



RUSSELL PROPERTY MANAGEMENT

Property

Owner's

Handbook

For Residential Rental Property

Used in Conjunction with the Exclusive Leasing and Management Agreement

Welcome to Russell Property Management!

Our goal is to make your association with our company a pleasant experience and our hope is that you will consider Russell Property Group, LLC d/b/a Russell Property Management for all of your real estate needs.

It is our belief that a description of our services and procedures that you can use as a reference after your listing agreement is signed will simplify our business relationship. We have developed this **Property Owner's Handbook** to enhance the communication between you and your property manager and to detail the responsibilities of Russell Property Management as we take on the leasing and/or management of your investment property. If you understand the process, we can better serve your needs.

This **Property Owner's Handbook** is designed to familiarize you with our administrative process.

The contractual relationship between you and Russell Property Management is defined by written agreement. You should refer to your individual Property Management Agreement for terms and conditions and for actual fees for services rendered.

If this Booklet does not provide the answers you need, we are available to answer your questions or to address your concerns. 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; however, a copy will be available at all times by visiting our web page RussellPG.com.

A Company Overview

Russell Property Management is a locally owned and operated company with over 25 years of combined real estate and property management experience. We offer a full range of real estate services while maintaining the highest degree of professional and ethical standards. Family owned and operated by 5th and 6th Generation Tampa Bay Area Residents, Russell Property Management is committed to excellence in all phases of real estate and looks forward to the future with great expectations.



Where Can You Reach Us?

Toni W. Russell, Broker/Owner

Russell Property Group, LLC

P.O. Box 11986 St. Petersburg, FL 33733

Email: Toni@russellpg.com

Main: (727) 323-4400

Cell: (727) 421-2627

Spencer Russell, Broker/Associate

Division Manager

Russell Property Management

P.O. Box 11986 St. Petersburg, FL 33733

Email: Spencer@russellpg.com

Main: (727) 420-7822

Cell: (813) 601-2450

Alexander Gell, Realtor®

Property Manager

Russell Property Management

P.O. Box 11986 St. Petersburg, FL 33733

Email: Alex@russellpg.com

Main: (727) 323-4400

Bobby Knuth, Realtor®

Sales & Leasing Associate

Russell Property Group

P.O. Box 11986 St. Petersburg, FL 33733

Email: Bobby@russellpg.com

Main: (727) 323-4400

Cell: (850) 766-9988

Vendor/Maintenance Coordinator

Jordan@RussellPG.com

General Info: Info@RussellPropertyManagement.com

Maintenance: Maintenance@RussellPG.com

Russell Property Group, LLC / Russell Property Management

- Personal relationships, experience and expertise.
- Knowledge of local markets.
- Competent, licensed and insured vendors for repairs and maintenance.
- Fair market rates for appliance, heat and air conditioner repair and general repairs.
- Our accounting is processed locally and each property manager is trained on their properties, no third party accounting layer to have your questions answered.
- Online Owner Statements monthly detailing income/expenses.
- Owner documents and invoices available online.
- Automated Funds Transfers provided
- Notification to tenants of rental status monthly
- Prompt rent collection action with legally required notices.
- Annual Income and Expense report with IRS form 1099
- Our Property Managers are professional full time real estate licensed associates/broker associates.
- Internet exposure to over 200 sites
- Training and legal update sessions for property managers and rental associates.
- Photo and video service available to record property condition.
- Inventory services available.
- Lease renewal negotiations to keep rent in line with market rates.
- Attorney prepared leases and renewals.
- Access to free legal advice during the lease term. (Some restrictions apply)
- Tenant Emergencies handled by property managers.
- Tenant screening: Credit, Eviction and Civil Records, Criminal check & Income Verification.
- Full compliance with state and local landlord/tenant laws.
- Full compliance with Fair Housing laws and regulations.
- Full Compliance with Fair Credit Reporting Law.
- Full Compliance with Lead Paint Disclosure on all properties built prior to 1978.
- Full Compliance with local Disclosure requirements such as superfund sites.
- FREE - no obligation investment property consultation.
- FREE - no obligation, sales market analysis

Frequently Asked Questions

Preparing the Property for Showing and Occupancy

Question: *If I turn over my vacant property to Russell Property Management to lease, will you order any repairs/painting and/or cleaning that may need to be done to get the property rent ready?*

We will review with you the preparation needs of your rental property. If your property is in "rent ready" condition when you turn it over to us and nothing needs to be repaired, replaced or cleaned, we do not charge you any additional fees.

