



SEPTEMBER MEETING

Tuesday, September 19, 2017

Insurance

Jeff Eckberg from the Eckberg Insurance Agency

Cost: FREE for members, \$15.00 for non-members

Networking 6:30 P.M.

General Meeting 7:00 P.M.

Meeting Location

RAAR

6776 East State Street
Rockford, IL 61108

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Letter from the President

Welcome back everyone to the start of our 2017–2018 year! The summer went faster than ever, but hopefully everyone had a warm and wonderful one getting away with their families and loved ones. The RAA board is back in full swing planning the year ahead, so if any of our members would like us to cover certain topics during the year please feel free to speak up. We will be covering not only topics that we covered before but some new ones as well. We will try to have open time towards the end of each meeting, so members can get questions answered that might be off topic. We encourage members to bring those questions and also to participate in roundtable type meetings. The sharing of ideas and information is so valuable.

The May 16th 2017 Banquet was a huge success as usual, and again we thank Muffy and her team of volunteers who made it happen. Lots of work goes into the banquet. Muffy can always use more volunteers, so give her a shout. Thank you to Famous Dave's for providing great food, and a big special thanks goes out to all the Vendors for participating and bringing all the raffle prizes.

We start our New Year with a couple of new RAA board members. We want to welcome Lynn Olsen and Larry Mills to the RAA board. We are happy they have joined in our efforts to educate all Landlords and we are sure they will be helpful additions to the process of doing so. Larry Mills has become our new Programs Director. Lynn Olsen will be assisting other board members in their duties. They are replacing outgoing board members Tim Hoffman and Greg Osen. We would like to thank Tim and Greg for their service on the RAA board.

We will be covering many topics this year, and first on the agenda in our meeting September 19th 2017 we will be talking "Insurance". Our guest speaker will be Jeff Eckberg from Eckberg Insurance Agency. Jeff will cover all aspects of insurance coverage relating to investment property. He will talk about the differences between full replacement value and actual cash value. He will explain what happens in a claim situation, whether it be property loss or personal injury. Does your insurance policy cover damage from mold, lead poisoning, sewer backup, flooding in general? Find out what you don't know so you're not surprised in a claim situation.

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

Asset Protection Insurance

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Come to a meeting!

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\$15 non-members

Rockford Area Association Of Realtors

*6776 East State Street
Rockford, IL*



We will again hold our meetings at the Rockford Area Association of Realtors (RAAR) Building located at 6776 East State Street, Rockford IL. 61108 on the Third Tuesday of each month starting with Networking at 6:30pm and the general meeting at 7:00pm.

Hope to see you all there and again welcome back!

Thank you,

—Karl Fauerbach, RAA President

Meet JOHN SYMINGTON

by Jerri Cole

We all struggle in life, and John has had his share of struggles. With persistence and determination it sounds like his struggles have paid off nicely—time for his lakeside mountain cabin and time for golf—and he is only 60 years old. Not punching a time clock! This is the success we all strive to achieve. We work hard so we can enjoy time doing what we want to do later on. Another role model in RAA!



I am a 60-year-old married man and have been married for 26 years to my wonderful wife Pam. We live together in southeast Rockford. I am very opinionated and have been known to go on a rant or two in my time. My wife is my better half and balances us out by being softer and wiser than I am.

My favorite thing to do is to travel and stay at my lakeside mountain cabin located in the foothills of the Catskill Mountains. I usually travel there 5 times a year from the middle of May to the middle of October, and I spend approximately 85 days per year at the cabin. I swim, rowboat, raft, lay on the dock, cookout, and in general just enjoy being alone and recharging my battery. When I am in Rockford, I can often be found on the Sandy Hollow Golf course in the afternoon.

I have a Master's of Science degree in mechanical engineering from Purdue University (1981), and I have had the opportunity to work in a wide variety of project engineering roles in multiple industries such as aerospace, automotive, military, industrial and medical fields.

I became a landlord in 2004 out of necessity. In 1992 I left my position with Sundstrand Corporation to start my own engineering business, Esenen Engineering and Manufacturing, Inc. The business didn't really work out the way I hoped so I re-or-

ganized it and began to start marketing my engineering services as a contract engineer. It was a difficult 12-year period, and it seemed like everything was either feast or famine. If I had a contract it was a feast, if I didn't it was a famine. During this period of time I had to work out of town for seven of the twelve years, only traveling home on the weekends or every other weekend, or monthly. So in 2004, after finishing a round of golf, I confessed to the Lord how sorry I was that I hadn't purchased some previously available condominium properties because of a lack of faith on my part. Five minutes later I walked into our house, spoke to my wife, and she said to me that there are two condominiums for sale in our neighborhood. Needless to say, I didn't waste this opportunity and shortly thereafter I became the landlord of two rental condominiums.

