

Real Property Management Chicago Group Owner's Handbook

Welcome to Real Property Management Chicago Group!

Welcome to Real Property Management Chicago Group. We're excited that you've chosen the premier residential rental property management company to manage your rental property.

Our goal is to manage your property to achieve the highest return while being compliant with all governing rules, laws, and regulations.



This handbook has been prepared to help you answer the most common questions encountered when starting your relationship with Real Property Management Chicago Group.

How our Offices are Organized

Your Real Property Management Chicago Group office is organized to address the different needs of your property throughout the life cycle of vacancies and rentals. Most of our employees are cross trained: anyone can either answer your question on the spot or provide the resource who can answer your question.

Leasing

Our Leasing Department is completely focused on filling vacancies. The Leasing Department helps determine the rent amount, coordinates the advertising, conducts showings, qualifies prospective residents, and completes the lease signing.

Renewals: The leasing department will work closely with renewals department to renew leases whenever possible. We begin the renewal process approximately 90 days prior to the end date and will inform you via email when this is approaching. We will also email you once we have been able to

process a renewal or once the tenant moves out- the emails will include detailed information for each process.

Maintenance

Our maintenance department receives maintenance requests 24/7. We will review and assess every workorder that is submitted to us and will then inform you of next steps.

Maintenance begins with a cosmetic assessment and performs on-going periodic assessments thereafter. The Maintenance Department also coordinates all property repair, make ready and ongoing maintenance needs.

Accounting

The Accounting Department is responsible for the financial management of your home including rent collection and financial statements.

Compliance

The compliance department is responsible for all compliance related matters including rent payment, lease violations and other management related duties.

See Your Property Status On-line at Any Time: The Owner's Portal

The best method to communicate with our office is via our state-of-the-art on-line portal. This link allows you to keep a record of your conversations with us. Moreover, you will be able to access financial statements and maintenance records.

Access

Your email is your user id. Through email communication you will be assigned a password to the portal during the set-up process.

What's Inside

Through the online portal, you will have access to every monthly statement and scanned documents regarding your property for easy access. To reduce the use of paper and to enhance efficiency, paper invoices are not mailed from our office. Instead, your monthly statement serves as your invoice for management fees and any work performed and can be downloaded from the portal at your convenience.

Passwords: You can click the forgot password if you ever forget your password.

Vacancies

After choosing a property management company, filling a vacancy is usually an owner's next largest cause for concern. Real Property Management Chicago Group takes vacancies very seriously and focuses on rapidly filling them with qualified residents.

During vacancy, we will conduct weekly market analysis of your property and will reach out to discuss any pertinent items such as market comps, activity, showings, feedback, and applicants on a weekly or biweekly basis. Please let us know your preference and we can try to coordinate accordingly- we will always reach out for any pressing items as we know that filling the vacancy is your priority.

Marketing/Advertising

How much rent to charge?

In determining the rental amount that the market will support, Real Property Management Chicago Group uses a proprietary method to conduct market comparisons. We then provide a recommended rental range to the owner so that the owner can make an informed decision on the rental amount to be used in advertising, and we re-assess the data each week to ensure we remain competitive. Your Real Property Management Chicago Group office can educate you to the trade-offs of holding out for a high rent versus accepting a qualified tenant quickly for a rent that is close to your target price.



Pets

A large percentage of renters have pets- over 70% according to the latest research. You will need to decide whether to allow pets in your rental. The upside of allowing pets is that you open your rental to a larger pool of potential residents. The downside is that pets inevitably increase rental wear and tear. It is legal to refuse to rent to residents with pets except for pets prescribed by a physician to address a mental or medical condition or pets that serve as service animals. In fact, these animals are not defined as "pets" and are generally exempt from all pet rules or regulations.

It is also legal to define the maximum size or type of pet that is acceptable in your rental. For example, you may limit dogs to those weighing fewer than 45 pounds. State laws vary regarding the type of deposit, especially in the city of Chicago. To determine the applicable law(s) in your state, please check with your Real Property Management for further guidance with residents with pets.

Where is the advertising?

Real Property Management Chicago Group's experience has shown that a mix of traditional and Internet advertising yields the best response. While different types of advertising can vary depending on the location of your rental, on-line postings are normally the best way to reach and target prospects. Real Property Management Chicago Group's property management system broadcasts your vacancy to several popular on-line advertisers.