If you elect to have us oversee the preparation of the property before showings and new tenants, there is a charge for this service as outlined in your management agreement.

All roofing, major plumbing, air conditioning, heating, appliances and electrical repairs will be performed by licensed vendors. All vendors will be hired in your name and you will be obligated for all charges incurred.

Question: *Can I let the tenant do the work that is needed at the property and take it off of the rent?*

The physical condition of the property is the single most important factor in attracting quality tenants. Only vendors of good reputation and credentials should do property preparation. All properties offered for lease must comply with all applicable laws, regulations and codes.

Properties that are not in "rent ready" condition cause loss of prospective tenants. They simply go down the street to another unit that is "rent ready" causing you to wait longer for income. A property that is in "rent ready" condition when we begin to market it for rent attracts a quality tenant that will cause less wear and tear on your unit, pay premium rents, stay longer and present fewer problems.

Tenants will promise you anything at the beginning of a lease to get a deep discount, but rarely do they do a professional job. At the end of the lease if there is a security deposit claim, tenants remember only the work they had to do and not that you gave them a break. If you waive any portion of the deposit or advance rent (which we don't recommend) then you don't have financial protection from the tenant, should the tenant decide to vacate early and not fulfill his contractual obligation to you. Trusting a new tenant to prepare your property after they lease it will cost you more in the long run.

There can also be a liability issue if tenants are injured while doing work authorized by you on your premises. We do not recommend that a landlord give any concessions for reduced rent or purchase supplies for a tenant to do property repairs or decorating.

Question: *How will you handle property preparation between tenants?*

If we have your property under an annual management agreement and a tenant vacates, we inspect the premises and get the property in "rent ready" condition ASAP!

We will consult with you on items that exceed \$350.00. Routine repairs items are ordered and done quickly, to allow for good quality showings. Since normal wear and tear is a consideration, not all repairs and preparation can be covered by the security deposit, as it is an owner's expense. We are in communication with the tenants 60 days from their lease termination and can increase your owner

reserves gradually to cover any costs that may be unexpected if needed. Keeping your property in "rent ready" condition and maintaining your property while tenants occupy it is an essential requirement for us to continue managing your property. We reserve the right to cancel our agreement if we believe you are not willing or cooperating to keep your property properly maintained.

Question: *Who is responsible for changes and maintenance of 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 coded lock boxes and 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. Tenants are responsible if they damage or lose those keys during tenancy.

We will change locks at the end of each tenancy and right before new tenants move in for the protection of future tenants and to protect you from liability. The cost for such change will be at Owner's expense, which is offset by a re-keying fee if charged to tenants as part of the lease agreement.

Marketing the Rental Property

Question: *What will Russell Property Management do to advertise my rental property?*

Once your property is in rent-ready condition we will do the following:

- We will place the property in the local multiple listing service ("MLS") (if available).
- We will place appropriate signs on the Property and remove all other signs.
- We will place your property on Russell Property Management website which uploads to 200 other websites automatically through our property management software.
- We advertise the property in Newspapers and other print advertising sources at owner expense.
- We provide network connections with other Realtors through local board and affiliates.
- Being local and having the reputation we do, other agents and previous clients refer business to us on a consistent basis.
- Our associates also send associate to associate referrals of prospective tenants.
- If agreed to in your management contract, we will place a lock box on the door to allow for easy showings by multiple associates and other licensed brokerages.

