



SEPTEMBER MEETING

Tuesday, Sept. 18, at 7 P.M.

Liability for Tenant Conduct

Cost: Free for members \$15 non-members

Meeting Location → **RAAR**

6776 East State Street
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www.rockfordapartmentassociation.org

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Letter from the President:

We are beginning our season with a discussion of an issue that is a great concern for RAA members. What is the extent of a housing provider's liability for the conduct of his tenants? Should a property owner be penalized for behavior he could not have prevented? Is it reasonable for government to claim that because a property owner allows a person to live in his property, that property owner should be accountable for the behavior of a tenant, or the tenant's family and friends? How do we manage that liability?

It has been the position of RAA that our members provide a place for people to live. It is government's obligation to control how they live. The rental housing business is unique from most other types of businesses. When customers of other businesses cause problems, those businesses can immediately suspend operation until the problem customers are gone. When a problem occurs regarding our customers, our tenants, we do not have the power to take immediate action to remedy the situation. A housing provider's response is limited to first going to the government and getting permission to remedy the situation. We have no authority to enforce any law. Our only definitive action to manage tenant conduct is to take back control of our property. This reality is a restriction imposed by government to protect the rights of tenants. I think RAA members understand the reason for the requirement that we prove in court that it is justified we take back control of our property. What is unreasonable is to expose housing providers to penalties for problems that develop as a result of the restrictions we operate under.

We invite all members and anyone in the community who is concerned about this issue to attend this meeting. We will share ideas on techniques to manage tenant behavior and discuss options on how we can respond to penalties imposed on property owners for tenant conduct. I hope you can join us and share your ideas

JEFF STURTECKY—POWERHOUSE!

I feel so privileged to be able to do these interviews. When we sit in the monthly meetings and we look around, we would never guess that we are sitting with such powerhouses. Oh, we know that the RAA has a lot of landlords, some of whom have acquired a lot of property and there are probably some very successful and wealthy landlords among us. That in itself is great, but what fascinates me the most and what makes me so proud to be a part of this great organization are the great men and women who are so dedicated to making it what is is. Jeff Sturtecky is certainly one of these men.

—Jerri Cole

Remember the Get Rich Real Estate infomercials on t.v.? I really think Jeff should be teaching them how it's done! What they don't tell you is that you have to have super intelligence, super organizational skills, super ambition, and super patience, among a host of other things. As you can tell from my interview with him, Jeff Sturtecky has all of this and more. The other attribute I admire is that even with all his accomplishments, he has his priorities in order—God, Family, and Business. Oh yes, but not least, he still has time to help when he can on the RAA website.



MEET JEFF STURTECKY

I am generally an outgoing person. I am married for 22 years to my silent partner and book keeper, Brigit. I have two daughters, Abby is 11 and Ali is 15. I am opinionated on issues that involve me directly. I get involved in too many things - according to my wife. I know I am getting old, as technology is beginning to be something I ask my daughters about, rather than showing them about!

My favorite thing to do on my day off is go out on our boat or wave runners a little further up the Rock River on Lake Koshkonong, in Milton, Wi. I like to travel and our family will generally try to do several vacations per year. We like to go somewhere warm in

the winter, somewhere fun and active in the summer. I enjoy watching my daughters play soccer and tennis.

I run my business with a very simple set of rules. I do not lie, cheat, or steal from anyone. That includes my bank, the government, my residents, my partners, my contractors, etc.

I became a landlord in 2003 after doing a flip on a house. I tried another and couldn't sell it at the profit I wanted. My realtor suggested I rent it out. (I thought this was a silly suggestion at the time.) Since selling that first flip, I have not sold any other property. My strategy is buy and hold. My wife and I are currently involved in 286 units in Rockford and 73 units in McHenry County. My wife and I own the McHenry County properties through ourselves individually and through several LLC's. We bought all 1-4 family properties using regular mortgages until 2007 when the banks began to say no. We then began our purchases in Rockford. Rockford is mostly apartment buildings of more than 8 units and most properties are owned with partners. All of our partners are close to us, being relatives and or close friends and business friends. My arrangements with our partners are simple - I run it, they let me run it. For the most part they get their investments back while we pay off the mortgage. We never mix partners and properties; everything is run as a business - not a hobby. We do not move tenants from one partnership to another or share advertising, workers, or material. This keeps all the money, billing, and efforts separate. I do not make my living in the rental business or actively take money out of the business. I pay my bills at home as an insurance agent. My scheduling is tricky. I try to be in Rockford at least two days a week, but it usually ends up three or four. I am addicted to my Blackberry and need to be to keep up on my insurance business and the real estate. My days usually begin a 4:40 A.M. and end when the work for the day is done. I make ONE FIRM COMMITMENT to my family. In general, I will have breakfast or dinner with them sitting at the kitchen table - most of my friends working in corporate America cannot make that happen. We are blessed to have that opportunity and I

don't want to miss it.

I like to see a property go from initial investment/purchase and move through our process of improvements. I also like to show and lease. We try to make sure our units are better than the competition and have them priced competitively. A lot of satisfaction comes from seeing a run-down or neglected property put back together and occupied.

