



Managing single family residential
real estate investments
in Florida

Investor Friendly Property Management In Florida



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INTRODUCTION

The Real Estate industry has created more millionaires than any other type of investment available in today's marketplace. Most of these millionaires are self-made.

People living in Florida looking to purchase and manage rental properties, and also put profits in their pockets, should know that a small amount of their own capital could be transformed into large rewards if they properly manage their single-family real estate properties.


This book provides those people with an opportunity to earn money from their Florida residential real estate investments. It offers insights and suggestions on how to manage the property, how to find some of the best property managers and tenants, and how to make the most of their residential property in Florida.

CHAPTER I

How to Qualify a Property Manager for Your Investment

It's very important that you “buy right” when getting into real estate and vital to have good property management in place. A poor property manager can spoil your chances of getting a great buy. But having a good property manager can make even mediocre property perform well, in terms of return on investment (ROI).





It's always better to select a property manager who is fair, as well as firm, when it comes to handling your investment property. The best property managers are not those who dress well or look professional, but those who are street smart and have zero tolerance for tenants who pay late.

When qualifying a property manager, it's important that you pay attention to details. Sluggish property managers can blow small problems into big ones that tenants simply can't cover. You must be on top of your property manager, and the property manager must be on top of your tenants to make sure that you get the best possible deal on your investment property.

It's better to have a property manager who sends you a weekly or monthly report on the money collected, as well as any money spent on the property or properties, especially if you want him/her to handle multiple properties.

When qualifying a property manager, never hesitate to ask questions. This holds true especially if you contemplate there may be foul

play in the statement. The property manager should always have documents ready for all expenses and be willing to explain to you in detail all of the collections and expenses for each property.



The best property manager is one who is ready and willing to act on your behalf, the property owner. The property manager should be able to resolve issues independently and take specific actions as needed before potential disputes erupt.

The value of hiring a good property manager is that it ensures a regular monthly cash flow for the property owner. However, selecting a poor property manager might result in difficult

financial times for the property owner.

Many real estate companies are starting property management services in their offices to help them stay in business during tough economic times, and it's important that such companies select the best property manager they can find. If you're one of those companies, the following tips will help you to qualify a property manager for your investment.

Know What Others Have to Say

The best way to qualify a property manager is to shortlist them based on their experience with others. Take regular updates from people who have experience using the services of a prospect, like referrals and investor groups. Also, cold call property manager prospects to see how they represent their other clients and potential tenants.

Know All Costs Involved

When qualifying a property manager, you should know all of the charges the property man-

ager makes. Some property managers charge a maximum commission rate, but then come up with additional costs that they add to your rental statement. Beware! This is an old industry trick managers apply to enhance their profits or earnings.

The majority of property managers in any region charge 7%-15% of the rents. It's best to check the exact percentage and what it is based on. Also, ask if there are any "fluff" fees (e.g., evictions, maintenance) in addition to the percentage you would expect to see on the monthly statements.

Avoid managers who ask you to pay an agreed-to percentage on total rents, as you will end up paying for something they didn't collect. It's vital that a property owner analyze all offers from all prospects, then only choose a manager based on their experience and track record.

Check Their Experience

The most important question to ask when qualifying a property manager is their years of

experience in the property management arena. Ask specifically about them and not about their former agency. Even if the previous firm is an established player, there's no guarantee that they will provide you with an experienced property manager. The best approach is to find a property manager who has chosen Property Management as a career and has a minimum of five years' experience in the field. Ask if they are licensed and insured. Ask them if they manage their own investments, and if so, how many do they have?

Can They Deal with Maintenance Issues?

Poor property maintenance is the #1 way to lose a tenant. Determine the property manager's process for maintaining the property, for repairs and approval of all work to the property. Again, verify if they and the workers they use are licensed and insured.

Check Their Availability

This is another aspect to consider when qualifying a property manager for your investment. You don't want to deal with other

assistants down the line, so check the property manager's availability. You may start working with one property agent, then deal with three or four other staff members in the company, like maintenance, accounting, or the showing agent.

Workload and Training Factors

If you're looking for personal attention, then choosing a property manager who manages too many properties will not work for you. Some highly reputed property management companies give more than three hundred properties to their managers, so consider your workload factor. Have they received training? Ask what specific training they have to manage your property.

Will They Act in Your Interest?

Managers non-responsive to your phone calls should not be your property manager!

Contract Review

Here, the property manager comes to your property to appraise it for the rental market. Ask

to view the management agreement, as well as a copy of policies and procedures for their rental department. Most companies have it on-line and listed as an owner's handbook, so that you can see what they offer as a company and what you can expect from them. You invested in the property to make money and not to spend money, especially in the longer term.



