



## **CDRE Property Management**

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### **Property Owner's Handbook**

A living addendum to the Management Agreement

Please keep this document in a safe place for future reference.

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# **Welcome to Clear Direction Real Estate Property Management**

## **Introduction**

We'd like to start with saying thank-you for the opportunity to manage your property!

The purpose of this manual is to communicate the policies, procedures, and practices that dictate how we intend to manage your property. It will serve as your guide to our management practices. Properly used, this document will enhance communication between us and make our ongoing relationship stronger, while maintaining a high level of transparency. The Owner's Handbook will be updated as needed in an effort to keep up with changes in the laws, business practices and economics that affect our business and industry. This Owner's Handbook is a living addendum to the management contract which means, this in no way replaces or supersedes the management agreement, terms in the management agreement will prevail.

## **Important Note:**

All relationships are established by written agreement between you and Clear Direction Real Estate LLC, and companies acquired by Clear Direction Real Estate LLC. All terms, conditions, and provisions outlined in this handbook are subject to change or withdrawal without notice.

We periodically review our processes and procedures in order to fine-tune, and improve them. You should look **solely** to your signed Property Management Agreement for actual services rendered and issue resolution. Please be sure to ask our team to clarify any questions or concerns you may have. **Please be sure you have a current copy of this handbook as it is updated periodically. Please check with our team to be sure or visit our website for the latest version.**

We are excited to be working with you, and look forward to a successful business relationship.

## **Welcome from the Broker/ Owner & who we are**

Clear Direction Real Estate LLC, we are a full service Real Estate Brokerage ready to serve **all** your real estate needs, from Sales, Property Management, Leasing, Maintenance, & more. Our founders are a husband and wife team (Chris & Heidi Poirier) who started managing property over 10 years ago after not being pleased with the current offerings in the market place. We believe tenant moral should be better, and that tenants should want to stay longer. We thought the inspection process should be clearly documented and everything more transparent for landlords and tenants alike. Our team has more than 40 years of experience managing property in North Texas. Currently our firm is owned and operated by Chris Poirier (Owner) & Heidi Poirier (Principle Broker). We understand turning over management can be a hard decision and a leap of faith. We appreciate you trusting Clear Direction Real Estate LLC to lease, manage, and maintain your real estate assets. Thank-you for your vote of confidence, we will work hard to prove you made the right decision in trusting our firm.

This handbook is just one of the methods we've developed over the years to set your expectations for our relationship, and communicate with owners how we manage your property. We look forward to assisting you in every way possible and are excited to create a long lasting relationship.

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## What sets us apart?

- We pride ourselves on transparency, service, industry experience, and knowledge. We have a unique office culture with unbeatable customer service, communication, and work ethic.
- We manage your investment like it's one of our own, where attracting and retaining tenants that take care of the property and pay on time are paramount. Finding the grace between tenants and landlords which aims to keep your costs reasonable and retain good tenants.
- Time is of the essence when your unit is vacant, so we offer rental showings 7 days a week to minimize your vacancies.
- Quick make-ready process to get your new tenant in as soon as possible.
- Superior Tenant Screening. We screen each applicant to reduce your risks, and review high level findings with you, if desired.
- Superior inspection process. This ensures all parties are on the same page at move in, and move out, reducing unneeded friction later.
- You receive copies of all maintenance invoices with **no mark up** (Depending on your selected plan).
- You will have the most qualified residential property management in the United States working for you and **our services are tax-deductible**, to offset your rental income.

## Our People Make the Difference

We believe that the key to our success is in the personal relationships that we have developed with our clients and tenants. It is our intention to get to know your goals, needs and motivation with your investment. We want you to be involved as much or as little as you desire in management decisions. To us, property management is much more than just managing properties. We strive to meet and exceed your expectations.

## Proactive Management Style

In general, most of us do not like to spend money until we must; however, the key to retaining the value of your residential asset is keeping the property in top condition with the best tenants. We manage in a proactive style. As properties age, repairs are to be expected. The key is controlling the timing of them. We can help you plan a maintenance program suited to your individual property, and assist you in working out a budget to meet those plans so that you can be prepared when replacements are needed at the very worst times. When you plan to spend money on your home you are in control and, with the exception of an emergency or small general maintenance items, we don't spend your money without us being on the same page. Our goal is to keep you informed about the condition of the property, so you may make the best decisions possible. We save you time, money, and aggravation.

## OUR CORE VALUES & CODE OF ETHICS

- **Company Vision**

To be the trusted, go-to real estate professionals in DFW for all real estate needs.

- **Core Values**

Our values are what everyone at Clear Direction Real Estate aim for each day, these are also the values we look for in our vendors, landlords and tenants. Because core values are so important we use these values as the metric to help decide to invest or get into business with others. Our team's success is determined by our ability to maintain our core values and health.

- Momentum Theorem
- Integrity
- Passion
- Marketplace Service
- Communication
- Trust
- Character
- Advocate
- Family

### **Core Values in Practice**

1. Focused intensity over time, multiplied by God, and good service creates unstoppable momentum.
2. Doing the right thing for landlords, tenants, & vendors. We will always treat customers, vendors, and each other with courtesy, respect, and professionalism.
3. We are an innovator, and market leader. We were one of the, if not the first, in DFW to implement a full report based photo/video move in/move out inspection report, & property manager to pay for a full 3D model virtual walk through of your rental. We are still one of the **ONLY** managers in DFW with both of these practices. We are committed to test and deploy products and services that will add real value to your property & tenant experience.
4. If we help enough people & provide outstanding service, we have no worries.
5. Our commitment that all marketing material for both your listing and information on our website be an accurate representation of the listing and who we are.
6. We will provide our residents with a clean, functioning, and safe place to live regardless of the rent, and put their safety at the top of our priorities while following the laws (and code of ethics) that regulate our industry.
7. We will not tolerate unethical, dishonest, harassing, disrespect, or abusive behavior from our staff, vendors, HOA, landlords, clients, tenants, or business partners.
8. We will consistently strive to protect our clients from the liabilities of owning rental property, and advocate for their property rights & equitable treatment in the marketplace.
9. We believe our staff is most productive when we create an environment that fosters respect, opportunity for personal and professional growth, and work/life balance.

- **Code Of Ethics**

We are active members of the National Association of Residential Property Managers (narpm.org), NAR-(National Association of Realtors) (realtor.org), MetroTEX Association of Realtors (MetroTex), TAR-(Texas Association of Realtors) (texasrealtors.com), Mike Ferry Elite Brokerage (Mikeferry.com). Each one of them has a code of ethics that we stay up to date on and measure our business by.

## FREQUENTLY ASKED QUESTIONS

### **What Are The Fees & How Much Are They:**

The foundation of our relationship is the management agreement you executed before you came on board with Clear Direction Real Estate. If we can't agree on something during our relationship we will all rely on these documents to help us sort things out. An expansion of our relationship is outlined in more detail in this Owner Handbook. Be aware that depending on the Pricing Plan you chose, some of the fees below may or may not pertain to our agreement.

