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How to Determine the Life Expectancy of Rental Property Fixtures

February 8, 2023
www.rentecdirect.com



As a landlord or property manager, understanding the difference between wear and tear versus damage is crucial when evaluating your property at the end of tenancy. Unfortunately, new and seasoned landlords alike can get taken off guard when coming to terms with the realistic lifespan of certain fixtures and items within a home.

Knowing ahead of time how long you should expect fixtures within your rental property to last is key to planning an effective budget and maintaining an excellent rental for your tenants. While seasonal maintenance and inspections can help ensure that fixtures last longer and are not damaged due to negligence, even the best cared-for property will face the need to replace items within the unit over time.

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Webinars

Acts of God

Presented By: Violet Wilson
March 13th from 4 - 6pm

No-Cause Notices

Presented By: Christian Bryant
March 23rd from 4 - 6pm

- Members: \$20ea
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- * Register online at
www.roa-swo.com/events

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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.



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Maintenance Expenses For Your Rental Property

February 6, 2023

www.rentecdirect.com

Owning an investment property requires a little more work than simply collecting rental payments, paying the mortgage and pocketing the profit. First-time landlords will benefit from understanding all the expenses that go into owning a rental home beyond a mortgage payment.

An investor's budget should allocate for standard homeowner expenses like mortgage, taxes, insurance, and utilities. Another important expense for any homeowner, and especially investors, includes maintenance costs. Landlords who reinvest a portion of their rental income into performing monthly maintenance will keep their properties in great condition and their tenants happy.

Home maintenance for rental properties can be one of the hardest expenses to budget. The reason property maintenance is difficult to account for is the variability of this expense category. A landlord may spend \$500 in one month, \$100 the next month and \$0 the following month. Over time, maintenance expenses tend to average out but a smart investor will create an estimated budget in order to prepare a reserve fund to cover unexpected bills.

Property maintenance for rental properties includes seasonal & routine maintenance, emergency maintenance and regular maintenance associated with owning a home and protecting your property.

Landlords are legally required to keep their rental property in a habitual condition for their renters. In most cases this means fixing appliances when they break, replacing roofs, repairing damaged structural features, managing pest invasions, and eliminating mold or other toxins

To help landlords create a working budget when evaluating an investment property, here is a look at the typical maintenance expenses associated with rental property.



ROUTINE MAINTENANCE

Routine maintenance includes monthly costs associated with maintaining the exterior curb appeal and interior common areas of the property if it applies. The property owner should include landscaping, regular exterior and interior cleaning, garbage and recycling collection to his monthly maintenance costs as well. Routine maintenance is the easiest to budget and typically involves fixed(or slightly variable) cost you pay out each month.

SEASONAL MAINTENANCE

Seasonal maintenance will vary depending on the location and type of property you own. Examples of seasonal maintenance include tree pruning in the winter, snow removal, or gutter cleaning in the fall.

APPLIANCE MAINTENANCE

When providing appliances for tenant's use, you have no control over how they use the fixture in the home. No matter how much you ask them to clean out the lint trap of the dryer or change air filters, they might "forget". Landlords will benefit from investing time and money into routine services for their major appliances to extend the life of these big-ticket items like HVAC systems, sump pumps, refrigerators, stoves, washer, and dryers, etc. Here is a good breakdown of appliance maintenance and simple costs associated with keeping them running smoothly.

EMERGENCY MAINTENANCE

Landlords need to be prepared for that inevitable phone call from a tenant who's heater died in the middle of a snowstorm, the air conditioner broke in the middle of summer or a pipe burst in the middle of the night. Emergency maintenance needs to be handled right away to protect your tenant's right to a habitable environment and to protect your property from further damage. Ideally, your routine maintenance will prevent emergency repairs but it is always wise to plan for the unexpected.

REPLACEMENTS

Just like any homeowner experiences, nothing lasts forever. Roofs, appliances, flooring, and paint will all need to get replaced eventually. A smart investor will evaluate the lifespan of major appliances and property fixtures that will need to get replaced so he can budget and save accordingly. Replacements can be a major home maintenance expense but it will ultimately add to the value of your house if done so responsibly.

LANDSCAPING

Landscaping expenses can fall on either the owner or tenant per the lease agreement. Landscaping becomes the landlord's responsibility if an unmaintained property violates local laws or homeowners' association rules. It is also in an owner's best interest to take responsibility for keeping bushes trimmed to prevent fire hazards to the property. Landscaping maintenance is typically a fixed expense, with seasonal landscaping the only dependable variant.

