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6 Tips for Exceptional Community Maintenance

By KRIS SERVIDIO /
MARK-TAYLOR RESIDENTIAL

The dedicated everyday work of maintenance and service teams at a multifamily community has an incredible impact on the overall living experience. Creating an inviting home-like environment would not be possible without expert community maintenance practices.

Here are six community-maintenance tips from us here at Mark-Taylor:

1. YOUR WORK, THEIR HOME

While it may sound simple, remembering that you are working on someone’s home is critically important to creating an exceptional experience. This is where your residents live, relax, enjoy time with their loved ones, and make memories. When something needs to be fixed in their unit or in the building, it is happening to their home – the place where they should feel most at peace. They may feel unsettled or frustrated until the situation is fixed or resolved.

Our service teams deliver service that goes above and beyond because we share an understanding that our goal is to provide incredible places to call home.

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Phoenix Rents Continue Rising

RENTAL HOUSING JOURNAL

Phoenix rents have continued to rise, increasing by 1.6 percent in October, according to the most recent report from Apartment List.

Phoenix rents are up 27.4 percent in comparison to the same time last year.

In the most recent report, median rents in Phoenix are \$1,204 for a one-bedroom apartment and \$1,470 for a two-bedroom.

The city’s rents have been increasing for 16 straight months; the last time rents declined was in June of last year. Phoenix’s year-over-year rent growth lags the state average of 27.9 percent, but exceeds the national average of 15.8 percent.

RENTS RISING ACROSS THE PHOENIX METRO

Throughout the past year, rent increases have been occurring not just in the city of Phoenix, but across the entire metro.

Of the largest 10 cities for which Apartment List has data in the Phoenix metro, all have seen prices rise. Here’s a
See ‘Tucson’ on Page 7

City	Median 1BR Rent	Median 2BR Rent	M/M Rent Growth	Y/Y Rent Growth
Phoenix	\$1,200	\$1,470	1.6%	27.4%
Mesa	\$1,390	\$1,590	1.5%	29.8%
Chandler	\$1,660	\$1,890	1.7%	30.1%
Glendale	\$1,180	\$1,490	2.0%	28.0%
Scottsdale	\$1,670	\$1,990	3.1%	31.0%
Gilbert	\$1,590	\$1,840	1.1%	29.0%
Tempe	\$1,470	\$1,760	1.1%	32.3%
Peoria	\$1,660	\$1,730	0.4%	26.4%
Surprise	\$1,580	\$1,850	0.9%	22.4%
Avondale	\$1,490	\$1,740	0.3%	25.6%
Goodyear	\$1,520	\$1,930	2.1%	25.8%

’Tis the Season for Separation — From Your Less-Focused Competitors



By SCOT AUBREY

Let’s face it, it’s easy during this time of year to want to just shut things down and enjoy family, friends, food, and football.

For many of us, the holiDAYS turn into holiMONTHS, starting with a mid-November shutdown that extends well into the New Year. Most people figure that this time of year is the perfect time to sit back, relax and slow everything down; after all, they’ve earned it.

In the ultra-competitive landscape in which we operate, if you want to distinguish yourself from your fellow landlords, this is the “separation season” you must utilize to create distance from them and from your past habits. Let everyone else get

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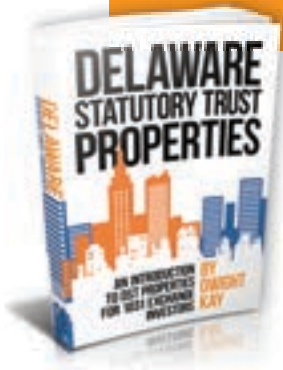
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ABOUT KAY PROPERTIES AND WWW.KPI1031.COM

Kay Properties & Investments is a national Delaware Statutory Trust (DST) investment firm. The www.kpi1031.com platform provides access to the marketplace of DSTs from over 25 different sponsor companies, custom DSTs only available to Kay clients, independent advice on DST sponsor companies, full due diligence and vetting on each DST (typically 20-40 DSTs) and a DST secondary market. Kay Properties team members collectively have over 115 years of real estate experience, are licensed in all 50 states, and have participated in over \$21 Billion of DST 1031 investments.

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There are material risks associated with investing in real estate, Delaware Statutory Trust (DST) properties and real estate securities including illiquidity, tenant vacancies, general market conditions and competition, lack of operating history, interest rate risks, the risk of new supply coming to market and softening rental rates, general risks of owning/operating commercial and multifamily properties, short term leases associated with multifamily properties, financing risks, potential adverse tax consequences, general economic risks, development risks and long hold periods. All offerings discussed are Regulation D, Rule 506c offerings. There is a risk of loss of the entire investment principal. Past performance is not a guarantee of future results. Potential distributions, potential returns and potential appreciation are not guaranteed. For an investor to qualify for any type of investment, there are both financial requirements and suitability requirements that must match specific objectives, goals, and risk tolerances. Securities offered through Growth Capital Services, member FINRA, SIPC Office of Supervisory Jurisdiction located at 2093 Philadelphia Pike Suite 4196 Claymont, DE 19703.