- **Monthly Fee:**

Clear Direction Real Estate Property Management offers several programs designed to offer the best services possible to each individual owner **ranging** in cost from \$69 base monthly +4.6% per month to \$49 base monthly + 9.8% per month. Not all owners are the same, because of that, we have designed a fee structure that can offer select services to the owners at their discretion. This fee pays Clear Direction Real Estate Management for the day-to-day routine of generally running the property, such as: answering phones, coordinating maintenance requests, tenant communication, lease enforcement, HOA complaints, rent collection, monthly reporting, accounting for tenant charges, trust account management, handling emergencies, and keeping up to date with the ever changing residential tenancy and real estate laws. Learn more here. <https://cdrepropertymanagement.com/new-pricing/>

- **Renewal Fee:**

Each time a tenant renews or extends their lease agreement, Clear Direction Real Estate will charge a renewal commission. This charge will be paid the first month of the extended lease agreement.

- **Leasing Fee:**

The biggest single cost you'll incur in the management process is in getting the property rented. It requires a lot of manpower, adverting, showing systems, application process, screening processing systems, marketing photos, marketing videos, and several other move-in procedures. This is all done in order to find you a top quality tenant who will preserve your asset and pay rent on time.

### **Leasing Fee to Cooperating Brokerage:**

We are always on the lookout for the absolute best tenants this market has to offer, in addition to our in-house efforts, our local realtor network has quality tenant clients as well. We offer a one-time Tenant Realtor Commission to all licensed agents in the state of Texas to bring us their qualified clients (applicants). This fee is only payable to an agent if their client executes a lease agreement and occupies the home. Clear Direction Real Estate will handle the physical payment of this Tenant Realtor Commission you are charged accordingly as it relates to the respective management plan. **This is at no additional cost to you, we cover this through our "Leasing Fee" commission** in our agreement from the tenant's first month rent.

### **Onboarding property set up Fee:**

This fee covers the initial site evaluation, set up of the online portals with all properties and tenants into our database.

### **Inspection Fee:**

- ***Drive by:*** Depending on your plan we conduct monthly drive by inspections at ***no additional cost***. During these we'll snap a couple pictures of the property and note the overall condition observed. Then, our staff will review these reports and communicate with the tenant or landlord, as necessary, to ensure the property is properly maintained.
- ***Interior move-in/move-out inspections:*** We conduct a structured report, which is an in-depth move in & move out photo/ video inspection. These reports take us 2-4 hours to complete each time, as every part of the home is noted and pictured, or videoed. This is the best way to protect you and your property in a dispute. Your selected plan will determine what, if any, costs are associated. [Check out the inspection process.](#)
- ***Occupied Walk through inspections:*** We typically schedule mid-lease walkthroughs roughly halfway through their active lease. The purpose of these walkthroughs are to get eyes on the property inside to ensure nothing major is going on, and overall things are running as they should. This walkthrough is conducted at ***no additional cost*** to the owner.

### **Additional inspection fees (Special Trips or off-cycle inspection)**

- ***Drive by:*** The standard, no cost monthly drive by inspections is another way we are different from other managers, most other managers don't do a regular monthly drive by inspection. This standard process eliminates most needs for "special trips" saving you money. However, sometimes we get requests from owners to go by the property; "just do a quick drive by" – in addition to the one we have already done... for things like making sure the garbage cans are up, garage door is down and so on. We are happy to do them, but they require us to send someone for a special trip which has hard costs associated with it. DFW traffic can often be very time consuming and even the shortest trips can take an hour or more. For this reason, if we are requested to make these special trips we'll charge an "Off Cycle Inspection fee" of \$85 per trip during the week, and \$150 on the weekend.
- ***Occupied Walk through inspections:*** Sometimes owners request we do a "Peace of mind check-up". (An example of this would be ,if the owner received a call from the neighbor claiming they saw something suspicious.)This could be whether the property is occupied or vacant. This inspection would fall outside our normal included inspection process. These are inspections we're happy to do, but they require us to send someone for a special trip which has hard costs associated with it. DFW traffic can often be very time consuming and even the shortest trips can take an hour or more. For this reason, if we are requested to make these special trips we'll charge an "Off Cycle Inspection fee" of \$85 per trip during the week, and \$150 on the weekend.
- **Meeting someone at the property Fee:** Sometimes we'll receive a request to meet someone at the property to grant them access, or review additional things, this can be extra contractors (beyond the initial one), extra opinions for more quotes (beyond the initial quotes), pest control, appraisers, inspectors, or family members. We can schedule these "Special trips" if needed- We do charge a "Special Trip Fee" of **\$85 per trip during the week, and \$150 on the weekend**. Oftentimes, the property has a key box on it so we can provide access that way, or if occupied the tenant can allow the vendor access which would avoid the "Special Trip Fee".
- **Reporting & Tax Prep Fee:**  
Your portal has complete statements for any variation you'd like to pull data for. These reports are helpful for keeping tabs on income and expenses, in addition to filing your taxes. We also provide you a 1099 by January 31st of each year, regardless of your business classification . We don't currently charge a fee for issuing the 1099 or the self-service reporting.

- **Termination Fee:**  
The agreement you signed has been written to ensure Clear Direction Real Estate is made whole in the event of termination. If either party wishes to cancel, we will make our best effort to have a conversation to resolve any dispute equitably, in line with the property management agreement.
- **Owner foreclosure Fee:**  
If the managed property goes into foreclosure we will assess a charge of **\$1,500** for “Owner Foreclosure charge” If this happens, our staff will bear the brunt of the abuse from the tenant and the need to quickly assist them in finding another home. It’s often a surprise to us, and a bigger surprise to the tenant. Please be sure to give us as much notice as possible in the event this happens.
- **Court Appearance & Attorney visits Fee:**  
Please refer to your selected plan here for evictions <https://cdrepropertymanagement.com/new-pricing/>. For non-eviction related court appearances we’ll be happy to attend and provide support. This fee is part of the management agreement. This fee would only come into play for plans without eviction coordination, and for lawsuits where we are asked to meet with an attorney, or appear in court either with the owner, or on the owners behalf. Court & Attorney Appearance fee range is **\$150-\$200 per hour**.
- **Utility Management Fee:**  
Depending on your selected plan, we typically handle utility management, this includes transferring utilities into and out of the brokerage’s name during vacancies. This process is normally straight forward. In the event Clear Direction Real Estate is required to spend an excessive amount of time and effort in setting up utilities, we would assess a **\$75 “Utility Management Fee”**. As previously mentioned, some services are straight forward and can be done on the phone or over the internet, while others require excessive work, days of calls, or even someone to show up in person, pay with a check, or wet sign paperwork to start services. This will be assessed on a case-by-case basis.
- **Charges for tasks outside our “Scope of Service” Fee**  
Monthly management fee **does not** cover meeting with your HOA Board, meeting with attorney’s, meeting your private vendors/connections or digging out old records.. Owners often ask us to see if the neighbor picked up “X” items at the property, pick up and forward their mail, attend HOA meetings, locate the pool keys and see if they left the lights on...Please know, we’re happy to make these unscheduled, owner-requested trips or attend the meetings, but we pay employees for this and the cost will be passed on to the owner. DFW traffic can be brutal and these “short trips” usually take two to four hours and have some hard costs associated with them. Some items may fall under a case by case situation, this can be evaluated by leadership.

### **Do you offer a discount for multiple properties:**

As a general rule, we do not offer discounts for our services for a couple reasons.

- Our pricing is already very competitive in the market place.
- We don’t markup repair bills, depending on your plan.
- We are providing a service which requires man hours and resources, vs say a shirt which a bulk discount is a win-win, so our costs don’t go down with the more you have under management.