Meet in Person, Do a Property Walkthrough

This is the final step in qualifying a property manager for your investment. Before signing a contract, meet your property manager in person. Also, know all legal implications and all costs involved in the deal.

To find a good property manager, know if you want to hire a company or an individual. Consider all factors mentioned above, and then only select a property manager if you want to make the most from your investment property.

Chapter II

Finding & Qualifying Quality Tenants

You've probably heard that finding good properties brings positive cash flow for people wishing to make the most out of their real estate property. But the truth is that properties are the first step in ensuring a proper cash flow. It is the tenants who bring in the money. Finding good tenants is considered one of the most difficult jobs involved in real estate. The key lies in advertising and in qualifying tenants.



Tenants are the stewards of investment properties. They must be reliable and qualified enough so that you entrust your investment in them. Failing to identify good tenants can lead to more damage than good. To protect your investment property, it's important and definitely worth your time and effort to properly evaluate prospective tenants in a stringent manner.

With the right tenants, it's easier to reap benefits for long-term buying and to hold a strong cash flow. The following tips will help you to find good tenants.

Marketing

Several real estate analysts claim that properly marketing a property is the best way to find quality tenants. To do this effectively, it's essential to advertise your property in the best possible way to attract tenants looking for the right situation. You can use traditional



methods of advertising, like newspapers, flyers, radio and TV ads, or you can post ads using online resources. Ideally, you will use both methods. The more you market your property, the more candidates you will get and the more freedom you will have to select good tenants.

Proper Location

Always advertise your property in the proper location to get the best response rates. For example, if you have a property in Florida, you probably don't want to advertise it in Texas.

Provide Clear, Detailed Expectations

Providing tenants with clear details and expectations about the property lets them know what you expect of them and the consequences if they fail to fulfill the expectations once they move in. Mention everything with respect to rent due dates, maintenance, policies and procedures, and all other rules. When tenants know what's expected of them, your property becomes more manageable, especially in the long term.

Screen Tenants Properly

Once you have a shortlist of prospective tenants who meet your requirements, thoroughly screen them. Keep a list of qualifying criteria that involves having good credit, meticulously examining any past problems, and verification of employment and income. It's not only beneficial for owners, but also for tenants so that they will be able to meet the rental expenses stipulated by the owner.

Consider each item of the following qualification checklist before allowing any tenant to occupy your investment property.

Know the Tenant's Complete Credit History

Check the complete credit history of every application before approving it, and qualify a tenant only if they have a clean credit history.

Check for Their Previous Residency

Check the prospect's complete residency history, which includes information about prior

rental residences and mortgages or previous ownership. Also, verify their payment history and keep it as part of their tenant record.

Verify Tenant Income

Verify sources of tenant income as one of the qualification requirements. Get copies of recent paycheck stubs and, if possible, contact their current employer. If the applicant is self-employed, ask for their most recent tax return or recent bank statements. Keep a record of income levels for applicants being considered.

Criminal Background Check

List “No Criminal Background” as one of the checklist qualifications. Verify that the applicant has committed no crime at any time or any misdemeanor against a property within the past 2-5 years.

Finding good tenants may not be an easy process, but being thoroughly aware of a prospect’s history plays a vital role in you being paid on a timely basis for your property.

CHAPTER III

Marketing Your Property as a Rental/Lease Option

Finding tenants is one of the critical goals for investment property owners. They need to find a reliable marketing system to market their property as a rental/lease option. Property owners desperate to make the most out of their investment property always look for measures to find tenants who will pay the rent on time, keep the property in good condition, and avoid creating any legal problems for them.

If you're an investment property owner in Florida looking for ways to market your property as a rental/lease option, the following tips help to point you in the right direction for the results you want.

Fix and Price It Properly

This is one of the major details that property owners often neglect. A property owner

knows that there will be some problems related to the property; some features might have become outdated and unsuitable for potential trustworthy tenants. You don't have to go overboard fixing the property, but you do need to ensure that all fixtures have a perfect coat of paint, that light bulbs and tube lights work, and to make other necessary repairs so that your property is a "worth living in" space.

You also need to justify the price of your property. Don't overprice the property, because no one will rent it if it is priced too high.

Determine the Rental Terms

Before marketing your property as a rental/lease option, consider the rental terms you want included in the rental lease agreement. How much rent do you want to charge? How long do you want to rent your property? How many tenants do you want to occupy the property? How much security deposit do you want or need? These important decisions will be endowed in the final rental or lease agreement, so consider all terms carefully.