We highly recommend that you consider a virtual tour, virtual staging and/or a 3D interactive tour of the property to increase exposure and interest of today's renters.

When marketed at the "correct" price, we typically expect to find a renter within 30 days of listing a rent ready home. It is especially important to keep in mind that having a home be rent ready and priced correctly is critical for our marketing efforts to pay off- Good prospective renters now have a wealth of information at their fingertips, and combined with having great credit scores (or a great application in general), they are able to easily find the best priced homes- and we want to make sure we target the same prospects so they rent from us prior to looking at other properties.

Please do keep in mind that we can only list a home after we have received pertinent info such as keys, the property information sheet etc. We will communicate what we need with you as the time approaches.

Showings

Most of the calls and emails received by your Real Property Management Chicago Group office come from prospective residents interested in viewing a rental. We conduct a brief pre-screening to ensure that there is a general match between the prospects' requirements and the rental's attributes and qualifications. If there is a match, we normally proceed to schedule an appointment. If the prospects are interested in the rental, they are invited to complete an application and/or make an offer.

Qualifying Residents

Real Property Management Chicago Group uses a national credit-reporting provider to obtain a prospect's criminal and credit histories, references and employment will also be checked. Credit reports cannot be shared with owners due to the Fair Credit Reporting Act, but you will receive a recommendation based on the Leasing Manager's assessment of the candidate.

Lease Signing

Real Property Management Chicago Group uses a template lease with an addendum. We will proceed to sign the lease and will inform you via a congratulatory email as soon as it is signed!!

Residents

Renters are the cornerstone of the success of your rental. Our business model depends on stable, paying renters.

Resident Already in Unit

If you come to Real Property Management Chicago Group with a renter already in place, we have a simple initial communication with them. We provide them with a welcome intro letter, a Resident's Handbook, explain the rent payment process, and review how to contact our office to address repair or maintenance needs. We will also upload the lease to our system, add the rent amount, late fee schedule if any and add in the lease end date so we can plan to communicate with them accordingly. Please bring any out of the ordinary items from the lease to our attention or let us know if you would like the lease to be reviewed by an attorney (for a fee). We typically do not need the lease to be reviewed if it is standard, and if the tenant elects to renew, we will make them sign our lease- which we are familiar with. 😊



Communications

Some property owners want to communicate directly with their renters: we strongly discourage. We want to do all we can to ease your mind from the concerns that arise from being a landlord. However, we cannot effectively do the job that you have hired us to do if you are communicating directly with the renters. There can be many issues that arise, and the renters may interpret your communication(s) as further contractual obligations that may cause you to incur legal liability. By keeping the lines of communication clean between Real Property Management Chicago Group and the resident, the potential for ambiguity can be eliminated. We are happy to work with you to relay information to the renters if necessary.

Rent Disbursements

This is the most common area of concern after the Management Agreement is signed: you will want to know "Where's my money?" Disbursements to owners are labeled "Owner's Draw" on your monthly statement. The timing of disbursements is related to when the rent is received at the Real Property Management Chicago Group office. Please see the table below for details:

Rents Received & Cleared	Date of Owner Draw (Or the next business day in case the 10 th falls on a weekend or holiday)
<i>by the 5th of Month</i>	<i>10th Calendar Day of Month</i>
<i>between the 6th and 15th of Month</i>	<i>20th Calendar Day of Month</i>
<i>between the 16th and 25th of Month</i>	<i>Last Calendar Day of Month</i>

** Rents paid after the 25th will be disbursed the next month during the 1st Owner Draw period*

When the Owner's Draw is Disbursed

Owner draws are typically made on the 10th business day of the month, provided the rent is received by Real Property Management Chicago Group. Your Owner's Draw will be sent to you by Automated Clearing House (ACH) or direct deposit. ACH disbursements can take two-to-three business days to clear through the banking system. Please ensure that you update your bank account info online so we can process draws in a timely manner. Special arrangements can be made if you request a paper check to be mailed for an additional fee.



A short comment on Owner's Disbursements:

Please understand that you will probably not be able to use the resident's rent payment to make your mortgage payment in the same month that the rent payment is received. The rent disbursement cycle is too tight to meet most mortgage due date requirements. It is recommended, and is considered a best practice, that you have two (2) months of mortgage payments in reserve in case the current month's rent payment is not disbursed to you in time for you to pay that month's mortgage payment.

