or delivering it directly to the tenant.

TIP: PROPER NAMES ON A NOTICE

Be certain that the name you put on any Notice is the same name that appears on the lease. Also, if more than one name appears on the lease, be sure to put all the names on the Notice.

6. Be sure to note any subsequent conversations and/or correspondence in your tenant's file. Technology can drastically reduce liability and risk with proper documentation. Refer to the website for more information on what technology to use and how it works.

7. If a tenant continues to break the rules after the Seven-Day expires, you have the legal right to send a Seven Day Notice to Terminate Lease.



# SECTION 4

# TENANTS WHO BREAK THE RULES

## STUDY SESSION

### USING THE PROPER NOTICE

Below are suggested examples of when to use certain notices. If you have a question about the appropriate notice to use, you should consult a landlord-tenant eviction attorney.

#### Disturbance Notice:

- Use for disturbances, loud music, arguing, parties, etc.

#### Seven Day to Cure

- Continued, documented disturbances
- Illegal Occupant (a person moved in who is not on the lease)
- Illegal Pet
- Uncleanliness
- Damages

#### Seven Day to Vacate

- Severe continued, documented disturbances
- Illegal Activity
- Extensive damages



# SECTION 5 GAINING ENTRY TO A TENANT'S RENTAL UNIT

Many states have laws in place requiring the landlord/property manager to send a notice alerting the tenant of the landlords/property manager's intent to enter the rental unit for a non-emergency reason. Required or not, it is good tenant relation practice to always provide a notice for entry for a non-emergency reason.

You will always have the right to enter without the permission of the tenant for an emergency. Cases where there is not sufficient time to alert the tenant of an emergency include:

- Fire or smoke coming from the doors and windows
- Excessive water leaking out of doors, windows, floors, walls or ceilings
- Loud screaming
- A smell of natural gas
- No answer at door or not hearing from a tenant for an unusually long period of time

## TIPS TO NOTIFYING TENANT:

- Always provide the tenant with a written notification – Notice of Intent to Enter
- Give the tenant as much notice as possible. (Check with your local landlord tenant attorney for any required compliance.)
- Try to enter the unit while the tenant is home, to avoid any claims of theft.
- Do not force your way in the tenant's home if there are no emergencies.
- Follow all entry procedures in your operations manual to provide consistency.
- Follow your operations manual for dealing with maintenance issues. Always have the maintenance technician leave the "work performed" letter behind notifying the tenant that they were there and of the work that was performed. (Review Phase 4: Maintenance for more detail about the work order forms that should be used.)



# SECTION 6

## RENT COLLECTION

Knowing that rent is due on the 1st, with a grace period through the 5th day of the month, or however you choose to set up your grace period, you should collect all rent checks by the 5th or the last day of your grace period.

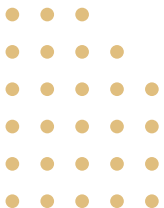
1. Document all rent checks and money orders used to pay rent. Use your camera or a scanning app and to create a backup by saving separately from your property management software.
2. Post your checks in a ledger to reflect which tenant has paid rent. If you do not have property management software, you should post your checks or money orders in a program that will keep track of and balance your books.
3. Deposit checks and money orders as soon as possible. Keep these backup documents safe. In the event of a major technology failure or loss, you need to fall back on them and avoid catastrophe.

### TIPS: COLLECTING CASH

I recommend you try to never accept cash. One reason is for safety. Secondly, cash is easy to misplace.

### TIPS: EASY TO USE SYSTEM

Make sure you create an easy to use system or take advantage of using property management software for keeping track of your rent checks. If you follow the system above, you should be on your way!





# SECTION 6 RENT COLLECTION

## **THREE DAY NOTICE TO PAY RENT OR DELIVER POSSESSION**

TO: \_\_\_\_\_ DATE: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

**YOU ARE HEREBY NOTIFIED THAT YOU ARE INDEBTED TO US IN THE SUM OF:**  
\$ \_\_\_\_\_

FOR THE RENT AND USE OF THE ABOVE REFERENCED PREMISE IN \_\_\_\_\_  
COUNTY, FLORIDA, NOW OCCUPIED BY YOU AND THAT WE DEMAND PAYMENT OF SAID RENT OR  
THAT YOU SURRENDER POSSESSION OF THE SAID PREMISES WITHIN THREE (3) DAYS  
(EXCLUDING SATURDAYS, SUNDAYS AND LEGAL HOLIDAYS) FROM THE DATE OF DELIVERY OF  
THIS NOTICE:

ON OR BEFORE THE \_\_\_\_\_ DAY OF \_\_\_\_\_ 200\_\_\_\_\_.

YOUR FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN EVICTION PROCEEDINGS BEING  
INSTITUTED AGAINST YOU PURSUANT TO SECTION 83 FLORIDA STATUTES. WE WILL RETAKE  
POSSESSION FOR YOUR ACCOUNT IN THE EVENT YOU VACATE OR ARE EVICTED. YOU WILL BE  
HELD LIABLE FOR PAST DUE RENT, AND, FUTURE RENT DUE UNDER THE FULL TERM OF YOUR  
RENTAL AGREEMENT MINUS ANY RENT RECEIVED FROM RERENTING THE PREMISES, ANY  
CHARGES DUE UNDER THE TERMS OF YOUR RENTAL AGREEMENT, DAMAGES TO THE PREMISES,  
ATTORNEYS' FEES AND COURT COSTS.

\_\_\_\_\_  
Owner/Agent Signature and Printed Name

\_\_\_\_\_  
Property/Company Name

\_\_\_\_\_  
Property/Company Address

\_\_\_\_\_  
Telephone Number

### **CERTIFICATE OF SERVICE**

I hereby certify that a copy of the above notice was:

\_\_\_\_\_ delivered to \_\_\_\_\_ by hand

\_\_\_\_\_ posted on the promises described above in the tenants absence

on \_\_\_\_\_, 200\_\_\_\_\_.

