



News and information for members of the Association of United States Postal Lessors

Does Your Lease Provide For Property Tax Reimbursement?

Privately owned buildings in the US are assessed property taxes. The property owner is responsible for prompt payment of those taxes. In the vast majority of private sector commercial leases, the tenant is ultimately responsible for paying the property taxes, either through special payments or as part of rent.

In the case of leases with the USPS, the property owner (the lessor) is responsible for paying the property taxes. Some lessors have leases that provide for reimbursement of those tax payments, and some lessors have leases that don't. For leases that do not require the USPS to reimburse property taxes, lessors should be sure to factor in property tax costs when determining the rent required to cover the lessors' expenses and provide a sufficient return.



For lessors whose property taxes are reimbursed, a Tax Rider Reimbursement of Paid Taxes (called a "Tax Rider" here) will be part of the lease. This Rider sets out the responsibilities of each party, the tax expenses that will and will not be reimbursed, how and when the reimbursement request is to be made, and where the reimbursement request is to be sent.

Lessor Responsibilities

The lessor agrees in the lease to pay all taxes of any kind, including Real Property Taxes, and fees of every kind and nature levied on the Premises.

USPS Responsibilities

The Postal Service will reimburse Landlord 100% of the total paid Real Property Taxes in accordance with the Rider. It sounds simple, but there are always rules and exceptions to the rules. So, let's look at what is excluded.

Expenses Excluded from Reimbursement

The Rider states that no reimbursement will be made for "fines, penalties, interest or costs imposed for late payment." Therefore, fees the taxing authority charges to a lessor for paying taxes late will not be reimbursed by the USPS.

In addition, the USPS is entitled to any tax exemptions or abatements that may be available for the property. If a lessor fails to claim any such available exemption or abatement, the USPS has a right to recover from the landlord the amount of tax that would have been avoided by taking advantage of the exemption or abatement, plus any administrative costs and/or interest. Such recovery can be from future rent payments.

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Another situation where the USPS may fail to reimburse 100% of the paid taxes is if the lessor fails to “promptly furnish” to the USPS “copies of all notices that may affect the valuation of the Premises for Real Property Tax purposes.” “Promptly,” in this situation, is defined as delivery to the USPS (at the required address for delivery of lease notices) within 10 calendar days of the lessor’s receipt of the notice. If a lessor receives a Property Valuation Notice on October 15, 2023, a copy of that Notice should be delivered to the USPS as required by the lease by October 25, 2023.

If a lessor appeals the property taxes (usually due to an improper property valuation) and obtains a reduced tax amount, the Postal Service is entitled to the Tenant’s Share of the value of any such reduction. However, the Postal Service will not reimburse the lessor for expenses, penalties, costs, and legal expenses in connection with any protest or appeal proceeding.

Two additional points to remember: The USPS will reimburse only the taxes that correspond to the period the lease is in effect. Taxes attributable to a part of a year when the lease is not in effect will not be reimbursed. In addition, if a postal facility is in part of a building that also houses other tenants, such as a strip mall, the Postal Service will only reimburse taxes attributable to the portion of the building the USPS leases.



When to Request Reimbursement of Taxes

Section 9 of the Tax Rider in USPS leases provides that lessors will “submit a request for reimbursement of taxes within 18 months after the date of payment by Landlord.” After that 18-month period expires, the Postal Service is no longer required to reimburse the taxes which would have been covered by the reimbursement request. That doesn’t mean there is no chance those taxes will be reimbursed. There have been situations where reimbursement has occurred after a delinquent request. However, lessors should not test fate and count on that.

What is Required for Submitting a Tax Reimbursement?

The Postal Service will reimburse taxes on an individual property once a year. Once. If a property has multiple taxing authorities sending separate invoices, combine the bills and ask for one reimbursement per year.

- ★ Requests for reimbursement must include copies of the front and back of the complete tax bill along with proof of payment. Reimbursement only happens after the taxes are paid.
- ★ The tax bills must identify the Premises being taxed. Generally, this is shown by a parcel number.
- ★ The proof of payment must be any one of the following: (i) a receipt for payment shown on the face of the tax bill, (ii) a copy of the front and back of the canceled payment check, (iii) a statement from a lender verifying payment of the tax, or (iv) other documentation reasonably satisfactory to the Postal Service.
- ★ Requests for reimbursement must include the city, state, and Postal Service facility ID # as shown on the lease.
- ★ Reimbursement requests are to be sent to the address specified in the Tax Rider. Requests must be in writing and sent by United States mail, certified postage prepaid, or by Priority Mail Express (overnight). Notice is deemed to have been given three days after the date of the certified mailing, or the next business day after being sent by Priority Mail Express.

