

Finding a Contractor
You Can Trust

Page 4

Can I Ask a Tenant Behind
in Rent to Just Leave?

Page 6

Leaking Sinks No. 1 Most
Popular Fix in November

Page 7

Published in association with Multifamily NW and Rental Housing Alliance Oregon



New Pet-Damage Insurance Gives Managers More Potential Tenants

RENTAL HOUSING JOURNAL

Pet-deposit protection is now being offered by a company to help property managers cover any pet-related damages and allow tenants to lease a property without an extreme up-front pet deposit.

Jetty Pet is a new offering from Jetty, a financial services company. Jetty Pet is Jetty’s pet protection for property managers, which can be used alone or combined with Jetty Deposit to replace a traditional up-front pet-deposit charge.

This can give properties increased coverage against pet-related damages and a more streamlined leasing process—while keeping move-in costs lower for the renter.

“We always have an ear to the ground on the fundamental problems our partners face, and how we can solve even more of them,” said Mike Rudoy, CEO and co-founder of Jetty, in a release. “Jetty Pet is just another way

See ‘New’ on Page 7

PRSRT STD
US Postage
PAID
ALBANY, OR
PERMIT NO. 188

Eugene Rents Continue Decline

APARTMENT LIST

Eugene rents have declined 0.5 percent over the past month, the second straight month that the city has seen rent decreases after an increase in September, according to the December report from Apartment List.

Eugene rents have increased slightly by 1.1 percent in comparison to the same time last year.

Median rents in Eugene are \$824 for a one-bedroom apartment and \$1,096 for a two-bedroom. Eugene’s year-over-year rent growth lags the state average of 1.5 percent, as well as the national average of 1.4 percent.

CORVALLIS RENT TRENDS WERE FLAT OVER THE PAST MONTH

Corvallis rents have remained flat over the past month, however, they have increased slightly by 1.3 percent year-



over-year.

a two-bedroom.

Median rents in Corvallis are \$829 for a one-bedroom apartment and \$1,040 for

See ‘Eugene’ on Page 4

3 Ways to Prevent Costly Roof Maintenance

RENTAL HOUSING JOURNAL

Property maintenance comes as an integral part of the general maintenance and upkeep of your property. Particularly with regular roof maintenance, capital budgeting becomes more predictable and simplified. When property managers maintain a roof correctly, they prolong its lifespan – and that saves money in the long run. Here are three effective ways to do just that:

1. EXTEND THE LIFESPAN OF THE ROOF

Regular maintenance usually is the least costly option for property managers. Manufacturers agree that customary maintenance can extend a roof’s lifespan by 25 percent. Removing snow, unclogging gutters, clearing debris, adding sealant or caulk, and assessing vulnerable perimeter terminations, all contribute to the increased lifespan of a roof. To put this into perspective, a small addition of upfront maintenance expenditures could significantly minimize the roof’s overall



cost annually.

Well-maintained roofs need just a minimal level of annual repair and don’t require frequent replacement. You can defer these costs and their effect

on the capital budget over additional years. Regular maintenance reduces the escalated expenses linked to older roofs and eradicates the need for unpredictable

See ‘Prevent’ on Page 6



CONSIDERING SELLING
YOUR INVESTMENT PROPERTY?
CONSIDERING A
1031 EXCHANGE?



ASK US ABOUT

- ✓ **1031 Exchange Solutions**
- ✓ **Preferred Return Investment Opportunities**
- ✓ **Passive Investment Opportunities – No More Tenants Toilets and Trash!**
- ✓ **Delaware Statutory Trust (DST) Properties**
- ✓ **Triple Net Leased (NNN) Properties**
- ✓ **721 Exchange UPREIT Properties – How to 1031 Exchange into a Real Estate Investment Trust (REIT)**
- ✓ **Opportunity Zones**
- ✓ **Real Estate Investing Seminars and Workshops**

