



# Property Owner's Handbook

(Long Term Rentals)

**Please keep this document in a safe place for future reference.**

Please read this Manual carefully as it contains important rights and obligations which are intended to be binding upon you and Pelican Real Estate. This Manual is incorporated into your Property Management Agreement and is expressly made a part thereof.

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Procedures in this handbook are subject to change as we grow and develop our services. You may not receive notice of such change or deletion until the next edition of the handbook.

**Welcome to Pelican Real Estate** - Welcome to Pelican Real Estate and to your association with our company! Our goal is to make your association with our company a professional experience and we hope you will consider us for all of your real estate needs.

It is our belief that good relationships begin with good communication. We have developed this Property Owner's Handbook to enhance the communication and to detail the responsibilities and understanding of how Pelican Real Estate will manage your investment property. The Property Owner's Handbook is designed to familiarize you with our administrative process.

The contractual relationship between you and Pelican Real Estate is defined by written agreement. You should refer to your individual property management agreement for terms and conditions and for actual fees and services rendered.

*Expect the best from Pelican Real Estate  
for the management of your investment property*

**Investment Property and Property Management** – Investment property can be an excellent source of income. As with any investment, there are risks. Property management is used to help minimize the risks.

Pelican Real Estate Property Management specializes in property management. This part of real estate is vastly different from other aspects of real estate. The laws concerning rental property are much more complicated. The sale of a property may last up to 30 days and then is complete. The lease of a property is usually 1 year and the tenant has possession of your property with some of your rights transferred to them. The laws that affect you and the interpretation of the laws change frequently.

We will be happy to preview a property that you are considering for purchase. We work with many investors and can evaluate the property for cost, rent amount, repairs, and potential for future income. This information can be very useful especially if you are not local.

**Limitations of the Property Management Company** - It is very important for the landlord to understand that Pelican Real Estate has limitations. The lease is a contract between the landlord and tenant and the tenant has contractually agreed to perform according to the terms of the lease.

Pelican Real Estate cannot guarantee the performance of the tenant. Pelican Real Estate can give the proper legal notices demanding the tenant to correct any non-compliance. Failure of the tenant to correct any non-compliance can lead to the termination of the lease.

Pelican Real Estate will not violate any Federal, state, or local laws.

**Laws Concerning Rental Property** - Some of the laws that will affect the landlord are: Federal Fair Housing Laws, Federal Americans with Disabilities Act, Florida Landlord/Tenant Act, Federal Fair Credit Reporting Act, mandatory Federal Disclosures, Federal and State Non-Discrimination Laws, Federal and State EPA Laws, HUD Housing Standards, state and local codes ordinances, and health department regulations. These laws and ordinances control our actions and dictate the manner in which a landlord must maintain the property.

The landlord must maintain the heating, cooling, plumbing, electrical systems, and all appliances in good working condition and you will be responsible for repairs of these items during the lease unless it can be shown that the need for repair was caused by tenant negligence. All structural issues are the responsibility of the landlord. The property must be maintained in good habitable condition in compliance with all applicable laws, ordinances, and regulations.

**Contacting Your Property Manager** - You can reach us at the following address, phone, fax numbers and email:

**Destin Area Office:**  
Pelican Real Estate  
42 Business Centre Dr., #112  
Miramar Beach, FL 32550  
Office: (850) 269-7559  
Fax: (850) 269-7581  
[rentals@pelicanproperty.com](mailto:rentals@pelicanproperty.com)

**Fort Walton Beach Office:**  
Pelican Real Estate  
696 NW Beal Pkwy  
Fort Walton Beach, FL 32547  
Office: (850) 315-0972  
Fax: (850) 315-0236  
[rentals@pelicanproperty.com](mailto:rentals@pelicanproperty.com)

Please contact us for any questions or needs that you may have. If the property manager is not in the office when you call, this should not be considered negatively. The property manager is routinely inspecting properties for repairs and maintenance, move-in and move-out inspections, purchasing appliances, inspecting for lease compliance, aiding tenants, reviewing properties for investors, showing property for rent and signing up new rentals. Please simply leave a message and your call will be returned no later than 24 hours.

