

OWNER HANDBOOK

(Last Updated May 2021)



The Lease, CRLTO, and any applicable law governing the Lease supersedes the provisions of this handbook and this handbook is for informational purposes as to policies for your ownership/tenancy at the property.

THANK YOU for choosing Realty & Development, LLC (GCR&D) to manage your investment property. We are aware you had many choices and we appreciate that you have selected us as your property management company. We look forward to a long and prosperous union.

GCR&D works hard to achieve the highest professionalism in Property Management and Leasing Services. Therefore, we have prepared this Owner Handbook to assist you in a successful business relationship with our company. We urge you to take the time to review the information enclosed. We feel this will further clarify many of the procedures for our Property Management services. After reading the material, if you have questions or concerns, please contact your Property Manager immediately (owner@gcrealtyinc.com) using the company contact information provided in the following pages.

Once again, thank you for choosing GCR&D as your Property Management Company. We look forward to a successful business relationship!



OWNER DOCUMENTS

By now you have received a fully executed copy of your management agreement. Refer to it as needed and keep it with this information for a handy reference.

It is important that GCR&D receive all critical information as we begin management. You may have provided the documents listed below. If not, we need you to at your earliest convenience.



W9 & Banking Information for Monthly Distributions

You will receive an email from our property management software that will allow you to complete this and submit back 100% electronically and secure.



Insurance

A copy of your homeowner's insurance naming GCR&D Realty & Development as "additional insured" on your policy.



Property Info

Any other information or facts necessary to share with us so we can have the most updated information for your property.

GCR&D CONTACTS & COMMUNICATION

Communication is the key to a successful relationship and the GCR&D/Owner relationship is certainly not an exception. We work constantly to improve communications with all of our clients, tenants, and vendors.

You may contact us by telephone, fax, email, and written correspondence. The number provided below is the general line so please make sure you use your Property Manager's direct line for fastest turn around time.



ROSELLE LOCATION



219 E Irving Park Rd,
Roselle, IL 60172



(630)587-7400
Fax: (630)587-7301



owners@gcrealtyinc.com

www.gcrealtyinc.com



MONDAY through FRIDAY 8:00 AM- 5:00 PM
(Saturday and Sunday by appointment)

Communication works both ways. We need communication from you, the owner. It is important you let us know of any significant change that can affect your account. We need to know when you are moving, if you have a problem with your account, if your social security number has changed to a Tax ID, or any other important information such as a looming foreclosure.

GCR&D Property Managers encourage all owners to use email to contact us. It is fast, effective, and provides written documentation for both of our records. We will respond to your email in most cases on the same day, or by noon the next business day if email comes in after 1pm. If your email changes, please provide us with the new address.



OWNER RESPONSIBILITIES

A successful business relationship works both ways. GCR&D takes management responsibilities seriously, and requests owners to do the same.

Owner responsibilities are:

- **Notify GCR&D of any ownership change** or eminent owner change for the managed property.
- **Supply GCR&D with accurate information** so we can service the management account properly.
- **Check financial statements monthly** for accuracy and notify GCR&D if there are issues immediately.
- **Support Fair Housing Laws and guidelines**, as well as all necessary legislation.
- **Maintain a current insurance policy** for their property adding GCR&D as Additional Insured and have your insurance agent forward us a copy of your declaration page.
- **Review their property insurance** yearly and update as needed.
- **Exercise responsibility** for required maintenance and the safety of the tenants.
- **Treat GCR&D personnel with courtesy** and notify us immediately if there are problems so the issue can be resolved quickly.



THE SCOPE OF PROPERTY MANAGEMENT

What is included in GCR&D's Property Management services?

