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## Rental Property Tax Deductions

Dec 6, 2022

[www.turbotenant.com](http://www.turbotenant.com)



According to Investopedia, a tax deductible expense is a qualifying charge you can subtract from your taxable income to lower the taxes you owe the government. While taxpayers can choose a standard deduction, small business owners usually benefit from itemizing their deduction expenses since purchases related to their company can generally be subtracted from their taxable income.

Before we dive into what you can deduct from your taxable income as an independent landlord, let's break down standard deductions vs. itemized deductions.

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## Webinar

### Forms Manual Class 1 & 2

Presented By: Violet Wilson

Jan 20<sup>th</sup> & 23<sup>rd</sup>

4:00 - 6:00pm

- Members: \$20ea
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# RENTAL OWNERS ASSOCIATION OF SOUTHWESTERN OREGON

## Who is the ROA?

Rental Owners Association of Southwestern Oregon is an organization that's been around for over 30 years and consists of landlords who care about practical, legal and profitable land lording practices. Through the association, they share problems, solutions, and ideas with other landlords and find information that comes from similar organizations in Oregon and around the country.



Our Association is currently comprised of over 200 landlords!

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(example not shown)

## Business Card Ad

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# Why Regular Furnace Filter Replacement is Crucial for Property Owners and Landlords

By **Greg Wells** | Dec 12, 2022  
[www.rentalhousingjournal.com](http://www.rentalhousingjournal.com)

Landlords and property managers are tasked with continually ensuring the homes and units they rent out are safe, comfortable and suitable for tenants.

Of course, this includes taking care of everything that can go wrong with plumbing, heating and air conditioning, but it also includes preventative maintenance on these systems that can halt a problem before it even starts. In most cases, it is that preemptive work that costs less than a major issue down the line.

Of all the preventative maintenance services required for HVAC and plumbing equipment, furnace-filter replacement arguably has the most impact.

If a furnace filter is not replaced regularly, air quality can diminish, damage can be done to heating-system components or the entire system, and in the worst-case scenario, a system breakdown can occur. With that in mind, here are all the reasons to replace the furnace air filter in your properties, and advice on how and when to do it.

## How Often Should a Furnace Filter be Replaced?

A furnace air filter should be replaced every three months, especially in summer and winter when the furnace or air conditioner is running most frequently. Replacing every three months is a good standard to keep up with, though circumstances may change that recommendation.

For example, if construction is happening within the property, or you allow pets in the property, more frequent replacement is advisable. Keep in mind that heating, ventilation, and air conditioning (HVAC) professionals will often change out the furnace air filter for you if the property is under an HVAC maintenance plan.



## Why Should a Furnace Filter Be Replaced?

There are three primary reasons to replace a furnace filter: for the health of your tenants, for the health of the property's systems, and to save money.

Regular furnace-filter replacement prolongs the life of an HVAC system. This is because the system has to work harder to produce heat if the air filter is dirty, causing a litany of potential problems. Dirty air filters can also cause severe problems, the worst of which is likely an overheated motor. If the motor overheats, and there are wiring issues in the system present, serious damage to the furnace or property can happen. This is both costly and obviously dangerous for tenants.

From the tenant standpoint, furnace-filter replacement can improve their quality of living. Regular replacement keeps the air in the property cleaner and helps eliminate foul odors. Additionally, regular filter replacement can reduce hazards, such as mold spores, soot, bacteria, and allergen buildup, both in the HVAC system and in the ductwork of the home.

Finally, regular furnace-filter replacement can provide cost savings. The filters are relatively inexpensive, and they can improve furnace efficiency, often resulting in a lower energy bill. Whether it's the landlord or the tenant paying the utility bills, it is a meaningful benefit.

*continued on page 5*





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### NEED FORMS?



**ORHA Forms are Available Online!**

**Oregon Rental Housing Forms are just a click away!**

- 1 [www.oregonrentalhousing.com](http://www.oregonrentalhousing.com)
- 2 Click (top right): "Click to Get ORHA Forms Online"
- 3 Input your local association code in the field labeled "Enter Your Member ID" to receive ORHA forms 1/2 PRICE
- 4 Choose a form
- 5 Click on the form
- 6 Input your information
- 7 Click "Generate PDF"
- 8 Click "Check Out" – This will direct you to PayPal
- 9 Follow payment directions. Once complete, PayPal will return to the ORHA Forms page to "Print Link." This link will also be sent to your email address.