**Preparing the Property for Showing and Occupancy** - The physical condition of the property is extremely important. A prospective tenant will rarely rent a property that is being repaired or cleaned at the time it is viewed. A well maintained property that is ready to rent will attract a quality tenant that will cause less wear and tear on your unit, pay premium rents, stay longer and present fewer problems.

We will be happy to review your property and discuss any preparation needs. Tenants will not be looking for the same things as a buyer so your preparation will be somewhat different.

**Locks and Keys** - Upon execution of the property management agreement you will be asked to provide 3 sets of keys at your expense for each door lock, plus security and pool keys, garage door openers, gate cards and security passes, if any.

We use a key checkout system to allow access to cooperating real estate brokers to show the property and for vendors needing to accomplish work on the property. Pelican Real Estate will be held harmless from any liability, which may arise from damage, theft, negligence, or loss, which may occur in connection with the delivery of the key to cooperating brokers and vendors.

We will change or re-key locks at the end of each tenancy for the protection of future tenants and to protect you from liability. The cost for such change will be at your expense unless otherwise agreed in the lease document.

**Marketing the Rental Property** - Once your property is ready to rent, we will begin marketing the home. Below is a list of some of our marketing.

- The property will be placed in the local multiple listing service (MLS). We pay for referrals to our agents who refer us a tenant.
- The property will be placed on [www.AHRN.com](http://www.AHRN.com). This is the military housing website that military members search when moving to our area.
- We will place appropriate signs on the property and remove any other signs.
- The property will be advertised in the Daily News and other publications as we deem necessary. Such advertising may be general in nature and may not specifically describe your property.
- The property will be placed on our web site: [www.pelicanproperty.com](http://www.pelicanproperty.com)
- We have over 200 agents in offices throughout the region that send prospective tenants to us.

We track the rental market very closely so the timing and marketing strategies change with the trends.

**Long-Term Tenant Approval Process** - All adult residents 18 years of age or older are asked to complete a residency application and pay an individual fee for verification of credit references and criminal and civil background checks.

We ask for photo identification (typically a driver's license, sometimes a passport) from each applicant.

On the front of the tenant's application are criteria for residency:

- All monies due prior to move in must be in cashier check, certified funds or money order.
- Applicants must have a combined gross income of at least three times the monthly rent.
- Credit history or civil court records must not contain any slow pays, judgments, eviction filings, collections, bad checks, liens, or bankruptcy within the past five (5) years.
- Self-employed applicants may be required to produce two (2) years of tax returns or 1099's.
- All sources of income must be verifiable to qualify for a rental unit. If the income is not Verifiable, additional advance funds and/or a co-signer will be considered.
- Criminal records must not contain any convictions for felonies of any kind or misdemeanors pertaining to offenses regarding illegal drugs or crimes against persons or property within the past seven (7) years. The applicant will also be checked against the Office of Foreign Asset Control, Federal Terrorist List, Federal Most Wanted List, and Florida State Criminal and Sexual Offender records.
- Previous rental history reports from landlords, if obtained, must reflect timely payment, sufficient notice of intent to vacate, no complaints regarding noise, disturbances or illegal activities, no NSF checks and no damage to unit or failure to leave the property clean and without damage at time of lease termination.
- Pets are not permitted without specific permission of the landlord in the lease. There is an addendum added to the lease which specifies a non-refundable pet fee acceptable to the landlord or an additional pet deposit or additional security deposit. We will not accept the following breeds of dogs due to insurance liability: Rotweilers, Dobermans, Pit Bulls and German Shepherds, Chows, and Wolf Hybrids.

Criminal and drug activity are an automatic denial and we usually do not notify the owner of such applications. The property owner will be contacted for good applications or ones with limited concerns.

Limited concerns may include no credit, excellent credit but no current job, or any other variance from our criteria. As added protection for the owner, Last Month's Rent or a co-signer may be recommended for applications where a concern may exist.

