

*“If given the choice between earning an interest rate of 10% versus 4.25%, why would anyone take the lesser of the two?”*

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## **A How To Guide: Helping Arizona Landlords Protect Their Interest in Interest**

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The Wall Street Journal recently reported that rental property demand has increased up to 25% in the cities of several U.S. states, including Arizona.<sup>1</sup> As a result, the owners of Arizona rental properties (“Landlords”) should expect higher rental rates for the foreseeable future. Despite rising rental rates, Arizona Landlords still need to protect their rights in the event that their tenants fail to pay rent. Fortunately for Arizona Landlords, Landlords can collect 10% interest on monies owed by their delinquent tenants, in the event of a breach.

Pursuant to Arizona law, unless contracted for in writing, interest on a civil judgment is only 4.25%.<sup>2</sup> While 4.25% is better than the interest rate earned on a savings account, it is not nearly as good as an interest rate of 7.5% or even 10%. It stands to reason, if given the choice between earning an interest rate of 10% versus 4.25%, why would anyone take the lesser of the two? Well, if you are an Arizona Landlord relying solely on Arizona law without an expressed provision to the contrary in your rental agreement with a tenant, you are agreeing to just that... a 4.25% interest rate.

BURNS AND BURNS PC counsels Landlords to make sure that their rental agreements are thorough, complete and compliant with Arizona law, as well as to enforce their eviction rights or to recover damages in the event of a tenant breach. If you would like to schedule an initial consultation to meet with an attorney from the Real Estate Practice Group to discuss your rental agreement or protecting your legal rights, please call or visit us on the web.

### **About the Author**

Scott F. Burns is an Arizona real estate attorney and licensed Arizona real estate broker. Scott regularly counsels real estate licensees, property owners, and tenants with their commercial and residential real estate transaction and litigation issues.

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<sup>1</sup> Report: Single-Family Rental Demand Is Outstripping Supply - The Wall Street Journal (November 13, 2012)<http://blogs.wsj.com/developments/2012/11/13/report-single-family-rental-demand-is-outstripping-supply/>

<sup>2</sup> <http://www.federalreserve.gov/releases/H15/Current/>; A.R.S. §44-1201

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