



Specializing in Residential Property Management

Property Owner's Handbook

WELCOME

The purpose of the “Property Owner’s Handbook” is to provide property owners with an overview of the administrative and management procedures of Towers Group Realty & Management (TGRM). It is our pleasure to acquaint you with our company and answer questions many have asked about property management. We believe that when owners have a better understanding of the entire management process and the costs involved, then we are better able to manage their real estate assets.

The business relationship is established in writing between the property owner and Towers Group Realty & Management through a document called the “Management Agreement. All services, procedures, terms and conditions outlined in the “Property Owner’s Handbook” are subject to change, withdrawal, or modification at any time without notice. You should look solely to your individual “Management Agreement” for actual services rendered.



Towers Group Realty & Management is an Equal Housing Provider

Towers Group Realty 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 class.

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TOWERS GROUP REALTY & MANAGEMENT MAKES OWNING RENTAL PROPERTY EASY

How?

1. Qualified Staff

Licensed, experienced, dedicated, dependable. Managing your real estate asset is our primary service, not a sideline.

2. Comprehensive Tenant Qualification

Good tenants who pay the rent, take care of the property, and are good neighbors mean better returns on your investment.

3. Easy Communication

Available by telephone, fax, mail, email, and personal appointments.

4. Experienced Service Personnel

Maintenance, repairs and other services done by licensed and insured vendors ONLY.

5. Detailed Property Inspections

We offer as a special service, comprehensive inspection reports with photos of the interior and exterior of the property before and after tenancies. There is a charge for this service if you want it done more frequently.

6. Reasonable Rates

You may be paying too much! Our rates are competitive throughout Brevard County. Discounted rates are available to homeowners within communities managed by our partner company SCPM.

7. Free Consultation

Advice on how to prepare your property for rent and what market rental rates are. You may be surprised at how much your home will rent for.

8. Tax Deductible Services

All management fees and services are tax deductible. We do the work and you deduct the expenses from your taxes.



FREQUENTLY ASKED QUESTIONS ABOUT TOWERS REALTY GROUP & MANAGEMENT

➤ **Tell Me About Your Business?**

Towers Group Realty & Management is a new extension of Towers Management Group that has been in business for over 20 years. The realty division was created after a high demand from the thousands of association management clients asking to have us manage their personal rental properties.

➤ **What Is Towers Group Realty & Management's Service Area?**

We manage properties throughout Brevard County, FL.

➤ **What Types Of Properties Does Your Company Manage?**

We are a residential property management company specializing in the management of single family homes, duplexes, town homes, condominium units, and small apartment complexes.

➤ **What Are Your Office Hours?**

We are open for business from 9:00 am to 4:30 pm on weekdays. After hours and weekends, we are available by telephone or email.

➤ **How Do You Handle Emergencies?**

Part of good tenant relations is availability and timely response. An on call person is available 24 hours a day to handle emergencies. We have a preferred list of service vendors who will respond promptly to all emergencies.



How Do You Keep Your Bookkeeping and Reporting To Owners?

Our bookkeeping and accounting services are completely computerized and handled right in our office. You will receive financial statements by USPS or e-mail each month. Your monthly distribution check will be mailed or directly deposited into your account by the 20th day of each month. Please do not count on your monthly distribution check to pay the current month's mortgage.



➤ **What About Year End Reporting?**

In January of each year, each owner receives a 1099 Income form and a Cash Flow statement for record keeping and tax reporting purposes.

➤ **What Do You Charge For Management Fees?**

We always have and will continue to offer competitive fees in Brevard County. We charge a small percentage of 10% of the monthly rent as a management fee. Our leasing fee to find and place a qualified tenant is half of the first month's rent or 100% if we will not be managing the tenant. Our lease renewal fee to renew a lease with the current tenant is only \$100.

➤ **Do You Charge Extra For Overseeing Maintenance and Repairs?**

Not if they are standard maintenance as commonly required during the life of the lease. This is part of our standard service to you, the owner, and is included in our management fees. For larger repairs and ones that require a licensed professional, we contract with independent licensed and insured vendors who are qualified to perform the services needed on your property. Should you request for us to oversee these, we will charge a minimal fee at a percentage rate of repairs completed. We do not accept rebates from vendors, nor do we charge fees to tenants to oversee maintenance or repair services, believing that any savings should be passed along to you, the property owner. We will provide one bid to you from one of our trusted contractors. Should you want additional bids, this will be your responsibility and you will be required to contract with the vendor directly.



Maintenance, repairs, and upgrades greater than \$5,000.00 must be contracted directly between the Owner and licensed General Contractors in order to comply with Florida Statutes.



WHAT IS UNIQUE ABOUT TOWERS GROUP REALTY & MANAGEMENT?

Sometimes owners will commit to obligations they later regret because they are unfamiliar with evaluating Management Agreements or they have not taken sufficient time for review. There are several ways our Agreement is unique and provides peace of mind and flexibility to you, the owner.

➤ Management Fees – Only On Rent 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 fees to oversee minor maintenance and repairs.

➤ Easy Termination Policy

Every management agreement will eventually end, whether it is a year later or twenty years later. However, are the conditions for termination difficult or easy? Can you do it any time or does it have to be within a narrow window of time only at the yearly anniversary? The **TGRM** Agreement is about as easy and flexible as you will find anywhere. All you have to do is provide termination in writing with 30 days notice. The only cost is any out of pocket expenses related to your property.

➤ 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 agent as long as the tenant remains. The **TGRM** agreement has no such provision. We will assign the Lease to the owner or another agent at no charge. All that is required is that you provide us 30 days written notice.



FREQUENTLY ASKED QUESTIONS ABOUT QUALIFYING TENANTS, LEASING, RENTS, ETC.

➤ How Long Will It Take To Rent My Property?

Three factors influence the movement of rental property: location, condition, and price. When the location has appeal to the applicant, the property is in good condition and the rent price is in line with current market values, properties tend to rent quickly in Central Florida. Sometimes new tenants are already qualified and ready to take possession as soon as the current tenant moves and sometimes the rental process can take several weeks. Over the past twelve months, most of our properties have rented within 30 – 60 days.

➤ How Will You Market My Property?

Getting your property rented as soon as possible to a qualified tenant is one of our highest priorities. Lost rent because of unnecessary vacancy time is income never recovered. Therefore, we use extensive internet advertising to give your property the widest possible exposure.

1. YARD SIGNS

One of our TGRM “FOR RENT” signs is placed on the property, unless prohibited by Community Rules or Owner request. There is no charge for this service.

2. INTERNET

Your property will be advertised on several different rental websites to give your property broad exposure to reach the renters you need as quickly as possible. Every month, millions search these websites looking for a new home. A full description of your property, along with photos will appear on these sites.

3. NEWSPAPER

A classified ad may be placed in the rental section of The Florida Today newspaper with the Owners written request. The rates would be whatever the newspaper is charging at the current market. **Newspaper advertising is an owner expense.**

➤ **How Do You Qualify Prospective Tenants?**

Our comprehensive tenant qualification process involves the following:

1. Verifying current residency.
2. Verifying previous residency for at least the last 24 months.
3. Verifying employment.
4. Verifying income. (household income must be 3 times the monthly rental amount)
5. Verifying credit history.
6. Conducting a search of the public records for evictions.
7. Conducting a nationwide records search for criminal history.

➤ **How Long Does It Take To Qualify An Applicant?**

The qualification process takes approximately two or three business days to complete. We approve/deny applications based on our criteria and only come to you in unique circumstances or if an applicant has a special request.

➤ **What If Additional Persons Move Into The Property?**

This is prohibited in our Lease Agreement. If an unauthorized person moves in, a Notice of Non-Compliance can be served requiring compliance within seven calendar days. Failure to comply can result in the termination of the Lease Agreement. As per guidance from the United States Department of Housing and Urban Development (HUD), maximum occupancy is two persons per bedroom. Children under two years of age are not included in the count.

➤ **Does The Rent Stay The Same Until A Tenant Moves?**

We evaluate the rent before the end of each lease period to make sure it stays in line with the current market conditions. A lease renewal is presented to the tenant with the new rent amount stipulated. Approximately eighty percent of our tenants accept the rent adjustment and renew the lease. Of those who do choose to move, it is rarely because of a rent adjustment. It has been our experience that rent increases over time have more than covered our management fees.

➤ **Can the Tenant & Property Owner Communicate Amongst Ourselves?**

No. This almost always creates more problems than its worth. You have hired us to manage your property, please allow us to do our job.

➤ **Do You Maintain An Owner Reserve For Expenses?**

Yes. Each owner must maintain with our office a minimum reserve of \$400 per property (or other agreed upon amount) to be used for maintenance, repairs or other expenses related to your property. When the Management Agreement terminates, the reserve is refunded to the owner on the final statement.



➤ **What Happens If The Tenant Doesn't Pay The Rent?**

This is probably the most frequently asked question by owners and the subject of greatest concern. The answer is that when a tenant does not pay the rent and remains in the property, we have our attorney file an eviction action, the tenant is forced to move, we get the property back on our possession and make it market ready, advertise and find a new tenant. The eviction process usually takes three to six weeks – not months as many have thought and it usually costs the owner between \$600 and \$800 in filing and legal fees, which can be offset by a claim against the security deposit.

**Example of Attorney Eviction Fees
(Brevard County)**

Eviction Court Filing Fee.....	\$185.00
Summons Fee (each person).....	\$10.00
Service of Process (per person).....	\$50.00
Writ of Possession.....	\$90.00
Attorney Flat Fee.....	\$350.00

➤ **How Likely Is It That An Eviction Will Occur?**

Although we cannot predict the future, our experience dealing with thousands of tenants has actually shown that an eviction is a relatively unlikely event.



WHO IS RESPONSIBLE?

OWNER? TENANT?



➤ What Happens If The Tenant Damages The Property?