**Background Searches and Credit Reports** - Background searches and credit reports may not be all-inclusive and may not provide information from all local jurisdictions within the United States. These reports will not provide information from jurisdictions outside the United States. Our applications are designed to gather information that, when referenced to the searches, may catch someone who is misrepresenting themselves. Pelican Real Estate does not warrant the accuracy of the reporting agencies.

Credit reports may not be copied and given to the property owner. Federal law does not allow the property owner to know the contents of the credit report. Pelican Real Estate can only disclose whether the credit report does or does not meet our criteria.

**Owner's Signature on Lease** – Per Pelican's "Rental Department Standard Management Agreement", a Pelican Agent will sign leases, for and on behalf of Owner(s), provided, however, that such leases are for a period not exceeding one (1) year. Copies of all lease documents will be mailed to you for your records. Original documents will be kept on file in our office.

**Non-Discrimination** - We offer all rental property in accordance with the CIVIL RIGHTS ACT OF 1968, TITLE VIII FAIR HOUSING, and any amendments thereto, which provides that it shall be unlawful to refuse to rent after making a bona fide offer, or refuse to negotiate for the rental of or otherwise make unavailable or deny a dwelling to a person because of race, color, age, religion, sex, national origin, familial status or handicap.

**Long-Term Rent Collection Process** - Rents are due on the 1<sup>st</sup> day of each month. The tenant is allowed through the 5<sup>th</sup> before a late fee is added to the rent owed. Late rents after this will be charged late fees.

The property management agreement gives us full authority to collect rents and deposit and hold all funds received on your behalf as escrow agent. We will disburse monthly rent proceeds when the tenant's rent check clears our bank account. We disburse security funds according to Chapter 83 Florida Statutes.

Pelican Real Estate is not liable in the event the tenant presents bad checks or fails to pay. Additionally, Pelican Real Estate does not guarantee the payment of rents, deposits, or any other sums by tenants. The tenant guarantees those payments by executing the lease. There are legal remedies available to you, but you may incur additional legal expense for attorney fees and court costs.

The lease makes provisions for Pelican Real Estate to charge the tenant for bad check processing, credit reports, late fees, and such other matters as may be necessary to enforce the tenants' compliance with the lease.

Late fees on your mortgage and association payments are not the responsibility of Pelican Real Estate. If you elect to have our company pay recurring fees on your behalf, such as mortgage and association payments, insurance and property taxes, from your rental proceeds, we require you to escrow two months of such payments. This is to ensure that in case you have a vacancy or your tenant fails to pay

rent, we have sufficient funds to meet your payment due dates.

**Tenant Requests** - We will handle all tenant requests and negotiations, which may arise and contact you for your instructions. If a tenant contacts you first, please refer them back to the property manager so we can best protect your interests as a landlord. You do not have to comply with all tenant requests. Some are merely matters of decorative taste, but those relating to appliance repairs, heat and air, and any structural problems that create a health or safety issue must be taken care of immediately. Speed and competent handling of repairs protects you from liability. Although your name, as owner, will appear on the lease your address and phone number will not. The tenants are instructed to call the property manager.

We ask that you do not give your phone number to your tenants. This does not mean that you can't have a friendly relationship, but tenants may try to put you on the spot and urge you to agree to something that you would prefer not to do. Several landlords have been surprised by these direct agreements with consequences they had not expected. Please discuss any agreements with your property manager first. The experience of your property manager could save you much grief. In addition, one line of communication minimizes the potential for misunderstandings with tenants.

Never give your phone numbers to a tenant no matter how nice they seem or you may get calls you do not want. Several owners have had to change their phone numbers because of difficult tenants.

**Tenant Vacates Before Lease Termination** – You may keep the security deposit as forfeited damages if your tenant breaks their lease without notice. We also try to collect rent from the tenant each month until the property is re-rented.

You may elect to sue the tenant in small claims court for any damage above the amount of security deposit and for any months of vacancy suffered because of the early termination. It has been our experience that landlords do not fair well in court against a skipped tenant. Even if the landlord is lucky enough to get a judgment, the tenant rarely has any assets to satisfy an unpaid judgment.