PAINTING

Landlords may find themselves pulling out the paint can more often than a traditional homeowner. A new coat of paint can be a great way to freshen up a property between tenants or could be the only option if a vacating tenant left the property's walls scuffed and scraped. In some cases, a tenant's security deposit will cover the cost of re-painting but a long-term tenant might fall under the normal wear and tear period and the painting costs will come out of an owner's budget.

The NEW Forms Manual is Here!



A *must have* for any private landlord or property manager.

Forms have been updated to reflect the changes to Oregon Landlord/Tenant Law. This is an instructional guide on how to use these forms. This invaluable guide will help you deal with tenancy issues the right way!

ONLY \$100

(FYI, it's a tax-deductible business expense)

Pick up your copy at E.L. Edwards 2707 Broadway Ave. in North Bend

Maintenance Expenses For Your Rental Property

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FLOORING

The type of floor installed in your rental property will require different types of maintenance. Like painting, floors could require a replacement in between tenants. Carpet receives the most damage from normal wear and tear and could be required to be replaced every tenancy. Routine maintenance for carpets can include a professional cleaning every year to prolong the life of the floor, or you could opt for more durable flooring that won't require as much maintenance such as laminate or wood.

PROPERTY DAMAGE

In some worst-case scenarios, you may encounter a tenant who intentionally destroys a rental property. Property damage can be billed to the tenant that caused the damage but the amount of time it takes to restore a property to rent-ready condition can mean lost rental income. In other cases, the destroyer will not have the funds to pay for the damage and may see no problem with declaring bankruptcy for the debt, leaving an owner to cover the cost of damage. Both the cost for the property damage and the lost rent expenses for the time it takes to get a property rent ready need to be considered.

CLEANING COSTS

During tenant turnover, returning a property to rent-ready condition will include a thorough scrub down. Despite your tenants' best efforts, they might not be able to get your property back to the level of cleanliness you require for the next tenant. Even if you use their security deposit to cover the cost of cleaning and repairs, there might be extra expenses that go beyond the deposit that will come out of your pocket. If the vacating tenant has lived in the property long enough, some of the restoration expenses will not be covered by the security deposit at all.

PEST CONTROL

Pest control expenses include preventative actions like spraying pesticides around the perimeter of your

property to prevent insect or vermin invasion. Occasionally your home may fall victim to an infestation which will need to be remedied immediately to protect your tenant's health, safety and the structural integrity of the property.

INSPECTIONS

Your property may require an inspection if mold is suspected or you need to find the source of a pest problem. Roof inspections and HVAC inspections are also regular maintenance that can prevent damage to your property or prolong the life of an appliance.

WASTE MANAGEMENT

The landlord must keep all common areas of a multi-unit residential property safe and clean, provide appropriate trash receptacles and arranging for regular pickup. Elevators and other common-use systems also fall under a landlord's area of responsibility.

FINAL THOUGHTS

The good news is, most maintenance and repair costs are tax-deductible for landlords. In some cases, a maintenance expense could be classified as a property improvement (like purchasing a new appliance when the old one breaks) which falls under a depreciation tax category. Just be sure to keep excellent records and talk to a tax professional if you have any questions.

While it may be true that owners and managers are required to keep up with most property maintenance, there are some areas of maintenance that become the tenant's responsibility. Your tenants are expected to keep the property clean, dispose of trash properly, and need to avoid deliberate or negligent damage to the property

Wells Fargo suggests that "Most homeowners need to spend 1% to 2% of the purchase price of their home every year for routine maintenance projects, such as window replacement and roofing repair." Another way investors calculate a budget for rentals, involves the 50% rule. Brandon Turner for BiggerPockets explains the 50% rule is simply to allocate 50% of your rental rate for operating expenses.



Form of the Month

AIR CONDITIONER NOTIFICATION

MO4

Tenant(s): _____
 Tenant(s): _____ et al (and all others)
 Address: _____ Unit: _____
 City: _____ OREGON Zip: _____

The following notice is provided to you relating to the installation and use of portable cooling devices.

For purposes of this notice:

"Extreme Heat Event" means a day on which the National Weather Service (NWS) of the National Oceanic and Atmospheric Administration has predicted or indicated that there exists a heat index of extreme caution for the county where you reside. Information regarding days with an Extreme Heat Event can be found by visiting your local NWS website.

