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Everything Landlords Should Know About Refinancing

July 21, 2022

www.turbotenant.com



Savvy landlords will want to consider all their options when it comes to boosting their bottom line, including refinancing their investment property. But what is rental property refinancing, and when should you refinance?

What is Refinancing?

Refinancing allows borrowers to replace their current mortgage with a new loan. Your lender will look over your finances, calculate your level of risk, and determine your eligibility for the most favorable rate during the application process.

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Webinar

The Move-Out Process & Security Deposit Reconciliation

Presented By: Tia Politi

Tuesday, Aug 23rd

4:30 - 6:30pm

- Members: \$20
- w/ 2 CE Credits: \$50
- * Register online at www.roa-swo.com/events

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!

The monthly newsletter reaches over 200 landlords who need your products/services to manage their rentals.

- Landscaping
- Contractors
- Electrical
- Security
- Flooring
- Pest Control
- Plumbing
- Insurance
- Painting
- Legal Aid
- Maintenance
- Carpet Cleaning
- Housekeeping
- Appliance Repair
- and much more...

Contact us at:

2707 Broadway Ave.
North Bend, OR 97459

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

Book your spot today! Space is limited.

Half Page Ad

7.5" W x 4.5" H = \$60
Outside Back Cover = \$100

Quarter Page Ad

3.5" W x 4.5" H = \$35

Full Page Ad

7.5" W x 10" H = \$100
(example not shown)

Business Card Ad

3.5" W x 2" H = \$20

Earthquakes And Water Heaters: Are Your Rental Properties Ready?

July 23, 2022

www.rentalhousingjournal.com

Are the water heaters in your rental housing earthquake ready and legally secured in the event of an earthquake?

Everyone has heard of the “big one,” the big earthquake that could strike but few think of the water heater in their rental property when this subject comes up.

While the extreme versions of earthquake-driven “big one” disaster as depicted in Hollywood movies might be pure fiction, it is important for rental housing professionals and landlords to address this risk no matter how remote.

Even though the construction industry has made tremendous progress in making homes earthquake-resistant, one major weakness remains, especially for homes constructed before 1995 – water heaters are either not strapped properly or at all.

Why are water heaters not properly secured?

Before the 1994 Northridge earthquake in California, water heaters were generally secured with one strap of plumbers’ tape.

This turned out to be insufficient to hold the tanks upright during the earthquake.

So, experts modified the recommendation to secure both the top and bottom rather than just the middle, and to use heavy-gauge metal strapping.

Seismic straps for water heaters recommended in some states

Seismic straps are a requirement for water heaters in areas that may be subject to earthquakes.

In a number of states, it is recommended that water heaters be strapped so that they do not shift about during a quake.

Naturally, legal requirements vary from jurisdiction to jurisdiction and from state to state. It is important to remember that you should always read the manufacturer’s



installation recommendation if you’re setting up your own water heater.

So, do you need seismic straps on your water heater? It depends.

For example, they are required by law in California and Washington, which makes sense since the states are earthquake-prone. [Oregon Plumbing Specialty Code \(OPSC\)](#) requires water heaters to be anchored or strapped in seismic categories C, D, E, and F.

The Uniform Plumbing Code requires that water heaters be strapped on both the lower one-third and the top one-third of the tank. However, numerous building jurisdictions, as well as the state’s architects office also require a third or even fourth strap for heaters up to 100 gallons in volume. A quick call to your local building department should provide you with enough information on the number of water heater straps required in your area of residence.

Summary

Bottom line, since a water heater system is crucial you should always make sure any and all installations and repairs are done by experienced and licensed professionals.

Annual Summer Picnic

@ Ferry Road Park in North Bend

Thursday, Aug 18th - 5:30pm

Please bring a side dish to go along with the grilled chicken and hotdogs.

- Last names starting in letters A - P, please bring a salad.
- Last names starting in letters Q - Z, please bring a dessert.



ROA
Helpline
(541) 435-1492

- 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.