State law prohibits the collection of double rents. When your home is re-rented, the skipped tenant is only liable for the vacancy period and any penalty payments specified in the lease.

**Owner Access to Property** - You will need to contact your property manager so that appropriate notice can be served to the tenant. We must give 24 hours written notice as required by state law.

A property owner that gives little or no notice of their intention to view their property may be disappointed if they have not planned this in advanced. The property manager usually has appointments scheduled 1 to 2 weeks in advance and a tenant may not be easily reached to give the required notice. Please plan ahead.

If an owner does view the property without the property manager, be careful not to make any agreements without discussing them with the property manager. Let the tenant know that you will review any requests with the property manager and let them know of your decision.

Some owners have made agreements that they felt pressured into or did not realize the consequences and later regretted.

**Security Deposit and Last Months Rent** – Pelican Real Estate will hold all security deposits

and advance rent in our broker's escrow account in accordance with chapter 83, Florida Statutes.

A security deposit can be used for cleaning, damages and unpaid tenant charges such as late fees, tenant repair responsibilities, utility charges or missing items. A security deposit cannot be used for normal wear and tear.

A claim against the tenant's security deposit must be made within 30 days of vacancy. A move-out inspection will be done and your property manager will determine what claims need to be made. Then Vendors will be consulted and scheduled to make repairs or cleaning as quickly as possible. Decisions of your property manager are final and Pelican Real Estate shall not be held liable for any failure to make claim(s) on any damages, which were not readily apparent to your property manager at time of the move-out inspection.

It is not legal to amend a claim for a higher amount after it is sent. Any unclaimed funds will be returned to the tenant within the prescribed claim period.

Property owners may clean or make any repairs needed and charge market value to the tenant. If there is any possibility of the tenant disputing the claim, the property owner should allow a separate company to perform this work. Chapter 83 FL. Statutes gives tenants the right to see the actual paid invoices for materials and labor. If you end up in court on a security deposit dispute the judge is less likely to scrutinize a charge from a legitimate business.

Security deposits that are returned to tenants must be returned within 15 days of tenant vacating. Any amount claimed requires us to give notice within 30 days after the tenant vacates. If a tenant disputes the claim, this could delay the owner receiving the funds in a timely manner. A tenant may dispute any claim and instigate a civil suit for the return of the deposit. If this happens, Pelican may not disperse the deposit until a judge has determined the disposition of the funds.

**Repairs and Maintenance** - The tenant is instructed to contact our office for any repairs or maintenance. The tenant should never contact you directly for repairs or maintenance requests. The property management personnel will question the tenant to learn the nature of the repair, try and isolate the cause of the repair, aid the tenant who may not be familiar with the specifics of a piece of equipment, and determine if the owner or tenant is responsible for the repair.

Repairs are inevitable and can happen at any time. The property manager uses repair issues to get immediate access to the property to evaluate the repair need and inspect the property. Repairs will be checked for negligence from the tenant and for collateral damage.

Our property managers are available through cell phones, office numbers, email and voice mail. Tenants are given instructions at the time of move-in to follow in case of emergencies. Only true emergencies will be handled after hours and on weekends to save you overtime charges from vendors.

If a repair is a true emergency (water leaking, flood, septic back up, no running water, no hot water, electrical hazard, refrigerator failure, air conditioner or heat failure or some other condition which threatens the safety or health of your tenant), we will order a vendor to fix the problem as quickly as possible.

As your agent, Pelican Real Estate shall have full authority to have repairs made, to purchase necessary supplies, to hire and discharge on your behalf any and all vendors necessary to the

maintenance and operation of the property and to pay all bills and charge your operating account accordingly. Any vendors hired to make repairs or improvements shall not be deemed employees of Pelican Real Estate and Pelican Real Estate shall not be responsible for their acts or omissions.

In the event you cannot be contacted, when repairs are necessary, we will take whatever action is reasonable and prudent to protect the owner's property and for the fulfillment of the owner's legal obligation to the tenant.

