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What is a 1099 and Do I Need to File?

By: **Heather Peake** | Nov, 19th 2021
www.rentecdirect.com



Taxes can be daunting if not outright confusing and understanding landlord 1099 requirements is no exception. If you're a property management company or a professional landlord you may have systems and processes in place — but as an independent landlord filing for the first time, you may have 1099 questions similar to those I recently received.

It all started with a phone call from a relative who rents out a property in another state. They went online and found a few blog articles for 1099s but they seemed to be geared toward full time landlords with large property portfolios or for property management companies. Weeding through that advice left them with more questions than answers.

If you are in the same boat and need to unravel 1099s, then take a look below at some commonly asked questions as you prepare for the tax season ahead.

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Make a Contribution TODAY!



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!

Advertise Your Business in the ROA Newsletter!

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(example not shown)

Business Card Ad

3.5" W x 2" H = \$20

5 Steps to Take Care of Your Rental Property Heating System in Winter

November 20th 2021
www.rentalhousingjournal.com

You get a sudden phone call from your tenant in the middle of a deep cold snap and the tenant is panicking because the heating system suddenly stopped working.

Their home is getting colder and colder.

In less than an hour, you get two more calls from two more tenants reporting malfunctioning heating systems.

What if your trusted maintenance professional is on vacation?

What if other contractor companies you can think of happen to be unavailable?

This might sound like an unlikely situation, but it actually happened to a property manager in a big city.

That property manager had always relied on the same contractor before and assumed that living in a big city would guarantee access to several others in an emergency.

It can make it easy to underestimate how the maintenance solution you are used to might actually not be the most effective solution for you.

5 steps to take care of your heating system in winter

Here is where preventative maintenance comes in too – instead of waiting for the worst, prepare for the cold.

Our heating, ventilation and air conditioning experts explain how the following 5 steps can help you take the best care of your rental property heating systems to avoid the headaches of unexpected emergencies:

1. It is essential to schedule a thorough inspection of the heating system once a year, ideally in the fall but early winter works too. By doing so, any potential issues can be identified before the cold season and the tenant calls with an emergency.



2. Tenants should be reminded that air filters need to be regularly checked and replaced every 90 days. This will optimize a property's air flow and avoid furnaces and central systems to become overworked, which is also more expensive.
3. Vents should be inspected often to prevent clogging caused by debris and dirt. Especially after leaves falling in the fall, hiring a professional for an inspection of vents and ducts is the best way to ensure that your tenants can enjoy an efficient and safe space with adequate air flow.
4. As different heating systems have different maintenance needs, it is best to consult a trusted technician and promptly schedule the recommended maintenance services for your particular system. The money you might save by skipping the occasional service is not worth the future expenses and headaches brought by a heating crisis in the middle of the winter season.
5. Now is the time to compile a readily-available list of reliable local technicians you can trust in an emergency. When finding yourself dealing with sudden emergencies, wasting precious time searching for a new contractor can become a stressful process. Not to mention that the pressure from tenants to get something fixed quickly can lead to rushing the selection process, and hiring someone who turns out to be unqualified for the job can result in even more problematic and pricier damages.



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NEED FORMS?



Oregon Rental Housing Forms are just a click away!

- 1 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.

WE NEED YOU!

The ROA Board has some vacant positions to fill. If you are interested in volunteering your time to help out your fellow landlords, organize events and affect change in the rental housing industry, we'd love to hear from you. They meet once a month, and you can attend virtually from anywhere.

Contact us at (541) 756-0347 or info@roa-swo.com



You're invited to the Annual ROA

Christmas
Party

Thurs, Dec 16th @ 5:30pm
Coach House Restaurant
604 6th Ave, Coos Bay

Meetup with your fellow ROA members for a fun-filled and festive no-host dinner at the Coach House Restaurant's outdoor patio.



What is a 1099 and Do I Need to File?