Everything Landlords Should Know About Refinancing

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Reasons to Pursue Investment Property Refinance Options
According to Bankrate, there are four main reasons that someone would consider a mortgage refinance (or refi):

1. **To secure a lower interest rate.** A lower rate can translate into lower monthly mortgage payments, which is why this is the top reason people consider refinancing their property. However, Bankrate notes that “you’re unlikely to save significantly unless you got your original mortgage at least 10 years ago.”
2. **To get a different type of loan.** Whether you’re looking to switch from an adjustable-rate mortgage to a fixed-rate loan for peace of mind or you’d like to stop paying FHA mortgage insurance by changing to a conventional loan, your mortgage lender can help make it happen through the refinancing process.
3. **To use your equity to borrow more money.** Beyond saving money, refinancing can unlock more funds. Pursuing a cash-out refinance, home equity loan, or home equity line of credit allows you to leverage the equity accumulated to borrow more money – though be warned that these strategies will add to your debt. That said, it’s a common real estate investing strategy to use one property’s equity to pursue more property purchases or upgrades to current properties.
4. **To shorten your loan.** As Bankrate explains, “if you currently have 20 years left on a 30-year mortgage, you might want to refinance into a 15-year loan for a long-term savings opportunity. Your monthly payments could go up, but you’ll pay off your home faster.”

Though we’ve outlined why real estate investors consider rental property refinance options, there’s more that you need to know to make an informed decision, including what to expect from refinance rates.

Investment properties tend to be financed at slightly higher interest rates than primary residences and often require a higher down payment due to risk assessment. Rental homes see more diverse use by residents who are

not directly invested in the property. Likewise, a property investor will pay their residential mortgage before making payments on investment properties if financial hardship strikes.

So, when refinancing, expect somewhere between 0.5% to 0.75% higher interest quotes than you would see when refinancing your primary home.

When Should I Refinance My Investment Property Loan?

The best time to refinance an investment home is when interest rates drop. The national interest rate set by the Fed impacts the average mortgage rate due to financial influences within the banking sector. When the interest rate drops, mortgage interest rates drop, making every home incrementally more affordable, at which point homeowners and landlords should consider refinancing.

If today’s average mortgage rate is lower than the rate on your current mortgage, then it is probably a strong time to refinance and claim the benefit of improved economic circumstances. For more information on today’s mortgage rates, check out Fannie Mae’s robust interest rate table and Freddie Mac’s chart of U.S. weekly average interest rates.

However, it may also be worth refinancing if you’ve established income stability to yield lower interest rates since your risk factor is likely to be lower than it was when you first purchased the property. After all, the bank didn’t know how well you would maintain the house, turn a profit, or make your property tax and mortgage payments when they first settled on the loan amount and terms.

If you can prove you have two or more years of achieving financial stability (and particularly if you’ve reduced your debt-to-income ratio or DTI), you’re very likely to secure better terms for your refinance loan.

Did You Know? According to Bankrate, “lenders generally look for the ideal [debt-to-income] front-end ratio to be no more than 28%, and the back-end ratio, including all monthly debts, to be no higher than 36%” to ensure you’re not taking on more debt than you can handle.