A good (diligent) landlord plans for maintenance or late payments to run a successful and sustainable (and profitable) property business.

How the Owner's Draw is Calculated

The calculation for the Owner's Draw is simple:

Monthly rent received *minus* management fee, *minus* maintenance expenses (if incurred), *minus* other expenses, *minus* minimum balance or maintenance escrow equals Owner's Draw.

Examples of “other expenses” may include, but not limited to, lawncare, inspection fees etc. If you have any que.

Monthly Statements

Monthly statements are issued and posted to your online owner portal for each month by the 10th of the next month.

Tip: If you have any questions regarding an owner draw, please investigate your portal under the bills tab and/or check maintenance tab, as that is normally the easiest and most effective way to determine how the funds were allocated. If you have any questions after doing so, we highly recommend that you wait for the monthly statement to be published it so you can review it and point out any questions that you may have by circling or referencing the line item from the statement so we can provide a detailed answer.

What If the Rent Is NOT Received?

We will inform you via email as soon as rent is received. The renters are aware that their rent payments are due no later than the 5th of the month. While most renters pay on time, there are some who pay late. This can be due to a one-time event or can be a recurring problem. The steps that Real Property Management Chicago Group takes to resolve late, or non-payments are:

1. Email to renter – this is usually all that is required to find out why the rent is late and to establish a commitment as to when it will be paid.
2. Letter to renter – a written letter from Real Property Management Chicago Group is the first step in formally documenting the lateness of the rent. This letter is sent to the renter around the 15th of the month if the rent has not been received before then. We will also inform you if the rent is not paid by the 15th and that we intend of taking additional actions as necessary depending on the tenant's file.
3. Pay or Quit Eviction Notice – if the late payment of rent is a recurring problem or if the rent is severely late, it may be appropriate to start the first step in the legal eviction process by initiating a Pay or Quit Eviction Notice in accordance with state law. Your Real Property Management Chicago Group office may write this notice on its own letterhead or use an eviction attorney. Fees may be incurred to begin this process.
4. If the renter hasn't cured the Pay or Quit Eviction Notice, then the eviction process continues, which in most cases must involve an attorney. If this happens, we will reach out with additional details regarding next steps.

How are Late Fees Handled?

Late fees are incurred by renters in accordance with the lease agreement and state law when they do not pay their rent on time. When the rent is finally paid, the funds are normally applied to the resident's account to fees and rents first (in the order of which balance has been outstanding longest) and then to any other charges such as maintenance, utilities etc.

Late fees are only charged to tenants and are retained by (in accordance with your Management Agreement) by Real Property Management Chicago Group.

Maintenance

Real Property Management Chicago Group works to ensure your property is well-maintained with curb appeal that assists in having your property rent faster, yielding the highest rent, attracts the best renters, and presenting fewer problems. Once the resident moves in, they are renting a home, not just a property. One way you can keep renters happy and paying on time is to ensure that your rental is in good working order, to keep the rental habitable in accordance with the law, we ask that you respond quickly to repair requests when your Real Property Management Chicago Group office calls you for approval. By signing a rental agreement, a warranty of habitability is implied and required by law. This means that we are promising that your rental is suitable to live in and will be **maintained in that manner as well.**

Periodic reviews and visits to the rental as well as routine maintenance are an essential part of this strategy.



Budgeting for Maintenance

There are many ways to budget for maintenance. The best practice is to use a multiple of monthly rent. As an example, if the rent is \$2,000 per month, you should consider keeping 1.5-2 x of the monthly rent or \$3,000-\$4,000 in reserve to pay for potential emergency repairs that are required). Alternately, some owners use a percentage of the property value such as 1%-3%. If you adopt this strategy, and if your rental's value is \$300,000.00, you should consider keeping \$3,000-\$9,000 in reserve. Whatever strategy you adopt, it is important that you have maintenance and repair budget. This budget is a part of being in the business of owning rental property.

Risk = Potential for Financial Loss

One of the reasons owners like you have chosen Real Property Management Chicago Group is to help protect them from financial risk. Maintenance is one of the most common areas of risk exposure. One maintenance risk area is compliance with applicable laws, rules, and regulations. To respond intelligently to renter maintenance requests, Real Property Management Chicago Group stays current on all residential rental real estate and housing laws at the federal, state, county, and municipal level. We do the reading, so you do not have to.

