

Orlando Investment Properties

THE RIGHT DOCUMENTATION

Winter 2007

Today, when you buy or rent a property, the amount of paperwork required is often staggering. Once upon a time, an agreement to purchase or rent a property was one page, but now the basic agreement is multiple pages accompanied by multiple disclosures or addendums.

In any area of the country, it is increasingly important in today's investment market that the rental documents can withstand legal action. Increased landlord/tenant disputes have promoted longer and more detailed agreements. The paperwork we use in our company is continually evolving and changing because we recognize the importance of keeping up with the changes in our industry. This is why we join professional organizations, attending seminars and workshops with our peers, so that we can obtain and implement the most current information and practices.

There are certain documents that are a necessity and the first is a comprehensive rental agreement, whether it is a lease or a month-to-month agreement. While most states still recognize a verbal agreement as legal between a property owner and tenant, the majority require a written agreement for real estate/property management companies. Whether it is an individual or a professional

property manager managing the property, an effective written agreement is the only sensible course of action.

Although rental agreements incorporate as much documentation possible, there are certain issues that require necessary addendums to be included. There are some required by law – one example is a lead-based paint addendum for properties built prior to January 1, 1978. Failure to include this agreement can mean major penalties or legal action. Other examples of addendums are mold, pet, and property condition. While some are standard, the physical attributes of the property can determine further documentation – for example, an addendum for a pool or attachment of homeowner rules and regulations.

Certain elements are required in rental documents to make them effective and here are some crucial ones.

- The documents must be legal. The rental agreement must comply with current legislation – whether federal, state, or local. Written notices, the term of the agreement, amount of the security deposit and rent, habitability, and the right of the landlord to enter are just a few examples that are normally determined by federal and state

- law. When new legislation occurs, it is vital to implement changes to the rental documentation immediately.
- The documents should be readable. If an attorney is the only one who can understand the content because of complicated "legalese," it could create future tenant problems. While incorporating the legal content into the rental agreement is a key issue, it is just as important that all parties can read and understand what they are signing. After all, it is a binding agreement between property owner and tenant.
- Rental documents should clearly define the terms of the agreement. Examples are

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- definition of landlord/owner and tenant, the property manager's authority, the financial obligations of the tenant, when funds are due, and whether it is a lease or month-to-month agreement.
- The documents should include the accountability of all parties involved. It is necessary to include items such as compliance with local, state, and federal laws, use of premises, right of entry, abandonment, assignment and subletting, maintenance, substance abuse, etc.
- The owner and/or the owner's authorized agent and all tenants of legal age must sign the documents. No agreement is binding between the parties if it is not signed .

In this New Year, more landlord/tenant issues will culminate in court decisions and new legislation, whether federal, state, or local. One of our primary company goals is to stay in tune with current events and incorporate what is necessary into our rental documents so that we can provide the best possible service to you. 🏠

