



EDGEWATER BEACH

APARTMENTS

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Edgewater Beach Apartment Corporation Selling/Buying an Apartment Standard Operating Procedures (SOP)

Prior to an Apartment being listed For-Sale

- Before listing an apartment, the Shareholder must arrange with Management to perform a pre-listing survey with a representative from Sudler Property Management, EBAC engineer, and Seller and/or Seller's agent. The conducting of a visual survey of the unit will ensure the compliance with EBAC Rules and Regulations.
 - Pre-listing survey of an apartment will check but is not limited to the below:
 - Egress Doors must have functioning automatic door closers.
 - Smoke and carbon monoxide detectors must be installed, have working batteries, and be less than 10 years old.
 - All washer and dryer installations must comply with EBAC Rules and Regulations.
 - All garbage disposals must be removed from the unit
 - The Shareholder must identify their current storage space(s) (including rooms, closets, and lockers) and provide written acknowledgment that these spaces will not be transferred with the sale. (**closets adjacent to the apartments tagged with the unit number are excluded from this guideline)
- On completion of the survey, a written report will be prepared and given to the Shareholder:
 - If all survey requirements have been met, the Shareholder provides Management a copy of the notice of listing/listing agreement and then proceeds to list the unit.
 - If all inspection requirements have not been met, Management will advise the Shareholder of the deficiencies and issue an order to remedy them. The Shareholder must address the deficiencies and request re-inspection by Management. Management will then submit a new survey report to the Shareholder. An apartment cannot be listed until all violations have been remedied.

Apartment listed For-Sale

- The Apartment can now be listed For-Sale after the successful completion of the pre-listing survey.
- Scheduling of open houses requires Management approval. Monday through Friday (Contractor hours 8am-5pm) Saturday Sunday 12pm-5pm
- Upon Management approval, Seller will enter PTE (Management can upon request). The open house will be noted in shareholders Permission to enter



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Offer Accepted/ Apartment goes under contract

- After the Shareholder has accepted an offer, then the Apartment is under contract.
- If a share loan is occurring, the prospective Shareholder (Buyer) must obtain an EBAC Recognition Agreement from EBAC Management and have it fully completed and executed by all parties, including the Lender, without changes. A copy of the Lender's appraisal must also be submitted to EBAC Management.
- EBAC Management may provide, if not done so already, the prepared pdf notice to prospective buyers. This document outlines the purchase approval process for the prospective purchaser.

Attorney Review/inspection period begins

- Attorney Review and inspection contingency serves as buyer protections; Buyer schedules an inspection.
 - If the Buyer is not satisfied with the information received or there are unresolved inspection issues, buyers can withdraw from the contract without penalty.

(Note: most buyers prefer to complete the inspection before spending \$345/495 on the Thomas Gold Report)

- Within the attorney review period (depending on respective contract), buyers and their attorney may request and receive the following documents for review provided by Sudler Property Management and/or EBAC Management
 - EBAC By-Laws
 - EBAC Rules and Regulations
 - EBAC Contactor Guidelines
 - EBAC Board Meeting minutes for the last two years
 - EBAC current budget summary
 - EBAC audited financial statements for the last two years
- The prospective Buyer should be sent the following documents from EBAC management at this time:
 - *EBAC 2021-Edgewater Beach Apartment Sales Application and Checklist for Prospective Buyers*
 - *EBAC 2021-Edgewater Beach Apartment Bedbug Move Rules*
 - *EBAC 2021-Edgewater Beach Apartment Application for Shareholder Status*
 - Advice on Owner Occupancy Letter.
- Upon completion of attorney review and after an offer to purchase has been accepted, the prospective Buyer submits to Management the EBAC application fee (\$100.00), completes the EBAC application, and arranges for a Thomas Gold Report to be submitted. This includes both credit and criminal. The credit report will first be received. Then upon screening committee review and approval, the background will be requested.