Requests that are incomplete or improper will be returned to the lessor without payment.

Reading the Tax Rider and following the instructions for submittal before asking for reimbursement saves time and minimizes frustration.

AN OUNCE OF PREVENTION . . .

Lessors have frequent questions about steps to take after damage to a postal facility by a delivery truck. Identifying the driver, filing an insurance claim, and getting repairs made are common and time-consuming occurrences. But, if the damage can be prevented, all of that can be avoided.

The USPS has often denied requests for two bollards being installed in front of loading docks. However, one lessor has found that the Postal Service is supportive of having one bollard installed. Generally, in small postal buildings, the loading dock has the building on one side, with stairs on the other side. This leaves space for backing a truck up to the dock. In an effort to avoid the concrete stairs on one side, truck drivers often back into the building wall on the other side.

As long as the bollard does not impede delivery truck access to the loading dock, the bollard can be installed in front of the building wall the lessor wants to protect.

Bollards can be installed by a handy lessor or by a handyman. Bollards must be made of steel pipe that has a 6 inch circumference.

The Pipe must be:

- 1) at least 3 feet below ground and 3 feet above ground,**
- 2) set in a concrete filled hole which is 16-18 inches in diameter**
- 3) filled with concrete and**
- 4) painted "safety yellow." Lessors can also apply reflective tape to the bollard, but this is not required. Cost should be \$1,200 to \$1,500 but will vary by location.**

The steel pipe is probably not available at the local building supply store but can instead be purchased from a welding shop or metal salvage yard. The bollard will be about 2 feet from the building wall (it needs to be clear of the building foundation and allow space for the underground concrete around the bollard).

While this solution protects the building from being knocked off its foundation it does not address potential damage to the roof. It is possible to cut off the roof overhang. One lessor had success getting permission for this solution. In that situation, the roof was metal and extended beyond its supports. USPS was informed in advance and gave permission for the metal roof to be cut back even with the supports.

Avoiding problems is often better than repairing the damage resulting from a vehicle hit. A bollard in front of the building wall or cutting back the roof extension just might save a few deductibles and a lot of time.



DID YOU KNOW?

- ★ Many USPS leases prohibit inspections of the facility during the Postal Service's busy season – November 1 through January 31. The exception to this rule is inspections required for the sale or refinance of the property.
- ★ Has the USPS sent contractors to make repairs for which the lessor was responsible? The USPS has six years to ask for reimbursement. Therefore, when purchasing a postal facility, the buyer should get binding assurances from the seller that there are no outstanding USPS claims for reimbursement of maintenance costs.
- ★ When a lessor learns of previously unknown environmental contamination affecting a postal facility property, the lessor has five days to notify the US Postal Service.
- ★ Remember! JLL commissions can be negotiated. When renewing a lease, determine how much value JLL has added. Then determine what percentage or fixed amount (such as \$500 or \$1,000) you want to pay. Build that amount into the rent so that you are reimbursed for that expense. Some lessors choose not to pay a commission.



Association of United States Postal Lessors
P.O. Box 6289, Scottsdale, AZ 85261
800-572-9483
email: auspl@auspl.com
www.auspl.com

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Amazon Claim Procedure

This process is for damage by Amazon trucks only. Other Carriers will have their own procedure.



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If an Amazon driver has caused damage to your postal leased facility, create a claim by contacting ARC Claims at 856-333-6510. Select #4 to talk to a claims representative.

Items to have available during your initial call to ARC:

- Landlord contact information (Name, telephone number and email address)
- Address of the property that incurred the damage
- Details regarding the damage such as:
 - » Description as to how the loss occurred, please include any witness information (if applicable)
 - » Direct evidence (photos/video) of Amazon vehicle causing damage
 - » A video of the loss (if available)
 - » Photos of your damages
 - » A police report

After a Claim has been created, you will be contacted by an Adjuster within 48-72 hours.

Obtain a few estimates from contractors to complete the repairs. Know what it will cost to complete the repairs. **Do not approve a final settlement until the repairs are completed 100%.** There might be additional repairs that are unknown until the contractor commences the repairs.

Depending on the repair cost, you might be directed to make the claim with the driver's insurance. ARC continues to be available to assist if you are having challenges with the driver's insurance. All Amazon drivers are required to have insurance.