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Hurry Up. Time is Running Out to Use Qualified Opportunity Zones to Help Defer Taxes on a Windfall Profit

By **Betty Friant, CCIM, Senior Vice President, Kay Properties & Investments**

It's a great feeling when you sell some stock, a piece of real estate or the business you've poured your life into for a nice profit that puts a small fortune into your bank account. But then comes the tax bill to take a little bit of the bloom off that rose. It's downright painful to hand your hard-earned money over to the government — even at the reduced capital gains rate.

The good news is, every now and then, the feds are willing to cut you a break. And there's one tax break a surprising number of investors have never even heard of, let alone taken advantage of.

WHAT ARE QUALIFIED OPPORTUNITY ZONES?

Qualified Opportunity Zones (QOZ) are relatively new, and were created by Congress as part of the Tax Cuts and Jobs Act of 2017. The purpose of this new program was to encourage long-term investments in low-income communities across the United States. According to the United States Department of Treasury, there are more than 8,700 QOZs in the country, including in territories like Puerto Rico. The bottom line is that QOZs are a social program with the intent of redeveloping impoverished districts throughout the country by driving private capital to underserved communities and 35 million Americans by offering tax incentives to investors. These Zones are typically located on the outer edges of underdeveloped areas — outside the most blighted areas which investors will avoid no matter how many tax advantages they offer.

DOING WELL BY DOING GOOD

Qualified Opportunity Zones can provide qualified investors a unique way to reduce taxes while doing something good for those who are less fortunate. By simply rolling profits over from the selling of stocks, cryptocurrency, bonds, jewelry, art, or real estate into a Qualified Opportunity Zone, accredited investors can reap an array of tax benefits — assuming they make the investment within six months of realizing their capital gain.

It's critical to note that unlike a 1031 real estate exchange, you're re-investing your profit only — not your basis.

THREE EXAMPLES OF HOW QOZS WORK (BE WARNED: ONE OF THESE BENEFITS EXPIRES SOON)

Let's take a look at the three ways you can save...

- **Tax Saving Opportunity #1:** Investors who invest capital gains income can defer their re-invested capital gains taxes until the end of 2026. In other words, you won't owe the IRS a penny on that money until April 2027.
- **Tax Saving Opportunity #2 (expires on December 31, 2021):** Better yet, if you invest your profits before December 31, 2021, you get the added benefit of a 10% step up on the basis of your original investment — which only adds to your tax savings.
- **The BIG Prize:** Reduce A seven-figure tax bill down to zero
- **Tax Saving Opportunity #3:** However, those tax savings are nothing when compared to the much bigger benefit you get if you hold your investment for at least 10 years and a day. If

QUALIFIED OPPORTUNITY ZONE DEADLINES	
Within 180 Days of Asset Sale	Within 180 days of realizing the gains of a sale, the investor must reinvest those gains into a Qualified Opportunity Fund to avoid capital gains taxes.
Before Dec.31, 2026	Until the earlier of December 31, 2026 or the date the investor pulls their interest from a Qualified Opportunity Fund, the investor can defer payment of capital gains on the reinvested gains.
Interest Held in a Fund for 5 -7 Years by Dec.31, 2026	If the investor holds their interest in the fund for at least 5 years, the tax paid (by December 31, 2026 or when they pull interest in the fund) is reduced by 10%; if held for 7 years, it is reduced by 15%.
Interest Held in a Fund for 10+ years	After being held for at least 10 years, upon the sale, there is no tax on any appreciation on reinvested gains that occur while in the Qualified Opportunity Fund.
Dec. 31, 2028	Opportunity Zone designations expire
Dec.31, 2047	The last date to sell interest in a Qualified Opportunity Fund.

an investor held their Qualified Opportunity Zone investment for 10 years, that taxpayer wouldn't have to pay even a penny in taxes on the profits they made— no matter how big they are.

As you can see in the chart above, the biggest takeaway of Qualified Opportunity Zone Funds is that after an investor holds their position in the investment for 10 years, there is no tax on the asset's appreciation. That's zero. So, if an asset appreciates 20 or 30 percent, that could translate to a significant return for the investor.

WHO MIGHT TAKE ADVANTAGE OF THIS UNIQUE TAX SAVINGS OPPORTUNITY?

Qualified Opportunity Zone Funds are best suited for investors who have capital gains generated from the sale of an asset that may not be eligible for a traditional, like-kind 1031 exchange. So, one type of investor for a Qualified Opportunity Zone Fund could be appropriate for someone who holds shares in a stock that experienced high appreciation and now wants to sell it.

Or, another candidate who might be a good Qualified Opportunity Zone Fund investor would be someone who recently sold a business that created a potential significant long-term capital gains tax event.

The third type of investor who might be interested in a Qualified Opportunity Zone fund is a real estate investor who wants to generate some liquidity by selling their investment property. While a 1031 exchange investor is required to leave in their original principal and their gains, and even roll forward their debt, a Qualified Opportunity Zone investor is able to keep their original basis to do with as they please, and receive a tax deferral on the portion of the gains they invest in an OZ fund, resulting in instant liquidity.