### **How do you process background checks & Applications:**

- We have an in depth screening process starting with the initial contact wishing to view the property.
- If they pass the initial screening, we'll set up a showing.
- We personally evaluate each applicant. We utilize a background screener to review their credit history, criminal background INCLUDING the sexual predator database, national eviction reports, public records, small claim judgments and collection referrals.
- If they pass our screening, depending on how involved you want to be we'll review the report highlights and see if you have any questions before we proceed.
- We cannot and will not provide landlords with tenant applications, ever for any reason! As stated above, before approving, if you would like we will go over the highlights of an application so you can have a voice; however, we cannot and will not provide application info. Also, our visibility to these reports expires after a certain amount of time.

### **Where do you advertise/market my property for rent**

- Clear Direction Real Estate has a fantastic track record of turning over property. As we all know there are many factors that contribute to a property sitting on the market or not. A solid marketing plan is key, and we bring just that with brokerage paid professional marketing, market knowledge & communication with the owner.
- We advertise your property in many ways It will be listed on North Texas Multiple Listing Service (MLS), from our property management software it will syndicate to many other rental sites and will be listed on other public sites such as Zillow, Trulia, Realtor.com and more.
- Scams are a big problem for tenants, so we water mark the non-MLS media, photos and post our contact info so prospects have peace of mind when looking at a property.
- We invest in the proper marketing and offer agent commission payment because we all benefit in a property that is leased quickly to the most qualified tenant. This is why we pay for the professional marketing media, this includes branded pictures and 3D video property walk through.(Some restrictions apply. Inquire for details.)
- We'll cover more of the marketing and details in the next section.

### **Getting Ready to Lease, How Long For My Property to Lease:**

First impressions are critical when people are selecting a place to live. Utilities must be on, repairs must be complete and the property must be clean before we start marketing a property. After we do the thorough screening and the renter is excited about the property the last thing we want is the renter to find it dirty, smelly and unsightly. Tenants get turned off by houses that are not "move-in ready" and often won't return to see them a second time. Please ensure the property is in rentable condition, then the marketing can begin. We can help you here as well!

- **Rent-Ready, Pictures and video marketing:**  
 “Go ahead and start marketing the property ... I’ll have the rehab done before you get a tenant” just doesn’t work. We often get many showing requests once we post a property and trying to lease a half-ready home is painful. **Once it’s ready for professional photos and video we’ll start the marketing process. See our 3d walk through <https://cdrepropertymanagement.com/3d-virtual-tour/>**  
 Please let us know if you need assistance here.
- **Setting the Rents:**  
 We lease numerous properties each month. We know the market and can find lots of rental comps to drive the asking rent. Although it’s your call, we’ll advise you and report activity. Before we go to market, we’ll be on the same page with the asking price and we’ll communicate on the price before any adjustments are made. \*Be sure to keep your mortgage, HOA, and other house expenses current\*
- **Property Features / Disclosure:**  
 As the property owner, you know the property better than anyone else, we’ll look to you to help us identify area schools, HOAs, and basic information about the property so we can represent it properly in our advertising.
- **Lockbox & Signs:**  
 We will place a high-quality lockbox on the front door (or nearby) that will allow agents and prospective renters to view the property during approved times. Some HOA’s or other communities requires special signs, in the event we are not able to use one of our standard brokerage signs the cost associated with this requirement will be passed along to the landlord. Please let us know if your community has any special sign requirements.
- **Utilities:**  
 If you’re a new client, and the unit is vacant please keep utilities active in your name until the lease start date. Between tenants, our office will handle the connection and disconnection of services, in addition to the monthly billing. We will charge your account monthly while the unit is vacant for utility usage, deposits & all other related fees . Please reimburse us promptly for these expenses.
  - **Keys & Codes:**  
 Please ensure all access keys, cards and so on are provided to Clear Direction Real Estate. This includes keys for the property, mail, gates, pools, clubhouses and so on. **If property is not already equipped, once we get possession of the property, before a new tenant we’ll replace the exterior locks with Kwik set self-rekey. This allows us to re-key the locks in a moment’s notice for everything from a lock out to a new tenant without paying a locksmith each time. This cost will be passed on to the landlords, but this should only be a one-time cost. (This is a savings of \$100-\$500 per time needed) so they pay for themselves pretty quick.**

***\*Note regarding HOA passes, gate & pool key:*** Many HOA's offer amenities such as pools, parks & clubhouses that require special access keys. Occasionally, an owner will ask us to call the HOA on their behalf and find out about these restrictions. HOAs typically don't communicate very well with third parties, (property managers and renters) and refuse to speak to anyone but the property owner regarding these policies. The HOA, not Clear Direction Real Estate is in control of the community and we, like you, are beholden to them. **It is imperative that you get permission from the HOA to rent your property, and provide us with keys, passes and codes for us before we lease the property.** If you don't do this in advance of our leasing the property, be prepared for battles with your HOA and increased expenses (time and labor) in resolving the resulting issues later.

- **Keyless Deadbolts (Single sided locks)**

In Texas, State property code requires all external doors have a single sided lock that prevents to doors from being opened from outside while someone is in the property. \*Clear Direction Real Estate will have one installed at your property at the landlords expenses if needed, within 7 days of the tenant taking possession of your home. For more information go to:

<https://statutes.capitol.texas.gov/Docs/PR/htm/PR.92.htm>

### **What lease do you use:**

Clear Direction Real Estate will prepare all of the lease documents for the tenant to review. We use the [Texas Association of Realtors Residential Lease](#), approved by the Texas Real Estate Commission (TREC) and the National Association of Property Managers (NARPM). Tenants will sign several documents before taking possession of your property. The lease being the primary document; however, there is also a animal Addendum (If applicable), Move in condition form

(<https://cdrepropertymanagement.com/wp-content/uploads/2022/04/Property-Condition.pdf>), Lead paint disclosure, pool maintenance addendum (if applicable), renters insurance requirements, & smoke detectors.

### **Lease duration:**

In many cases the long the lease the better, the reason for this is a long lease has the potential save you money by preventing expensive vacancies. After all, long term *good* tenants are a win for everyone. In general, we will only negotiate leases between a 12-24 month period. Life does happen, so on a case by case we can evaluate shorter terms. But we will cap a lease at 24 months.

## **Important & required leasing documents**

The following is a list of documents you signed and a description of them

### **1. Lead-Based Paint laws**

In April 2010, the EPA changed the rules for anyone doing repairs, painting and basic maintenance of homes built *before* 1978. Their new law has terms like "one gram of lead, jail time, fines," and other words that make property managers and contractors really nervous. Before anyone disturbs six square feet of painted surface on a property built *before* 1978, they are required to have a Lead Paint inspection done to assure that there is no lead-based paint. Local handymen, contractors and even pickup truck workers understand the consequences of working on these homes without having proper testing done first. You are paying us to know and follow the law so that none of us ends up talking to federal officers about how we handled maintenance on your property. We intend to do it by the book and keep everyone out of the hot seat. If your property was built before 1978, please inform Clear Direction Real Estate so the proper disclosures can be put into place.

### **2. Assistance Animals**

This mandatory document explains that under the Fair Housing Act, verified Service Animals and Assistance Animals are not "pets" and cannot be the basis of denial of an application. No deposits or fees can be charged on any Service animal or Assistance animal. This is a mandatory document needed to complete the Management Agreement. We so use an animal screening service in an effort to verify the legitimacy of these animals and for animal background checks.