This is the second most frequently asked question by owners. Because of our comprehensive tenant qualification screening process, our tenants are consistently ones who pay the rent on time and take care of the property. If the tenants cause damage, they could be required to repair the damage at their expense or reimburse the landlord for the expenses. A follow up inspection by the property manager will determine that it has been done properly. If tenant-caused damage is discovered at the time the tenant vacates the premises, a claim is made against the security deposit to cover the damage.

➤ Who Is Responsible For The Heating/Air Conditioning System?

This is a shared responsibility. The owner is responsible for the major operation 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.

➤ Who Is Responsible For Plumbing Repairs?

Again, this is a shared responsibility. Owners are responsible for circumstances beyond the tenants control – i.e. water heater failure, tree roots in the sewer line, worn out fixtures or pipe leaks. 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 premises 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 repair when the tenant takes possession. After that, the tenant is responsible for the repair and replacement of broken glass or damaged screens, including screen and sliding doors. One exception would be if damage occurred because of a natural disaster such as a 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 – i.e. termites, carpenter ants, pharaoh ants and rodents. FL Statutes stipulate that for multi-family buildings larger than a duplex, pest control must be an owner responsibility.

➤ Who Takes Care Of The Yard?



The Lease Agreement makes this a tenant responsibility and requires the tenant to maintain the yard and shrubs equal to move-in condition unless the owner chooses to provide complete lawn care for the property. Hazardous work such as tree trimming is an owner responsibility and is arranged for by the property manager.

➤ Who Is Responsible For Swimming Pool Service?

Our experience has taught us 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 pool services. Costs depend on the size and type of pool and level of service selected. The rent price will take into consideration that this service is provided.

➤ What Is Your Policy On Animals?

Whether or not to accept animals is always the owner's decision. Some owners allow animals, others don't. A fee of \$250 must be paid by the tenant in order to have an animal on the premises. Where animals are permitted, only common domesticated animals would be considered.



➤ What Do You Do When The Property Becomes Vacant?

We conduct a move-out inspection of the premises as soon as it becomes vacant. We make any appropriate claims against the security deposit, then disburse the deposit accordingly. We immediately prepare the property for rent and begin advertising for a new tenant. This is often the best time to address major repairs, improvements or upgrades to the property that may be needed. If any are needed, they are discussed with the owner and carried out as the owner directs.

➤ What Kind Of Liability Insurance Should I 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 a dwelling fire policy). If your property is already a rental unit, you probably have the right policy, but check just to be sure. The limits should be in an amount not less than \$100,000 per person and \$300,000 per occurrence.

If your investment property is in a condominium or townhome community, do not assume that the condo association policy for the community adequately covers you or your property. ***It does 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 insurance agents who will advise you and recommend the appropriate policy for you. It is the policy of TGRM that you, the owner, request your insurance company to add TGRM as an **"additional insured"** to your policy.

Most companies make this addition at no additional charge. Some companies have a policy against adding coverage for management agents to your policy. In those cases, TGRM 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 Kind Of Inspection Program Do You Offer?

In addition to overseeing all maintenance and repairs and handling all tenant relations as part of our regular management duties, we can conduct periodically a visual interior and exterior assessment of the premises during its occupancy, complete a report and provide a copy of the report to the owner. This more comprehensive periodic assessment is not a part of our normal management service. The owner may choose to accept or decline this service. There is an additional charge for this service. This periodic Property Condition Survey program is explained in detail on pages 18 - 20 of this handbook.

HOW TO PREPARE YOUR PROPERTY FOR RENTAL



- ✓ Carpets 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: refrigerator, stove, dishwasher, microwave, garbage disposal, air conditioner(s), heater(s), central heat/air system, security system, automatic garage door opener, etc.
- ✓ All plumbing and plumbing fixtures should be in good repair and working properly.
- ✓ All bathroom tile should be in good condition with no loose tile and all cracks, corners, etc. properly caulked or grouted.
- ✓ Kitchen and bath counter tops and back-splash boards should be in good condition and seams properly caulked.
- ✓ 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 fresh.
- ✓ 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 system (if applicable) in good working order.
- ✓ 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 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 premises, including from attic.



- ✓ All exterior door locks should be changed after 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, termite and/or pest control contracts should be provided to Towers Group Realty & Management.



- ✓ Property preservation such as dryer stack cleaning, gutter cleaning and pressure washing of home, sidewalk, driveway, or walkways should be completed at minimum between each tenant or as needed throughout the term of the lease agreement.

COMMUNICATION

Communication is an essential element in maintaining good relationships with our owners, tenants, and vendors. We want to make the communication process as easy as we can, so we have implemented several ways by which we can stay in touch.

➤ **By Phone: 321.733.3382**



We are available by phone during normal business hours 9:00 am to 4:30 pm. Monday thru Friday. After hours and on weekends, an automated voicemail system answers. If an emergency arises, you may select the emergency option, leave a voicemail message that will page the on-call person immediately and that person will respond quickly to your call. Please note that an emergency constitutes something like a fire or flood. Please only use the emergency line for issues that cannot wait until the office opens.

➤ **By Fax: 321.733.0718**

Our fax machine is accessible 24 hours a day to accommodate you, our client, and others who may need to contact us outside of our normal business hours.



- **By US Postal Service:**
Towers Group Realty & Management, LLC
928 E New Haven Ave
Melbourne, FL 32901



➤ **By Email: sucasana@gmail.com**

All of our office personnel are available via email and you can expect us to check our email daily, Monday thru Friday and provide you with a speedy response.

➤ **On The World Wide Web: towersgrouprealtyfl.com**



PROPERTY OWNER'S EXPECTATIONS

What You May Expect From Towers Group Realty & Management

The purpose of this section is to review the services and benefits of having Towers Group Realty & Mgmt. manage your real estate assets. A large part of making owning rental property easy is having the assurance that your property is being managed in a competent, professional, and efficient manner. You can have peace of mind knowing that while you go about your life and business, we are automatically carrying out many necessary services on your behalf.

We will proceed with our normal property management procedures as explained in this "Handbook" unless you instruct us in writing to do otherwise.

Marketing and Leasing

You may expect our normal management procedures to include...

- Placing one of our TGRM "For Rent" yard signs on your property (if permitted) as soon as practical in anticipation of any known vacancy – usually 3 to 4 weeks early.
- Sharing information about your property with our rental offices to give your property wider distribution.
- Placing a full description and photo of your property on our family of websites.
- Scheduling showings of your property during daylight hours to all prospective renters as often as necessary until your property is leased.
- Conducting a comprehensive applicant qualification screening process to assure that you have a qualified tenant.
- Not renting your property for an amount lower than what you have agreed to without first obtaining your permission.
- Scheduling with the qualified tenant applicant a date and time for the Lease closing, executing the Lease Agreement, and giving the new tenant possession of your rental property.

Lease Renewals

You may expect our normal management procedures to include...

- Attempting to renew the Lease with the current tenant at least 30 to 45 days prior to the expiration of the Lease Agreement, *unless you instruct us in writing not to do so.*
- Renewing the lease at a higher rent if possible. We will not agree to a lower rent without your specific permission.
- Notifying you in writing when we learn that the property is to become vacant.
- Immediately beginning to market the property for a new tenant if the current tenant is not renewing the Lease, *unless you instruct us in writing not to do so.*

Property Assessments

You may expect our normal management procedures to include...

- Assessing your property when it is vacant.
- Conducting a move-out assessment to document the condition of the property as soon as the property becomes vacant.
- Conducting other periodic assessments when requested and when we determine that checking the property is necessary.



We also offer additional property assessment services outside of our normal management procedures...

What Is A Periodic Property Condition Survey?



It is a detailed visual survey of your property at approximately the midpoint of a lease or renewal term that allows **TGRM** to view the physical and cosmetic condition of the accessible areas of your property, both interior and exterior, to determine any visible problems or preventative maintenance as well as to determine how the tenant is caring for your property. A copy of the Periodic Condition Survey Report will be provided to you to keep you up to date regarding the condition of your property.

What Is The Scope Of The Periodic Property Condition Survey?

Towers Group Realty & Mgmt and its associates are not, nor do they represent themselves to be expert or professional in the area of housing assessments. This report is intended only to present a general view of what was easily and readily observable by the one performing the property review. It is also intended to present an observation of how the tenant maintained the premises as stipulated

by the Lease Agreement. It is not intended to be comprehensive or technical, or does it present expert or professional opinions. It is not to be relied upon for any purpose for which such comprehensive, technical, expert, and/or professional opinions or observations are needed.

The Periodic Property Condition Survey Will Address Tenant Compliance

- It will determine how the tenant is complying with the terms of the Lease Agreement with respect to the general cleanliness and appearance of the premises.
- It will address tenant compliance regarding matters such as maintenance of the lawn and landscaping, broken windows, torn screens, damaged drywall, unauthorized decoration, and any other observable abuse, misuse, or neglect of the premises.
- It will address tenant compliance regarding unauthorized pets, unauthorized persons residing on the premises, unauthorized activities such as major auto repair, unauthorized storage, and unauthorized structures on the premises such as trampolines, skateboard ramps, pools, etc..



The Periodic Property Condition Survey Will Address Matters Of Safety

Over time conditions can develop that may present a potential liability for the tenant, the owner, and the management agent. Safety repairs are considered priority and will be scheduled for repair or removal within 24 – 48 hours. This could include issues such as:

- Defective smoke detectors.
- Loose stair treads, patio railings, banisters, etc...
- Unauthorized wiring and damaged or broken light fixtures and fans.
- Trees that need to be trimmed to protect roofs or better withstand storms.



The Periodic Property Condition Survey Will Address Necessary Maintenance

Some maintenance and repair needs are not considered emergency and can be handled through normal work order procedures. These can be scheduled when the work can be completed in the most cost effective way.

Examples of some of these needs may include:

- Appliance repairs.
- Plumbing repairs or water damage.

- Electrical repairs.
- Carpet, vinyl, tile, other flooring repairs.
- Drywall repairs, tile repairs, grout and caulking.
- Damaged or rotten wood, doors, etc.



The Periodic Property Condition Survey Will Address Capital Improvements

These recommendations are reviewed by the property manager with you, the owner, and prior to obtaining any bids for possible work. This can be a valuable tax planning strategy and the owner must approve any of these recommendations before any work is begun.