By:

\_\_\_\_\_  
Owner/Agent



# SECTION 6 RENT COLLECTION

## SEVEN DAY NOTICE OF NON-COMPLIANCE (WITH OPPORTUNITY TO CURE)

TO: \_\_\_\_\_ DATE: \_\_\_\_\_

YOU ARE NOTIFIED THAT YOU HAVE VIOLATED YOUR RENTAL AGREEMENT AND/OR FLORIDA LAW AS FOLLOWS:

DEMAND IS HEREBY MADE THAT YOU REMEDY THE NON-COMPLIANCE(S) WITHIN SEVEN (7) DAYS OF RECEIPT OF THIS NOTICE OR YOUR RENTAL AGREEMENT SHALL BE DEEMED TERMINATED AND YOU SHALL VACATE THE PREMISES UPON SUCH TERMINATION. IF THIS SAME CONDUCT OR CONDUCT OF A SIMILAR NATURE IS REPEATED WITHIN TWELVE (12) MONTHS, YOUR TENANCY IS SUBJECT TO TERMINATION WITHOUT YOUR BEING GIVEN AN OPPORTUNITY TO CURE THE NON-COMPLIANCE(S).

WE WILL RETAKE POSSESSION FOR YOUR ACCOUNT IN THE EVENT YOU VACATE OR ARE EVICTED. YOU WILL BE HELD LIABLE FOR PAST DUE RENT, AND, FUTURE RENT DUE UNDER THE FULL TERM OF YOUR RENTAL AGREEMENT MINUS ANY RENT RECEIVED FROM RERENTING THE PREMISES, ANY CHARGES DUE UNDER THE TERMS OF YOUR RENTAL AGREEMENT, DAMAGES TO THE PREMISES, ATTORNEYS' FEES AND COURT COSTS.

\_\_\_\_\_  
Owner/Agent Signature and Printed Name

\_\_\_\_\_  
Property/Company Name

\_\_\_\_\_  
Property/Company Address

\_\_\_\_\_  
Telephone Number

### CERTIFICATE OF SERVICE

I hereby certify that a copy of the above notice was:

\_\_\_\_\_ delivered to \_\_\_\_\_ by hand

\_\_\_\_\_ posted on the premises described above in the tenants absence

on \_\_\_\_\_, 200\_\_.

By:

\_\_\_\_\_  
Owner/Agent



# SECTION 6 RENT COLLECTION

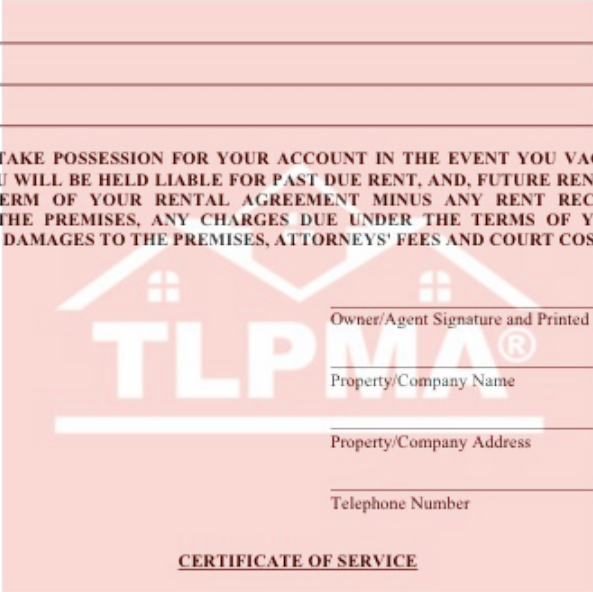
## SEVEN DAY NOTICE OF NON-COMPLIANCE NOTICE OF TERMINATION

TO: \_\_\_\_\_ DATE: \_\_\_\_\_

YOU ARE ADVISED THAT YOUR TENANCY IS TERMINATED EFFECTIVE IMMEDIATELY. THIS NOTICE IS AUTHORIZED BY SECTION 83 FLORIDA STATUTES. YOU SHALL HAVE SEVEN (7) DAYS FROM DELIVERY OF THIS NOTICE TO VACATE THE PREMISES. THIS ACTION IS TAKEN BECAUSE:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

WE WILL RETAKE POSSESSION FOR YOUR ACCOUNT IN THE EVENT YOU VACATE OR ARE EVICTED. YOU WILL BE HELD LIABLE FOR PAST DUE RENT, AND, FUTURE RENT DUE UNDER THE FULL TERM OF YOUR RENTAL AGREEMENT MINUS ANY RENT RECEIVED FROM RERENTING THE PREMISES, ANY CHARGES DUE UNDER THE TERMS OF YOUR RENTAL AGREEMENT, DAMAGES TO THE PREMISES, ATTORNEYS' FEES AND COURT COSTS.



\_\_\_\_\_  
Owner/Agent Signature and Printed Name

\_\_\_\_\_  
Property/Company Name

\_\_\_\_\_  
Property/Company Address

\_\_\_\_\_  
Telephone Number

### CERTIFICATE OF SERVICE

I hereby certify that a copy of the above notice was:

\_\_\_\_\_ delivered to \_\_\_\_\_ by hand  
\_\_\_\_\_ posted on the promises described above in the tenants absence

on \_\_\_\_\_, 200\_\_\_\_\_.

