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Rent Collection

A great deal of the joy of property ownership disappears when you experience problems with rent collections. A rent collection policy is intended to be an enforceable policy that is fairly and consistently enforced that can help avoid both confusion and collection problems. Your policy should include to where rents are paid, methods of payments you accepts, due dates, and late fee penalties.

Where to Pay

You have several alternatives as to where tenants will make payments. Select between a box in the building, a centrally located business office, a P.O. Box or a Bank Lock Box. Chose a method that is convenient and cost effective for you as well as secure and convenient for your tenants.

Method of Payment

Will you or won't you accept cash payments? **WE STRONGLY URGE YOU NOT TO ACCEPT CASH.** If you do, your options on "Where to Pay" may be severely limited.

Since most renters pay by check, you will need to decide how to respond when issued a Non Sufficient Funds (NSF) check by a tenant. Will you accept future personal checks from the tenant? Will you require cashier's checks or money orders? Many seasoned property managers will allow a resident two NSF checks prior to imposing a requirement for that tenant that rent be paid only with secured funds only (money order, cashier's check, or the equivalent.).

Due Dates and Late Fees

Will your rents be due on the first of the month? Typically rent is due on the first day of the month and is late on the second. Late fees are generally imposed on the sixth day of the month. The lease agreement you choose will specify the requirements. Be sure that your lease agreement is consistent with your *Tenant Handbook*. You will need to establish, in writing, a rent collection policy that you intend to enforce and then enforce it consistently. The existence of a solidly developed rent collection policy is only as good as the diligence you practice in ensuring that it is utilized on a consistent basis. You need to ensure that every tenant in your building is aware of your rent collection policy and that they comply with it fully and promptly. No exceptions can be allowed if you ever intend to enforce those policies.

If you lack consistency in your rent collection efforts, you will increase the likelihood that you will encounter problems with delinquent rents.

The mere existence of a written policy covering rent collection is no assurance that everyone will read and comply with that policy. You need to reinforce it by informing new tenants verbally of your policy and urging them to read it and become familiar with it. This can be done during the move-in orientation or during the initial move-in inspection. You can remind all of your tenants that your rent collection policy states that failure to pay rent by the fifth day of the month will result in a **Termination Notice** on the sixth day of the month by serving all your delinquent tenants such a notice on the sixth.

Late fees should be incorporated into your rent collection policy. In the City of Chicago the Residential Landlord and Tenant Ordinance states that you may charge a late fee of \$10.00 on rents of \$500 per month or less. You are allowed to charge an additional five percent as a late fee on any rent amount in excess of \$500. If your policy imposes late fees, you must be consistent in enforcing them.

Rent is due on the first and is late on the second. Tenants at times request special arrangements, when funds are not available on the first. If your policy states that rent is due on the first, why would you change that policy for one person who doesn't receive their check until the 15th? Why not extend a policy that allows each of your tenants to choose their own due date for rent? If you did, you would never know for sure when your rental income for the month would be collected. If you adopted such a foolish policy, you could find yourself in a position where you did not have sufficient funds to pay your mortgage or your utility payments when they are due. Rest assured that failure on your part to pay these expenses on time will result in late fees or worse.

When the time comes to serve a **Late Notice** or **Termination Notice**, do so in a professional and non-confrontational way. Keep in mind that the delinquent renter may simply have forgotten to pay their rent or may have some personal crisis that has placed an enormous amount of stress upon them. You don't have to be mean-spirited, nasty or threatening! Just serve the notice.

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Evictions

There are times when it becomes necessary to evict a tenant. The tenant may be a lovely person who has simply fallen on bad times. However, if you are to continue to collect rents from your other tenants and to make your payments on time, eviction becomes a necessity. Should you find yourself in a situation where an eviction becomes necessary, the following sequence of events is recommended.

The eviction will begin with the preparation of a Notice to Terminate. The type of notice you'll prepare will vary depending upon whether or not a lease agreement exists and what lease infractions have occurred. The following are the standard types of notices utilized in residential eviction cases:

- The **5-DAY NOTICE** is for past due rent only. These are typically served to the rent delinquent tenant the sixth day of the month.
- The **10 -DAY NOTICE** is for cause. This notice is used when a lease provision has been violated. Lease violations can include excessive noise, an unauthorized occupant, or other failures by the tenant to comply with lease provisions.
- A **30-DAY NOTICE** is used when no lease exists. Whenever there is a verbal month to month agreement the lease can be terminated by either party with a thirty-day notice. The landlord should always formalize the termination of the rental relationship with a thirty-day notice.
- The **SPECIAL 5-DAY FOR DRUGS NOTICE** is utilized in cases where an arrest and seizure of illegal drugs have occurred in an apartment. Nuisance abatement laws require that landlords act in an affirmative manner in ridding their properties of illegal drug activities.

Serve the notice by personally serving the Lessee or by personally serving a person in occupancy of the apartment, over the age of thirteen. All other methods of service, such as posting, certified mail or first class mail are discourage since they are not normally considered good service by the courts. after you have served the notice you must complete the affidavit of service portion of the notice and have the server's signature notarized.