Tenant Approval Process

Question: *How do you decide if a tenant should be approved for residency?*

All adult residents 18 years of age or older complete a residency application and pay an application fee for verification of credit references and criminal and civil background checks. Photo identification (typically a driver's license, sometimes a passport) is required from each applicant. We publish our applications and criteria for residency on our web page for tenant's review prior to making application. We are consistent with qualifying each prospective tenant and therefore have qualified tenants throughout the tenancy. Additional criteria includes, but is not limited to the following:

- Applicants have a combined gross income of 2 ½ times monthly rent
- Credit background must not reveal eviction filings, collection liens
- Self-employed applicants may be required to produce two (2) years of tax returns
- All sources of income must be verifiable. If the income is not verifiable, additional advance funds and/or a guarantor will be considered.
- Criminal records must not contain any felony convictions. Adjudication withheld or misdemeanors pertaining to offenses regarding illegal drugs or crimes against persons or property.
- Any exceptions to the criteria required by Russell Property Management will be submitted to the owner for the owner's consideration. We may ask for additional security and/or advance rent. Sometimes for people without any credit history, or people from out of the country, we ask for a co-signer who must also go through the application process.
- The verification report may not provide information from all jurisdictions within the U.S. and does not provide information from jurisdictions outside the U.S. Russell Property Management does not warrant the completeness or accuracy of the reporting agencies.

Question: *Who gives the final approval for a tenant?*

We will ask for Power of Attorney to sign leases on your behalf. That means that the property manager will give final approval after having received instructions directly from you and will sign the lease on your behalf. We have residency criteria for the Tenant Application that is listed on our web page for Tenants accessible for your review at any time, and helps us determine tenant risk, large or small. We obtain increased amounts of monies up front if there are credit issues. Only you can decide to increase your risk by taking a seriously credit challenged tenant applicant. If you wish to approve your tenants and sign all leases and extensions, it will slow down our ability to place tenants; however, it is possible as long as we can reach you within a 24 hour period by email, telephone or mail to obtain your signature on the lease. **Time is of the essence with regard to legally binding leases. We will want to email or scan you a copy of all lease documentation and have you scan and email a response within 24 hours. If you have no scan or email then we will charge you for overnight mail costs to secure the tenant to the lease.**

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 disability.

LONG-TERM RENT COLLECTION PROCESS

Question: How will Russell Property Management collect the tenant's rent?

We will make every reasonable effort to collect the rents according to the terms and conditions of the lease. We will also deliver the required "Three-day Notice", which is mailed or posted on the door of the rental unit when the tenant's rent has not been received by the 5th of the month. This notice delivery is the beginning of the eviction process.

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.

Russell Property Management is not liable in the event the tenant presents bad checks or fails to pay. Additionally, Russell Property Management 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 Russell Property Management to charge the tenant for bad check processing, credit reports, pet application fees, late fees, administrative fees and such other matters as may be necessary to enforce the tenants' compliance with the lease. Russell Property Management makes every attempt to collect those charges from the tenant so that we do not have to look to the owner to pay for the notice and enforcement process.

Late fees on your mortgage and association payments are not the responsibility of Russell Property Management. If you elect to have Russell Property Management 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/Landlord Lease Compliance

Question: Do I need to give the tenant my phone number and address?

Although your name, as owner, will appear on the lease your address and phone number will not. The tenants are instructed to call their property manager. **We ask that you do not give your phone number to your tenants. Having one line of communication minimizes the potential for misunderstandings with tenants.** The relationship with a tenant is a business relationship and contact with the tenant directly without the property manager's presence is unwise. Tenants will always try to circumvent the system if they believe they can call and persuade an owner into getting more concessions than their property manager is willing to give.

We will handle all Tenant requests and negotiations that may arise from time to time. We will call you only if we need your opinion on an issue that is not clear or on a repair that exceeds your reserve amount. If a tenant does contact you, please refer them specifically to your property manager or our office in general 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 defects that create a health or safety

issue, we take care of immediately. Prompt and experienced handling of repairs protects you from landlord liability.