By: \_\_\_\_\_  
Owner/Agent



# SECTION 6 RENT COLLECTION

## DISTURBANCE NOTICE

TO: \_\_\_\_\_ DATE: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

**YOU UNREASONABLY DISTURBED YOUR NEIGHBORS BY:** \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**IF YOU UNREASONABLY DISTURB YOUR NEIGHBORS AGAIN DURING THE NEXT 12 MONTHS, YOUR LEASE MAY BE TERMINATED AND YOU MAY BE REQUIRED TO VACATE YOUR APARTMENT WITHIN 7 DAYS OF TERMINATION. IF YOUR LEASE IS TERMINATED, WE WILL RETAKE POSSESSION OF YOUR APARTMENT FOR YOUR ACCOUNT PURSUANT TO FLORIDA STATUTE 83.595. YOU WILL STILL BE LIABLE FOR RENT AND LATE CHARGES UNTIL THE LEASE EXPIRES, LESS ANY RENT WE RECEIVE FROM RE-RENTING THE PREMISES. IF SUIT IS FILED YOU ALSO WILL BE LIABLE FOR OUR SUIT COSTS INCLUDING ATTORNEY'S FEES.**



\_\_\_\_\_  
Owner/Agent Signature and Printed Name

\_\_\_\_\_  
Property/Company Name

\_\_\_\_\_  
Property/Company Address

\_\_\_\_\_  
Telephone Number

### CERTIFICATE OF SERVICE

I hereby certify that a copy of the above notice was:

\_\_\_\_\_ delivered to \_\_\_\_\_ by hand  
\_\_\_\_\_ posted on the promises described above in the tenants absence

on \_\_\_\_\_, 200\_\_\_\_\_.

By: \_\_\_\_\_  
Owner/Agent



# SECTION 6 RENT COLLECTION

## DISHONORED CHECK NOTICE

\_\_\_\_\_, 200\_\_\_\_\_  
(date)  
\_\_\_\_\_  
(name of check writer)  
\_\_\_\_\_  
(rental unit street address & number)  
\_\_\_\_\_  
(city, county, state, zip)

You are hereby notified that a check, numbered \_\_\_\_\_, in the face amount of \$ \_\_\_\_\_, issued by you on \_\_\_\_\_ (date) \_\_\_\_\_, drawn upon \_\_\_\_\_ (name of bank) \_\_\_\_\_, and payable to \_\_\_\_\_, has been dishonored. Pursuant to Florida law, you have 7 days from receipt of this notice to tender payment of the full amount of such check plus a service charge of \$25.00, if the face value does not exceed \$50, \$30, if the face value exceeds \$50 but does not exceed \$300, \$40, if the face value exceeds \$300, or an amount of up to 5 percent of the face amount of the check, whichever is greater, the total amount due being \$ \_\_\_\_\_ and \_\_\_\_\_ cents. Unless the amount is paid in full within the time specified above, the holder of such check may turn over the dishonored check and all other available information relating to this incident to the state attorney for criminal prosecution. You may be additionally liable in a civil action for triple the amount of the check, but in no case less than \$50.00, together with the amount of the check, a service charge, court costs, reasonable attorney fees, and incurred bank fees, as provided in s. 68.065 if payment is not made within 30 days.

\_\_\_\_\_  
(community name, if any) \_\_\_\_\_ (signature)  
\_\_\_\_\_  
(street address) \_\_\_\_\_ (date and time)  
\_\_\_\_\_  
(city) \_\_\_\_\_ (telephone number)  
Sent certified mail # \_\_\_\_\_ on \_\_\_\_\_

Mailed by:

\_\_\_\_\_  
(signature of person who mailed)



# PHASE 4 MAINTENANCE READYING A UNIT, REPAIRS & PREVENTATIVE

This Phase contains a general overview of maintenance and some common forms you will need. For a more comprehensive Maintenance Guide, including Troubleshooting and Tips for Working with a Maintenance Tech or Contractor, visit the Members Section of our website, [www.multifamilymatrix.com](http://www.multifamilymatrix.com).

## Section 1

### Preparing a Rental Unit for Occupancy

Your focus at this point is to fix up, paint and clean the unit so you can lease it to a new tenant. Basically, you want to dress up the rental unit and make it attractive so that a good prospect will want to rent it from you and pay the rental price you are requesting.

Keep in mind that time is of the essence. You want to rent your unit as soon as possible!

#### TIP: READYING UNIT

When readying your unit to show potential tenants, always play to the senses.

This includes sight and smell. A visually attractive unit that smells fresh and clean will make a great impression.

1. The following is a basic checklist for readying your unit:
  - Clean all appliances.
  - Clean cabinets, inside and outside.
  - Remove all non-adhesive shelf paper.
  - Clean the showers and bathtubs.
  - Clean all sinks.
  - Clean toilets.
  - Clean medicine cabinet, inside and out.
  - Clean mirrors.
  - Dust mini blinds.
  - Change A/C filter.



# PHASE 4 MAINTENANCE READYING A UNIT, REPAIRS & PREVENTATIVE

Keeping it short, clean and dust everything! Leave no stone unturned.

2. Remove any items left in the unit from the last tenant. No new tenant wants to be reminded someone else lived there. They want to feel as if this is their home. Be sure to check top shelves and closets.

3. Clean carpets!

4. Touch up paint if necessary.

For a comprehensive "Make Ready Checklist" visit the Members Section on our website at [www.multifamilymatrix.com](http://www.multifamilymatrix.com).

## Section 2 - Repairs

Tenants renting a house will expect less maintenance services than apartment tenants. They will tend to do more things for themselves, rather than bothering the landlord or owner. However, no matter what type of property you are renting, you will be involved and responsible for certain repairs.

1. Inform your tenant of who they should contact if they need something repaired and the phone number to contact them at. (If this is an office, be sure to give them a contact and number for emergency repairs that may occur at night, on weekends, or holidays.)

You should have informed your tenant during your first walk through of the residence of certain components that may be important during an emergency, such as:

- Where the water shut off valve is.
- Where the main breaker is.
- Where the hot water tank is and how to detect problems with the components.



# PHASE 4 MAINTENANCE READYING A UNIT, REPAIRS & PREVENTATIVE

2. Set clear expectations from the beginning with your tenant on how long a repair will take and your response time.

3. When a tenant does call with maintenance needs, always fill out a Work Order. Once completed, place a copy in the tenant's file. Place a second copy in a file containing only word orders. This second file will give you help you forecast when your property will need major repairs and renovations by paying attention to the types of repairs that are being made.