### Forms Are Also Available to Pick Up!

Two convenient locations. Stop by and purchase updated forms.

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North Bend, OR 97459

- OR -

161 Central Ave.  
Coos Bay, OR 97420

## Why Regular Furnace Filter Replacement is Crucial for Property Owners and Landlords

*continued from page 3*

### What is the Best Furnace Filter?

There are three things to focus on when purchasing furnace filters. These include:

- **MERV rating:** In addition to having the right size, property managers and landlords will want to take note of the minimum efficiency reporting value (MERV) rating. According to the Environmental Protection Agency, you should select a filter with as high a MERV rating as your system fan and filter slot can accommodate (you may need to consult with a professional technician to determine this number).
- **Size:** Believe it or not, size does matter when shopping for furnaces. The best furnace filter is the one that best fits your system. Trying to jam in a filter that is too big or too small will negatively affect the effectiveness, and can cause additional problems. A good tip is to write down your filter size on the furnace door so you'll always remember what size you need to purchase.
- **Price:** The price of your property's furnace filters will go along with your maintenance budgets, and thankfully many models are affordable. With high-quality filters, you'll see the value for your money. Low-cost filters typically won't hold up as long and will need to be replaced more frequently. Buy wisely.



When considering rental costs for 2023 and beyond, add furnace-filter replacements every three months for each property to the list. While it may seem like an added expense, it's actually cost-saving over time and vital for the safety and quality of life for your tenants.



The Oregon Rental Housing Key Political Action Committee strives to elect state legislators who will work for the best interests of rental property owners.

[oregonrentalhousingpac.org](http://oregonrentalhousingpac.org)

**Make a Contribution TODAY!**



- Need help?
- Questions about landlord/tenant law?
- Advice on how to deal with a tenant?

Call the Helpline! Speak to a Property Manager who knows the law inside and out and who can speak from personal experience. FREE to all ROA members of the Southwestern Oregon Chapter.



**RENTAL OWNERS  
ASSOCIATION OF  
SOUTHWESTERN  
OREGON**

Calls are returned within one business day between the hours of 7am and 8pm. Helpline is closed weekends and Holidays.





## Form of the Month

### ABANDONED PROPERTY NOTICE

# 25

Tenant(s): \_\_\_\_\_  
 Tenant(s): \_\_\_\_\_ et al (and all others)  
 Address: \_\_\_\_\_ Unit: \_\_\_\_\_  
 City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

DATE OF SERVICE: \_\_\_\_\_

☐ TIME SERVED PERSONALLY TO EACH INDIVIDUAL NAMED ABOVE: \_\_\_\_\_

(If left blank, notice was personally served prior to 11:59 p.m. on date of service)

☐ MAILED: \_\_\_\_\_

(If left blank, notice was mailed prior to 11:59 p.m. on date of service)

Pursuant to ORS 90.425 Owner/Agent believes that you have abandoned goods and/or personal property at the following address:

Address: \_\_\_\_\_ Unit: \_\_\_\_\_  
 City: \_\_\_\_\_ OREGON Zip: \_\_\_\_\_

The abandoned personal property is being held at the rental unit or place of safekeeping.

To claim the abandoned personal property, you must contact Owner/Agent at the address or telephone listed below prior to 11:59 p.m. on \_\_\_\_\_. This date allows Tenant at least five days from personal delivery or nine days if mailed by first class mail to contact Owner/Agent to claim said property.

Owner/Agent will make the abandoned property available for removal by Tenant or Tenant's Representative or any lien holder or owner (with proper written authorization) by appointment at reasonable times. If Tenant fails to contact Owner/Agent by the specified date, or after that contact, Tenant fails to remove the abandoned property within 15 days, Owner/Agent will conclusively determine the personal property to be abandoned and dispose of the property as allowed by law.

☐ Fair market value of the abandoned property is estimated to be less than \$1000 or so low that storage and conducting a public sale exceeds the amount that would be realized from the sale. Owner/Agent intends to destroy or dispose of the abandoned property, if unclaimed within the statutory time.

☐ Fair market value of the abandoned property is estimated to be more than \$1000. Owner/Agent intends to sell the property, if unclaimed within the statutory time to satisfy any outstanding amounts due Owner/Agent.