The critical component for any investor is that they need to have sold the asset(s) within the prior 180 days and realized a capital gain.

TAX SAVINGS AREN'T ENOUGH

As great as all this sounds, it's important to carefully evaluate a project's true investment potential before considering the tax benefits — especially since you're required to keep your money locked up for at least 10 years in order to enjoy the full tax benefit. Like any real estate investment, there is no guarantee for cash flow, distributions or appreciation, and can result in the full loss of invested principal.

You see, as an investor with 20 plus years of experience in commercial real estate and investment sales who regu-

larly advises high-net-worth investors, Kay Properties always emphasizes the importance of understanding the investment first and then the tax benefits. It's better to look at the tax benefits as "gravity," rather than as a reason to make an investment you otherwise wouldn't even consider.

The good news is, plenty of development projects currently available. Plus, because many of these locations were determined to be economically challenged areas based on 2010 Census data and the Tax Cuts and Jobs Act was passed in 2017, many of these properties are now located in some of the hipster neighborhoods across the country.

HOW TO FIND GOOD QUALIFIED OPPORTUNITY ZONE PROJECTS?

Kay Properties & Investments works with a variety of carefully vetted sponsors to find the projects best suited to our clients. And we help our clients find Qualified Opportunity Zone properties that match their objectives and are appropriate for their situation.

We're happy to introduce you to these sponsors and to help you analyze which one is the best fit for you.

Regardless of whether an investor decides to move forward with a Qualified Opportunity Zone fund investment or not, there are certain questions that each investor should ask their advisor before moving forward with this type of investment. These questions include:

WHERE ARE THE REAL ESTATE PROPERTIES LOCATED?

Make sure you understand the underlying market fundamentals of the area. One thing in particular I advise my clients is to try and find a location where long-term demand is inherent in the market.

WHAT IS THE MAKE UP OF THE FUND IN TERMS OF DIVERSIFIED ASSETS?

One of the ways to help reduce risk is to choose a property that are diverse in nature. For example, a portfolio with only one large project could be considerably more vulnerable to other competitors with the same type of building. Try to find a portfolio that has a balance of multifamily, retail, and distribution.

WHO IS SPONSORING THE INVESTMENT PROPERTIES, AND WHAT KIND OF REPUTATION DO THEY HAVE?

Just like with any profession, there are quality QOZ advisors with years of experience and there are very inexperienced advisors who have very little experience. Avoid financial planners and other generalists and look for a firm that does nothing but real estate investments. Also, you will want to find a firm that is

very particular about the type of properties they offer investors. Ask specifically what type of real estate assets they have previously invested in, and try to get some historic performance data.

WHAT ARE THE RISKS ASSOCIATED WITH INVESTING IN A QUALIFIED OPPORTUNITY FUND?

It's important to go into any investment with eyes wide open. Walk away from any firm that tells you this investment is "guaranteed" to make money. There are always risks associated with investing in real estate securities including illiquidity, vacancies, general market conditions and competition, lack of operating history, interest rate risks, general risks of owning/operating commercial and multifamily properties, financing risks, potential adverse tax consequences, general economic risks, development risks and long hold periods.

ABOUT THE AUTHOR:

Betty Friant holds her FINRA Series 6, Series 22, and Series 63 licenses, in addition to the coveted CCIM designation, that recognizes expertise in commercial and investment real estate.



She currently is Senior Vice President with Kay Properties & Investment's Washington D.C. office where she serves as an expert Delaware Statutory Trust (DST) 1031 exchange advisor to high-net-worth investors and 1031 exchange clients. In her executive capacity with Kay Properties, Friant was instrumental in assisting the firm achieve a record \$408 million of equity placements for real estate investments in 2020 and is at the forefront of helping Kay break that record in 2021.

Prior to joining Kay Properties, Betty spent 35 years in the commercial real estate industry focused on the acquisition and disposition of single-tenant NNN properties, including acting as Senior Managing Director for the Calkain Companies and co-founder of a Sperry Van Ness office in Winchester, VA.

Betty has spent her career building a reputation for providing superior client service that emphasizes transparency, integrity, and attention to details. This lifelong effort was recently recognized by GlobeSt. as one of the "2021 Women of Influence" in the commercial real estate industry.

In addition to her focus on the commercial real estate industry, Betty is dedicated to her family and is involved in the volunteer efforts of several community and civic organizations.

What Can Property Management Companies Expect from Court Ruling on Gender Bias?

By The Fair Housing Institute

In line with the Supreme Court’s decision regarding discrimination based on sexual orientation or gender identity, President Biden signed an executive order earlier this year mandating that all federal agencies review the ruling and make needed adjustments. So, what can property-management companies expect? Should we wait on updated guidelines from HUD (Department of Housing and Urban Development) or should we make changes now to avoid any appearance of housing discrimination against LGBTQ+ prospects?