Once you have waited the appropriate numbers of days from the date of the notary's signature on the notice, it is time to file the complaint. If a holiday falls within the notice period, wait an extra day before filing. This extra day is recommended since judges do not always recognize the notice as good when holidays are not accounted for.

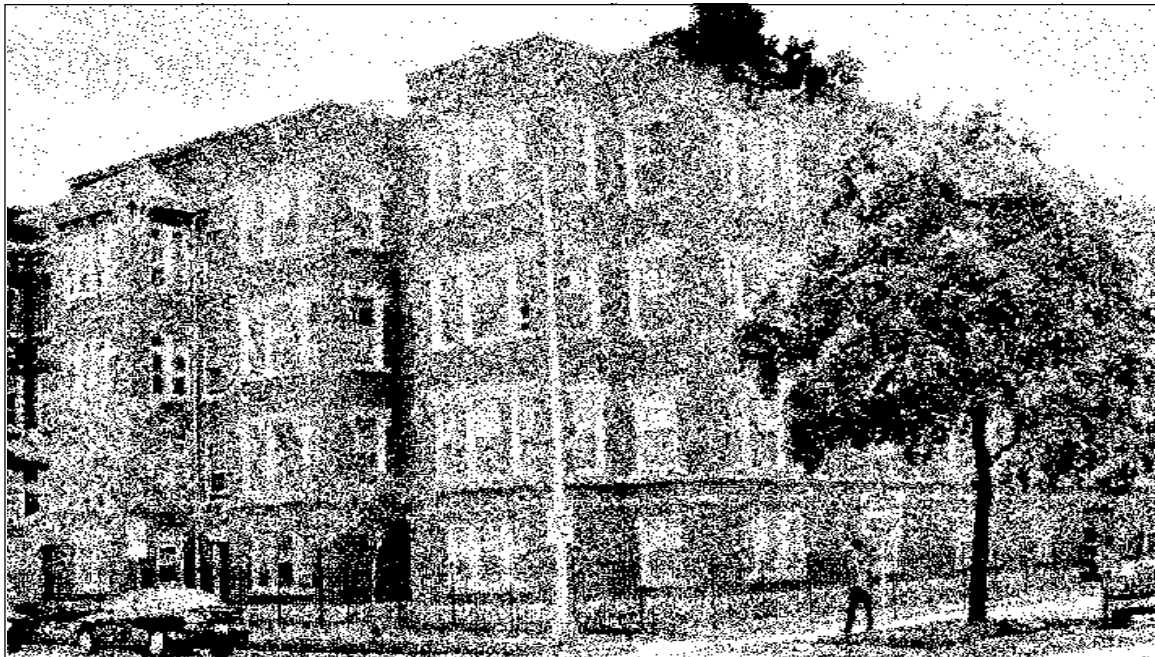
Once the notice is filed, the tenant must be served a summons to appear in court. The sheriff serves the summons. If the sheriff is unsuccessful, you may wish to employ a special summons server or request a posting. However, if you choose posting you may be precluded from requesting money damages in your suit.

Upon service or posting a court appearance, the trial date is set and the case will go to trial. If you are successful in your case, the judge will award you a court order for possession. The time given the tenant to vacate can be as little as one week or

more typically two weeks. Longer periods to vacate may be awarded in extenuating circumstances such as a disabled tenant, or a family with school age children or during the holiday seasons.

Upon the expiration of the time period to vacate, granted to the tenant by the judge, the tenant must move or face the possibility of a forcible eviction. Forcible eviction requires that an execution of order be filed with the sheriff's office. Predicated upon the time of year, the outdoor temperatures, and the caseload of the sheriff's eviction team your tenant should be evicted in two to four weeks.

While many property owners successfully handle their own evictions, it is suggested that the novice property owner consult with an attorney. In cases involving illegal drug activities at your property, whether you're a novice or a seasoned manager, we recommend hiring an attorney experienced in these types of cases.



OWNERS FIVE DAY NOTICE

You are hereby notified that there is now due the sum of \$ _____
(1) Rent per month \$ _____, Rent due from _____ to _____ being rent
for the premises situated in _____ County of _____, State of Illinois and
known as and described as follows to wit : _____

_____ together with all buildings, storage areas,
parking spaces, garages and recreational spaces used in conjunction with said premises.

And you are further notified that payment of said sum so due has been and is hereby demanded of you
and that unless payment thereof is made on or before the expiration of five (5) days after service of this
notice, your right of possession under the lease of said premises will be terminated.