Owner/Agent will not require payment of any sums due before Tenant can claim the personal property only if Owner/Agent received possession of the rental unit from the sheriff following restitution of the rental unit pursuant to ORS 105.161. If Owner/Agent did not receive possession of the rental unit from the sheriff following restitution pursuant to ORS 105.161, Owner/Agent may require payment of removal and storage charges prior to release of the abandoned goods/property.

Owner/Agent Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Owner/Agent: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Telephone: \_\_\_\_\_ Email: \_\_\_\_\_

*If notice is served by mail ONLY, the ending date must include an additional four (4) days to allow for the delivery of notice, including date of mailing. This notice, if mailed, shall be mailed First Class Mail ONLY (not certified, registered, etc.).*

*Owner/Agent does not waive the right to terminate by simultaneously or subsequently served notices.*



## 25 – Abandoned Property Notice

### What this form is for:

When your Tenants leave personal property behind after moving out, you're required to notify them that they (1) left personal property behind and (2) have the right to come get it. This form does that.

### When this form is used:

You should use this form whenever a departing Tenant leaves belongings behind and has not authorized you to dispose of them.

The law refers to "personal property left upon the premises." That can mean anything. Unfortunately, as the saying goes, "one man's treasure is another man's trash," so be cautious. Many Tenants leave a few things, forget the contents of one drawer, the shed, a garage shelf, or a pantry cabinet.

When that happens, store the property and send the notice. Store wherever it's convenient. Put it in a box or in a garbage bag. Store it somewhere reasonable; in the rental itself (the garage, a closet, anywhere reasonably secure and out of the weather).

You have to store it and send notice. If you can hand the notice to the Tenant (or former Tenant), you save mailing time. If you can't hand it to them, you have to mail it.

You have to send the notice to your Tenant at: [1] the property itself (the one you rented to them), [2] any forwarding address you have, and [3] any Post Office box you know of. You want the Tenant to get the notice. Of course, document where you sent the notice.

If a sole tenant dies, a special rule applies. See *Abandoned Property Notice Deceased Sole Tenant (Form #25A)*.

### How the form is filled in:

1. Fill in the name(s) of the Tenant(s) and the address where you are mailing the form.
2. Fill in the date you mailed or gave the notice to the Tenant. Check the box for the method of delivery.
3. This is the property address: the property you tenant rented from you.
4. The date after which you are allowed to dispose of the property. That date depends on how, as well as when, you send the notice. If you hand it to your former Tenant, it is a 5-day notice and this date is 5 days after the hand-delivery. If the Tenant moves out on October 10<sup>th</sup>, and you hand them this notice that day, you put October 15<sup>th</sup> here. If you mail the form, it becomes a 9-day notice. So, you get the property back on October 10<sup>th</sup> (the keys are on the counter) but you can't hand the Tenant the form, you have to mail it. So you'd put October 19<sup>th</sup> here.
5. Check a box. Is the property worth more than \$1,000? That's not common, but it happens. Unless costs of a sale would wipe out all that value, you should have a sale. A sale has to be commercially reasonable. If it is a house full of valuable furniture, that could mean hiring a professional auctioneer or estate sales business. More common is some property of value, enough to justify a yard sale or a listing on eBay. Again, assuming you're owed money, you will be getting the proceeds, so it can make sense for you. If the property value is less than \$1,000, you may dispose of it when the waiting time is up.
6. Owner/Agent sign and date. Fill in the rest of the information. This is the one form where it's really important (and can be argued to be legally required). You want your Tenant to contact you. That way they will haul the junk away and you won't have to.

### Remember:

Once someone makes contact, you have to give them up to 15 days from the date of contact to actually remove the property.

## Rental Property Tax Deductions

*continued from page 1*

### Standard Deduction vs. Itemized Deduction for Landlords

The standard deduction is a single deduction at a fixed amount, says Investopedia. This fixed figure is determined by your filing status (single, married filing jointly, head of household, etc.), age, and whether the taxpayer is blind. Taxpayers who are blind or at least 65 years old can claim an additional standard deduction; those who are both over 65 and blind will receive double the additional amount.

To learn more about your standard deduction, check out the Internal Revenue Service's free calculator.

