Self-Storage Training & Procedures Manual

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Portions of this material deal with law-related subjects at a general level and are not intended for you to rely upon as legal advice. You should consult a lawyer before making a final decision in any situation involving legal issues.

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DEFINITIONS

Manager: For the purpose of this operations manual, a **MANAGER** is described as the person responsible for the daily operations / management of the storage property regardless of their title, status, or roll. May refer to an Assistant Manager, Employee, Maintenance staff, etc.

AZSA: Arizona Self-Storage Association.

Tenant: A person who has already rented and is an established customer.

Prospect: Prospective tenants who have not yet rented at the property.

SELF-STORAGE OVERVIEW

Throughout history you can find evidence of humans' need for storage. The Pima Indians of Arizona had storage areas below ground level where they stored cotton in large clay containers. Early classified advertisements in the *New York Times* can be found for storage lockers in the late 1850s. During this same time period, British banking institutions began safeguarding their customers' valuables while they were out of the country. Bankers were quickly forced to seek larger storage lofts from moving companies to place their customers' goods. During this time there were two-story structures built with general storage on the first floor and personal storage on the second floor. In the 1920s, Minneapolis Van Lines and Weimer Storage and Moving offered "personal storage."

In the 1960s, self-storage as we know it began. In the early days, many storage properties were called "mini warehouses" or "mini storage." Some believe that the first "self-storage" project was built in Texas and the idea spread throughout the southwestern United States. The first projects were single-story buildings similar to garages. Most of the early developers built only four different sizes: 5-by-5s, 5-by-10s, 10-by10s, and 10-by-20s.

The important aspect of this type of storage is that it is all "self-service;" and that it is based on a month-to-month rental, not a yearly lease for space. If the customer needs space, they place their items in the space and put their own lock on the door. During the early years of storage, it became apparent that the customer wanted a variety of different sized spaces, had a greater need for ease of access, and wanted improved security. The storage industry met the customers' needs and began to make innovative changes to modernize the storage property.

Storage developers continue to look for ways to improve their product and serve the tenant's ever-increasing demands for space. Storage vendors diligently work to upgrade and develop new ideas to improve the storage industry.

Note: Most new properties with progressive supervisors/owners are moving away from paper and have gone primarily digital with their rental documents.

It is the storage manager's job to give valuable feedback to their supervisor/owner about customer storage demands, as well as operational areas that can be improved upon to benefit both the customer and the owner.

SELF-STORAGE PROFESSIONAL

The goal of this manual is to introduce you to the most common, practiced procedures in the self-storage industry, providing policies and procedures to ensure the highest standards of self-storage facility management. This manual will assist you in understanding the daily, weekly and monthly job expectations, as well as the overall responsibilities of a self-storage manager.

This procedures guide explains common self-storage operations, as well as being a training manual for new storage managers. It is designed to provide you with the basics of your responsibilities, an overview of your job duties, and an understanding of your authority at the property. This written training guide is provided to the manager of the property to aid in the operation of this facility. You are expected to adhere to the procedures set forth in this manual that are affirmed by your supervisor/owner.

Situations that are not covered in this manual may arise. If you find something that is not discussed here, or if you have questions about anything covered, please contact your supervisor/owner.

Self-Storage Job Overview

The self-storage job requires a variety of skill sets that managers should master in order to maximize the profitability of the self-storage business. It is important to learn the following skills to successfully perform your managerial duties. Skills of an exceptional storage manager include:

- Sales skills on the internet, over the phone, and when a prospect is in the office (on site);
- Online marketing on the website, social media, and networking sites;
- Verbal and written communication skills;
- Understanding common legal issues in self-storage;
- Accounts receivable and collections of current and past-due rent;
- Personnel management;
- Computer skills to use management software;
- Personal qualities including dependability and being observant;
- Continuing education in meetings, webinars, trade shows, and AZSA events, both live and online, to stay current on new laws and storage trends.

You have been entrusted with the responsibility for the professional operation of a self-storage business, which includes management of the land, buildings, and equipment. You are responsible for maintenance, office operations, money handling, sales, marketing of your ancillary products and services, the security of the premises, and other operations as deemed necessary.

Since you are a representative for the company, you have a great responsibility to give a high level of service to tenants. Your ability to assist the tenant in having a great experience at the storage property can significantly affect the profitability of the business.

THE MANAGER'S ROLE

- Implement, follow, and enforce any procedures set forth in Operations and Policy Manuals on file in the office and any other operational memos, directives, or instructions given to you by your supervisor/owner.

- Operate the facility at its highest and best economic and square footage occupancy by:
    - Leasing all available space to qualified tenants and making sure that all spaces are cleaned prior to rental.
    - Timely collection of rent, deposits, and assessed fees.
    - Selling accessory merchandise, such as locks, packing materials, and any other merchandise or services that may be available at your storage location.
- Visually inspect the office and entire property multiple times daily. Observe and respond promptly to any potential breach of security, such as unsecured locks, open gates, fencing problems, and unlocked vacant spaces. Be sure to make a written report of any evidence of theft and/or suspicious activity by any person or persons on or around the facility. Be watchful and suspicious of unidentified substances, which could be drugs or toxic and/or flammable chemicals.
- Familiarize yourself with emergency procedures dealing with fires, criminal activity, accidents, and natural or "man-made" disasters.
- Handle all tenant inquiries or problems in a timely and courteous manner. Satisfied tenants are essential to your business!
- At your supervisor/owner's direction, assist in inventorying the contents of storage spaces and assist with all steps necessary to impose and collect past-due rent on stored property of delinquent tenants, including proper documentation and retention of lien-sale files in accordance with the Company policy.
- Train and supervise your assistant manager and/or relief managers, familiarizing them with all of the policies and procedures needed to perform all management duties in your absence.
- Prepare in a timely and professional manner such management, marketing, operational, or other reports as required in this manual or as requested from time to time by your supervisor/owner.
- Make daily bank deposits. Generally speaking, weekend deposits will be made the following business day.

Note: Before making a bank deposit, copy all checks being deposited so that you can reconcile the deposited amount.

- Be responsible for entering accurate data for accounting records, deposit records, and petty cash funds.
- Follow proper dress attire, grooming, and hygiene habits. Smoking by managers is prohibited in the office and in front of or around any customers.
- Perform minor maintenance repairs needed at the facility. Advise your supervisor/owner of any construction defects or subsequent maintenance items as soon as you are aware of them. The physical condition of the facility is your responsibility. Non-emergency requests should be submitted as soon as possible. Hazardous items should be brought to your supervisor/owner's attention in writing as soon as they are noticed. Keep the premises in a neat and clean condition, the grounds free of debris, and the landscaped areas free of weeds.
- If directed by your supervisor/owner, prepare periodic marketing plan for the facility (e.g., social networking plan, sales calls, apartment and or business promotions, seasonal specials, etc.). Once adopted, you may be responsible for the implementation of portions of the plan. Your supervisor/owner will approve the marketing plan and related expenses.
- Participate in conventions, training programs, webinars, seminars at your supervisor/owner's request and familiarize yourself with and use the AZSA operational and legal resources available online to all members.
- Perform any other managerial duties that may, from time to time, be requested by your supervisor/owner.
- Managers are strongly encouraged to be actively involved in AZSA, local professional business organizations, and/or community functions that promote your professional position at the storage facility.

Facility Specific Notes

MARKETING

Anyone regularly involved with customer contact has one of the most important jobs in that organization. Not only does your position require that you interact directly with tenants, it also involves the up-front work of acquiring tenants.

Develop a Marketing Plan

Creating and consistently implementing a solid marketing plan is essential. A good marketing plan is one that is specific to the self-storage project and includes specials, facility visibility, and internet marketing plans. Use of a worksheet and outline of your Monthly Marketing Plan is recommended (*Appendix: Operations Forms*). Generally speaking, marketing efforts listed below have been proven effective in the self-storage industry.

The Internet

Be sure that your website is well designed, mobile first or at least mobile responsive, fast and easy to navigate, and offers enticing information and pictures. Your digital marketing should be **guided by a web specialist with expertise in search engine optimization**. A prospective tenant should be able to view sizes, get rates on spaces, make a reservation, and even rent online.

Note: It is imperative that your storage company can be found easily online. Your digital marketing efforts should include keywords such as storage, storage space, rent storage space, etc.

Drive-by Traffic – Signage and Access

Never underestimate the effectiveness of a highly visible site with good signage and a site that is easy to access from the street. You can increase your percentage of new drive-by tenants simply by attracting the customer with good curb appeal by using flags, banners, air puppets, balloons, colorful landscaping, murals, etc.

Note: Some municipalities don't allow any deviations from your current signage. Be sure to research prevailing regulations and see what you can do to enhance visibility without breaking the law!

Phone Books, Community Directories, and Call Tracking

The Yellow Pages, once the main source of advertising, have been overtaken by the internet as the most powerful marketing tool. However, if you are in a rural market or an area with a lot of senior citizens, a small ad in the Yellow Pages may still be effective. There may also be effective alternative telephone directories (e.g., Military Directory, Asian Yellow Pages, community directories, etc.) and online directories in your market. To

help validate marketing tactics, use **call-tracking numbers** to provide your supervisor/owner with marketing results so that the most effective tactics can be identified and less effective ones can be discontinued.

Direct Mail and Brochures

Direct mail pieces can have widely varied results, depending the demographics of your market, timing of the mailing, repetition of mailing, attention to how the design motivates a person to actually read your mail piece, where you are sending the mailers (on average that should be within a three- to five-mile radius), and how many people are getting the mail piece. When you send a direct-mail piece, be sure to have a coupon, a source code number, or a unique call-tracking number to track the actual results. Direct mail pieces are especially beneficial for a new storage property. This introduces the new business to a community.

Radio and Television

Radio and television ads allow you to reach a huge market but are very expensive. Generally, Public Storage runs the most television storage ads in the industry. Often, facilities in those markets will have a higher number of phone calls when the Public Storage TV ads are running. Cable television offers a good price and some specials to encourage renewal. Be sure you are targeting the right storage market for your facility.

Newspaper and Local Publications

This medium allows you to target market-specific prospects with display or classified ads and can be very effective. Publications such as these have proven effective in marketing self-storage properties to specific target markets: wine connoisseur's community newsletters, boating magazines, college newspapers, antique car club newsletter, etc.

Referral Program

A good sales strategy is to **ask for referrals** from your current tenants and local businesses. It is common to include a **Customer Referral Card** (*Appendix: Operations Forms*) in the new-rental package. It should offer discounts to both the tenant referring the friend and the person being referred. Encourage your current tenants to tell others about what a great experience they have from renting with your company.

New Customer Questionnaire

The **New Customer Questionnaire** (*Appendix: Operations Forms*) is vital to your marketing effort. At the end of each month, send all the New Customer Questionnaires to your supervisor/owner. This information should also be added to your facility management software. The data collected provides more accurate marketing information about your customer base.

Move-Out Survey

Past tenants are an excellent resource for marketing. The **Move-Out Survey** *(Appendix: Operations Forms)* is a great way to get feedback from a tenant on their experience and, with their permission, can be used on your website, Facebook, and other social media sites.

On-Site Events and Local Charities

On-site events are another important part of your marketing mix. They help you build a good reputation, get more referrals, improve tenant retention, and attract prospects who become rent-paying tenants. As more and more consumer attention focuses on local causes and businesses, on-site events are likely to rise in importance to your customers. When you as the manager, connect to issues important to your customers, it increases the odds that they will know/like/trust your business and rent from you. Cause marketing, in which your business cooperates with a local cause, charity, or organization to achieve a goal, helps consumers see you as a part of "the solution" to problems important to them. This in turn helps your marketing efforts by keeping you on top of mind. Cause marketing via on-site events might include facility-wide garage or yard sales to support a local cause; events aligned with holidays (like dedicating a space for holiday gift wrapping, a toy or food drive, etc.); arts and crafts fairs, artists shows, trunk shows; car washes; bake sales; etc. The only limit is your imagination and your supervisor/owner's support.

Strategic Alliance with Local Businesses

You should visit at least six businesses in your market area on a monthly basis. If your facility is new and in lease-up phase, it is critical to spend more time on this type of local marketing (provided you have the office covered by a competent person who can answer the phone and sell effectively). It is important to provide businesses with your brochure and let them offer their customers a discount for renting from your company. Be sure to take their brochure and business card to your office to provide referrals in a reciprocal arrangement. Consistent follow-up is important. Be sure to return to businesses you have marketed to at least quarterly to keep your property in their mind and restock their brochures. Give them some type of goodie bag or gift for their time and referrals. The following are businesses that are known to be good sources of referrals:

- Accountants
- Apartment Managers
- Chamber of Commerce
- Contractors
- Lawyers
- Military Bases
- Moving Companies
- Pharmaceutical Representatives
- Realtors
- Restaurants
- Retail Businesses

Utilize Market Research Data

The information you get from the tenant is extremely important in determining how to spend money and direct marketing efforts. The following are tools to determine the tenant's opinion and the effectiveness of your marketing tactics:

- A high quantity of recent **online reviews** is increasingly important to success. Appropriate response to online reviews is important too. They are used by Google and other search engines to determine your position in local search results, i.e., how easy you are to find online. There are online review experts who can help your company develop and maintain an effective strategy for your online reputation, as well as articles and webinars on the AZSA website.
- **New Customer Questionnaire** – Introduced above, this form will allow you to get vital information about the tenant, how they heard about you, and why they rented at your storage property.
- **Satisfaction polling** is a good idea with new tenants, existing tenants and tenants who have moved out. There are companies in the storage industry that provide these types of services. They can contact tenants and find out what they like about your facility and how you can improve your services. There are also free and paid online polling resources such Survey Monkey and others.
- Use reply cards, telephone polling, or emailed reviews to **track tenant satisfaction**.
- **Move-Out Survey** (*Appendix: Operations Forms*) – Also introduced above, Move-Out Surveys of past tenants are an excellent source of marketing data and content for online testimonials and reviews (with the tenant's permission).
- Tenant-initiated **direct feedback** can also be valuable. Make sure the signage on your door or property provides contact information to help the tenant get in touch with your supervisor/owner.

Tips to Improve Your Ongoing Marketing Efforts

The following are suggestions for improving your marketing efforts:

- Shop your competitors regularly (typically facilities in a three- to five-mile radius of your facility) regarding prices, discounts, specials, etc. At the time of this publication, AZSA is offering all members access to a data service that tracks pricing, occupancy, size, demographics, and other important data to inform your marketing efforts. Information about how to use this member benefit is on the AZSA website.
- Source or track all advertising efforts. Knowing how the tenant found your company is critical in determining where your marketing dollars are best spent (e.g., mailed advertisements, internet leads, community sponsored events, etc.).
- Use tracking telephone numbers or code words to evaluate your advertising effectiveness.
- Always ask tenants how they heard about you.
- Evaluate the cost effectiveness of all advertising efforts.
- Know your facility's average tenant stay.

Note: The goal is to get 200% to 500% return on advertising costs!

Facility Specific Notes

SALES AND CUSTOMER SERVICE

No matter how much money you spend on marketing, if managers can't turn calls, online inquiries, and visits into sales, the marketing dollars and efforts are wasted! Managers should continually work on improving their sales and service techniques. It is important to read, take training courses in sales and service and get feedback from your supervisor/owner.

As a company representative, you should be friendly and cheerful, with a positive attitude when you are working with the customer. It is important to show customers how much you and your company care by providing great service and communicating clearly and in a positive manner.

Note: Exceptional personal interaction creates exceptional word-of-mouth sales from your customers!

Some Points to Consider

- The success of a company depends on customers. Customers, both prospects and tenants, will not return unless they are treated professionally and courteously.
- You should speak to dozens of customers per day. You are the Company to your customer!
- Anyone working directly with customers occupies a position of trust and responsibility to take care of them in a friendly and professional manner.
- Companies with reputations for outstanding service and sales are built over time by valuing their managers and customers.
- It is important to regularly evaluate your own sales and customer service performance. Consider using outside sources offering mystery shopping for phone and on-site performance evaluation.

The Manager's Sales and Customer Service Objectives

- Understand the basics of providing exceptional customer service to each prospect and tenant;
- Learn proper sales and customer service techniques;
- Understand the prospect's storage needs and wants;
- Manage the prospect's perception and understand the essential role customer service plays in the success of your company.

Being a customer service provider (regardless of your title and position) is an essential key to the ultimate success of any organization. This makes you a very important person! While your prospects find you because of your internet presence, facility signage, and word of mouth, the primary ways the manager sells storage space and ancillary products to customers are on the telephone and in person.

Telephone Sales

No matter where they find you, most prospects find call for information and prices before they visit your location, although renting space online is increasingly common. The prospect's phone call can be a double-edged sword. If your property is beautiful and has all the latest security features but you don't inform the prospect of the features and benefits, you are doing your property a real disservice. If you are at a property that is older, you may have an advantage because the prospect isn't likely to visit several properties. Your effort to effectively sell on the telephone can make a tremendous difference in the profitability of your storage property and your success as a manager. The following are tips to help you be successful in phone sales.

Answering the Phone

Let the phone ring twice before you answer. This will give you the few seconds necessary to set aside what you are involved in, so you can concentrate on answering the phone and selling. Each morning, have your **Telephone Sales Checklist** (*Appendix: Operations Forms*) ready to help guide you through the sales conversation.

You have three main objectives to accomplish during the call:

1. To create a **POSITIVE IMPRESSION** with your smiling enthusiasm.
2. To arouse interest by giving just enough information to entice the customer with the facility's **FEATURES and BENEFITS.**
3. To get the customer to **VISIT OR MAKE A RESERVATION.**

Since the customer cannot see you speak, prepare to slow down your rate of speech. Talk to the customer in a pleasant, unhurried tone of voice. Paint a "mental picture" in the prospect's mind of your facility, as well as the products and services you have to offer.

Note: Remember, the prospect is ONLY going to be as interested as YOU SOUND!

Five Steps to Telephone Success

How do you effectively get the prospect to visit your property? These Five Steps to Telephone Success are recommended to help make the telephone sale effective and well-organized.

STEP 1: GREETING

"Good morning/afternoon, thank you for calling _____ Self-Storage.

This is _____; how may I help you?"

STEP 2: INQUIRY

Quickly take control of the conversation by asking several inquiring questions:

- What will you be storing?
- When will you need storage?
- How will you be getting your items here?
- My name is _____. **Can I get yours?**
- How did you hear about _____ Self-Storage?

STEP 3: COUNSEL

During the counseling stage, your objective is to build rapport and pinpoint the prospect's needs. This is the time to entice the prospect to visit the facility by relating the features and benefits.