We want you to know what GCR&D does for you as your property management company. Therefore, GCR&D has outlined details of our policies and procedures in this section and in future pages of this Handbook. Our leasing fee and management fee for full service property management includes marketing/advertising the property as outlined in our advertising section, showing the property to prospective tenants, screening applicants including a credit & criminal background check and verifying income, employment and previous rental or ownership history, facilitating standard maintenance service work orders submitted by tenants, handling after-hours emergency maintenance calls as outlined in the emergency maintenance section, collecting & disbursing security deposits, providing new tenants with proper utility information, collecting rents, collecting late fees when applicable, sending Eviction Letters to non-rent payers, filing evictions if necessary, paying any maintenance invoices that may come in, disbursing owner funds each month, providing monthly statements to owners, sending any necessary notices to tenants who may be violating lease agreement and more. There are so many details and aspects of managing property, that we can only include the basics in this Handbook. If you have more questions, contact your property manager.

Again, these are general guidelines and when necessary, policies will change. Please bear in mind that we are unable to do "everything" that is required to service a property under our management fees.

What is Not Included in GCR&D Property Management Services

Because GCR&D provides owners with full-service management, it can be easy to request something that we cannot perform. Some tasks go beyond the normal scope of property management or require additional fees/services.

Owner understands and agrees that normal property management does not include providing on-site management services, refinancing, preparing property for sale or refinancing, fire or major damage restoration, rehabilitation, obtaining or giving income tax, accounting, or legal advice, representation before public agencies, advising on proposed new construction, debt collection, counseling, or attending Homeowner Association meetings.



COMPANY POLICIES

It is very important in the field of Property Management, that GCR&D follow local, state, and federal legislation and guidelines. Our company takes pride in our industry, and we further implement guidelines and policies of several organizations, such as the National Association of Residential Property Managers (NARPM).

Legislation

GCR&D Property Managers adhere to the laws and guidelines of federal, state, and local legislation, and incorporates this into all documentation, policies, and procedures. Here are some of the agencies that GCR&D follows:

- Fair Housing (HUD) - GCR&D supports and follows Fair Housing laws and guidelines.
- Equal Opportunity - GCR&D is an Equal Opportunity employer.
- URLTA - Uniform Residential Landlord Tenant Act
- FCRA - Fair Credit Reporting Act
- EPA - Environment Protection Agency
- Illinois Landlord/Tenant Act



Lead-Based Paint

Lead-based paint became a major issue in the 1990's that prompted mandatory requirements for residential housing and continues today. GCR&D follows all mandated federal and state guidelines for lead-based paint. All properties built prior to January 1, 1978 require disclosures to all tenants and owners. Tenants sign lead-based paint disclosures prior to renting a property and GCR&D provides them with the required EPA Pamphlet, Protect Your Family from Lead in the Home. Property owners and/or Property Managers must also notify tenants, in writing, of any scheduled work necessary for lead-based paint on the property.

Mold Issues

GCR&D regards mold issues as a top priority in property management. Owners should be aware that mold is another leading issue in the property management industry and failure to act if tenants report or discover mold can lead to costly lawsuits. Several cases regarding mold have awarded damages to tenants in the millions of dollars. This is an area of extreme liability and GCR&D takes action if a tenant reports mold. GCR&D notifies owners as soon as practical of any mold issues so GCR&D and/or the property owner can take the proper steps.



ANSWERS REGARDING FUNDS



GCR&D uses the top property management software in the industry for accounting purposes. We recognize the importance of accurately collecting and disbursing funds; therefore, we use specialized software designed to handle the many facets of property management to ensure accurate record keeping while complying with the requirements of the Illinois Real Estate Commission.

Security Deposits

GCR&D holds all tenant security deposits in a separate escrow account. After the tenant vacates the property a thorough move out assessment will be conducted to determine if there are any damages to the unit. If so, these damages will be deducted from the security deposit. Security deposits are not considered revenue per Illinois law; therefore, security deposits must be returned to the tenant within 30-days of vacancy date unless documented evidence exists validating any deductions exist from security deposits that determine exclusively that damages left by tenant exceed what is deemed beyond normal wear and tear according to Illinois law.