CALL TODAY
1.855.899.4597

**FOR A FREE BOOK ON
1031 EXCHANGES OR REGISTER AT**
www.kpi1031.com

This material does not constitute an offer to sell nor a solicitation of an offer to buy any security. Such offers can be made only by the confidential Private Placement Memorandum (the "Memorandum"). Please read the entire Memorandum paying special attention to the risk section prior investing. IRC Section 1031, IRC Section 1033 and IRC Section 721 are complex tax codes therefore you should consult your tax and legal professional for details regarding your situation. This material is not intended as tax or legal advice. There are material risks associated with investing in real estate, Delaware Statutory Trust (DST) properties and real estate securities including illiquidity, tenant vacancies, general market conditions and competition, lack of operating history, interest rate risks, the risk of new supply coming to market and softening rental rates, general risks of owning/operating commercial and multifamily properties, short term leases associated with multi-family properties, financing risks, potential adverse tax consequences, general economic risks, development risks and long hold periods. There is a risk of loss of the entire investment principal. Past performance is not a guarantee of future results. Potential cash flow, potential returns and potential appreciation are not guaranteed. Securities offered through WealthForge Securities, LLC. Member FINRA/SIPC. Kay Properties and Investments, LLC and WealthForge Securities, LLC are separate entities. Preferred return is not guaranteed, and subject to available cash flow.

LEARN MORE AT

www.kpi1031.com or 1.855.899.4597

Sponsored Content

Five Things to Remember When Deciding to do a 1031 Exchange

By Dwight Kay and the Kay Properties Team

A 1031 exchange is a legal way for investors to defer their capital gains taxes on the sale of real estate held for investment or business purposes. It allows one to defer taxes on a property sale as long as they follow specific 1031 rules and guidelines. In other words, you have the potential to keep all your profits working for you with the purchase of your next investment property, without the IRS coming after you looking for their share of the pie. Here are five things to remember before a 1031 exchange.

1. TAXES ARE APPLICABLE IN A NON-1031 EXCHANGE

When an investor sells a property that has gone up in value this results in several types of taxes. These include capital gains taxes, which the investor must pay if they sell the asset at a price higher than they initially paid for it. Federal capital gains are taxed at 15-20% of the increase in value, while state capital gains are taxed between 0- 13.3% of the increase in value.

Depreciation recapture taxes are taxes due when the seller had claimed depreciation expenses on the sold property. Depreciation recapture is currently taxed at 25% of the amount you have depreciated over the years. Other taxes incurred on property sales include the 3.8% Medicare surtax.

All these taxes are able to be deferred if you do a 1031 exchange. But if you choose to sell your property without a 1031 exchange, ensure you consult a reputable attorney and CPA so you can know what your full tax bill

will be when adding up federal capital gains, state capital gains, depreciation recapture and the medicare surtax.

2. YOU NEED A QUALIFIED INTERMEDIARY

A 1031 exchange isn't as simple as selling and reinvesting in another property. You must first transfer the relinquished property to an intermediary or an accommodator so they can execute the sale on your behalf. This is a process whereby your sale contract is assigned to the qualified intermediary and when the property closes your funds are then wired to your account at the qualified intermediary. From there you will instruct which properties you would like the qualified intermediary to purchase on your behalf. Kay Properties is not a qualified intermediary however we work with many throughout the country so if you would like a referral please let us know.

3. YOU CAN ONLY PURCHASE A LIKE-KIND ASSET

For you to defer taxes via a 1031 exchange, you must reinvest the profits from the sale in like-kind property. In other words, if you sell a property held for investment or business purposes in a 1031 exchange, the replacement property must be of the same character. For example, you could sell an apartment building and purchase a commercial building or you could sell a rental home and purchase a DST 1031 investment.

4. REMEMBER DEADLINES

1031 exchanges are subject to deadlines. If you sell a property today, you're expected to have identified the replacement property within the next 45 days and reinvested the

proceeds in it within 180 days. But if you'd already identified the replacement property, you can reinvest immediately.

5. UNDERSTAND YOUR OPTIONS

Once investors have decided to do a 1031 exchange they should consider their options. First, they could purchase another type of investment property that they would manage on their own. Second, they could purchase a triple net lease property whereby a national tenant such as Walgreens or FedEx has leased the property for typically 10-15 years. The problem with the triple net leased properties is that it causes investors to place a large portion of their net worth into a single property which could be disastrous (think Blockbuster Video). Third, if the investor is wanting to get out of active management and the day to day issues of dealing with tenants, toilets and trash as well as they are wanting to diversify their investments into multiple properties then a DST 1031 exchange may be a solution. The DST (or Delaware Statutory Trust) is a type of property whereby the management is handled by a third party trustee and since the typical minimum investment of a 1031 DST offering is \$100,000 investors are able to purchase a diversified portfolio of Delaware statutory trust properties that may include a piece of Walgreens for 100k, piece of a FedEx distribution warehouse for 100k and a piece of a 800 unit portfolio of multifamily properties located throughout the south east and Texas*.

