

I have sent this email to those of you who are managing/or own rental property.

Please read the attached from the real estate commission. This might not apply to you but I am sending as I want to make sure I reach out to all of you who work with investors or are investors yourself.

If you have a company which you use to handle property management for yourself or others then it must be licensed. The company name has to be licensed with the real estate commission or else you will have to run everything through Drake Realty. **I do not want to take on property management, nor do I want to be the broker for a property management company.**

If you only manage your personal property and receive your rents in your personal name that is fine but if you have a company receiving them then this is not allowed. It is very confusing but if you have ownership in the property you can handle the rents if they are paid to you but not if they are paid to a company. This is an example of what I mean: Title to the property is in the name of Jon & Jane Doe, she has the tenants pay rent to Doe Properties rather than Jane Doe, this scenario is not allowed unless Dow Properties is a licensed real estate company. The security deposits must be held in the Jane's broker's account as she is not the sole owner.

I do not think that you can get around this unless you get your management companies licensed but you will need a broker to be associated with your company. I cannot take on this responsibility at this time. I thought we were all working within the guidelines but after reading this we are not. The real estate commission is making a huge effort to make sure that all agents are notified of this which I take as a huge beware, we are looking for this and will be aggressive if we find violators.

Additionally, the law was changed and made very clear that anyone who owns rental property where they are not the sole person on title, they cannot hold the security deposit; it must be in their brokers trust account. I will hold security deposit for agents' personal properties where you have an ownership but are not the sole owner. If you own your properties in a trust or some other form of ownership, you cannot hold your own security deposits, they must be held by your broker or you must set up your own company and hold them in your own companies trust account.

I will hold them for you but please make sure the following happens:

1. I will need a copy of the lease
2. I will need an amendment to the lease stating the security deposit is being held by Drake Realty, Drake Realty of GA or Drake Realty of Greater Atlanta signed by the owner and the tenant.
3. When the lease terminates I will need an amendment signed by everyone stating who is going to receive the security deposit, if it is going to be broken down between the tenant and landlord how much each gets, etc.

I realize this will create a huge issue for you but that is what I must have before any security deposit is paid out. I realize we are at the first of the month and rents are being collected, if you are personally collecting the rent, you must have them made out to Drake Realty unless they are made out to the

owner and sent to the owner. We will have to deposit into our trust account as we cannot deposit them into our working account, the money is not ours. They will be held the appropriate days before being released to the owner. If you do not personally collect the rent and it is mailed to the owner, you will need to have the owner make the check out to Drake Realty for your fee. I will not take any fees out of these funds for the month of September but will not handle them for October. I hate to send this to you at the beginning of the month but I did not realize until I read this article that we were out of compliance. Call me with any questions but please read the attached first.

I cannot change the law. If you have already received the rent and deposited as of today, then you cannot change this but do not deposit any additional funds into your working account or trust account. You have to stop.

Bernie