A QUICK LEGAL RECAP

President Biden signed an Executive Order on January 25, 2021, requiring protections of LGBTQ+ people in housing, health care, and education. The Executive Order cites the recent Supreme Court decision, *Bostock v. Clayton County*, that held that the prohibition against sex discrimination in the Equal Employment Act prohibits discrimination on the basis of sexual orientation and gender identity. The Executive Order requires the applicable federal agencies, including HUD, to promulgate actions consistent with *Bostock* and the various civil rights laws. This Executive Order will result in new HUD regulations explaining the protections of LGBTQ+ persons under the Fair Housing Act.

A NEW PROTECTED CATEGORY?

There is always confusion with any change. With this new ruling, questions have been raised as to whether this ruling meant a new protected category. To clarify, we do not have a new protected category, rather we now have an expanded protected category of sex. Under this expansion, it is illegal to discriminate against anyone based on their sexual orientation or the gender they are presenting.

THE TIME TO ACT IS NOW

The next question raised is whether or not housing providers should start making changes now or wait for guidance from

HUD. We believe there will be a notable increase in testing and enforcement of the new fair-housing protections of LGBTQ+ people. Whenever changes in regulations occur, housing providers can expect an increase in testing by housing-advocacy agencies. To avoid unnecessary liability, all housing providers should be educated about these changes, and ensure that all employees are properly trained and prepared for testers now.

FAIR HOUSING COMPLIANCE AND LGBTQ+ PROSPECTS

Consider a few situations that may arise. A same-sex couple is interested in renting an apartment. Can you ask them for a marriage certificate? How would you

handle an individual who is dressed as a woman and the name they give doesn’t match their government-issued ID?

Fair housing best practices in both of these situations are to ensure your policies are up to date according to the new laws and that they are applied across the board. If your policy does not require a heterosexual couple to produce a marriage certificate, then you cannot request one from any other type of couple. As far as a person who uses a name other than what is on their ID, your policy needs to be the same for everyone regardless of how they are dressed.

Now is the time to review your policies and make any needed changes according to the expanded understanding of the category of sex. Expect that testers will be focusing their attention on compliance with the new law. Up-to-date training is also absolutely necessary to make sure that every staff member is prepared to handle any situations that will arise. Remember, the best way to avoid a fair-housing complaint is to be fair-housing compliant!

In 2005, The Fair Housing Institute was founded as a company with one goal: to provide educational and entertaining fair housing compliance training at an affordable price, all at the click of a button. Visit www.fairhousinginstitute.com for more information.

It’s Time to Set Yourself Apart from the Competition

Continued from Page 1

lazy while you get to work improving your business and yourself by looking at these five qualities in your work and your life.

1. TIME

For most of us, there just isn’t enough of this precious commodity. We mistakenly wear the badge of honor that we are “too busy” to add in new things or invest time in changing or mending broken things. When was the last time you spent an hour (or even 10 minutes) analyzing how you use your time as a landlord? This has proven to be a great exercise we advise our clients on repeatedly. Set aside at least an hour to study the following:

- Where do you spend most of your time as a landlord? Calls, service, collecting payments, evictions, etc....
- What processes and procedures can you modify to make those time-consuming tasks easier?
- Are there existing programs that have a minimal cost but a maximum payoff in regard to time that you could incorporate into your business?

A one-hour investment dedicated to better understanding your business and life will pay major dividends moving forward.

2. FITNESS

You can make the obvious connection to fitness and our lack of it during the holidays, along with our renewed commitment to it in the New Year. But I’m not talking

about your fitness, I’m talking about the fitness of your properties. In a competitive marketplace, how does your property stack up against others? A great landlord will walk other properties in the neighboring areas to see how their products compare to others. Maybe it’s time for a deep clean. Or maybe replacing paint, carpet, fixtures, and finishes are what will be the ticket to making your property shine. Just as in life, the fittest-looking property will attract more attention – and that is what every landlord and investor want. While everyone else is taking time off, put on those running shoes and give your portfolio a complete workout.

3. Focus

It’s easy to lose focus during the holidays because there are a million distractions clamoring for your attention. But to separate yourself from every other landlord, focus during these weeks is critical and can be a game changer. Instead of continuing to put off those things you have been putting off for months, buckle down and pay attention. Here are a few areas I like to focus on during this “separation season:”

- Rental Fee Analysis: Should I or can I be charging more than I currently am? What will the market support?
- Conversion: Is it time to turn my long-term rental properties into short-term rentals? Or vice-versa? Is it time to sell one or more of my properties?
- What are my goals for the next year, and what areas can I improve in as a landlord to accomplish those goals?

What I find helpful in my “focus” sessions

is to put all my devices away, find a quiet place to think, and write things down with pen and paper. Something about tapping into the old-school methods of note-taking provides an inspirational spark.

4. EDUCATION

While it is easy to fall back on your experience, there is a whole world of educational opportunities available to you during “separation season” – and most of them won’t cost you a dime. Instead of listening to holiday music over and over again, find a great landlord/investor podcast and look for episodes that address some of your current challenges. Link up with a local real estate investment association and see if it is having any events during December and January that can kickstart your year. Research online rental-payment platforms and experience the joy of direct deposit for your payments. Examine what is happening in your state and local area political scene to see if there are legislative changes coming that may affect your business. Make the commitment to work smarter and not harder in the next year, and that starts with bumping up your personal education.