Monthly Statements

Owners can expect to receive a monthly report showing all income and expenses of your rental property along with your distributions sent out on or before the 2nd Thursday of each month or between the 25th and 28th of the month. GCR&D does not disburse funds on weekends and holidays. If the tenant pays late, the owner payout will be funded when the rent payment is received if you have just one unit. Property Managers will do what they can to communicate any delays in payout and reporting.



End of Year Procedures

At the end of each year, GCR&D is required to file 1099's for income received over \$600. Please note that this amount is for "total income received," and not the yearly total of owner disbursements. The Internal Revenue Service dictates the "total income received" requirement. Please note that security deposits are not included in this amount.

It is necessary that you supply GCR&D with the necessary Social Security/Tax ID information so the 1099 is accurate. GCR&D will send the 1099 for the rent by January 31 for the previous tax year. If there is a change in your tax information such as a new trust or address, please notify your Property Manager immediately.

GCR&D also issues 1099s for disbursements to vendors for work over \$600.00. Therefore, owners do not have to issue 1099s for work completed and paid through the GCR&D trust account. Owners are responsible for issuing 1099s to any vendor paid through the owner's personal account.

The last statement of the year will reflect "total amounts" for income and expenses that have transpired throughout the year, such as management fees, annual fee, landscape, utilities, repairs and maintenance, etc. The amounts will not reflect any funds issued through the owner's personal account. Owners can submit their last statement to their tax professional along with other information for income tax reporting. GCR&D does not issue statements to the owner's tax preparers.



RENTING YOUR PROPERTY



When prospective tenants view your property, GCR&D wants the home to look its best so it can compete with other area rentals. A property maintenance report and rental market survey is completed each time. Our management team will contact you to discuss the details of your vacant property and any necessary maintenance.

Setting the Rent

Supply and demand will determine rent. If there are multiple rentals available in the area of your property, it is necessary to be very competitive. If very few are “for rent” in the same area, it can make it easier to rent the property. Markets change and GCR&D Property Managers advise owners on the “current rental market.” We will not lease your property at a lower amount than agreed upon, without your permission. Unfortunately, the owner’s mortgage amount is not relevant in setting the rental price. Time of year may also influence rental pricing.

How Long Will the Property Be Vacant

This is the most commonly asked question we receive from owners. Unfortunately, there is no way to predict how long a property will remain on the market, even in the best market conditions. However, GCR&D works diligently to rent the property as quickly as possible. What is important to remember is that the more important objective is to have a “quality tenant.”

GCR&D, or any other property management company, can rent properties “quickly” if they do not have standards for obtaining good tenancy. However, bad tenants will only create more expense and another unwanted vacancy; therefore, waiting for the “right tenant” is worth the additional time it can take to rent the property. Worse than no tenant is a bad tenant. GCR&D will diligently screen prospective tenants to avoid getting bad tenants. GCR&D performs a credit & criminal background check and verifies rental references and income.

Remember that clean, well-maintained homes are more appealing to qualified tenants. Also, when a property remains vacant for a long time, it may be necessary for the price to be adjusted.