STEP 4: INVITATION

The invitation step is the most critical stage of the sales process. Create a reason for a sense of urgency for the prospect to visit. Make an attempt to reserve or rent the space or make an appointment with a specific date and time the prospect will visit the facility. Offer directions to the property and office/access hours for the prospect's convenience.

ASK THE PROSPECT FOR THE SALE! OFFER TO HOLD THE SPACE IF THE PROSPECT IS NOT READY!

STEP 5: CLOSE

"Thank you for calling _____ Self-Storage."

Let's break that down into more detail!

STEP 1: GREETING

GREETING – Creating a Great First Impression

"Thank you for calling _____ Self-Storage. This is _____; how may I help you?"

The way you speak will give the prospect an impression of what you and your company represent. To give a positive impression you should sound happy, alert, and excited to help the prospect.

STEP 2: INQUIRY

INQUIRY – Use Skilled Questions

Don't miss a chance to interact with the prospect by trying to answer their size or price questions too soon. It is your responsibility to establish the appropriate size space for the customer. Most storage prospects don't really know exactly what size they need. More importantly, THEY DON'T KNOW WHAT SIZES YOU HAVE.

- Take control of the conversation by asking several good, skilled questions to determine the correct size space the person needs.
- Suggest the size you think they need and **one size smaller**. If they pack well and utilize the height of the storage space, they can save money on a smaller size, and they see that you are looking out for their best interests.
- Qualify the prospect's needs to build rapport and pinpoint specific features your site has that would benefit their situation/needs.
- Ask for the prospect's name and be careful not to overuse it throughout the call.

The initial inquiry process allows you to build rapport with your prospect before you quote the price of space options. The prospect will sense that you really care about COUNSELING them on the appropriate size and price.

You can get your prospects to interact more by asking "open-ended questions" rather than "close-ended questions." Open-ended questions focus on encouraging the prospect to respond. Close-ended questions are normally answered with "yes" or "no."

Always ask critical qualifying questions before going on to the counseling step of the sales presentation.

Open-Ended Questions

Questions designed to encourage the prospect to respond begin with, *What, When, How, Where, Who, and Why.* The following are examples of open-ended questions:

- "We have 20 different sizes; please give me an idea of what type of items you will be storing so I can get you in the right size and save you money."
- "How big are your items?"

- "When will you need storage?"
- "How will you get your items here?" This is especially important if you offer a free move-in vehicle or if your facility offers moving truck rentals (U-Haul, Budget, etc.).
- "Where are you located?"

Close-ended questions begin with words like, *Did, Can, Have, Do, Is, Will, and Would.* They are more direct questions that shorten the conversation, such as:

- "Have you ever used self-storage before?"
- "Do you have any other large or bulky items?"
- "Can your couch be stored on its end?"
- "Will the dining room table break down?"
- "Would you like our regular drive-up storage space or our climate-controlled space?"

STEP 3: COUNSEL

COUNSEL – Accentuate the Positive

Don't assume your prospects already have all the information that they need about storing their property. Give them several good reasons to rent from your company. Emphasize what sets you apart!

Selling the Features and Benefits

With the large number of storage companies available to choose from, it is important to inform your prospect about your primary features and, more importantly, how they will benefit from these features. Explain that not all storage properties are alike.

Note: NEVER represent that your facility has "security." Security is really an enormous range of possibilities. Therefore, what you mean when you speak of security and what the tenant hears may be very different. Instead, always speak of the features you have to keep their property safe.

Features are the facts about your facility and benefits are what the prospect will gain by having the features. The following are some examples:

To keep your items safe (**benefit**), we have ... (**feature**)

- Security gate with your own personal code to get in and out of the facility;
- Fenced perimeter;
- Video surveillance with a digital video recording;
- Climate-controlled spaces;
- Individual alarm on every door.

For your convenience (**benefit**) we offer ... (**feature**)

- Packing and moving supplies;
- Easy access;
- Carts and dollies;
- Autopay for credit cards payments;
- Free move-in truck.

To help save you money (**benefit**), we offer ... (**feature**)

- A special of half off your second month's rent;
- A free move-in truck;
- Ceilings which are nine-feet high, so you can utilize the height and save money.

DON'T BE AFRAID TO SELL YOUR FEATURES!

Note: We generally encourage a customer into the smallest size space for a variety of reasons:

- **In general, most facilities have more small spaces than large.**
- **The smaller size gives the customer a less expensive price alternative.**
- **If they utilize the height in the space, they can save money.**

STEP 4: INVITATION

INVITATION – Ask for the Sale

Once you have completed the inquiry and counsel process, you are ready to recommend the appropriate size space and ask for the sale. Use the chart below to help determine the right size.

Space Size	Size Comparison
5-by-5	Walk-in closet size
5-by-10	Bathroom size (1 to 2 rooms of furniture and boxes)
5-by-15	A long hallway in a home (2 rooms of furniture)
10-by-10	Half of a one-car garage (2 to 3 rooms of furniture)
10-by-15	Large bedroom (3 to 4 rooms of furniture)
10-by-20	One-car garage size (5 to 6 rooms of furniture)
10-by-25	Large one-car garage (6 to 8 rooms of furniture)

For example, you might say:

> "From the information you have given me, it sounds like your things will fit in either a 5-by-10 or 5-by-15. The 5-by-10 rents for $55 and the 5-by-15 rents for $65 per month. **Would you like to come look at the sizes? If you can't come now, I can reserve the space for you or put it on hold until you can come."**

Often, when selling on the telephone, the tendency is to assume that a direct close, or asking the customer to rent, isn't possible. In the past, traditional prospects generally didn't rent a storage space over the phone, so your primary goal is to encourage them to visit your facility, and this is a perfect opportunity to reserve the space for the prospect. However, at present, younger prospects are more willing to rent a unit without seeing it, either online or if they call.

- Create a **sense of urgency** for the prospect to rent now or visit the facility as soon as possible (e.g., specials, use of free move-in truck, limited quantity, etc.).
- Ask the prospect to visit and attempt to schedule a **specific time or reserve a space** for the customer until they can come.
- Offer to **email or send literature or brochures**, especially if they do not rent immediately.
- Give the prospect your **office and access hours** for their convenience.
- Ask them where they will be coming from and offer directions to your facility. Use major cross streets or landmarks for reference.

Samples of How to Turn the Invitation into Closing the Sale on the Telephone

- "In order to SAVE you MONEY, we would like you to come down and actually look at both spaces. I have a couple left, and I would love to show you the storage space."
- "I can reserve the space for you with a $25 deposit."
- "Would you like to come down today?"
- "May I hold the 5-by-10 for you?"
- "Would you like to look at both sizes and see which one will work best for you?"

STEP 5: CLOSE

CLOSE – Leave a Good Impression

Every time you talk on the phone, you are the voice of the company you represent. Often the prospect sounds as though they are not going to come in; however, whether a sale is made or not, always end the conversation on a friendly note.

The end of each call should be: **"Thank you for calling _____ Self-Storage."**

- Always allow your caller to hang up first, so you know the conversation is over.
- If you tell a caller that you'll mail, text, or email a brochure, be sure to follow through right away. New prospects will always be impressed if they know you honor commitments.
- The caller should always hear the name of your company several times during the conversation, once in the GREETING and later in the CLOSE of the call. Prospects don't necessarily take notes in their quest to find a storage unit. Hearing your company name clearly repeated at least two times will help them remember which storage property they called.

Follow-Up After Each Call: Daily Record of Telephone Inquiries

In an effort to determine your marketing and sales effectiveness, ask how the customer heard about your facility and then list each sales call you receive on a **Daily Record of Telephone Inquiries** (*Appendix: Operations Forms*). These forms should be turned in monthly with your End-of-Month Reports. If your company uses call tracking numbers, you won't need to track the customer inquiries.

On-Site Sales Techniques

You should use the same five steps to sell when a prospect visits the property: Greeting, Inquiry, Counsel, Invitation, and Close.

A key point to remember when anyone comes into the office is to quickly **stand and welcome the person** as soon as they enter the office. If you happen to be on the phone, establish eye contact and gesture nicely (without speaking) that you will be right with them.

It is important to know that selling the storage space once a prospect visits the property has several advantages:

- More personal contact;
- Greater control of the sale;
- The ability to read the prospect's body language;
- The ability to close the sale by signing the agreement;
- Increased amount of sales time (usually 15 minutes).

You can capitalize on these advantages by:

- Keeping the property and each space clean;
- Being assertive when showing the space and asking for the sale;
- Looking and acting professional at all times;
- Using the clean golf cart as a convenience for the customer. Keep it clean and uncluttered!

Touring the Property

It is important to show the actual space that the prospect will rent. You may offer to show several sizes based on the items they will be storing. When you are touring the property, be sure to stay in control of the sales presentation. Point out key features and benefits (advantages) of the property (security, convenience, and money-saving offers) as you are walking or riding to the space. Offer them a bottle of water before going on tour, preferably with the company logo on it.

Demonstrate Features

Since you have the prospect's undivided attention, you should demonstrate the use of special features of your property. For example:

- How to properly open and secure the latches. You may think this is silly, but tenants occasionally secure their lock on a latch that is in the open position.
- Point out the lights and how to use them, especially if they are on timers.

- If you have individual door alarms, be sure to allow the alarm to ring when you open the door. This will effectively show off features that help keep their property safe.
- Show them the gate keypad and how it works for entering and exiting the property. The facilities with door alarms should instruct tenants not to tailgate another vehicle when entering or exiting the property.

Handling Objections and Concerns

The worst objection that you can encounter is the one that is not voiced. A prospect's objection is an opportunity to overcome their concerns. You can never counter an unstated objection, so be glad when a person shares a concern. Here are some general rules to follow:

- Listen carefully so you know the prospect's concerns.
- Directly address the question without site-stepping or avoiding it.
- Avoid arguing at any cost.
- If the prospect has concerns about break-ins, let them know if you have or have not had break-ins! If you have, simply state that, "Yes, most storage places have had some sort of break-in; however, we do several things to prevent them (list security features and general procedures)." **Either way, always recommend that they purchase a high-security lock and insurance for their peace of mind.**
- Don't take a rejection personally. If the prospect isn't ready to rent or if the space is too expensive, you can't force them. It doesn't mean that you aren't a good salesperson.
- If a prospect leaves the office without renting, be sure to invite them to return, and offer them literature and your business card. Make it a priority to get their name, phone number, and/or email address to let them know of availability or any upcoming specials.

Before they leave, thank them for visiting and let them know that you would love to have their business!

Consistent Customer Service

Service after the initial sale is also critical to keeping your current tenants happy. As a professional representative of your company, you are expected to treat the tenant with respect (even if you don't get it in return). This can be difficult at times, especially when dealing with late fees and auctioning a tenant's space for non-payment; these tenants tend to get upset. Try to stay calm and don't take it personally. Keep in mind: Your ability to treat the tenant fairly, with respect and courtesy, will keep many tenants from giving your company negative feedback on social media, online reviews, and word-of-mouth. So, keep calm and cool! **Always be professional!**

Resolving Tenant Complaints

- Listen carefully and respectfully to the complaint.
- Acknowledge that you understand their complaint.

- Apologize for the problem (or possibly their feelings).
- Explain the action you will take to correct the problem or what the customer must do to prevent it from happening again (i.e., late fee can be avoided by setting up autopay with the tenant's debit or credit card).
- Thank the tenant for bringing the problem to your attention.
- Don't let your body language or negative attitude give the impression that you don't care!
- Make notes in the storage software explaining the complaint and actions taken to resolve the issue.

Avoid a Poor Customer-Service Attitude

Broken Promises

Follow-through is a must for giving quality customer service. Customers expect businesses to honor promises. Failure to do so is an invitation for your tenant to go to a competitor or to social media to complain or give a bad review.

Impatience

This sometimes occurs when the manager believes that the tenant is interrupting their work. Remember, tenants ARE your work! Always treat them with the utmost respect and courtesy.

Arguments

The tenant may not always be right, but you'll always be wrong if you argue with them. You should explain the policy and handle their concern in a polite manner. You may need to refer them to your supervisor/owner if you can't help them.

Rude Tenants

However unreasonable the tenant may sound, you must keep your cool. Never treat the tenant in a rude or disrespectful manner.

Negative Attitude

Nothing turns people off faster than a manager with a grumpy or negative attitude. Responding to tenants in a friendly, lively, and cheerful manner encourages them to rent, stay, and refer their friends. Don't bring your problems to work or take the previous tenant's problems out on the next prospect.

Indifference

If your tenant has a problem, act as if it's your problem too. Caring keeps tenants! Indifference sends them to your competitors and gives you negative reviews.

Evaluate Your Sales Skills Regularly

Since telephone and on-site sales skills are important to the success of the company, outstanding performance of the managers should be assured. Therefore, on a regular basis, your company may monitor and record your sales presentation on the phone and have a "mystery shopper" visit the property posing as a customer. You should review the feedback regularly for areas to improve your sales presentation, customer service, and telephone etiquette skills.

Marketing and Sales Partners

There is an abundance of support to enhance your marketing, sales, and daily operations. A variety of services are listed below. You can find companies providing these services, and many others needed to run your self-storage business, using the red Suppliers & Services button on every page of the AZSA website. It is a directory of AZSA vendor members. Here are just a few resources to consider:

- **Digital Marketing Experts**

  In an environment ruled by Google, having digital experts on your team is becoming essential. They study Google and know how to give the largest search engine in the world what it wants: relevant answers to consumers' searches. Among other things, digital marketing experts can help you develop and execute a digital marketing plan that works today; evaluate both your results and changes in the SEO environment or Google algorithms to modify the plan for tomorrow; manage your reputation online by generating a high quantity of recent reviews, with appropriate responses from you, to satisfy Google's demand for reviews and therefore improve your local search results and SEO; and more.

- **Call Centers**

  Many self-storage companies use a call center that specializes in answering storage property sales calls and can even rent spaces and take payments. These services are crucial for storage properties that have a limited staff. The cost of these services can pay for themselves with one additional rental per month.

- **Lead Generators**

  These are companies that collect information from your business (e.g., available sizes, rates, specials, etc.) and put it on a website for potential prospects. They may email leads or make reservations in your storage software.

- **Mystery Shopping**

  Mystery shopping companies provide sales and customer-service feedback and sales/service training. Managers can listen to their sales calls and get constructive feedback on how to improve their sales and customer service skills. This is a great training tool!

Note: The AZSA website lists a variety of storage vendors to help you with all aspects of your storage operation. Use the red Suppliers & Services button, which appear on every page of the website.

Facility Specific Notes

SPECIALS, DISCOUNTS, AND PROMOTIONS

You are encouraged to rent spaces at the designated standard rate. On occasion, your company may run a special or discount on a particular size space that you have in abundance. All specials, discounts, or promotions should be discussed and authorized by your supervisor/owner. There are advantages to different types of specials. Below is a review of the two main types of pricing concessions.

Free Time

The advantage to offering free time is that once the offer is used, the tenant is still at what is called the "standard rental rate" or street rate. Free time may be a nice incentive that would convince a prospect to rent from your storage property instead of a competitor. The publicly traded storage companies often offer a $1 move-in incentive to new tenants. This type of special offers the tenant a low move-in cost and then puts them directly on the standard rental rate.

Discounting Rent

Generally speaking, discounting of rental rates is discouraged. However, with increasing competition you may find yourselves renting only a minimal number of spaces without some kind of special. This is especially true if your rates are higher than everyone else in your market area. If you offer 25 percent off the rent for the first three months, you are still offering less than one month free. If the tenant only stayed two months, you have only given up about 50 percent of the monthly rent.

Rent Increases – The 90 Percent Rule

If you have sizes that are more than 90 percent occupied, **DO NOT** offer a discount. You should work on getting all tenants to the standard rate and/or begin giving rental-rate increases of seven to eight percent of their current rate. Keep in mind that if you are substantially below the standard rate, you may want to give an increase of more than seven to eight percent.

Facility Specific Notes

RECOMMENDED OFFICE OPERATIONS

Getting Started in the Office

It is important to arrive in the office a few minutes before it is open to the public. This will allow some time to get organized and prepared for the day. A manager typically is expected to be at the facility 15 to 30 minutes prior to the time it opens.

Hours and Days of Work

1. Full-time managers should not work in excess of 40 hours per week without approval from their company. Similarly, part-time managers shall not work in excess of 30 hours per week (or less, as determined by your supervisor/owner) without approval. Daily work hours should be staggered so that at least one person is on duty at all times during the normal business hours. All persons should be sure to take their required breaks during the workday.
2. Only the time spent in actually carrying out the duties specified for the job or other duties specified by the company should be counted as hours worked by managers.
3. Due to the nature of self-service storage facility management, hours worked by managers may vary from day to day; accordingly, managers should regulate their hours of work so that the total number of hours worked do not exceed the limits specified above.
4. Managers should agree that if there is work that cannot be done during the specified hours, any overtime work will not be done without written permission from their supervisor/owner (unless the work is caused by an emergency situation). In the event of an emergency, managers should promptly notify their supervisor/owner in writing of the number of hours worked in connection with dealing with the emergency.

Note: Arizona follows federal labor laws.

Opening Procedures

- Turn off the office alarm, if any;
- Clock in to work;
- Log into your storage management software;
- Unlock any interior office doors;

- Check for phone messages;
- Print two copies of the Vacancy Report;
- Count the cash drawer for accuracy;
- Make coffee for visitors;
- Change the office sign to OPEN;
- Check email/answering machine;
- Get any mail from the check drop box.

Daily Procedures

- Rent spaces;
- Rent truck (if applicable);
- Make security rounds four to five times daily;
- Perform a lock check on the property;
- Over-lock any past-due tenants;
- Remove over-locks of tenants who have paid past-due rent;
- Check restrooms throughout the day for cleanliness and to restock;
- Process any manual credit card payments due;
- Accept and post daily payments;
- Call past-due tenants;
- Print any past-due letters;
- Make the previous day's deposit (weekends may be an exception);
- Restock supplies and merchandise for sale, if any;
- File all necessary paperwork;
- During any downtime, clean the office;
- Make social-media updates (e.g. Craigslist, Facebook, etc.), if directed by your supervisor/owner.

Closing Procedures

- Follow the end-of-day close for the self-storage software;
- Complete a deposit slip (verify checks and compare to daily receipts from computer);
- Count cash in deposit, cash drawer, and petty cash fund;
- Put away golf cart (charge only if necessary);
- Vacuum/sweep/mop office and bathroom floors;
- Take out the trash;
- Clean countertops and doors;
- Lock any interior office doors;
- Change the window and door signs to CLOSED;

- Secure the petty cash and daily payments;
- Turn on the answering machine;
- Clock out;
- Set the office alarm, if applicable, and lock all exterior doors before departing.

