

# **Residential Property Management Outline**

## **A Brief Snapshot of the Costs & Process**

### **The Rental Market for your property is as follows:**

(These values are based on the current rental market)

Property address:	Minimal	Maximum
Overall Market Condition for Property	Rental Price	Rental Price

<b>2027 E. Anywhere Drive, Tempe, AZ 85228 Unit 105 -</b>	<b>\$1,200.00</b>	<b>\$1,400.00</b>
For Same Sized Unit – 1,470 +/- SF		

Rents are very - very stable for area. Potential for rent is limited with 2 bedroom 2 bath – compared to 3 bedroom units but these are very nice units. There are few if any furnished units in the area so this will be a little different for most tenants as most have furniture.

### **Property Management Set Up:**

R.L. Wood & Company agrees to take on your property as a Managed Property.

### **Initial Reserve Requirements are established for your property:**

- Typically a Single Family Residential Property requires a \$1,000 Base Reserve.
- This reserve could be greater depending on the property condition.
- Multi-Family property reserves requirements are greater.
- We have an Initial Set-up fee and there is a terminate fee in order to meet State Requirements upon termination. This is determined on an individual property basis. (Typically \$400.00 Set-up & Termination – Multiple Unit accounts will require a larger fee.)
- Reserves are replenished from Cash Flow generated by the property back to the Base Reserve amount (sometime when possible this can be accomplished over several months as necessary).
- Our Trust Account Ledger will never go negative concerning your property.
- No work will be ordered unless we have funds to cover estimated repair or maintenance costs in our account at the time the service work is ordered.

### **Best Efforts to Rent the Property:**

R.L. Wood & Company will make its best efforts to rent the property as soon as reasonable possible to the best-qualified tenant, using all reasonable marketing sources as reasonable possible.

### **How the Accounting Works:**

*This is only an example of how it works.*

Actual Rents may or will be different and thereby the costs and net values will be different than depicted herein. *This is an example.*



## Say:

- Minimum Rental Rate \$1,100.00 Per Month or \$13,200.00 Annually
- Maximum Rental Rate \$1,200.00 per Month or \$14,400.00 Annually
- All rents are plus applicable Sales Tax. (We, already have the license required and/or depending on the jurisdiction, go and get your license where necessary and report monthly/quarterly/semiannual/annually, as required.)

## Example of how it works:

- From the first months rent:
- A leasing fee is paid. This fee is for listing the property, marketing, showing, preparing the lease for execution and general processing. This fee is paid from the first months rent and our fee is 6% of the Annual Lease Amount or in this case  $\$14,400 \times 6\% = \$864.00$ . This fee may be split or shared with other brokers or agents who bring us an acceptable tenant that executes an acceptable lease.
- The Property Management fee is paid as well. Rent  $\$1,200.00 \times 10\% = \$120.00$  Per Month.
- Seller Nets approximately \$216.00 for the first month less any utilities and any other costs that may need to be paid.
- **A Typical Month (EXAMPLE):**
  - Rental Income \$1,200.00.
  - Less PM Fee 10% \$ 120,00.
  - Seller Nets \$1,080.00. Prior to Debt Service Payment, HOA, RE Taxes & Insurance and something to reserves to cover such things as Renewal of Home Warranty, payment of repairs not covered by warranty.
  - For the monthly property management fee, we collect the rents, account for all money monthly, pay all expenses as required, establish a reserve for the property, handle all calls for repairs and property issues and deal with accordingly, and provide an annual EOY Statement for Tax Purposes. Additionally because we do managed property we obtain the appropriate Sales Tax Licenses for the owner and the property along with do all processing of the applications obtaining credit reports and verifying the applicants information prior to making a decision on who to rent to. There are other things that we do as a property management company that we will discuss when we meet at your house and tour the property.

## Mortgage Payments:

- Under Arizona Law (ARS) we must advise the Tenant of any delinquency and pending foreclosure on a property.



- It is Strongly Recommended that we as Property Management Agent make the mortgage payments for you as the Owner on the property. This provides all information necessary for the annual accounting in one easy location for annual accounting when the time comes.

### **Monthly Accounting of All Funds:**

- We provide Monthly (Year to Date) accounting of all funds related to your account. Account Statements are due to you by the end of the following month after the business occurs.

### **Consulting Pertaining to the Following**

- Annual review of Real Estate Taxes for the property.
- Annual review of Insurance for the property.

### **Other Fees:**

- Supervision Fees for Work performed on the property when and where applicable.
- Supervision of Insurance Claim damage on the property when and where applicable.

**The forgoing information is to provide you with a Brief Description of the Property Management Basics when considering management of your property.**

Please call me with any questions of any kind and to set a time to meet. Where possible I would like to meet you at the property and take a look at and discuss the overall condition and market with you as necessary.

**Thanks, I am look forward to meeting with you as soon as we can arrange the time.**

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Thanks,

Richard WOOD, GRI, ALC, CCIM, RECS, e-PRO  
Arizona Property Tax Agent # 940099  
Designated Broker

### **R.L. Wood & Company, L.L.C.**

**Commercial-Investment Real Estate Services  
Real Estate Brokerage & Property Management Since 1963**

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