It is Real Property Management Chicago Group's policy that all legal violations (cited or not yet cited) must be corrected – no exceptions. An owner may face legal (including criminal) liability if certain repairs are not made. Real Property Management Chicago Group can source coordinate providers to complete work timely, efficiently and within the confines of the law.

Refusing to fund repairs may be grounds for termination of the management agreement as Real Property Management Chicago Group must comply with Landlord/Tenant Law.

The other maintenance risk area is in performance of repairs or maintenance. Real Property Management Chicago Group only uses providers who are licensed when required, certified as necessary, and who carry the proper insurance. Additionally, Real Property Management Chicago Group gives preference to providers who have a history of being timely, providing quality repairs, and being safe on the job.

***Property Evaluations*****Initial evaluation**

An initial cosmetic inspection/assessment is performed after the Management Agreement is signed. The purpose of the evaluation is to ensure that there are no visible issues that represent a hazard to the renter or that MAY develop into a hazard in the future. Any discrepancies found are shared with you and a plan is established to correct them. Priority is given to habitability and legal concerns, further, we will advise steps necessary to make the property ready for renters to move in (rent-ready or make-ready).

Renewal/ Move-out evaluations

In addition to the evaluation that occurs upon a tenant moving out of the property, an evaluation is recommended to be completed prior to renewing the lease with a tenant. These regular evaluations are conducted to ensure that the rental remains in good order, and that we only renew a lease with a renter who is qualified in reference to rental history but property care as well.

Repairs/Maintenance

What is considered an emergency? Generally, state, or local laws define an “emergency” as anything that must be fixed immediately so that the renter can safely live in the rental. Some examples include:

- no heat during winter months or air conditioning during hot summer months
- loss of power/water
- flooding
- clogged toilet when the unit only has one toilet.
- security issues (damage from a break-in or from a natural disaster)
- legal notices from housing or city/county inspection departments

The owner will always achieve the following portal message when the tenant creates a new work order.

Hello owner, I would like to inform you that I am personally managing the following Work Order. The tenant has made a complaint of a maintenance issue at “address “: that “issue” We are sending maintenance to either assess/address the issues given the nature of the repair. If repairs are under \$300 or repairs are needed due to the habitability of the tenant, we will proceed. We will also try contacting you on location for approval. Please be on the lookout for a call regarding approval. Please be aware there will be an assessment charge if needed repairs are not approved on-site. Feel free to contact us at the office at 312-265-0660, if you wish for us not to proceed with any repairs for any reason. Disclaimer: This Work Order Request does not mean that work has been started at your property, it only means that work has been requested. If the scope of work required is small (appx \$300), we will complete the work as quickly as possible without interfering in your day. Please note there will be a \$25 trip charge per work order. This fee includes scheduling and coordinating with the vendor & tenant and is included at the completion of the work order. We recommend Quality Assurance Inspection on all projects over the amount of \$750 to ensure the job was done correctly as our network consists of independent contractors. Also, to prevent future visits to sites if something was missed. We have field managers that go to each site to make sure they did the work correctly. If a Drywall or Plumbing job isn't done correctly and inspected, it will cost the investor more money down the line. The cost of this quality inspection will be \$125.

Utility Transfer Service

It is especially important, that you ensure that there is electric, gas (if applicable) and water service at your property when a tenant is not present. Real Property Management Chicago Group strongly recommends that owners set up a Landlord Program with the appropriate utility company to ensure that the utilities are NOT turned off if tenant ever disconnect service or move out. Please note that this is especially important as it can

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avoid major damage to the property if utilities are disconnected, especially since most ComEd (electric utility) meters have been switched to "smart meters" which are turned off as soon as tenants cancel their account. Landlord programs (this is a reversionary program to ensure that utilities remain active under your billing profile when/if tenants disconnect) is one of the most important tools available to you as the property owner and should be always active for all your rental properties. Also, not having utilities ON can affect whether we can conduct a move out inspection, significantly slows down the entire relisting process, may result in missed appointment fees and makes it difficult to market and show properties ;-)

Please inform us if you receive bills for any non-included utilities while the property is occupied by a renter so we can inform the resident and bill them back for the utility and ask them to switch the utility to their own account. It is recommended that you pay the bill since it is in your account until it is confirmed that the tenant has switched the utility to their name- please escalate the matter to us if you continue to receive bills after the first 4 weeks of occupancy so we can explore other solutions.

