



# HOMEOWNER'S

## QUARTERLY



Hello from Pensacola! *Summer is flying by.* It's 98 degrees and rains every day in Pensacola. The kids start school in 2 weeks. We are heading into peak hurricane season as August and September are two of the busiest months for storms. The economy is likely headed into a recession, and we are keeping a close watch on delinquency and denying a lot of rental applications with this in mind. The sales market is slowing down with longer days on the market and more price drops than we've seen in 10 years. Nobody knows what's to come, but we are planning for it and ready for whatever the future holds.

Read below for more updates and news from the Pensacola area.

***-The Realty Masters Team***

## Rentvine Software Transition

Have you connected your new Rentvine portal? Thank you for your patience as we transitioned our software for the first time in 20 years. We are excited about the new software and know we will provide better customer service because of it. Reach out with any questions on connecting to the new portal or let us know if you did not receive an invitation.

We did carry over financials and items from earlier this year into the new software, but if you want to be sure you have previous **historical documents**, we ask that you download these to your personal files this month as we will be losing access to the old portal in the coming months. You can access [these records](#) here with your old username and password. Don't be worried though, we will still have access to all of your data and records.



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## Florida Insurance Woes Worsen

Our last four newsletters have had insurance articles in them. If you have not yet been affected by the Florida insurance market, you will be. Several of the largest insurers of Florida rental properties have gone into receivership, meaning they do not have adequate cash to continue operating, forcing thousands of insurance cancellations this year including the most recent carrier Southern Fidelity. If you had this carrier, your insurance policy was cancelled and you may be without insurance. Additionally, several companies are reducing their "hurricane risk" and canceling policies in our area.

Securing a new insurance policy is not as easy as it used to be. In order to secure a new insurance policy, you will likely need:

- A four point inspection if your home is over 20 years old
- A wind mitigation inspection if you have not recently had one
- A new roof or new water heater ( [read more about these in our previous issues here](#) )

If your property has a roof more than 15 years old, we advise to be careful in changing policies as you may not find another. The same is true with water heaters at or above 15 years old.

We are happy to help review your insurance policy. We can also connect you with an insurance agent who can help you shop for coverage. Also, this is a friendly reminder to send us your insurance policy. We will be auditing our files and requesting insurance declaration pages soon, so be on the lookout for that.



## Potential Legislation Changes

Locally, we are monitoring two pieces of legislation that may have minor impacts on real estate investors in the area. They include:

- 1) **This is huge for short term rental owners on Pensacola Beach, but is not likely to affect any other investors.** The local Santa Rosa Island Authority is talking about imposing occupancy restrictions on Pensacola Beach. This will adversely affect vacation rental property owners in a significant way, especially those larger luxury properties that host large events throughout the year. This should not affect tourism or our local economy overall. We are unsure if this measure will pass.
- 2) **Escambia County School Board is voting on an increase in property taxes to combat inflation.** This increase would take the millage rate for the school board from 1.214 to 1.5. While not a significant increase, everything adds up. Luckily, as rising insurance prices have been hurting homeowners and investors, we have not seen any substantial tax increases recently.

As many municipalities around the county are implementing rent control measures, we're happy to announce that the Pensacola area has not implemented any city, county, or state

## Florida Corporation/ LLC Scams

As technology advances, so do scammers. We're seeing a plethora of new scams and wanted to alert you to one that is targeting owners of Florida corporations including partnerships and LLC's. These scams are entities posing as The Florida Division of Corporations and requesting funds for different services that are not required by the Florida Department of State. As the communications look and seem official, it's easy to believe you must pay these fees for these services. A Florida Law Group recommends watching for these 3 scams.

### Scam #1 Florida Corporate Filing Services:

Requesting \$47 for a certificate of status or \$125 for filing corporate minutes.

### Scam #2 Corporate Filing Services Center:

Requesting \$68 for a certificate of status that is not required by the state.

### Scam #3 Certificate Filing Service:

Requesting \$49 for a certificate of status that is not required for your corporation.

Florida's official corporation website is [www.sunbiz.org](http://www.sunbiz.org) and they have a section called "Consumer Notices" which alerts you to potential

legislation for rent control ordinances, and we have not heard any of these measures being discussed seriously.

scams they become aware of. You should file your corporate reports online at their website and pay any fees owed to the Florida Department of State.



## Let's talk about Security Deposits

As the homeowner and landlord, you are the sole party responsible for maintaining your property. If you expect your tenants to pay for all repairs that need to be done, you will not be satisfied as a landlord!

### Legal Corner: Frightening Security Deposit Claim Case

Lacey and Nicole recently attended a NARPM Landlord Tenant Law Seminar and wanted to share the craziest thing we heard while there, a landlord tenant law case **over a \$650 security deposit**.

The tenant filed suit against the landlord for their "unlawful efforts to retain Plaintiff's security deposit funds and to charge and collect unauthorized and arbitrary fees from residential tenants." The case was filed two years after a tenant vacated a mobile home park in Gainesville, Florida. The tenant was charged legal fees for the eviction \$406, bulk item removal \$250, move out cleaning \$150 and two late fees totaling \$80. These very reasonable expenses were presented after move out to the tenant but it is claimed the landlord did not send the required "Notice to impose a claim for damages on the security deposit" certified mail within 30 days to the last known address. Because of this, the tenant filed suit against the landlord despite obviously owing the charges.