Weekly Office Procedures

- Conduct a physical inventory of the entire storage property;
- Inventory, order, and restock merchandise and supplies;
- Check postage or meter for ample postage (if applicable);
- Review all lien files for auction;
- Clean the golf cart;
- If applicable, complete **Truck Rental Report** (*Appendix: Operations Forms*);
- Send, email, or fax timecards to your supervisor/owner (if faxed, send the original with the End-Of-Month reports).

Monthly Procedures

- Monthly Reports;
- Truck Use Log;
- Monthly Income Summary;
- Deposit and Prepaid Rent Summary;
- Monthly Cash Income Summary;
- Rentals and Vacates by Size;
- Daily Deposit Records;
- Refund Requests;
- Time Sheets for Payroll;
- Completed NSF Follow-up Forms;
- Petty Cash Reimbursements;
- Send any invoices or bills to be paid to your supervisor/owner.

Facility Specific Notes

SCREENING POTENTIAL TENANTS

Customer Documentation

Obviously, you want to rent as many spaces as you can each month. However, there are some cases in which you will choose not to rent to an individual. If you have a high occupancy level, your facility may be more selective in determining your tenants. The following are several measures that storage operators typically implement to screen prospects the way apartment and other commercial landlords do:

- Copy of driver's license or official government identification with a picture (but do not copy a military ID);
- Photo of tenant at the time of rental;
- Actual physical address (if a post office box is given);
- Credit check;
- Valid credit card;
- Background check;
- Tenant fingerprint.

Note: Copying a military ID is prohibited by law. Write down a military ID's contents instead.

Obtaining a Tenant's Personal Information

Self-storage operators rent real property, which creates a month-to-month but usually long-term commercial tenancy relationship. The storage operator has a right to know who prospects are and if they have the ability to pay the monthly rent. All the items listed above can be required in order to rent from any storage operation. However, you **must** be consistent, so you do not discriminate based on race, religion, gender, or national origin.

Facility Specific Notes

MOVE-IN PROCEDURE

Getting Started

Use one of the Vacant Spaces reports you print at the beginning of each day, so you know what is available to rent. You should already know that all vacant spaces are clean and ready for new tenants, because you cleaned and prepared them for the next tenant. If they are not all ready, highlight spaces that are verified clean and ready to show and rent on the Vacant Spaces report.

The Move-In Rental Package – Be Prepared

Before you have customers in your office, it is important to prepare several "Move-In Packages" with all the necessary paperwork. At the time of the rental, you want to have all the rental paperwork together. **The procedure will be different if the rental process is digital.** Move-in Packages may include:

- Tenant move-in folder/envelope;
- Lease Agreement;
- Rules and Regulations;
- Change of address card;
- Company brochure;
- Business card;
- Insurance brochure or addendum;
- New Customer Questionnaire;
- Gate code instruction card;
- Customer satisfaction brochure;
- Payment envelopes and/or payment coupon booklet (if applicable);
- Referral program card;
- Monthly Credit Card Authorization form to set up autopay.

Completing the Lease Agreement

Present the Lease Agreement to the tenant and ask him/her to complete his/her portion (see **AZSA Lease Agreement,** below***).*** Many self-storage facilities require that the tenant complete the Lease Agreement (in duplicate) so that misinformation cannot be attributed to manager error. Once the tenant has completed the information, **carefully review it** for completeness and legibility. If you cannot read something, ask the tenant to clarify or correct it.

The Lease Agreement is of no value if the tenant does not sign the document. Every Lease Agreement **must be signed** by both the tenant and the manager renting the space. A good practice

is for the manager to sign the document after it has been reviewed and verified that the tenant signed and didn't change any provisions of the document. If you find an unsigned Lease Agreement in the files, you should contact the tenant and have them sign the document. Remember: no lease, no lien!

Note: Many operators require that tenants initial every page of the lease or sign every page. In truth, the exercise is of little legal value.

Electronic Records and Signatures

Federal law enables the use of electronic records and electronic signatures (e-sign), and Arizona law recognizes the validity and legal effect of contracts entered into electronically. If you are using e-sign technology, be sure that you verify:

- The digital Lease Agreement is accurate in verbiage and populates the tenant's information correctly;
- All tenant forms and letters are in a digital format;
- Your software is backing up the securely stored signed documents;
- Each electronic document is reviewed for the tenant's signature and shows a completed status;
- You are regularly auditing the Lease Agreements for accuracy.

Multiple Space Rentals

If a customer leases more than one space, all spaces should be listed on a single Lease Agreement and can be linked in most self-storage software programs. The combined, total rent for all the spaces should be reflected on the lease. This assures that a later default with respect to one space will apply to all spaces and enables the storage operator to lock out the tenant from the facility. Partial payments also then affect all the rented spaces. In practice, this prevents tenants from aggregating unwanted property in one space, keeping desired property in another, and then intentionally defaulting on the unwanted space as a means of disposing of contents at the storage operator's expense.

Explaining the Key Provisions of the Lease Agreement

The Lease Agreement is the most important document at the storage facility. Explaining it and presenting several of the most critical its aspects to the tenant will help them feel comfortable and informed. (For a discussion of the AZSA Lease terms, see **AZSA Lease Agreement**, below.)

Not every tenant uses all the following features of the Lease Agreement, but it is important that you understand them and when to use them.

- **Late Fees**: When presenting the Lease Agreement, be sure to explain your late-fee schedule (how much the fee is and when it accrues) in a positive manner:

  "Your rent is due each month on or before the 1st; if your payment is late, we have a ($__ late charge or __%) after ___ days. We do offer you the convenience of automatically charging your credit card each month, so you

can avoid a late charge. Would you like to sign up for automatic billing or ACH? Also, keep in mind you can use our website to pay each month."

- **Alternate contact**: An alternate contact is very helpful to you as a manager. Try to get the tenant's alternate contact name, address, and phone number on the Lease Agreement for lien or emergency purposes.
    - Alternate contact access rights (see **AZSA Lease Agreement**, below): make sure the tenant indicates the access rights the alternate contact should have.
- **Special Access**: If a tenant wants to allow access to the space by other persons or entities (e.g., delivery people, managers, etc.) they must sign a **Lease Addendum Granting Special 3rd Party Unit Access Form** (*Appendix: AZSA Forms)*. The form allows you to give access to persons or entities listed on the form and authorizes the operator to sign for deliveries, all without liability. This form should be kept on file with the tenant's Lease Agreement.
- **Tenant insurance or protection**: The tenant is responsible to protect or insure their stored property. Make the tenant aware of that obligation, of the alternatives, and ask if they are interested in purchasing tenant protection or tenant insurance, if your facility offers it. Have the tenant sign an addendum indicating whether insurance coverage or tenant protection is accepted or denied, and keep that portion attached to the Lease Agreement. (see **Tenant Insurance/Protection** below).
- **Prohibited contents**: Be sure to make clear what materials may not be stored.
- **Release of liability**: Point out to the tenant that the Lease Agreement includes a release of owner's liability for damage of any kind.
- **Limit of liability**: The Lease Agreement sets a maximum of $5,000 in value of stored property (the limit of liability). If, at their option, the tenant needs a higher amount, use the **Consent to Stored Value Increase Form** (*Appendix: AZSA Forms)*. Also see **AZSA Lease Agreement,** below, for more information.
- **Military**: Check to see if the tenant is on active military duty or in the Reserves. If he/she is, have him/her sign the **Military Waiver Form** *(Appendix: AZSA Forms).* For more information about renting to military tenants, see **Military Tenants** below.
- **Change of address**: Tenants are required to provide written change of address, which is then used to update the lease.
- **Rules and regulations**: Property rules and regulations, which are subject to change from time to time, are posted and are included in the Lease Agreement by reference. Make sure the rules and regulations are posted and included in the Move-In Package.

Other Procedures at Time of Rental and Move-In

- Get a copy of the tenant's driver's license or valid picture identification for your files. If for some reason the tenant does not have a license, you can accept a passport, military ID, or a state-issued ID card. If the tenant does not have a picture ID, you cannot rent him/her the space.
- Offer to sell a lock and any other ancillary products.
- Enter the tenant's security access code into the management software.
- Offer the monthly automatic credit card payment or website payment options. This

authorization from the tenant will allow you to automatically charge their rent each month with their credit card on file. Automatically charging rent allows the tenant to avoid any late fees *(***Credit Card Authorization Form**, *Appendix*: *Operations Forms)*.

- Ask the tenant to complete the **New Customer Questionnaire** *(Appendix*: *Operations Forms)* and all other paperwork in the Move-In Package while you enter their information in the management software.
- Take the tenant's move-in payment. Be sure to include any administrative fee, insurance, and/or any merchandise purchase.
- Print a receipt and two copies of the Move-In Receipt, one for the tenant's file and one for the Daily Reports.
- Have the tenant choose a personalized gate code or they may have one randomly chosen by the management software. Do not all allow the tenant to choose an easy code such as 111111.
- Demonstrate the gate operation. Have them try it with you so they are sure it works for them! Remind them not to "tailgate" another car through the gate.

When the Lease Agreement Is Signed

Give the tenant:

- A duplicate copy of the Lease Agreement (keep the original for the tenant's file);
- Signed tenant insurance or tenant protection agreement (or just literature, if interested, for later purchase);
- A computer receipt for the new rental;
- A business card with the gate code;
- A referral card;
- All this should be added to the Move-In Rental Package provided to each new tenant.

You keep:

- Original Lease Agreement;
- Original signed tenant insurance or tenant protection agreement;
- Copy of driver's license or ID;
- New-Tenant Questionnaire;
- Copy of the New Tenant Rental Receipt;
- Credit Card Authorization Form (if applicable).

After the tenant leaves:

- If they pay by check:
    - Place the space number on the check;
    - Endorse the check or place cash in the cash drawer;
- Enter gate code in the computer (if this isn't automatically done by the management

software);

- File all documents in filing cabinet by space number; if paperless, documents are filed electronically;
- Remove the company lock from the space listed on the Lease Agreement (double check that the correct space number is shown throughout all files);
- Put the completed New Customer Questionnaire in the monthly items to go to your supervisor/owner;
- Be sure the rented space is clean and ready for the customer to move in;
- Print two copies of the New-Tenant Ledger. One copy gets attached to the tenant's Lease Agreement before filing and the second copy gets attached to the daily reports.

Facility Specific Notes

TENANT INSURANCE/PROTECTION

The storage facility does not insure the tenant's property. It is the tenant's responsibility to get insurance or protection, and many facilities mandate that tenants insure or protect their stored property (see below). If required, your facility will have a policy and program in place. Provide the customer with storage-specific tenant insurance or protection information, so they can choose whether they are interested in making such a purchase (if not required by your facility). If the customer has a homeowner's or renter's policy, some insurance companies will cover a storage space. It is important that they contact their insurance company to determine whether their stored property is covered by their policy.

Note: You will be offering tenants EITHER tenant insurance OR a tenant protection plan, depending on what your company offers.

Your property may have an insurance plan or a protection plan that a tenant can pay for each month in addition to the rent. Make sure any agreement purchased is signed by the tenant. Some facilities require that tenants insure or protect their stored property. In light of recent lawsuits, if your company sells tenant insurance or protection, the following Dos and Don'ts are recommended.

- Do offer your tenants a tenant insurance or protection plan.
- Do notify your tenants that they have options other than what you are selling.
- Do state that there is a maximum limit of stored goods per unit as part of your Lease Agreement (limit of liability addressed above).

And:

- Don't force your tenants to purchase your insurance or protection product; while insurance or protection may be required, purchasing YOUR program must be optional.
- Don't refer to protection as insurance; know what product you are selling.
- Don't discuss insurance coverage with your customers; only insurance agents can do that. Tenants can call the number on the literature you provide to discuss coverage.

Important: If your company mandates that all tenants have insurance, Arizona law requires that you accept any outside insurance that the tenant may already have, e.g., a homeowner's or apartment renter's insurance, as satisfying your insurance requirement.

Facility Specific Notes

FREE MOVE-IN TRUCK OR TRUCK RENTAL

Your site may have either a truck rental company (e.g. U-Haul, Budget, or Penske) or a free move-in vehicle that the owner has purchased to entice new tenants. For truck rental procedures, see your truck rental operations guide.

The free move-in vehicle may be used for new rentals only. You must complete the **Truck Use Agreement** (*Appendix: Operations Forms)* and an agreement provided by the truck leasing company each time the truck is rented or lent to the tenant. The following items are required before the truck can be rented or lent:

- A copy of the tenant's automobile insurance (proof of insurance);
- A copy of the tenant's driver's license;
- Truck rental insurance payment (if applicable);
- Deposit (if applicable);
- Advise the tenant of the truck rules and drive distance;
- Complete a **Truck Inspection Report** (*Appendix: Operations Forms*), noting the general physical condition of the truck prior to use.

Tenant Truck Rules

- Follow all traffic rules.
- Tenants are allotted 30 miles. Additional miles will be charged at the rate of $0.19 per mile. (You can customize your driving distance).
- Do not drive through low awnings at restaurants, hotels, or fast food drive-thru windows.
- Only one additional passenger is permitted to ride inside the cab.
- No riders are permitted in the back of the truck.
- Do not overload the vehicle. Be careful when loading.
- Lock truck at all times when not present and take the keys with you.
- Stop for all school buses and railroad crossings.

- Avoid passing on two-lane roads.
- Always lock the rear cargo door when in transit.
- If the truck breaks down, place triangles and call for assistance.
- Do not pull or tow anything with the truck.
- Do not smoke inside the truck.
- Keep the truck clean.
- **The driver is responsible for all moving and parking violations.**
- Report any mechanical failures to the manager immediately.
- No glass is allowed in the cab of the truck.
- Return the truck with cab and back area clean.

Truck Reports

The Truck Inspection Report should be completed to determine/ensure the proper upkeep of the vehicle. Also, a **Truck Use Log** (*Appendix: Operations Forms*) should be completed and sent to your supervisor/owner with the end-of-month reports.

Facility Specific Notes

RENTING AN OUTDOOR PARKING SPACE

You should treat all outdoor parking spaces like a normal space rental with the following additions:

- Complete AZSA's Vehicle Addendum along with the AZSA lease agreement.
- Do not allow any junk vehicles to be stored on the property. If you are not sure, call your supervisor/owner for approval.
- Though some storage operators still ask for and make copies of vehicle and boat registrations, that actually serves little purpose. The only time the registration of a vehicle becomes relevant is during a lien sale for non-payment of rent. However, at that time the registration copy on file cannot be relied upon since title could have been changed at any time after the space was rented. Official records from MVD *must* be used instead (see **Sale & Foreclosure Manual** section on Motor Vehicles, distributed separately).
- Take a picture of the vehicle for easy identification and attach it to the Vehicle Addendum.
- You may want to give the customer a numbered sticker to identify the vehicle being stored.

Facility Specific Notes

FILING SYSTEM

General Space Files

The filing system for all self-storage spaces and vehicle/boat spaces should be organized by space number, not by the tenants' last names! Compared to most commercial real estate, the self-storage business experiences a high number of move-outs on a monthly basis. The space numbers are consistent, but the tenant turnover can be high. The management software can print an alphabetical list of all tenants that includes their space numbers for your reference.

General Office Files

All office files should be neatly labeled and organized alphabetically for easy reference. All forms found in the manual should have a master that is to be used for copying.

Daily and Weekly Filing

Keep up with your filing on a daily basis. The following items are to be filed daily:

- **New Lease Agreement Paperwork**: A new tenant's Lease Agreement paperwork should be placed in the correct space numbered folder.
- **Vacated Tenant Files**: Once a tenant officially vacates, you should keep the Lease Agreement and those items that are originally stapled to the contract (e.g., tenant insurance addendum or protection plan, copy of identification, Move-In Ledger from management software, and Vacate Notice), any auction related papers, and the tenant's final ledger. Records should be kept for seven years to comply with IRS audit requirements and shredded after that time.
- **Copy of Letters**: All letters to tenants (i.e., rent increases, past due, lien notices, etc.) must be kept on file.
- **Address Changes**: These must be in writing and signed by the tenant, attached to the Lease Agreement, documented in the computer software, and stapled to the tenant's Lease Agreement. Be sure to stamp the date received on the address change. If it is not legible, contact the customer for clarification (see **Change of Address** below).
- **Correspondence from Tenants**: Vacate notices, Credit Card Authorization Forms, or any tenant correspondence should be filed in the specific space folder for that customer.
- **Daily Computer Reports**: Cash receipts, end-of-day close, deposit slips, and daily credit card charges must be kept on file.
- **Unit Inventory or "Walk-Thru" Report**: Print and file this report weekly. It can be purged every three to six months.

Monthly Filing

Each month you should organize all your vacated files by the tenant's last name. Label the outside of the box as follows:

October – December 2019 Vacate Files

Auction Filing

Place all documents in a standard manila envelope. Label the envelope with the date of the auction, the tenant's name and the space number. Store auction files alphabetically by tenant name. Keep these records for five (5) years. **It is recommended that you keep the auction paperwork in a safe place off site.**

Facility Specific Notes

HANDLING RENTAL PAYMENTS

Payment Due Dates

Rental due dates are determined by either a "1st of the month" or an "anniversary date" system. There are several factors that determine which to use. Generally speaking, most storage companies go with the 1st of the month option for simplicity of operations. However, large self-storage properties may choose an anniversary system to disperse the work more evenly over the entire month. For example, if a tenant rents on the 11th of the month, their due dates will be the 11th of each month during their tenancy. Your management software set up will require you to use either the 1st of the month or anniversary move-in date.

Pro-rating Rent for 1st of the Month Payments

In order to prorate rent payments, you can use the following formula:

Rental rate x 12 months = _____ divided by 365 determines the daily rate.

E.g., $100 rental rate x 12 months = 1,200 divided by 365 = $3.29 per day.

Then count the number of days to the end of the month and multiply that number by $3.29 per day.

For example: Assuming 15 days remain of the current month at the time of move-in:

15 days x $3.29 = $49.35 would pay for the remaining days during the month.

Note: Most self-storage management software programs offer an area in the move-in payment screen to determine the prorated rent, so you don't have to manually calculate the prorated amount.

Security Deposit/Administrative Fee

Storage facilities generally charge a one-time non-refundable administrative fee or a refundable security deposit.