List Your Property on Online Classified Sites

This is one of the best ways to market your property for rental/lease option. Several online classified sites allow property listings. The key to successfully listing your rental property is to list proper details about the site. Repost your ad on a regular basis to make sure that your property appears first. You can also find “city specific” property classifieds where you can also post property details.

Rental Property Websites

Certain online rental websites allow you to feature your investment property in the area where you want to find a tenant. These sites are better than online classified sites, as they allow you to feature pictures and a description of the property, as well as other information, like the area and a walking tour of your rental property.

Collaborate with Local Businesses

There are several businesses in Florida that will help you to find good tenants for your

property. You can also work with relocation companies in Florida. However, they may charge a fee for the service, so be aware of this before accepting their help.

Make Use of Your Current Tenants

Many property owners forget to capitalize on their current tenants, who can be a good source for gaining potential referrals. Some tenants may have family, friends or coworkers in search of a rental property. Include attractive incentives for those who send you referrals and help you find new residents. Often, this can be done without spending extra advertising dollars.

Provide Special Incentives to Potential Tenants

Providing special incentives for potential tenants can work wonders when marketing your investment property. They can vary based on the money you want to make from your property. Generally, incentives like “30 days free” work best. But be cautious, as you may encounter tenants who leave after the first month.

List with Google Maps

You can use no better cost-effective marketing strategy than the Internet to market your investment property. One of the best ways to market your Florida investment property is to list it on Google Maps (<http://maps.google.com>), which takes about 15 minutes. You will not be able to rank your property directly as the number one property in the area, but you can greatly increase your chances of getting potential tenants. This marketing strategy also allows others to identify and view your property.

Attract Passersby

Putting up signs, balloons and banners on the property helps to market your property. With a minimum investment of \$50 or less, a banner can be used for several years. Make sure that signs are simple, easy to read, and in compliance with local laws and regulations. This strategy works well, as it grabs the attention of those who pass your property on a regular basis but don't notice it. Sometimes a passerby can turn into your potential tenant!

Offer Something Different from Competitors

As a property owner, you and your property manager can offer prospective tenants attractive incentives that others may not have readily available to offer, like including free wireless Internet access. Many possibilities exist when it comes to finding ways to market your investment rentals. Keep an open mind and brainstorm with your property manager to come up with creative marketing ideas that cost you little to nothing, are easy to implement, and that leverage your chances of getting good tenants.



CHAPTER IV

Power Team

As a real estate property owner, you need a good team by your side to help you make the most of your real estate investment, a power team to help you overcome every obstacle you might face.

Who are the people on this power team?

Apart from the property manager, you also need people who can help you at every step of the process, once you decide to make money from your investment property. Among them are ex-realtors with investor experience, mortgage experts, a maintenance person, a home inspector, a plumber, and a Certified Public Accountant (CPA). Consider some of these team members.

Ex-realtor

An ex-realtor is a person with plenty of experience in real estate investing, who can help you make the most of your investment property.

Ex-realtors know the practicalities of real estate investing and can help you with all sorts of paperwork and other details.

Maintenance Person

The maintenance person is the repair person; a jack-of-all-trades, an expert in all kinds of repairs including renovation jobs, a person to help you do small repairs, fix broken tiles and do similar jobs. A valuable member of the power team, this person presents your investment property to the tenant in good condition and gets the best possible rent from the tenant.

Home Inspector

A home inspector conducts a non-invasive home examination to catch signs of serious structural damage and determine that the home is suitable for occupancy. Different states in the U. S. have set guidelines to declare a home is fit to live in, which can prevent future losses if you discover a part of your property needs urgent attention. Having a home inspector on your team is one more tool in your toolbox when needed.

Certified Public Accountant (CPA)

Do you know how you can lower your tax liabilities on real estate investing? Are you aware of the best ways to have capital improvements on your investment property? Do you know if there is a tax benefit for paying a mortgage early? If you answered a big NO to these questions, then you should definitely hire a Certified Public Accountant (CPA) to maximize returns on your investment property.

Adding a well-informed CPA to your team is worth the fee to help you avoid paying unnecessary taxes and also gain maximum benefits offered by IRS codes. A CPA helps you manage your investment property in the most tax efficient manner.

These people create a power team in your endeavor to become a master real estate investor. Once you find reliable people or companies that provide quality work at affordable rates, it's worth adding them to your power team.

CHAPTER V

Things to Consider When Renting Your Investment Property

As a Florida property owner wishing to rent your property, be aware that real estate conditions offer a lot of investment potential. However, there are certain aspects to consider, like these next points, especially if you want to make the most out of your investment property.