# SECTION 3

## PREVENTATIVE MAINTENANCE

Taking a proactive approach to preventative maintenance will save you a lot of money and time in the long run. It will also play a big part in keeping your tenants happy and increasing your tenant retention.

Basically, Preventative Maintenance consists of two parts. The first is setting up a schedule to replace certain items in your rental units to prevent them from wearing out and causing major (expensive) damage. Several of these items should be replaced as the seasons change to compensate for the damage that can occur from weather.

The second part of Preventative Maintenance is setting a schedule to routinely check certain appliances and items, to be sure they are not wearing out. Often if you catch something in its beginning stages the repair is much smaller, such as simply a hose. Also, if an appliance or plumbing is leaking, repairing this early will help to prevent water damage to the walls, floors, carpets, etc.

We have provided a Preventative Maintenance Checklist. We recommend you complete this checklist at least twice a year, once in the Spring and once in the Fall.

As you conduct your maintenance checks, keep track of each of your appliances and fixtures, along with their life expectancy and warranty dates. This will help you budget when you will need to spend money on new appliances and fixtures. You should create a "Reserve for Replacement Budget." This is money set aside for replacing items as they wear out or for emergency repairs.



# SECTION 4

## KEY CONTROL

The key control system is very important. It is a good practice to not allow the use of master keys. Steps for key control:

1. It is the property manager or landlord's responsibility to maintain strict key control.
2. All office personnel and tenants must strictly adhere to the rules of key control.
3. Keys should be stored in a key cabinet. The cabinet must stay locked at all times. Only property manager or landlord should have the key to the key cabinet and only the landlord or property manager should release the key to a fellow employee.
4. Code all keys with a random code system. Do not make reference to a building or residence. Store key code away from key cabinet.
5. Place 2 keys in the key cabinet for each apartment unit or residency at move in one key per adult should be issued. Tenants may be charged for extra keys.
6. Make sure all keys are returned at move out. The total amount of keys should be documented on Notice to Impose Claim on Security Deposit if you are charging for not returning keys.
7. Anytime keys are issued to a tenant, vendor, or staff, it should be noted in a key control log located in the general area of the key cabinet. Do not allow for the vendor, tenant, or employee to keep the keys overnight. All keys must be brought back by the end of the business day.
8. A well-maintained key log should be kept as follows:
  - Date key was borrowed
  - Write name of individual checking out the key
  - Note the time the key was issued
  - Note the time the key was returned

### TIP: TECHNOLOGY HACK

Smart locks enable users to grant limited access to individuals remotely, saving time and improving accountability.



# SECTION 4 KEY CONTROL

## WORK ORDER

Date & Time	
Resident Name	
Address	

Type of Work to be Performed

Tools Needed to Complete Work

Maintenance Tech or Contractor's Name or Company Name

Price of labor/parts	# of hours or parts	Total Cost
TOTAL COSTS		

Work Performed By	Date

Notes:

Perforated Portion Below is to Be Completed and Left in Unit

## NOTICE OF ENTRY TO RESIDENCE

Date:	Time Entered:
Reason For Entering: Maintenance	Time Left:
Work Completed By:	
Work Performed:	
Notes:	



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# SECTION 4 KEY CONTROL

## Preventative Maintenance Checklist

Date: \_\_\_\_\_ Inspected by: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 Pets: \_\_\_ Yes \_\_\_ No  
 Unit Condition: \_\_\_ Good \_\_\_ Fair \_\_\_ Poor

Category	Check Where Available	Condition			Work Completed/ Notes
		Good	Fair	Poor	
<b>Plumbing</b>					
<b>Leaks/Drips:</b>					
#1 Bath Fixtures					
#2 Bath Fixtures					
#3 Bath Fixtures					
<b>Heating/AC:</b>					
Change Filter					
Thermostat Operation					
<b>Appliances:</b>					
Gas Water heater					
Gas Heater Venting					
Electric Water Heater					
Refrigerator Coils					
<b>Gas Furnace:</b>					
Venting/Heat Exchanger					
Burners					
Evaporator Motor					
<b>Fire Safety:</b>					
<i>Check Smoke Alarm:</i>					
Hard Wired					
Battery					
Fire Extinguisher (pressure gauge)					
<b>Safety:</b>					
<i>Check Sliding door locks:</i>					
Charlie Bar					
Pin					
Additional Locks					
Windows/Locks					
<i>Check Handrails:</i>					
Patio					
Balcony					
Alarm System					

**Additional Comments:** \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_



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# PHASE 5 SECTION 1 APPROACHING THE END OF A LEASE TERM

There is no specific law on how the landlord or property manager must deliver the notice so here are a few recommended choices:

- Hand Delivery
- Post the notice on the door

Make sure that your lease you are using allows for this type of delivery of notices. The lease in this manual does allow either choice of delivery above.

1. Landlord or property manager provides tenant written notice of approaching notice obligation period not more than 45 days prior to the end of the lease term and not less than 31 days before the end of the lease term.

2. A tenant is required to give a 30-day notice in writing.

3. If you receive a notice from the tenant telling you of his or her intent to vacate, log the 30-day notice in tenant's file.

4. You should then immediately send a letter explaining that it was a pleasure having them as a tenant and you wish them all the best in the future. You should also take this time to explain to them your requirements upon move out. The letter explains in detail the condition rental unit should be left in. It will also explain your inspection procedures, list the legal deductions you subtract from their security deposit, and tells the vacating tenant when and how their refund, if any, will be returned.

Basic Elements of a Move-Out Letter:

- Request a forwarding address
- Inform that any and all fixtures the tenant has permanently attached to the rental unit must be left in place. (A common example is a satellite dish.)
- Spell out any specific cleaning requirements.
- Also add any state law information that lets you, as the landlord/property manager to keep the deposit if the tenant did not provide a forwarding address within a certain time frame. (Note: this is only available in certain states.)