Examples of capital improvements include:

- Replacement of carpet, vinyl, tile, and other types of floor coverings.
- Replacement and upgrading of appliances.
- Replacement of heating-ventilating-air conditioning (HVAC) system.
- Replacement and upgrading of plumbing fixtures, water heaters, etc...
- Repainting of exterior and interior.
- Roof replacement.



How Will I Receive A Copy Of The Report?

We provide these reports to you via your email address. This will provide the quickest and most direct delivery to you and will also provide you the opportunity to save them in a property file for future reference. It will also provide the best communication option between you and your property manager regarding items mentioned in the Survey.

Will There Be A Charge To Me For This Survey?

Yes. This is an additional service, that is not included in the scope of our regular management responsibilities. The charge will be based upon the gross square footage of your house or of each individual unit (duplex unit, townhome, condo, apartment).

The cost of the Periodic Property Condition Survey is as follows:

- Up to 999 gross square feet.....\$100
- 1000 to 2499 gross square feet\$120
- 2500 gross square feet and greater\$150

After the Survey has been completed for your property, and a copy of the report has been sent to you, the appropriate charge for the Periodic Property Condition Survey will appear on your next monthly owner's statement.

Is The Periodic Property Condition Survey Program Optional?

Owners are not required to participate in this program. We believe the program is worthwhile and will provide valuable information to you about your property on a yearly basis.



Tenant Relations

You may expect our normal management procedures to include...

- Making every reasonable effort to collect the rent in a timely manner — rent is due on the 1st day of the month and is considered late after the 5th.
- Conducting our business relationships fairly and equally with all tenants.
- Responding in a timely manner to all tenant concerns and emergencies.
- Making every reasonable effort to renew the Lease with the current tenant at the same or a higher rent amount.

If A Tenant Defaults On The Lease Agreement

You may expect our normal management procedures to include...

- Serving any applicable legal notices necessary to insure compliance with the Lease Agreement.
- Making a follow-up visit to the property to determine that the tenant has complied in a timely manner to any legal notice.
- Personally delivering a 3-Day Notice (Florida's legal prerequisite to an eviction for nonpayment of rent) between the 6th and the 9th day of the month.
- Directing our attorney to begin an eviction action against a delinquent tenant during the third week (between the 15th and the 21st) of the month, *unless you instruct us in writing to delay for any reason.*



Reporting To Owners

You may expect our normal management procedures to include...

- Preparing a comprehensive accounting statement each month during the calendar year.
- Depositing your distribution check directly into your bank account or by USPS no later than the 20th of each month.
- Sending you a 1099 Income Form and a Cash Flow statement in January each year, for the previous calendar year, to assist you in your tax preparation.



Repairs, Maintenance, & Upgrades

You may expect our normal management procedures to include...

- Consulting with you in advance regarding any expenditure to the property that would exceed \$400, *unless it is an emergency affecting the safety or health of the tenant, or the integrity of the property.*
- Arranging and authorizing services necessary to maximize the property's appeal to prospective tenants, thus expediting leasing and minimizing vacancy time. Examples would include: utilities, maid service, carpet cleaning, lawn service, pool service, painting and minor repairs. (See "How to Prepare Your Property for Rental" on pages 14 & 15).

- Drawing from any available forfeited security deposit funds to address expenses that were the previous tenant's responsibility.
- Changing locks between tenants to increase safety and reduce the possibility of major liability.
- Using only properly licensed and insured vendors who are qualified to handle the type of work being performed on your property.

Governmental Regulations

You may expect our normal management procedures to include...

- Complying with local, state and federal fair housing laws and ordinances.
- Complying with Florida Statutes governing real estate, landlord-tenant, agency disclosure, security deposits, and radon gas disclosure.
- Complying with U.S. EPA requirements regarding lead-based paint disclosure.
- Complying with all other applicable laws and ordinances, whether local, state or federal, that may affect the management of residential rental property.



SUMMARY OF COSTS

When A Lease Is Signed:

50% of the first month's rent for Leasing Fee (Upon TGRM's signing a new lease agreement with a qualified applicant, the Owner will be charged a leasing fee of 50% of the first month's rent. This fee is deducted from the first month's rental payment.

Fixed Fees During the Lease Period:

10% Management Fee (The Owner will be charged a Management fee of 10% of the rent collected each month. This fee is deducted from the monthly rental payment. If rent is not collected from the tenant, there are no management fees assessed. \$100 Lease Renewal Fee (When a lease term has been fulfilled, this fee is charged when TGRM signs a Lease Renewal with an existing tenant. This means no vacancy. \$30 Annual Administrative Fee charged on the anniversary of the management agreement.

Costs Associated With Other/Optional Management Services:

\$50 Liability Insurance fee (A fee of \$50.00 is charged annually, and appears on the Owner's March statement, if TGRM has not been added as an "**additional insured**" on Owner's existing Rental Dwelling Liability insurance policy.

Periodic Property Condition Survey Fee: \$100, \$120, \$150 (When an Owner chooses this service, this fee will be charged upon completion of the property survey, and a report will be made available to the owner. The fee is assessed based upon the square footage of the property.



IN CONCLUSION...

We appreciate the opportunity to present the services of Towers Group Realty & Management to you. We trust that our “Property Owner’s Handbook” has answered the questions you have about property management in general and, specifically, the services of our office.

At Towers Group Realty & Management, managing your real estate assets is our business, not a sideline, and our entire staff is dedicated to giving you the experienced, dedicated, and dependable service you expect and deserve.

We would count it a privilege to be your management agent and handle your property management needs. Thank you for considering TGRM.

How can I get Towers Group Realty & Management to manage my property?

Just contact Ana Garcia, the Managing Broker, via telephone at 321.733.3382, email at sucasana@gmail.com, or through our website at towersgrouprealtyfl.com. She will be happy to set an appointment to meet with you at our office, your home, or your rental property to discuss your management needs and how we can help you.

Thank You!

928 E NEW HAVEN AVE

MELBOURNE, FL

OFC 321.733.3382 FAX 321.733.0718

THE FOLLOWING IS A LIST OF ITEMS NEEDED TO SET UP YOUR NEW PROPERTY ACCOUNT:

- ☐ A Management Agreement signed by *all* owners of the property.
- ☐ A copy of a legal document demonstrating reasonable proof of ownership of the property to be managed, such as a deed, deed of trust, will, contract of sale or decree of distribution.
- ☐ *If applicable* a completed Lead-Based Paint Hazard Disclosure form. *This form only applies to houses 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) set of keys. For liability and security reasons, if the property has been occupied – by owner or tenant – locks should be re-keyed before a new tenant moves in. Therefore, don't duplicate keys unnecessarily.
- ☐ A copy of the Home Owners Association or Condo Association Rules & Regulations where your property is located, along with the name and address of the governing Association.
- ☐ A copy of your current insurance policy.
It is also requested that Towers Group Realty & Mgmt be named as an additional insured on your policy, if possible. See the "Property Owner's Handbook", and the Management Agreement, for explanation. The "Insurance: Owner's Liability" form letter at the back of this packet is provided to assist you in requesting this provision from your current insurance provider. The form should be completed by you, and sent directly to your *insurance agent*.
- ☐ *If applicable*, a copy of any current Lease Agreement and Assignment from previous landlord to Towers Group Realty & Mgmt, 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 Specific Power of Attorney to sign all leases on your behalf.
- ☐ A Solvency Statement signed by all owners.
- ☐ A Property Information and Fact Sheet detailing important information about your property.
- ☐ An Owner ACH Authorization Form with a voided check.

Thank you for your consideration. We look forward to a prosperous business relationship in the years to come.

Ana B. Garcia
Managing Broker



EXCLUSIVE RENTAL MANAGEMENT AGREEMENT

PARTIES: This agreement between _____, the owner or legally appointed representative of the premises, hereafter called LANDLORD and **Towers Group Realty & Management LLC**, hereafter called the BROKER, whereby the LANDLORD appoints the BROKER, its agents, successors, and assigns EXCLUSIVE AGENT to rent, lease, operate, control and manage the following property. LANDLORD affirms that they are the exclusive owners of the premises and all co-owners shall sign this agreement. The LANDLORD hereby states that the premises are not currently for sale and agree to sign a Solvency Statement. LANDLORD warrants that the unit to be managed is a legal rental unit and rental of same will not be in violation of any rules, laws, or ordinances. The Property Information Sheet is attached to and made part of this agreement.

UNIT WAS BUILT PRIOR TO 1978 _____ YES _____ NO

Unit# _____ Parking Space Number# _____ Dock# _____

PROPERTY ADDRESS _____

CITY _____ STATE FL ZIP _____

The property includes the entire premises in full UNLESS any areas such as shed(s), storage closet(s), garage, attics, crawl spaces, other storage areas, sheds, or rooms are specifically excluded by LANDLORD in writing.

EXCLUDED AMENITIES: Any appliances, hot tubs, grills or amenities that the landlord shall not be responsible for maintaining must be disclosed to BROKER by LANDLORD in writing.

TERM: It is mutually agreed by and between the parties that this Management Agreement shall be binding upon the party's successors, entity changes, estate and assigns and shall remain in full force and effect until termination pursuant to the terms of this paragraph. If the premises are sold, BROKER agrees to notify Buyer of this Agreement prior to sale as Buyer will be bound to this agreement. The term shall begin on the _____ day of _____, 2017 and will be in effect for one year and will automatically renew for successive year periods at the anniversary date so long as there has not been at least a thirty (30) day written notice prior to the next term given by either party to terminate.

TERMINATION BY LANDLORD: Termination is effective when actually physically received by BROKER BY CERTIFIED MAIL. All monies expended by BROKER shall be paid to BROKER prior to this cancellation and BROKER is authorized to withhold any sums owed to BROKER from monies held prior to the final disbursement to LANDLORD.