Question: *What if the tenant leaves earlier than the lease expiration?*

Under the terms and conditions of the attorney prepared lease, you may receive payment for months of vacancy after a tenant leaves early until a new tenant starts paying rent if the tenant breaks his lease without notice. If the tenant gives 30 days notice prior to vacating early, we must follow the security deposit claim procedure of Chapter 83, Florida Statutes. Any dispute of such claim by the tenant will be handled through the proper legal process.

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. However, according to the attorneys who prepare the leases, it has been their experience that landlords do not fare well in court against a tenant who leaves due to a hardship. 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, so that if we re-rent the unit, then the tenant only has the liability for vacant months and any penalty payments specified in the lease.

We attempt to negotiate a satisfactory resolution for everyone involved, which is why tenant relations is such an important part of our property management process.

Question: *What if I want to see the property with the tenant in the unit?*

You will need to contact your property manager so that appropriate notice can be served to the tenant of the inspection. We must give 12-24 hours written notice. We strongly recommend that you do not meet with the tenant without your property manager present. Tenants frequently interpret such a visit to be an indication that the landlord wishes to deal directly with the tenant and not through the property manager. Some tenants will take advantage of this situation, if the event occurs, to ask you for items they think you will approve that your property manager may not.

In the event a visit with the tenant occurs without your property manager, any items agreed upon during a landlord visit should be in writing and each should have a reasonable time frame for accomplishment included. If improvements are needed to the property, do not make promises to the tenant until you have had a chance to discuss estimates for work with your property manager. You may find that the cost for such items is higher than you thought and then if you don't proceed with the work, the tenant becomes unhappy and difficult to satisfy.

Please do not give your phone numbers to a tenant or you may get calls you are unable to handle or do not want.

Security Deposit and Last Month Rent

Question: *Who will hold the tenant's last month's rent and security deposit?*

Russell Property Management will hold all security deposits and advance rent in an escrow account set up for our Owners in accordance with chapter 83, Florida Statutes on all managed properties.

Question: *Can the security deposit be used for anything other than damages, and may I be present at the move-out inspection?*

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. The tenant's Security deposit must be returned within 15 days unless a claim is made for damages. If a claim is made against the tenant's security deposit, it must be made within 30 days of vacancy. Unless you instruct us in writing within 24 hours of vacancy of your intent to view the property before the prescribed 30-day claim period ends, a move-out inspection will be done and your property manager will obtain vendor estimates and determine what claims need to be made. Decisions of your property manager are final and Russell Property Management 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. Any unclaimed funds (security deposit refunds) will be returned to the tenant within the prescribed claim period. Russell Property Management will arrange to have utilities turned on at owner's expense to be able to show or make repairs as needed until a new tenant moves into the property.

Question: *May I claim the vendor's estimate and then do the work myself?*

Certainly you may work on your unit, but Chapter 83 FL. Statutes gives tenants the right to see the actual paid invoices for materials and labor. Your labor is not a billable item for a security claim. Therefore, if you end up in court on a security deposit dispute and the judge rules that you owe even one dollar back to the tenant, the tenant may be the prevailing party and the legal costs of the case will be charged to you.

Repairs and Maintenance

Question: *Who does my tenant call if there are repairs needed on my property?*

The tenant can call our office and speak to the property manager or complete the preferred on-line maintenance request located on our web page. The tenant should never be contacting you directly for repairs/maintenance requests. You have hired us to run interference between you and your tenant, PLEASE let us do our job.

Question: *What if there is an emergency request after business hours or on a weekend?*

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

Question: *Who will be responsible for ordering repairs to my rental unit?*

If a repair is a true emergency (water leaking, flood, septic/sewer 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. Your property manager will attempt to notify you, but you may not know of the repair until your monthly statement arrives.