It is important for you to know that a tenant can withhold rent if a repair is not made. This can be a very messy situation. A tenant must make a formal written demand for a repair to be made within 7 business days. If no repair is made, the tenant may withhold the rent until the repair has been completed. Rarely does a tenant know the mechanics of this action and this is usually done with the intent of not paying the rent.

**Allowing Tenants to Make Repairs** - You are strongly urged not to allow a tenant to make repairs, even tenants who are trained to make the needed repairs. We cannot know the level of training or the quality of training a tenant may have. Accidents happen, even to highly trained people, and there may be no insurance coverage if an injury occurs. You could be liable for a tenant who is injured while doing work you authorized on your property.

We do not recommend that a landlord give any concessions for reduced rent or purchase supplies for a tenant to do repairs.

**Paying For Repairs** - Normally, repair costs will be taken from the rent as it is collected so it is not necessary for you to send payment immediately. If a repair is beyond the rent collected, you will need to send funds to cover the expense. Typical repairs are made by companies that we have established relationships with and two weeks for payment is customary. Repairs that are made when a property is vacant will require funds to be sent to Pelican by the time the work is scheduled for completion. If you do not make payment in a timely manner, the vendor may place a lien on your property.

**Evictions** - An eviction is rare but, on occasion, may be necessary. An eviction starts with the posting of a three-day notice to a tenant for non-compliance. Non-compliance beyond the posted deadline allows for the eviction to be filed in civil court. The cost will vary from \$100 to \$350 and can be more. The time necessary for an eviction is determined by the tenant but is usually not more than 3 weeks. If the tenant voluntarily moves, the eviction will be shortened. If the tenant requests a hearing, the court will schedule the hearing, which is usually within 2 weeks.

Pelican Real Estate can do all work that is needed up to the hearing. We are not attorneys and cannot represent you in court. You may be able to be present with a conference call but this will have to be approved in advance with the court. Pelican would be present to introduce all evidence to the judge.

**Service Contracts** - You are responsible for delivering to us copies of any Service Contract or Warranty that exists, if any, within 5 business days of signing the property management agreement. If we don't receive them within 5 business days we will assume none exist.

If you should purchase a service contract at any time during the term of the property management agreement, you must notify us immediately in writing and send a copy.

**Inventories** – A property’s inventory may be substantial, as with a fully furnished home, or minimal, such as pool equipment or yard equipment. In either case, the property owner is responsible for providing a list of all inventoried items. The inventory list will be entered into the computer and an agreement will be made from this that the tenant must sign and return. The tenant is responsible for any damaged or missing items unless the damage was caused from normal wear and tear. The tenant can also record any damage that may exist before they take possession of the property. The move out inspection will include an inspection for the inventory.

**Theft or Damages** - If your unit is furnished, you shall provide us with a written inventory of personal items and furnishings. This also includes items left in unfurnished units like washer/dryer, ceiling fans, pool equipment, yard equipment etc.

If you do not have a written inventory there will be a charge for your property manager to complete an inventory. A copy of such inventory will be provided to the tenants.

Pelican Real Estate is not responsible for damage to the premises or missing, lost or damaged items or furnishings under any circumstances, including but not limited to, theft, switching out of items, vandalism or negligence of tenant(s), their guests or third parties.

**Insurance Policies** - Insurance is a serious concern in Florida. You should contact your insurance company as soon as you begin considering to rent your property. Failure to contact your insurer and notify them of the change could mean that you may not be covered for any reason. The responsibility to obtain and maintain the proper insurance rests solely with you. Landlord agrees to indemnify Broker for any damages suffered as a result of any lapse in or failure by Landlord to maintain insurance coverage.

You shall maintain, at your expense, a rental dwelling insurance policy which includes public liability and compensation insurance in an amount not less than \$100,000.00 per person and \$300,000.00 per occurrence to protect the interests of Pelican Real Estate in the same manner and to the same extent as it does the owner.

