



HOMEOWNER'S QUARTERLY



With COVID-19 and Hurricane Sally, our team, landlords, vendors, and tenants have faced a unique set of challenges in 2020. Thank you for your patience and kindness as we worked through uncharted territory together. Here's a few quick updates from us:

- **We do not blame you if you want to sell your rental after 2020.** Prices are at a 12 year high and supply at historical lows, especially in our area following Hurricane Sally. Do you want a CMA to determine your property's value?
- **We are slowly recovering from Hurricane Sally.** Progress is slower than we'd like. Still navigating an insurance claim? Read below for tips and additional guidance and information.
- We filed our **first evictions since March in the month of October.** Read below to see the results of these, including those who have filed the CDC forms. Read below for updates to eviction legislation and our predictions for the future.

Read below for more news from your Pensacola Property Managers at Realty Masters of Florida. And here's to a safe and prosperous 2021.

-The Realty Masters Team



Mailing 1099's & Year-End Statements Soon!

Year-end statements and 1099's have been mailed to the address you have on file. If you moved in 2020 and did not let us know, right now is the time to let us know. If not, no worries. You

Good Tax Reading for Landlords

Tax law is confusing. We always recommend having a CPA or accountant help you with your taxes. Here's a few landlord tax articles for your consideration.

will also be able to find a copy uploaded in your online portal! Your online portal also holds other documents you will need to complete your taxes including copies of paid invoices from throughout the year. We will have all of these published by January 31, 2021.

- [10 Tax Strategies Your Accountant May Not Know](#) by RIS Media (great news, it's a video you can listen to!)
- [Can I Deduct a New Roof On My Taxes?](#) by Tax Audit
- [Have you ever met a tax smart landlord?](#) on BiggerPockets

HURRICANE SALLY UPDATE & INFO

Repair Updates, Roof Information, Insurance & More!

Repair and Replacement Roof Estimates

We do have a few roofers giving us repair and replacement estimates but getting estimates has been very slow and frustrating. Because this has been an exceptionally busy hurricane season with several storms affecting the Gulf Coast, adjusters are going back and forth between Pensacola and Louisiana. To make matters worse, the price of materials has gone up due to supply shortages because of COVID-19. This is true of roofing and fencing materials. Estimates are not guaranteed beyond 60 days for this reason as the cost of shingles could increase.

In fact, as of January 1, 2021, a new Florida code came into effect that is increasing bids we received before January 1st. Now, roofs must have a new peel and stick barrier which is adding, on average, another \$1,000 to each roof.

PROFESSIONAL ROOF INSPECTIONS

offered by Pensacola Insurance Inspections for \$60 each

It is not too late to have a **professional home inspector evaluate your roof**. Roof and shingle damage is not always visible from the ground. For \$60, you can receive a professional evaluation of your roof from Pensacola Insurance Inspections but this offer will expire soon.

APPROVING A ROOF REPAIR

When approving your roofing estimate, we need the following:



- **Signed Roofing Contract**
- **Notarized Notice of Commencement**
- **Payment in Full**

Fence Damage & Neighbors

We have many fences that are down due to hurricane Sally and these issues are affecting our tenants who have pets and children. The issue with fences is that they are not always covered by the insurance, and often it is difficult to say whose fence it is.

- If a survey is available that helps to identify the fence owner. Please look in your paperwork for the house and if you have a survey it would be helpful to scan and send a copy to your manger.
- You should check your policy to see if you have coverage for fences or not. Please be sure to let your insurance company know about the fences and include them in your claim.
- It is also often something that neighbors share the expense related to putting them back, since usually both parties like the fence for privacy and security. That being said, it is certainly reasonable to ask a neighbor to chip in on a fence that is on or near the property line that benefits both parties.

We are happy to assist with trying to help in sharing these costs between neighbors by:

- Help gather fencing estimates
- Provide contact information for your neighbors from tax rolls if you would like to send a letter to your neighboring properties where fence damage has occurred. Here is a sample letter that may

Roof Replacement Issues

You do NOT have to accept the answer from your insurance company as to their recommended amount for pay out or their recommended course of action for your roof or property.