TERMINATION BY BROKER: BROKER reserves the right to terminate this agreement with 30 days written notice to LANDLORD at any time, or, immediately with written or verbal notice if in the opinion of BROKER'S legal counsel, LANDLORD'S actions or inactions violate the terms of this management agreement

or are illegal, improper, jeopardize the safety or welfare of any TENANT(S) or other persons, interfere with this management agreement, code violations occur on the property, a foreclosure action is filed against the LANDLORD or LANDLORD is delinquent in the payment of any taxes, fees, assessment, fees, bills, fines or any other financial obligations related to the premises or the BROKER. BROKER may at its option continue to hold LANDLORD liable for any commissions due, fees due or monies owed BROKER if the TENANT(S) remain in the property after such termination by BROKER. If termination occurs, LANDLORD shall immediately hire a Property Manager or provide BROKER with a Florida bank account for BROKER to transfer any deposits held on behalf of the TENANT.

DEPOSITS: According to Florida law, deposit money and advanced rent must be held in a Florida Banking institution. If LANDLORD is holding these funds, LANDLORD shall comply with Florida law as to the manner in which the funds are held and will comply with the law pertaining to the disposition of the deposits when the Tenant vacates holding BROKER harmless for LANDLORD's failing to comply with Florida law and indemnifying BROKER if TENANT institutes any litigation regarding the deposits against BROKER.

RENT AMOUNT: BROKER will use his best efforts to lease or rent with the following terms:

LAST MONTHS RENT: _____ MUST BE COLLECTED X MAY BE COLLECTED AT BROKERS DISCRETION

SECURITY DEPOSIT REQUIRED IN THE AMOUNT OF \$100.00 OVER THE RENTAL RATE.

BASE RENT CHARGED SHALL BE BASED ON MARKET RENTS FOR COMPARABLE PROPERTIES.

Any deviation from these terms must be agreed upon by all parties in writing. LANDLORD agrees to hold BROKER harmless for any failure to secure TENANT(S) for the LANDLORD, any cancellation by the TENANT(S) and/or failure to collect any rents or monies due from the TENANT(S) for any reason. LANDLORD understands and agrees that a TENANT cannot be forced to pay anything. Any rent reduction must be approved in writing by LANDLORD.

INSURANCE/FEES/TAXES/CHARGES: LANDLORD shall pay direct any condominium/HOA maintenance fees, taxes, insurance, mortgages, assessments and other charges. BROKER IS NOT RESPONSIBLE FOR PAYING THESE SUMS ON BEHALF OF LANDLORD UNLESS THERE IS A WRITTEN AGREEMENT TO THE CONTRARY. LANDLORD agrees that they shall maintain public liability insurance coverage on the property at all times in an amount not less than \$100,000.00 per person and \$300,000.00 per occurrence and shall furnish BROKER with proof of insurance and a copy of the declaration page. LANDLORD MUST NOTIFY THE INSURANCE COMPANY THAT THE PREMISES IS BEING USED AS A RENTAL.

LANDLORD agrees to and does hereby indemnify and hold harmless BROKER, it's employees, agents and assigns, from any and all claims, suits, damages costs, 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 unless due to BROKERS negligence. LANDLORD agrees to indemnify BROKER for any damages suffered as a result of any lapse in or failure by LANDLORD to maintain insurance coverage. If TENANT is required to purchase "Renters Insurance" LANDLORD agrees and understands that TENANT may discontinue coverage without notice to BROKER and "Renters Insurance" is primarily for the TENANT'S personal property NOT the premises or injury to persons on the property or damage to LANDLORDS property. If the LANDLORD requires the TENANT to purchase renter insurance, LANDLORD must direct BROKER in writing PRIOR to

the lease signing and must specify what type of Renter's Insurance is required. LANDLORD agrees to hold BROKER harmless for any damages suffered as a result of any lapse in or failure by TENANT to maintain insurance coverage.

DOGS: LANDLORD affirms that dogs ____ARE ____ ARE NOT covered by the LANDLORD'S liability insurance. LANDLORD is responsible for verifying this with their insurance agent. LANDLORD agrees and understands that Service Animals for persons with disabilities are not considered pets and must be allowed. No pet fee or pet deposit can be collected for a Service Animal.

UTILITIES: If allowed by law and unless otherwise agreed to by the parties, TENANT(S) are required to have telephone service, cable, electric service, water service and all other utilities in their own name. In any lease where the TENANT(S) shall have use of the LANDLORD's utilities and be responsible for all or part of the bill(s), LANDLORD shall pay the entire bill in a timely manner and forward copies to this office for reimbursement. Under no circumstances shall LANDLORD cause the termination of these services and LANDLORD agrees to indemnify BROKER for any damages or litigation fees/cost incurred by BROKER if LANDLORD improperly terminates a utility service. Florida law specifically prohibits the direct or indirect termination of utilities and utilities are defined broadly. BROKER will deduct bills to the extent of funds available and LANDLORD agrees that BROKER shall be in no way responsible for nonpayment of or theft of any utility service by TENANT(S). At the request of BROKER, LANDLORD may be required to have water and electric service turned on if the premises are not occupied. This is to allow for proper showings, maintain the property and protect the pool if applicable. LANDLORD has agreed that it has disclosed in writing any issues regarding utilities including water quality problems.

ATTORNEYS FEES - LEASE DRAFTING: In the State of Florida, a BROKER is not allowed by law to draft a lease, therefore, there will be an administrative charge to the TENANT of \$50.00 for preparation of the lease. The law firm preparing the lease deals primarily in Landlord/Tenant Law and is the Law Offices of Heist, Weisse & Wolk, P.A 1.800.253.8428. The charges to cover these attorney's fee(s) and administrative charge will be collected from the applicant at time of approval. The Law Offices of Heist, Weisse & Wolk, P.A. will be available to BROKER and LANDLORD at no charge for phone and email consultations in the event of disputes with the TENANT(S) or related issues and will provide a reduced price eviction if the Law Offices of Heist, Weisse & Wolk files an eviction for LANDLORD. If LANDLORD chooses to have another law firm prepare the lease, BROKER will send the necessary information over to that attorney upon request.

CONDOMINIUM/HOMEOWNERS ASSOCIATIONS: In "association" governed unit, the lease shall be subject to the Declaration pertaining thereto and the rules and regulations of the Association and Board of Directors thereunder and, further, the LANDLORD shall be responsible for providing BROKER with all current rules and regulations, and for payment of any recreation fees, liens, deposits, and/or other fees, fines levied by the association, or assessments and LANDLORD agrees to indemnify BROKER for payment of same. In the event the TENANT(S) fail to comply with the rules and regulations and the association or board levies fines or assessments against the LANDLORD, LANDLORD agrees that BROKER is in no way liable for the payment of any fees, fines, or assessments imposed by the HOA or Condo Association. BROKER will make its best efforts to legally force TENANT to comply with the Rules and Regulations. If a Condo Association or HOA requires approval of the TENANT and this approval is not granted or is delayed by the Association, BROKER shall not place the TENANT in the property. In the event LANDLORD receives any correspondence from an association regarding any problems with the TENANT or Rule or Regulation change, LANDLORD shall immediately forward such correspondence to BROKER and confirm receipt by BROKER.

FURNISHINGS/WARRANTIES: The LANDLORD shall deliver a copy of the furnishings inventory if furnished. It is LANDLORD's responsibility to keep the inventory current. LANDLORD is also to deliver copies to BROKER any Service Contracts or Warranties that exist. If no Warranties or Service Contracts are received at the time this agreement is executed, BROKER shall assume none exist. **NOTE: BROKER strongly discourages the purchase of a Home Warranty in conjunction with the normal management of the property. BROKER will NOT comply with any request to use a Home Warranty Company (such as American Home Shield, Old Republic Home Protection, or other companies) as part of the maintenance and repair process.**

FIXTURES AND PERSONAL PROPERTY: Before this Agreement becomes effective, the LANDLORD shall take an inventory of the fixtures and personal property contained within the land and residence that are owned by the LANDLORD and which will be available for rental through the BROKER, in accordance with this Agreement. A copy of that inventory shall be attached to and made part of this Agreement. The failure to take an inventory and/or the failure to attach the inventory to this Agreement shall not act to invalidate this Agreement. The responsibilities of the BROKER under this Agreement to the property of the LANDLORD do not include any fixture or personal property which is not made subject to an inventory. An inventory which is inadvertently not attached to this Agreement shall remain valid. LANDLORD understands that it is not advisable to leave any personal property on the premises and LANDLORD shall hold BROKER harmless for any loss of that personal property for any reason.

LANDSCAPING: Even if TENANT is responsible in the lease agreement for landscaping, LANDLORD understands and agrees that drought, pests and TENANT neglect is common and it is extremely difficult to expect the TENANT to maintain the landscaping as would the LANDLORD. LANDLORD is urged to have professional lawn/landscaping service and holds BROKER harmless for the TENANT'S failure to properly maintain the landscaping.

_____ **WINDOWS/KEYS/ACCESS:** LANDLORD will provide window treatments and their hardware or authorize BROKER to purchase and install same. Window screens, in good repair with no tears/rips, are required by Florida law and all windows must be operational. LANDLORD affirms that BROKER is authorized to purchase screens and/or make window/screen repairs or replacements at LANDLORD'S expense. To minimize the exposure to liability and to provide a level of security for the property and the TENANT. BROKER is given the authority to Re-Key the outside access doors at the discretion of BROKER at LANDLORD'S expense. This is generally done with each new TENANT. LANDLORD is responsible for the cost of the re-key. LANDLORD will provide 4 full sets of keys, two mail keys and at least one gate opener or garage door opener if applicable to the BROKER. If keys are not provided at time of agreement signing, then they will be made on behalf of the owner for a service fee of \$25.00, which will be due immediately.

LOCK BOXES: BROKER X may _____ may not utilize a lock box to access the premises. Lockboxes are used to allow easy fast access to show the premises to a prospective TENANT. If a lockbox is authorized, LANDLORD shall hold BROKER harmless for any claims, vandalism or theft arising out of the lockbox misuse by a criminal.