Evictions

Evictions are a reality in the residential rental industry. Although you may never have to have a renter evicted, it is possible that you will have to experience this process. The best defense against having to evict a renter is to have a quality selection process, a strong maintenance program, and a responsive property management office. Real Property Management Chicago Group provides you with all three of these resources to mitigate the possibility of eviction.

The eviction process can vary by the state and situation with your renter. You can depend on Real Property Management Chicago Group to have the expertise and legal professionals to make the process as easy and expedient as possible.

Every eviction is different. Your Real Property Management Chicago Group office will coordinate with you if you are confronted with the possibility of having to evict a resident.

Eviction Protection Plan

Some owners elect to purchase an Eviction Protection Plan when they sign their Management Agreement. If you have chosen this option, be sure that you understand it clearly. While it is a good plan designed to cover most circumstances, it does have its limitations. Your Real Property Management Chicago Group office can review those limitations with you. If you did not sign up for this protection plan, you may be able to do so in certain scenarios, please inquire with the office to find more information.

How long does it take?

The short answer is that it depends on several factors. Some common factors include differing local law and the renter contesting the eviction. Rest assured that your Real Property Management Chicago Group office is well versed in executing the eviction process in conjunction with local attorneys. In general, the process requires the service of a landlord 5/10- or 30-day Notice (depending on the scenario that the eviction is being filed for) that informs the renter that he or she violated the lease and needs to pay the balance due and correct any violations or surrender possession and return the keys. If the renter does not comply, then the case is filed with the appropriate court and a hearing date may be set. Following the initial legal proceedings, the renter is generally provided a time to move prior to a lock out. Overall, the process can average anywhere from two (2) to five (5) months on average (but can take much longer in some scenarios).

Fees Incurred

There are three general categories of fees you can expect to encounter in an eviction. Although the timelines and specific processes may vary, and the actual costs will differ based on legal requirements, you can expect the following fees:

Legal Fees

Your Real Property Management Chicago Group office has already identified professional, competent, and reasonably priced legal counsel that it prefers to use if an eviction is necessary. Legal fees generally begin with the attorney drafting a Pay or Quit Eviction Notice and continue through final judgment by the Judge. These fees can be reduced by participation in the Eviction Protection Plan for unlawful detainer evictions.

Service Fees

These include the cost of the initial process server to serve the summons and complaint, the Constable or Sheriff's Deputy, and the moving company. Ready to Rent Expenses

Generally, an evicted renter will leave the property in a condition that requires additional cleaning, maintenance, or repairs. Although the evicted renter is ultimately responsible for such repairs, we cannot depend on the renter to pay these fees immediately. Provisions should be made to set aside funds when it is initially identified that an eviction process is going to be necessary.



Financial Statements

Many owners enjoy having access to their financial statements at their convenience. These statements are useful in making projections for the upcoming year as well as providing documentation for tax purposes.

Monthly Statements

Monthly statements are available via your portal, typically by the 10th of each month. These statements provide a quick way to understand how the rent money was applied. There are four general areas where rent money is applied.

Management Fee

The management fee is deducted from the rent received in accordance with your Management Agreement.

Maintenance Expenses

Maintenance expenses are itemized and deducted from the rent received in accordance with your Management Agreement.

Other Expenses

Other expenses such as Eviction Protection Plan payments or expenses that you have asked Real Property Management Chicago Group to submit on your behalf are itemized and deducted.