"Air Conditioner" refers to any portable cooling device, including self-contained removable Air Conditioner, evaporative cooler, free standing or window mounted; but not including devices where the installation or use requires alteration to the Dwelling Unit.

Restrictions on Installation and Use

Tenant(s) shall not install or use any Air Conditioner that would:

1. Violate building codes or state or federal law.
2. Violate the device manufacturer's written safety guidelines for the device.
3. Damage the premises or render the premises uninhabitable.
4. Require amperage to power the device that cannot be accommodated by the power service to the building, Dwelling Unit, or electrical circuit.
5. Utilize a permanent utility connection (i.e., hard-wired or plumbed).
6. Interfere with the ability to lock a window that is accessible from the outside.
7. Require the use of brackets or other hardware that would damage or void the warranty of the window or frame.
8. Puncture the envelope of the building or otherwise cause significant damage, including removal of or damage to historical or natural features.

Additional Installation Requirements

1. The device must be installed in a manner that prevents rain or flooding.
2. The device must allow adequate drainage or wastewater control systems to prevent damage to the Dwelling Unit or building.
3. The device (check all that apply):
 - ☐ Must be installed or removed by Owner/Agent.
 - ☐ Subject to inspection or pricing by Owner/Agent.
 - ☐ Must be removed from October 1 through April 30.

Liability

1. Tenant(s) is solely responsible for all costs associated with installation, removal, and operation of the Air Conditioner.
2. Tenant(s) is fully responsible for any damage caused by the Air Conditioner.
3. Owner/Agent is immune from liability for any claims of damages, injury or death caused by an Air Conditioner installed by the Tenant(s).
4. Owner/Agent is not responsible for any interruption of electrical service that is not caused by the Owner/Agent, including, but not limited to electrical overloads.

Community Cooling Spaces

Owner/Agent (check one) ☐ does not intend to operate, whenever there is an Extreme Heat Event for the county of the premises, to make more community cooling spaces available to Tenant(s) that are located on or near the premises and that maintain a temperature not higher than 80 degrees Fahrenheit.

Tenant _____ Date _____
 Tenant _____ Date _____
 Owner/Agent _____ Date _____

Tenant _____ Date _____
 Tenant _____ Date _____
 Owner/Agent _____ Date _____

Owner/Agent: _____
 Address: _____
 City: _____ State: _____ Zip: _____
 Telephone: _____ Email: _____



MO4 – Air Conditioner Notification

What this form is for:

This form provides the Tenant(s) with the required notification if you wish to restrict the installation of portable cooling devices (otherwise known as air conditioners, swamp coolers, or evaporative cooler). A new law, **Senate Bill 1536**, passed in the 2022 legislative session and prohibits Landlords from restricting the use of portable cooling devices unless a notification is sent to the Tenant(s). If you are providing this Notice to an existing Tenant, a signature is not required for the Notice to be effective.

Many Landlords have concerns about the damage caused by window-mount air conditioners. This bill requires you to allow an air conditioner, but only if the installation or use would not;

- **Violate building codes or state or federal law.**
- **Violate the device manufacturer's written safety guidelines for the device.**
- **Damage the premises for render the premises uninhabitable.**
- **Require amperage to power the device that cannot be accommodated by the power service to the building, Dwelling Unit, or electrical circuit.**
- **Utilize a permanent utility connection (i.e, hard-wire or plumbed).**
- **Interfere with the ability to lock a window or egress from the Dwelling Unit.**
- **Be installed in any window necessary for egress from the Dwelling Unit.**
- **Require the use of brackets or other hardware that would damage or void the warranty of the window frame.**
- **Puncture the envelope of the building or otherwise cause significant damage, including removal of or damage to historical architecture features.**

When this form is used:

You use this form either at the beginning of the tenancy, or you may send it during the tenancy if you want to restrict the use of portable cooling devices for current Residents. A Landlord may restrict these devices as outlined in the form and can require that the installation or removal be performed by or be subject to the inspection by the Owner or their Agent.

The new law also requires an Owner/Agent of a multiplex to Disclose whether they will be operating a Community Cooling Space on days where there is an extreme heat event for the applicable county.