Continued from page 1

Note: This article is provided for general informational purposes only as an overview for private landlords and is not to be considered a substitute for seeking advice from your qualified financial advisor or researching federal and state regulations.

What is a 1099?

We are all familiar with the W2 form that employers send their employees every year. That information is forwarded to the IRS and the employee uses the W2 information to complete their personal tax return.

But for those that work for themselves, either as an independent contractor, vendor, or small business owner the Internal Revenue Service (IRS) created 1099 forms to document sources of income outside the traditional employee/employer relationship. Those forms are also transmitted to the IRS to provide documentation of income from various sources that

might not otherwise be reported.

Independent contractors, vendors, and some small businesses need to receive 1099s showing the income received for the services they offer so they can complete their personal and business tax returns.

There are around 20 different types of 1099s but for landlords the ones you'll need to use most often are:

1099 MISC form

You'll need to send a 1099-MISC to document attorney fees and rent (such as office or commercial space) paid in total of \$600 or more in the year. There are specific boxes on the 1099 MISC form for the type of payment (for example box 1 is to document total rent paid).

General 1099 Misc information can be found here: [IRS | About Form 1099-MISC, Miscellaneous Income](#)

Specific information regarding attorney fees, rents, vendors, etc can be found here: [IRS | Instructions for Forms 1099-MISC and 1099-NEC](#)

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- Need help?
- Have a question about landlord/tenant law?
- Looking for 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.

Form of the Month



CO-SIGNER AGREEMENT

52

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

Owner/Agent: _____
Rental Agreement Dated: _____

The undersigned Co-signer agrees unconditionally, absolutely, and continually to guarantee the performance by the Tenant(s) of all obligations under the Rental Agreement or any extensions or renewals, including, but not limited to, the timely payment of rent, fees, utility or service charges, damages to property, late fees, legal fees, and collection costs. The liability of Co-signer is direct and unconditional and may be enforced without requiring Owner/Agent first to exercise, enforce, or exhaust any right or remedy against Tenant. Co-signer waives presentment, demand, protest, and notice to which Co-signer might be entitled.

Co-signer agrees that any action regarding this Agreement may be brought in any state or federal court sitting in the county in which the Property is located. Co-signer agrees to personal jurisdiction in such court. Co-signer agrees to pay all costs, attorney fees, and collection costs incurred by Owner/Agent in enforcing this Co-signer Agreement.

If the obligations under a rental agreement are guaranteed by a co-signer, and the co-signer's guarantee becomes unenforceable for any reason, this shall be considered a material noncompliance with the rental agreement. Tenant(s) may then be responsible to find an alternate co-signer acceptable to the Owner/Agent, or pay an increased security deposit acceptable to Owner/Agent to cure the noncompliance.

Co-signer contact information:

Home address: _____

Home phone: _____ Work phone: _____ Cell phone: _____

This form must be signed, notarized and returned to Owner/Agent.

Co-signer _____ Date _____

Co-signer Social Security Number _____

Notary Public _____

for _____

My Commission Expires: _____



52 – Co-signer Agreement

What this form is for:

This form lets someone guarantee the financial obligations of your Tenant without becoming a Tenant. The most common co-signers are family members, usually parents of younger Tenants.

When this form is used:

If you decide to require a co-signer because your Applicant doesn't fully qualify, have the co-signer sign this form. Generally, send this agreement and the rental agreement copy along with the cover letter. The form asks for that co-signer's signature to be notarized.

How the form is filled in:

You fill in the top lines; the co-signer need only sign, date, and have their signature notarized.

1. Fill in the name(s) of the Tenant(s) and the address. The rental agreement itself makes all Tenants liable for the actions of the others so there isn't much practical difference. There is though, when you let roommates come and go. Once you let this one go, the parent is let go as well. It is possible if you let other's go, you invalidate the co-signer agreement as well, so be careful.
2. The name of the Owner/Agent.
3. The date of the rental agreement is the date next to the Tenant's signature on the rental agreement. If you're not yet certain, you could add "on or about" before writing in the date.
4. Fill in the Co-signer contact information.
5. Co-signer signs and dates in front of a notary.
6. Notary's name, information and stamp.