5. FUN

Being a landlord and having fun shouldn’t be mutually exclusive. After all, this is the greatest business in the world and allows us the freedom to have fun. But can we make our business fun at the same time? I believe you can by adding some of the following to your processes:

- Connect with other local investors

who don’t do exactly what you do. If you’re the long-term hold type, find a “fix-and-flip” investor to see what their business is all about.

- Create an incentive program for your tenants that rewards them periodically and creates a long-lasting landlord/tenant relationship. Be creative!
- Host a party for your team or invite the contractors and other service providers who help keep your properties functioning and fully occupied.

Implementing some fun into your business can help kill the monotony and frustration that can creep into your day-to-day processes.

In a time where we all celebrate connections to the things we love, make sure to carve out some time to find ways to separate yourself from old habits, costly processes, and time-consuming tasks. I’m not suggesting you don’t enjoy the holiday season, but by keeping your foot on the gas while everyone else is coasting, you will set yourself up for your most successful, rewarding, and joyful year yet, with more time available to enjoy the things you love all year long.

Scot Aubrey is vice-president of Rent Perfect, a private investigator, and a fellow landlord who manages short-term rentals. Subscribe to the weekly Rent Perfect podcast (available on YouTube, Spotify, and Apple) to stay up to date on the latest industry news and for expert tips on how to manage your properties.

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Does Adding a New Person to Lease Reset Expiration?

By HANK ROSSI

Dear Landlord Hank: When a new person is added to a lease, does this reset the one-year clock? Also, if rent is late, how long do you have to collect late fees? I have a tenant who have been late almost every month by several days. I have not filed formal late-payment paperwork. –Jennifer

Hello Landlady Jennifer: When you add a tenant to the lease they are signing the original lease and are only there for that original time frame. Make sure you check credit/ background/ rental history/ employment history and so on, just as you would with any other tenant.

As far as someone paying the rent on time, that depends upon your lease. It's customary to have rental payments due on the first of the month and to have a grace period of up to four days before the late fee applies.

In that scenario, if a tenant hasn't paid by the 4th of the month, the tenant is late on the 5th and that is when the late fee must be paid.

If you have a tenant that has been paying rent late every month, then have a talk with them that going forward, if they pay after the grace period ends, they must pay the late fee that day as well or you won't accept the rent, because they aren't paying all that is due.

If they don't pay rent when due, then you



either post or hand a three-day notice (legal notice) saying that the tenant has three days to "cure" the problem or you will start eviction proceedings.

Often when a tenant knows they face serious consequences by not paying as they agreed to in the lease, they become model tenants.

PARENT DIED AND LEFT A RENTAL TO SELL; HOW DO I MOVE THE TENANT OUT?

Dear Landlord Hank: One of my parents died and left me a single-family home rental in Dublin, Calif., in Alameda County. We'd like to take the home off the rental market and sell it. Is there a legal way to notify the tenant? -Dave

Hi Dave: You just inherited a rental property, and now you want to sell it.

You can easily do this. I would send the tenant a certified letter letting the tenant know your intention. But I would talk to



the tenant first and let them know what you plan; this will help you determine whether they're going to cooperate.

You selling the property and gaining entry is usually addressed in the lease, so look at it closely. Most leases have a right-of-entry clause stating that you can access the property with reasonable notice to the tenant for showings and that you can post for-sale signs.

This doesn't mean that the tenant's lease doesn't have to be honored – it does. A lease is a contract for a set time, and if you sell it during this time, the new owner must honor the lease too.

The lease may have clauses for early termination, so check for that. I'd have a real discussion with the tenant to try to get them on your side and make sure they know you intend to honor the lease.

You don't want to show a property when the tenant is against your plan, as the condition may not be optimal if the tenant is trying to discourage the sale (dirty dishes in the sink, unmade beds, etc.).

Hank Rossi started in real estate as a child watching his father take care of the family rental maintenance business and was occasionally his assistant. In the mid-'90s he got into the rental business on his own, as a sideline. After he retired, Hank only managed his own investments, for the next 10 years. A few years ago Hank and his sister started their own real estate brokerage focusing on property management and leasing, and he continues to manage his real estate portfolio in Florida and Atlanta. Visit Landlord Hank's website: <https://rentsrq.com>.

6 Expert Tips for Exceptional Community Maintenance

Continued from Page 1

reinforces that there is a real effect on a person's life even when a small inconvenience occurs, so we fix it quickly and efficiently, with compassion for the resident.

2. BE PROACTIVE TODAY, SAVE TIME TOMORROW

Being proactive is a helpful hack in all areas of our work, but particularly with community maintenance. By consistently keeping areas clean and maintained and checking up on our building appliances before issues arise, our teams save an incredible amount of time (and money) in the long run. Cutting corners will always come back to bite you. By holding ourselves to proactive community maintenance practices, we have less serious issues. When needed, we can make fixes before they become a disturbance to our residents.