You should question the claim if a roofer can justify replacement. If the damages are equal to 25% or more of the roof cost, by law, they should approve a replacement. Additionally, there is a color match rule that says if the color does not match, they must replace the roof.

Sometimes, all it takes is a statement and estimate (or two) from a roofer or other construction professional to justify replacement.

In addition to hiring a general contractor to communicate with insurance on your behalf, you may also consult with a private adjuster or an attorney to discuss your claim.

If your Roof is 15 Years or Older

If the roof suffered minor damage but is 15 or more years old, even if you repair it, the repair work will not be guaranteed. Additionally, that does not preclude the insurance company from cancelling or non-renewing your policy at renewal. We are seeing non-renewals issued or requests for new policies denied for those with roof age of 15 years or older.

Selling in the Near Future

If you have any thoughts about possibly selling anytime in the near future, the roof needs to be

assist you with this!

A sample letter to a neighbor regarding fence replacement is below

To Neighbor:

My name is (YOUR NAME) and I own the property (YOUR ADDRESS) which neighbors your property.

The fence that is located between my property and yours is damaged due to hurricane Sally. We are not sure if the fence was erected by the owner of my home or yours but we are asking if you would be interested in sharing the cost of repairing /replacing the fence that our properties share. Typically, if you have a property survey it will show the fence location either just inside or on the property line, that is not 100%, so sometimes it's not possible to determine the fence owner. Since the fence benefits our tenants and certainly you also benefit, it seems reasonable for the parties to share the cost in many cases. We would like to discuss sharing in the cost to repair or replace this fencing as necessary so as to restore the property to the condition pre-Hurricane Sally. Please reach out to me via (YOUR PHONE) or (YOUR EMAIL) to further discuss as I am in the process of collecting an estimate for repair and replacement.

replaced, not repaired. A buyer will not be able to secure FHA or VA financing or a new insurance policy with a roof expectancy of less than 5 years left or a roof age of 15 years or older.

Mortgage Company

Don't forget, if you have a mortgage on this property, your insurance check might be made out to both you and your mortgage company. You will have to get it endorsed by your mortgage company before cashing the check.

Insurance Agent

Remember, we are real estate agents and not insurance agents. If you have questions about your insurance claim, do not hesitate to reach out to your insurance agent (the person or company who helped you secure your insurance policy, not your insurance company) to assist you with reviewing your claim.

Insurance Articles

Here's a few articles we found on the insurance claim process that will prove valuable!

- [How to Make an Home Insurance Claim for a Damaged Roof](#) from Forbes
- [How to Dispute an Insurance Claim Denial](#) from Claimsmate
- [Understanding the Insurance Claims Process](#) from Insurance Information Institute



Troubled Insurance Market

A recent article from Best's Insurance News & Analysis from Timothy Darragh entitled "Florida

Commissioner, Citizens CEO Warn of Trouble Homeowners Market" describes a reality where lawmakers must act in order to keep insurance companies from exiting the state. Increasing lawsuits is one of the reasons for increased rates and more companies pulling out of the state. Here's a few facts from the article:

- 55 of the 105 companies that filed for rate hikes in 2020 for domestic residential property insurers were for 10% or more.
- Underwriting losses for domestic residential property insurers topped more than \$1 billion for the first three quarters of 2020, more than double the losses for the full year of 2019.
- The top five writers of homeowners multiperil insurance in Florida in 2019, based on direct premiums written, were Universal Insurance Holdings Group, with a 9.82% market share; State Farm Group, with 6.37%; Tower Hill Group, with 5.76%; Citizens Property Insurance Corp., with 5.16%; and USAA Group, with 3.95%, according to BestLink.

Premium Increases & Non-Renewals

We are already seeing the effects of a record breaking hurricane season on local insurance premiums. We've seen premium rate increases coming in 20% higher than previous rates at renewal time and anticipate this trend to continue. We've also seen a string of non-renewals based off roof age or even the age of the house in general. If you get an insurance premium increase, you should definitely reach out to your insurance agent to discuss finding alternative policies. Regardless of whether you filed a claim or not, expect an increase on your next premium.