**Download This Form and More
at store.oregonrentalhousing.com**

What is a 1099 and Do I Need to File?

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1099 NEC form

NEC stands for Non-Employee Compensation, which means you'll be sending out a completed 1099-NEC form to persons or businesses that you paid at least \$600 to in that year for services performed by non-employees such as vendors.

More information can be found here: [IRS | About Form 1099-NEC, Nonemployee Compensation](#)

Who Needs to Receive a 1099

First, understand what is meant by Payee on the 1099 form. As a landlord, the Payee is someone you've paid for services such as:

- Plumbing
- Painting
- Housecleaning

- Landscaping
- Locksmith
- Inspections
- Pest control
- Appliance repair
- Snow removal
- Electrical work
- Renovations
- Remodeling
- Attorney fees
- Bookkeeping

Secondly, check your records and look at who you've paid \$600 or more (in total payments) during the calendar year.

Did you know that some businesses are exempt from receiving 1099s based on their business status and other criteria? How do you know if a business, vendor, professional, or independent contractor is or isn't exempt from receiving a 1099? Great question! The answer can be found by requesting each to provide you with a completed W9.



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What is a W9

The W9 fillable form is something they (the vendor, independent contractor, professional, etc) complete. It allows them to check a box to indicate if they are, or are not, exempt for receiving a 1099.

If exempt, you can retain the W9 in your records in the event of an audit as proof you were not required to send them a 1099.

If they are not exempt, the W9 form provides you all the details you'll need to complete and send the appropriate 1099.

It is important to ask every vendor, independent contractor, business, and professional to submit a W9 to you prior to you completing your 1099s. The W9 gives them the opportunity to provide you with important information for accuracy such as their official business name (or name under which they file taxes) and current address.

When you require W9s you can be confident you have accurate information, have something on file for audits, and streamline your 1099 process.

How Do You Fill Out a 1099 Tax Form

Specifically, you can use any of the three links to the IRS above to find information on how to fill out a 1099 tax form. But what gets tricky, as my relative found out, is the stand-alone 1099 form software needed to complete the forms — find out too late that the software isn't intuitive and unfortunately non-refundable once opened.

If you find yourself in that situation, the best piece of advice is to have the IRS links above open, have those W9s handy, and a list of the people you've paid at least \$600 to for that year (and the total amount paid to each). Then, go slowly and confirm those details.

Not only can those stand-alone 1099 software products be complicated, they can also be very expensive when you add up the cost of the specialized forms, envelopes, and the software itself. Because of the complexity, some choose to hire an accountant or bookkeeper to process your 1099s but again, that can become very costly.

But as I shared with my relative, there is good news! There is a simpler way to meet your 1099 requirements as a landlord. Whether you rent out rooms in your home, have one or a few rental properties, or a large portfolio, you can take advantage of the 1099 integration within

most landlord software programs.

A good landlord software not only has very inexpensive integrated 1099 form services (mailing, IRS electronic submissions, 1099 State filing, etc) but you'll also have records handy for your other tax needs such as rental income received, Schedule E expense list, depreciation reports, etc. Not only that, many programs allow you to provide an accountant or bookkeeper access to those reports or you can create and email them directly from the software to your tax preparer.

Even if you do your own tax preparation, having those reports handy will make that process much smoother — not to mention, you'll have tenant screening, leasing, and communication tools at your fingertips to simplify tenant turnover. It's not too late to invest in landlord software to help you for this upcoming tax season and for the many to come.

Landlord 1099 Requirements

Landlords are required to send out 1099s when paying out \$600 or more to certain individuals and businesses. If you fail to meet the 1099 requirements you may face severe fines and penalties.

Landlords should require all non-employees such as contractors, businesses, vendors, professionals, etc to return to them a completed W9 to keep on file.