TO: _____

_____ is authorized to receive said rent, so due.

Owner

Dated this _____ day of _____, _____

By _____

Agent or Attorney

STATE OF ILLINOIS }
COUNTY OF _____ }

AFFIDAVIT OF SERVICE

Served by _____ being duly sworn, on oath deposes and state that
on the _____ day of _____, _____ he/she served the above notice on the tenant named above, as
follows:

- (1) by delivering a copy thereof to the named tenant, _____.
- (2) by delivering a copy thereof to _____, a person above the age of
thirteen (13) years of age, residing on or in charge of the above described premises.
- (3) by sending a copy thereof to said tenant by certified mail, return receipt requested, postage
prepaid, at the address for the tenant at the beginning of the tenant's occupancy/lease or at such
other address as tenant may subsequently have designated by written notice.

Subscribed and sworn to before me this _____ day of _____, _____

Notary Public

NOTICE OF TERMINATION

You are hereby notified that tenancy or lease of the premises situated in _____
County of _____, State of Illinois and known as and described as follows to wit:

_____ together with all buildings, storage areas, parking spaces, garages and recreational spaces used in conjunction with said premises, will be terminated as follows:

A. You have breached or are in default of the terms of your lease for said premises, as follows:

The Owner has elected to terminate your right of possession under the lease and you are hereby notified to quit and surrender possession of the same to the Owner within _____ days after service of this notice.

B. The undersigned elects to terminate your tenancy of said premises. Such termination will become effective on the _____ day of _____, _____, and you are hereby notified to quit and deliver up possession at that time.

TO: _____

Owner

Dated this _____ day of _____, _____ By _____

Agent

STATE OF ILLINOIS }
COUNTY OF _____ }

AFFIDAVIT OF SERVICE

Served by _____ being duly sworn, on oath deposes and state that on the _____ day of _____, _____ he/she served the above notice on the tenant named above, as follows:

- (1) by delivering a copy thereof to the named tenant, _____.
- (2) by delivering a copy thereof to _____, a person above the age of thirteen (13) years of age, residing on or in charge of the above described premises.
- (3) by sending a copy thereof to said tenant by certified mail, return receipt requested, postage prepaid, at the address for the tenant at the beginning of the tenant's occupancy/lease or at such other address as tenant may subsequently have designated by written notice.

Subscribed and sworn to before me this _____ day of _____, _____

Notary Public

NOTICE OF TERMINATION OF TENANCY

To: _____

You are hereby notified that your tenancy of the following premises, to wit:

in the County of Cook, and State of Illinois, will terminate on the _____
day of _____, 19 ____.

You are hereby required to surrender possession of the said premises to undersigned on that day.

This notice of termination is issued based on the following: _____

Dated this _____ day of _____, 19 _____.

Lessor

Agent or Attorney

PERSON SERVING THIS NOTICE MUST COMPLETE AFFIDAVIT ON REVERSE SIDE
CLERK OF THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS

State of Illinois)
) ss:
County of Cook)

AFFIDAVIT AND PROOF OF SERVICE

_____, certifies and says that he/she served the foregoing

NOTICE OF TERMINATION OF TENANCY on this ____ day of _____, 19 _____,
as follows:

- By personally delivering a true and correct copy to Tenant
- By leaving a true and correct copy with _____,
a person of the age of 13 years or upwards, residing on or in the premises
- By mailing a true and correct copy to the Tenant by Certified or Registered Mail,
requesting a return receipt signed by Addressee Only
(Certified or Registered Mail Receipt No. _____)
and depositing same in the U.S. Mail located at _____

Under penalties as provided by law pursuant to Section 1-109 of the Illinois Code of Civil Procedure, the undersigned certifies that the statements set forth in this Affidavit and Proof of Service are true and correct in substance and in fact.

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Enforcement of the Rules

A key theme of this guide has been the need for consistent enforcement of rules and policies. We have covered the need for a number of documents that establish the basis from which you will manage your building. The creation of a Tenant Selection Policy, a Tenant Handbook and a Rent Collection Policy are the guidelines to the way in which you will rent and operate your building. The Lease Agreement and any referenced Rules and Regulations are the legal documents that both the tenant and the owner/manager have agreed to, in writing, and which both parties are expected to live up to.

All too often, property owners and managers expend the necessary time and energy writing the rules and regulations that will set the tone for behavior at their buildings but fail to uphold those rules and regulations.. What good are rules if the owner/manager doesn't enforce them?

Is it fear that a tenant might be offended by having their infractions pointed out to them? If so, consider instead the possibility that you are likely offending the tenant whose life style is being harmed by the rule violators. You might be tempted to think something like this: "Sure, they play their music a bit loud, but they always pay their rent on the first. Besides I've got two vacant apartments, and if I evict them I'll have three.". Instead, consider the possibility that part of your vacancy problem may stem from the noisy

tenant. Seldom will you find that ignoring problem tenants will correct their behavior. You are more likely to find that sticking your head in the ground and ignoring the problem worsens it.

You decided upon reasonable rules and regulations that would help assure that your building is an enjoyable place to live. Hopefully, most of the tenants of the building are supportive of and abide by those rules. Now that you are faced with enforcing those rules you can't side step the task because it's uncomfortable or unpleasant. It is your duty, both contractually as well as morally, to see that the rules and regulations that you have established are enforced.