We ask that you request your insurance company to cover Pelican Real Estate as an additional insured and provide your property manager with a copy of such policy. Naming Pelican Real Estate as an additional insured should not increase you premium.

**Homestead Exemption** - It is your responsibility to notify your county tax office of the status change from Owner Occupied to Rental Property. Pelican Real Estate will not notify the tax office of any change. The change will affect your property taxes paid at the end of each year. If your mortgage company pays the taxes from an escrow account, this will make your monthly payments increase to cover the escrow amount paid.

**Taxes and Assessments** - If you owe money to any taxing authority, condominium or homeowners association, we will withhold enough funds for payment of those obligations from rent payments when we are notified of such obligation by these entities.

The responsibility to complete any withholding or tax forms required by federal, state or local agencies rests solely with you as the Owner of the property.

Federal taxes are not withheld from your monthly rent collections. You are responsible for filing your

income or loss from rental property on Schedule E of your federal tax return.

**Utilities** - We recommend that you leave the power and water turned on even while the property is vacant. In the summer, the AC can be left on at approximately 80 degrees, which will keep the home somewhat comfortable for showings and will help control mildew in the home. In the winter, and with time change, it gets dark by 5PM and lights are needed for late showings. Water is important because occasionally touch up cleaning may be needed and the toilets should be flushed periodically to keep them clean.

Utilities can be turned on by Pelican and the bills can be paid from the rent or funds that the property owner sends to us. Property owners may consider the Landlord Policy with Gulf Power. This will automatically transfer the electric to the owner when the tenant schedules for disconnect. At this time, no water company has this policy.

When Pelican contacts you that you have a new, signed lease, please have the utilities terminated as quickly as possible. Each tenant is notified at the lease signing to have utilities turned on in their name. Final bills for utilities will be paid from the rent collection.

**Giving Written Notice To Your Property Manager** - You will need to notify your property manager in writing if any of the following occur:

- Your mailing address changes.
- Your phone numbers change.
- Your name changes.
- Your association changes its rules.
- Your association fee changes and we are making the payment for you.
- Your association has notified you of a need to gain access to the interior of your unit.
- Your bank account information has changed and we deposit the funds for you.
- You receive a notice from any government agency that affects your property or your tenants.

You may phone in changes but a follow-up letter is required. E-mail can be used as long as you verify delivery with a phone call.

**Association Fees and Rules** - If the rental unit is a condominium or is governed by a Homeowner's Association, any lease negotiated shall be subject to the Association Rules and Regulations. You will be required to provide Pelican Real Estate with association application forms and a copy of the Rules and Regulations. As owner of the property, you are responsible for any monthly maintenance or recreation fees and to keep them current.

In the event that your tenant(s) fails to comply with the rules and regulations of your association, the association may force you to evict them and/or may hold you liable for fines, fees or assessments from the homeowner's association. If Pelican Real Estate is notified of such failure to comply, your property manager will deliver the appropriate legal notice, but can do nothing further if the tenant resists taking corrective action. At such time an attorney will need to be consulted.

**Warranties** – You must notify Pelican of any warranties that you may have or that you may purchase. If we contact you for a repair, please remind the Pelican agent of such policies.

You can purchase a home warranty from Pelican but only at the beginning of a new lease. The home

warranties are reasonably priced but may not be necessary for every property. A new home will already have warranties from the manufacturers and the builders. If you have experienced problems with any appliances, you should consider a home warranty.

**Mortgage Payments** – At this time Pelican Real Estate will not pay mortgage payments for you. You will need to continue to pay the mortgage payment as you have been doing.

**IRS Withholding Requirements** - US citizens must provide a Tax ID number with a physical address on a W-9 form to be exempt from IRS withholding tax.

Non-US citizens (non-resident aliens) must provide a signed form W8-EIC with their US tax ID number, but are advised to seek the advice of a tax professional before signing IRS form W8-EIC 8 which states that the signer is exempt from US tax withholding because their rental property is a business.

Without the proper owner tax information, our accounting department will have two options:

- (1) Hold all owner funds in escrow for a period not to exceed 3 months waiting for the withholding exemption paperwork.
- (2) Release funds to owner after paying 31% withholding tax to pay the IRS until withholding exemption paperwork is complete and submitted to accounting.