ADVERTISING/MARKETING

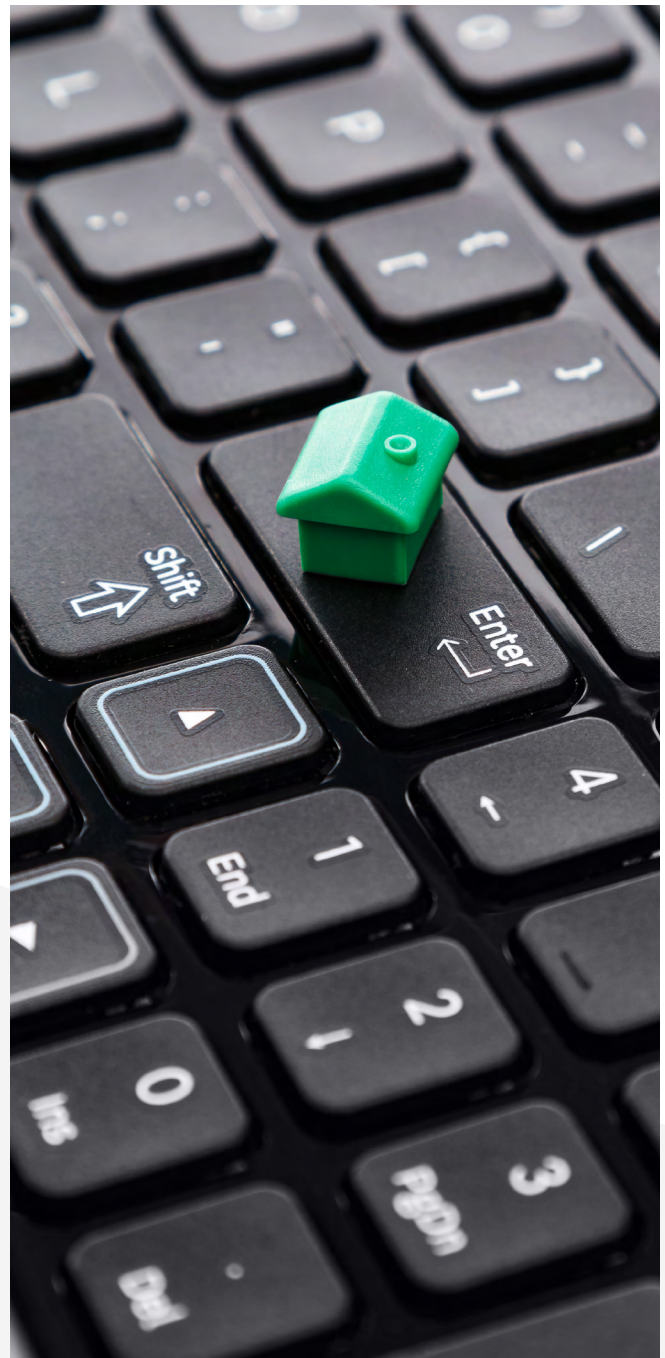


Internet/Website

GCR&D has found that the Internet and our website, www.gcrealtyinc.com, receive tremendous exposure as well as the network of Realtors and the Multiple Listing Service. Our online advertising includes interior and exterior photos, and detailed property descriptions for maximum exposure.

Showings and Applications

The Leasing Agent will schedule showings of your property to all prospective tenants until your home is leased. When prospective tenants see the property, the leasing department answers questions and provides information on the online application process. GCR&D processes each application on a first come/first serve basis. GCR&D is an Equal Housing Opportunity company and strictly follows Fair Housing guidelines.



PROCESSING TENANT APPLICATIONS



Thorough screening is crucial to successful Property Management. GCR&D requires all applicants to fill out a detailed application and submit it for processing/approval.

All rental applicants will be subjected to:

- Clear copy of driver's license
- If currently renting three (3) most recent cleared rent checks from current residence
- Copies of last three (3) pay stubs
- Proof of income from sources other than employment (i.e. child support, trust fund)
- If any portion of rent is subsidized tenant's "moving packet" & "burden sheet"
- Clear color pictures of any pets
- Applicant's gross monthly income must be three (3) times the amount of the monthly rent.
- GCR&D does a credit check, criminal and background check. If unacceptable information is discovered, application will be declined.
- In Cook County we will follow the new 2020 laws around background checks

Cosigners

We normally do not accept cosigners. Our policy is that the applicants should have the ability to rent on their own merits. However, some conditions may warrant taking a cosigner on a property.

Pets

GCR&D strongly encourages all owners to be open to accepting pets. If an owner authorizes a pet an additional pet deposit or non-refundable pet fee can be charged.

Many tenants have or want pets and we live in a pet friendly area. It is legal for property owners to discriminate against pets. Unless your HOA or insurance prohibits pets, GCR&D strongly advocates for our properties to be pet friendly. However, whether you have or have not decided to allow a pet in your property, the GCR&D application has a place for prospective tenants to list pets and how many. It is important NOT to discourage full disclosure on pets while taking an application.