If a non-emergency repair exceeds \$350.00 or the amount of money that we are holding in reserve for your property then the property manager will contact you to determine what steps you wish to take to correct the deficiency in the unit. As Owner, you give Russell Property Management the right to authorize access as necessary to your property to make repairs and to protect the property and the tenant's rights.

Question: *How will I pay for repairs and services ordered on my rental unit?*

Owners maintain an operating reserve account with Russell Property Management for repairs and recurring maintenance expenses such as pool, lawn, and extermination. This is normally \$300 but in no way does that limit Russell Property Management's expenditure to that amount if the cost to maintain the property exceeds that amount. This balance will be replenished from rent proceeds or we will contact you for funds as needed. Owners will be required to increase their reserves if monthly items consistently exceed that amount.

As your property manager, Russell Property Management 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 Russell Property Management and Russell Property Management shall not be responsible for their acts or omissions.

Accounting will mail or direct deposit rental proceeds less any deductions for repairs on the 15th of each month or as soon as rents have cleared. At the end of each month, you can access a full accounting statement showing all transactions during the month through the owner's portal on our web page at RussellPG.com. In January of each year you will receive a full year to date statement and your IRS income report form (1099 for U.S. citizens or 1042S for non-resident aliens) showing your total gross income.

Vendor invoices are available, but as a general rule are not included in your statements. The IRS may require copies of such invoices if you are ever audited, but your statements of income and expenses are sufficient for your tax accountant to complete your tax return.

Question: *What happens if I on vacation or you can't reach me?*

In the event you cannot be contacted, when repairs are necessary, we will take whatever action an owner of reasonable prudence and concern would be expected to undertake for the protection of the owner's property and/or for the fulfillment of the owner's legal obligation to the tenant. Messages will be left by phone, email or regular mail with information about the problem we needed to handle in your absence.

Question: *What if you can't reach me and I don't have any funds in my account?*

We will try to make arrangements with vendors who will wait 30 days for payment or until we can replenish from the tenant's rent. However, if you do not make the payment in a timely manner, the vendor may place a lien on your property. If you continually have low or insufficient funds in your Operating Reserve Account, we will increase your reserves.

Question: *In what order are my bills paid from the operating account?*

We pay your rental expenses in the following order: Foreign withholding, leasing and management fees, insurance bills, utility, vendor bills, association fees, mortgage payments, property taxes and any assessments. This is why it is so critical for you to have sufficient reserves.

Question: *What if I have a service contract/Warranty on my property/appliances?*

You are responsible for delivering us copies of any Service Contract or Warranty that exists, within 5

business days of signing the property management agreement. If we don't receive copies during that time, 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. Please know that repair or maintenance warranties are not always the most cost effective and your property manager should always be consulted if you are considering in purchasing one.

Question: *In the event of a hurricane will Russell Property Management put up my shutters?*

The short answer is No, as we are not responsible for preparation of property or installation of shutters or securing the property in case of natural disaster or Acts of God. We can however, recommend vendors that can assist you in making arrangements in advance with a professional in this type of disaster or emergency.

Question: *Do you have any limit of an amount you can spend on my behalf?*

We will not spend more that \$350 without your consent. Additionally, even with your consent, we cannot, by law, order any services that exceed \$5,000. If such an expense is required, we will put you in contact with a licensed contractor suited for the type of work necessary. We can assist in monitoring the significant costly work.

Question: *Who is responsible for items that are taken or are damaged?*

If your unit is furnished, it is your responsibility to provide us with a complete 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 may be provided to the tenants. Russell Property Management is not responsible for damage to the premises, 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.

Additional Owner Responsibilities

Question: *Will I have special requirements for any insurance policies?*

Yes. You are required to 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 Russell Property Management in the same manner and to the same extent as it does the owner.

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

The responsibility to obtain and maintain the proper insurance rests solely with you. You agree to indemnify Russell Property Management for any damages suffered as a result of any lapse in or failure by you to maintain insurance coverage.

Question: *What about taxes or assessments that I may owe?*

If you owe money to any governmental 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 those entities. The responsibility to complete any withholding or tax forms required by federal, state or local governmental authority rests solely with you, as the Owner of the property.