3. DIFFERENCE IS IN THE DETAILS

One of our long-standing points of pride is our detail-oriented approach. A resident may not specifically notice how thoroughly their kitchen was cleaned when they moved in, or how polished the fresh coat of paint looks in their bedroom, but all of those details will contribute to a positive and excited feeling when they get settled into their new home. When a five-star level of maintenance is always used, it truly sets the living experience apart as exceptional. Details cannot be underestimated.

4. ATTITUDE SETS THE TONE

Our service professionals embody one of our company principles in particular, "choose the right attitude." Because service team members have frequent interaction and face time with residents, they are an incredibly important representation of who we are as a company, and they have

a significant impact on the resident living experience.

The positive, welcoming and customer-centric attitude of our service team members can make the difference in a resident's everyday elevator ride, maintenance repair or pool visit. These little interactions can brighten someone's day, and choosing the right attitude is contagious.

5. CONSISTENCY ADDS UP

One well-completed maintenance request followed by a mediocre one does not balance out to create a good experience. However, consistent quality completion of maintenance requests over time creates trust, and trust leads to brand loyalty.

Upholding the consistency of your service standards is a key part of being successful. Rare mistakes happen, but if the rest of your service has been consistently exceptional, residents will trust your service and be understanding.

6. COLLECT YOUR KUDOS

Picture this: You have just completed a maintenance request quickly and efficiently, and the resident is grateful for your help. This is a great opportunity to politely suggest that the resident could share their feedback in an online review.

Review reputation is critical for multifamily communities, but when residents are satisfied, they may not go out of their way to post a review online. However, following a positive experience, it is an appropriate and opportune time to capture their genuine kudos.

Kris Servidio is the senior associate director of facilities and support for Mark-Taylor Residential. He provides strategic oversight for Mark-Taylor's service and facilities teams, who support more than 20,000 units with residents across Arizona and Nevada.



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It's become one of the most striking—and most unwelcome—trends in multifamily rentals.

"It's insane," said Nikki Chambers, director of systems and training for Hanover Company. "I'll have five fraudulent applications at one property in just one week. It's crazy just how much more fraud there is in the market. It used to be isolated to particular submarkets and now, just like how crime has no ZIP code, it's the same thing with fraud. It's not isolated to any area, submarket, region or even a product type."

A recent Entrata survey found that 55 percent of respondents have been experiencing fraudulent attempts every few months with 15 percent experiencing multiple fraudulent attempts every month. The pandemic has exacerbated the fraud trend, as Entrata data shows that identity-theft reports are up over 2,000 percent since the onset of the pandemic. Perhaps more telling is that 5 percent of applicants among the company's clients could not be approved due to a lack of verifiable identification, which indicates that one of every 20 potential lessees is aiming to circumvent the system.

“With the average fraud loss at about



\$3,500 per case, it can be extremely costly, particularly with multiple instances,” said Kelly Canepa, senior vice president of product for Entrata. “That’s why operators are seeking advanced-screening measures that diagnose potential fraud early in the process and ensure that preventative best practices are in place.”

While fraud prevention used to be a background priority in the industry, it has risen to the forefront as a primary concern.

Industry experts recently discussed the rising fraud problem, including innovative tactics by deceitful applicants and ways to combat the escalating trend.

Fake pay stubs, designed to inflate one's actual earnings, are so prominent that websites are dedicated to them. But that fraud tactic seems a bit old-school compared to some of the new-age types being introduced. Identity theft is becoming more sophisticated, as individuals are using the identities of children, missing persons and deceased individuals—a tactic known as synthetic ID fraud.

This occurs when parts of real identities—such as Social Security numbers, address and driver’s license information—are combined with false information. This means a background check can still pass on some occasions.

“There has been an enormous uptick in all types of applicant fraud,” said Shawaun Alexander, vice president of operations software and systems for Bozzuto. “It’s actually become one of our primary focus areas, particularly since the effects of the pandemic still loom over occupancy and retention rates.”

Fraudsters are becoming more sophisticated. They often use these forms of fake information and false identities to get into an apartment community, then skip out after a few months when it's apparent that they cannot pay. Oftentimes they escape with no repercussions, because their identity was false to begin with. And the tactics they deploy continue to evolve. They'll even use outlets that sell identities on the black market.

“False pay stubs used to be all that we’d see,” Chambers said. “Now they are the least of our worries. We’re more worried about the actual identity of someone else being stolen.”

An increasingly digital world invites more fraud, whether through ID theft, innovative phishing scams or other cyber-related activity. Operators tend to agree that fraud has become too complicated and complex to combat on their own. They need help in the form of technology, including intuitive tools to authenticate identity, verify bank account information and substantiate the overall suitability of a potential renter.

“When these solutions are in place, they enable apartment communities to make

accurate risk assessments of all their lease applicants,” said Chris Ryan, Experian’s fraud and identity go-to-market lead for North America.