VACANT UNITS: Vacant units are increasingly subject to vandalism, squatters, theft and damage and loss to air conditioning compressors. Under no circumstances will BROKER be held liable for any loss or damage to the vacant premises. LANDLORD is aware that often homeowner's insurance does not cover vacant properties and should consult their insurance agent.

INTERNATIONAL LONG DISTANCE PHONE AND CERTIFIED MAIL: LANDLORD shall not be charged for interstate or intrastate long distance calls, only international calls. If it is necessary to send certified mail to the TENANT, LANDLORD shall be charged for same.

LEASE SIGNING: BROKER or BROKERS AGENT IS GIVEN THE AUTHORITY TO SIGN ALL LEASE(S) and a Specific Power of Attorney is attached.

CREDIT REPORTS: Due to laws which affect disclosure of private and credit information, LANDLORD shall not be provided with the TENANT'S credit report and/or application unless specifically authorized in writing by the TENANT(S) and the provider of the credit report.

TENANT'S SECURITY DEPOSIT, DAMAGES or MISSING ITEMS: BROKER is not responsible for damages to the premises under any circumstance or for items missing, switched out, lost or damaged under any circumstances, including but not limited to, theft, vandalism or negligence of TENANT(S) or their guests. In the event TENANT(S) damage the premises or owe any monies to the LANDLORD, BROKER is given the EXCLUSIVE authority to determine in its professional judgment the amounts due, charge the TENANT(S) accordingly as per Florida Statutes 83.49 and/or settle with the TENANT(S). BROKER is given the power to make claims upon the security deposit on behalf of LANDLORD and BROKER shall not be held liable for any failure to make claim(s) on any damages which were not readily apparent to BROKER. LANDLORD understand and agrees that the Security Deposit belongs in full to the TENANT(S) unless a claim is made upon the Security Deposit AND BROKER is hereby granted to the sole authority to make claims as BROKER deems appropriate. LANDLORD shall not interfere with this process and shall accept BROKERS claim if any on the Security Deposit.

LANDLORD HELD DEPOSIT: If LANDLORD is holding the deposit, BROKER shall have no responsibility for making any claims on the deposits and LANDLORD shall be responsible for complying with Florida Statutes 83.49, the procedures, forms and time limits imposed. BROKER shall provide LANDLORD with a copy of Florida Statutes 83.49 upon request or LANDLORD may obtain a full copy of the Landlord/Tenant law for free by going to www.evict.com If the disposition and/or disbursement of a LANDLORD held deposit results in litigation against BROKER, LANDLORD agrees to be liable for all attorney's fees, judgments and costs of any litigation that BROKER may incur. LANDLORD understands that deposits belong to the TENANT until such proper legal procedures are followed.

POOLS: LANDLORD shall maintain a professional licensed bonded pool service on the pool (if one exists) at LANDLORD'S expense. If the property is vacant or the lease requires the TENANT to maintain this service and the TENANT fails to do so, TENANT shall be in breach of the lease agreement and BROKER may hire a pool service or pool service at LANDLORD'S choosing to avoid damage to the pool. Fair Housing laws prohibit us from requiring a TENANT to sign any type of liability waiver or deny families with children to rent due to the pool. If you have a pool, we recommend that you raise your insurance coverage as the cost to raise it is minimal.

HURRICANES, TROPICAL STORMS, FREEZES, ACTS OF GOD: BROKER shall not be responsible to take any precautionary measures to avoid any damages from any acts of God including but not limited to floods, fires, tropical storms, hurricanes, tornados, sinkholes, unless agreed to in writing between BROKER and LANDLORD regardless of the presence of hurricane shutters or similar devices on the premises.

BROKER'S AUTHORITY: BROKER is granted by the LANDLORD the right to manage the property as the BROKER deems necessary, to conduct a background check on the TENANT(S), to screen and approve or disapprove prospective TENANT(S), to collect all rental and other funds that may be due to LANDLORD, to cooperate with other BROKER'S or assign or sell the management account as BROKER may see fit, to require releases from all parties in the event of a controversy before disbursing funds and to do all those things BROKER deems necessary for the efficient management of the property with the exception of authority or responsibilities expressly retained by LANDLORD in writing. If an applicant does not meet BROKER's rental criteria and BROKER feels that LANDLORD may wish to override BROKER'S judgment, LANDLORD may be given the opportunity to approve applicant based upon the information that BROKER supplies LANDLORD. BROKER is given the Exclusive Right to deliver, on LANDLORD's behalf, any default notices to TENANT(S) as may be necessary. Any legal notices or institution of eviction or damage proceedings against TENANT(S), through the courts or otherwise, must be taken by the LANDLORD individually or, with the permission of LANDLORD, BROKER shall hire an eviction attorney to perform the eviction. BROKER does not practice law. Costs and attorneys fees to evict TENANT(S) or otherwise will be paid by LANDLORD in advance and when due and LANDLORD agrees to hold BROKER harmless for same.

In the event TENANT(S) vacate voluntarily or involuntarily owing rent monies due under the terms of the lease or any renewals, and, if these monies are collected in whole or part in the future, LANDLORD agrees that BROKER is entitled to a commission on any monies received in the percentage as set forth below and agrees to remit same to BROKER. BROKER is not a debt collector and shall be under no obligation to collect monies owed and/or file a civil suit against a TENANT for monies owed when TENANT vacates.

MANAGEMENT SERVICES DO NOT INCLUDE: Normal property management does not include monthly (or more frequent) property condition surveys, handling/storage of OWNER's personal property, handling of postal mail or parcels, home inspections, representation at court hearings, depositions, homeowner meetings, providing on-site management, property sales, refinancing activities, preparing property for sale or refinancing; supervising and coordinating modernization, rehabilitation, fire or major damage restoration projects; obtaining income tax, accounting or legal advice; advising on proposed new construction, debt collection, counseling, or insurance related paperwork and estimates. If OWNER desires BROKER to perform services not included in normal property management or specified above, OWNER's account will be charged an hourly rate of \$55.

ADVERTISING: BROKER uses many methods to advertise the property for rent and LANDLORD gives BROKER the authority to use all legal means of advertising at the choosing of BROKER at BROKER'S expense. In the event special advertising is desired by LANDLORD or necessary in the opinion of BROKER, LANDLORD may be presented with additional forms and means of advertising and if LANDLORD chooses, these methods can be used at LANDLORD'S expense. BROKER is not under any obligation to advertise the specific property being managed but may choose to do so.

REPAIRS AND EMERGENCIES: BROKER is given the right to spend at BROKER'S discretion and without the necessity of permission by OR notification to the LANDLORD, an amount not to exceed \$400.00 in any 30 day period during this agreement to purchase items, cleaning, make repairs, and pay for same out of LANDLORD's funds, and, if inadequate, LANDLORD shall be billed for the difference OR the funds may be retained from the rent payment held or received and not yet disbursed to LANDLORD. After the TENANT vacates and funds become available for use from the TENANT'S security deposit, BROKER is

given the right to spend up to the full amount of the monies claimed from the TENANT'S security deposit PLUS the aforementioned amount to purchase items, for cleaning, to make repairs, pay for repairs, and, if inadequate, LANDLORD shall be billed for the difference. In case of emergency, i.e. air conditioning, heat, refrigerator, range, leaks, plumbing or any other repair the BROKER deems an emergency and or necessary in BROKER's sole judgment for the safety of the TENANT(S) or the welfare of the property, BROKER has authority to institute repairs, even if over the aforementioned limit and LANDLORD agrees to be responsible for the sums expended. BROKER is not required to hire vendors to institute emergency repairs if LANDLORD has not approved the emergency repair or provided the necessary funds but may do so at BROKERS discretion with LANDLORD holding BROKER harmless for and failure to do so.

TENANT COMPENSATION: BROKER is given the authority to use LANDLORD'S funds to pay for up to 3 night's hotel for a TENANT and/or abate a TENANT'S rent for up to one week, without LANDLORD'S permission, if in the opinion of BROKER the TENANT has suffered an inconvenience or diminishment in value of the premises to due to some unforeseen problem. This is to help reduce the chance of litigation against the LANDLORD.

REPAIR ACCOUNT: In order to maintain the Repair Account, LANDLORD will provide broker with \$400.00 and if this account falls below this amount, broker may replenish it from the rents held or received. In the event repairs are made and funds are not sufficient, BROKER shall withhold the amount disbursed from the next ensuing rent payment or from any rents received but not yet forwarded to LANDLORD. BROKER will arrange for all repairs, inspections, maintenance and cleanings, unless LANDLORD has notified BROKER in writing prior to the commencement of repairs to use someone else that LANDLORD has selected, and LANDLORD makes arrangements with the third party directly. LANDLORD agrees that they shall pay third party directly and shall indemnify and hold BROKER harmless for payment of same or for said vendors failure to abide by state, local or federal law or in the event of pre-1978 properties, the failure of such vendor to not be certified under the Federal RRP Rules. At BROKER'S option, if there are not sufficient funds to make a repair, BROKER can require payment by LANDLORD prior to making the repairs and shall hold BROKER harmless for any delay or failure to make a repair if the funds are not available.

MANAGEMENT FEES, OTHER FEES AND COMMISSIONS: BROKER shall be entitled to a commission from all rent monies collected from the TENANT, or retained from the security deposit or last month's rent, if owed by the TENANT upon vacating, and shall retain any charges deemed "additional rent" or fees in the lease agreement including but not limited to renewal fees, application fees, nonrefundable pet fees minus any pet damages and late fees/charges. All Late charges or fees owed by any TENANT(S) shall be collected at the sole discretion of the BROKER and BROKER shall retain any such charges, fees and late fees even though they may be defined as "additional rent" in the lease agreement which allows these sums to be placed on a Three Day Notice.

All fees or commissions are due to the BROKER whether BROKER procures TENANT or LANDLORD procures tenant unless otherwise agreed to in writing. If there are accumulated late charges at the end of the tenancy, BROKER may at its discretion retain these funds from the security deposit, first applying security deposit funds to damages or amounts due the LANDLORD and then applying accumulated late charges to the deposit and retaining same.