The crazy thing about this case is the amount the plaintiff, the prior tenant, was awarded. **The landlord paid the tenant \$2,520.85, and attorney's fees in the amount of \$29,400 for a total judgment of \$31,920.85.** We've uploaded a [few documents](#) from this court case if you'd like to review them! The tenant, who only moved once eviction action was started, prevailed in this case and the landlord learned a costly lesson.

The dangerous thing about Florida Landlord Tenant Law is that the prevailing party is required to pay all court costs and legal fees for other party. This is why often times we recommend settling cases to avoid nightmare scenarios like these. Remember, if the security deposit claim has 7 charges, and the

judge sides with the tenant on even one of these charges, you could be forced to pay their attorney's fees. Staying out of court is in your best interest. Here's a video from Florida Attorney Harry Heist on [Understanding Attorney Fees in Landlord Tenant Law](#).

Sometimes, we hear owners respond to our security deposit recommendations with the opinion that we are pro-tenant, and that is simply not the case. The law allows for normal wear and tear and for damages to be pro-rated based off life expectancy. While we wish we could charge tenants for your actual expenses, this is simply not the case under the law. Please remember we are always looking out for your best interest.

## Security Deposit Process Timeline

Florida Landlord Tenant Law dictates the security deposit return and timeline for doing such. The security deposit **cannot** be accessed immediately for repairs after the tenants move out, so even if charges are claimed against the deposit, we will need you to send funds for these items.

**Security Deposit Return Timeline:** It can take up to 60 days to receive funds claimed on the tenant security deposit.

- 15 days after move out- Deposit must be returned in full if no charges are claimed.
- 30 days after move out- Deposit claim must be mailed certified mail to last known address.
- 45-50 days after move out- We must wait 15 days from the date of RECEIPT of the claim in order to release funds due to property owner. If the tenant disputes, this adds another 15 days onto the claim process.

## Reasonable Wear & Tear

Reasonable wear and tear is damage to the property related to typical use of the property and exposure over time. Another commonly accepted definition is the expected decline in the condition of a property due to normal, every day use. Your property will need routine maintenance, and most of these items will NOT be charged back to the tenant. Unless it's determined by an expert that neglect, misuse, an accident or intentional damage, it is the landlord's responsibility to repair and maintain.

There are a lot of factors that go into deciding whether something is a result of normal wear and tear or tenant damage, including, but not limited to:

- Expert opinion of a contractor and our attorney
- Extent of the damage
- Length of residency
- The material and age of the item
- Condition prior to move in

## Charging Tenants for Repairs

We do charge tenants back for maintenance in some instances. A few examples of this include a foreign item in a garbage disposal, failure to attempt troubleshooting like flipping a breaker or resetting a GFI, or having a dirty A/C filter that causes a system failure.

In some instances, where we think the tenant may have had some neglect or damage, but if we can't

prove it, it's best to remedy the issue at the landlord's expense and put the tenant on notice that future issues could be billed back to them. For example, if the technician says they found baby wipes in the line, but there are no children in the unit, it doesn't make sense to charge the tenants, but rather to notify them what the plumber said and remind them that nothing foreign should be placed in the plumbing system.

As we learned with the examples above, going to court over a Florida Landlord Tenant case is not something we want to do as no argument over a vendor charge back is worth a \$30,000 judgment in legal fees. It's easy to assume a tenant damaged something that could have occurred naturally from normal use over time. In these instances, we rely on the vendor's expertise, discuss with the tenant, and then consult with our attorney to see if she thinks it will stand up in court.



## Improvements to the Property

We love property owners who routinely make improvements to their properties. Just take a look at the before and after above. What a huge difference some improvements in your home make.

If you're trying to achieve top dollar for market rent, remember that you need to improve your property. Keeping your property in good condition also attracts a quality renter. Many investors, who purchased recently, completed renovations to their properties driving up rental rates. Your home cannot compete with top-tier rates without top-tier improvements.

What improvements should you consider?

- Replacing lighting
- Updating flooring
- Changing out the countertops in the kitchen or bathroom vanity
- Removing wallpaper and painting dark trim work
- Upgrading appliances

You need to routinely improve your investment to obtain maximum rents. Haven't spent any money at your property in a while? Reach out to us to ask for recommendations for routine or preventative maintenance. It's better to complete maintenance over time than wait until the property is vacant as vacancy comes with its own set of expenses.