GCR&D has 3 categories for the acceptance of pets:

1. **Pet Friendly:** This means pets are allowed, screened, approved and permitted.
2. **Pets Considered or Pets with Approval:** This avoids eliminating an excellent tenant that cares for their pet, has excellent tenant history and owns a pet or pets suitable for the property.
3. **NO Pets Allowed:** If you, you're HOA, insurance or other governing body do not allow pets please advise GCR&D of this before we start marketing your home. Please be aware that we have found it to take up to 3 times longer to rent a "no pet" property.

Service Animals

Special note: "Service animals" or "therapy animals" for handicapped/disabled/special needs persons are NOT considered pets by Federal law, and owners cannot discriminate against handicapped/disabled persons with a service or therapy animal. Fair Housing legislation and the American with Disabilities Act do NOT allow owners or property managers to collect deposits of any kind for service animals. However, Landlords can still process applicants who are handicapped or disabled on the same criteria as other applicants: income, credit, and tenant history. If they fail to qualify in these areas, the landlord/manager can still deny the application.



THE TENANT MOVE IN



First Month's Rent, Security Deposits & Utilities

All applications are processed on a first come first serve basis. Once a prospective tenant is approved for a property, the tenant has 24 hours to bring the deposit and first month's rent which must be in certified funds. (The exception is if we are working with a potential applicant from another state. In that case, the applicant must overnight the security deposit).

Tenants are required to have utilities put into their name by the effective date of the lease. If the tenant does not move in on the first day of the month the tenant's first month's rent is prorated. Proration is done on a 30-day month, no matter how many days are in the month. Rent is due on the 1st day of the month every month after and tenants have until the end of the day on the 5th to pay their rent. Rent can be paid by personal check, money order, bank check or online using a debit/credit card or their checking account. Tenants can also set up automatic online payments so their rent is never late. If a tenant writes a personal check for their rent and it is returned NSF, the tenant

is charged a \$50 returned check fee and that money is paid directly to GCR&D. If a tenant bounces 2 checks, they may no longer pay with a personal check and they are notified of this in writing.

Rental/Lease Agreements

Once GCR&D receives certified funds a rental/lease agreement is completed. All necessary addendums are included with this documentation. All persons 18 and over, including adult children, are required to read and sign all rental/lease agreements. If the accepted applicants are a foreign nationality and cannot read and understand the documentation, they must supply an interpreter of legal age for signing the rental/lease agreements.

The standard lease is for 12 months. The lease end date is always the last day of the month. Our lease documents are prepared in the office and emailed to the tenant to be signed electronically via DocuSign. Once all parties have signed, a final copy is provided to the owner and tenant.

For vacant homes being leased in September, October, November, & December we will complete a 14-18-month lease to have the lease end two years later in Spring. This allows ideal timing to get the home leased out again or optimal timing to place on the market if sale was an option.



Property Condition Report

As part of the move in process for tenants, tenants will download our move in phone application on their smart phone. They will complete their own move in report filled with required pictures within 7 days of move in. This will allow the tenant the opportunity to document anything they want us to know is pre-existing to their residency, so they are not charged for such items upon move-out. Tenants are encouraged to take photographs as well.

If a tenant does NOT have a smart phone, then they will be provided a paper copy of the property condition report form. They have 7 days to return this to our office complete in full. For both the electronic and paper option we do charge the tenant a fee if they do not complete the step withing the 7 days allowed.

Tenant Handbook

As an addendum to their lease agreement, Tenants immediately receive the “GC Realty & Development Tenant Handbook.” This detailed booklet gives them additional information on how to care for the property, report repairs, maintain the property, make timely payments, how to give proper notice to vacate, leave the property in good condition, and more. We encourage all owners to read our Tenant Handbook in order to become familiar with GCR&D’s tenant policies.