Rental Markets Appreciate

Rental prices never go down and always keep appreciating. This is a win-win for property owners, as rental prices continue to increase dramatically in this current economic climate. Know the current market price of your property and the rental rate to get the best results from your property as an investment option.

Know the Rent

Rent is the income you get on your rental

property, so it's mandatory to know Florida's average prevailing rent. Currently, the median rental price is \$1,495 per month, but this rate may vary depending on the property location. If the average rent doesn't cover the mortgage payment and other expenses, then you must keep a bit higher price than the average median rental. This may lessen your chances of finding tenants, unless the property is at a strategic location.

Make the Most of Tax Benefits

Whether it's claiming a tax deduction on repairs, maintenance or negative gearing, the government sets certain rules that allow investor owners certain tax benefits. Property owners want to make the most of tax benefits to save money. If you lack knowledge of investment tax benefits available to you, seek help from a tax accountant for additional savings.

Know Your Own Finances

You might need to carry the financial burden of your investment property for a few months, or until you acquire good tenants. Know

the exact amount of your basic expenses and have enough money to cover them.



Lower the Insurance

To save money on your property, change the homeowners insurance to rental insurance. The main benefit is that rental insurance is 20% less than the cost of homeowners insurance.

Finding the ideal tenant requires thorough research and patience. Keep your expectations realistic and make sure that your finances are healthy, so that you have sufficient funds to cover expenses until you actually start making money from your investment property.

CHAPTER VI

Section 8 Tenants and Why They Are Great

If your Florida investment property conforms to a specific quality or affordability standards, it's beneficial for you to rent to families who qualify as Section 8 tenants. As a property owner, you can capitalize on these tenants. Rental payments are subsidized by the government and paid on time.

Who Are Section 8 Tenants?

Section 8 tenants are low income families eligible for financial housing assistance from the United States Department of Housing and Urban Development (HUD). HUD allocates funds to provide assistance to local housing authorities known as PHAs (Public Housing Agencies), which then distribute funds to people through Section 8 vouchers.

Why Are Section 8 Tenants Great?

There are many benefits that come with

having Section 8 tenants. Consider the following benefits of accepting Section 8 tenants.

Higher Rent

HUD pays the rent to the property owner at a much higher rate than the owner can get from their non-HUD tenants; an average rent of \$1300-\$1600 per month for a three-bedroom home, where the purchase price of the house is less than \$80,000. This rate varies depending on the rates of the houses. HUD pays on the first of every month to ensure that the owner gets the rent on time. Rent payments are guaranteed and not in accordance with the financial hardship of the tenant.

Protection from Financial Hardship

HUD protects the tenant during times of financial hardship, which also benefits the property owner, who is assured of timely rent payment regardless of the tenant's financial condition. For example, if a tenant is on unpaid leave of absence from work and unable to pay rent, HUD continues their entire rental payment

until the tenant is back on the job. In a similar scenario with a regular tenant, a property owner might be forced to begin an eviction process.

Removes the Hassles

Accepting Section 8 tenants removes the hassles of having a property management plan that involves screening the tenant for proof of income. Again, the property owner is assured of receiving the rent regardless of the tenant's monthly income. However, you need to screen for circumstances like having a criminal record, decency, and other qualifiers.

As an investment property owner, it is essential that you have a regular and dependable monthly cash flow. There is no better way to produce a higher income for your property than to have Section 8 tenants. You can also add the protections provided by HUD.

Meet Shelley Hughes-Spradling



Shelley is a passionate real estate investor with a focus on Property Management. She facilitates PM training for IAI in the U.S./Canada markets and speaks locally to real estate groups. She has assisted in the launch of a real estate seminar company and run a management company for eight years in Southwest Florida. Shelley has acquired certificates as a Certified Property Management Specialist, a Professional Residential Manager, and a Professional Property Management Expert. She is a member of the Florida Association of Residential Property Managers (FARPM) and the National Association of Residential Property Managers (NARPM).

10 Reasons Shelley is The Real Estate Agent for You!

1. Years of experience buying & selling properties
2. Knows local market conditions, the local economy
3. Does the legwork, tells you new listings/conditions
4. A full-time real estate agent
5. Uses her mortgage industry connections for You
6. Her only client in the real estate transaction...You
7. Guides you through buying & selling hassles
8. Previews available homes for you
9. Doesn't waste your time/gets a 24-48 hour decision
10. You get her personal, one-on-one attention and dynamic web and email resources.

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