The thing I like best about being a landlord is being the boss, and I like the continually predictable cash flow the business provides.

The thing I like least about being a landlord is having to repair something while the tenants are at home. I am most capable of screwing up just about anything.

I once had a tenant who was a middle-aged woman separating from her ex-boyfriend and looking at a couple of my units. She told me they were separating because he was abusive, and every time she came to look at the properties she brought her niece who she said was going to be living with her. They both went through the application process which I purposely make a little cumbersome in an effort to identify people who are cooperative. They both checked out okay and I entered into a lease agreement with them. However, when move-in day arrived they had several extra hands on deck and apparently the woman had decided after renting my condominium with her niece, that she would reconcile with her ex. So on move-in Saturday I found out that she intended for her ex and his two children to live with her and her niece. Move-in Saturday was quickly followed by eviction Monday. Can you believe the audacity of some people?

The primary organization that I belong to is the Rockford Apartment Association. I think it is a wonderful forum to help teach new landlords the rules of the business. I also enjoy the Lombardi Club on a regular basis. It's a nice men's social club located along the east side of the Rock River, north of the downtown area.

My pet peeves are pet peeves. I rarely rent to people with animals, particularly dogs. I had one tenant, a wonderful young lady, who fell in love with a guy

who had a dog. So of course they start to live together and he brings his dog. The very next time I was in their backyard, I found over thirty piles of dog poo. I spoke with the tenant several times and eventually evicted her. I guess my pet peeve is people who have pets and don't understand how to take care of them properly.

Rockford and Illinois in particular need to get their acts together and find an alternative way to pay for public schools. Rockford has such a high tax rate that 32% of my GRI from Rockford unit's goes to paying property/school taxes. Other properties I own in Loves Park seem to only collect 20% of my GRI for property/school taxes. Why would anyone invest in Rockford at this time?

My best advice for new landlords is to become a member of the RAA and stay with it. You will learn a wealth of things you didn't know and become a better landlord.

If I could change anything, it would be not a thing.



An old drunk stumbled across a baptismal service one Sunday afternoon down by the river. He proceeded to walk down into the water and stand next to the preacher. The minister turned around, spotted the drunk and said: "Mister, are you ready to find Jesus?"

The drunk replied: "Yes, preacher, I sure am."

The minister then dunked him under the water and pulled him right back up. "Have you found Jesus?" he asked.

"Noooo, I did not, preacher."

So the preacher dunked him under the water for a bit longer, brought him up and said: "Now, brother, have you found Jesus?"

"Noooo, I did not, preacher."

In disgust, the preacher then held him under for at least thirty seconds before bringing him back to the surface and demanding: "My God, man, have you found Jesus yet?"

His head drenched, the old drunk spat out water and wiping his eyes, said to the preacher: "Are you sure this is where he fell in?"

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What's the difference between replacement cost and actual cash value?

<https://www.cooperators.ca/en/Answer-Centre/am-i-covered/home-covered/replacement-vs-actual-cashvalue.aspx>

When you buy an insurance policy, you may be given the choice of insuring your property at actual cash value (ACV) or replacement cost. These are two different calculation methods used to determine how much you would receive from your policy to cover an item if it is lost or damaged.

Let's look at an example: your ten-year-old TV gets stolen.

Replacement Cost

If you have a Replacement Cost policy, your claim will be based on the cost of buying the same TV brand, of similar kind or quality, new; there is no deduction for depreciation.

Actual Cash Value (ACV)

If you have an Actual Cash Value policy, payment of your claim will be based on the cost of buying another ten-year-old TV in similar condition to yours at the time of loss; depreciation is factored into your payment.

When calculating items at actual cash value, the insurance company can charge a lower premium. This is the same idea as increasing your deductible to reduce your insurance costs, except that in this case, your "deductible" is the difference between the depreciated value and the cost of replacing the item.