Collecting Rent

Rents are due on the first day of the month and late if not received in our office by the end of the day on the 5th of the month. On the 6th of the month, or the next business day, GCR&D charges the late fee as permitted by the lease agreement.

At GCR&D, we do not tolerate the delinquent payment of rents. We are careful to explain this policy to new residents in order to avoid any misunderstandings that might arise later. Our rent collections and delinquencies policies are as follows:

- We will make every effort to collect rents timely when due (1st of the month). We will “Hand Deliver” a 5-day notice (Illinois’ legal prerequisite to an eviction). In certain circumstances a process server will be hired, at an additional expense to the owner, to properly serve the tenant.
- If no response we will turn delinquent residents over for an eviction to be filed with your approval, as owners are responsible for fees.

GCR&D recognizes that many things can happen where it concerns rent; rent can really be lost “in the mail”, employers can delay the tenant’s paycheck, there are real tenant emergencies, and more. Therefore, we make a serious effort to determine why the tenant is having a problem and will work with them to obtain payment as soon as possible.

Other Notices

There are other notices that may be involved with tenants. GCR&D serves notices as situations warrant, such as a notice to clean up the landscape, a notice to enter the property, a notice to perform survey/inspections, a notice regarding an illegal pet, illegal tenants, etc. These tenant violations may be in the form of a letter or a legal Notice “form.” Often, these notices are simply to correct minor tenant problems and most tenants comply.

Tenant Issues

GCR&D’s policy is to obtain good tenants, eliminating many tenant problems. However, even good tenants have problems. GCR&D treats each problem with a common-sense approach, follows landlord/tenant law, and uses the appropriate documentation. If the situation turns serious, GCR&D contacts the owner and works to find a solution for the problem.

Legal Action

Although GCR&D works diligently to avoid the necessity to begin an eviction proceeding, it can happen. In the event any legal action is required, GCR&D will contact the owner prior to taking action, discuss what is needed, and obtain owner authorization.



Lease Renewals

We strive to get our tenants to renew their leases at least 30 days prior to the expiration of their lease agreement. We will try to renew the tenant's lease for another year at the same or at a slightly higher amount of rent.

We will renew the resident's lease agreement, or re-rent the property to new residents, unless we have a 60-day written directive from you not to renew the lease or re-rent the property.

Property Assessments

We will conduct a "Move-In" assessment prior to new residents moving into the property. When the resident moves out of your property, a Move-Out assessment, also called a Rent Ready Walk, is conducted and the manager will thoroughly document the condition of the property, according to your management agreement.



MAINTENANCE



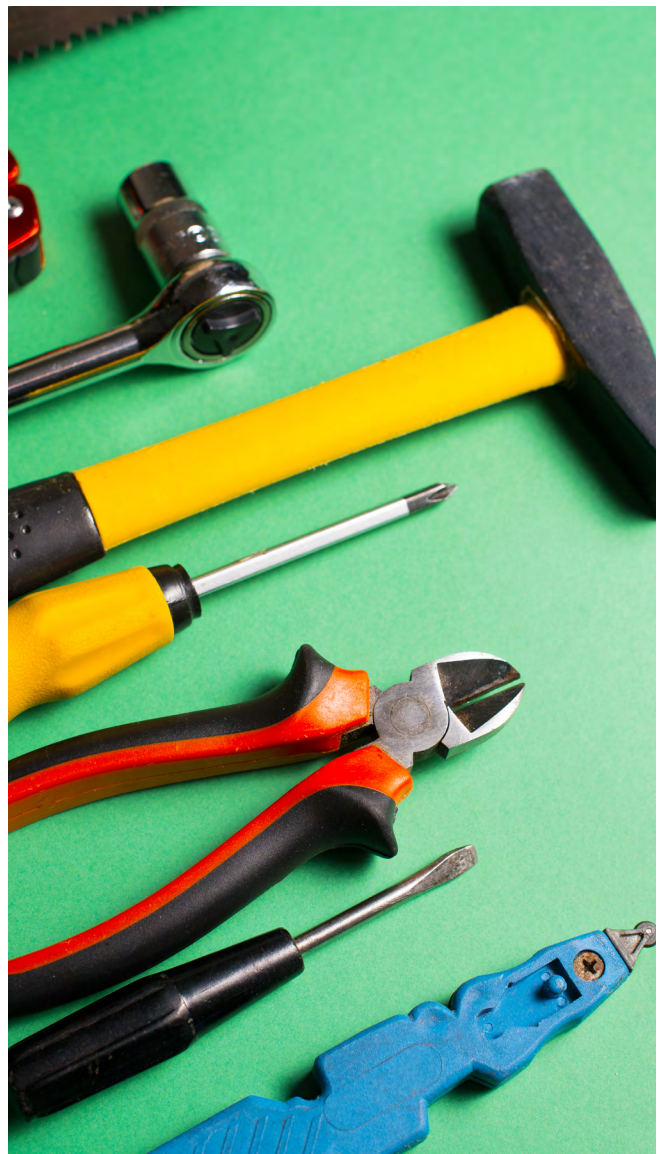
the tenant had reported the leaking toilet in the bathroom? Avoiding major maintenance costs are certainly more favorable in such cases. Rental homes must be properly maintained in order to preserve the value of the property and maintain a positive relationship with the residents. Illinois also has laws that require property owners to comply with certain basic maintenance and repair items.