### **3. Addendum Regarding Rental Flood Disclosure**

This addendum is a disclosure of the landlord's knowledge of whether the property is included in the 500 year floodplain. This is a mandatory document needed to complete the Management Agreement. We'll send you a flood map to help aid in completing this form.

### **4. Owners Authorization Concerning Unescorted Access to Property**

This document covers information and agreement that we use electronic lockboxes to allow for showing access between the hours of 8am-7pm Monday-Sunday. These accesses are un-escorted. This is a mandatory document needed to complete the Management Agreement.

## **Duties of the Owner and Manager**

Throughout the management agreement, Clear Direction Real Estate duties to the owner are laid out, as well as the owner's duties to Clear Direction Real Estate.

**Here is a brief outline.**

## Duties of Clear Direction Real Estate to the Owner:

1. Maintain appropriate licenses and trust accounts for owner's and tenant's funds, as required by Texas real estate commission.
2. Maintain required insurance for Texas real estate brokerages.
3. Represent owner exclusively, unless given written authorization to the contrary, such as acting as an intermediary in selling property.
4. Maintain qualified staff with training in managing rental property.
5. Provide owners with insight and advice regarding the rental market, guidance with setting asking price, and guidance with getting the property rent-ready.
6. Market owner's property for rent; put out signs (where allowed) and install lockboxes; post on the market as well as local & national rental-hosting sites.
7. Maintain quality staff and systems to respond to callers and show property.
8. Receive tenant applications, pull credit history, employment and residency records, eviction reports (along with other background information), and use of good judgment in the qualifying/approving/denying of applicants.
9. Maintain accurate accounting systems to account for all funds in and out of the property.
10. Maintain a maintenance response and tracking system to receive requests from tenants.
11. Manage the property for the owner, handling tasks to include: the lease execution, renewal, default, and reinstatement of leases, collecting rent, maintaining the property, and making maintenance records available for owner review.
12. Maintain records of collected rents, handling owner disbursements, paying expenses on the property, paying vendors and managing emergency situations.
13. Manage the eviction process, including: filing with the county, negotiating consent agreements, coordinating court appearances, purchasing writs of possession, and overseeing the removal of the tenant's possessions from the property on behalf of the owner and at landlord's expense. **See Eviction protection Program.**
14. Manage normal maintenance breakdowns as part of the management fees. Coordinating and overseeing rehab, renovations, and restorations if necessary.
15. Complete a move-out inspection when the tenant vacates the property, and charge the tenant for damages **above normal wear and tear, as described in the lease, the Texas Property Code, and consistent with industry standards.**
16. Only initiate legal action on owner's behalf with owner's permission, to ensure management and ownership is on the same page with the course of action.
17. Refund owner reserve funds, and tenant deposit within thirty (30) days of termination of the agreement and lease termination consistent with Texas Property Code.
18. Within 7 days provide *only* landlords business mailing address as required in Texas if tenant makes a *written* demand requesting it. No phone number, email or personal info aside from info on the lease will be provided.

## **Duties of Owner to Clear Direction Real Estate:**

1. Keep loan payments, property taxes, insurance, and HOA dues current.
2. Investigate and communicate with Clear Direction Real Estate any HOA rules governing leasing in the community where the property is located, as well as provide Clear Direction Real Estate with any leasing requirements of the community/ HOA.
3. Agree not to unilaterally advertise a property for Lease on any online rental sites while under management with Clear Direction Real Estate. Our process gets it done and has been successful for many years in all market conditions.
4. Avoid discrimination of any kind regarding the property while under agreement with Clear Direction Real Estate
5. Confirm to Clear Direction Real Estate that all owners with rights in the property have executed the management agreement.
6. Maintain regular communication with Clear Direction Real Estate and respond to inquiries and requests for authorization within the timeframe stated in the agreement.
7. Agree that all communication necessary with the tenant is **only** handled by our office. **Avoid all contact with the tenant while Clear Direction Real Estate is managing the property. This can be confusing for the tenant. If the tenant contacts the landlord, landlord must refer them back to Clear Direction Real Estate, failure to do this is grounds for contract termination.**
8. Pay Clear Direction Real Estate the fees agreed to in the agreement and all governing documents associated with that agreement.
9. Keep plumbing, electrical, HVAC systems, appliances and improvements left on the property in normal operating condition during the term of the agreement.
10. Pay (reimburse Clear Direction Real Estate) for any maintenance on your property.
11. Fund, in advance, any repair over \$500 and maintain a minimum owner reserve of \$500.
12. Maintain landlord insurance levels on managed property compliant with section 10 of the PMA, naming Clear Direction Real Estate LLC as an additional insured party.
13. If we are onboarding your property with a tenant in place, the transfer of the security deposit will be required within 30 days of the onboarding. If the deposit is not received by our office within that time frame, rental income will be used to support the deposit.
14. Pay applicable attorney and court costs that arise in the process of evicting tenants, or other legal action arising from your property. **Refer back to property management agreement**
15. Inform Clear Direction Real Estate of any recurring problems with the property that may affect the tenants health or safety of the property.

### **Landlord Insurance:**

Per the standard Texas property management agreement, you **must** keep your property covered by a landlord policy **throughout our relationship** for unpredictable damages that may occur. Failure to maintain the proper coverage levels will expose you to higher risk, and may result in high repair bills, and legal action. Ultimately, it's the landlords property thus, you are solely responsible. You also need sufficient liability insurance to cover the increased risk incurred by having a renter in the property. Renters are not a protected class in the courtroom, but they are a favored class when owners or landlords fail to maintain their property properly, or maintain proper coverage. **Your policy needs certain limits of coverage, and Clear Direction Real Estate must be covered as an additional insured. There is a \$50 monthly surcharge to Clear Direction Real Estate for any policies that do not meet the "additionally insured" criteria in the agreement.**

### **HOA Issues:**

In general, homeowners associations (HOAs) have an issue with renters, and tend to create a lot of headache for owners and landlords when we move them into their communities. Although we'll attempt to handle the process, you'll need to stay in the loop as HOAs don't always communicate very well with third parties (property managers and tenants) regarding their actions. Since they can fine you and place a lien on the title of your property over these issues, you'll need to work with us to resolve these challenges. **This is one of the issues you can't fully turn over to your property manager and sometimes need your attorney for.** Clear Direction Real Estate requires our landlords to continue handling payment to the HOA's directly (Plan dependent). However, violations notices sent from the HOA are to be sent directly to Clear Direction Real Estate so that we can immediately inform the tenants of any violations & execute the appropriate actions to remedy the matter.

### **Personal Property:**

Owners often leave personal belongings (patio furniture, wall mirrors, tables, bar stools, lawn mowers, grills, ladders, etc.) behind when they leave the property, thinking it will be there when they return or offering it to the tenants for their use. We *strongly recommend* that all personal belongings are removed from the property to keep the relationship as simple as possible. This property can become damaged or renters may forget what is not their own when they move out. You should remove everything when leaving. In addition, there is a liability tied to anything left behind if it causes harm to your tenant for any reason. **Also, please remove any security cameras and camera doorbell systems. Items like these are view by tenants as possible safety and privacy exposure liability and could possibly infringe on their "bundle of rights" as tenant, not to mention, judges tend to agree.**

### **Pools/Hot Tubs:**

Owners know that hot tubs and pools require management, tenants don't and think they are just for fun. When hot tubs and pools are not managed properly, motors burn out and water goes green. They can create a hazardous environment for the tenant and municipalities have history of issuing fines. In the event the home comes with a pool, and the tenant selected a home with a pool we believe they should bear some of the maintenance responsibility. So in most cases, we'll recommend splitting the monthly responsibly with the tenant as a separate line item.