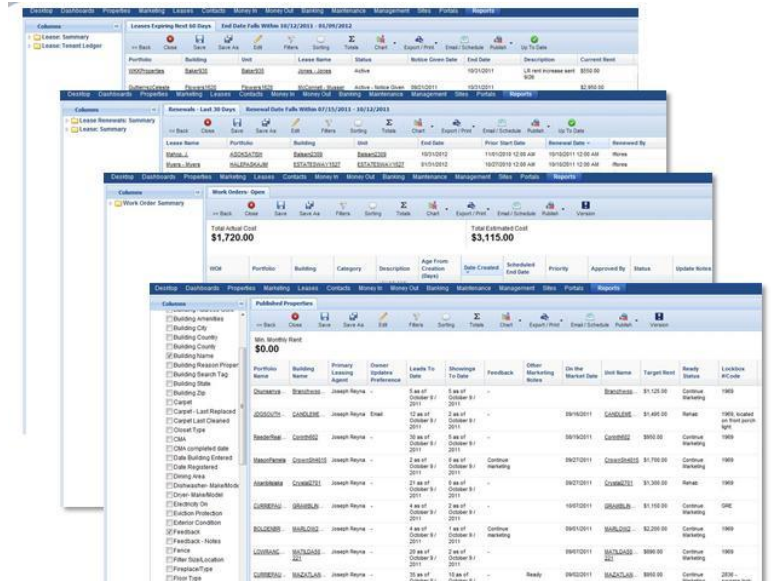
Owner Draw

The Owner Draw is the amount paid to you after expenses are deducted.

Tip: If you have any questions regarding an owner draw, please investigate your portal under the bills tab and/or check maintenance tab, as that is normally the easiest and most effective way to determine how the funds were allocated. If you have any questions after doing so, we highly recommend that you wait for the monthly statement to be published so you can review it and point out any questions that you may have by circling or referencing the line item from the statement so we can provide a detailed answer.

Year-End 1099

An IRS Form 1099 is sent to you electronically within 30 days of the end of the calendar year- please let us know if you would like a physical copy mailed. This form is for your tax records and is used to help complete your tax



The image displays four overlapping screenshots of the Real Property Management portal. The top screenshot shows a 'Leases Expiring Next 90 Days' report with columns for Portfolio, Building, Unit, Lease Name, Status, and Lease End Date. The second screenshot shows a 'Renewals - Last 30 Days' report with columns for Lease Name, Portfolio, Building, Unit, End Date, Prior Start Date, Renewal Date, and Renewed By. The third screenshot shows a 'Work Orders - Open' report with columns for Total Actual Cost (\$1,720.00) and Total Estimated Cost (\$3,115.00). The bottom screenshot shows a 'Published Properties' report with columns for Portfolio, Building, Primary Leasing Agent, Lease Type, Lease To Term, Knowledge To Date, Feedback, Other Marketing Notes, On the Market Date, Rent Name, Target Rent, Ready Status, and Lockbox #/Code.

filing for the previous year. We will also publish an annual statement for the previous calendar year encompassing the entire year, which will be available for download on your owner portal.

Please note that it is particularly important that you send us a completed w-9 form (which can be downloaded from the IRS, from your online portal or using the link <https://www.irs.gov/pub/irs-pdf/fw9.pdf>). Please contact us if you are a foreign owner or do not have a valid Tax Identification Number (TIN).

Real Property Management Chicago Group can also take care of tax payments required from IRS Code Section 1441 for those who may hold citizenship outside the United States and own property in the country.

Complaints

Client success and satisfaction is especially important to us.

If you have any questions, are facing any issues, or just want to clarify anything, please call our office. If for any reason you feel like you need more help, we highly recommend that you submit a ticket in writing to which can be done by emailing support@chipropertymanagement.com.

Property management is often tedious as they are many moving parts, from tenants needs, approvals, service providers and everything in between. We understand that this is why our clients retain our services, and we feel communication is critical to make this happen- as much as we try, we do make some mistakes, and when we do, we assure you we will do whatever it takes to make it right, please reach out to us via email at complaints@Chipropertymanagement.com. Please be sure to document the issues and provide any supporting documents so we can address it accordingly.



We honestly believe that hearing from you is the only way that we can resolve issues, and work to make the systemic changes to prevent the issue from reoccurring.

How they are handled

Please call/email your Real Property Management Chicago Group office with any concern, comment, or suggestion however small or big. Your feedback is used to improve our communications, customer service, and processes. If your concern is a complaint, here is how we will handle it:

1. We will ensure that we clearly understand the situation from your perspective.
2. We may need some time to investigate the issue. If that is the case, we will commit to you that we will respond within an amount of time that is reasonably acceptable.
3. When we respond, we will (1) clarify the issue to your satisfaction, or (2) ask what you would like us to do to resolve the issue, or (3) provide options as to how the issue can be resolved.
4. We will then agree upon a plan of action that will resolve the issue.

We are committed to working together honestly and reasonably toward our mutual goal of delivering a great owner experience.

Disclaimer

Your Management Agreement will ultimately govern our relationship. Please utilize this handbook for reference purposes only.