Types of Insurance Policies

Not all insurance policies are created equally! You should have a trusted insurance agent to assist you and you should ask questions about exclusions to the policy. Specifically, ask what is NOT included and let them inform you of such. Quite a few of our owners are now finding out they have a **DP1 policy** with actual cash value instead of a **DP3 policy** with replacement value. DP3 policies do require an inspection to show that everything is updated within the last 15 years so may be harder to acquire but are worth the extra hassle to secure a DP3 policy.



Every time we feel like we are making progress with restoring landlord's rights to collect rent or evict a tenant, we face additional legislation. Throughout the year, we have faced several state and nationwide eviction bans, and are currently still working against the CDC Moratorium. Luckily, Florida's Governor has not enacted any further legislation, our county seems to be stepping back, and we will only have to worry about national legislation to affect eviction actions in the coming months.

As of now, we can evict tenants for non-renewals and for lease violations. Unfortunately, as you will read below, Florida's laws can prevent us from filing an eviction on your behalf for both of those items. In the past, the non-payment of rent eviction has been the easiest way to secure possession, but we are now faced with the possibility that the owner may not be able to evict their tenant for months to come.

Keeping Tenant's Month to Month

There's quite a few reasons we don't like to keep tenants month-to-month, but given these circumstances, we are now being advised by our attorney to keep tenant's month to month when they have:

- Expressed difficulty in paying rent
- Made recent late payments
- Are delinquent or past due on rent

This allows us the control to non-renew the tenant and file an eviction based off their failure to move, rather than non-payment, which is nearly impossible to do right now. Discuss this option when your property manager reaches out about lease renewals. Of course, new legislation could prevent us from even non-renewing or evicting even based off a failure to vacate but we will continue to monitor this situation and make suggestions as we learn more.

Delinquency Rates

Overall, delinquency numbers are still low, despite COVID, the injury to tourism in our area, and further income losses due to Hurricane Sally. Currently, over 95% of our tenants are paying timely. Only 2% of our tenants are seriously delinquent.

Current Evictions in Progress

Of the 6 evictions we filed after the CARES legislation was lifted, 3 have been issued stays because the tenants served the CDC notice, and 3 have been finalized and possession has been granted. We are anxious and hope the current legislation expires 1/31/2021 and that we will be able to move forward with additional evictions and lifting the current stays. If new legislation is enacted, we are unsure how it will affect our current pending eviction cases. We are working closely with our attorney for advice on this matter.

Local Grants & Funding

We have been locating and pushing local grants to your tenants who are delinquent. We have been able to capture some CARES Act funds for tenants to catch up on delinquent rents and will be watching for news of additional funds that are coming to the county level. While new legislation hints that landlords can apply for these funds for tenants, what we are seeing says the tenant still needs to submit proper

Moratorium Likely To Be Extended

While we have been hopeful that the CDC Moratorium will/would expire on January 31, 2021, proposed legislation is already making rounds that includes a nationwide eviction moratorium until September 30, 2021. We are shocked at the length of time this extension proposes. We have no further details if this will be an extension of the CDC ban or a more strict ban as was in the CARES act. If the CDC ban is not extended, similar legislation will likely be passed to create a temporary ban on evictions. We are also seeing local and state governments filing equivalent measures.

We are working with NAR and NARPM to explain how this legislation is being abused by tenants. We will keep you posted as we hear the latest news. Here's an article that talks about [Biden's Plans for 2021 Real Estate Market](#) from the National Association of Realtors.

documentation and qualify so does not seem we will have much control over this process.

Alternatives to Evictions

If your tenant is not paying timely, please discuss with your property manager a plan to move forward or reach out to our brokers to discuss the best options for your property. Sadly, as we are unsure what to expect with future legislation, we may need to consider options like cash for keys, agreements to vacate, and payment plans.

The Florida Property Manager's Role in an Eviction

As your property manager, we handle several aspects of your property management as allowed under our management agreement and Florida law. These roles have us property managers wearing several hats- Realtor, leasing agent, private investigator, maintenance coordinator, bill collector, bookkeeper, interior designer, and the list goes on. One of the roles we cannot assume, is that of a lawyer.

The Florida Supreme Court does allow for Florida property managers to handle evictions for property owners but only in a limited scope and only in certain instances.