**LLC, Land Trust and Corporate Affidavits:**

If you hold title in a corporation, limited liability company or land trust you'll have some special documents to execute to address who's authorized to act, receive money, approve maintenance and terminate leases on the property. Investors try to shield their personal info as well as protect from liability from the public; which is recommended Clear Direction Real Estate just needs make sure we know who's who so we are operating under the right authority as the manager.

**Owner's tax reporting:**

Fifteen years ago, the IRS made property managers responsible for reporting income received on behalf of our clients from rental property. Just like employers, we must report to the IRS (using a 1099 form) the gross rent we collected on your behalf and you must report the expenses of interest, insurance, repairs and other property expenses on Schedule E of your personal tax return. We'll send you (and the IRS) a 1099 reporting the gross rent we received from a tenant by the end of January every year, as required by the IRS. Owners must cooperate by getting the form completed or the IRS, by law, has ordered us to withhold rental income from any owner that has not completed it.

**When & how do I pay you for leasing fees and management fees:**

1. Clear Direction Real Estate will collect all funds from the tenant. From the first month's rent we'll deduct the leasing fee stated in the management contract in addition to squaring up any negative balance on your account.
2. Clear Direction Real Estate will collect all funds from the tenant. Each month when the tenant makes their rent payment, our management fees are automatically deducted from the property ledger, along with any outstanding negative balance.

**How and when do I receive my monthly statement and proceeds:**

All statements are available for your review 24/7 on your owners portal. We don't send the statements monthly as this can be accessed anytime. We do send an email each month an owner disbursement is initiated. Each month we process received funds from your tenants. From the time the tenant makes their payment the ACH takes 3-5 banking days to process, we account for and reconcile all funds, then issue an ACH or physical check for "owner disbursement". This is normally issued the second week of the month (Between the 6<sup>th</sup> -14<sup>th</sup>). **Any payment received after the 6<sup>th</sup> will be issued the following month.** When the owner disbursement is initiated, you'll receive an email with the subject of "Incoming funds". This email will let you know the amount of the owner disbursement, and the reserve balance.

**Please note:** In the event an expense has occurred for the property, but no "owner contribution" has been made on the portal 72 business hours before the owner disbursement is initiated our system will automatically deduct the cost of the expense from the disbursement.

**Can an owner hold the security deposit:**

Simply put, No. Clear Direction Real Estate will collect, retain and account for the tenant's security deposit.



1. Liability (judges have awarded tenants, and then fined the management companies even though they never held the deposits).
2. At move-out we need to be able to distribute the funds accordingly and must comply with Texas Property Code laws.

**\*\*Important note for the deposit:** Deposit disputes are the number reason, nationally, landlord and property managers land in court. This is why we invest the time most other managers won't with the move in/move out inspection, this allows us to properly defend our deposit deduction. Property code is clear, "Normal wear and tear" (such as nail holes, general wear on cabinets, walls, flooring) cannot be charged. However; abnormal damage can and will be charged against the deposit. In a minor, questionable situation we will err on the side of "normal wear", as minor issues are not worth losing in court over.

### **How are move outs & collections handled:**

- **Move outs:**  
Most tenants do what most reasonable people would expect overall. They take good care of the property, pay rent on time for the most part, and provide notice when they are moving. With that said, there are always issues when we're dealing with people., both landlords and tenants. Because of this The Texas Landlord- Tenant laws have a lot to say about the move-out process. Legislators obviously have had a lot of complaints from renters over the years, because there is a lot about tenants moving out, charges for damages, and security deposits in the law. Here is the process.
- **Normal Scheduled Move-Outs:**  
Normal Scheduled Move-Outs account for 99% of our business. Once they give us notice to move we will be communicating with them, and with you, right up to the day of the move-out day to make sure they keep utilities on; return keys, garage door openers, community keys and passes; and remove all personal property. We provide them lists of things to think about in our tenant move out packet so they can avoid additional expenses and ensure their security deposit is returned. Our priority is to get the property back in rent-ready condition. Most renters want their deposit back and pay close attention to these issues.
- **Early Termination:**  
Occasionally people get transferred, or buy another home, before their lease ends. There is an early termination stipulation in the lease that allows the tenant to move early by paying a one month's rent penalty up front. This will allow us to put the home on the market again on the tenant's behalf. During the time the home is on the market to find another tenant – the current tenant is still under the lease agreement and is obligated to pay rent, keep the utilities on, and the home maintained. Once a suitable replacement tenant is found, the old tenants lease can be terminated early with their security deposit being refundable. We'll notify you immediately if a tenant would like to exercise the Early Termination Clause.
- **Coordinated Skips**  
Occasionally renters call us in the middle of their lease term and just tell us they're moving for any number of reasons. They lose jobs, get divorced, can't get along with their roommate or just can't afford the rent anymore. They're not skipping, but they're

also not offering to pay the early termination fees; they just want to notify us of their intent to move and want to do it under controlled conditions. We'll notify you immediately and will handle all the charges according to the lease and state law.

- **Skips and Abandonment**

Due to our communication, this has never happen to us, but it does happen to managers from time to time, and could happen to us. From time to time manager find a property has been abandoned, meaning someone just moved out without notice in the middle of a month. This can happen to any manager or landlord. This could be discovered during a drive-by or due to unpaid rent or an imminent eviction. When these issues happen the utilities are normally off and there's plenty of personal property left behind. In the event this happens we'll make a decision about whether we take immediate possession or need to go through the eviction process to gain back control of the home. We will notify you immediately with the intent of keeping you informed.

### **During the Move-Out:**

We provide the tenant with the [move out check list](#) for them to follow, this helps everyone be on the same page.

We try not to have the tenant present during the move-out inspection, there are a few reasons for this:

1. As previously mentioned, this process takes hours and having them looking over our shoulders is not productive.
2. Their presence can turn it into a highly combative event. While they have a running cometary about issues being pictured, without us being able to compare the move in and move out to determine before condition..

We will charge for all damages, unless we see it on the move-in inspection report, or it is normal wear and tear. By maintain this process, this procedure puts us in a good position to defend any necessary charges, and protects the owner from conflict, which could worsen into a lawsuit

### **Disbursing the Deposit:**

Texas law requires we account for and return security deposits to tenants with in 30 days of move out. This means we need to conduct the move out inspection, process it and get quotes for any needed repairs, and preferable have them done all in that time frame. If the tenant disputes charges, we will provide them the evidence we have, in addition to the vendor receipts, quotes or other estimates from work that needs to be done. No owner wants to be served for a lawsuit for a few hundred dollars, so we are very aware of this when recommending a deposit refund or any withholdings. **Penalties for losing a deposit dispute cases can be up to 3x in damages.**

### **Funds owed after vacating:**

If a tenant owes money to Clear Direction Real Estate after they vacate the home, and the deposit has been deducted, this is a "collections effort". It's important to know, this unpaid debt from the tenant is difficult to collect. It can be reported to the credit agencies, but this does little to get them to pay in most circumstances as those tenants often don't have the means to pay. The good tenants, which we focus on leasing to, are the ones who normally don't have issues like this, which is often a good indicator of their future performance.

