



All RCC Clients,

A few of our clients have expressed an interest in taking Annual CPI increases on days *other* than the first of the month, corresponding to the lease expiration date of the unit. There is concern that they may be “leaving money on the table” by putting off increases to the first of the next month in cases when a lease might expire in the beginning or middle of the month.

Since there has been enough interest, we have done an analysis of how this may possibly benefit you. We made some assumptions, which are:

- Leases expire all during the month. For units that expire the first week of the month, you're obviously losing more revenue than units that expire at the end of the month. Our analysis will assume that on average, the lease expiration date is on the 15th of the month, and that you're losing 2 weeks of the new rent.
- We ran an analysis over all of the units in the RCC system and found that on average, about 30% of units have lease expirations that are NOT on the last day of the month. Note: Since some properties were a lot higher than 30%, these are the properties that would benefit more from this new service.

For example, let's say that for a 100 unit property your average rent is \$1000, and thus the average CPI increase this year would be \$56.00 (5.6% CPI increase). So, for 30% of your units, or 30 units in total, the lease expiration is NOT at the end of the month. Assuming that we would lose 2 weeks of rent, because we are averaging the lease expirations to the 15th of each month, we can take that \$56 and multiply by half to get a loss of \$28 for that one unit. Then multiply by 30 units to get a yearly loss of approximately \$840 in this example.

The above example is conservative, because a lot of your properties have more than 30% of your units where the lease expiration is not at the end of the month, and rents that are on average higher than \$1000.

RCC has weighed the impact this would have on our software and processing. We have concluded that this would increase our labor and rent increase notice review time significantly, and have ascertained a modest surcharge for this (noted below).

If you want to process mid-month increases please fill out the form below and fax it back to us. If you have any questions please call @ 240-361-6161 x102 or email it to me gene@RentControlConsultants.com.

Sincerely,

Gene Santomartino

MID MONTH RENT CHARGED INCREASE OPTION

I want to process rent charged increases **"MID MONTH"** and acknowledge that the cost of this additional service will be a flat \$1.00 per unit per year payable upon receipt in advance.

MANAGEMENT COMPANY: _____

SIGNATURE: _____ **DATE:** _____

PRINTED NAME: _____

Please fax back to RCC @ **240-361-6163**
No cover sheet is necessary