They give us the authority to:

- With the help of our attorney, draft and serve a 3-Day Notice
- With the help of our local county court, draft and file a Complaint for Eviction and Motion for Default
- With the help of our local Sherriff's Office, obtain a Final Judgment and Writ of Possession
- Prepare eviction forms approved by the Florida Supreme Court

Your Florida Property Manager may be able to file and proceed with an eviction if:

- The eviction is for non-payment of rent
- The eviction is uncontested by the tenant
- We have written authorization from the property owner to evict the tenant

Unfortunately, if your tenant fails to move at the end of the lease, an eviction is necessary, but your Florida property manager may not be authorized to file this on your behalf. Additionally, if your tenant violates a lease term and is served a 7-day notice of non-compliance, we can serve the notice, gather the documentation, but cannot file the eviction on your behalf. Additionally, if we know your tenant will contest the eviction and that they have any ground to stand on, we will not be able to file any eviction on behalf of the property owner.

Why? Well, because the Florida Supreme Court does not want Realtors practicing law. Unfortunately, at a certain point, the eviction process can turn into such. This can be frustrating for property owners as the eviction process can be a little intimidating to navigate. The good news is that many owners, with a little guidance, are able to file and carry through the eviction with no problem. It may require an in-person or a conference call hearing. Luckily, with COVID, most of these hearings are being done remotely on ZOOM and you would be able to attend. In many instances, hiring an attorney to handle the process is the best choice for many. Talk to your property manager or reach out to our management team to discuss further if you have questions or concerns.



PENSACOLA REAL ESTATE SALES MARKET UPDATE

Prices continue to rise as supply is at an all time low.

After a rough year for many businesses and people due to Covid-19, it has become hard to find the positives for the year 2020. However, landlords and home owners can rejoice, because the real estate market has been absolutely exploding with growth. The market for Pensacola and the surrounding areas in general has been performing at all-time highs in many areas and all the positive indicators of a sellers' market can currently be seen.

The area is experiencing a housing shortage like many areas, but this **shortage has only been magnified by the recent coming of Hurricane Sally**. This unique situation is causing prices to soar, as options for buyers are limited.

- First of all, the inventory we are experiencing is significantly lower than 2019. This time last year, the MLS had a total of 2,361 active listing for buyers to choose from. Today, the MLS currently has only 1134 homes that are actively for sale. The **drop in supply is over 50%** from 2019-2020 and this is causing prices to go up as buyers are working against multiple offers the first week the home goes on the market, in many instances.
- To put things into perspective, the **average sales price of homes** in our area has gone up a whopping \$46,000 from this time last year. Even the median sales price has gone up \$30,000 from last year at this time. We've seen, on average, 15% increase in median re-sale average sales price.
- Not only are the prices going up, but even the **average days on the market for sales has gone down** significantly. Last year, the average time on the market before a home sold was 58 days. That number today, is down to about 40 days.

Homes are truly selling for historically high prices, while closing in record time. All these factors make for a perfect opportunity for home owners to capitalize on their investments. If you have considered selling your home in the past, now may be the best time to capitalize on the market conditions. Even if you are just curious how much your home could sell for, we would be happy to give you our opinion on the value, while also, helping you weigh the pros and cons of selling. Give our sales office a call today to take advantage of the market today. Contact us at (850) 453-9220 or email

Pam@PensacolaRealtyMasters.com



Pensacola Rental Market Update

More comforting news for landlords is that the Pensacola rental market is performing stronger than ever. Despite all the last year entailed, we did see increases for the 2nd half of 2020 by 10%, on average, in new move in rents. We are seeing record low inventory and vacancy rates. As with sales prices, affordability continues to be an issue and will be the one we need to watch in coming years as rents are rising above what the average Pensacola family can pay.

We are still facing challenges with COVID in regards to:

- Access to show tenant occupied properties
- Access to properties for evaluations, maintenance and repairs

As our attorney has advised us for liability not to push these issues yet, we are working on a case by case basis to mediate these issues with tenants. As the rise in COVID cases continues locally, it's hard to press forward with occupied evaluations and tenant occupied showings. Many companies have gone to marketing the properties only after the property is vacant, however, we are still continuing to market while occupied and utilizing private video tours so long as there are no strong objections.



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