The only real chance to collect a debt on a tenant is by getting a judgement granted for the outstanding debt by a judge. To do this, normally an attorney would need to be hired,

and the tenant would need to be sued through small claims courts. The tenant would be served and the case would go in front of a judge. Assuming the case can be won, the judge will grant a “judgement” of a certain dollar amount to the owner. (Many cases the tenant does not show up, then you get a default Judgement, which is hard to enforce.) This judgement can be filed with the county, and the collection agencies that tie the debt to that person until the case can be settled. That person would not be able to buy a home with a lender until that judgement is settled along with several other deterring factors. Employers would also see that on their record and may asked about it.

As you can tell, this process is time consuming, costly and has a low success rate. As a result, If the tenant has done less than \$1,000 worth of damage its generally not worth the time and collective effort to go through the whole process. But – as the saying goes – “Anyone can sue anyone, for any reason” with a small claims suit.

### **How are Evictions Handled:**

Depending on the selected plan we will handle eviction, please refer to the Fees section. Eviction, is not something we take lightly, and will do what we can to fairly work with both the tenant and landlord to find a win-win solution to get remedy the situation quickly. In the event we need to evict we will communicate with the owner. Below are the requirements for us to file an eviction in Texas, so we will follow these.

#### **1. Notice to Vacate**

A Notice to vacate is delivery in person, and by certified mail between the 4th to the 8th of the month depending on if we have been in communication with the tenant. This is the first step in the eviction process as we are required to give the tenant at least a 3 days written notice to vacate, with a confirmed delivery.

#### **2. Filing with the County**

If the tenant has not already been communicating, once the Notice to vacate is posted, the tenant will normally reach out and explain what is going on and try to set up a payment plan to get back on track. If nothing is agreed to in this case, the next business day an eviction will be filed with the Justice of the Peace or county where the home resides. This begins the court eviction process, we try to move the early part along quickly because the process takes time and we don’t want the tenant to get too far behind if we have to eventually put them out of the home. The cost is typically \$125 to \$210 depending on the county. Tenants are allowed to pay that cost in an effort to catch up on the rent. You’ll see this charge on your owner report, unless we get it from the tenant, (unless you participate in our Eviction protection Program). Ask us about that program for more details.

#### **3. Eviction Filings**

In some courts there will be a need for us to gather information like SS#, DOB and DL. These items may be needed during the filing for the court and the system will not continue through the filing process without this information.

#### **4. Attending Court**

Court costs are pretty reasonable in Texas because we have a good small claims court system. We can attend court on your behalf so you won’t have to hire an attorney. We charge a whole lot less and no real legal expertise is required. In most cases, the tenant does not show up – and even if they do show up – non-payment of rent is not tolerated by the courts for any reason (Except Covid). You’ll be kept in the loop every step of the way.

**5. Writ of Possession**

Once the judge grants an eviction for non-payment of rent, the next step is to arrange the Writ of Possession. This is executed by the Justice of the Peace's police force – the Constable, or by the county Sheriff depending on the jurisdiction. The cost of filing the Writ of Possession is between \$150 to \$250, depending on the location of the home and the jurisdiction it is in. Once the Writ is filed, a law enforcement officer will contact us to arrange an appointment to remove the tenant from the home by force. An occupancy check is often conducted a day prior to that to find out if a crew needs to be hired to assist in removing the tenant belongings.

**6. Court Appeals**

Tenants have the right to appeal court decisions. If tenants make an appeal in most cases this elevates the case to County Court. At county court the landlords will be required to hire an attorney for representation and will extend the eviction process timeline.

**7. Executing a Writ of Possession**

If a Writ of Possession has to be fully executed, the Sheriff or Constable will make an appointment with us to meet them at the home with a locksmith, and a moving crew. The Constable will then clear the home of any occupants while the moving crews begin to remove any belongings. Whatever personal items are left behind of any value, at the officer's discretion, will need to be moved to the curb. The expensive part is having a moving crew ready to empty out the possessions still left in the home.

**Tenant Replacement:**

If the tenant breaks the lease & we have to evict for reasons other than financials, we will find and place a new tenant at no cost to you

**Eviction Protection:**

During the initial term of the first lease, if the tenant does not abide by the lease, and after being instructed to take action regarding a lease violation and will not correct the issue, we will file, pay & represent you in court. Important note: We will only pay the initial court filing fees for the eviction (Up to \$150).

**How often do you conduct property inspections:**

**Drive by:** We conduct monthly drive by inspections. During these, we'll snap a couple pictures of the outside of the property and note the overall condition observed. Then, our staff will review these reports and communicate with the tenant, or landlord, as necessary to ensure the property is properly maintained.

**Interior move-in/move-out inspections:** We conduct a report structured in-depth move in & move out photo/ video inspection. These reports take us about 2-4 hours to complete as every part of the home is noted and pictured or videoed. This is the best way to protect you and your property in a dispute. See the move in/out inspection process

<https://cdrepropertymanagement.com/property-inspections/>

**Occupied Walk through inspections:** We typically schedule mid-lease walkthroughs roughly halfway through their active lease. The purpose of these walkthroughs are to get eyes on the property, inside to ensure nothing major is going on and overall things are running as they should. It's not uncommon for scheduling conflicts to greatly delay this process.

## **Lawn Care**

We would love to assure you that tenants will keep the lawn manicured like you did, but in reality, we cannot. The lease calls for them to provide their own lawn care, but most tenants do not think like owners in this regard. Getting them to mow is about all you can expect, and sometimes it is difficult to get them to do that. The real problem is when there is an active HOA going around counting weeds and taking photos of a sidewalk line that was not perfectly edged. Generally, lawn care isn't a problem as much as trimming shrubs, edging and watering. Keep in mind our areas historically have had extreme conditions such as drought and hard freezes. Occasionally extreme occurrences like these can end the life of trees/bushes and grass. Situations like this are handled differently to get resolved.

## **Who handles maintenance requests (both emergency and non-emergency):**

### **Everyday Maintenance Issues:**

Managing the overall condition and functionality of the property is one of our biggest tasks. This is where most of the stress and headache comes from as we balance tenant satisfaction, habitability and money issues. We have to be sensitive to mold, electrical problems, plumbing problems, ceiling fans, septic tank backups, rodents, dishwashers, A/C systems and the quality of the air, the water, gas and power. Judges and courts hold us to a high standard when it comes to our duties to provide a safe and habitable home, as do the people living there. In their minds, safety of people overrides safety of the property and cost to the owner, so we manage with that standard in mind. Tenants are not a protected class, but they are a favored class when it comes to managers and landlords keeping their safety as a high priority.

### **Minor Maintenance issues:**

Before tenants moves in, they agree to handle regular, everyday issues around the home themselves like flipping GFCI switches, changing out light bulbs in two-story foyers, resetting garbage disposals, etc. Some tenants have relocated from apartments and are accustomed to the way large apartment communities handle small items with maintenance personnel around to change their light bulbs and help them move the grill. We've dealt with these minor issues long enough to know what we can pass on to them and what we should respond to.