PROCUREMENT FEE: The BROKER shall be entitled to a procurement fee of 50% of the first months rent, for procuring a qualified TENANT, which will be retained from the first month's rent collected.

This compensation is for the sole purpose of leasing and tenant-placement efforts, which are not directly related to management of the property. The procurement fee is not collected if the lease term is 6 months or less. COOPERATION AND COMPENSATION TO OTHER BROKERS: BROKER's office policy is to cooperate with all other brokers, except when not in OWNER's best interest. BROKER will offer compensation in the amount of 25% of one full month's rent, payable to a referring brokerage at the collection of the first month's rent. This compensation amount is included in the acquisition fee listed above. If OWNER objects to this compensation to other brokers, the property cannot be listed in the MLS.

_____ **MANAGEMENT COMMISSION:** On a lease term of 6 months or more, BROKER shall be entitled to a commission of 10% of rents or money paid by the TENANT or any party each month or in the event of a full or partial buy out of the lease by the TENANT, or a minimum of \$90.00 if property leases for less than \$900.00 per month. On a lease term of 6 months or less, the management fee is 13% of rents or money paid by the TENANT or any party each month or in the event of a full or partial buy out of the lease by the TENANT, or a minimum of \$90.00 if property leases for less than \$900.00 per month. If TENANT prepays rent in advance, such rent must be held in escrow and will be distributed to LANDLORD minus the commission and any money owed by LANDLORD each month when it becomes due.

MANAGEMENT COMMISSION IN THE EVENT OF LANDLORD DEFAULT: Unless otherwise agreed to in writing between LANDLORD and BROKER, in the event LANDLORD is in default in the payment of any mortgage, vendor bill, fee, taxes, assessments, insurance payment(s), HOA or CONDO Fees, dues or any other amount(s) due to a third party related to the premises or if the TENANT is served with a Notice of Lis Pendens or any demand are made by a mortgage holder, servicer, HOA or Condo Association, AND the property BROKER is continuing to manage the property the management commission shall immediately change to a commission of 15% of rents or money paid by the TENANT or any party each month by the TENANT PLUS LANDLORD shall owe any additional fees as outlined in FORECLOSURE PROCEEDINGS, ASSIGNMENT OF RENTS paragraph below. If the full management agreement is cancelled within 6 months of lease signing, BROKER fee is an additional 50% of one full month's rent.

_____ **LEASE RENEWAL FEE:** LANDLORD agrees to pay BROKER a LEASE RENEWAL FEE of \$100.00 each time the lease agreement is renewed with the same TENANT or TENANTS or the lease is assigned by TENANT or TENANTS with LANDLORDS permission. Renewal fee will not be charged for renewals of a lease term less than 6 months.

MONTH TO MONTH or LEASE EXTENTSION FEE: In the event TENANT is permitted to remain as a month to month tenant or the lease is extended for a period after the expiration of a lease, BROKER may charge the TENANT a month to month or lease extension fee each month and retain said fee.

_____ **ADDITIONAL FEES:** There is a \$30 annual administrative fee that will be charged on the anniversary of the management agreement date.

VACANCIES, EXTENSIONS AND RENEWALS: LANDLORD agrees to pay BROKER according to the above schedule during the TENANT(S) occupancy together with any renewals or extensions thereof or for any new lease or rental between the parties.

SALE OF PROPERTY: LANDLORD has the right to place the property on the market for sale, but the sale of the property will be subject to the terms of the lease agreement. The conditions for terminating this Agreement

will apply. If a sale or exchange of the managed property is effected during the term of this agreement, BROKER shall be considered the procuring cause of such sale and BROKER shall be paid a commission of 1% of the gross sales price or valuation (whichever is higher) upon the close of the transaction. This provision for sales commission shall survive any termination of this agreement if property is sold to TENANT placed by BROKER. LANDLORD agrees to notify the Buyer of this Agreement prior to sale as Buyer will be bound to this agreement. If Buyer cancels this agreement at or prior to the closing of the sale of the property, BROKER will deduct remaining commissions, management fees, or other balances due to BROKER, from the balance due to be paid to LANDLORD/Seller.

SALE TO TENANT: If a sale or exchange of the managed property is effected to a TENANT who occupies the property during the term of this agreement, or anyone acting on the TENANT's behalf, BROKER shall be considered the procuring cause of such sale and BROKER shall be paid a commission of at least 3% (three percent) of the gross sales price or valuation upon the close of the transaction. This provision for sales commission shall survive any termination of this agreement.

____ PROCEEDS: Any monies collected or received by BROKER will be held in BROKER's bank account(s) and interest, if any earned, and permitted by law to be retained by BROKER, shall be paid to BROKER for administrative services. BROKER shall send LANDLORD the proceeds collected from the rental of the property minus the rental commission, fees and any costs and expenses provided for in this agreement when monies have cleared the BROKER's bank account. This is usually 10- 20 days after funds are deposited depending on locale, for out of state checks). In the event a prospective Tenant places a good faith or holding deposit with BROKER and fails to take possession, said deposit shall be retained by BROKER. In order to minimize legal disputes and liability to both the LANDLORD and the BROKER, **BROKER retains the SOLE AND EXCLUSIVE RIGHT to refund ANY deposits in full or part to an applicant or TENANT who has or has not signed a lease agreement upon the advice of BROKER'S legal counsel and LANDLORD agrees to hold BROKER harmless for same. THIS IS TO AVOID LITIGATION FOR THE LANDLORD AND THE BROKER.** BROKER may send LANDLORD proceeds by check or direct deposit and also may send all statements by email to LANDLORD. If BROKER has sent proceeds to LANDLORD and the TENANT'S payment is not honored, LANDLORD shall immediately refund such payment to BROKER upon demand. All further rent money received if any will be held by BROKER to replenish this if LANDLORD does not comply and if no funds are received LANDLORD will be liable to pay the money owed to BROKER immediately.

NOTICES: Whenever any notice is required in this agreement or desire to communicate formally or legally by LANDLORD to BROKER, notice must be in writing and mailed certified return receipt requested to BROKERS address, and deemed delivered upon actual physical receipt thereof, not date of mailing. In certain instances BROKER may request communication by email, mail or fax and if so, such communication shall be binding and legally sufficient.

ENVIRONMENTAL HAZARDS/MOLD/BEDBUGS: TENANT(S) are increasingly suing property LANDLORD s and BROKERS for environmental hazards including but not limited to mold, defective drywall, mildew, smoke odors, allergens and other hazards which may be present on the premises. LANDLORD affirms no such hazards are known by LANDLORD to be present on the premises at this time. LANDLORD agrees to indemnify BROKER in the event BROKER is sued by TENANT for any injuries suffered on the premises unless such injuries were due to BROKER' actions. In the event a TENANT complains of a pest issue, water quality issues, mold, bedbugs or any other environmental issue, LANDLORD agrees to pay for an inspection by a certified inspector to help defend LANDLORD and BROKER from claims made by the

TENANT. Such inspection will not be performed unless the LANDLORD is notified first and authorizes the inspection.

PRE-1978 PROPERTIES: Federal EPA rules require BROKER to provide the TENANT with a Lead Based Paint Disclosure and a booklet PROTECT YOUR FAMILY FROM LEAD IN YOUR HOME. New laws beginning in 2011 require almost all workers on pre 1978 home to be certified under the Renovation Repair and Paint Rules. (RRP) Please do not use any friends, vendors, handymen ask us to use any persons that are not certified to make repairs on your home. LANDLORD grants BROKER permission to sign the Lead Based Paint Disclosure as agent for LANDLORD.

LANDLORD CONTACT WITH TENANT(S): LANDLORD agrees and understands that if LANDLORD has any contact with the TENANT(S) in person, by mail, by phone or otherwise, in the event of a legal dispute which results in litigation, the chances become extremely high that the LANDLORD will have to testify in person in court. BROKER strongly urges that all contact with TENANT(S) be made by and through BROKER. LANDLORD agrees that contact with the TENANT(S) may be grounds for BROKER terminating this agreement and continuing to hold LANDLORD liable for all commissions due.

COLLECTIONS and SMALL CLAIMS COURT CASES: BROKER is not an attorney or licensed debt collector and shall not engage in any collection activity including but not limited to Small Claims Court cases or placing the account with a collection agency for LANDLORD, for monies that may be owed by TENANT after TENANT vacates or for prosecuting checks or money orders from TENANT that may be returned NSF, Closed Account or Stop Payment. LANDLORD may hire a collection agency or attorney of their choosing.

COMMISSION and OTHER LEGAL DISPUTES: In the event of any litigation between the LANDLORD and BROKER, the prevailing party shall be entitled to an award of all attorney's fees and costs and venue for all litigations shall be in the county where the BROKER's office is located. This county is currently Brevard and can change. Both LANDLORD and BROKER waive any rights that they may have to a jury trial.

FORECLOSURE PROCEEDINGS, ASSIGNMENT OF RENTS: In the event the property becomes subject to liens and/or foreclosure proceedings and/or a condominium or homeowner's association or mortgagee exercises any right to an assignment of rent they may have or a receiver is appointed, LANDLORD agrees that BROKER shall comply with any court order and/or at BROKERS discretion disburse rent monies to the requesting party based on advice of BROKER'S legal counsel. If any of the aforementioned occurs, LANDLORD gives BROKER the full right and authority to disburse the security deposit or advance rent held by BROKER to any party including the TENANT even if the TENANT is still residing on the premises or owes rent. If BROKER continues to manage the property and the property becomes subject to liens and/or foreclosure proceedings and/or a condominium or homeowner's association or mortgagee exercises any right to an assignment of rent they may have or a receiver is appointed LANDLORD agrees to pay an additional fee to BROKER each month of 15% of the monthly rent.