# PHASE 5 SECTION 1 APPROACHING THE END OF A LEASE TERM

If you choose to renew the lease with your tenant:

45-60 days prior to the end of a tenant's lease, send your tenant a Renewal Form. This form will show the rental increase or the additional month-to-month charge if a tenant decides to go month to month.

If you do not hear from your resident before 30 days prior to the end of their lease, call your tenant and ask them if their intention is to stay or to move out.

## **TIPS: RAISING RENTS**

I recommend raising rents at the end of each lease term. Even if only a few dollars, it gets your tenant accustomed to the rents being raised. You should bring the rents up to market rent at this time.

To find out what market rents are in your area, do a market survey. Many find it helpful to use a tool such as google or Rentometer.

## **TIPS: MINIMIZING VACANCY LOSS**

You will always want to know your tenant's intention to leave as early as possible so that you can begin finding a new tenant. This will minimize the amount of time your unit is vacant, and you are incurring the cost of vacancy loss. Sending out your renewal form 45- 60 days prior to the end of a lease term will help you to determine your tenants' plans early on.

As the landlord, you can choose NOT to renew a tenant's lease. This is accomplished by using a non-renewal form. This form must be sent out at least 30 days prior to the end of the lease term. (Check your lease for specific language regarding this requirement.)



# PHASE 5 SECTION 1 APPROACHING THE END OF A LEASE TERM

## SECTION 2 THE MONTH TO MONTH PROCESS

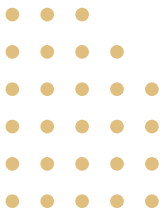
1. In a well-written lease, Month-to-Month occurs automatically when a tenant has failed to notify you of their decision to move out or renew their lease. A tenant can also opt to go month to month at the end of their lease. Preferably the month-to-month term should be no more than 90 days.
2. On the first month after the lease term is over, the rent due is the new rental rate that you put on the Renewal Form (the market value rent). Your lease should also state that you charge a Month-to-Month Fee.
3. If the tenant pays rent without the new rental rate and additional month-to-month fees you should immediately send the rent back with a Three-Day Notice. If you have not collected all the rent by the time the Three-Day Notice expires you should prepare the file for EVICTION! (Contact your eviction attorney.)

## SECTION 3 MOVE OUT

Technology now allows the process of documenting the move out much easier. Please take the time and download one of the many apps available to you to help document the entire move out process. You will want to:

- Take video and photos of the condition of the unit after the tenant has moved out
- Save any photos and videos into the tenants file.
- Once all photos have been saved into the tenant's file make sure you rename the tenant file from current to moved out

1. Upon receiving notice from a tenant of their intention to vacation, or if you notify a tenant you are not renewing their lease, you should immediately attempt to schedule a Move Out Meeting. During this meeting the tenant should return the keys to you, provide a forwarding address if they haven't already, pay any balance due, and conduct a Move Out Inspection with you.



# PHASE 5 SECTION 1 APPROACHING THE END OF A LEASE TERM

2. At the Move Out Meeting, use your Move In Move Out Inspection Form and walk through the unit and note any damages or areas in need of repair. You will be using the same Move in Move Out Inspection Form you used to move the tenant in to compare the condition. Indicate any damages that were not marked present at move in.

Example: If an appliance had chipped paint prior to move-in that damage should be noted the chipped paint on the form from the Move In Inspection. Be detailed and accurate to differentiate the old damage from any new damage. Clearly explain to the tenant that they will not be charged when they Move Out for any damage noted on this form at Move In.

You and your tenant's recollection of the condition of the rental property as it was when they moved in compared with how it is when they move out may differ so always utilize your Move-In Move-Out Inspection Report along with pictures of the unit before and after.

## **TIPS: MOVE OUT INSPECTION**

If possible, schedule your Move Out Inspection after the tenant has removed their furniture. It is easy to hide stained carpet or holes in the wall behind a sofa!

If the tenant is very hostile upon move out and you feel he or she would cause a problem during the move out inspection, then perform the inspection accompanied by a friend or staff member. Never perform a walk through or a move out inspection alone if you question your safety.

If a tenant will not show up for the Move Out Meeting, or "skips out" on you without notice, you can perform the Move Out Inspection without them. Your tenant's signature on the Move In Move Out Condition Form upon move in agreeing to the condition of your rental unit when they took possession, along with photos of the current condition, is all the evidence you need.

We recommend, if possible, going ahead and conducting the Move Out Inspection with your tenant to discuss any disputes then and there, rather than prolong them.





# PHASE 5 SECTION 1 APPROACHING THE END OF A LEASE TERM

3. After your meeting with your tenant ends, back at your office calculate the cost of repairing the damages reflected on the Move In Move Out Inspection Report.

4. Prepare a Notice to Impose Claim on Security Deposit. Be sure to show a calculation of all damage charges found in unit. Show the deduction of these charges from the security deposit.

5. Mail the Notice to Impose Claim. You must send the Notice to Impose Claim to either the last known address or any new address the vacating tenant provided to you. If a new address was not provided to you, then mail it to your rental unit's address, as this is the last known address you have for the tenant. Typically, they have put in a forwarding request for their mail and will still receive the notice. If you plan to deduct charges from the vacating tenant's security deposit, you must send the Notice to Impose Claim by certified mail. Include a copy of the Move In Move Out Inspection Report in your mailing. This must be sent within 30 days, which is an extension from the 15 days allowed by the previous law.

If a refund of the security deposit or a portion of the deposit is due to the tenant, enclose a check.

## **THE SECURITY DEPOSIT – WHAT TO TAKE AND WHAT NOT TO TAKE**

Security deposit dispute is one of the most common areas of litigation in landlord tenant law. In some states, a tenant has up to four years to sue the landlord over security deposit claims. However, after the first year the chances greatly decline. If you do find yourself in court the best defense, in my opinion, is to be well organized by having the move out procedure well documented. This Operations Manual provides you with consistency and professionalism.