Otherwise, Investopedia offers the following breakdown by filing status:

#### Standard Deduction for the 2022 and 2023 Tax Years

Filing Status	2022 Standard Deduction	2023 Standard Deduction
Single	\$12,950	\$13,850
Married Filing Separately	\$12,950	\$13,850
Heads of Household	\$19,400	\$20,800
Married Filing Jointly	\$25,900	\$27,700
Surviving Spouses	\$25,900	\$27,700

Opting for the standard deduction is the norm for most non-business owners. In fact, an estimated 90% of American households filed for the standard deduction as of 2021, according to Bankrate.

However, as an independent landlord, it's possible that you've spent more in qualifying deductions than you'd receive going the standard route. In that case, itemizing your deductions would be the way to go.

Nolo lists the following expenses as being the top 10 tax deductions for landlords:



- 1. Interest:** Mortgage interest payments on loans used to buy rental property and interest on credit cards for goods or services used in a rental activity are common examples of deductible interest.
- 2. Depreciation for rental real estate:** The actual cost of rental property isn't fully deductible the year in which you pay for it. Instead, you'll get back the cost of real estate through depreciation, which we'll discuss in the section below.
- 3. Repairs/maintenance:** If the repairs are ordinary, necessary, and reasonable, their cost is fully deductible in the year in which they're incurred. If you're embarking on an improvement project, the associated costs cannot be deducted from your taxable income.
- 4. Personal property:** If you furnish your rental with your own furniture, appliances, or other equipment, the cost of these items can typically be deducted in one year using "the de minimis safe harbor deduction (for property costing up to \$2,000) or 100% bonus depreciation which will remain in effect for 2018 through 2022.
- 5. Pass-through tax deduction:** This deduction isn't a rental deduction; it's a special income tax deduction. Depending on your income, you may be able to deduct up to 20% of your net rental income or 2.5% of the initial cost of your rental property plus 25% of the amount you pay your employees. This deduction will expire after 2025.



6. **Travel:** Track the driving and other travel you undertake to manage your rental. For example, if you drive around prospecting nearby neighborhoods or go to a hardware store to sort out a repair, you have two options to deduct the associated expense. You can either deduct your actual expenses (the cost of gasoline, vehicle upkeep, repairs, etc.) or use the standard mileage rate defined by the IRS. However, you must use the standard mileage rate in the first year you use a car for your rental activity to qualify for it.
7. **Home office expenses:** If you use a dedicated room to run your business and it serves as your primary place of business, you can write off up to \$1,500 through the IRS's simplified option.
8. **Employees and independent contractors:** If you hire someone to support your rental business, such as a repair person or an administrative assistant, you can deduct their wages from your taxable income. You can also deduct the cost of their health and workers' compensation insurance, Nolo notes.
9. **Insurance, including your landlord policy:** The premiums you pay for virtually any insurance you carry related to your rental activity can be written off.
10. **Legal and professional services, including your Premium all-in-one software subscription:** Whether you've decided to keep more money by managing your own property or have a real estate lawyer on retainer, these fees can be deducted as operating expenses if they are related to your rental activity.

As a bonus, Nolo points out that "landlords can greatly increase the depreciation deductions they receive the first few years they own rental property by using cost segregation."

### What Can't Be Reported as a Tax Deduction

While recouping money from Uncle Sam is a massive perk of itemizing your deductions, not everything that you pay for as a landlord will qualify for this perk. Specifically, you can't deduct the cost of improvements to your rental property.

The IRS notes that "a rental property is improved only if the amounts paid are for a betterment or restoration or adaptation to a new or different use." However, "you can recover some or all of your improvements by using Form 4562 to report depreciation beginning in the year your rental property is first placed in service, and beginning in any year you make an improvement or add furnishings. Only a percentage of these expenses are deductible in the year they are incurred."

Also, as Nolo highlights, "people who rent property to their family or friends can lose virtually all of their tax deductions," so it's important to speak with a tax and accounting professional if you're a landlord who has personal relationships with your tenant(s).