### **Maintenance Spending Limitation:**

Every landlord understands there will be both budgeted and unbudgeted expenses tied to their rental property for regular and urgent repairs. We understand being cost conscious is very important and no one wants to give their property manager a blank check, and we don't want one. That being said, it's also not practical to wait for an owners response every time something needs to be worked on. All property management agreements have a "Reserve" for any and all property related expenses the manager requires to manage the property, this is a deduction that can be made without waiting for authorization. Our agreement has a **\$500** "reserve" This does not mean we are randomly spending your money without communication. In today's world sending a message is too easy, so we will send you a courtesy message letting you know if there is any issue and what we know at that time. If the repair/expense is within reserve and can be done immediately, we will simply have the handle the situation and let you know it's been resolved. If the repair/expense exceeds the reserve we will communicate with the owner the available options.

\*\*It's important to note the areas this limit becomes an issues is over the weekend or holidays and for A/C issues. In practice, we exceed this limit from time to time out of

necessity to save the owner money in the long run. A great example would be an after-hours emergency HVAC issues in hot weather, or very cold weather, urgent plumbing issue or storm damage. We appreciate full support from our clients to trust we are making the right decision to protect the tenant and your property.

**Note: This spending limit does not apply to emergencies, move-in contingencies (cleanliness), or habitability issues.** Occasionally, there is a heavy storm, burst water pipes, flood, fire, A/C out in hot weather, heat out in very cold weather, sewer backup, etc., and we must respond immediately. We will sometimes be forced to make a decision based on the information we have, and the situation in which it comes up. We know we are accountable to you for using good judgment in both repairs and money spent, so we always try to be on the same page. However, sometimes we must use common sense when managing your property, the situation and tenant safety. We understand, this can be a touchy subject and we don't take it lightly.

**As previously mentioned; For any planned expenses, the full amount of the expense should be deposited with management via "Make Owner Contribution" on your portal 72 hours before work is set to begin.**

#### **Alternative maintenance options:**

##### **Home Warranty:**

Most home warranties are a nightmare for both property managers and home owners. When an owner puts us in charge of maintenance and then transfers repair issues to another company (a warranty company), the outcome is often a stressful situation that is impossible for management companies to manage. However, In some cases, a home warranty can be a great benefit for a landlord, if you understand the contract! We are one of the ONLY management companies in DFW that will work with a warranty company. With that said, at this moment, will only work with Fidelity national home warranty, as they have provided us an account executive team that makes managing this process possible. In many cases they allow us to assign a vendor we have a history with, which helps in getting the correct diagnosis and work done. If you have one in place at signing with us please let us know and we'll work on it, case by case.

##### **Handling Your Own Maintenance:**

Most landlords hire a manager because they don't want direct involvement with the tenant, or have time to properly run the property. While we understand some owners have some repair knowledge or trusted vendors, unless discussed in advance, as a general rule we do not allow this as our standard operation is built to handle these processes in a timely manner, and with quality workmanship. **However**, we also understand sometimes you have a vetted and licensed vendor that you have worked with for years, they know the house & history, in this case, this vendor could be a better fit than ours. In a case like this, this vendor will need to communicate with us, cooperate with us, and do business the way we instruct, just like they were our vendor. If they fail to follow these guidelines we will use their services.

### **Maintenance coordination and meeting people at the property:**

If you select the economy plan, a fee charged per completed work order for coordination is charged, please refer to the pricing structure. The standard and platinum plans do not have mark ups. On the standard & platinum plans there **no standard fee when using our vendor**. Sometimes owners have their preferred vendors as mentioned above, sometimes this might even be preferred given the situation and history. History has taught us sometimes coordinating with an outside vendor creates unnecessary friction, so we *may* charge on a case-by-case basis a “coordination fee” of 15% of the total invoice. The vendor must report to, be accountable to, and be paid by Clear Direction Real Estate.

### **How does ending the management agreement work**

All relationships come to an end at some point, it’s just a fact of life, since it is inevitable, we want it to be a smooth and orderly process. Because there are license laws and security deposit funds involved, we have to do this carefully. We have forms and checklists for this process so we don’t miss a thing. If there is a tenant in the property the process is a little more invoiced, but it can be done. Sometimes, life events change and owners want to experiment with self- management ,sometimes we’re not a good fit, while others want to sell and be done with leasing. Whatever the reason, we will always be willing to work together to make the transition smooth.

### **Separation in the Middle of a Tenancy**

Either party, the owner or Clear Direction Real Estate can initiate separation. In doing so, the party that wished to terminate the relationship is obligated to provide at least a 30-day written notice. If a tenant is already in the home under a current lease agreement, all documents and funds will be handed over to the owner, or to a new property manager. There are no refunds offered for early termination. The most efficient way to end the agreement is between tenants to cause the least amount of confusion for all parties involved, and to not interfere with Resident programs. Any tenant benefit program and other Clear Direction Real Estate supported programs with the tenant will terminate when the management agreement is terminated.

### **Separating with Cause and without Cause**

Either party can initiate a separation. However, there are two sets of circumstances that generate a separation. One is “for cause”, meaning one of us is unwilling to fulfill their agreement and the other is unwilling to continue to tolerate it. As an example: if we don’t manage as we agreed, and you call us on it, we must be given the opportunity to correct the problem. If we don’t, then you should be able to sever our relationship without penalty. The second is “without cause”, meaning there is no contractual reason to separate, just a need to part ways.

### **Returning property to Landlord**

As much as we would like to snap our fingers and have your property ready for you the next day after your tenant moves out, this is not possible or responsible. We have 30 days to reconcile the deposit with the tenant. In many cases, there is work that needs to be done after a tenant moves out. It is important to understand that we will work as fast as possible to return the property to you but many variables come into play that can change

time frames. So please work with your property manager and give yourself a reasonable timeframe during this process before you can expect possession back of your property.

### **Can Clear Direction Real Estate help me buy/ sell my property:**

YES! We represent buyers and sellers all the time, property management is only one part of our business! Clear Direction Real Estate is a **FULL SERVICE** brokerage, this means we can do everything real estate in Texas, and we do! So, If you'd like to add to your portfolio, do a 1031 exchange, or if it's time to downsize & sell, we're your team for everything real estate! Below, we'll walk you through what these processes look like, and provide some insight.

### **Adding to the portfolio:**

When you're buying to lease out, there are many schools of thought on "the proper way" this should be done. Some say only buy auction property (this is a great way to save, but comes with a lot of risk), some say find or become a "bird dogger"(A bird dog looks for motivated sellers or undervalued property with the intention to sell the contract, to buy to an investor for a fee, or, sometimes they will buy it themselves to hold long term and lease it), and others buy right off the MLS (Multiple Listing Service). There really is not a "right or wrong way", it's based on your comfort level, available cash, and connections to do rehab properly, (without cutting corners). The important thing to remember in real estate, all money is made on the buy, as this is your "Cost Basis" that will determine pretty much everything. As a general rule, you want the rent to be 0.08 to 1.00 of the purchase price when you start (this is hard to do with the current sale numbers), but you can cheat up or down (a little) depending on location, condition, rooms, and such... Either way, always have sale and rental comps pulled before you purchase so you know what to actually expect.