Noteworthy tips for Security Deposit deductions are as follows:

- A fair price should be charged for repairs and replacements. Judges may rule against you if your fees cannot be substantiated or are exorbitant.
- The security deposit should not be considered a landlord or property manager's source of income. It is not YOUR money.
- Do not charge a tenant for replacing an item when it can be easily repaired.
- Always take in consideration the length of the tenant's occupancy. You may find it difficult to collect money for cleaning carpet and repainting walls if the tenant lived in the unit for a period longer than one year. This may be considered normal wear and tear and not something you can charge for.



# PHASE 5 SECTION 1 APPROACHING THE END OF A LEASE TERM

- Do not charge for conditions that were seen and noted on the Move In Move Out Inspection Report upon the tenant moving in.

## **TIPS: USING SECURITY DEPOSIT FOR RENT**

It is not recommended to allow a tenant to use the Security Deposit for rent payments during the tenancy. Use your other collection techniques to acquire rent payments. Applying the security deposit towards rent during the lease term will deplete the protection the deposit provides you for damage repair. A security deposit is just that, your security against repairs and damages when the tenant leaves.

## **GENERAL RULES OF THUMB REGARDING MOVE OUT PROCEDURE**

Ordinarily you CAN charge for:

- Replacing ruined, stained, or torn carpet
- Replacing chipped tile
- Replacing broken blinds or drapes
- Fixing damages furniture
- Pest control for flea infestation
- Patching holes in walls
- Replacing broken doorknobs
- Replacing torn or missing window screens
- Replacing broken window glass
- Cleaning for excessively dirty kitchen or bathroom

You typically should NOT charge for:

- Any condition present at move in
- Replacement of an item that could be repaired



# PHASE 5 SECTION 1 APPROACHING THE END OF A LEASE TERM

Areas of common disagreement:

- Painting of interior walls. The rule of thumb is if a resident has lived in a residence for MORE than one year, the need to for new paint is normal wear and tear and should NOT be charged for. If they have lived there for less than one year, and the walls were newly painted upon their moving in, you can charge them for painting. Either way, you CAN charge for repairing walls.
- Cleaning of Carpets. Again the rule of thumb is one year's occupancy. If the carpet was new upon move in, and is stained and torn within months, you can charge the tenant. This is more than normal wear and tear. If the carpet was already worn upon move in, it should not be charged to clean, even if it looks worse upon move out. This is considered normal wear and tear.
- Fixtures. Any furniture, fixtures, or equipment that a tenant attaches to the apartment are property of the landlord. They cannot be removed by the tenant.

In addition, do not charge a tenant for cleaning if they already paid a nonrefundable cleaning fee. You can't charge them twice.

Also, be sure to charge fair prices for repairs and replacements. This will help you avoid disputes and bad publicity. Security deposits should not be counted on as an income source. Their purpose is to cover the cost of repairs.

## SECTION 4 THE ART OF THE RENTAL INCREASE

The rental increase is one of the most important processes a landlord/property manager will have to master. Without periodic rental increases a rental property could stand to lose a considerable amount of cash flow.

A well thought out rental increase plan can help key issues like:

- The rising cost of doing business
- Recovering any losses suffered by the investment
- Adding additional amenities
- Upgrading and fixing any needed repairs on the rental property

Being able to raise the rent is one of the things that make rental property a solid investment. It's a good hedge against inflation.



# PHASE 5 SECTION 1 APPROACHING THE END OF A LEASE TERM

There has been a lot written on how and when you tell the tenant that the rent he or she is currently paying will be increased. Landlords/property managers have been known to offer such things like new microwaves, TVs, ceiling fans, and other items at the end of a lease term to incentivize the tenant to renew their lease. The end of the lease term is also when the rent is usually increased, so these incentives are thought to help sugar coat the rent raise. It has been my personal experience that tenants respond more positively to an increase in rent when they have been treated with respect and the landlord/property manager has maintained their rental property. Recently, I conducted a poll of tenants whose leases were coming up for renewal and their current rents were to be raised. My staff and myself were pretty shocked when we found out that the reason why most tenants decided to renew their leases was not because of a free microwave or a free TV, but because of, as most tenants put it, our professional management and the feeling that they actually mattered to our staff. Moreover, the study also showed that our attention to detail and timing in respect to maintenance requests was a huge deciding factor that helped persuade a tenant to renew their lease. In the highly competitive rental market maintaining high levels of tenant satisfaction is one way to increase retention. If you're a numbers person, reducing the amount of units that have to be "made-ready" for another tenant will have a direct positive effect on the Net Operating Income (NOI). For the owner, this translates to Return on Investment.

Simple techniques used to help in the rental increase process:

- Let your tenant have plenty of notice of their rental increase. The number of days' notice will depend on your type of lease.
- Be ready to deal with tenants who will want to negotiate the rental increases. Be firm and stick to the steps and procedures in your Operations Manual.
- In my experience, I have found it useful to raise the rent after a lease term, even if it is only a few dollars. This gets the tenant accustomed to his or her rent being increased at the end of each lease term. Otherwise, a sudden increase after a long positive relationship may cause problems.
- Always be prepared to explain and justify a rent increase. Examples are, increases are used to maintain the property, keep up with the local rental market, and provide new amenities.

Understanding the timing of a rental increase:

- A telltale sign of when you should raise the rent is when the property's occupancy rate is at 95% or higher.
- When you perform a market survey and notice that your rents are priced considerably lower than the local market.



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# PHASE 5 SECTION 1 APPROACHING THE END OF A LEASE TERM

## RENEWAL NOTICE

Date \_\_\_\_\_

To \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

This letter is to advise you that in accordance with paragraph \_\_\_\_\_ of your lease agreement, I am giving you official notice that your lease is due to expire on \_\_\_\_\_.