Alexander noted that in addition to utilizing its standard screening provider, Bozzuto utilizes a combination of ID verification and document verification software. But even with all the screening tools in place, she says the manual review process should not be abandoned. For instance, a Bozzuto internal team recently short-circuited approximately 200 potential fraudulent applicants at one community.

“The big goal is to find a full-house solution that doesn’t disrupt the application process or create hurdles for valid renters or your site teams,” Alexander said. “One that hits the key checkpoints of screening, ID and document verification. Many tech platforms hit one of those but aren’t built into the process, so fraudulent applicants can often bypass some of the checkpoints.”

Bozzuto's primary objective after uncovering a fraudulent applicant, Alexander said, is to ensure the information surrounding fraudulent applicants is transparent across the portfolio.

Hanover Company also uses a variety of tools, including a product to scan driver's licenses and several third-party verification services. Chambers noted that an ID verification platform utilized by Hanover has been the most successful in flagging potentially fraudulent items at various checkpoints in the process.

“Don’t think that just because you’re in a submarket that historically has not had a problem—or because you have a superior product type or a stellar onsite team with tried-and-true industry professionals—that something cannot sneak past you,” Chambers said. “Technology might not be the only answer, but it’s certainly part of the equation. At this point in the industry life cycle, you have to have some sort of technology checkpoint.”

While fraud prevention is key, industry experts agree that any prevention methods should not intrude on the experience of good renters. On the flipside of fraud prevention, Bozzuto uses a credit-reporting agency for positive rent recording. Reputable residents making payments each month receive the benefit of possibly increasing their credit score and strengthening their rental-history profile.

“We have to make sure our teams have the tools—systems, technologies and procedures—that enable them to weed out the fraudulent applicants and create the best possible experience for the qualified applicants,” Alexander said.

Operators agree that augmenting tech with manual practices is a solid tactic, because instances exist when tech won't catch everything. Chambers said to remain diligent and not fall into the trap of thinking that you have "an amazing manager and she'll catch everything."

“Criminals are getting smarter by the day,” Chambers said. “If people used their insight into criminal activity for good instead of evil, the world would truly be a better place.”

In a hypercompetitive industry, it's not natural to share information. But many believe exceptions can be made when it comes to preventing fraud.

"I think it's important as leaders that we work together to really dig into how prominently our industry is being affected by fraud and how drastically it has increased over the last few years," Alexander said.

Paul Willis is a content manager for LinnellTaylor Marketing.

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Monthly Meeting Schedule for the Arizona Real Estate Investors Association

PHOENIX MEETING
MONDAY, DEC. 13, 2021
5:45 P.M.

ONLINE

FOR INFORMATION:
Member Services
memberservices@azreia.org
480-990-7092

The Phoenix meeting is held on the second Monday of the month. These meetings are full of education, information, and networking.
Open Networking: The perfect time to get checked in to the event and chat with other local real estate investors in attendance.
Market Trends and Outlook: Your up-to-date analysis on the trends in national, regional, and local areas. Come find out where the market is heading – valuable information no real estate investor should do without.
Association Update: Find out about what’s happening at AZREIA, how to best leverage your membership benefits, and get the best prices on upcoming events!

Trade Show, Networking and Guest Orientation: Spend time meeting AZREIA business associates and other investors and build your team. (Live meetings)
Market Update for Fix and Flip and Rentals: Full analysis of fix & flip and rental markets. Plus, the latest market news affecting your business.
Main Presentation: This presentation features a national or local panel of experts on general topics such as fix and flip, buying notes, private money lending, marketing strategies, buying land or commercial/multi-family property. These are “you can’t afford to miss” meetings.

The cost for meetings is \$10 for AZREIA Members and \$20 for guests. PLUS members can attend free of charge. Please refer to the website www.azreia.org closer to the meeting time for up-to-date information on meeting place/format and agenda.

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Consumer Bureau: Name-Only Matching is Illegal in Screening for Tenants, Jobs

RENTAL HOUSING JOURNAL

The Consumer Financial Protection Bureau (CFPB) is warning tenant-screening companies and employment-screening companies that they are violating the law if they engage in shoddy name-matching procedures, saying that regulators will crack down.

In an advisory, the CFPB says regulators are concerned about the significant harms caused by false identity matching, where an applicant is disqualified from rental housing or a job based on having the same name as another individual who has negative information in their credit history. Specifically, the CFPB affirmed that the practice of matching consumer records solely through the matching of names is illegal under the Fair Credit Reporting Act (FCRA).

“This advisory opinion focuses on one method of matching being used in the industry, known as ‘name-only matching.’ This method is especially likely to lead to inaccuracies in consumer reports. Name-only matching occurs when a consumer-reporting agency uses only first and last name to determine whether a particular item of information relates to a particular individual, without using other personally identifying information such as address, date of birth, or Social Security number,” the CFPB statement said.