Late Fees

Late fees may be charged after a grace period stated in the Lease Agreement. Additional fees may be charged for specific events for items listed in the Lease Agreement (e.g., NSF fees). Late fees are assessed to compensate the owner for the costs related to collection of a delinquent account. What fee is charged and when is determined by company policy and varies from company to company. Your supervisor/owner will advise you of your policy. *(See the AZSA publication,*

Arizona Self-Storage Statutes Commentated by Richard Marmor, as well as AZSA Frequently Asked Question: Late Fees in the members area of the AZSA website for guidance in setting a late fee policy.)

Waiving Fees

It is important not to waive a fee just because a tenant complains. However, there are a few instances in which you may want to waive a tenant's late fee. For example, you may waive a tenant's late fee if the payment was dropped in the night-drop on the last day of the tenant's grace period, or if it is their first late payment to provide a high level of customer service. Or you may waive a tenant's late fee if they agree to set up an automatic credit card payment each month. You should also make notes in the tenant's account if you give them a courtesy late-fee waiver.

Discounting and Prepayments

Some common long-term discounts offered in the self-storage industry include the following:

- *Pre-pay for 6 months and get 2 weeks free rent;*
- *Pre-pay for 12 months and get one month free.*

All discounts should be authorized by your supervisor/owner. The discount concession should be pre-authorized and entered into your management software. If the rental rate is increased during the pre-paid period, notify the tenant of additional rent due (see **AZSA Lease Agreement** below).

Billing Options

Upon request, you will email an invoice prior to a tenant's due date. The larger your facility, the more cumbersome and expensive the billing process can be for the manager and owner, especially if the customer needs an invoice mailed.

Options for billing are as follows (please ask your supervisor/owner for approval):

- Automatic debiting from credit card or debiting checking account;
- Emailing invoices (some management software packages offer this feature).

Rent Refunds

The AZSA Lease Agreement provides that no refunds are given for unused months' rent. However, a common practice is that while refunds are not given for any unused partial month's rent, they may be given for pre-paid whole months' rent, provided that the tenant has given advance notice of their intent to vacate, with a supervisor/owner's approval.

Note: Be careful not to refund any promotional free weeks or full month's discount given at the time of 6 or 12-month prepayment.

Rent Refund Procedures

- It is important to complete the **Rent Refund Form** (*Appendix: Operations Forms*) to request a refund after the tenant has removed all items and the space is clean.
- If the tenant leaves items behind, the clean-up cost should be deducted from the refund.
- Attach a copy of the tenant's closing ledger from the management software to the **Rent Refund Form**.
- This form should be sent to your supervisor/owner for approval from your supervisor/owner.
- **Refund checks should be sent from your home office.**

Never give a rent refund from the cash drawer or petty cash!

Facility Specific Notes

CREDIT CARDS

Many self-storage facilities accept some or all of the major credit cards, such as MasterCard, Visa, Discover, and American Express. There are several different methods of processing credit cards:

- Swiping the card through the reader and entering the total amount due;
- Inserting the card with a chip;
- Scanning the card code;
- Manual entry.

Credit Card Machine

To operate the credit card machine, you swipe the card through the reader and then enter the amount of the sale. An authorization number will appear if accepted, and then you ask the tenant to sign the printed or digital receipt. Credit card charges may be declined for many different reasons and should never be seen as a reflection on the tenant. If the credit card is declined, inform the tenant in a subtle and friendly manner. Signed credit card receipts should be included with the end-of-day reports.

Automatic Credit Card Charging

At no additional charge, you can automatically debit the tenant's credit card on a monthly basis. If the tenant chooses this option, have him/her complete a **Credit Card Authorization Form** (*Appendix: Operations Forms*). This allows you to charge a rent payment to the tenant's credit card regardless of whether he/she is in the office.

Manual Credit Card Charging

If you have a stand-alone credit card machine that is not integrated with your self-storage management software, you need to keep the credit card information organized and secured in a locked filing cabinet for monthly credit card charging. If you operate on the first of the month, all the Credit Card Authorization Forms should be kept organized in the binder by space number for ease of making payments.

If you have anniversary billing dates, you should organize the binder or folder by daily dividers (1st through 31st). Each day you should check the binder for accounts that need to be charged rent on that particular day. For example, if you find three tenants due on the 5th, you should bring up their accounts on the computer and then enter their credit cards in the credit card machine. **Credit card information should be carefully handled and only by the manager. It should be kept safely under lock and key!**

Note: Complete the computer transaction <u>after</u> the credit card has been accepted and printed.

Accepting Credit Card Payments from Non-Tenants on a Tenant's Account

If you have a person who would like to pay on a tenant's space, it is important to complete a **Non-Tenant Credit Card Authorization Form** (*Appendix: Operations Forms*), which specifies that the credit card holder is paying for another person and their specific space number. This provides proof of the transaction for the credit card company if there is a dispute over the charge.

Computerized Debiting

Once the credit card information is entered into the management software, it can be set up on automatic payment. The Credit Card Authorization Form should be filed in a secured (locked**)** filing cabinet. **Remember: Credit card information should be carefully handled and only by the manager. It should be kept safely under lock and key!**

Accepting Credit Card Payments for Products (Non-Tenants)

When someone comes in and wants to purchase ancillary products such as boxes, packing supplies, etc., take the payment as a Point of Sale (POS) for a non-tenant.

Facility Specific Notes

CASH, CHECKS, OR MONEY ORDERS

Cash Payments

Always give the tenant a receipt for cash payments! It is important to have the tenant sign a copy of the cash receipt for the end-of-month reports. There are some instances that may require payment by cash:

- Reimbursement for an NSF check;
- Accounts that are in lien status;
- Delinquent tenants who are vacating;
- Delinquent tenants paying to halt an auction sale of their contents.

Personal Checks, Traveler's Checks, Cashier's Checks, or Money Orders

You may accept all of these if they are made payable to the company and if they are for the amount owed. All these forms of payment should be listed like a check on the deposit slip.

Check cashing rules:

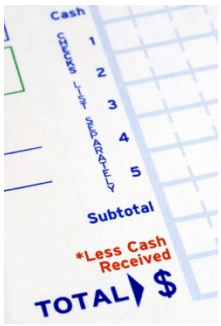
- Never give cash back from a check written by the tenant.
- Do not accept payroll or two-party checks as payment.
- If more than one check is written by the tenant, each check must be entered into the computer separately.
- You should never cash checks from the deposit money or petty cash (including payroll checks).
- If a non-tenant is purchasing boxes, packing supplies, or moving supplies, you can accept a check if the person has identification. At the top of the check, write their driver's license number and the expiration date. Be sure that an address and phone number appear on the customer's check.

Deposits

If possible, the previous day's deposit should be made every day (except Sunday) or as directed by your supervisor/owner. You should deposit all money (except for petty cash) from the previous day's activity. Before making the deposit, be sure to make a copy of each check, cashier's check, or money order. Your daily closing paperwork should consist of the following:

- Daily Close reports from the management software;
- Copies of checks with the tenant's space number on the check;
- Copy of deposit slip;
- Bank receipt.

You must itemize the bank's deposit slip by space number, not by check number.



For Example:

Cash	$ 100.00
A-21	$ 25.00
B-54	$ 200.00
C-32	$ 45.00
Total	**$ 370.00**

Handing Cash and Checks Safely

Managers handling cash are responsible for its safekeeping. Physical security should be emphasized to every manager involved in handling cash. Use of the **Cash Drawer Count Form** (*Appendix: Operations Forms)* is highly recommended. The following general guidelines should be followed to help maintain the integrity of those handling cash:

- Unauthorized persons are not allowed in areas where cash is handled.
- Doors should be locked at all times in areas where cash is counted. Safe doors should be kept closed during working hours and locked at times unless being opened to put items in or take them out of the safe.
- After an auction or after receiving large sums of cash, you should count and handle the cash out of sight of the general public. Your supervisor/owner may require you to make a separate deposit for the auction proceeds after the auction is complete.
- If you receive large amounts of cash during the day, you should place it in a safe, not in your cash drawer.
- Cash should NEVER be left out and unattended. This applies to cash registers, desktops and cash drawers. If a manager leaves the cash drawer area for any reason, regardless of how briefly, cash must be appropriately secured in a locked place.
- At night, all cash should be kept in a safe or locked drawer. Never take cash home or to the on-site apartment for safekeeping.
- Under no circumstances should managers keep company cash with their own personal funds or deposit company funds in a personal bank account.
- Count the cash drawer and petty cash for accuracy at the beginning and end of each day. If multiple people are using the same cash drawer, they should count the cash for accuracy when one person departs before the other.

Note: Borrowing or using company funds for any reason other than company use is forbidden and could be cause for termination.

Processing Non-Sufficient Funds Checks (NSF)

- Call, email, and send an NSF notice to the tenant.
- When you receive a check back from the bank, reverse the payment in the management software (see your management software help guide for specifics).
- Do not waive NSF fees (the bank has already charged your company this fee).
- Make sure the tenant's account is charged the NSF fee.
- If the payment reversal makes the tenant past due, be sure to deny the tenant gate access and overlock the space.
- Print two copies of the bad check letter. Send one to the tenant and retain the second copy for the tenant's file.
- Complete the **NSF Follow-up Form** (*Appendix: Operations Forms)*.

> **Note: If the tenant vacated before you received the NSF check from the bank, call the tenant and make detailed notes in the management software.**

The Arizona Criminal Code §13-1809 allows restitution by the County in Arizona. Be aware however, that the County Attorney Collection fee may be more than the returned check ($75 to 20 percent of the check value). Most storage operators will no longer accept personal checks from tenants who have paid with multiple NSF checks. The AZSA Lease Agreement gives the storage operator great latitude:

> *"Operator reserves the right to demand payment of rent or other charges by cash, money order, or cashier's check."*

Petty Cash

Petty cash refers to a fund with a fixed amount of cash used for making small purchases for the office or for emergency expenditures. A request for petty cash will only be approved in situations where time and convenience do not allow for the normal purchasing process. See your supervisor/owner for specific items that should normally be paid with your petty cash fund.

Such transactions must be handled in accordance with established purchasing procedures. Failure to comply could result in expenditures which are deemed unacceptable. Unacceptable personal expenditures will not be honored; in such cases, the individual will be held solely responsible and will not receive reimbursement.

Petty Cash Purchase Limits

Petty cash funds may be used for an item which costs $50 or less and the total expenditure will be less than $100, available from local vendors and not available from contracted suppliers. To purchase items that exceed this amount, you will need to have the permission of your supervisor/owner.

Items <u>not</u> to be purchased with petty cash funds:

1. Personal services or personal items, such as flowers, foods, beverages, etc.;
2. Services rendered by a manager;
3. Items regarded as travel expenses;
4. Contractual services such as landscaping or bottled water;
5. Liquor;
6. Tips or gratuities;
7. Donations.

For all petty cash expenditures, you should complete a **Petty Cash Reimbursement Form** (*Appendix: Operations Forms)* and send the original receipts with the form to your supervisor/owner for approval and reimbursement. Be sure to keep a copy in your office filing system for all petty cash reimbursements. Generally, you will send in your Petty Cash Reimbursement Form and original receipts with the end-of-month reports. You may need to send in your petty cash sooner if you had unexpectedly large expenditures during a month.

Overages and Shortages

Both overages and shortages should be explained when submitting the Petty Cash form. Significant amounts should be immediately reported to your supervisor/owner. If there appears to be a growing pattern or anything unusual or strange about the overages and shortages, that information must be disclosed immediately to your supervisor/owner.

Vendors

All contracted work at the property should be approved by your supervisor/owner prior to approving a contract with the vendor. **Typically, three competitive bids for each contracted service at the storage property are required.** It is important to keep an updated **Vendor List** at your property (*Appendix: Operations Forms)*.

The following are types of services that may require contracts:

- Landscaping
- Pest control
- Fire extinguisher maintenance
- Elevator (lift) service and repair
- Security monitoring company
- Fire suppression system
- Postage meter rental
- Trash/dumpster
- Snow removal
- Street sweeping

Below is a list of vendors that may only require a **credit application** to be completed:

- Box reseller
- Packing and moving supply vendor
- Bottled water
- Office supply
- Collection agency

Facility Specific Notes

KEEPING STORED PROPERTY SAFE

Daily Security

The challenge faced in self-storage is to keep tenants' stored property safe. Self-storage has relied on the fact that as ***self-service*** storage, there are exculpatory clauses in lease agreements to help protect operators from loss and responsibility. As technology has advanced, the industry has continually been able to improve the security of tenants' goods. However, security at self-storage sites around the country varies by the age of the property and the type of community in which the facility is located**.** There are self-storage facilities in this country that don't even have a fence around the property and they have never had a break-in. Unfortunately, not everyone lives in rural America. Consequently, the manager's role and good security procedures can be a very effective deterrence factor for criminals.

Remember: NEVER represent that your facility has "security." Security is really an enormous range of possibilities. Therefore, what you mean when you speak of security and what the tenant hears may be very different. Instead, speak in terms of keeping tenants' property safe.

Security Rounds

One of the best deterrents to theft is the observant manager who is seen making security rounds on a regular basis. The vast majority of self-storage thefts and break-ins are perpetrated by our own tenants who rent a space and victimize other tenants, often right under the manager's nose. Several security rounds should be made throughout the day; it is important to be observant and interact with tenants you see at their spaces. Your job is to look for suspicious behavior and security breaches at the property.

A good patrolling technique used by professional law enforcement is to always note anything suspicious when patrolling. For example, write down license plate numbers of suspicious vehicles on the property. If you think a tenant appears suspicious, write down their license plate number, space number, description, etc. If nothing happens, nothing is lost. If something does happen, you already have a good start in solving the crime.

Watch for evidence of sawdust, coffee grounds, or kitty litter. Illegal drug labs routinely use these absorbents to pack chemicals, explosives, and the finished product.

Be sure to watch for tenants who:

- Loiter around the property or another tenant's space;

- Roam areas that are not immediately near their space;
- Pull their door down when they are in the space;
- Have out-of-state plates on their vehicle;
- Arrive with trucks that have lift gates or tarps covering their belongings;
- Attempt to become too friendly with managers and hang around the property;
- Ask to rent your smallest space and pay with cash;
- Ask too many questions about your security system and procedures;
- Ask too many questions about your personal habits (e.g., movies, kids, days off, etc.);
- Offer to assist or help other tenants unload their belongings;
- Ask for extended or after-hour access;
- Access their space too frequently and for long periods of time, considering the size of their space;
- Tailgate another tenant into the property.

Lock Check - Audit

Each day you should be sure to complete a lock check of every space. Each lock and latch should be examined to determine that:

- Locks are of good quality (e.g., no luggage locks, paper clips, shoestrings, etc.);
- Locks are on the latch in the locked position;
- Latches are in good condition (watch for latches that have been tampered with);
- Locks have security stickers;
- There are **NO** spaces without locks that have a tenant's goods inside;
- Every space has either a tenant lock, company vacant lock, or an auction lock with a numbered seal.

Colored Locks

Use of color-coded locks at your property will save time during your lock checks. Most storage operations have locks that they purchase from storage vendors that are colored for such a purpose. The following are the colors used and their suggested designations:

Lock Color	Status of Space
Red	Company over-lock/delinquent customer/company space
Red w/ numbered seal	Space ready for auction
Green	Space is vacant, clean, and ready to rent
Yellow	Space is vacant and needs cleaning
Blue	Space needs maintenance and is unrentable

Clever crooks have figured out that they can cut a tenant's lock off, steal any valuable items, and then place another cheap lock on the space. This makes it impossible to visually see that a break-in has occurred. Use of **tamper-proof security stickers** lets you know that the lock has not been removed and replaced.

All tenant locks need to have a tamper-proof sticker visibly placed on the lock. A good rule-of-thumb is to place the sticker on each new lock while the tenant is in the office. Be sure to explain why you use the stickers, as some tenants may try to pull off each sticker you place on their locks.

Note: For more in-depth information on security stickers and locks, see the *Protecting Your Property* section on page 112.

Physical Space Inventory

Once a week you should perform a physical space inventory that compares the computer inventory records with the actual physical inventory of storage spaces. Most of the self-storage management software programs offer a report that gives you the following information:

- Space number
- Tenant name
- Size
- Balance due
- Paid through date
- Over-lock status
- Gate lock status
- License plate number (vehicle parking)
- Computer notes

Facility Specific Notes

POSSIBLE INVENTORY FINDINGS

As you are walking the property and checking the computer reports with the actual rental status, you should make notes on the **Physical Inventory Worksheet** (*Appendix: Operations Forms)*. This documentation will allow you to go back to the office and determine how to resolve the problems you may find. They may include:

- **Vacant in computer, but tenant lock is still on the space.** (We call this a "mystery space".)

  Action: Check all recent rentals to determine if someone accidentally moved into the wrong space number. Or, the tenant may have told you that they moved out and left their lock on the space. Call the previous tenant. If you can't determine the correct tenant, you will need to contact your supervisor/owner for permission to cut the lock and determine who is really occupying the space.

- **Rented but no lock on the space.** (This is typically a move-out or vacated space, but it could also be a break-in).

  Action: Normally, this is a tenant who has moved out. You may or may not have received a **Vacate Notice** (*Appendix: Operations Forms)*. If you did not receive a vacate notice, you should call the tenant and ask if they have moved out of their space.

- **Vacant space with no lock, yet tenant items are inside the space.**

  Action: Research who was in the space last and might have left items, or someone else who placed items in the space. Check the gate access log from the time you did your last physical inventory.

- **Space number not in the computer.**

  Action: Research and put space number, size, and price information in the computer.

- **Not over-locked but shows delinquent in the computer**.

  Action: This space needs to be over-locked with a company red lock or cylinder lock-out.

- **Paid in full but still over-locked.**

  Action: Remove the over-lock.

- **Company lock only on a rented space.**

  Action: This is either a company space (and should be labeled as such in the computer), or it is a space that was found full of a tenant's goods but without a tenant's lock. It is important to place a company red lock and plastic padlock seal or metal numbered seal on the space. You should complete an **Incident Report** (*Appendix: Operations Forms)*. This procedure will show the tenant that once you found the space unlocked, you secured it by locking it and placing a numbered seal on the space. The seal number should be written on the Incident Report and in the tenant's notes. This process will help you limit your liability for the tenant's goods. Be sure to call and email the tenant to notify him/her that his/her lock is missing.

- **Tenant lock that is locked with the latch in the open position.**

  Action: Call the tenant immediately and inform him/her that the space is unsecured. If the tenant doesn't answer the phone, you should email and/or mail an **Unsecured Lock Notice** (*Appendix: Operations Forms)*. This notifies the tenant of the status and the action that will be taken if he/she does not respond by the end of the day. If the tenant doesn't respond in a timely

manner, ask your supervisor/owner if you should cut the tenant's lock, over-lock, and seal the space until the tenant can get a new lock on the space.