**Please be advised I am willing to negotiate a new lease at the current market value.**

Please be informed it is imperative you come to \_\_\_\_\_

during the hours of \_\_\_\_\_ on the days of \_\_\_\_\_ as soon as possible to have a new lease signed. In the event you choose not to renew your lease, this

is your official notice that I will not allow you to remain as a month to month resident. You will be required to vacate the premises on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

If you fail to turn in your keys, you will be considered a holdover resident and charged in accordance with Florida Statutes Section 83.58.

Owner/Agent \_\_\_\_\_

## CERTIFICATE OF SERVICE

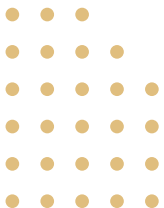
I hereby certify that a copy of the above notice was:

\_\_\_\_\_ delivered to \_\_\_\_\_ by hand  
\_\_\_\_\_ posted on the premises described above in the tenants absence

on \_\_\_\_\_, 200\_\_.

By: \_\_\_\_\_

Owner/Agent \_\_\_\_\_



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# PHASE 5 SECTION 1 APPROACHING THE END OF A LEASE TERM

## NONRENEWAL NOTICE

Date \_\_\_\_\_

To \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

This letter is to advise you that in accordance with paragraph \_\_\_\_\_ of your lease agreement, I am giving you official notice that your lease is due to expire on \_\_\_\_\_.

**Please be advised I will not be renewing your lease agreement, nor will you be given the opportunity to remain as a month to month resident. You must make all arrangements to vacate the premises on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.**

If you fail to turn in your keys and do not vacate by the above referenced date, I shall have no alternative but to advise my attorney's office to proceed in regaining possession of your unit. Please be advised that in accordance with Section 83.58, Florida Statutes, the landlord is entitled to demand double your monthly rent for as long as you remain a holdover residence.

\_\_\_\_\_  
Owner/Agent

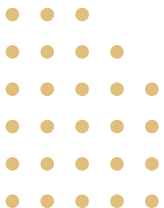
### CERTIFICATE OF SERVICE

I hereby certify that a copy of the above notice was:  
\_\_\_\_\_ delivered to \_\_\_\_\_ by hand  
\_\_\_\_\_ posted on the premises described above in the tenants absence

on \_\_\_\_\_, 200\_\_\_\_.

By:

\_\_\_\_\_  
Owner/Agent



# PHASE 5 SECTION 1 APPROACHING THE END OF A LEASE TERM

## NOTICE OF INTENTION TO IMPOSE CLAIM ON SECURITY DEPOSIT

TO: \_\_\_\_\_ DATE: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

THIS IS A NOTICE OF THE LANDLORD'S INTENTION TO IMPOSE A CLAIM FOR DAMAGES UPON YOUR SECURITY DEPOSIT AS INDICATED BELOW. IT IS SENT TO YOU AS REQUIRED BY SECTION 83.49(3), FLORIDA STATUTES. YOU ARE HEREBY NOTIFIED THAT YOU MUST OBJECT IN WRITING TO THIS DEDUCTION FROM YOUR SECURITY DEPOSIT WITHIN FIFTEEN (15) DAYS FROM THE TIME YOU RECEIVE THIS NOTICE OR THE LANDLORD WILL BE AUTHORIZED TO DEDUCT ITS CLAIM FROM YOUR SECURITY DEPOSIT. YOUR OBJECTION MUST BE SENT TO THE LANDLORD AT THE ADDRESS SHOWN BELOW.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Amount of Security Deposit \$ \_\_\_\_\_

Interest if due \$ \_\_\_\_\_

**Total security deposit and interest (if due)** \$ \_\_\_\_\_

Less damages and rent: \_\_\_\_\_  
\$ \_\_\_\_\_

DAMAGES \_\_\_\_\_

RENT \$ \_\_\_\_\_

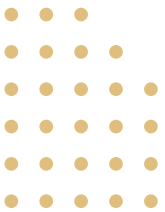
**Total damages and rent due** \$ \_\_\_\_\_

**Total due to:** ( ) landlord  
( ) tenant \$ \_\_\_\_\_

Sent certified mail # \_\_\_\_\_ on \_\_\_\_\_, 200\_\_.

Mailed by: \_\_\_\_\_

**Note:** This notice does not waive or limit any of landlord's rights to damages or amounts due which may exceed security deposit or amounts listed on this form.



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# PHASE 5 SECTION 1 APPROACHING THE END OF A LEASE TERM

## NOTICE OF 30 DAY REQUIRED NOTICE PERIOD

Date \_\_\_\_\_

To \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

If you intend to vacate your dwelling at the end of your lease term, you must give us not less than 30 days notice prior to your lease expiration date. If you do not, you must pay us a lease termination fee of \$ \_\_\_\_\_.

Owner/Agent \_\_\_\_\_

### CERTIFICATE OF SERVICE

I hereby certify that a copy of the above notice was:  
\_\_\_\_\_ delivered to \_\_\_\_\_ by hand  
\_\_\_\_\_ posted on the promises described above in the tenants absence

on \_\_\_\_\_, 200\_\_\_\_\_.

By:  
Owner/Agent \_\_\_\_\_



# PHASE 5 SECTION 1 APPROACHING THE END OF A LEASE TERM

## IMPORTANT NOTICE

Date \_\_\_\_\_

To \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Please be advised you have been turned over to our attorney and are currently under eviction proceedings for non-payment of rent. Because of this action I will not accept the partial payment you have tendered. You must come to \_\_\_\_\_ immediately to make settlement arrangements in order to stay in possession of your dwelling unit. The monies you have tendered are available at \_\_\_\_\_ for you to pick up during the hours of \_\_\_\_\_ on the days of \_\_\_\_\_.

Eviction proceedings will continue and proper measures will be taken to regain possession of your dwelling should you fail to follow these instructions.

Owner/Agent \_\_\_\_\_

### CERTIFICATE OF SERVICE

I hereby certify that a copy of the above notice was:

\_\_\_\_\_ delivered to \_\_\_\_\_ by hand  
\_\_\_\_\_ posted on the promises described above in the tenants absence

on \_\_\_\_\_, 200\_\_\_\_\_.