You can find a current W9 form available here: [IRS | About Form W-9, Request for Taxpayer Identification Number and Certification](#)

Landlords must meet the filing and mailing deadlines to avoid penalties. Deadlines change yearly but often are due to be filed by or before the end of January following the year payments were made.

You do not need to file a specific 1099 if

- a) That business is a corporation,
- b) An LLC is taxed as a C or S corporation, or
- c) The total payment for the year is less than \$600.

If at any time you are uncertain about your obligations and requirements, seek out a tax professional for assistance.

Welcome New and Returning ROA Members!

Jeff Dobson, Gail Frazier & Linda Hoover

Your ROA Board of Directors

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

Vice President: Jaime Thurman
jaime@eledwardsrealty.com (541) 751-5868

Secretary: Reyna Hernandez
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Position #2: Regina Gabbard
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Position #3: Joan Mahaffy
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Position #4: Cheryl Kuhn
adelaide09152017@gmail.com (360) 649-2524

Position #5: Dennis Schad
dennisschad@gmail.com (541) 297-3609

Position #6: Vacant

2022 Slate for Board Officers

President – Jaime Thurman

Vice President – Regina Gabbard

Secretary – Reyna Hernandez

Treasurer – Kris Thurman

*NOTE: Voting will take place online via email.

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 and you can attend virtually from anywhere. Contact us for more information.



roa-swo.com

Contact us at:

2707 Broadway Ave.
North Bend OR 97459

info@roa-swo.com
(541) 756-0347

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President's Message

By: **Cindy Colter**, ROA-SWO President 2021
November 30th 2021

2021 is coming to a end and so is my term as your ROA President. I wanted to take a moment to thank everyone for giving me the opportunity to serve during this past year. Fulfilling this role has been a joy, especially working with a Board that consists of great people volunteering their time to serve our local community of rental owners. I look forward to continuing my involvement on the Board as Past President and give my full endorsement of Jaime Thurman as President and Regina Gabbard as Vice President. I know they will do an excellent job! Happy Holidays!



Code of Ethics

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

The objectives of this Association shall be:

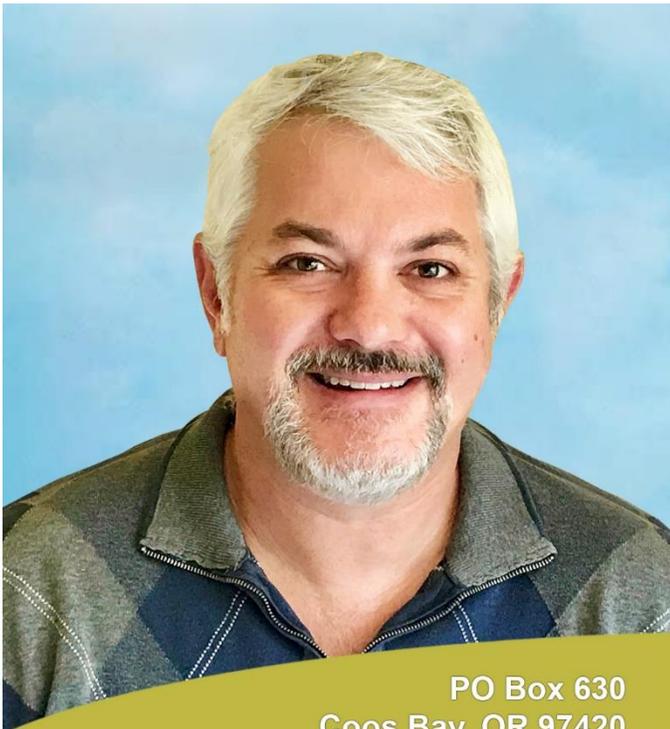
- A. To unite, for their mutual good, rental housing owners, managers and/or their agents in the Southwestern Oregon area.
- B. To strive to maintain those standards of the residential rental industry which are of a high ethical and up-to-date business level.
- C. To stimulate cooperation among rental 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.





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