- **Space number missing from door.**

  Action: Order new door number.

- **Wrong size shown for a space in the management software.**

  Action: Correct computer record and research previous tenant payments.

- **Customer has two locks on the space.**

  Action: Normally, you do not want a tenant to have two locks because it does not allow you space to place an over-lock if the tenant becomes delinquent. Sometimes tenants do this because they want the added security of two locks. Nonetheless, notify the tenant that they must remove the second lock in a timely manner, or you will remove it by cutting it off.

- **Inferior lock.**

  Action: Call, email, and/or mail the tenant a letter that they need to get a new lock.

- **No vacant space lock.**

  Action: Once you have determined if the space is clean and ready to rent, lock the space with vacant space lock.

- **Rope missing from door.**

  Action: Replace pull-rope or place on your **Maintenance Log** (*Appendix: Operations Forms)* for repair.

- **Door, hasp, or latch damaged.**

  Action: Document on your **Maintenance Log** for repair.

- **Inventoried for auction but no numbered plastic padlock seal.**

  Action: Place numbered seal on the space and document the number in the tenant lien file.

- **Company space with tenant lock.**

  Action: Research the problem. You may need to cut the lock and take photos to document the process and findings.

- **Vacant space according to records yet vehicle parked in the space.**

  Action: Note the license plate number and research to see if a tenant parked in the wrong space. Call the tenant to notify them of the error.

- **Parking spaces not marked but occupied.**

  Action: All spaces should be marked and have a tenant paying rent for any parked vehicle, so mark the space and research whose vehicle is parked there to ensure proper documentation and payment.

- **Multiple vehicles in a single space.**

  Action: If the multiple vehicles exceed the tenant's space size, notify the tenant that this is in violation of the rules.

Note: Your supervisor/owner will make an intermittent physical inventory of the property. On a random basis, the property may be audited!

Facility Specific Notes

TENANT CHANGES AND ISSUES

Documentation of Customer Contact

Always document every important conversation or communication of issues with a tenant. Managers commonly don't document enough information in a tenant's computer note history or file. Here are several examples of the types of tenant issues that should be documented:

- Any specials, concession, free rent, waived fees, etc.;
- All tenant issues reported in an Incident Report;
- Any type of tenant injury;
- Any time the police or emergency service is called to the site for a specific tenant;
- Tenant violation of the Lease Agreement (e.g., sleeping in the space);
- Delinquent tenant communications;
- Written changes of address, email address, alternate name, or when you receive a USPS yellow sticker with a change of address;
- Customer space with no lock or company locks only;
- Any criminal activity that has been reported;
- Search warrant;
- Break-ins;
- Space inspections (e.g., leaks, pest problems, etc.);
- Any time you take the care, custody, or control of a tenant's space; for example, if a tenant's space is found unlocked and there is only a company lock on the tenant's space.

Any messages left on the tenant's voice mail should be noted in the self-storage management software as well. If you leave a message with someone other than the tenant, get the responding person's name for your records. If the home number has been disconnected, call Information (411), try to get the tenant's new telephone number, and then document your efforts. You may also want to search the internet for locating a tenant's phone numbers from one of these websites:

- www.whitepages.com
- www.usa-phone-numbers.com
- www.superpages.com

If you call the tenant at work, be careful about leaving messages. NEVER let the employer know the call is about debt collections. Simply ask for the tenant and leave a message to call you back if necessary.

Customer Change of Address

You must have a written change of address signed and dated by the tenant before any modifications are made in the management software or on the Lease Agreement. A signed letter from the tenant or an email from the email address

that appears on the tenant's Lease Agreement is acceptable. Be sure you write or stamp the date received on the document and in the tenant's ledger notes. **None of the following qualify as written notices of change of address: yellow post office returned mail stickers, checks bearing addresses given in payment, or return addresses on envelopes. Keep a record of such alternate addresses, however, as they may have to be used in the case of lien sale of the tenant's property** (see **Sale & Foreclosure Manual**, which is distributed separately).

When you receive a such information suggesting there may be a change of address, take the following steps:

- Document the forwarding address from the yellow sticker in the tenant's computer notes;
- Place the items in the tenant's file;
- Send a **Change of Address Form** (*Appendix: Operations Forms)* to the address listed on the yellow sticker from the U.S. Postal Service;
- Do not change the tenant contact information until you have received a signed change of address from the actual tenant;
- **Verify the signature with the tenant's signature on the Lease Agreement.**

> **Note: NEVER accept an official change of address over the telephone! If a tenant calls with a change of address, make a notation in the customer's management software notes and immediately mail or email the caller a Change of Address Form. Once received, attach a copy of the form with the new address to the customer's Lease Agreement and make changes in the management software.**

Change of Email Address

If a tenant wants to change their email for future notifications, use the **Change of Address Form** (*Appendix: Operations Forms)*. Be sure to change the address in the management software and make a note of the change in the ledger notes.

Transferring a Tenant

There are times when a tenant needs to move from one space to another. When transferring a tenant to another space, **you should complete a new Lease Agreement**. This is especially important if he/she had an outdated Lease Agreement. Always verify that the tenant is in the correct space.

Substituting a Tenant in a Space

There are certain circumstances in which a tenant may ask to be removed from the Lease Agreement and have another person substituted in their place. The **Request for Substitution of**

Tenant form (*Appendix: AZSA Forms)* should be completed and signed by **both the existing and replacement tenants**. Even though you will create a new Lease Agreement for the replacement tenant, use of the form has several benefits for you:

- If the replacement tenant fails to sign the new lease, the old tenant remains responsible.
- If there is a balance owed on the account, *both* the old and new tenants are responsible for it.
- You have the opportunity to have both parties agree to additional terms you may impose as a condition of approving of the replacement.
- Both parties agree that the state of the contents are accepted "as is." No sudden claims of missing property can then be asserted.

Facility Specific Notes

VACATING TENANTS

There are generally three ways that a vacancy can occur:

1. Tenant vacates by giving a written Vacate Notice;
2. Tenant vacates without notice;
3. Auctioned tenant is vacated from the space.

Vacate with Proper Notification

When a tenant vacates the space by giving the required **Vacate Notice** (*Appendix: Operations Forms)*, you should follow the steps below for vacating him/her.

Vacate Checklist

Use the **Vacate Checklist** (*Appendix: Operations Forms)* to document that the space was vacated thoroughly and correctly.

- Physically check the space to be sure that it is empty;
- Check the space status in the computer (if the tenant didn't move out it could be a break-in);
- Determine whether the space door needs to be serviced (e.g., check tension, grease, etc.);
- Clean and exterminate the space;
- Close and lock the space with a vacant space lock;
- Confirm the vacancy with the tenant if they are paid beyond the date the space was vacated;
- Vacate the tenant in the computer;
- Print a closing ledger;
- Remove the tenant's gate access code;
- Pull all the tenant's paperwork from the file; the space file folder should be empty;
- File the Lease Agreement (and attached items) and closing ledger in a Monthly Vacate file box;
- Include a copy of the tenant's closing ledger with reports to your supervisor/owner.

NOTE: Be careful when vacating tenants who are paid in advance or didn't give notice. This could potentially be a break-in. Notify the tenant with a phone call, email, or letter to confirm they vacated.

Tenants Who Leave Owing Money

Unfortunately, this happens often. The tenant leaves the space owing money or without notice. Be sure to do the following:

- Call the tenant to verify they have vacated and collect money if applicable or possible;
- Follow the regular tenant vacate procedures listed above;
- After you print a Closing Ledger, make a note of why you had to "write off" the rent and/or late fees.

Vacating an Auctioned Space

A tenant who has not paid their rent will receive several lien notices. If they fail to make a payment, the goods will be sold at auction. How to foreclose on a lien and conduct an auction is described in the Lien Sale Manual, which is distributed separately. When an auction takes place, the tenant will be vacated from the space using the normal vacate procedures, but the paperwork will be filed separately with all other auction files (see **Filing System** on page 45). Be sure the money collected from the auction is applied to the tenant's account. (For instructions on the disposition of proceeds from the sale, see the **Sale & Foreclosure Manual**, which is distributed separately).

Note: The auction attendee who purchases the space will actually remove all the items from the space. They should leave it broom clean.

Facility Specific Notes

COMPUTERS

Manual Record Keeping

Manual record keeping systems should be used in the event of a power outage or computer crash. Keep the following reports and forms for such an event:

- Manual receipt forms with the company address on the receipt;
- Vacant space list or price list/availability (print daily);
- Rent Roll for all tenants, including space number, size, tenant, lease date, rent, balance, and paid through date;
- List of tenants on automatic credit card billing.

Backing Up the Computer

Web-Based Self-Storage Management Software: If your self-storage management software is web-based, it is automatically backed up throughout the day.

Stand-Alone Computer: Computer files should be a backed up daily following the End-of-Day Close. Follow the backup procedures recommended by the software. Keep all back-up files in a safe place, such as the safe. Parallel use of an independent, online back-up service is highly recommended.

Virus Protection

To protect from hacking and computer viruses, be sure to have a firewall installed and have virus protection software on your computer, which is updated regularly.

Electronic Mail, Internet, and Computer Usage Policy

The facility computers are for company use only! Your supervisor/owner reserves the right to monitor all usage of its computers. The misuse of the company computer is a fire-able offense. Managers should not risk the integrity or security of the computer by:

- Downloading **anything** that is not approved by your supervisor/owner
- Downloading personal files or information from the web
- Visiting adult or pornographic sites
- Personal online shopping
- Chatting online
- Gambling online
- Personal banking
- Personal email

Cleaning Computer Hardware

Routinely clean the screen, monitor, CPU, and keyboard. If you are experiencing problems with the computer, be sure to back up the files immediately. Many computer problems will self-correct if the system is shut down and then restarted. If the problem persists, contact your supervisor/owner for assistance.

Facility Specific Notes

MAINTAINING THE PROPERTY

Curb Appeal

When a prospect drives by the storage facility, you want the property to look appealing and draw the motorist's eye. You can make a good impression with professional signage, marketing banners, lighting, attractive landscaping, fresh paint, and a well-designed building. All property signage should be professional and checked regularly for cleanliness and lighting. It is important to inform your supervisor/owner when you have major items that need to be repaired or refreshed. The proper maintenance and improvement of the facility, including the building and equipment, is particularly important to maintaining this investment.

Maintenance and Repairs

An important manager role is to maintain the value, cleanliness, and security of the property. Cleanliness and upkeep are very important factors influencing a prospect to rent from you. It is important to keep the property clean and well-maintained on a daily basis. In most situations, the managers are responsible for cleanliness and minor repairs at the site. When you are unable to make a repair, contact your supervisor/owner to get an outside contractor.

Use of the Maintenance Checklist will help you stay on top of consistent property upkeep (*Appendix: Operations Forms)*.

Regular Maintenance Items

Buildings

- Customer bathroom clean and well stocked;
- Swing doors operational;
- Roll-up doors working properly;
- Partitions in good order;
- Lights in each space working;
- Walls free of marks, holes, or tears;
- Dumpster area clean and locked;
- Interior and exterior lights operating properly;
- Light timers working;
- Gutters clean and free of debris;
- Hallways swept and mopped;
- A/C or climate-controlled spaces checked for correct temperature.

Office

The office should be clean and well organized at all times. The office appearance determines how your tenants view you. If the office is cluttered, you appear to be disorganized. The office should be maintained in a business-like fashion. No personal items should be displayed in the office.

Daily Office Cleaning

- Carpets/flooring should be vacuumed or swept daily;
- Countertops should be clean and clutter free;
- Floors should be swept and mopped;
- Rugs should be vacuumed;
- Plants should be free of dust, watered, and looking healthy;
- All brochures and merchandise should be restocked and visible to the customer;
- Windows and doors should be clean and fingerprint free;
- Wastebaskets should be emptied daily;
- All shelves and cabinets should be organized; forms and paperwork should be easy to find;
- Office equipment should be cleaned and dusted on a regular basis;
- Signage should look professional and fresh.

Restrooms

The cleanliness of the customer restrooms is a direct reflection on your facility's professionalism. The restroom should be thoroughly cleaned on a **daily** basis and checked regularly throughout the day. Be sure to give attention to the following items:

- Clean and disinfect sink;
- Clean outside and bottom of the toilet and bowl;
- Empty bathroom trash daily;
- Check air fresheners;
- Clean mirror and faucets;
- Sweep and mop the floor;
- Re-stock paper towels, toilet paper, and soap.

When you aren't busy…clean!

Property/Grounds

- Maintain driveways and keep them free of debris and trash;
- Water plants or make sure that the sprinkler/drip system is operational;
- Keep the facility landscaping weed free;
- Keep the bollards freshly painted or use bollard covers;
- Remove unwanted items left by tenants;
- Keep signs free of graffiti and looking professional;
- Keep area free of any safety hazards;
- Keep storage room organized and clean;
- Pick up trash and any debris in parking lot or other effected areas;
- Keep entry and exit gate keypads clean.

Security and Gate System

The security system and gate operator are very important parts of the self-storage property. If you don't know how it works, don't attempt to fix it. Call your supervisor/owner for instructions. For specific details on how to trouble shoot gate problems, see the Gate Operator Manual. Check the following for maintenance issues:

- Cameras are operational;
- Gate is operational (check tension and grease chain drive regularly);
- Fencing is secure and in good condition;
- Door alarms are functional;
- Keypads are clean, freshly painted, and operational;
- Timing light switches are working properly;
- Safety loops are working properly.

On-Site Apartment

Is there is an on-site apartment? It is subject to inspection by your supervisor/owner. If you have any items that need maintenance or repair, you should immediately notify your supervisor/owner in writing of the nature of the problem and necessary repairs. No unauthorized residents, birds, dogs, cats, or other animals are allowed in the on-site apartment without your supervisor/owner's written approval.

Golf Cart

If you have a golf cart, its cleanliness is another reflection of your company. A clean and well-maintained cart adds to your professional image. The cart should <u>never</u> by driven by anyone but managers.

To maximize the life of the golf cart, you must give it regular maintenance. Be sure to monitor the steering, brakes, tire pressure, and battery water. Check the following items on a regular basis:

- Parking brakes;
- Tire pressure and tire condition;
- Seats clean and seat belts in working order;
- Battery charged (may need re-charging weekly or more depending on use);
- Water level in batteries good (distilled water only);
- Fittings are lubricated (generally done quarterly).

Swing Doors

Check all doors periodically for:

- Rusty hinges;
- Bent or broken latches, slide bolts, or hasps;
- Damaged frames.

Overhead Doors

It is very important that the springs or door operating mechanisms work properly and that the doors are in the track. Oil the tracks when the doors get difficult to open or close. Also, the pull ropes may need to be periodically replaced.

Dumpster

Keep the dumpster locked at all times. The area around the dumpster should be free of debris. The dumpster is for the company's use and not for tenants. Tenants may only use the dumpster with the manager's approval. You should find out the cost of additional pick-ups and inform tenants of the cost if they would like to dump. The garbage collection contracts are handled by your supervisor/owner. Try to avoid any additional pick-ups; they can be costly. Any additional pick-ups must be approved by your supervisor/owner prior to scheduling a pick-up. Keep in mind that if you allow items to be left in front, on top of, or around the dumpster, you will have more trash to tackle.

Lighted Business Sign

Periodically check the lighted business signs at night. See if any of the bulbs have burned out. Ask your supervisor/owner for permission to call the sign repair company. Sign repairs can be very expensive, so it is a good idea to get bids for this service.

Property and Space Lighting

Where applicable, check vacant spaces regularly for burned out bulbs and replace them immediately. If the tenant reports a burned-out bulb, replace the bulb for the tenant. Do not allow your tenant to borrow the ladder to replace lights. You may have to show tenants how to use the timers. If any of the outside lights (floodlights, sodium, or mercury vapor) are burned out, they should be replaced immediately. Having good lighting is an important security and safety measure. Be sure to dispose of bulbs properly (see www.EPA.gov for details).

Gutters and Rainspouts

Check the gutters and rainspouts at least twice a year; watch for proper drainage. The manager can make minor repairs. Other damage will require professional attention.

Facility Specific Notes

AZSA SUPPORT

There are a number of reoccurring legal issues in the self-storage business that are covered in this section and in the **Sale & Foreclosure Manual**, which is distributed separately. However, if you learn when to ask for advice and permission from your supervisor/owner, you will be more successful at handling often complicated legal issues that the tenant (and others) want you to take care of. You will need a basic understanding of the law, as well as how to act or react in the best manner. **You are not expected to be able to handle every legal issue at the property**.

The Arizona Self-Storage Association is your resource for legal and operational challenges, helping you be a more informed and successful manager. AZSA works to strengthen the self-storage industry in Arizona, promoting professional standards and quality, and presenting a unified voice on issues affecting the industry in the state and in its communities.

On the industry level, AZSA represents the self-storage industry before the legislature and other regulatory bodies to fight legal battles over auctions, lien sale rights, vehicle sales, late fees, drug labs, police searches, tenant insurance and protection, unit sizes, tax challenges, and every other manner of threat to your business. In fact, AZSA is the most legislatively active of all state associations. We were the first to achieve comprehensive modernization of state lien laws, providing the blueprint for a wave of reform around the country. AZSA proactively changes laws, intervenes to prevent or amend bad law, and correctly interprets law for state government agencies, resulting in a favorable regulatory environment for self-storage in Arizona. As an example of what this means for you, since we modernized the lien law in 2010, AZSA saves every self-storage facility a great deal of work and thousands of dollars every year because you no longer have to send foreclosure notices via certified mail or advertise auctions in a print newspaper. AZSA has your back with legislators and regulators, giving you piece of mind as a self-storage manager.

On the facility level, AZSA provides resources you need to run your business smoothly, according to the law and with best practices, so you are more successful as a self-storage manager. These resources include:

- The AZSA standardized lease agreement;
- The AZSA standardized vehicle addendum;
- Dozens of operational forms;
- Webinars;
- Workshops;
- Networking events;
- Annual Conference and Trade Show;
- Print and digital newsletters;
- Books;
- Articles;
- Frequently Asked Questions;
- Videos;
- Answers to your legal and operational questions, just a phone call or email away;

- AZSA member sticker and use of the AZSA logo on your website to increase your legitimacy in the eyes of prospects, making it more likely they become rent-paying tenants.