### **Buying at Auction:**

Most municipalities host weekly, bi-weekly, or monthly auctions for real property on the court house steps first thing in the morning, the schedule will vary depending on the county. These are normally cash auctions and need to be funded in 24-48 hours. Most of the time, the court will provide a list of property to be auctioned a day in advance, if so, it's advisable to do a drive by.

### **MLS Buy:**

This is the one that brings the most peace of mind, but can be expensive as well, so you'll want to look for deals. This process allows you to walk the property, have it inspected, become familiar with it before you purchase. This is helpful for newer investors, or if you're looking to do traditional financing. There are other short term loan products for other buys that can work as well. If you'd like more info, we can walk you through those options too.

### **1031Exchange:**

A 1031 exchange is a great tax advantage for real estate investors. In short, this is a tax break. A 1031 exchange is a swap of investment property for another that allows [capital gains taxes](#) to be deferred. This term comes from [Section 1031](#) of the [Internal Revenue Code \(IRC\)](#)— IRC Section 1031 has many moving parts that our team can help you navigate. Its important to know an exchange can only be made with [like-kind properties](#), and [Internal Revenue Service \(IRS\)](#) rules limit its use with vacation properties.



## Key Points:

- You can sell a property held for business or investment purposes and swap it for a new one that you purchase for the same purpose, allowing you to defer capital gains tax on the sale.
- Proceeds from the sale must be held in escrow by a **third party(Called a “QI” or qualified intermediary)**, then used to buy the new property; **you cannot receive them, even temporarily.**
- The properties being exchanged must be considered **like-kind** in the eyes of the IRS for capital gains taxes to be deferred.
- If used correctly, there is no limit on how frequently you can do 1031 exchanges.
- The rules can apply to a former principal residence under very specific conditions.

### **Selling to the Tenant:**

In a perfect world, any time a landlord wanted to sell, the current tenant would buy it, after all this is the most efficient sale you could ever have. Everybody loves the idea of selling to the current tenant because there is no vacancy between move out and a new buyer moving in. This is the best of all worlds for the owner. So, if it is good for the owner, why doesn't it happen very often? As a broker, we would love to sell to current tenants every time. It's an easier sale, and there is no move-in or move-out to manage, no lost money for the owner and so on. From the outside looking in, one would think that tenants would buy houses they are living in. They do, just not the one they rented. Why? Here's what we've discovered over the years. Managing and selling rentals for our clients: when tenants choose a rental, they are looking at the transaction through a different lens... sometimes they make compromises in the house, the community and the area. They aren't thinking ten years down the road, they are thinking it's just a temporary place to live until they figure out what the next stage of their life will look like, or until they determine where they want to be long term. Sometimes tenants do buy the rental, but not too often.

Secondly, it's a hard sale. Here's the problem; tenants don't do home inspections before renting a home. When people live in a property for a while, they figure out what's wrong with it. They learn more about the property than we as owner and managers know, and they know if a neighbor is a crab. They know what needs to be fixed; they know the problems with the property, and often they won't buy it because they know too much about it. This sounds strange, but for some reason most people would rather buy something they know nothing about than buy something they've lived in for a while and know everything about. Crazy as that sounds, if you're looking to sell and it's occupied with a tenant, consult with Clear Direction Real Estate and we can best advise you on the strategy to get the home sold.

### **List for Sale:**

#### **We list property for sale all the time:**

When our clients are ready to sell, we are the clear choice! We take listings all the time, so we are better versed than most others in our industry. Additionally, we are familiar

with the property, and we have a relationship with the tenant. We are able to get it on the market before they move out, and we don't need much from you to make it happen. When we send you notice of a tenant moving, let us know if you want to sell.

### **Short Sales:**

Let's start with, this is just left of a foreclosure and something you want to avoid... Some people have the misguided misconception that a short sale is the best way to get rid of a property in a hurry.... *It's not!!* These helpful people don't understand is that the owner must be several months behind on the mortgage payments (which will damage your credit) before the lender will even talk about taking a discount on the loan payoff (paying it short). Also, most of the time the lender won't talk to you if the property is rented. However, if someone talks to them about it, they will send someone out to take pictures of the property and possibly talk to your tenant (Yup, it's happened...) If the lender thinks the property is rented, they believe you should be able to make the payments. If you think your property is upside down for market value in comparison to the current mortgage, and want to investigate this option, contact us and we can pull comps for you, then maybe contact your lender. One last note, short sales are not a fast process, or painless.

### **Clear Direction Real Estate animal Guarantee:**

Animals are a hot button item for landlords, some love animals and as a result are too generous with their policy, while others might be overly cautious on the subject. As landlords ourselves & property managers we understand a landlord's valid concerns regarding the liability an animal presents while on the property. We also understand approximately 70% (7 out of 10 applicants) of Americans own some type of animal. Understanding this, we have put together [this guideline](#) for how we handle animals and mitigate landlord risk.

### **Clear Direction Real Estate Air Filter Program:**

In our continuous efforts to provide the best possible experience for our property owners, residents, and the team here at Clear Direction Real Estate, we're pleased to announce partnership with Second Nature. Second Nature is the #1 air filter subscription company in the world and helps property managers reduce HVAC related maintenance calls by up to 40% every year while lowering residents' heating and cooling bills by up to 15% month over month . . . and has been doing so since 2014!

Over the past several years we've realized that, despite their best efforts, residents are generally not in the habit of regularly changing their air filters. In fact, the national average of residents that change filters reliably is about 10%. Despite it being standard in the lease agreement that this is a resident responsibility, it gets neglected because it is out of sight and out of mind. Whether it be a function of simply forgetting, not being able to find the right size or quality of filter in the store, or not even knowing what an air filter is, residents and homeowners alike desire a more consistent, convenient approach to this mundane chore. It often becomes too little too late before anyone realizes the filter needs to be changed, and the result usually comes in the form of a high-dollar HVAC service bill.

In networking with some of the premier property management companies across the country it became clear that the ideal solution was to partner with Second Nature.

We negotiated a volume-based discount so that residents receive the exact size and quantity of high-quality pleated, wire-backed filters (not the cheap fiberglass ones) on their doorstep at the exact time they need to change them. Residents pay for the service and we see they are happy to save money and time over going to the store. Each filter will have an expiration date stamped on it (so we can ensure compliance) and instructions on how, where, and why the resident should change their air filter. Perhaps more importantly, we'll be updating our lease agreements and lease renewals to ensure all parties have clear expectations of accountability. You'll notice these changes for your property the next time we sign a new lease, or renew your current lease.

In speaking with property managers who use Second Nature, they report that 90-100% of residents now change their filters within a few days of the delivery, fewer move-outs, and thousands of dollars in preventative maintenance savings for property owners. something we're excited to bring to you! It is a privilege to bring this higher level of service to all of our valued property owners, and we look forward to many more years of success together!

#### **How do I contact you?**

We can generally be reached via phone, text or email during our normal business hours of **9AM-5PM CST**. If we miss you, we will return your message with 24-48 business hours. Any member of our staff will be glad to assist you with any concern you might have.

**Business hours: 9AM-5PM CST**

**Contact number: 817-500-3278**

**Email: [Propertymanagement@cdretx.com](mailto:Propertymanagement@cdretx.com)**

**Property management site: <https://cdrepropertymanagement.com>**

**Brokerage site: <https://www.cleardirectionrealestate.com>**

**Mailing address:**

**8901 Tehama Ridge Parkway**

**STE 127-163**

**Fort Worth, TX 76177**