By:

Owner/Agent \_\_\_\_\_



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# PHASE 5 SECTION 1 APPROACHING THE END OF A LEASE TERM

## NOTICE OF TERMINATION OF MONTH TO MONTH TENANCY

Date \_\_\_\_\_

To \_\_\_\_\_ and all others in possession

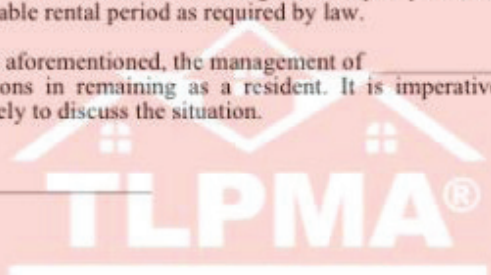
\_\_\_\_\_  
\_\_\_\_\_

You are a month to month tenant in the above described premises, your rental period beginning on the \_\_\_\_\_ of each month.

You are hereby notified that your landlord is terminating your tenancy, and that you are required to vacate the premises and surrender same to your landlord or his agent on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, this notice being served upon you not less than 15 days prior to the end of the applicable rental period as required by law.

As an alternative to the aforementioned, the management of \_\_\_\_\_ will discuss your options in remaining as a resident. It is imperative that you contact the management immediately to discuss the situation.

Owner/Agent \_\_\_\_\_



### CERTIFICATE OF SERVICE

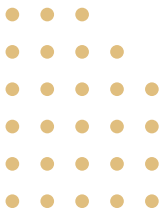
I hereby certify that a copy of the above notice was:

\_\_\_\_\_ delivered to \_\_\_\_\_ by hand  
\_\_\_\_\_ posted on the premises described above in the tenants absence

on \_\_\_\_\_, 200\_\_\_\_\_.

By:

Owner/Agent \_\_\_\_\_



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# PHASE 5 SECTION 1 APPROACHING THE END OF A LEASE TERM

## NOTICE OF RESIDENT MANAGER'S INTENT TO ENTER

Date \_\_\_\_\_

To \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Please be advised that the manager of \_\_\_\_\_  
\_\_\_\_\_ will be entering your residence of the \_\_\_\_\_ day of \_\_\_\_\_,  
20\_\_\_\_, in order to \_\_\_\_\_

This notice is given in strict compliance with Section 83.53, Florida Statutes.

Owner/Agent \_\_\_\_\_

  
**TLPMA<sup>®</sup>**  
**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the above notice was:  
\_\_\_\_\_ delivered to \_\_\_\_\_ by hand  
\_\_\_\_\_ posted on the promises described above in the tenants absence

on \_\_\_\_\_, 200\_\_\_\_.

By:

Owner/Agent \_\_\_\_\_



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# ORGANIZING YOUR FILES

Staying organized using technology creates efficiency with time management, reducing errors and cost savings. You have the ability to walk around with a file cabinet in your pocket. You can be instantly prepared, knowledgeable and qualified for whatever you come across in or out of the office.

You will want to keep everything in a cloud-based storage. It is also important to have a digital backup of your files and keep hard copies of key documents.

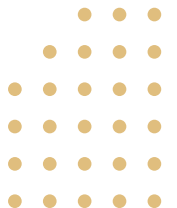
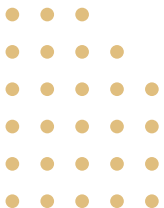
Staying organized is important for many reasons. Most importantly, it will:

- Allow you to be efficient.
- Ensure accuracy.
- Provide needed documentation
  - Are investigated for Fair Housing Law violations
  - If you have to file eviction
  - Are sued
  - Audited

Tip: Property Management Hack

While you are developing your business plan (specifically the operational section). You will quickly realize the importance of property management software when managing multiple properties for multiple owner's remotely. Depending on your finances, it may be necessary for you to use your own file and organization structure when starting your company. If doing so we suggest you organize your files with the following structure. A list of free frequently apps

- Box or Dropbox
- SignEasy
- Zillow
- Adobe reader
- Camscanner
- Google photos



# ORGANIZING YOUR FILES

## Prospect/Tenant File

- Rental application
- Guest Card
- Copy of driver's license Credit Report
- Statement of Qualifying Criteria Move-In Cost Sheet Copy of Checks Received
- Tenant Rejection Letter (If Denied) Pay stubs

## Current Tenant File

- All of above plus
- Lease Addendum(s)
- Moving Your Tenant in Checklist Rules & Regulations Form
- Move In Move Out Inspection Report
- Copies of All Work Orders During Occupancy Copies of All Receipts for Repairs During Occupancy Notes & Copies of All Correspondence with Tenant

## Corporate File

- Incorporation documents (ein)
- Insurance documents
- Tax documents
- Template files

\*Note: Do not delete old files, archive them if necessary. This is important for your legal and tax protection.



# THE EVICTION PROCESS

The eviction process is complicated and state specific. I strongly recommend you find a good eviction attorney to work with and build a relationship with them so you know how to work well with each other.

The Eviction Process is one that must be followed precisely to ensure the rules work in your favor. All the attention you have paid to detail, by completing all forms will now pay off for you.

1. Make a copy of the Lease Agreement, the Application, and the Late Rent Notice or other notice you issued. Double-check that the names on the notice match the names on the Lease. This is very important.
2. Send the copies to your Eviction Attorney. Make a call to the Attorney after sending the information. They will explain the process to you.

## **TIPS: DURING THE EVICTION PROCESS**

- Remember NOT to accept any rent or monies from the tenant under eviction.
- If the tenant calls you to ask about the eviction, respond by telling the tenant to please refer any questions to your attorney. This will protect you.
- If you are evicting a tenant for breaking the rules, remember to document everything! This includes any conversations or actions taken by this tenant.
- Remember do not change the language of any notice. If you have any questions, I recommend contacting an Eviction Attorney.