Resources Available for Free to Members on the AZSA Website

Log in to the members area of the AZSA website (www.AZSelfStorage.org) to access dozens of operational and legal resources, all of which are available for free to members. Every AZSA member (i.e., the owner of the facility) has a profile with additional profiles linked for each facility/manager and other team members as requested. **Managers should log in to the facility profile**. If you do not know the log in credentials, ask your supervisor/owner and/or contact AZSA. Be sure to keep a record of log in credentials in your files and always share any changes with your owner/supervisor, so all members of your team will be able to log in and find answers 24 hours a day.

> **Note: It is important to keep your profile on the AZSA website up to date with your current email, mailing address, and facility name. If you do not log in to update your profile when changes occur, you may not receive important news about legal and regulatory changes, upcoming events, and other issues. Profiles update can be made online or by contacting AZSA: AZSA@AZSelfStorage.org or (602) 374-7184.**

The search function in the lower right-hand corner of every page on the AZSA website helps you find information on any subject you need (e.g., type in "auction," "late fees," etc.). You have to log in to find all information available, including members-only content just for you.

AZSA logos can be downloaded from the website to use on your website and promotional material. The AZSA member sticker for the current year should be displayed on your facility window. It is mailed early in each calendar year to all current members, using the owner's mailing address as shown in the online profile. Contact AZSA if you do not have a current AZSA member sticker in your window.

Dozens of operational and legal forms are available to AZSA members, covering all manner of subjects from death of a tenant to auction presale notices. They help you document your interaction with your tenants, showing that you are compliant with current law and regulation, and creating a record that clearly explains what happened and provides a strong defense should your facility's actions be called into question. All the AZSA forms referenced in this manual and others are available as free downloads. They are fillable PDFs in the Forms tab of the members area. We recommend downloading the zip file at the top of the forms list so that they are available to you 24/7, regardless of the status of your internet connection or browser security settings. See Appendix: AZSA Forms for a list of the forms.

Frequently Asked Questions address hundreds of common issues in an easy to read Q&A format. Again, the search function will help you find what you need quickly.

Articles on many subjects are included in the Newsfeed on the homepage, the Legal & Legislative Resources tab, and the Operational Resources tab of the members area. They deal with subjects in greater depth than the FAQs, giving you context and background to understand AZSA's recommended policies and procedures.

Webinars are offered throughout the year and added to the Educational Webinar tab in the members area of the AZSA website. This library of resources from industry experts in the state and around the nation offer you leading edge perspectives, best practices to help you succeed as a manager, and exposure to new products, services, and trends in the industry.

Videos of the entire foreclosure and lien process appear in the Lien Sale Video tab. They include all the content of Richard Marmor's popular legal seminar, presented many times throughout the state, in 20-minute segments available at your fingertips 24 hours a day.

AZSA's Auction Website enables you to effectively advertise your auctions for free. Newspaper ads are no longer necessary, but you still have to advertise your auction to attract bidders and meet the legal requirement to have a "commercially reasonable" public sale (i.e., auction – see **Sale & Foreclosure Manual**, which is distributed separately). This is a second website maintained by AZSA for use by current members (www.SelfStorageAuctionsAZ.com). It is a separate account with its own log in credentials, but you can use the same credentials for both websites. Ask your supervisor/owner for the credentials or contact AZSA. Instructions to set up and use the account can be found in the tab labeled **Auctions – Free Online Listings**, in the members area of the main AZSA website (www.AZSelfStorage.org).

Publications Available for Free to AZSA Members

AZSA produces over a dozen publications a year. The AZSA eNewsletter is emailed monthly to all self-storage professionals who have a profile on the main AZSA website. The print newsletter, *Behind Closed Doors*, is mailed quarterly to all AZSA members (owners) and facilities for which we have an accurate mailing address.

Educational and Networking Events

In addition to these online and print resources, **AZSA offers over 25 events a year, all of which are free to members except the annual conference**. These include workshops, networking breakfasts, and other events to connect with industry colleagues, ask questions of the experts, and learn how to be more powerful in your job. Upcoming events are shown in the Events tab on the website and promoted in AZSA publications and other outreach efforts.

Each year, the **AZSA Conference and Trade Show** offers relevant content on cutting-edge issues for owners, plus a full day of manager training. It gathers over 50 industry vendors, showcasing state-of-the-art as well as tried-and-true products and services you need to run your self-storage business. AZSA sets the cost to attend this conference as affordably as possible, so every member can join us. Please save the date for our next conference and make your plans to join us for education, networking, and inspiration. Our objective is to encourage and equip you to be the best self-storage manager possible.

AZSA Products Available for Purchase

AZSA membership gives you the opportunity to purchase and use members-only resources such as the AZSA standardized lease, vehicle addendum, and Richard Marmor's book, *Arizona Self-Storage Statutes Commentated*. These products are available for purchase on the online store (log in required). As with the cost to attend the AZSA Conference and Trade Show, we price these products as affordably as possible, so every member can use them. For more on these valuable tools, see the **AZSA Lease Agreement** on page 88.

Also in the online store, non-members can purchase the Declaration of Sale (the document necessary to sell a vehicle at auction after foreclosing on a self-storage lien – see the **Sale & Foreclosure Manual**, which is distributed separately).

Note: The Declaration of Sale is a free form in the members area of the AZSA website. If your membership is current, do not purchase it, just download it. It is only listed in the online store so that non-member self-storage facilities can buy it.

AZSA Code of Ethics

Every member of the association signs and is expected to adhere to AZSA's Code of Ethics. The purpose of the Code of Ethics is to protect the public and raise the standards of conduct of the self-storage industry. By signing, each member agrees to:

- Promote and maintain a high standard of integrity in the performance of all rental obligations and services in the operation of the self-storage facilities;
- Maintain and operate their facilities in a fair and honorable manner;
- Strive continually to promote the education and fraternity of the membership and to promote the progress and dignity of the self-storage industry in creating a positive image of itself in order that the public may be better served;
- Always attempt to obtain tenants, through advertising or otherwise, without the use of deceptive, misleading or fraudulent statements, misrepresentations, or the use of implications, unwarranted by fact or reasonable probability;
- Use ASZA forms and resources only when they are lawfully used, reproduced, or reprinted and when authorized;
- Use the AZSA logo only in the manner determined, approved, and published by the AZSA Board of Directors;
- Abide by all national, state, and local laws of every kind and nature;
- Promote responsible legislative policies affecting our industry.

AZSA Board of Directors

A voluntary Board of Directors, who embody high integrity and adherence to the Code of Ethics, leads the Arizona Self-Storage Association. Members of the Board of Directors are self-storage

professionals, elected by AZSA members, who dedicate countless hours to this association. They lead all the AZSA's efforts to strengthen the self-storage industry in Arizona, constantly working to provide new and improved resources to help you run your self-storage business more successfully. Current members of the Board are shown under Leadership, on the About tab of the AZSA website.

AZSA Legal Experts and Staff

Richard Marmor, Attorney, Legal and Legislative Chair, is an attorney, 30-year self-storage operator, and the founding President of AZSA. He authored many of the self-storage industry's laws and is the creator of most of the AZSA's recommended forms. Many of his forms are referenced throughout this manual and in the **Sale & Foreclosure Manual** (distributed separately), are included in the *Appendix: AZSA Forms,* and on the AZSA website for your use.

Chris LaVoy, Attorney, AZSA General Counsel, is a 25-year commercial litigator who worked with AZSA from the early 2000s until 2014 and renewed his engagement as AZSA's General Counsel in 2019. He was instrumental in drafting the association's standardized lease agreement and many of its legislative efforts over the years.

Though not a substitute for owner/operators' own legal counsel, Richard and Chris are available to answer general legal questions. Their guidance on many issues is already available to members on the AZSA website (the search function helps you find it). Please contact AZSA for further assistance.

On a day-to-day basis, AZSA is run by the **Executive Director**. Reach the AZSA office at 602-374-7184 or AZSA@AZSelfStorage.org. The Executive Director creates and maintains AZSA's resources, plans and conducts events, writes and produces publications, answers your questions, and ensures that all other tasks to run the association are performed.

Facility Specific Notes

AZSA LEASE AGREEMENT

Your lease agreement can either make or break your business. It is the Bible of your relationship with your tenant. As such, it is extremely important that your lease agreement be compliant with all current law and regulation. Using an outdated lease, or one that was not written by self-storage legal experts on Arizona law governing your business, exposes you to unnecessary legal risk. Legal fees are no laughing matter, and AZSA knows it is too expensive for a self-storage owner to individually pay attorneys to prepare and annually review your lease agreement. **That's why the association does it for you.** AZSA's lease agreement and vehicle addendum were designed by self-storage legal experts and operators, the same ones who wrote the statutes now governing our industry in Arizona. They are:

- Comprehensive;
- Easy to read;
- State-of-the-art;
- Compliant with all current laws and regulations.

AZSA's lease agreement and vehicle addenda are reviewed annually and revised as necessary by our self-storage legal experts, who keep a close pulse on developments not only in the state but elsewhere in the nation, reviewing case law and class action suits that affect your business.

The association provides the AZSA standardized lease agreement and vehicle addendum in several formats for purchase as affordably as possible, which is one of the most valuable benefits AZSA provides its members.

- **Digital Version**: The AZSA eLease can be uploaded into all management software. They support your effort to rent online and sign electronic lease agreements. They can also be printed from your computer to present to your tenant for review and signature. Use requires the purchase of an eLease license and payment of an annual eLease usage fee with your AZSA dues. Purchasing an AZSA eLease license gives you both the lease and the vehicle addendum, and all subsequent revisions are automatically provided to you at no additional cost.

- **Printed Versions**: A 1-page AZSA Lease Agreement and/or Vehicle Addendum printed as 2-part NCR copies can be purchased in two formats.
    - **Personalized lease agreement and vehicle addendum** professionally imprinted with your facility's name, address, phone, email, with limited additional customization available at additional cost;
    - **Blank lease agreement and vehicle addendum** with space for you to add your company's information.

If you are using the AZSA Lease Agreement, always be certain to utilize the most recent revision.

Use of The AZSA Lease Agreement

Only AZSA members in good standing may use AZSA's lease agreement, which is available for purchase in print and digital formats. Digital use of the AZSA lease agreement requires the purchase of an eLease license and payment of an annual usage fee, as well as current membership. When lease revisions are made, the revised files are provided to all members with eLease licenses whose dues are current.

Know Your Lease Agreement – Some Specific Provisions

It's important that you understand and familiarize yourself with the terms of the lease agreement you are using. Read it. Ask for assistance if there are any provisions in it that you don't feel you understand.

Late Fees

Note that the AZSA Lease Agreement only provides a place to show *when* a late fee may occur. It does *not* provide a place to show the *amount* of late fees. Arizona law only requires that a self-storage lease agreement disclose when late fees arise, not their amounts. Since late fees are often calculated as a percentage of the monthly rent, this permits rent increases to occur periodically without the need to amend the lease agreement each time in order to adjust the amounts of the late fees. (For a discussion regarding legally acceptable amounts of late fees, see the AZSA publication, *Arizona Self-Storage Statutes Commentated* by Richard Marmor, and the Frequently Asked Questions on Late Fees in the members area of the AZSA website.)

Important: Although the amount of the late fee is not required in the lease, it should be made clear to the tenant (see Move-In Procedure on page 31).

Alternate Contact Access

A special provision of the AZSA Lease Agreement solves a recurring storage operator headache: the missing tenant. The Lease Agreement provides that the Alternate Contact person named by the tenant in the Lease Agreement may have *access* to the tenant's rented space in certain circumstances.

No Initials: Automatically, *without* initialing the "Full Access" box, the Alternate Contact is granted access to the tenant's space in four specific situations. These include if the tenant is:

- Deceased;
- Incarcerated;
- On active military duty;
- Legally incompetent.

Access is granted through the **Access Declaration by Alternate Contact Form** *(Appendix: AZSA Forms)*. In it, the alternate contact affirms in writing that one of the four situations above exists, supporting the Alternate Contact's claim of right to enter. File the signed form with the tenant's records in case someone later claims that the condition did not exist or that property is claimed to be missing from the space.

"Full Access" Box Initialed: By initialing this box, the tenant can optionally choose as a matter of convenience to expand the right of the Alternate Contact to full access. In that event, you do not need to use the Access Declaration form.

What Access? In either of the above cases, *access* means that the Alternate Contact is granted the same access to the tenant's space that the tenant could have (assuming the account is in good standing). That includes the right to place contents into, and remove contents from, the space – even all the contents. But this right of access *does not* empower the Alternate Contact to make any changes to the Lease Agreement nor to modify any other arrangement between the tenant and the storage operator, e.g., invoicing, automatic credit card charges, etc.

Access by Others

As a matter of convenience to tenants, the AZSA Lease Agreement provides that anyone with tenant's gate access code and lock key is considered to be authorized by the tenant to access tenant's space. You are under no obligation to challenge entry by such persons.

Release of Liability Clauses

The AZSA Lease Agreement has several strongly worded provisions intended to insulate the storage operator from liability for loss or damage to the tenant's property and for personal injury suffered by the tenant.

Limitation of Value Stored

The AZSA Lease imposes a total value limit of $5,000 on all property stored in the leased space. Never allow the customer to alter the Lease Agreement by changing the $5,000 amount when they are signing the agreement. This is meant to set a ceiling on your liability, if any at all, for loss or destruction of a tenant's property.

If you are willing to permit contents with values in excess of $5,000 to be stored by the tenant, you should complete the lease agreement amendment form: **Consent to Stored Value Increase Form** *(Appendix: AZSA Forms).* The form:

- Allows you to set a different, specific, value limit.
- Allows you to charge additional rent in return for the great liability exposure.
- Requires that the tenant insure the contents for their full value, and in the absence of such insurance, reverts the value ceiling to $5,000.

Important: Although some recent court cases have upheld self-storage releases from, and limitations of, liability protections, it is important to remember that no contractual limit on liability is bullet-proof. Courts often find justifications for setting such lease terms aside. Lease limitations of liability should therefore always be thought of as back-stops. The best protection against liability is responsible management practices.

Electronic Notices

The AZSA Lease Agreement empowers the storage operator to utilize electronic notices, e.g., email or text, for the sending of notices to the tenant. However, by law, special limitations apply to electronic notices sent as part of a lien sale (see **Sale & Foreclosure Manual**, which is distributed separately).

Climate Control Limitations

The AZSA Lease Agreement limits a storage operator's responsibility concerning climate controls, if any are provided. They are limited to avoiding extremes of temperature, and there is no representation of any specific standard that is to be met. Further, in the event of a system failure, the storage operator's duty is only to use commercially reasonable efforts to restore service, not emergency services.

Other Useful Provisions

- Prepaid rent does not freeze a rent level. If rents are increased, the increase is charged against the prepayment credit.
- No bailments are created, even if the operator has a key or unit access code (see **Bailments** on page 106).
- Space sizes advertised are approximate. This is to avoid claims that a space varied from being precisely 5-by-10, etc.
- Space doors must remain open when the tenant is utilizing the space. This helps avoid criminal activity and squatters.
- Loitering is prohibited conduct for the same reason.
- Residing in a storage space constitutes criminal trespass (see **Handling Common Legal Issues** on page 93).
- And *much* more.

Facility Specific Notes

HANDLING COMMON LEGAL ISSUES

Preventing a Tenant from Living in the Space

Tenants are prohibited by law from using the space as if it were a residence. The law also prohibits storage operators from allowing tenants to reside in storage spaces.

If a tenant found living in a space refuses your request to leave, call the police.

The AZSA Lease Agreement has tools to assist you in this situation:

- It contains a provision prohibiting tenants from living in a storage space.
- It requires that the doors of spaces remain open whenever tenants are using their space (this also helps prevent crime).
- It declares that living in a storage space constitutes criminal trespass. (Police often defer in these situations, calling the matter "contractual." The criminal trespass provision gives them impetus to act, removing the offending tenant. Show the police the provision on the lower right-hand corner of the back of the lease agreement.)

Cutting Locks

If a tenant can't find the key to the storage space, you may cut a tenant's lock **only** when you complete the following procedures:

1. Check the computer and Lease Agreement to verify that the person requesting the lock cut is actually the tenant in that space; and check the notes on the account.
2. Ask for the person's driver's license or picture identification. If the person doesn't have photo identification, have them write their signature and check that with the lease agreement signature.
3. The tenant must complete a **Lock Cutting Authorization Form** (*Appendix: Operations Forms*), and pay any lock cutting charge that may apply.
4. If there is an alternate contact, see **Alternate Contact Access** on page 89.

CAUTION: The above procedures are critical to follow. Storage operators commonly have people who are not the tenant on the Lease Agreement ask for a lock to be cut. You cannot cut the lock for ANYONE who is not on the Lease Agreement.

Hazardous Waste

What is hazardous waste? The Environmental Protection Agency (EPA) defines hazardous waste as any waste material that can either cause injury or death, or damage/pollute air, land, or water. Hazardous wastes are determined in one of two ways. A material

may be listed as hazardous waste on one of the four lists of hazardous materials contained in the Federal Resource Conservation and Recovery Act (RCRA). Examples include:

- Benzene
- Naphtha
- Toluene
- White spirits
- Kerosene
- Isopropanol
- Methanol
- Acetone
- DDT and many other toxic substances.

If a substance is not listed by name in the RCRA regulations, it may still be considered toxic or hazardous waste based on its characteristics and is regulated accordingly. The four primary characteristics are:

- **Ignitable**: The material is easily combustible or flammable. Examples are paint wastes, solvents, etc.
- **Corrosive**: The material dissolves metal, other material, or burns the skin. Examples of corrosive materials are waste rust removers, furniture strippers or dips, waste acid or alkaline cleaning fluid, and waste battery acid.
- **Reactive**: The material is unstable or undergoes rapid or violent chemical reaction with water or other materials. Examples of reactive wastes are cyanide plating wastes, waste bleaches, and common pool chlorine.
- **Acutely Hazardous**: Another category of waste is termed acutely hazardous. These are substances that the EPA regards as sufficiently dangerous in small amounts, and they regulate the substances in the same manner as large amounts of other hazardous wastes.

Strategies for Controlling Toxic Problems

There are several strategies for controlling the likelihood of a tenant leaving toxic or hazardous waste at your facility. Most of them involve daily operational procedures and regulations.

Note: The most effective deterrent to the toxic offender is an observant manager who watches what is being stored and is aware of unusual customer behavior.

Hazardous Waste Operational Procedures

- The facility should be fenced, and the access should be restricted when the property is unattended.
- The Lease Agreement prohibits the storage of hazardous substances, and this provision should be pointed out by the manager during the rental presentation.
- The tenant must be required to show proof of identification upon move-in. Identification must be a picture ID (i.e., a driver's license or official identification). Scan or make a copy

of the tenant's driver's license and/or photograph all tenants at move-in (except military IDs, which are illegal to copy).