# Welcome New and Returning ROA Members!

Rebecca Nichols

## Your ROA Board of Directors

**President:** Cindy Colter  
coltercindy@gmail.com (541) 404-8609

**Vice President:** Regina Gabbard  
regina@eledwardsrealty.com (541) 756-0347

**Secretary:** Jessica Webber  
jessica@advancedpropertymgmt.biz

**Treasurer:** Dahla Allen  
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**Position #1:** Maria Menguita  
malumeng@gmail.com

**Position #2:** Vacant

**Position #3:** Joan Mahaffy  
mahaffyje12@yahoo.com (541) 269-6562

**Position #4:** Vacant

**Position #5:** Michelle Cantrell  
michelle@orbpm.com (541) 808-9040

**Position #6:** Thaddeus Konar  
thaddeusk@gmail.com

Ever wonder what goes on at ROA Board meetings? Have any suggestions to share? Interested in joining the board? Bring your thoughts and/or ideas. Or just listen in and see what we're all about.

The ROA Board of Directors meets every month. Meetings are always open to members. Contact us for more information.



**roa-swo.com**

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## In Case You Missed It: Annual Christmas Party

Thurs, Dec 8, 2022

The 2022 ROA Christmas Party took place Thursday, December 8<sup>th</sup> at the Coach House Restaurant in Eastside Coos Bay. It was a great occasion that brought people back together after a couple years without an ROA Christmas celebration due to COVID. A few long-time members were in attendance and a few new members joined to eat, drink and be merry.

The Christmas Party wasn't all fun and games. We took a moment to vote in the officers for 2023. Together with the online votes, we were able to inaugurate the following elected officials:

- President: Cindy Colter
- Vice President: Regina Gabbard
- Secretary: Jessica Webber
- Treasurer: Dahla Allen

The evening ended with a fun white elephant gift exchange. Thank you to those who came out to enjoy the festivities!



## Code of Ethics

Excerpt from the Bylaws of the Rental Owners Association of Southwestern Oregon

The objectives of this Association shall be:

- To unite, for their mutual good, rental housing owners, managers and/or their agents in the Southwestern Oregon area.
- To strive to maintain those standards of the residential rental industry which are of a high ethical and up-to-date business level.
- To stimulate cooperation among rental owners to the end that the best possible service will be rendered to the owners and renters.
- To provide appropriate information and educational opportunities on state/federal laws, rules/regulations, policies/procedures and rental housing management.
- To cooperate with other organizations having similar goals.

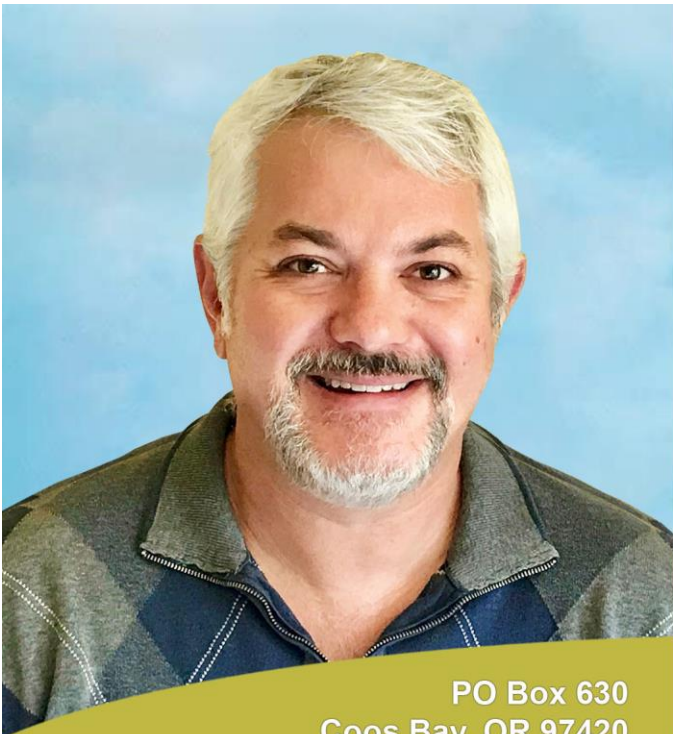






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assistant@pmtlaw.net**

## **Patrick M. Terry Attorney at Law**

**Representing Landlords on the  
Southern Oregon Coast since 2002**

As a landlord of 11 rental units, Patrick understands the needs of his clients and is eager to help.

He specializes in:

- Landlord/Tenant Law   - Real Estate   - Collections  
- Estate Planning   - Business   - Probate

\*Free 1-hr consultation only covers landlord/tenant matters. All other matters are subject to hourly charge. Inquire for details.



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