

Orlando Investment Properties

Keeping Investment Records

Fall 2005



Keeping complete records of your investments, from the beginning to the end of ownership, is simply good business.

A major reason for maintaining accurate records is to calculate your gains or losses when you do sell the property. If you do not have all the documentation to back up your claims to the IRS, and you do have an audit, you could have serious tax consequences. In addition, you could need records during the holding period of your investment to defend a lawsuit or tax return.

Keep copies of the records supplied to you by your accountant, property manager, insurance agent, attorney, or anyone else connected to the purchase, operation, or sale of your investment. Organize all your documents in a secure place at your residence or business.

Always prepare for the unexpected such as a disaster, fire, flood, etc., that could destroy your investment records. Store backup copies in a safe deposit box, at another location, or scan and upload to an Internet storage site.

Do not depend on others to keep track of your documentation. They could be the ones who have the unfortunate disaster, preventing them from duplicating records for you.

Service businesses, such as our

property management company, accumulate vast amounts of records over the years, and legislation often regulates the length of time required to keep records. When the requisite time passes, companies shred and dispose of records to make room for new ones, or to avoid storage costs - another reason to keep important documents you receive.

There are three phases of investment records to keep:

- Acquisition
- Operating Life
- Sale

Acquisition

When you buy a property, you receive a lot of documentation showing the purchase amount, terms of sale, recording dates, expenses, inspection records, etc. You will need the purchase documentation when you sell the property.

It may be that you acquired the property through an inheritance or gift. It is equally important to track down all the information that could affect your tax liability when the property sells. If you do not know what you need, consult a tax attorney or accountant to accumulate or establish the appropriate records.

Operating Life

While you have the investment, expenses are a key factor for

definitely have an impact on future capital gains or losses. Income, repairs, major improvements, insurance, property taxes, management fees – keep anything that affects your tax return, liability, and eventually, profit and loss. Store records accurately and properly to retrieve them easily when necessary. You could need them while you own the property for an insurance claim, audit, tenant lawsuit, etc.

Sale Documentation

Selling, just like buying, generates a mountain of paperwork and the same advice applies - keep all records of the sale - recording, inspections, expenses, etc. Store this information with the purchase and operating expenses and you

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Our Services

Are You Thinking of Buying or Selling?

If you are thinking of buying or selling, we can assist you. Just call and we will have an agent contact you to help you with your Real Estate needs. There is no obligation. Check out your property value today!

Looking for Management Elsewhere?


You or someone you know may need a property manager in other states. Because of our proud affiliation with FARPM, the Florida Association of Residential Property Management, and NARPM, the National Association of Residential Property Managers, we have contacts throughout the country and may be able to assist you.

Keep Us Informed

If you have a change in your address, telephone numbers, email, or any other important information that would affect your account with us, please notify us as soon as possible so that we can give you the very best service possible. Thank you in advance for your assistance.

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have a complete investment file.

Do not view organizing accurate records of your investment as an irritation or a chore. Instead, take the positive approach that you are “Protecting Your Investment.” 

IS IT TIME TO REPLACE THE FLOORING?

Sometimes, you cannot avoid replacing flooring in a rental property. There are several reasons it could be the time to make this investment.

Habitability

This is *the most* important reason for replacing flooring. If the property has carpeting with mold, exposed tacks, vinyl with dangerous holes, open seams, damaged stairs where tenants could trip and fall – it is simply *time* to change the flooring. Keeping uninhabitable, worn out, or dangerous flooring could mean more expense in the future, particularly if you have to answer a complaint in court.

Marketability

Ask yourself, “*Is this carpet (or other flooring) preventing the property from renting?*” Maybe that bright orange shag carpet is still serviceable, but how many people can live with the color? If it means you will suffer rental losses several times over, think about changing it.

Unsuitability

Maybe the flooring is just not suitable. For example, the previous owner put a very white carpet throughout the property, including the bathrooms. Maintaining white carpeting is a difficult for even the most meticulous person. It becomes even more difficult to control when the property becomes a rental unit, and it is *not* a reasonable expectation that everyone will remove their shoes, or not drop anything. No one can police this situation. Here again, it may be wise just to change the carpet out.

Tenant Damage

Unfortunately, it happens. When it does, do not *ignore* the problem. Would you want to live with big grease spots, or patched together carpeting? Instead, collect the security deposit, and investigate your insurance to see if your coverage will help offset the damages. Change the carpet, and move on to better tenants.