Market value

Remember that Replacement Cost is different from the market value of your home. If you were to lose your home in a fire, a claim based on Replacement Cost would cover the actual cost of the materials and labour needed to rebuild your home. Your lot is not covered, just the structures themselves. 🏠



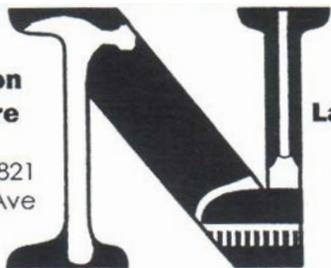
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Homeowners vs. Landlord Insurance

<http://www.insurance.com/home-and-renters-insurance/coverage/homeowners-vs-landlord-insurance.html>

Whether you invest in rental property full-time or just rent out your extra bedroom on occasion, you need more protection than a standard homeowners policy can provide. To shield yourself from potentially catastrophic losses, look into supplemental coverage for your homeowners policy or a separate landlord insurance policy. Here's what you need to know about the differences between homeowners and landlord insurance.

Comparing Homeowner & Landlord Insurance

The table below highlights differences and similarities between homeowners insurance vs. landlord insurance:

Coverage Details	Homeowner	Landlord
Insured Resides	In the home alongside tenant	In the insured home, on the premises or elsewhere
Protection	Main building and other structures on the property from losses due to: Fire Lightning Wind Hail Other covered events	Same as homeowners insurance
Personal Property	Most property is covered, including furniture, clothing and computers	Only covers items owned by you but used to service the rental property - such as maintenance equipment, furniture and appliances used by the tenant, snow blowers, etc.
Liability	You are protected when you're responsible for damage, regardless of where the covered event occurred	Covers accidents on the rented premises for which you are legally responsible
Tenant Belongings	Not insured	Not insured. Experts recommend requiring tenants to carry renters' insurance

Landlord Insurance Components

You can choose rental property insurance with the most basic protection, or you can insure against most kinds of losses. Ryan Scruggs at Farmers Insurance in Peoria, Illinois, explains that landlord insurance comprises three parts:

1. Dwelling coverage for the structure in case of mold, sewer backups, wind/hail damage, fire, etc.
2. Personal property coverage that reimburses you for damage to property left on the premises for maintenance or tenant use, such as appliances, furniture, garden equipment and snow blowers.
3. Liability coverage for injuries occurring on the rental property for which you are responsible.

"In my opinion, liability is the most important coverage that can be offered on landlord policies," says Scruggs. He also recommends that landlords consider expanded rent loss coverage. "If your tenant is unable to live in the home due to a fire, sewer backup, mold, etc., this coverage can reimburse you for lost income during the period the tenant is not making rental payments."

Other landlord insurance additions worth evaluating include:

- Guaranteed replacement cost for your dwelling, allowing you to repair or rebuild even if the cost of building exceeds the original coverage amount.
- Water damage coverage for the building or anything inside the building from flooding, sewer backups and other natural disasters -- typically not covered by a basic policy.
- An umbrella policy for landlords with multiple properties or high net worth. Umbrella policies can allow you to purchase millions of dollars in protection at a relatively low price. This coverage applies after your landlord policy benefits are exhausted.
- Renter default protection pays you for lost rental income if your tenant fails to pay rent, must be evicted due to a court order, undergoes a hardship or dies unexpectedly.

Make sure your insurer knows that you own rental property when you purchase an umbrella policy, warns real estate investor and consultant Spencer X. Smith. "I thought my personal umbrella would cover my rental properties," he said, "And it doesn't. Although nothing happened that forced me to learn this the hard way, it could have been a catastrophic loss."

Common Landlord Insurance Claims

Landlords have more to worry about than homeowners because tenants don't always know how to prevent property damage, and they have less to lose than you do if your structures fail. Here are some common insurance claims you might face when renting out your house, their average cost, according to the Insurance Information Institute, and how to avoid them.

Damage Type	Description	Avg. Claim	Prevention
Water	Poor plumbing or failing pipes cause significant water leakage	\$7,958	Check and maintain pipes, especially in winter. Inform tenants where the emergency shutoff is and how to use it.
Accidental	Applies to the contents of the unit, including carpets, appliances, counter tops, etc.	\$9,024	Require a sufficient damage deposit to avoid insurance claims and vetting tenants carefully.
Storm	Forces of nature, such as wind and hail	\$8,041	Make sure your roof is in good repair and that pipes and gutters are sturdy, properly secured, and unblocked. Reinforce doors and windows with plywood coverings outside the glass in advance of big storms.
Malicious	Vandalism, criminal mischief	\$4,800	Thwart neighborhood hoodlums with reinforced windows, locks on gates and a visible, prominent security system. Carefully vet tenants and get a large security deposit.