The thing I like least is when a resident lies or hides when it's time to pay the rent. I expect my residents to live by the same rules I do. I don't like dealing with the crime and especially the drugs that are present in our society.

The funniest stories I can tell involve me and plumbing . . . usually me putting something back together, running down stairs to turn the water main on, and finding out I left a valve open spraying water all over until I walk back upstairs!!!! I always run or have someone on a cell phone next to the repair now.

I am a husband, I am a Father, I belong to a Lutheran Church, and I am an Insurance Agent. I am the youth ministry director of our church.

One of my pet peeves is people who don't do what they say they are going to do!!

Rockford can help Landlords by making the pursuit of illegal drugs their number one concern. Drugs take money from productive people and productive uses. I would venture to bet 90% of our crime today is caused by the ripple effect of illegal addictive drugs. Rockford can also help Landlords by working to attract business investments and expansion in the local economy. Money and effort spent creating jobs will go a lot further for the good of all than licensing.

My best advice for new Landlords is:

If you have one rental, it stinks, because you have two mortgages and NO SUMMER HOME! If you get ten rentals, you are in good shape, as 9 occupied units can pay for the one vacant. At 50, you have a business and can hire a good staff to help out. It doesn't matter how many units you have, where they are, or who your residents are - your phone will always ring on Friday night when you are out to dinner!!! One other piece of advice that is important: Always pay the people who work for you on time and a little better than they ask. Many others in our business don't pay on time or when they promise. You will gain favored status when you have an emergency at 11 P.M. on a weekend.

I would also like to add the RAA is a great organization that is held together by a dedicated group of people (and Paul). I wish to thank you all (especially Paul!!!!)

Thank you

I just want to thank everyone for your kind and thoughtful expressions of sympathy during what was a very difficult time for me. Everything you have done is truly appreciated and will always be remembered.

—Jerri Cole

WELCOME new members:

Joe & Heather Moses,

John Schmidtke

Craig Sockwell

Tom Jones

—Superior Spy & Surveillance

Jan Bukowski

Sherrie Morris

Paul Chiodini

Advice from Members

One of the things that I have been told by a friend that does real estate training is that there are three parts to this or any business. The first part is tips, techniques and strategies. So knowing how to do business accounts for 5% of what you will know to do business. Once you have the business up and running the next portion is cash flow management which accounts for 15% of the business. Cash flow management is what you do you with the cash as it comes in. What good is bringing money in the front door if you don't keep tight control of it and blow it out the back door in expenses. The third and most important part is Psychology and Emotions which is 80% of business (and life). You may be thinking that's BS and I would say you are right. Because it is our Belief System that determines what we will do. —Terry Heilman, Heilman Properties

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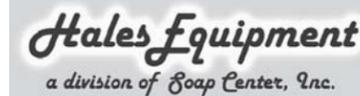
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LEGISLATIVE UPDATE

Improved communication in the code enforcement process.

SB3406 has been signed by the Governor and is now law. The bill was an initiative of IRPOA and adds language to the sanitation and building codes that requires the following to be included in violation notices.

A citation to the specific code provision or provisions alleged to have been violated, a description of the circumstances present that constitute the alleged violation.

IRPOA proposed this change in the law because we had reports our members were receiving violation notices that were not specific and so were difficult to comply with. The notices would include general statements like "Porch in Disrepair" or "Plumbing not to Code". Those types of notices seemed more common when inspections are done in response to tenant conduct. Also, many of our member groups operate under regulations that include annual inspections. Those ordinances apply multiple code standards to rental properties. It is very difficult to know where to look up a code when the city can impose regulations from nine different code books.

With this change, you should now be able to reference a code book and read the code that is in violation. You should also receive a description of what is wrong on your property so you know exactly what action to take to correct the violation. We believe this will make dealing with code enforcement much easier.

State Senator Dave Syverson sponsored this bill in the Senate. Representative Chapin Rose was our primary house sponsor and Representative Sidney Mathias was a house co-sponsor. If you live in, or own property in, these legislators districts, please contact them and thank them for their support.

Please also take the time to contact your local candidates for the State Legislature and make them aware of the issues we are concerned about. There will be many new Senators and Representatives elected this November. This is a great opportunity for IRPOA to build awareness of our organization. We need to make sure our opinions are considered in any issue related to rental property. Other than the Home Builders Association, no other group supported our effort to correct problems with the code enforcement system. We have to take the lead in protecting our own interests. We cannot rely on other groups to do it for us.

To read the text of SB3406, now Public Act 097-1088 go to <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=097-1088>

Homestead exemptions for tenants

HB4239 has been signed by the governor and is now law. This bill was developed during negotiations on legislation intended to regulate improper homestead exemptions. "Homestead Exemptions" are often incorrectly referred to as "Homeowner Exemptions". The word "Homeowner" never appears in the State law regarding these property tax exemptions.