FALSE IDENTITY-MATCHING HURTS LANDLORDS AND TENANTS

“These sloppy practices hurt all of us,” CFPB Director Rohit Chopra said in a statement. “They hurt prospective renters in search of affordable housing. Even when they are able to locate a safe and affordable unit, many prospective renters are unlawfully blocked from an opportunity to live in the home of their choice due to careless data practices by tenant screeners.

“These inaccuracies also hurt the small landlords who rely on tenant-screening companies to help them make smart decisions about their business, and who themselves often confront an opaque and uncompetitive market in



information about tenants.”
Also, disclaimers from the companies are not good enough, according to the CFPB.
Chopra added, “I would warn consumer-reporting companies against trying to evade their responsibilities under the Fair Credit Reporting Act simply by issuing a disclaimer that their report might not be matched to the right person.”
He said false identity-matching “is especially harmful for communities of color who are disproportionately impacted by these sloppy practices. The risk of mismatching from name-only matching is likely to be greater among Hispanic, Black, and Asian individuals because there is less surname diversity in those populations than among the non-Hispanic white population.”

ADDITIONAL STEPS TO BE TAKEN

Following the issuance of the opinion, the CFPB intends to take a number of additional steps:

- First, closer collaboration with the Federal Trade Commission (FTC). In the background-screening

context, the FTC may be able to prosecute unfair or deceptive conduct not covered by the Consumer Financial Protection Act.

- Second, when prosecuting violations under the Fair Credit Reporting Act, in addition to civil penalties, the CFPB will seek to redress the full range of harms to victims. The law authorizes the CFPB to seek restitution and damages for violations of the FCRA.
- Third, the bureau will make referrals to the Department of Justice’s Civil Rights Division when the conduct might implicate violations of anti-discrimination laws.
- Finally, the CFPB will be supporting the FTC in its work to monitor business models that rely on harvesting and monetizing personal data. Big Tech giants and less well-known data brokers may be trafficking data and consumer reports that trigger obligations under the FCRA, including restrictions on permissible purposes. The CFPB will be using its tools to ensure that individuals are protected in accordance with the law.

Tucson Rents Also Climb

Continued from Page 1

look at how rents compare across some of the largest cities in the metro.

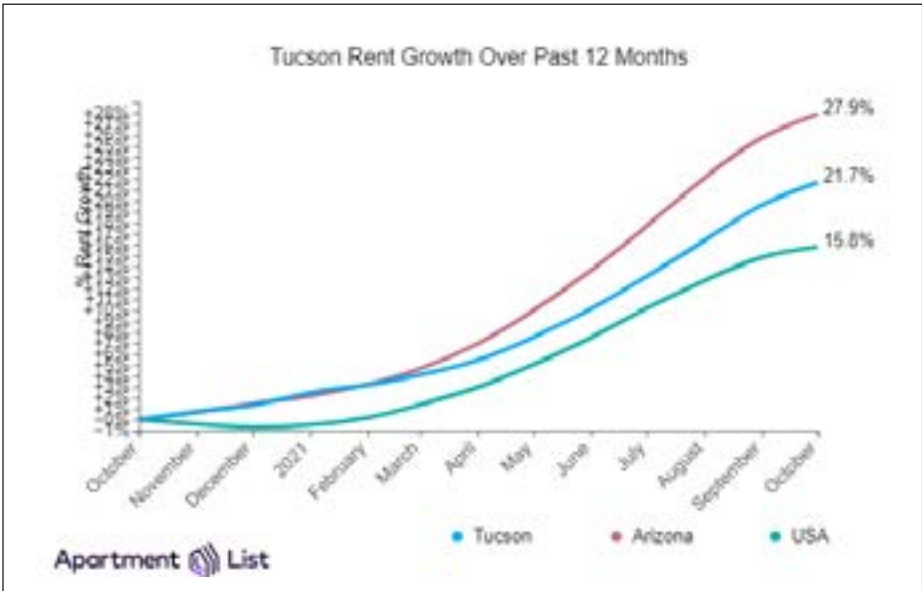
- Scottsdale has the most expensive rents in the Phoenix metro, with a two-bedroom median of \$1,986; the city has also seen rent growth of 3.1 percent in October, the fastest in the metro. Also, Scottsdale rents are up 31 percent year-over-year.
- Chandler rents increased 1.7 percent In October, and have increased sharply by 30.1 percent in comparison to the same time last year.

- Phoenix proper has the least expensive rents in the Phoenix metro.

TUCSON RENTS ALSO CONTINUE UPWARD

Tucson rents increased 1.7 percent in October, and have increased sharply by 21.7 percent in comparison to the same time last year.

Current median rents in Tucson are \$987 for a one-bedroom apartment and \$1,319 for a two-bedroom. The city’s rents have been increasing for 17 straight months – the last time rents declined was in May of last year.



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A male technician in a green uniform and cap walks towards the camera on a sidewalk. Behind him is a white van with green accents. The van has the Rainforest Plumbing & Air logo, which includes a cartoon monkey holding a wrench. The phone number (602) ASK-RAIN is also on the van. The background shows a modern brick apartment building.

A cartoon illustration of a monkey wearing a green uniform and cap, holding a large red wrench over its shoulder.

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