- Use vacant space locks on all unrented spaces. This practice prevents tenants from placing batteries, tires, and other unwanted materials in unoccupied spaces.
- Keep your facility dumpster under lock and key or lock the dumpster in an empty space.
- Do not allow a tenant to give a Post Office Box as an address without also giving a physical address. Watch for private mailbox rental addresses as well. They are typically listed with "box", "suite" numbers, or "PMB."
- Be very careful about allowing a tenant 24-hour access. If a tenant is granted 24-hour access, emphasize their diligence in not allowing anyone to "tailgate" behind them after hours. Monitor nightly gate access records for potential problems.
- Make routine and regular security rounds on the property. Watch for evidence of sawdust, coffee grounds, or kitty litter, which are typically used to mask the scent of drugs.
- Be extremely suspect of any materials arriving for storage in 55-gallon drums.

Death of a Tenant

The death of a tenant does not necessarily change the status of their account. For example, most self-storage Lease Agreements provide that if the tenant dies, their successors, heirs, and assigns are bound by the provisions of the Lease Agreement. Death of a tenant does not impose any additional obligations on the storage facility. Be aware that you still have a tenant, the "Estate of [tenant]," and you owe the same duties of care to that tenant that you owed to the tenant who signed the lease.

People commonly show up with a death certificate, and sometimes with an obituary from the newspaper; however, such things **only** tell you that the named person has died. They say nothing about who is entitled to the property. One can get a copy of Elvis Presley's death certificate, but that doesn't mean you would get the keys to Graceland.

Documentation for a Tenant Death

It's common in self-storage to learn about a tenant's death when friends, children, spouses, etc., descend upon the facility demanding that you give them access to the tenant's space. Should you make the wrong decision and grant access to an unauthorized person and the estate suffers a loss, the facility can, and probably will, be sued for thousands of dollars.

Note: It is never your job to decide who is entitled to a deceased tenant's property. That is determined by Arizona law.

There are two acceptable forms of documentation:

- **Order of Court**: If the deceased's estate is being probated, i.e., administered by the probate court, the court will issue a written order called "Letters of Personal

Representative," identifying who is authorized to deal with the estate's property. If you are presented with an original, stamped, Letter of Personal Representative, make a copy for your files and feel free to deal with the named person regarding *all* matters in respect to the space and its lease.

- **Small Estate Affidavit**: For smaller estates, Arizona provides an expedited means of identifying the party entitled to act on behalf of the deceased's estate. It takes the form of a sworn affidavit affirming that certain specific conditions have been met, and that a certain person should be considered to be in charge of the estate's matters. The form is titled a **Small Estate Affidavit** (*Appendix: AZSA Forms*). If you are presented with an original, signed and notarized small estate affidavit, Arizona law *requires* that you honor it. It is not your place to question it. You may provide the blank form to the person claiming at the counter, but do not attempt to give any guidance regarding how it is to be completed. The Small Estate Affidavit form is accompanied by a letter you can give with the affidavit, explaining the form. We recommend requiring a death certificate as well as the signed and notarized form. Again, make a copy of the originals for your files, and feel free to deal with the named person regarding *all* matters in respect to the space and its lease agreement.

The Angry Presenter

From time to time the person who appears in your office concerning the death of a tenant may be distraught or angry when you refuse to simply accept their word that they are entitled to access to the deceased's property. AZSA has provided a form letter you may give to the claiming person titled **"To the Person(s) Claiming Rights to the Contents of a Deceased Tenant's Self-Storage Space"** (mentioned above and found with **Small Estate Affidavit Form**, *Appendix: AZSA Forms)*. The letter explains the two options above and helps avoid a conflict.

The Rent

The above process only answers the question: Who is entitled to deal with the space and lease agreement of the deceased tenant? In either case, the rent on the space is still due as it has always been. You have no duty to admit the person who is finally identified above to deal with the deceased tenant's space and lease agreement unless and until the rent is paid in full.

When the Account is Delinquent

If the account of a tenant who has died becomes delinquent, you have the same lien rights you always had. Unless and until you receive one of the above authorizations empowering someone else to deal with the tenant's lease agreement and space, your sale notices should be sent to the tenant at the tenant's last known address, in the ordinary manner. After you receive one of the above authorizations, you would send the notices to the person now known to you to represent the estate.

Powers of Attorney

Storage operators are often presented with **Power of Attorney** documents intended to authorize some third party to deal with a tenant's lease agreement and/or property. There is nothing inherently wrong with such situations; in fact, they are frequently very handy solutions when tenants are unavailable. There are three things you should verify before accepting that the power of attorney applies:

- The form you are presented should be an original document, not a copy.
- It should be signed by *both* the principal (your tenant granting the power) and by the agent (the person to whom the power is granted), and it should be notarized.
- Read the powers granted by the document. Powers of attorney are neither all identical nor standardized. **Does the document grant the agent the power to deal with the storage space?** Appropriate authority may take any of several forms, e.g. the power to:

    - "Deal with my stored property," or
    - "Deal with all of my property," or
    - "Deal with my contracts" (that would include leases), or
    - Anything similar. If in doubt, contact your supervisor/owner.

Abandoned Property

Offers to Abandon Contents

The law says that you can only abandon as much as you own. So, if you have borrowed your neighbor's lawnmower, what you *have* is custody of it. What you *don't have* is ownership. If you attempted to "abandon it," the most you could do is pass custody to someone else. Your neighbor would continue to own his lawnmower. See the article titled “Abandoned Is Not Abandoned” by Richard Marmor on the AZSA website in the Legal Section of the members area.

Now here's a basic truth: you have no idea who *really* owns any object stored at your facility. People store things for their relatives, friends and neighbors as well as for themselves. In theory, every single object stored at your facility could be owned by people other than your tenants. So, if a tenant "abandons" contents, you have no way of knowing if you actually receive ownership of anything. Were you to then dispose of them, and it turns out that they belonged to someone else, you would be liable to the true owner for the full value of the property.

If a tenant is in default and offers an abandonment as a possible cure, tell the tenant that you can't accept an abandonment, that you have no alternative but to foreclose your storage lien and auction the contents, and although you are required to send some pre-auction notices to the tenant, the tenant can choose to ignore them and permit the sale to go forward. You are then protected by the Arizona self-storage lien law (see the **Sale & Foreclosure Manual**, which is distributed separately).

Property Left Outside of a Space

Property left **outside** of a space is considered abandoned, so long as you have no idea who left it there. However, managers are not to take possession of the property. Any items left **inside** a storage space **should not** be considered abandoned. Take an inventory of the items and then contact your supervisor/owner for a decision on how to handle the goods that have been left by the tenant. Some items may be auctioned, and other items may be donated to a non-profit organization.

Abandoned Vehicles

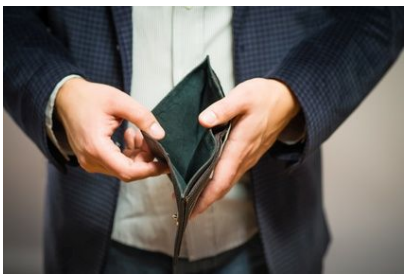
Important: Under Arizona Statute §33-1704(A), a vehicle left in/on a storage space that goes into default for non-payment of rent is not abandoned. That situation is a "defaulted lease." The abandoned vehicle title process, sometimes called a "bonded title," does not apply.

Your best, fastest, and safest course of action is to foreclose your storage lien and auction the vehicle (see the **Sale & Foreclosure Manual**, which is distributed separately).

The only vehicle that you may consider to be in fact abandoned is some unidentified vehicle that mysteriously is left parked and unclaimed on your property about which you have no information.

Facility Specific Notes

BANKRUPTCY OF A TENANT



In bankruptcy, there are several difficult problems for the self-storage facility. First and foremost, you should notify your supervisor/owner. This is a complicated issue and it should not be ignored.

Important: If you receive ANY information that your tenant may have filed for bankruptcy, *whether the information is in writing or not,* stop ALL collection efforts immediately (you must even remove any overlock). There are very serious penalties imposed by bankruptcy court if this rule is violated!

How Can You Be Certain Bankruptcy Was Actually Filed?

When a bankruptcy is filed, all creditors are supposed to be sent written notices of the filing. This can take time, however. Therefore, the first information about a bankruptcy filing is often received by word of mouth from the bankrupt tenant. Although such verbal notices could possibly be false, intended to frustrate a pending auction, they must be taken seriously until proven untrue. If you're told by the tenant of a filing, ask for the date of the filing and in what city the filing was made. It's helpful information.

How can you verify the situation? You can call the clerk of the Federal Bankruptcy Court and ask whether a bankruptcy has been filed in the name of your tenant (the date given by the tenant may prove useful here). You can also go online to the Bankruptcy Court's PACER system to check (www.pacer.gov). Note: Pre-registration, which can take up to two weeks, is required in order to use the system, so it pays to register in advance in case the system is ever needed in the future. PACER charges small fees for its use above a certain level. The average self-storage will typically not exceed that level, making the system effectively free.

Your Goal

Understand and accept the fact that it is extremely unlikely that you will ever collect any past-due rent that accrued up to the moment that a bankruptcy was filed. As long as the bankruptcy remains alive, your new tenant is the "bankruptcy estate of [tenant]." Technically, this new tenant owes rent from and after the moment bankruptcy was filed, but it is almost as unlikely that the post-filing rent will ever be collected.

Bankruptcies can be very lengthy; some drag on for years. Therefore, the best goal is to forget lost rents and try to simply get the space back so it can be re-rented.

Who's in Charge?

A trustee is always placed in charge of the bankrupt estate. There are people who do this professionally. Sometimes though, the bankrupt person is named as the trustee. The written notice from the court of the filing, your telephone inquiry and/or the PACER system can tell you the name of that person.

The Best Course of Action

Contact the trustee and/or the tenant and offer to forgive any and all claims for unpaid rent if the trustee and/or tenant will simply come and take all the contents out of the rented space and go away. Alternatively, ask the trustee (not the tenant, unless the tenant is the trustee) to abandon the stored property. If you receive a written abandonment from the trustee, you may dispose of the space's contents as you please, by auction or even disposal.

Other Bankruptcy Procedures

- Since you can't sell the tenant's property, you may be able to move the items to a smaller space.
- Always use caution when you move a tenant's property.
- Always keep all bankruptcy-related documents in the tenant's file.
- Document all contact with the trustee.

Note: AZSA has several articles on bankruptcy in the Legal and Legislative section of the AZSA website's member area.

Facility Specific Notes

MILITARY TENANTS

Depending on your storage locations, you may have a lot of military tenants. **The Federal Servicemembers Civil Relief Act (SCRA) applies to all active duty members.** It protects servicemembers from certain legal actions, including self-storage lien sales, while the servicemember is on active duty, and for 90 days after they leave active duty. For further details of the SCRA's terms and conditions, see the AZSA publication, *Arizona Self-Storage Statutes Commentated* by Richard Marmor, as well as several articles in the Legal & Legislative section of the AZSA website's members area.

Important: You CANNOT sell the contents of a space rented to a military tenant who is in default so long as they are on active duty unless that tenant has signed a form waiving the protections of the SCRA.

Preserving Your Rights

"Active duty" doesn't just mean being away fighting in a foreign land. It includes all active duty, e.g., serving on a military base here in Arizona. It can also last for 20 years or more for career members of the military. That can present special problems for storage operators faced with a non-paying military tenant.

Fortunately, the SCRA provides that members of the armed forces may waive the protections of the SCRA. A special form is required. It allows a self-storage operator to sell the stored contents of a servicemember who is in default under the lease in accordance with the Arizona Lien Sale Statute. The **Military Waiver Form** (*Appendix: AZSA Forms*) meets the SCRA's requirements for such a waiver.

It is strongly recommended that you require all military tenants sign a Military Waiver Form as a condition of renting at your storage facility. Of course, there will be times when enforcing your lien rights as against a military tenant would be inappropriate. *Having* the waiver on file is not the same as *utilizing* it.

Is a Tenant in the Military?

You don't always know whether or not a person is on active duty. Although the AZSA standardized lease agreement provides a place for tenants to indicate whether or not they are in the military, many times you won't even know that. The law suggests that you must have notice of a tenant's military status. The storage operator does not have an obligation to discover that the tenant is in the military, but the storage operator can't ignore facts once known.

For example: When a tenant's file was reviewed the day of the auction, it was noticed that this tenant could not be reached at his home address, phone number,

or at his place of employment. Normally, he paid by credit card, but the card had expired. When the iron factory where he worked was called, they said that they really didn't know much, but he no longer worked there. Upon further review of his paperwork, it was noticed that his identification was a Military Reservists ID card. The facility immediately pulled his space from the auction. The good news is that the tenant through a military search and he paid off his rent.

Military Spouses

The protections of the SCRA only apply to tenants who are *themselves* in the military. If your tenant is the spouse of someone on active military duty, *the SCRA does not apply.* However, the SCRA does permit the spouse of an active duty military person to ask a court to extend the SCRA's protections to that spouse in certain circumstances. Were that to happen, the spouse would have an order of court available to demonstrate that he or she is protected by the SCRA.

Locating Military Tenants Who Have Moved

This information will prove helpful in locating military personnel who occupy storage spaces and have moved or otherwise changed addresses. This is the official military source.

Department of Defense Manpower Data Center:

https://scra.dmdc.osd.mil/scra/#/single-record

If you have a lot of military tenants you may want to use a military record search company, **e.g., www.government-records.com.** This is a paid service, but you can get phone numbers, addresses, etc., from this website, and generally it's much faster than the data center.

In all cases, you need to include the individual's full name. Social Security number can be helpful, if available. The armed services will give you the official military address of anyone still on active duty. If an individual has been discharged, the service will not be able to give you any forwarding address, as that would be of a personal nature and violate the Privacy Act. It is best to act promptly when attempting to locate military personnel who have changed their addresses.

Facility Specific Notes

BAILMENTS

Care, Custody, or Control

A legal arrangement called a "bailment" is created when one person, the "bailor," puts his property into the hands of another person, the "bailee." The bailee takes over the care, custody, and control of the property. And of course, the bailee has a duty to return the property to its owner. Giving your car to a parking valet at a restaurant is a perfect example of a bailment.

Do Not Assume Care, Custody, or Control of a Tenant's Property!

With the care, custody, and control over property comes responsibility. Bailees are financially liable for the well-being of the property in their care. You never want to be liable for the value of contents stored at your facility. Some common ways bailments might arise include:

- Offering valet parking and retrieval of RVs.
- Accepting the keys to a storage space.
- Loaning a company lock to a customer to use on their space.
- Removing a tenant's lock and replacing it with a company lock (this is not the case during the lien sale process; see the **Sale & Foreclosure Manual**, which is distributed separately).
- Holding a tenant's property for them.

You're Not a Warehouse

Once nicknamed "mini-warehouses," the self-storage industry has moved away from that term. In a true warehouse, only the people operating it – warehousemen – have access to the property stored in it. They put the property in, and if the owner wants warehoused property back, the warehousemen retrieve it for them. They have care, custody, and control, and hence responsibility and liability for all the property stored in their warehouse. You can thus appreciate the importance of your storage facility being considered a *self-service* storage facility, and the aversion to the term "mini-warehouse." You never have care, custody, or control over your tenants' property.

Self-Service Storage Operators are Landlords, Not Warehousemen

You're in the real estate business. Your product is space. That's why you can never comply with demands of third parties who want you to turn over some piece of property or another to them. *The stored property is not in your care; it's not yours to turn over.*

Accepting Deliveries for a Tenant

Tenants frequently request that the storage operator accept deliveries for them. If you do that, a bailment is created. If you nevertheless want to accommodate a tenant, use the **Lease Addendum Granting Special 3rd Party Unit Access Form** *(Appendix: AZSA Forms)*. It authorizes you to admit a delivery person to the tenant's space without ascribing any liability to you.

Facility Specific Notes

REPO MEN

From time to time, a repossession agent shows up, asking questions, waving official-looking papers, and demanding that you surrender some tenant's property to them. Now that you understand bailments, and more particularly that you do not have care, custody, or control of your tenants' property, you understand that **it's a not a question of whether you should or shouldn't surrender a tenant's property; you can't! It's not yours to give. You're just the landlord.**

But what about those official looking papers? They *only* serve to identify the person as a "repo man," so that if and when he gets his hands on the property he seeks he is not arrested as a thief. Those papers *are not* court orders directing that you or anyone else surrender the property. Consider the various TV shows featuring repo men at work. They are generally in the employ of a bank or finance company seeking to recover collateral for a bad debt. The repo people only get paid if they are successful in recovering the collateral, so they scheme and manipulate situations in an effort to get to their targets – good stuff for TV. If they had court orders, there would be no TV shows. The property would *have* to be handed over to them. This serves to demonstrate that bluster and paper-waving notwithstanding, you have no duty – no right actually – to give in to their demands.

(Note: You will deal with lienholders if and when you auction property subject to a lien; see the **Sale & Foreclosure Manual**, which is distributed separately. Also, see the "Repo Man" article in the Legal & Legislative section of the AZSA website's members area).

Facility Specific Notes

DELINQUENT CUSTOMER COLLECTIONS

Motivating tenants to pay their rent when it is past due while maintaining a high degree of customer service and satisfaction is an important and necessary skill. Self-storage has its own peculiarities in day-to-day collection problems. Fortunately, in self-storage you have a great deal of leverage in collecting past-due accounts in that you can exercise a lien and sell your tenant's property. There are several things to remember about collections in self-storage, specifically:

- **Most tenants' goods ARE NOT sold!**
  Only a small percentage of delinquent tenants go to auction. Most facilities rent 600 to 1,200 spaces per year with less than one percent of those tenants being sold at auction. Most of your tenants do pay. Your goal should be to collect your rent while preserving exceptional customer service.
- **Delinquent tenants are not BAD people!**
  Virtually everyone in our modern society has been late with a payment or has bounced a check. Being late does not mean that you are a bad person. There are a variety of reasons why tenants become late or bounce checks. Remember, delinquent tenants are not BAD people.
- **Virtually every tenant has been or will be late at some time during their tenancy.**
  Less than five percent of your self-storage tenants will always pay their rent on time, without fail. Though letter-perfect tenants can be found, the reality is that most tenants will become late at least once during their tenancy at your facility.
- **Managers tend to take collections TOO PERSONALLY!**
  Most self-storage managers tend to take collections personally because tenants routinely make promises and fail to keep them. Since collections involve face-to-face or at least ear-to-ear contact, they often become frustrated with tenants who never keep their promises. It is a natural emotion to feel betrayed when tenants fail to keep their promises, but you cannot allow that feeling to erode your customer service.
- **Customer contact and documentation is important.**
  The key to debt collection is to stay on top of delinquent accounts by making calls and sending letters in a timely manner. Be sure to make notes in the tenant's file/management software. The AZSA lease agreement gives you permission to use electronic means of communicating, which means you may text tenants. While you must be very careful about what you text, and cease immediately if the tenant objects, texting a link to “pay here” is proving to be an extremely effective way to collect rent.
- **Be consistent in collection efforts.**
  It is important to use your management software (or manual system) for consistency in collection and the lien process.