Question: *Must I maintain the condition of the property to any specific standard?*

All heating, cooling, plumbing, electrical systems and all appliances must be kept in good working condition. The Owner is responsible for the cost of maintenance of these items during the lease unless it can be shown that the need for repair was caused by tenant negligence. Unless otherwise exempted from Owner repair responsibilities, all appliances (including washer and dryers) and mechanical devices must be repaired or replaced as they become inoperable. Examples: Garage door openers, pool equipment, spa equipment, etc.

The roof must be maintained as watertight and ensure that water does not enter living areas either from rain or subterranean sources during the term of your management agreement and any lease in effect during that period. Doors and windows must work and have no broken glass. Windows must have screens. You must maintain the property in good habitable condition and in compliance with all applicable laws, ordinances and regulations.

Question: *When do I have to give written notice to my property manager?*

You will need to notify your property manager in writing if any of the following occur:

- a. Your mailing address and/or telephone numbers change.
- b. Your association changes its rules or its management company.
- c. If your association fee changes to avoid errors in payment.
- e. Your association has notified you of a need to gain access to the interior of your unit.
- f. Your bank information, where funds are being deposited, changes or account number.
- g. You receive a notice from any government agency that affects your property or your tenants lease rights.

You may phone in changes, but the accuracy of our records is important and written notice is preferred. E-mail can be used but a follow-up letter is recommended, as e-mail sometimes does not go through to its proper destination.

ASSOCIATION FEES AND RULES

Question: *How do you work with my homeowner or condo association?*

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. As the owner of the property you agree to pay all federal, state or local taxes or assessments that are due or may become due. You will be required to provide Russell Property Management 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 you receive notices from your association regarding the condition of your property or your tenant's failure to comply with community regulations, please forward to your property manager so that appropriate action may be taken.

If Russell Property Management is notified of such failure to comply, your property manager will deliver the appropriate legal notice to your tenant. If the tenant resists taking corrective action, an attorney will need to be consulted for further action.

MORTGAGE PAYMENTS

Question: *Who will pay for my Mortgage payment and when will it be paid?*

As owner of the property you are responsible for paying any mortgage, condominium, maintenance fees, taxes, insurance and charges related to your property. If Russell Property Management agrees in writing to accept the responsibility for paying any of those fees, an additional minimum fee of \$25.00 or 1% of the total cost of the bills to be paid, whichever is greater, per month will be added to your management fees to process those payments for you.

Russell Property Management will not make such payments if you do not provide sufficient funds to cover the expense nor will we be responsible for payments that are not made on time for any reason unless gross negligence occurs.

As mentioned previously, if Russell Property Management is forwarding payment for mortgage and/or association payments and other recurring payments, Owner will establish two month's worth of reserve funds in owner's operating account and will allow Broker to retain funds from rents to replenish the reserve amount. Owner shall provide Russell Property Management with all necessary coupon slips or monthly statements to accompany said payments.

IRS Withholding Requirements and Local Tax and Registration Requirements

Question: *What forms must I provide to you to exempt me from IRS withholding regulations?*

US citizens may provide a Tax ID number with a US physical address or a citizenship statement and W -9 to be exempt from IRS withholding tax.

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

All income will be reported to the IRS by form 1099 for U.S. citizens or form 1042S for non-resident aliens. 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; or (2) release funds to owner after paying 31 % withholding tax to IRS until withholding exemption paperwork is complete and submitted to accounting.

Question: *Do I have to have any type of license to rent my property?*

Some local jurisdictions require that you have an occupational license before renting your property. It is your sole responsibility to check with your city and county regulatory agencies for their direction as the responsibility to obtain any required licenses rest with you.

If you lease your property for a period less than 7 months to new tenants, then we must register your property under Chapter 509 FL Statute as a transient rental unit. Accounting will bill your account \$50.00 each year for registering under Russell Property Management's collective license. If you were required to obtain this license as an individual, the cost would exceed \$125 per year.