Previously, the law allowed a tenant who is responsible for property taxes as part of their rent payment to receive a homestead exemption; however, no procedure was defined for the exemption to be granted. IRPOA raised the concern that any exemption could be challenged as improper. The first proposal that was made would have prohibited tenants from receiving a homestead exemption. IRPOA, along with the Illinois Association of Realtors, opposed that legislation and it failed to move out of committee. Considering that the House Revenue Committee recognized a benefit in allowing a tenant to be granted the exemption, Rep. Michael Zalewski advanced legislation to include the following suggested procedure be included in the law.

(e) The chief county assessment officer may, when considering whether to grant a leasehold exemption under this Section, require the following conditions to be met:

(1) that a notarized application for the exemption, signed by both the owner and the lessee of the property, must be submitted each year during the application period in effect for the county in which the property is located;

(2) that a copy of the lease must be filed with the chief county assessment officer by the owner of the property at the time the notarized application is submitted;

(3) that the lease must expressly state that the lessee is liable for the payment of property taxes; and

(4) that the lease must include the following language in substantially the following form: "Lessee shall be liable for the payment of real estate taxes with respect to the residence in accordance with the terms and conditions of 35 ILCS 200/15-175. The permanent real estate index number for the premises is (insert number), and, according to the most recent property tax bill, the current amount of real estate taxes associated with the premises is (insert amount) per year. The parties agree that the monthly rent set forth above shall be increased or decreased pro rata (effective January 1 of each calendar year) to reflect any increase or decrease in real estate taxes. Lessee shall be deemed to be satisfying Lessee's liability for the above mentioned real estate taxes with the monthly rent payments as set forth above (or increased or decreased as set forth herein)."

In addition, if there is a change in lessee, or if the lessee vacates the property, then the chief county assessment officer

may require the owner of the property to notify the chief county assessment officer of that change.

This subsection (e) does not apply to leasehold interests in property owned by a municipality.

The suggested lease language included in the statute is the same already being used in Winnebago County. The IRPOA board was pleased to see this change in the law. Having a defined procedure makes it clear that the intent of state law is that a tenant may receive this exemption.

To read the text of HB4239 now Public Act 097-1125 go to <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=097-1125>

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Networking

✓ One of the benefits of membership in RAA is our email group. By joining the group you can interact with other RAA members on a daily basis. Great information is shared on issues such as management, service providers, and prospects. If you are not currently taking advantage of the RAA email group and would like to see what it has to offer, send an email with the name your membership is under and the email address you want added to the group to arenacnst@charter.net.

✓ Are you on Facebook? Follow the Rockford Apartment Association and Illinois Rental Property Owners Association. Facebook is a great tool to increase awareness of our groups and the issues we are working on.

✓ RAA is a member of the Illinois Rental Property Owners Association (IRPOA). Our membership in IRPOA connects us to other groups like RAA from across Illinois. These groups work together to ensure that regulations imposed by state government are fair. RAA makes a contribution each year to pay for our lobbyist but that only provides a portion of the funds we need. Please go to www.IRPOA.org to subscribe to our web site or just to make a donation to our lobbyist fund. Your contribution is cheap insurance to limit unreasonable and costly regulation.

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Rockford Apartment Association Code of Ethics

We, the members of the RAA, recognizing our duty to the public and the intimate nature of the relationship between the apartment resident and the owner, or manager, and being aware of the vastly increasing role of the apartment industry in providing the home of the future, and in order to provide the apartment-residing public with the maximum in quality and service upon the highest standards of honest and integrity, do hereby bind ourselves, with each and every member, together a and alone, agreeing that, so long as we remain members of the RAA and so long as nothing contained herein shall be unlawful, we shall:

1. Promote, employ and maintain a high standard of integrity in the performance of all rental obligations and services in the operation of our apartment communities.
2. Maintain and operate our apartment communities in accordance with fair and honorable standards of competition, ever mindful of the purposes of the Rockford Apartment Association and in compliance with the by-laws thereof.
3. Strive continually to promote the education and fraternity of the membership and to promote the progress and dignity of the apartment industry in creating a better image of itself in order that the public may be

better served.

4. Seek to provide better values, so that an even greater share of the public may enjoy the many benefits of apartment living.
5. Establish high ethical standards of conduct within the apartment industry in the business relationship between the owner, managers and suppliers of products and services to the apartment industry.
6. Maintain property standards of the appropriate governmental authority.
7. Ensure that every qualified individual, regardless of that individual's race, color, religion, gender, disability, familial status or national origin is afforded the same opportunity to rent an apartment and enjoy the benefits of apartment living.

Financial statement available upon request to members in good standing.

The content and opinions expressed in the RAA newsletter do not necessarily reflect the views of, nor are they necessarily endorsed by, the Rockford Apartment Association.



SEPTEMBER MEETING

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RAA rental forms for members only

Forms are available at the following locations. Please call in advance to be sure someone will be available to help you.

RAA Meetings	6776 E. State St.	1-800-RAA-6676
Hurd Properties II LLC	124 Water Street Suite 204	1-815-519-5583
State Line Rentals	6952 Rote Rd. Rockford, IL	1-815-398-8886
Terra Creek Apartments	375 Bienterra Trail	1-815-397-3320

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