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- **Preparing EBAC Screening Committee materials for review**

Please note, that the below documents are required prior to submitting a buyers application for shareholder status:

- Completed EBAC application
- EBAC application fee (\$100.00)
- Executed Real Estate Contract
- Completed Thomas Report (Gold Level) for financial information for all named Shareholder applicants. (This report may be accessed and completed online at thomasreports.com/ebac. Ensure to complete all sections)
 - First two pages of the last two years of all named Shareholder Applicants Federal Income Tax returns. If the returns show any Adjustments to Income from Schedule 1, that form must also be included.
- **If a mortgage is being obtained, make sure to include:**
 - Loan Estimate Document
 - Appraisals
 - Completed Recognition
 - Good Faith Closing Cost Estimate
 - Mortgage Application

Delivery of Applicable Materials to EBAC Screening Committee

- When all necessary information from the prospective Buyer has been collected, EBAC Building Management brings all received materials to the EBAC Screening Committee for review.
- The Screening Committee reviews the application to confirm with the Buyer that the Apartment will be **owner-occupied and used as a private residence**.
- At least two members of the Screening Committee review the Thomas Gold Report, application, executed real estate sales contract, and, if applicable, loan estimate and Recognition Agreement and other relevant material to determine whether the applicant meets the EBAC criteria for new shareholders:
 - The minimum down-payment requirement is the greater of \$25,000 or 20% of the purchase price.
 - Minimum FICO score of 670.
 - Maximum annual housing debt service to “annual gross income” of 40%. “Housing debt service” is the sum of all residential mortgages and the EBAC unit assessment. “Annual gross income” is provided by the Thomas Gold Report and is federal “total income” plus nontaxable income from bonds, IRA distributions, pensions, and Social Security.
 - Acceptable criminal background check.
 - Acceptable professional and personal references.
 - Suppose the applicant is an existing shareholder in good financial standing. In that case, the Screening Committee needs to confirm only the meeting of the 30% annual housing debt service to annual gross



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income as per applicants Thomas Gold Report (minus references requirement and criminal background check.)

- If the applicant obtains a mortgage, the application must also submit the loan estimate and a fully completed and executed Recognition Agreement, signed by all parties, including the Lender.
- Screening Committee members will review files and approve financials and references as quickly as possible and reasonable.
- When the review is completed, the Screening Committee notifies Management that:
 - the application has not met the EBAC criteria, or
 - the Committee needs clarification and/or additional information, or
 - the interview portion of screening be can scheduled with the prospective Shareholder(s), pending the Thomas Reports background check is acceptable, or
 - No interview is necessary because the applicant is an existing shareholder.
- The file is returned to EBAC Building Management from the ECBAC Screening Committee.
- If the applicant has been approved, EBAC Building Management requests Thomas Reports to receive the criminal background check.
- EBAC Building Management submits criminal background check to the EBAC Screening Committee.
 - Upon acceptable background check, EBAC Building Management arranges an interview with the Screening Committee members and the prospective Buyer at a mutually agreeable time and date.
 - The interview is scheduled to take place. Buyer and committee members that reviewed the file are participants, and the interviews may be conducted virtually for the safety and speediness of the process.

Screening Committee Application process and review is now completed at this stage

- Following the Screening Committee approval, the Screening Committee submits its recommendations to the Board of Directors for approval.
 - Screening Committee motion at the board meeting to approve new Shareholders.
- Closing occurs after the Board passes a motion to approve the prospective Shareholder.
- EBAC Building Management will notify the new perspective shareholder, attorneys, and realtors of the result of the motion the following day.