If you are interested in learning more about your 1031 exchange options please get in touch with us today to learn more.



Kay Properties and Investments, LLC is a national Delaware Statutory Trust (DST) investment firm with offices in Los Angeles, San Diego, San Francisco, Seattle, New York City and Washington DC. Kay Properties team members collectively have over 114 years of real estate experience, are licensed in all 50 states, and have participated in over \$9 Billion of DST real estate. Our clients have the ability to participate in private, exclusively available, DST properties as well as those presented to the wider DST marketplace; with the exception of those that fail our due-diligence process.

To learn more about Kay Properties please visit: www.kpi1031.com

* These are illustrative examples of 1031 DST offerings. Future available 1031 DST offerings and tenants may be different. Diversification does not guarantee profits or protect against losses.

This material does not constitute an offer to sell nor a solicitation of an offer to buy any security. Such offers can be made only by the confidential Private Placement Memorandum (the "Memorandum"). Please read the entire Memorandum paying special attention to the risk section prior investing. This email contains information that has been obtained from sources believed to be reliable. However, Kay Properties and Investments, LLC, WealthForge Securities, LLC and their representatives do not guarantee the accuracy and validity of the information herein. Investors should perform their own investigations before considering any investment. IRC Section 1031, IRC Section 1033 and IRC Section 721 are complex tax codes therefore you should consult your tax or legal professional for details regarding your situation. This material is not intended as tax or legal advice.

There are material risks associated with investing in real estate, Delaware Statutory Trust (DST) properties and real estate securities including illiquidity, tenant vacancies, general market conditions and competi-

tion, lack of operating history, interest rate risks, the risk of new supply coming to market and softening rental rates, general risks of owning/ operating commercial and multifamily properties, short term leases associated with multifamily properties, financing risks, potential adverse tax consequences, general economic risks, development risks and long hold periods. There is a risk of loss of the entire investment principal. Past performance is not a guarantee of future results. Potential cash flow, potential returns and potential appreciation are not guaranteed. For an investor to qualify for any type of investment, there are both financial requirements and suitability requirements that must match specific objectives, goals and risk tolerances.

Securities offered through WealthForge Securities, LLC, Member FINRA/SIPC. Kay Properties and Investments, LLC and WealthForge Securities, LLC are separate entities. There are material risks associated with investing in DST properties and real estate securities including illiquidity, tenant vacancies, general market conditions and competition, lack of operating history, interest rate risks, the risk of new supply coming to market and softening rental rates, general risks of owning/ operating commercial and multifamily properties, short term leases associated with multi-family properties, financing risks, potential adverse tax consequences, general economic risks, development risks, long hold periods, and potential loss of the entire investment principal. Past performance is not a guarantee of future results. Potential cash flow, returns and appreciation are not guaranteed. IRC Section 1031 is a complex tax concept; consult your legal or tax professional regarding the specifics of your particular situation. This is not a solicitation or an offer to see any securities. Please read the Private Placement Memorandum (PPM) in its entirety, paying careful attention to the risk section prior to investing.

How to Find a Contractor You Can Trust

By COREY BREWER

Vendor relationships are a critical component of a successful property management operation, whether you manage one home or thousands.

Timely, effective, cost-efficient repairs are good for you, good for the owner’s bottom line, good for your tenants, and good for the sanity of everyone involved.

So how do you find a contractor you can trust, and trustworthy vendors

Establish some qualification criteria – set the bar and only work with vendors who meet your standards.

Work only with contractors who are properly licensed and insured. If someone is unwilling to show you their current documentation, move on to the next immediately.

Use your state association for research,



such as the Washington State Department of Labor & Industries. This is where you would see if the contractor has had a history of complaints or violations, so look for red flags here.

Assuming you have done your homework and found a contractor who looks good on paper, the next step would be to look up online reviews (BBB, HomeAdvisor, etc.) and obtain some

references from former and/or current clients, or from a property manager who already uses them regularly.