Question: *If I lease my property for a period less than 6 months and one day, who will collect and pay the state and local taxes?*

Leases for periods of less than 6 months and one day are subject to both state and county taxes. Russell Property Management will register your property with the Florida Department of Revenue. The cost for this registration is a one-time fee of \$150.00, which will be deducted from your rent proceeds.

If you should receive documents pertaining to your Florida tax registration status, please forward them to your property manager.

If you have been leasing your unit for short-term leases and already have a registration number with the state, you may want to inactivate it as you will no longer have to complete the required reports. We will file necessary reports for you.

Russell Property Management Fees

Question: *What are leasing and renewal fees and when are they due?*

When we procure a qualified tenant and all advance funds are collected, we will debit your owner operating account for the initial leasing commission. (Please refer to your Agreement)

If the tenant remains in the property after the first lease term is over and a lease renewal is obtained, a renewal fee is charged to your account the first month of the new lease.

Approximately 60 days prior to the lease end date your property manager writes your tenant to determine what their intentions are regarding a new lease term. We need to determine the length of any renewal, any changes needed in the terms of the lease, and what increase, if any, in market rent may be requested.

Question: *What does my management fee cover?*

The rent collection process, paying of related vendor expenses, and an account statement available on our website showing all of your income and expenses in an organized report form.

At the end of year we provide a mailed annual statement of income and expense, along with the IRS required 1099 or 1042S form whichever applies to your citizenship status. Your property manager and associated support staff stand ready to serve both routine and emergency needs for your tenants. They handle emergencies as they occur and routine matters are handled during normal business hours. This includes coordinating vendor appointments and obtaining estimates for property expenses greater than \$750.00. Routine move-in and move-out inspections are done as a written record for tenant security issues. Annual property condition inspections with videos are done for an additional fee. **Requests can be made for comparative market value of your managed property at no additional charge.**

Question: *What if the property manager assigned to my account leaves Russell Property Management or no longer chooses to perform the duties of a property manager?*

In this ever changing economy and sometimes unforeseen change can happen during your relationship with Russell Property Management. For whatever reason, your original property manager may not always be there to serve you. While the Broker prefers to contact you on an individual basis, it may not always be possible. If a change should occur or becomes necessary, we take the following steps:

1. Notify owners and tenants by letter of the newly assigned property manager.
2. New qualified Property Manager reviews the file and, if necessary, inspects the property.

At any time during a change period, please feel free to call us. Our main objective is to give you continuous professional service.

Question: *What if my property is vacant? Do I still incur a full management fee per month?*

No. For any vacancy period other than initial vacancy period at time of listing, you will receive a \$75.00 vacancy fee per month.

Question: *What if I change my mind and don't want to rent the property after I have signed the management contract?*

We do have a cancellation fee policy in your contract to allow for unexpected circumstances before a tenant is secured. After we have secured a tenant you will owe management fees for the full term of that tenancy, plus lease and renewal commissions for the duration of that tenancy.

Question: *What if I want to sell the property with the tenant in the unit?*

The lease will prevail and the property must be sold subject to the lease. Our attorney prepared lease provides for showings anytime during the lease term, but gaining tenant cooperation much sooner than 60 days from the end date is difficult. Lock boxes cannot be placed on a tenant occupied property without the specific written consent of the tenant.

If you wish to list the property for sale, contact your property manager who will assist, along with an in-house qualified sales associate, to perform a comparative market analysis and help you determine a reasonable asking price. Tenants often feel insecure when the property is listed and may ask for an early termination. You will need to be prepared to work with them to terminate without penalty or to make concessions for the inconvenience of placing the property on the market.

Question: *What if the tenant purchases the property?*

We will assist with the offer and acceptance process, including preparing necessary transaction paperwork. We will also assist the tenant in obtaining financing opportunities. Once the transaction is completed, Russell Property Management is entitled to a reasonable sales commission.