Preventative Maintenance

Our policy and the best approach to maintenance is “preventative maintenance.” First, we supply tenants with the instructions on the care of the property and how to report a maintenance issue.

Next, we use “preventative maintenance” techniques when work is required and utilize our in-house maintenance team and competent contractors. Often minor expenditures save the most money such as doorstops, new filters, checking appliances, testing smoke alarms, adjusting doors, window latches, deadbolts, and more. Many small repair items can prevent maintenance that is more expensive.

It is equally important to keep up with maintenance while the tenant occupies the property. Often people think no news is good news; this can be just the opposite. Instead, “delayed news can become very bad news.” This is why, in our tenant instructions, we require them to report problems. For example, what is worse than finding out dry rot could have been prevented or discoloration of the linoleum if



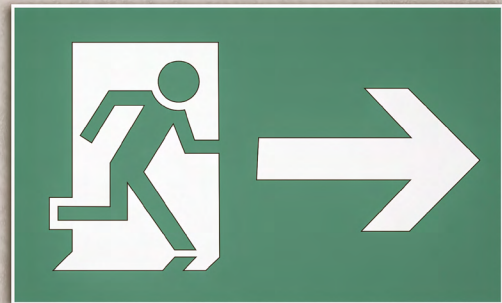
GCR&D will contact owners regarding maintenance above the agreed upon amount that is listed in your Management agreement, unless the situation is an emergency. Sometimes when a maintenance person is at the home to give an estimate, they find they can complete the repairs right then and they will call us. If we cannot reach you but we feel the work is necessary, we will authorize the repair and let you know this at the earliest convenient time. We do check pricing and we do always look out for your best interest in the decision-making process. When the amount is going to be less than \$400 our vendors do not call for approval, they immediately make the necessary repair.

When your property becomes vacant, we will take necessary actions to improve the property's show-ability to prospective renters. This means faster lease ups and less vacancy for you. Examples would include lawn service, carpet cleaning, house cleaner service, pool service, utilities and painting when necessary. In the event that any of these repairs were due to the former rental resident's tenancy, we will spend all of their security deposit first to put your property back into its pre-rented condition.

Emergencies/Disaster

When an emergency and/or disaster strikes, GCR&D has policies in place for the property and tenants. GCR&D notifies the property owner as soon as practical.

There are times when a property manager must "act" in order to prevent great financial risk to the owner. For example, when a property is flooding, action is necessary, particularly if the property owner is not immediately available.