How the form is filled in:

1. Fill in the Tenant(s) name(s) and the Property Address.
2. Check the appropriate box if you wish to have the device installed or inspected by you or your Agent, and whether it must be removed from October 1st through April 30th.
3. If you own a multiplex, check the appropriate box regarding whether you will or will not be operating a Community Cooling Space during extreme heat events.
4. Tenant(s) sign and date.
5. Owner/Agent(s) sign and date.
6. Fill in the Owner/Agent contact information.

How to Determine the Life Expectancy of Rental Property Fixtures

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WHAT IS THE LIFE EXPECTANCY OF ITEMS IN A RENTAL PROPERTY?

According to the US Department of Housing and Urban Development (HUD) uses this chart to offer life expectancy for common household appliances and property. Budgeting in advance with these expectancy recommendations in mind can ensure that you're ready to make any updates to keep your property looking and operating at its best for your tenants.

WHAT LANDLORDS SHOULD KNOW ABOUT RENTAL PROPERTY LIFE EXPECTANCY PROJECTIONS:

Not all home items or fixtures are created equal. Some are designed with longevity in mind, while others are designed to appeal to bargain hunters. While HUD guidelines can serve as great benchmarks for general items, it's always beneficial to check the manufacturer recommendations and keep documentation. This can help you determine what the normal lifespan for any property items should be. Keep in mind these recommendations are often for single-family homeowners, a steady turnover of renters using the items may impact its life expectancy.

WITH THIS INFORMATION IN MIND:

- Consider the quality of installations when choosing fixtures, carpeting, and appliances.
 - Landlords might benefit from choosing a higher-end midline product instead of the top-of-line or bargain counterparts.
- This will ensure longevity and style (attracting tenants and helping your tenants have a better quality of life in your rental) while ensuring you are not paying too much for items that will need to be replaced relatively sooner than the manufacturer suggests.

SAMPLE LIFE EXPECTANCY CHART ACCORDING TO HUD:

Hot Water Heater	10 Years	All Units
Plush Carpeting	5 Years	Family
	7 Years	Elderly
Air Conditioning Units	10 Years	All Units
Ranges	20 Years	All Units
Refrigerators	10 Years	All Units
Interior Painting- Enamel	5 Years	Family
	7 Years	Elderly
Tiles/Linoleum	5 Years	Family
	7 Years	Elderly
Window Shades, Screens, & Blinds	3 Years	Family, Elderly

ADDITIONAL PROPERTY ITEMS OR FIXTURES THAT LANDLORDS WILL NEED TO REPAIR OR REPLACE:

ROOFING ON YOUR RENTAL PROPERTY:

Roof is one of the most important maintenance items on your list, and it can unfortunately, be one of the most expensive. a roof leak or a roof damning issue can lead to astronomically expensive repairs. landlords and investors must prioritize roof inspections and Replacements when it is time. a beautiful placement can be a costly investment, so be sure that you are taking all of the proper maintenance steps in the interim. However, even the most well-maintained roof will need to be replaced. Your rental property's life expectancy is largely dependent on your property's roofing materials.

These recommendations from RoofAdvisor can act as a general rule to help you understand your roof's expected lifetime with proper maintenance:

- Composition Shingles: 12-20 years
- Asphalt Shingles: 15-30 years
- Wood Shingles: 20-25 years
- Rubber Roofs: 30-50 years
- Metal Roofs: 50-75 years

EXTERIOR PAINT ON YOUR RENTAL PROPERTY:

While your paint's life expectancy will greatly depend on your brand, landlords and owners should expect to repaint approximately every 5-7 years. This will protect your property's exterior from damage and will ensure that your property is attractive and inviting to potential tenants. Keep in mind that accent colors such as trims and doors may need a retouch sooner to ensure your property is looking fresh.

Finally, remember that storms and sun exposure can all have a big impact on your exterior paint's lifespan. When in doubt, always check with a local paint professional to find out exactly how long your paint should last given your rental property's local climate.

CAN I CHARGE MY TENANTS IF AN ITEM BREAKS BEFORE ITS PROJECTED LIFE EXPECTANCY?

Landlords and property managers will need to consult their rental's local landlord-tenant laws to see what fees and charges are allowable. Each state has its own laws governing security deposits and other fees.

Generally, landlords and property managers are allowed to charge tenants for items that were in good condition at the time of move-in that are in need of repair or replacement due to tenant negligence or property abuse. In these instances, landlords and property managers will need to be able to prove that damage above normal wear and tear exists.

If you are unsure or have questions, be sure to consult a lawyer familiar with landlord-tenant law in your area. This will prevent you from making unauthorized charges to your tenants' security deposit, which can open you up for legal action.

