**Unit 18 Outline**

**Property Management**

**Outline**

I. The Property Manager

A. Principal responsibilities

1. Maintain the owner’s investment and ensure the property produces income.

2. Preserve and/or increase the value of the investment property

B. Specialized opportunities

 1. Community Association Management

 2. Asset Management

 3. Corporate Property Management

IN ILLINOIS…*property management requires a real estate license, and an individual real estate licensee must perform property management services under the supervision of his or her sponsoring broker. However, the Illinois Real Estate License Act specifically exempts resident managers of apartment buildings, duplexes, and apartment complexes from licensure requirements when their primary residence is on the premises being managed.*

*Illinois permits individuals whose real estate practice is limited to leasing or renting residential property, collecting rent, negotiating leases, and similar activities to obtain a special leasing agent license instead of the broader-scope broker license.*

II. The Management Plan and Agreement

A. Management Plan

1. Details owner’s objectives for the property, including financial objectives

B. Management Agreement

1. Creates an agency agreement relationship between the owner and the property manager

C. Property Management Agreement

1. Description of the property
2. Time period the agreement covers
3. Definition of Property Manager’s responsibility
4. Statement of owner’s purpose
5. Extent of the manager’s authority
6. Reporting
7. Management Fee
8. Allocation of costs
9. Equal opportunity statement

III. Property Manager’s Responsibilities

 A. Financial Reports

1. Operating budget
2. Income
3. Expenses
4. Cash flow report
5. Profit and loss statement
6. Budget comparison statement

 B. Renting the Property

1. Setting rental rates
2. Selecting tenants
3. Collecting rents

 C. Maintaining Good Relations with Tenants

 D. Maintaining the Property

1. Preventive maintenance
2. Repair or corrective maintenance
3. Routine maintenance
4. Tenant improvements

IV. Regulations

 A. Handling environmental concerns

 B. The Americans with Disabilities Act

V. Risk Management

 A. Security of Tenants

 B. Insurance

 C. Claims

1. Depreciated our actual cash value
2. Current replacement cost

VI. The Property Management Profession