FACSIMILE SIGNATURES: THE PARTIES AGREE THAT THIS AGREEMENT MAY BE EXECUTED BY ELECTRONIC SIGNATURE OR BY FACSIMILE AND EXECUTION METHOD SHALL BE LEGALLY BINDING

*****IMPORTANT FAIR HOUSING NOTICE *****

IN COMPLIANCE WITH THE FEDERAL FAIR HOUSING LAWS AND ANY STATE OR LOCAL LAWS OR ORDINANCES, Please do not ask or expect us to place any restrictions on your property based on a prospective TENANT'S or occupant's race, color, religion, handicap, sex, national origin, familial status or service member status. FEDERAL, STATE AND/OR LOCAL LAWS prohibit us from placing any such restrictions on the properties we handle for rent or illegally discriminating in any way.

EXECUTED this _____ day of _____, 2017

LANDLORD SIGNATURE _____

LANDLORD SIGNATURE _____

_____ MAILING ADDRESS OF LANDLORD

_____ PHONE NUMBERS FOR LANDLORD(S)

BROKER: _____

BROKER OR AGENT OF BROKER

REFERRAL AGENT _____

SPECIFIC POWER OF ATTORNEY TO SIGN LEASE

Landlord/Owner(s), hereinafter Owner(s), hereby grants Broker or Broker's agent(s) _____ (INSERT NAME) who hold a current, valid real estate Sales persons or Brokers license, hereinafter Agent(s), the specific power of attorney to sign lease(s) and/or lease renewals (unless specifically not authorized by Owner(s) in writing by certified mail at least 60 days prior to any renewal period) on managed or finder fee rental properties on behalf of Owner(s) and thus bind Owner(s) to the terms of the lease agreement(s). Owner(s) agree that they alone own the managed properties and that there are no other undisclosed owners of the properties. Agent(s) are given the exclusive right to screen and approve or disapprove prospective tenant(s). Owner(s) warrant that the unit to be managed is a legal rental unit and rental of same will not be in violation of any rules, laws, or ordinances. Owner(s) agree to indemnify agent(s) in the event that the unit managed is not a legal rental unit or is in violation of any rules, codes, ordinances or laws.

Property Address _____

OWNER NAME PER DEED _____

Owner

Owner

Witness

Witness

_____/_____/_____
DATE

SWORN TO AND SUBSCRIBED BEFORE ME THIS ___ DAY OF ___ 20__ THE ABOVE SIGNATORIES WHO DID NOT TAKE AN OATH AND ARE ___ PERSONALLY KNOWN TO ME OR ___ PRODUCED THE FOLLOWING FORM OF ID _____

NOTARY PUBLIC SIGNATURE (SEAL HERE)

PRINTED NAME

COMMISSION # _____ COMMISSION EXPIRATION DATE ___/___/___

SOLVENCY STATEMENT

Date ____/____/____

I/we _____ hereinafter "Owner" of the property located at: _____

hereby state and affirm that all bills and money due on the premises are paid, current or not in any state of delinquency. These bills or amounts include but are not limited to liability insurance, taxes, mortgage payments, utilities, assessments, liens, condominium and/or homeowner's association fees, assessments, charges and/or any other charges relating to the premises including but not limited to any amount which may be due or owing to providers of goods or services for the home.

Owner agrees that in the event any dispute arises between a tenant and the Owner or agent as a result of Owner's failure to make any payments relative to the premises, Owner agrees to completely indemnify and hold harmless broker, agent, property managers, their employees, and assigns hereinafter "Broker" for any and all damages or litigation which may arise out of Owner's actions or inactions. Owner understands that a tenant has a right to peaceful quiet enjoyment of the premises and if Owner fails to keep all payments current, a tenant may have a right to withhold rent, break the lease agreement or hold Owner or agent liable for any damages they suffer as a result or Owner's failure to keep all payments current.

Owner gives Broker full authority to cease the management of the premises and hold Owner liable for any damages or amounts due under the management agreement if Owner misrepresents any information or fails to abide by this agreement and keep all payments current.

OWNER

OWNER

Main Office Telephone Number: 321.733.3382

Fax: 321.733.0718

Email: sucasana@gmail.com

Ana Garcia, Director of Prop. Mgmt

Towers Group Realty & Management, LLC
928 E New Haven Ave
Melbourne, FL 32901

Authorization Agreement for ACH Credits

Dear Property Owner,

Towers Group Realty offers Direct Deposits for its valued clients. This service will be provided as a courtesy to you. If you would like to sign up for Direct Deposit, please fill out the information below and provide a voided check asap.

Name on Account: _____

I hereby authorize TOWERS GROUP REALTY & MANAGEMENT, LLC, hereinafter called TOWERS GROUP REALTY, to initiate credit entries to my checking account indicated below at the depository named below, hereinafter called BANK, to credit the same to such account.

BANK NAME: _____ BRANCH: _____

CITY: _____ STATE: _____ ZIP CODE: _____

BRANCH TELEPHONE NUMBER: _____

DATE TO TAKE EFFECT: _____ (Minimum of 30 days advance notice please)

ATTACH VOIDED CHECK HERE TO REFERENCE ROUTING AND ACCOUNT NUMBER.

PLEASE NOTE WE ARE UNABLE TO MAKE DEPOSITS TO A SAVINGS ACCOUNT.

This authorization is to remain in full force and effect until TOWERS GROUP REALTY has received written notification from me of its termination in such time and in such manner as to afford TOWERS GROUP REALTY and BANK a reasonable opportunity to act on it.

Dated: _____ Signed: _____

Return via fax to 321.733.0718 or mail or email to our office. Please contact us if you have any questions. Thank you.

TOWERS GROUP REALTY & MGMT

INSURANCE: OWNER'S LIABILITY

928 E NEW HAVEN AVE MELBOURNE, FL 32901 OFC 321.733.3382 FAX 321.733.0718

Date: _____

Insurance Company: _____

Local Agent: _____

Address: _____

Agent's Phone #: _____

Policy #: _____

Property Address: _____

Dear: _____

Towers Group Realty & Management is managing the rental property described above on which you have the liability insurance. Please add Towers Group Realty & Management as an additional insured on my liability insurance policy. Also, mail a certificate of insurance to the following address:

Towers Group Realty & Management
928 E New Haven Ave
Melbourne, FL 32901

Sincerely,

Owner

cc: Ana Garcia, Managing Broker
Towers Group Realty & Management

OWNING RESIDENTIAL REAL ESTATE FOR INVESTMENT

The desire to own residential real estate as a rental investment has become more and more popular during the last twenty years. In most cases it has proven to be a very good long-term investment. Like any investment, however, real estate has its advantages and disadvantages so there are always trade-offs—do the advantages outweigh the disadvantages. Because there are many variables, there can be no simple “yes” or “no” answer to the question, “Is owning real estate a good investment?”

In this overview I am confining my comments to one segment of the real estate market, residential real estate — single-family homes—specifically an unfurnished “detached” house one would typically find in a subdivision or other residential area. Frequently the same factors may also apply to a duplex, triplex, quadruplex, townhome, or condominium unit. However, I am excluding any discussion of furnished houses, vacation or seasonal rentals, apartment complexes, commercial or industrial properties such as offices, stores, warehouses; vacant land, etc.

YOUR RENTAL PROPERTY IS AN ASSET

There are many kinds of assets people own—stocks, bonds, precious metals (gold), precious stones (diamonds), antiques and other collectibles (that old piece of furniture, baseball cards, paintings), automobiles, clothes, exercise equipment—just to name a few. Residential real estate is also an asset. All assets increase and decrease in value over time. That house you bought twenty years ago for \$50,000 may now be worth \$250,000. That automobile you bought twenty years ago for \$8,000 may now be worth \$800. That exercise equipment you bought last year that you just sold in the garage sale brought how much? You don’t even like to think about it.

YOUR RENTAL PROPERTY IS A BUSINESS

As a business your residential rental property has income and expenses. The income is one thing—rent. The expenses, however, are many—some of the most common ones are mortgage payments (this usually includes principle, interest, taxes, and insurance), homeowners association dues, utilities, termite and pest control, maintenance and repairs, upgrades, management fees, advertising, legal and accounting expenses. All of these things affect your business cash flow—money comes in through rent, money goes out to pay expenses. Several factors can affect your rental income and make it go up or down. High demand for rentals can make the rent increase. Low demand for rentals can make the rent go down. Vacancy and collection loss (a tenant who doesn’t pay the rent) will reduce the rental income. Both the owner/investor and the property manager have little or no control over market forces. In a free market such as ours one person can’t dictate market conditions. Market forces are bigger than any one person or any one rental property. Also investors and property managers have no control over the job, health, or family circumstances of the tenant that may cause a tenant to move thus creating a vacancy. Over time expenses will affect your cash flow. A new house may have very little that needs attention for several years. Eventually, however, as the properties age, maintenance, repairs, and upgrades will be necessary and they are a natural part of owning residential real estate. The property will have to be repainted, floor coverings (carpet, vinyl, tile, wood) replaced, the roof replaced, appliances wear out, heating and air conditioning systems upgraded, landscaping replaced or upgraded. There are a many other expenses one will be sure to experience over time such as cleaning and minor repairs. When the property is vacant, in addition to having no income you may have expenses such as advertising, lawn care, utilities, etc.

INVESTMENT STRATEGY—CASH FLOW

The easiest way to have a positive cash flow from the beginning is to pay cash for the property. Most investors, however, prefer to invest a smaller amount of cash then finance the balance through a mortgage. The more money you invest up front the smaller will be your mortgage payment and the easier it will be to achieve a positive cash flow. However, this will leave less capital to invest in additional properties. Sometimes the investor decides to create a fifteen year mortgage versus a thirty year mortgage so that the investment can be paid off the in a shorter amount of time. This may be a very acceptable strategy but it also has a direct impact on the monthly cash flow. Paying an additional \$150 per month on a fifteen-year mortgage versus a thirty-year mortgage is an additional fixed expense that reduces monthly cash flow by that same amount each month and significantly affects your cash flow.

MANY BUSINESSES DO NOT START OUT MAKING MONEY

It is common for businesses in the beginning to have a negative cash flow—you have more expenses than you have income. This is often the case in owning residential real estate. If you expect to always have a positive cash flow and never lose money then residential real estate may not be the investment for you. Over time, however, an owner/investor wants to experience a positive cash flow as well as having an appreciating asset.