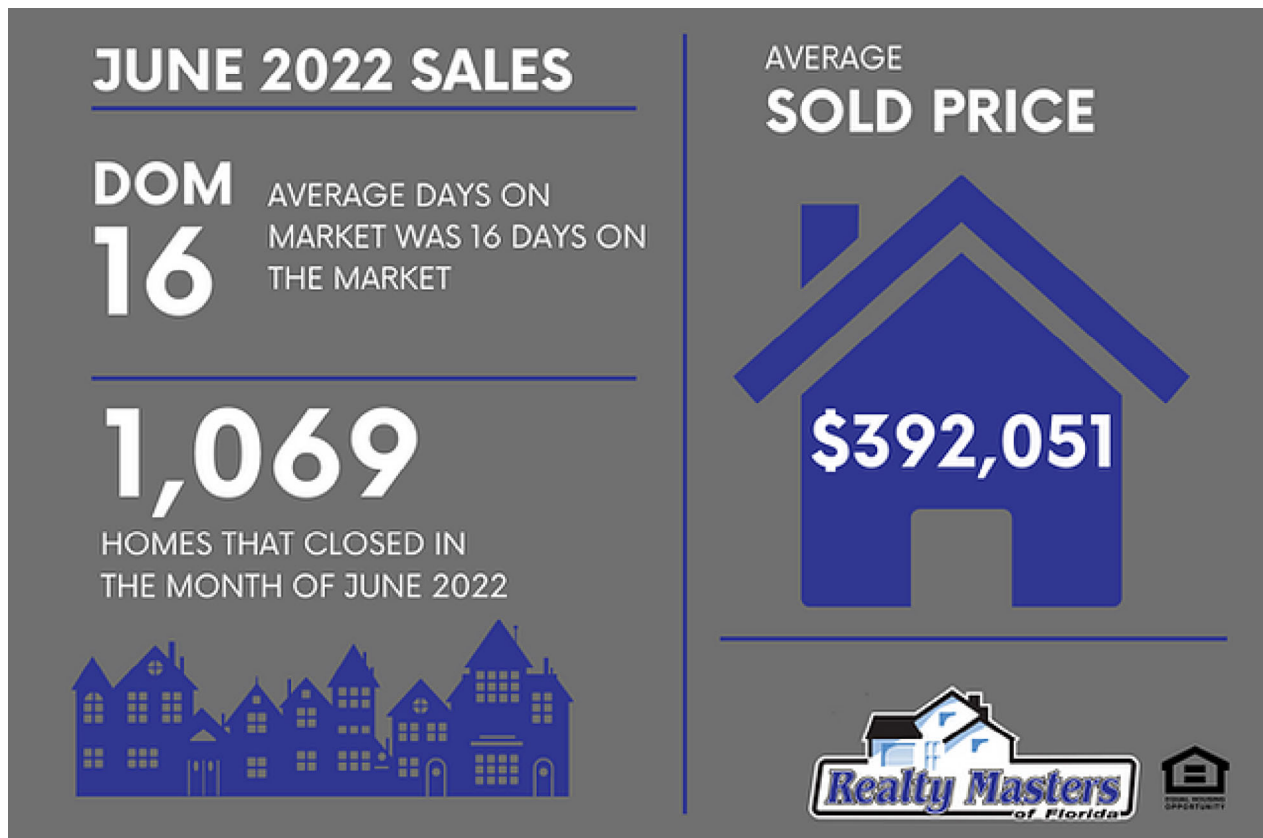
## **Pensacola Real Estate Market Update**

The real estate market is changing, both locally and nationally. Gone are the days of homes selling way over asking within 24 hours on the market. While it's still overwhelmingly a seller's market, we're starting to see a serious shift in the market in the last month.

Here's a snapshot of what's happening in the sales market over the last three months!

- Prices are still high and trending upward. The average sold price in May was \$378,916 and June \$392,051. We anticipate this will begin to decline.
- Inventory is increasing. This is good for buyers and investors but is not good for sellers.
- Days on the market is increasing.
- We are starting to see price drops again. There were 249 price changes in the last 7 days.

If you have been waiting to sell, it's still a great time to sell, but we're not sure what the near future holds. If you're interested in a free market analysis of your property, reply to this email!



## Pensacola Rental Market Update

We're seeing record high rents among both single family and multi family properties over the last quarter. We've been able to increase new move in rents 15-20% over the prior year's move in rent. We're able to give higher rent increases without causing tenants to move. Properties are renting fast, especially those in the affordable price range. We are seeing more properties being listed above the \$2,000 range with longer days on the market and price reductions. Unfortunately, housing affordability has become a huge issue and many renters cannot afford these higher payments along with inflation increases in so many other expense categories. With the state of the economy, and everyone's budgets stretched, we are denying a lot of applications and working hard to lease your home to fully qualified residents.

Keep in mind that many of the homes that are renting at record rents have been remodeled by investors. If you want to maximize your rental rate, you should consider improvements to your property the next time it becomes vacant. Improvements like newer appliances, updated lighting, modern flooring, countertops and more will surely maximize your property's value.

***Did you know?*** You can text our office! (850) 473-3983

### Help Us By Leaving a Review

We'd sure love it if you could leave us a few kind words on **Google!** Just [Google Realty Masters](#)

### Questions About Your Property?

If you have any questions or concerns about your rental property, please respond to this



[of Florida](#) and click to leave a review. Having top placement on Google helps us rent our properties faster than the Pensacola average. We appreciate you!

email to reach a supervisor, or reach out to our office phone, text, or email. Don't hesitate to let us know how we can be of assistance to you. We look forward to hearing from you.



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