There are strict federal and state laws for fair debt collections. Don’t discuss the debt with anyone other than the tenant, spouse, or legal guardian. To review the Fair Debt Collections Practices Act, go to: www.ftc.gov.

Facility Specific Notes

PROTECTING YOUR PROPERTY

There are many things you can do to help protect your property. Being proactive can minimize theft and vandalism.

Gate Code Procedures

Most storage properties utilize some form of computerized gate access. The standard system will grant access to valid codes and track all entries and exits. This entry and exit information can be invaluable when investigating burglaries and break-ins. Here are some common-sense procedures for gate systems.

- Review your gate access records every day. Watch for tenants who access the property after hours. Be especially watchful of tenants who only access the property during the hours that the office is not staffed.
- Promptly remove vacated tenants from your system. Failure to do so is a common problem among storage facilities. Most self-storage management software programs automatically remove vacated tenants from having any gate access.

- Always allow a tenant to choose their own gate code. Refrain from assigning gate codes based upon known criteria. For example, some facilities use the space number plus the tenant's birth month, etc. This type of system can easily be defeated by unauthorized entrants.
- If you have a push button gate operator, DO NOT allow tenants to choose easy gate codes, (e.g., 7777777 or 12345678). These gate codes are obvious tries for unauthorized entrants.
- If you issue gate cards with instructions, DO NOT issue cards with the facility name, address, etc. If the tenant loses the card, the thief knows where and how to access the property.
- Test your gate system to ensure that the clutch mechanism engages properly. Thieves have been known to simply push the gate open to gain access. Also, test the sensitivity of free exit loops if they are installed. If the sensitivity is incorrectly set, a small metal object placed over the loop will open the gate.
- Train your tenants not to tailgate other vehicles either into or out of the facility. If you notice that the gate records show entries without matching exits, you should counsel the tenant against this practice. You may have someone spending the night on the property!
- In case of an automatic system malfunction, develop a back-up plan with the appropriate forms and specific instructions on how to maintain a manual access system until the automatic system is repaired.
- Routinely back up your gate access systems software if necessary. This is often overlooked due to the reliability of gate access systems but is invaluable in case of system failure.

Outdoor RV Spaces

These spaces are particularly vulnerable to theft and vandalism. Here are some tips to better protect outdoor spaces:

- Suggest added safety measures for outdoor parking tenants, like securing vehicles with clubs, hitch locks, padlocks, and/or chains. These are great items to sell in the office.
- Ask outdoor vehicle tenants to advise you when they remove their vehicles on a temporary basis. If a vehicle is gone and the tenant did not advise you that they removed their vehicle, follow up by contacting the tenant for verification.

Photo Identification

It's perfectly legal to require a tenant to produce photo identification upon move-in. Thieves simply do not want you to know their identity. Good photo identification is also valuable in collections, verifying access, etc.

- Make a copy of a tenant's driver's license when renting a space.
- Other possible types of identification can include passports, military ID cards, alien resident cards, or State ID cards.
- When copying a tenant's photo identification (do not copy military IDs), enlarge the copy if possible, and remake the copy until the picture is clear and identifiable.
- Remember that legitimate tenants rarely balk at having to give their address on the Lease Agreement. If the addresses differ, ask the tenant for an explanation.

Address Verification

It's amazing how many tenants will give you a false or old address at the time of initial move-in. One strategy is to verify their address immediately, before they become a risk for delinquency or security. The best method is to verify their address and phone number the day they rent. Send all new tenants a "Thank You for Your Business!" card the day they move into their rental space. If the card is returned as "undeliverable" or "not at this address," over-lock the tenant and motivate them to visit the office.

- Attempt to call the tenant at the phone number he/she provided in his/her Lease Agreement within the first 72 hours of their initial rental. When the tenant answers, thank him/her for the business and ask if any questions or problems arose while moving into the space. If phone numbers are disconnected or if the responding party has never heard of the tenant, you may have a problem. Without calling attention to what you are doing, you can even call the number while he/she is in the office renting the space. If the tenant's cell phone does not ring, ask again for a cell phone number. This may prevent a lot of difficulty in the long run.
- Email the tenant a "Thank You for Renting with Us" message to verify you have an accurate email address. If is not deliverable, check the Lease Agreement and computer for typographical errors before calling the tenant to get a working email address.

Security Stickers on Locks

Security stickers are a way to determine if the status of a tenant's lock has changed. The stickers are placed on a tenant lock, and if a lock is discovered without a sticker, the manager knows that something has changed.

- You can obtain security stickers from several storage vendors. Check the red Suppliers & Services button on every page of the AZSA website to see which members sell them.
- Remember that security stickers should be tamper-proof. In other words, if a thief were to attempt to peel the sticker off, it will ruin the sticker.
- DO NOT keep security stickers on the golf cart or in a place that the general public can access them.
- Some companies have their own security stickers made with their company logos on them.
- If you sell the tenant a lock from the office, offer to open the sealed packaging and put the security sticker on the lock. Explain to the tenant the importance of leaving the security sticker on the lock.

Inferior Locks

Be sure to look for inferior tenant locks. It is important to complete lock audits weekly to help you find them. Once you know that a tenant has an inferior lock, you should send the tenant a letter advising him/her about it. Many tenants choose inferior padlocks, combination locks, or small luggage locks because they have them at home. Their use of inferior locks not only subjects their space to potential theft, but it also encourages a thief to attempt his success with others.

Remember that for tenants to have their insured losses paid, they must show signs of forced entry. It's very common for a storage thief to gain access and to place a new lock on the space to avoid detection. In these cases, tenants believe the manager is typically the primary suspect! In summary:

- Small luggage padlocks are totally worthless and encourage theft.
- You should advise tenants against using inferior padlocks
- Advise the tenant to use a high-quality lock or disc-style lock on his/her space.
- Advise Master padlock users to erase the key code from the lock. The key code on the lock has a corresponding key that is readily available from a locksmith or online.
- When selling locks, ONLY sell locks that are blister packed in tamper-proof packaging. Remember that the best strategy is to sell only HIGH-QUALITY locks. If a lock is difficult for you to cut or remove, it will be difficult for the thief as well!
- Your best sources for locks to sell at the facility are self-storage lock vendors. DO NOT purchase locks from local hardware or lumber stores for resale. The locks purchased from storage vendors have many key code changes (i.e., the statistical odds of a tenant finding another lock that is keyed alike is very low).

Conducting a Theft Investigation

When conducting a theft investigation at your property, your first course of action is to complete an **Incident Report Form** (*Appendix: AZSA Forms*). Your investigation is not meant to replace or supersede the Police Department's efforts to apprehend the perpetrators. However, your preliminary work will greatly enhance the Police Department's ability to provide closure to the case. Here's how to conduct a self-storage investigation.

Step #1: Have your tenant contact the local police department and file a police report.

- Be sure to get a copy of the police report for your files.
- Ask for the business card of the assigned detective, if possible.

Step #2: Determine who was victimized and when it occurred.

- Review the security video for all entries and exits during the period of time in question.
- Compile a list of all tenants who accessed the property during the time period in question from your gate access software.
- Contact every tenant burglarized and notify them that they need to visit the facility and view their space.

Step #3: Preserve all physical evidence and take pictures of the space and area.

- Always save all cut locks. All tools bear microscopic imperfections on their cutting edges or service areas. These defects are frequently reproduced to some extent on objects which the tools have cut. You and the police may use this evidence later.
- Take pictures of the latch and the interior of the space. DO NOT enter the space or touch or disturb anything.
- Take pictures of any footprints, scuff marks, tool marks, abrasions, cut fencing, etc.
- Lock the space with a company over-lock and seal.

Step #4: Write down all known facts about the crime, noting details.

- Were any vacant space locks cut by the perpetrators?
- Who was on the property during the suspected time period?
- Where is the suspected point of entry?
- Are there any common elements among the victims?
- How was the space entered?
- Did the criminal ransack the space or select key items?
- Was anything stolen from the space at all?
- When was the last time the space was visited by the tenant?
- What type of lock did the tenant use?
- Was the property stolen the type that would need two people to load it?
- Is this tenant past due on their rent?
- Has this tenant had problems in the past?
- Does this tenant have insurance or a protection plan?

- What other tenants were in the same area during the suspected time period?
- Did your security round notes have any entries for the suspected time period?
- Does the tenant still have the key to their lock?
- What type of tool was most likely used?
- Is there evidence of the perpetrator using a key or combination to the lock?

Step #5: Ask the victim for a complete listing of all stolen property on a Property Loss Report *(Appendix: Operations Forms)*.

- A good description will contain as many of the following facts as possible: type of article, brand name, model name, serial number, color, size, approximate weight, country of manufacture, optional equipment, special features, identifying stains, marks, or scratches.
- Keep this information on file. You may discover some of this stolen property while conducting routine lock cuts on delinquent spaces.
- A detailed description of the stolen property may assist police.

Step #6: Diagram the affected spaces on a map of the facility.

- Watch for suspicious patterns in the affected spaces.
- Most break-ins do not consist of a single occurrence. Increase your sense of awareness immediately after a break-in or from items recovered by police.
- Review your placement of cameras, site lighting, mirrors, etc., around the storage property.

Step #7: Develop a list of possible suspects.

- Contact every tenant who was on the property that day. NEVER accuse a tenant, but rather ask them, "We had a problem last Tuesday while you were here. Did you notice anything or anyone suspicious?" This technique accomplishes two goals. First, a current tenant may have noticed someone suspicious. Second, if you have contacted the perpetrator, he or she now knows that you know about the break-in. That may be enough to scare them from coming back to the storage property.
- Review your tenant access list for strange or unusual patterns, such as:
    - Late-hour access only;
    - Long on-site durations compared to the size of the space they have rented;
    - Tenants who rented their space within the last 30 days;
    - Telephone numbers that are disconnected;
    - Tenants who generally pay in cash;
    - Tenants that have frequent and/or extended access during the day;
    - Tenants who ask other tenants to enter their gate codes to grant them access;
    - Tenants with a known prior criminal record;
    - Tenants who are only on-site before or after office hours.

Step #8: Document your findings and take remedial action.

- Document all your findings for future reference. This single action is your best defense if sued by an aggrieved tenant.
- Document all actions taken to remedy security deficiencies. For example, if you purchase and install cameras, or begin using a new security procedure, document your efforts.
- Document all contacts with your local police department.
- Remember that your best defense in a lawsuit dealing with theft is to be able to prove that you took reasonable steps to protect the tenant's property.

Step #9: Work with local police authorities, not against them.

- Develop a relationship with a local detective/police department.
- If you are suspicious of a particular tenant, you can call the local police department and ask if there are any outstanding warrants on a suspect. Most police departments offer this service to businesses. They will not tell you the nature of the warrant; however, they will tell you if one is outstanding.
- Share your theories and information with law enforcement officials. You are the storage expert and you know your tenants better than anyone.

Facility Specific Notes

EMERGENCIES

All emergency situations require that you complete an Incident Report and document the problem in the tenant's file.

Completing an Incident Report

The **AZSA Incident Report** (*Appendix: AZSA Forms*) should be completed for the following issues:

- **Bodily Injury**
- **Facility Damage or Theft**
- **Tenant Property Damage or Theft**
- **Responsible Party**
- **Witness**
- **Motor Vehicle Information**
- **Police Report**
- **Detailed Description of Incident**

Depending on the type of incident, not all of the above sections are necessary to complete. On the Incident Report, the shaded section titled "This Incident Involves" shows you which sections should be completed by the manager or on-duty supervisor/owner.

Note: It is extremely important that this form is completed as soon as you safely and responsibly can to get pertinent information and details of the incident documented. Some incidents may result in legal action for which the Incident Report's information will be invaluable, but that legal action might extend for *years,* long past your memories of the event.

Property Damage

Property damage is best handled by accumulating as much documentation as possible concerning the extent of property damage at the time it is discovered.

- IMMEDIATELY following the accident or incident, complete an Incident Report, noting specific details, time, parties involved, etc. Be as thorough as possible and note any witnesses to the damage. If it is on video, get a copy.
- Report the problem to your supervisor/owner immediately.
- Report the incident to your insurance carrier as soon as possible.
- Take as many photographs as necessary to properly document the incident or accident.
- Refrain from making any comments about liability or causes of the accident or incident.

- Refrain from offering opinions or conjecture when completing written reports. Only report facts that pertain to the incident or accident.
- Keep any/all physical evidence that explains or contributes to the incident or accident.

Accessing a Tenant's Space

A tenant's space may be entered only under certain circumstances, which are spelled out in the Lease Agreement.

- In case of an emergency (Police, Fire, Health or Emergency Response Officials);
- For a Parole Officer who has the right to search a parolee's property at any time while on parole;
- By direction of your supervisor/owner for repairs, building inspection, to supply necessary or agreed services, to determine compliance with the terms of the lease agreement, to determine if a space has been abandoned, or for any other reasonable purpose;
- When enforcing the lien-sale procedures.

Police

If the police are needed at the property, call 911 and do not panic! Gather the basic facts of the incident while waiting for the police. Don't discuss any incident or problem with the media. That is your supervisor/owner's responsibility.

Warrants and Court Orders

If a law officer wants you to open a storage space, they must have a search warrant or be in "hot pursuit" of your tenant. The warrant or court order must specify who is being ordered to permit a search or access. Is it your facility? It must also identify the specific area that is to be made available to be searched. Make a copy of the warrant as evidence and call your supervisor/owner as soon as possible and explain the issue.

Assisting an Officer or Government Official

It is very important to cooperate with a law officer. However, there are laws that protect your tenant's rights as well:

- You should NOT give a list of tenants to the officer without your supervisor/owner's permission or a court order/warrant. Your supervisor/owner should be notified, and they can give the authorities the requested information.
- You can confirm if the person has a storage space at your property.
- **Never give out any tenant information over the telephone.** The officer must come to the

office or you can take the officer's name, badge number, and call him/her back at the precinct *using a telephone number you look up on your own*.

Though it is happening less frequently than in the past, occasionally police have been known to demand access to a tenant's space without a supporting search warrant. If faced with such a demand, try to explain that absent a search warrant, you have no authority or ability to comply. You could offer to watch out for the tenant while the officer secures a warrant. If a police officer in that situation becomes belligerent or threatens action against you for non-cooperation, do not resist. Let him have his way but document the situation.

Fire

Immediately call 911. Time is critical when you smell smoke, discover a fire, or have an explosion. Your quick response can make a difference between a major and minor loss.

- Call 911 regardless of the amount of smoke or fire. Then use your best judgment as to whether you should use the fire extinguisher as an effective means to control the fire. **Do not take undue personal risk.** Property can be replaced; people can't.
- Contact your supervisor/owner as soon as possible.

Explosion

If you have an explosion, stay away from the area and keep everyone else away. A second explosion could easily injure or kill someone.

- Call 911 immediately.
- **DO NOT OPEN THE DOOR OF A BURNING SPACE**. The additional oxygen will kindle the fire and increase the danger of loss.
- If you can safely open the main gate do so!

Tenant Illness or Serious Injury

Immediately call 911 for assistance, *then* administer such first aid as you can. You are generally protected from liability if you do so in good faith.

Whenever there is an injury on the property, the manager should do the following:

- Complete an Incident Report;
- Get the name, address, and phone number of the person; this is critical, especially if they are not a tenant.

The Arizona Good Samaritan Law, A.R.S. §32-1471

Any health care provider licensed or certified to practice as such in this state or elsewhere . . . *or any other person who renders emergency care . . . at the scene of an emergency occurrence gratuitously and in good faith shall not be liable for any civil or other damages as the result of any act or omission by such person rendering the emergency care*, or as the result of any act or failure to act to provide or arrange for further medical treatment or care for the injured persons, unless such person, while rendering such emergency care, is guilty of gross negligence. *(Emphasis added)*

Minor Injury

If a tenant has a minor injury, you should offer them the First Aid Kit for their use. Then complete an Incident Report.

Facility Specific Notes

EMERGENCY NUMBERS

POLICE	**911**
FIRE	**911**
DOCTOR	
ELECTRIC COMPANY	
WATER COMPANY	
GAS COMPANY	
ELECTRICIAN	
PLUMBER	
SECURITY COMPANY	
GATE REPAIR	
COMPUTER REPAIR	
ATTORNEY (IF APPLICABLE)	
PEST CONTROL	
CITY OFFICE	
SNOW REMOVAL	
SUPERVISOR/OWNER:	
OFFICE	
RESIDENCE	
CELL	
OTHER	

Facility Specific Notes

ABOUT THE AUTHORS

Carol Mixon Krendl, a well-known self-storage industry expert and owner of SkilCheck Services, has been involved in the industry since 1984. Carol worked as a corporate trainer for a large self-storage developer with 69 properties and trained over 200 managers. She has also owned and operated self-storage properties. An expert in the self-storage field, she has written many articles on a variety of industry topics, including a quarterly newsletter on sales and customer service. Carol is a speaker and trainer in high demand at industry events around the country.

On the national level, Carol has been active in the Self Storage Association for over 20 years. She utilized her degree in secondary education by being active on the Education and Membership Committees. Carol also served as President of the SSA's Western Region, Director on the SSA Board for over 10 years, and on its Executive Committee from 1998-2001. On the state level, Carol served on the California Self Storage Association Board of Directors and currently serves on the Arizona Self-Storage Association Board of Directors as Chair of the Education Committee.

Richard Marmor has been in the storage industry in the Phoenix area for over 30 years. He was the founding president of AZSA, and is its lobbyist at the Arizona Legislature, where he authored many of the self-storage industry's laws. An attorney, Richard co-authored the AZSA Standardized Lease. He is also the creator of most of AZSA's forms and much of the legal content on the AZSA website. Richard's book, Arizona Self-Storage Statutes Commentated, is available for purchase on the AZSA website.

Richard's legal contributions to AZSA are informed by his experience as a self-storage owner and operator of multiple properties for several decades. He is a regular speaker at the AZSA annual conference and educational workshops around the state, and his articles appear regularly in AZSA's newsletter, *Behind Closed Doors.*