A man walked into a bar with an ostrich behind him. He ordered a beer and said to the ostrich: "What will you have?"

The ostrich said: "I'll have the same."

"That's four ninety," said the bartender.

The man reached into his pocket and without looking or counting, handed the bartender exactly four dollars, ninety cents.

The following day the man and the ostrich called in again. "I'll have a whisky," said the man. "And what do you want?" he asked the ostrich.

The ostrich said: "I'll have a rum and coke."

"That's six ninety eight," said the bartender.

The man reached into his pocket and handed over exactly six dollars, ninety eight cents.

The bartender said: "There's something I have to ask you. How do you manage to bring out the precise amount of change from your pocket without ever counting it?"

The man explained: "Last year I was clearing out the attic when I came across an old lamp. For fun, I thought I would rub it to see whether a genie appeared, and to my amazement, one did. Not only that, but he granted me two wishes. My first wish was that if I ever had to pay for anything, I could just put my hand in my pocket and the right amount of money would always be there."

That's great," said the bartender. "So many people wish for untold wealth, expensive holidays or fast cars. One other thing though, "What's with the ostrich?"

The man said: "My second wish was for a chick with long legs."

A police recruit was asked during his exam: "What would you do if you had to arrest your own mother?"

He answered: "Call for backup!!"

Storm Damage Insurance Claim FAQs

<https://www.insuranceclaimconsultants.com/faq/storm-damage-insurance-claim-faqs/>

A storm damaged several trees on my property, one of which fell on my roof. The insurance claim adjuster would only pay to have a part of one tree removed and told me I was responsible for having the other trees removed. Is this correct?

Most insurance policies do not provide coverage for tree removal even if the tree was damaged or toppled over during a storm. The policy would cover only the removal of parts that interfere with repairs to the structure. That amount is limited; typically \$500 or \$1,000.

High winds and a heavy storm has damaged shingles on a small part of my roof and another storm is on the horizon. My home already has water damage and the insurance adjuster has not yet inspected my claim. Is it necessary to tarp my roof before the next storm?

Yes. Failure to mitigate the current damages could jeopardize your claim(s). Read your insurance policy for specific duties and responsibilities to which you must adhere if you're planning to or have filed a storm damage insurance claim. Photograph all the damage and keep receipts for the money you spend on temporary repairs.

I have a standard homeowner insurance policy. My property suffered tornado damage. Does my insurance policy cover this damage or should I have purchased a separate tornado policy?

Tornados are typically covered perils; thus, your insurance policy most likely covers the tornado damage. That said, your policy may impose a higher "windstorm" deductible depending on state insurance laws. A trusted and experienced public adjuster can advise you.

What is a windstorm?

A "windstorm" event typically includes tornado damage, hurricane damage and high winds that cause wind damage. Windstorm events can cause a wide variety of damage for example, with wind-driven wildfires, a damaged property may have a combination of windstorm and fire damage. The high winds associated with a heavy rain storm could blow off the roof and drive rain and water damage inside a property.

How can I benefit from hiring a public adjuster to assist with a wind and storm damage claim?

My roof is old and it has leaked over the past few months. A heavy storm passed through and the leaks appear worse and the water damage in my home is significant. Will my insurance cover the damage?

Maybe. You may have a viable water damage insurance claim but it's unlikely that your insurance will pay to replace or repair your roof. Most policies have a "wear and tear" exclusion and basic maintenance clauses. This means that insurance companies will not cover items that are simply at the end of their lifecycle. The resulting water damage in your home may be covered.

My roof was damaged by a recent hail storm. The damage appears to be cosmetic. Should I file a roof damage insurance claim?

The dings in your roof are the result of direct physical damage from an "act of God" and as such, the hail damage would be covered if you filed a claim with your insurance company.

Dings in roof made of composite asphalt materials will likely get worse over time as wind and rain slowly wash the loosened granules off your roof. When this happens, the hail damage may manifest as leaks and the ensuing water will cause damage to your home. 🏠

Dean Impey

Hours:
Mon. - Sat. 7:30-6 & Sun. 9-3

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RAA Banquet Larry Mills



RAA Banquet Karl Fauerbach and Bart Anderson from Home Depot



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*Legal Counsel (Board Advisor) Tom Wartowski 815 978-1572

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 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:

- 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.
- 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 bylaws thereof.
- 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.
- Seek to provide better values, so that an even greater share of the public may enjoy the many benefits of apartment living.
- 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.
- Maintain property standards of the appropriate governmental authority.
- 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 or its board.