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Closing

- **Closing can now be scheduled because the motion for shareholder status being approved.**
- EBAC Building Management schedules closing with:
 - Chicago Title and Trust (title company of record)
 - Contact at Chicago Title Insurance Company:
Nicole Donohoe
Escrow Closer
Mailed Correspondence:
C/o Levit & Lipshutz, 1120 W. Belmont Ave., Chicago, IL 60657
Phone: 312-223-3139_fax: 773-975-1999
Nicole.Donohoe@ctt.com
 - Buyers (Should be at closing)
 - Buyers Attorney (Should be at closing)
 - Sellers (not required to be at closing)
 - Sellers Attorney (Should be at closing)
 - Management (Should be at closing)
- **EBAC Building Management will prepare the below prior to closing:**
 - (2) Proprietary leases.
 - (1) Copy is to be provided to Shareholder, (1) copy is to be kept for EBAC unit file
 - New Stock Certificate
 - We will ask the Buyer's attorney how they want their shares to be held; this will be the name that appears in the proprietary lease and on the stock certificate.
 - President and Secretary of the Board must sign Stock Certificate prior to closing.
 - Paid Assessment Letter
 - Confirm no pending charges that have not been billed yet
 - Write down assessment amount per share, Reserve Amount per Share & EL document amount start and end date. Capture unbilled electricity dates.
 - Notice to Buyer and Seller of City of Chicago Transfer Tax
 - To be signed by both Buyer and Seller at closing. Copies may be provided to Buyer and Seller; EBAC retains original.
 - If applicable, EBAC Recognition Agreement. To be signed by Buyer, Lender, and EBAC Board in advance of the closing date.
- EBAC Building Management may send the below to the Buyer prior to closing in order to receive the below documents on closing day. EBAC Building Management may print up the below as well and bring it to closing.
- Please be advised the below documents are the most up-to-date as of September 2021.



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- *W-9 Form*
 - New Shareholder needs to fill out so EBAC Building Management can provide to the auditor when they prepare the 1098 interest and real estate tax deduction pass-through expenses.
 - *EBAC Contractor Rules*
 - *EBAC Garage Lease*
 - *EBAC Rules and Regulations*
 - *Emergency Evacuation Info Form*
 - *FOB Registration Form*
 - *Gym_Pool Waiver Form*
 - *SHAREHOLDER INFO FORM 2018*
 - *Sudler snapp_application*
 - *Other assessment payment options are available*
 - *Welcome Packet 2021*
 - EBAC Building management needs to produce as many FOBs as there are shareholders.
- (Note: Every Shareholder must obtain homeowners insurance (including personal liability) and provide proof of such to Management.)
 - The following fees are assessed at closing. Chicago title ensures EBAC receives the appropriate funds.
 - Seller:
 - \$400.00 stock transfer fee
 - \$200.00 move-out fee
 - Buyer:
 - \$200.00 move-in fee
 - \$100.00 administrative fee (if applicable)
 - If a shareholder moves internally, they get double charged for each move; \$200.00 for each transaction.
 - Notify Seller that bed-bug inspection is to occur 14-21 days prior to moving out.
 - Buyer must schedule a bed-bug inspection within 7 days of move-in
 - Items to be presented by Seller for/at closing:
 - Original proprietary lease; EBAC Building Management should have a copy of this in unit files.
 - The original stock certificate needs to be presented and retired.
 - Power of Attorney documentation (if applicable)



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- Items to be presented by Buyer for/at closing:
 - Payment due to Seller (transfer coordinated amongst attorneys and Chicago Title)
 - Tax stamps for City of Chicago Real Property Transfer Tax (Stamps will be affixed to the lease assignment form for the corporation copy of the proprietary lease).
 - Completed EBAC Recognition Agreement (If applicable)
- Receivables retained by EBAC Building Management after closing:
 - Sellers original lease, with assignment page signed by Seller, EBAC Board President, and Secretary
 - Sellers original stock certificate, with signature on the backside
 - Original executed Proprietary lease for new Shareholder
 - Copy of new shareholders stock certificate
 - Copy of the master closing statement
 - Signed notice from Buyer and Seller of City of Chicago Transfer Tax.
 - Move-in, Move-Out Fees
 - Copy of Power of Attorney from Buyer & Seller (if applicable)
 - Add the list of all EBAC forms the Buyer is given at closing to complete and return, W-9, Fob, etc.

Congratulations, the sale/purchase of an apartment at the Edgewater Beach Apartments has concluded.

Revised: September 2021