WHEN THE TENANT VACATES



Notice to Vacate

When there is a notice to vacate the move out procedures with tenants are as critical as when GCR&D moves in a tenant. The preparation for this really began when the tenant moved in with a detailed rental agreement; move in condition form from the tenant, and our Tenant Handbook, which gave instructions to the tenant on how to move out. The standard notice to vacate is 30 days. Once notice is received that a tenant plans to vacate, GCR&D begins to market the property immediately for re-rent.

Communication with Owners and Tenants

GCR&D notifies the owner when a tenant has given notice to vacate. Rent is required until the end of the notice unless otherwise stated in the lease agreement.

Tenant Move-Out

GCR&D conducts a walk-through, also called a Rent Ready Walk, similar to the one performed

when the tenant moved into the property. We record any maintenance required and disclose a list of damages to the vacating tenant. GCR&D documents the condition of the property to support any deductions from the security deposit.

After assessments of the tenant move out, GCR&D advises owners of any tenant damages or any maintenance required to re-rent the property above and beyond tenant responsibility. Per the Tenant Security Deposit Act, tenants cannot be charged for normal wear and tear. Please keep in mind there will be times GCR&D will advise the owner that the property needs to be repainted or flooring replaced. These are things necessary to maintain the integrity of the rental and to assure a high-quality tenant.

Security Deposit Refunds

Proper handling of the security deposit refund is crucial. Any tenant deductions are determined in a timely manner, and a security deposit transmittal is prepared in accordance with state laws. The lease agreement states the security deposit will be returned within 30 days of the date the tenant vacated the property. If we intend to make a deduction from the deposit, we are given 30 days, so this will allow us to get the items done and charge the tenant for the actual expenses.

Tenants often dispute and the deposit cannot be disbursed until the dispute has been resolved. It is usually best to allow us to try



to negotiate with the tenant. In the event of a dispute, we will notify you of the dispute and discuss possible solutions.

Collections

If collecting damages is required, GCR&D will refer the matter to a qualified consumer collection service at the instruction and authorization of the owner. GCR&D will supply consumer collection companies with documentation.

Supervision of Extraordinary Maintenance

GCR&D can, for a fee, supervise work requiring extraordinary maintenance. GCR&D's policy is to consult licensed contractors for bids and solutions. Then GCR&D contacts the property owner for authorization and/or decision regarding the maintenance. The definition of extraordinary maintenance is as follows:

GCR&D defines extraordinary maintenance as rehabilitation work that exceeds \$1000, insurance claims, and major systems replacements. (Examples are roof replacement, major tree work, exterior painting, vandalism, insurance claims, etc.).



CANCELLATION OF MANAGEMENT



It is the goal of GCR&D to satisfy your management needs and engage in a successful business relationship, but all things do change over time. If this happens, GCR&D's cancellation policy is to resolve your account in a professional, timely, and pleasant manner. Please refer to your management agreement for the cancellation policy.

Notice to current tenants & tenant information:

GCR&D will notify current tenants the date GCR&D will no longer manage the property.

It is the owner's responsibility to advise tenants where to make future rental payments and work requests after the notice period.

GCR&D will supply current tenant documentation to the owner. If the owner has employed new management, it is the owner's responsibility to instruct them to pick up documents, keys, and any other necessary materials at GCR&D office.

Final Distribution of Funds

GCR&D will distribute funds and final statements to the owner within 60 days of the terminating date of management, as agreed in the management contract.



CONCLUSION

We hope you have found the GCR&D Owner Handbook informative and useful. If you have questions, please contact your Property Manager. If you feel there is any other information GCR&D can provide, please let us know so we can include it in the future.

Once again, thank you for choosing GCR&D Realty & Development to manage your investment property. We look forward to a long and prosperous union.

GCR&D Realty & Development Property Management Team



Special note: The information provided in the GCR&D Owner's Manual is subject to change. Landlord/Tenant laws, personnel, policies, and procedures change accordingly to events that take place. GCR&D works continually to improve services and personnel training as well as remaining current with all landlord/tenant legislation.