Be sure to keep
EMCOR updated
on your progress to
ensure they don't
enforce on the
problem.

Questionnaire/Checklist for Amazon Claims

Person that reported the incident: _____

Contact information for postal employee: _____

Date and time of the incident: _____

Name of the driver: _____

Name of the company: _____

Contact information for the company and driver: _____

Was a police report filed? Obtain a copy of the police report and incident #: _____

OBTAIN PHOTOS OF THE DAMAGE.

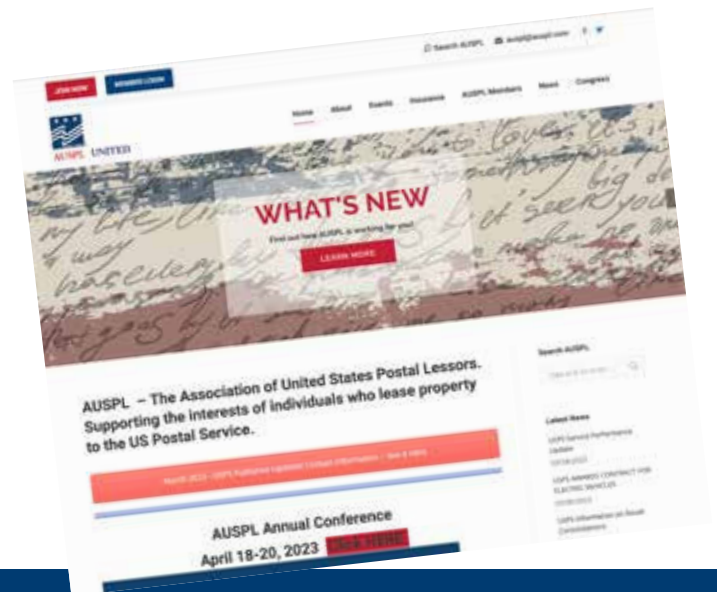
What is the VR ID and /or pallet number that was delivered: There is a yellow piece of paper on the pallet and the driver is required to leave it in order to be paid for his/her delivery. If they don't have it, inform the postal employee to **log into www.amazonlogistics.com/FMC** and obtain the VR ID and pallet number for the delivery. *The VR ID is 9 digits and is a combination of letters and numbers. If you are unable to obtain this information, the ARC adjuster has the ability to research this information, but you will need to provide dates and times of the incident.*

Got Questions?

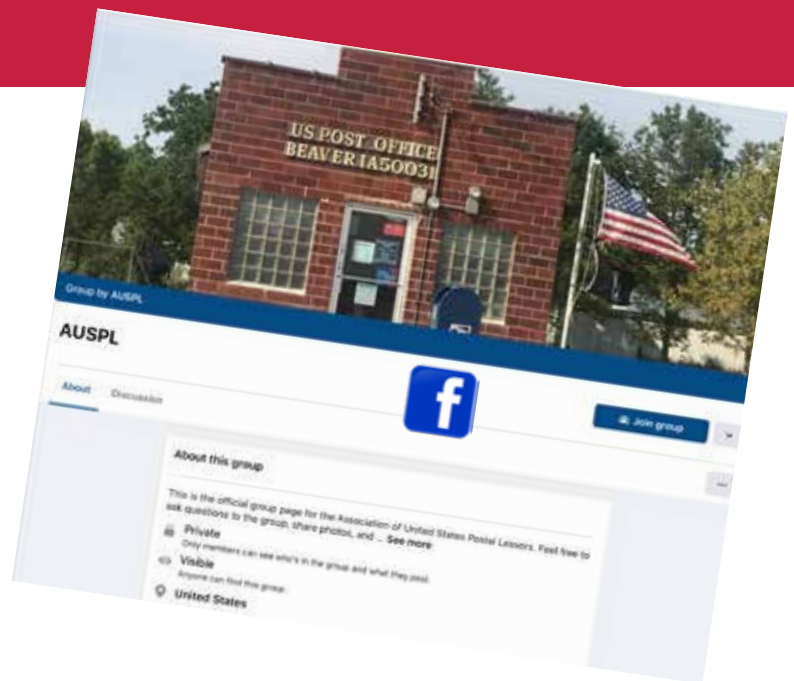
Who can I contact at the USPS?

**A car hit my building!
What do I do now?**

**The roof is leaking!
Who pays for repairs?**



**We've got
answers!**



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