With your completed W-9 Form, no federal taxes will be withheld from your monthly rent check. By the end of January, a 1099 Form and a year-end statement will be sent to you for the previous year's activity. You will report any income or loss from your rental properties on schedule E and submit it with your federal tax return.

**License** - Some local jurisdictions require that you have an occupational license before renting your property. Your property manager will try to guide you through this requirement, but we strongly suggest that you check with your city and county regulatory agencies for their direction as the responsibility rests with you to obtain any required licenses.

If you lease your property for a period less than 6 months to new tenants, then you must register your property under Chapter 509 FL Statute as a transient rental unit. However, we do not provide for this service.

**Lease Renewals** - Approximately 30 days prior to the lease end date, your property manager will write to your tenant to determine what their intentions are regarding a new lease term. You will be contacted as soon as possible and notified of their intentions. You will also be contacted to determine the length of any renewal; any changes needed in the terms of the lease, and what amount of increase in rent can be anticipated.

**Statements** - Each month you will receive a statement from Pelican Real Estate for any activity that has happened during that rental period. If your home was vacant at that time, you will not receive a statement.

The statements are pretty easy to understand but some explanation may be helpful. We can print statements from any period to any period. We try to print statements that accurately represent the activities for that specific rent collection. However, if a tenant pays unusually early, your statement may show no activity but will have a balance carried forward. The date on the statement for the rent

payment may not be the actual date of the payment.

The statement has 3 columns that show what has happened during the rental period. The income column has rent collected, any refunds, and owner funds that were sent to us for repairs. The expense column has all expenses, which include the management fee, any money paid for repairs, homeowner's association fees, insurance, or other payments. The owner's check is considered an expense on the statement. The balance column will have any beginning balance and any ending balance, if any.

Security claims will be listed as income and expenses on the statement. Any repairs or cleaning will be listed as expenses. This will be offset by security paid from the tenant and listed in the income column. The net effect to the property owner is zero unless the repairs are greater than the security deposit. An ending balance may appear during this period. At the time of the statement, we may not have received all invoices for work that was ordered. The released security will be shown as an ending balance until all bills have been paid.

Year-end statements will be mailed with your 1099 Form near the end of January. The totals may not be exactly as you expected. The total income can vary depending on the date the rent was collected.

*Example: A tenant planning a vacation for the Christmas holiday pays the January 2009 rent on December 20, 2008. This must be reported as income for 2008. This will also affect the income that is reported for 2009.*

**Selling Your Rental Property** - Pelican Real Estate property management personnel specialize in property management as well as sales. We are experienced in selling property. If you were referred to our property management program by another Pelican agent we will refer you back to them when you decide to sell as long as that agent is still with Pelican. If you came to Pelican by some other means besides in house referral then our Property Manager would be happy to assist you in the sale of your home. Pelican is one of the largest real estate companies in our area and we have a large pool of excellent sales agents.

If your property is vacant, you can market the home for rent or sale simultaneously. You must contact us immediately if an offer is made on your property. If you accept the offer, we will remove the home from the rental program. If tenant is found first, we recommend that you take the property off the sales market until close to the end of the lease. A prospective tenant may look elsewhere if they know a property will remain for sale after they sign a lease.

If your property sells while you have a lease, the lease will prevail and the property must be sold subject to the lease. Tenant cooperation is very important in the smooth transfer of property ownership.

Lock boxes cannot be placed on a tenant occupied property without the specific written consent of the tenant. You should also notify your Property Manager if you are listing the property for sale. Tenants often feel insecure when the property is listed and may ask for an early termination. You will need to be prepared to either let them go without penalty or to make some concessions for the inconvenience.

By signing the Property Management Agreement, you agree to the terms and conditions herein. If you do not understand any provisions in this manual, consult an attorney. In the event of a conflict between any provision in the manual and the Property Management Agreement, the terms of the Property Management Agreement shall control.