At our firm we perform an annual audit of our vendors (more than 400 of them) and remove any who get consistently negative feedback, whether it be regarding customer service, quality of work, or pricing.

For larger jobs, you might consider a site visit to personally see any work that the contractor has performed (or has currently under way).

And finally, a strong understanding about expectations should be in place, and it should be in writing.

Contractors should discuss issues with the property manager, not the tenant.

A good contractor will understand that while a home may be occupied by a

tenant, he or she is working on behalf of the owner.

This means that if unforeseen problems occur on a job, or the cost/scope becomes more than the original estimate, the vendor should be discussing what to do next with YOU and YOU ALONE (not the tenant).

Payment timelines are also important, as landlords may or may not have enough funds in their operating account readily available until next month’s rent checks arrive.

So be clear on payment due dates to ensure you’ll be able to pay on time when the invoice arrives.

As with so many other things in our industry, it’s best to agree to these terms in writing prior to working being performed.

Eugene Rents Continue Decline for 2nd Month



Continued from Page 1

SALEM RENTS DECLINE SHARPLY OVER THE PAST MONTH

Salem rents have declined 0.8 percent over the past month, and have decreased moderately by 0.6 percent in comparison to the same time last year.

Median rents in Salem are at \$813 for a one-bedroom apartment and \$1,069 for a two-bedroom. This is the second straight month that the city has seen rent decreases after an increase in September.

RENTS RISING ACROSS OREGON

Throughout the past year, rent increases

have been occurring not just in the city of Eugene, but across the entire state. Of the largest 10 cities that Apartment List has for in Oregon, 9 of them have seen prices rise. The state as a whole logged rent growth of 1.5 percent over the past year. Here’s a look at how rents compare across some of the largest cities in the state.

Looking throughout the state, Hillsboro is the most expensive of all Oregon’s major cities, with a median two-bedroom rent of \$2,076; Hillsboro, Beaverton, and Bend have all experienced year-over-year growth above the state average (3.3 percent, 3.1 percent, and 2.6 percent, respectively).

Publisher/General Manager
John Triplett

Editor-in-Chief
Linda Wienandt

Associate Editor
Diane Porter

Vice President/Sales
Terry Hokenson

Accounting Manager
Patricia Schluter

Rental Housing Journal is a monthly publication of Rental Housing Journal, LLC.

Website
www.RentalHousingJournal.com

Mailing Address
4500 S. Lakeshore Drive, Suite 300
Tempe, AZ 85282

Email
info@rentalhousingjournal.com

Phone
(480) 454-2728 - main
(480) 720-4386 - ad sales

The statements and representations made in advertising and news articles contained in this publication are those of the advertisers and authors and as such do not necessarily reflect the views or opinions of Rental Housing Journal, LLC. The inclusion of advertising in this publication does not, in any way, comport an endorsement of or support for the products or services offered. To request a reprint or reprint rights, contact Rental Housing Journal, LLC at the address above.

© 2019, Rental Housing Journal, LLC. All rights reserved.

SUBSCRIBE TODAY!

NAME		
ADDRESS		
CITY	STATE	ZIP
E-MAIL ADDRESS		

I am an:

☐ OWNER ☐ INVESTOR ☐ PROPERTY MANAGER ☐ VENDOR ☐ OTHER

*Print subscriptions \$25/year

I would like: ☐ PRINT ☐ E-MAIL

Editions: ☐ ARIZONA ☐ COLORADO ☐ PORTLAND, OR

☐ SALEM/EUGENE, OR ☐ SEATTLE/TACOMA ☐ UTAH

☐ VISA ☐ MASTER CARD

CARD NUMBER	EXP.	CVV
NAME ON CARD		
BILLING ADDRESS		

OR MAIL A CHECK TO:
Rental Housing Journal
4500 S. Lakeshore Drive, Suite 300
Tempe, AZ 85282

FORM OF THE MONTH
Move-In Accounting M004 OR

This form is designed to be executed at the beginning of the tenancy to detail financial information that doesn't default to the Rental Agreement. It's ideal to convey additional rent payments taken, show different types of deposits received, and account for any lease specials or various adjustments assigned to the lease.

The Multifamily NW Forms Collection is available immediately and electronically at www.RentalFormsCenter.com, via electronic subscription software through www.tenanttech.com & by mail or pick-up of printed triplicate forms at www.multifamilynw.org.