HOW MUCH MONEY SHOULD LANDLORDS AND INVESTORS EXPECT TO PAY FOR MAINTENANCE?

Every unit will have general maintenance costs associated with the property. A seasoned investor will take these costs into account when evaluating a potential investment property. As a general rule, most homeowners should save about 1% to 2% of the property's value annually to assist with general maintenance. For landlords, this can act as a good baseline.

Another way investors calculate a budget for rentals, is the 50% rule: allocate 50% of your rental rate for operating expenses. However, either percentage budgeting options may need to be increased if your property is older and has any fixtures that are near the end of their life expectancy.



- 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.



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

Welcome New and Returning ROA Members!

Rebecca Nichols & Paul Trim

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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

Contact us at:

PO Box 1712
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In Case You Missed It: Move-out Accounting & Overcoming Barriers to Selling a Tenant-Occupied Property

February 21st & 28th, 2023

On February 21, 2023, Tia Politi held a fast-paced class loaded with information on how to overcome the barriers that come with selling a tenant-occupied property. As we all knew in advance, selling your home while it is occupied can come with many hurdles and sometimes tenant caused problems. Of course, we want to follow the laws set forth for our rentals, but sometimes we do things that can cause a waiver or become a paperwork pitfall. What do we do if our Broker has not followed through with their responsibilities? What is cash for keys? How do we issue the correct termination notice and what are the supporting facts?

Tia expertly navigated us through all the possible scenarios that can and do come up when your home is for sale while occupied. She gave us multiple ways to obtain tenant cooperation when wanting to show your home to a prospective buyer, how to overcome a denial of entry, along with how to serve a proper entry and termination

notice once an offer has been accepted. But the information blast did not stop there! For those information hungry persons who stuck around to the very end of the webinar, Tia also touched on upcoming legislation, like SB799 and informed us about what it could mean for our industry if passed. For those of us who were unaware, this little information blast caught us up on what could be coming and how we could be affected.

Thank you to Tia, for another information rich webinar!

On February 28, 2023, Christian Bryant led us through the move-out process. Covering multiple topics from inspections before and after move-out, to tenant charges and how to accurately charge from the security deposit. Do you know what damages you can charge for? How about what normal wear and tear is? If we were a little unsure before the class, we are now fully informed and ready to execute an accurate and professional final accounting. Yet another informational webinar, thank you Christian!

Code of Ethics

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

The objectives of this Association shall be:

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

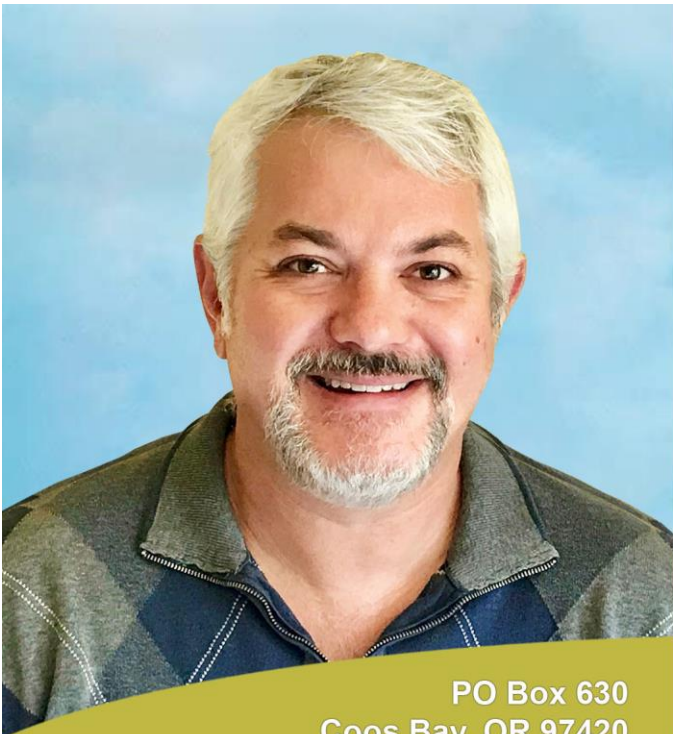




**RENTAL OWNERS
ASSOCIATION OF
SOUTHWESTERN
OREGON**

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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.



ROA SWO's attorney on retainer.
Current members receive a **FREE**
1-hour consultation annually, plus
discounted rates for representation.