This may be achieved in several ways:

First, you should become more experienced at running this residential real estate business more efficiently. For example, when the property becomes vacant don’t place the rent so high that you reduce demand and create long vacancies. Listen to your property manager when he or she tells you that you need to adjust the rent to get a qualified tenant more quickly. Also don’t add costly features or services that don’t appreciably increase the rental income—no gold plumbing fixtures, no swimming pool or hot tub. Also, don’t provide weekly maid service. The tenant interprets that to be a way to spy on them regularly.

Second, continue to improve your property so that it has greater appeal in the marketplace when compared to other houses for rent in the same area. Don’t delay maintenance, repairs, and upgrades. In other words keep it looking nice and in good condition and repair so that qualified tenants will want to rent it and pay market rents for your property.

ASSET APPRECIATION—THE BIG LONG-TERM BENEFIT

Some assets, such as real estate, are often considered appreciating assets—their value goes up over time. Others, such as automobiles, are often considered depreciating assets—their value goes down over time. Just because one asset may go up in value and another down over time is not reason enough to choose one over the other. Most of us own an automobile for transportation purposes even though it may be a depreciating asset, and we consider that a reasonable investment. You may not choose real estate as an investment even though it may appreciate over time for several reasons. You may not have the money to make the initial investment. You may not want the cash flow fluctuations that one is sure to experience. You may be too busy, too far away, or too tired to deal with the “hassle” of managing this property. Finally, you may just prefer other types of investments — you would rather own baseball cards than real estate. However, after considering all the pros and cons you have decided that residential real estate is the investment of choice for you. You understand that it is a business, not a hobby or a sentimental attachment. You understand the cash flow fluctuations and you know you can deal with those. You have concluded that the appreciation over time will be significant and you have concluded that it will overcome any ups and downs along the way. You can envision some years later having a portfolio of properties that has appreciated significantly giving you several options: a) you can sell and take the profits, b) you can refinance and take out the equity, c) you can pay off and have a nice retirement income, or d) you can gift to heirs, a charity, or others.

GETTING STARTED

Often the question is asked, “What is the best property to buy?” There is no “best” property. There are only classifications or groups of properties that fit your investment criteria. So, a more pertinent question would be, “What are your investment criteria? What type of property do you want to own?” The reasons can be both objective and subjective. Several factors to consider are:

- Financial risk—how much debt are you willing to carry on this property? Are you going to pay cash and have no debt? Are you going to invest a small amount and have a large mortgage payment or a large amount and have a smaller payment?
- Location—are you going to buy property close to where you live or far away where you think the opportunities are greater but where you will be totally dependent on someone else to manage the property for you? Does it make a difference to you if the property is located in a small community or large, in a low, middle, or high income area, in a downtown or suburban area?
- Type of property—do you prefer a single family home, multi-family property (duplex, triplex, quadruplex, condo, townhome)? Do you prefer a property in a strictly controlled homeowner or condo association governed community with significant association dues, or one with less deed restrictions and no association dues?
- Size of property—do you want to own property with one or two bedrooms, or do you want to own larger properties with three, four, or more bedrooms, bonus rooms, etc.
- Quality of investment—do you want to own a property worth \$100,000, \$250,000, \$500,000 or more? The return on investment may vary depending on the value of the property.
- Amenities—do you want to own property in a gated community with a swimming pool, spa, or waterfront view? Do you wish to provide services such as lawn maintenance, pool maintenance, pest control, etc., or do you wish to own property without amenities and require more tenant responsibility?
- Return on investment—do you want a neutral or positive cash flow from the beginning (an almost impossible feat unless you invest a large amount of money initially) or are you willing to accept a negative cash flow for a few years anticipating that significant appreciation will more than offset any negative cash flow?
- Personality—does it make a difference if the property does or does not have nice “curb appeal”? Does the property have to be one that “I would be willing to live in”? The criteria can be endless but you get the idea. Each investor must decide what factors are important and write them down so that you or your real estate agent will know what to focus on and what pass on.

LOCATING A SUITABLE INVESTMENT

Some investors are experienced enough and have the time and expertise to do their own investigation, negotiation, and purchasing. Most investors, however, hire a qualified real estate agent to represent and assist them. Investors often consult additional professionals such as an attorney, lending agent, building inspector, or property manager for input in this decision making process. Following your list of investment criteria your agent will work closely with you to find and present for your consideration properties that fit your criteria. Your agent will assist you in preparing the contract, making the offer, and closing the sale. Sometimes your agent may locate several properties that fit your investment criteria. You may make an offer and miss buying one, but keep in mind that investments are just like airplanes—there is one leaving every hour. It’s not the end of the world if you miss a buying opportunity, nor is it a sign that investing in residential real estate isn’t for you. If you miss one, find another opportunity and make an offer!

NOW WHAT DO I DO?

Once you become the owner of an investment property the next thing you want to do is to make it income producing—get it rented! If you are not self-managing the property this is the point where you need the services of a professional property manager. There are many good management agents in most every community, but finding one that is a match for you is important.

SELECTING A MANAGEMENT AGENT

Some investors make this process as simple as calling four or five agents, asking what their fees are then choosing the cheapest one. Others take into consideration more factors before making a decision. This latter approach has the greatest probability of success in finding an agent who is a match for you, one with whom you are compatible and with whom you can anticipate a long and satisfying business relationship. Input from others in whom you have confidence is always helpful. Therefore, you may ask for references from the real estate agent who assists you in buying investments, your lending agent, your attorney, family members, relatives, or friends who already use a management agent or know someone who does.

WHAT SHOULD YOU LOOK FOR IN A MANAGEMENT AGENT?

The questions one could pose are many, but some of the main points to consider are:

1. What expertise and experience does the agent have?
2. Is property management the agent's main focus or do they perform other real estate services as well?
3. Does the agent have a website and does the office use e-mail for communication?
4. Is the agent's office adequately staffed to handle all the demands of the management process in a professional and timely manner?
5. Is it easy to reach the property manager, bookkeeper, or other personnel in the office when necessary?
6. Does the agent provide monthly-itemized statements?
7. Will you receive an IRS-1099 Form and a Profit & Loss Statement at the end of each year?
8. Does the agent provide adequate information about their office and business operation so that you may have a good idea of how they would manage your property?
9. What are the management fees the agent charges? Make sure you ask about all the fees and expenses such as monthly management fee, leasing fee, lease renewal fee, advertising expenses, insurance charges, and inspection fees. There may be many more hidden fees, so ask for all of them to be disclosed!

GETTING IT RENTED

Several factors must be considered when marketing residential property for rent. Some of the most important ones are:

1. Location—is your property in an area of interest and demand by an adequate cross section of qualified prospective tenants? Properties in brand new developments sometimes face additional factors such as a lot of construction still going on in the development, and several other similar homes owned by other investors going on the rental market at the same time.
2. Condition—is your property in excellent condition and repair so that it has appeal to an adequate cross section of qualified prospective tenants?
3. Market timing—many times this is beyond the owner's control, but it can be a factor that affects marketability. The period between May (when the school year ends) and August (when the school year begins) has traditionally been the period of greatest demand. The holiday season of November - December has traditionally been a period of less demand.
4. Advertising methods—methods can be as varied as one's imagination, but three of the most successful methods are: a) yard signs—permissible in most communities, b) internet rental listing web sites—some are much better than others and the cost is quite reasonable, and c) newspaper advertising—a proven method through the years but the cost is high when compared to internet advertising.
5. Price—the most important factor is making sure that the rent price being asked is in line with current market conditions. Price your property too high and it will sit forever and never rent. Rent lost is lost forever.

DETERMINING THE MARKET RENT PRICE

Sometimes a new investor will think that the way to determine the rent price is to add up all the regular and recurring expenses—mortgage payment (principal, interest, taxes, insurance), homeowners association dues, management fees, reserve for expenses—and make that the rent price. This is probably the most unreliable method of determining the rent because it is so easy to manipulate and it doesn't take into consideration any of the above factors that really affect the rent. As an example of making decisions that affect long-term fixed costs, consider the mortgage payment. If an investor paid cash for his investment property then the mortgage payment is zero. If the investor financed 90% of the cost then the mortgage payment would be relatively high. If only 75% is financed then the mortgage payment would be considerably lower. If 50% of the purchase price is financed then the mortgage payment is even lower. If the investor had a 30-year mortgage the payment would be one figure, if a 15-year mortgage, the monthly payment would be considerably higher, if a 10-year mortgage, the payment even higher. So how the financing is structured greatly affects what your monthly cash flow will be. The market rent price is what a qualified tenant is willing to pay in an arm's length transaction. It is determined by gathering information about what comparable properties are currently being rented for in the same general area. Don't expect rental rates in Central Florida to be similar to what they are in California, New York, or Washington. Rental prices reflect local market forces just as sales prices do. You may have chosen to invest in Central Florida because you like the price of the real estate when compared to other areas. Rent prices are going to reflect similar relative values. Determining the current market rental range is most often done by a professional property manager with years of experience in renting property in the area where your investment property is located. An experienced manager can view your property, do some market analysis, and give you an opinion of what the estimated market rent range is. Keep in mind this will be an estimate based on experience, it is not an exact science. Also, as stated earlier, in a free market such as ours one person can't dictate market conditions. Market forces are bigger than any one person or any one investment property. If current market conditions indicate that properties very similar to yours is renting for \$1500 per month you will not be successful in saying, "Well, all of my expenses total \$1800 per month so I have to get that." Your property will sit on the market month after month empty. Rents incrementally go up over time, so getting the property rented as quickly as possible to a qualified tenant is the best plan. Over time the rents will increase, the investment will be working for you, and it will be appreciating at the same time.

GOOD LUCK WITH YOUR INVESTING!

Now that you have a basic overview of what to expect as an investor in residential real estate, develop your list of investment criteria and start looking!

Ana Garcia, Managing Broker

Towers Group Realty & Management

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Melbourne, FL 32901

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