SAVE THE DATE!



2020 Fair Housing Fair: Housing Access for All

Thursday, Feb. 13, 2020
Oregon Convention Center
777 NE Martin Luther King Jr. Blvd.
Portland, OR 97232

FOR MORE INFORMATION:

www.multifamilynw.org/events/fair-housing-fair-2020-housing-access-for-all

Multifamily NW Schedule

DECEMBER 2	GENERAL FAIR HOUSING	9:00 AM - 11:00 AM
DECEMBER 3	FAIR HOUSING STEREOTYPING AND BIAS	9:00 AM - 12:00 PM
DECEMBER 9	LANDLORD/TENANT PART II	1:00 PM - 5:00 PM
DECEMBER 10	HOW TO GET THE MOST OUT OF TENANTTECH	1:00 PM - 3:00 PM
DECEMBER 11	HR ISSUES: HARASSMENT REPORTING	12:00 PM - 1:00 PM
DECEMBER 13	IT'S THE LAW: SEEING 2020	12:00 PM - 1:00 PM
DECEMBER 19	CAM: HUMAN RESOURCES	8:00 AM - 5:00 PM



*To advertise in Rental Housing Journal
Call Vice President/Sales Terry Hokenson at 480-720-4385
or email him at Terry@rentalhousingjournal.com*



President: Ken Schriver • **Vice President:** Phil Owen
President Elect: John Sage • **Past President:** Ron Garcia
Secretary: Lynne Whitney • **Treasurer:** Sandra Landis • **Office Manager:** Cari Pierce



10520 NE Weidler, Portland, OR 97220
503-254-4723 • Fax 503-254-4821

info@rhaoregon.org
www.rhaoregon.org

RHA Oregon President’s Message

Holiday Season a Good Time to Reinforce Landlord-Tenant Relationships

KEN SCHRIVER, PRESIDENT

I hope you had a wonderful Thanksgiving break last month! I also hope you were able to take advantage of the great weather we had in November to carry out year-end maintenance projects in preparation for the coming cold weather. It isn’t yet too late to schedule gutter cleaning, furnace servicing, and other winterization projects to preserve your property and keep your tenants warm and dry.

As we prepare for winter and various holiday celebrations, we should also be planning for both our own vacations and any extended tenant absences. This is a good time to provide an updated contact list to your tenants, including emergency contacts whom they can call if they are unable to reach you. Likewise, it is also a good time to update your own emergency contact information for your tenants and remind them to advise you if they will be away from their unit for an extended period.



The holiday season can also be a time to reinforce the business relationships that landlords and tenants (should) have. It is interesting that while most of our friends and family no longer mail holiday greeting cards, my wife and I continue to receive an annual card from various individuals and companies with whom we have a professional relationship. This time of year, we receive cards from our dentists and optometrists, our financial planners, and even an airline lounge (we are frequent flyers). They often contain a handwritten note, usually expressing their appreciation for our business as well as conveying good wishes for the holiday season and the upcoming year. Although

we don’t consider most of these people “friends” whom we would invite to our home for a party, we do have a friendly, professional relationship with them.

So how is your business relationship with your tenants? Is it like your other business relationships? After all, for many renters the landlord is the entity with whom they do the most commerce each month. They may be spending as much as one-half of their take-home salary on rent. Given this, it is only natural that we might cultivate a positive, professional business relationship. The benefits of having such a relationship with our tenants can be quite tangible: We had a turnover in a one-bedroom at the end of October, and the tenant left the unit in a condition essentially identical to when she moved in two years earlier. I was happy to return her full security and pet deposits (she had both a dog and cat). She is happy to have an excellent landlord reference as she starts her new life in another state.

Of course, not all tenants are as

conscientious as she was. However, establishing and reinforcing a positive business relationship can go a long way toward reducing problems with our tenancies. While you may be using email or an online platform to accomplish your maintenance scheduling or updating contact lists, a short note or card to your tenants at this time of year can be a very effective way of expressing your appreciation for their continued business. It also helps build a positive image for you as the landlord if you ever need to serve a tenant with bad news, such as a notice of lease violation. Such a negative action is more likely to be perceived as a business decision rather than a personal attack when you have already established your credentials as a fair-minded landlord.

