

Independent Rental Owners Council

The Lease Comes WITH The Deal?



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IROC

Editor's note: The suggestions contained herein are meant as guidelines and are based on the experience of Independent owners. Please send your comments and questions to Debbie Norton, Realtor, John Hall & Associates, at 602-995-7400 or dn012@yahoo.com.

Let's assume you are a seasoned landlord. All your files are organized and stored: renter information, where they work, emergency numbers, lease and addendums... everything you need to secure your position as a landlord. In the best situations, things can go wrong; however, with a well-organized file, you

minimize risk.

When a rental property is purchased, it includes the existing lease. You may think the property is yours to do what you want with it, beginning the moment the deed is recorded. This is not totally accurate. Review the lease currently in place; you are bound to it until the expiration date. In the event you have a good lease, I would suggest you replace the lease and addendums as soon as time permits.

This brings me to my "living" example. During the initial walkthrough, I noted the renter had been there for three years, and I assumed that was the last time the plant shelves were clean. There was a faint odor of cat. Overall, the property looked much "lived-in." Over time, we grew accustomed to each other: the resident paid the rent and we took care of maintenance issues we were told about. It wasn't until we were ready to start bringing the rent closer to market value when the fur started to fly.

The new lease was sent by certified mail in June. Although the tax assessor recognizes the address, it seemed the postman couldn't find it and returned the package. Next, we re-mailed it and followed up, trying to set up an appointment to go over it and do an annual

walk-through. (Keep in mind your timeline. In the event monthly rent is due on the first of the month, notice must be given prior to the first to change any provisions 30 days or more in advance.)

Then the monsoon season hit. It has been my experiences if your home is 10 years or older, this is about the time you find out if the secondary pan in the attic was installed correctly. There is a drain that runs from the condenser—in this case, in the attic—to the ground outside, eliminating the moisture in the air. When that drain gets clogged, the water backs up and goes into a secondary pan. In the event it is not installed correctly, the water begins to pour through the ceiling, as it did in this home.

The resident was uncooperative with the repairman; he didn't want anyone in the house with his daughter and refused to make other arrangements for her. Eventually, the repair was taken care of. This is considered an emergency repair, which allows the landlord to access the property without 48-hour notice; however, in "real life" when you have an

uncooperative resident, it isn't as easy as walking in.

The resident then accused me of raising the rent—which was still substantially under market value—because he called in a repair. That, too, violates the provisions of the Arizona Residential Landlord and Tenant Act (ARLTA). My timeline proved, without a shadow of a doubt, that wasn't the case. Fortunately for all of us, this resident is moving within 30 days, and the property will be brought back up to standard and leased at market value.

In hindsight, I will personally hand a new renter my lease and addendums in advance when doing the initial walkthrough. They will be advised at that time to expect this lease when the existing one expires. There would be time to explain the new lease and give them a copy of ARLTA, and it may help me avoid the stressful situation I found myself in. **AMA**

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other Valley submarkets. Condo conversions and overly aggressive rent increases in Chandler and Ahwatukee, coupled with weakening area job growth, have forced landlords in both of these submarkets to increase concessions.

Lowest Percentage of Communities Offering Concessions in Second Quarter 2007

East Central Phoenix	37 percent
Uptown Central Phoenix	39 percent
West Central Phoenix	44 percent
Peoria/Sun City	46 percent
Southeast Central Phoenix	46 percent

Thirty-seven percent of East Central Phoenix communities offered concessions during second quarter 2007. Area apartment operations are among the most stable compared to Phoenix area averages.

NEW CONSTRUCTION

The Phoenix metropolitan area in second quarter 2007 saw the addition of

seven projects totaling 1,945 units, compared to four projects totaling 914 units in second quarter 2006; eight projects totaling 2,170 units in second quarter 2005; seven projects totaling 1,200 units in second quarter 2004; six projects totaling 1,545 units in second quarter 2003; and 13 projects totaling 2,684 units in second quarter 2002.

Most Units Under or Scheduled for Construction as of Second Quarter 2007

Cave Creek	715
North County	639
Southeast Valley	510
South Tempe	408
Glendale	321

As of second quarter 2007, there were 4,322 units in 20 projects scheduled for or under construction. The Cave Creek submarket has the most units in the immediate development pipeline with 715 units in two projects.

TUCSON

The city in second quarter 2007 saw rents increase to \$636 from \$615 in second quarter 2006. Vacancy nudged upward to 7.8 percent from 7.2 percent. Forty-eight percent of area communities offered concessions during the period. (As previously noted in past market update columns, the use of a more inclusive methodology for calculating averages in the city explains the difference from previously reported numbers.) There were no new units added to the city in second quarter 2007. **AMA**

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*Source: RealData Inc/Phoenix

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