Although I cannot send a hand-written note to all the members of RHA Oregon, I wish each of you, your families, your customers, and your tenants a wonderful holiday season and a prosperous 2020.

Merry Christmas and Happy New Year!

Seven Pest Preventative Maintenance Steps

RENTAL HOUSING JOURNAL

This maintenance checkup provided by Keepe asks whether you are taking the pest preventative maintenance you need in your rental housing to protect your investment and your tenants.

From mice to ants and cockroaches, pest infestations can cause serious property damage and traumatize tenants, significantly worsening their perception of their living conditions.

Property managers need to be aware of what draws pests to rental homes and adopt simple pest preventive maintenance steps that can protect properties and tenants.

No. 1 – To avoid any and all infestations, it is fundamental to regularly inspect properties for cracks, crevices and any kind of openings that would allow unwanted critters to access indoor spaces. This includes checking open vents and drainage pipes.

No. 2 – Pests need a source of moisture to survive, so it is adequate to minimize the presence of standing water by regularly checking whether pipes, AC units, gutters or downspouts leak or allow water to accumulate; scheduling seasonal maintenance and timely repairs for those systems is ideal.

No. 3 – Clogged and debris-filled gutters can make for a cozy hiding spot: making sure that gutters are regularly cleaned avoids this issue.

No. 4 – Regular trimming of trees and plants located next to windows and entryways can prevent branches from allowing pests to gain access to them.

No. 5 – All pests are naturally drawn to food, both inside of homes and as found outside in trash cans and disposal areas. Investing in trash cans and bins made of heavy, tough materials that have tight, sealable lids works best for keeping pests from identifying a property as an attractive, food-secure nesting place. Heavy-duty containers also make it difficult for raccoons and possums to force their way into garbage storage areas.

7 Pest Preventative Maintenance Steps For Rental Housing

No. 6 – Some pests can utilize chimneys as access points and nest in attics and roofs. Having a professional install wiring or screens on chimney gaps can block access.

No. 7 – It is fundamental to encourage tenants to be mindful about safe food storage and disposal of organic material. Inside the home, food should be properly stored inside tight containers and fridges. Garbage should be disposed of in a timely manner.

THE LINEUP OF UNWANTED POTENTIAL PESTS

Ants: Ants are drawn to foods that most humans tend to consume fairly regularly:

meat, starches and sweets. While most types of ants nest and live outside, they can easily detect nearby food sources and once found, they return regularly. In fact, ants release a chemical designed to guide them back to the newly found food source, which also indicates this to other ants in the colony. Infestations can easily get out of hand once the thousands of specimens from a certain colony learn where to go for food, which also increases the likelihood of indoor nesting.

Cockroaches: Cockroaches are nocturnal creatures, which makes them much more difficult to spot. Experts warn that in most instances, spotting a first cockroach is likely an indication of an entire colony having nested within the property. Aside from their unpleasant appearance, cockroach activity can severely affect the health of tenants as their droppings and cast-off skins are known to aggravate asthma, allergies and other breathing conditions. This is a pest preventative maintenance step you should take seriously.

Mice/Rodents: Just as for ants and cockroaches, food is the main culprit for attracting mice to human homes. Mice represent a serious threat for the safety of tenants as they can carry fleas and diseases that can be severely harmful to humans, such as meningitis. Tenants can be easily exposed to these harms as mice contaminate spaces with their fur and droppings.

Mice can take over properties quickly because of their year-round, rapid breeding. Their presence can be quite destructive due to their chewing abilities, which can damage furniture, wiring, and even walls.

Raccoons and Possums: Due to their considerably larger size, those pests are better able to defend themselves once they encounter humans and they feel trapped and threatened. For this same reason, they can endanger pets, especially cats and smaller dogs.

Raccoons and possums can also carry rabies, which makes them that much more pressing to invest in proper pest preventative maintenance measures.

These simple 7 pest preventative maintenance steps can save you a lot of headaches and keep your tenants happy and avoid over-reacting over pests in their rental housing.,

Keepe is an on-demand maintenance solution for property managers and independent landlords. Keepe makes hundreds of independent contractors and handymen available for maintenance projects at rental properties. Keepe is available in the Greater Seattle area, Greater Phoenix area, San Francisco Bay area, Portland and is coming soon to an area near you. Learn more about Keepe at <https://www.keepe.com>