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Form of the Month

DEPOSIT ACCOUNTING

12

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

<p>Section #1 - Deposits Paid</p> <p>Pet Deposit (Copy to Section #6) \$ _____</p> <p>Other Deposit (Copy to Section #7) \$ _____</p> <p>Other Deposit (Copy to Section #8) \$ _____</p> <p>Security Deposit (Copy to Section #9) \$ _____</p>	<p>Section #2 - Last Month's Rent Deposit, Prepaid Rent</p> <p>Last Month's Rent Deposit \$ _____</p> <p>Prepaid Rent \$ _____</p> <p>Total Rent Deposit and Prepaid Rent \$ _____ <small>(Copy to Section #4)</small></p>
<p>Section #3 - Rent Proration</p> <p>Rent \$ _____ divided by 30-days = Daily Rent \$ _____</p> <p>Rent due from _____ to _____ = # of days _____</p> <p># of days _____ x Daily Rent \$ _____ = Rent Due \$ _____ <small>(Copy Daily Rent to Section #5, copy Rent Due to Section #4)</small></p>	<p>Section #4 - Rent Deposit or Prepaid Rent <small>(Skip this if Section #2 is \$0)</small></p> <p>Total Rent Deposit and Prepaid Rent (From Section #2) \$ _____</p> <p>Rent Due (From Section #3) (Subtract from above) \$ _____</p> <p>Refund to Tenant (Copy to Section #11) \$ _____</p>
<p>Section #5 - Deductions to Security Deposit</p> <p>Past Due Rent \$ _____</p> <p>Prorated Unpaid Rent due (From Section #3) \$ _____</p> <p>Past Due Utilities/Services \$ _____</p> <p>Other Utilities/Services \$ _____</p> <p>Fees/Non-Compliance Charges \$ _____</p> <p>Fees/Non-Compliance Charges \$ _____</p> <p>Fees/Non-Compliance Charges \$ _____</p> <p>Cleaning \$ _____</p> <p>Cleaning \$ _____</p> <p>Carpet Cleaning \$ _____</p> <p>Landscaping \$ _____</p> <p>Landscaping \$ _____</p> <p>Damages \$ _____</p> <p>Damages \$ _____</p> <p>Damages \$ _____</p> <p>Other \$ _____</p> <p>Other \$ _____</p> <p>Other \$ _____</p> <p>Pet Damage (if no Pet Deposit) \$ _____</p> <p>Additional days to prepare for re-renting: _____ days X Daily Rent (Section #3) \$ _____ = \$ _____</p> <p>Total Security Deposit Deductions \$ _____</p>	<p>Section #6 - Pet Deposit Balance <small>(Skip this if Pet Deposit from Section #1 is \$0)</small></p> <p>Pet Deposit Amount (From Section #1) \$ _____</p> <p>Damages Caused by Pet(s) (Subtract from deposit) \$ _____</p> <p>Balance \$ _____ <small>(If deductions are more than the deposit, enter the balance owed in Section #10 if there is a positive balance transfer it to Section #11)</small></p> <p>#7 - Other Deposit Balance <small>(Skip this if Other Deposit from Section #1 is \$0)</small></p> <p>Other Deposit Amount (From Section #1) \$ _____</p> <p>Deductions for: _____ (Subtract from deposit) \$ _____</p> <p>Balance \$ _____ <small>(If deductions are more than the deposit, enter the balance owed in Section #10 if there is a positive balance transfer it to Section #11)</small></p> <p>#8 - Other Deposit Balance <small>(Skip this if Other Deposit from Section #1 is \$0)</small></p> <p>Other Deposit Amount (From Section #1) \$ _____</p> <p>Deductions for: _____ (Subtract from deposit) \$ _____</p> <p>Balance \$ _____ <small>(If deductions are more than the deposit, enter the balance owed in Section #10 if there is a positive balance transfer it to Section #11)</small></p> <p>#9 - Security Deposit Balance <small>(Skip if Security Deposit from Section #1 is \$0)</small></p> <p>Security Deposit Amount (From Section #1) \$ _____</p> <p>Total Deductions (From Section #5) (Subtract from deposit) \$ _____</p> <p>Balance \$ _____ <small>(If deductions are more than the deposit, enter the balance owed in Section #10 if there is a positive balance transfer it to Section #11)</small></p>

In accordance with ORS 90, Owner/Agent may claim: unpaid rent, utilities/services, fees, cleaning, landscaping damages, damages to rental unit, pet damages and recover rent for the days necessary to prepare the rental unit for re-renting. Owner/Agent must provide Tenant(s) an accounting within 31 days of termination or surrender of the property.

Section #10 - Final Balance Due Owner/Agent		Section #11 - Refund Due Tenant(s)	
Rent Due Owner/Agent	(From Section #4) \$ _____	Rent refund due Tenant(s)	(From Section #4) \$ _____
Amount due Owner/Agent	(From Section #6) \$ _____	Deposit refund due Tenant(s)	(From Section #6) \$ _____
Amount due Owner/Agent	(From Section #7) \$ _____	Deposit refund due Tenant(s)	(From Section #7) \$ _____
Amount due Owner/Agent	(From Section #8) \$ _____	Deposit refund due Tenant(s)	(From Section #8) \$ _____
Amount due Owner/Agent	(From Section #9) \$ _____	Deposit refund due Tenant(s)	(From Section #9) \$ _____
Total Owed to Owner/Agent By Tenant(s) \$ _____		Total Refund Due Tenant(s) \$ _____	

If Tenants are due a refund (see Section #11), a check is enclosed for the total amount of the refund. Depositing or cashing the check constitutes acceptance as payment in full.

If there is a balance due the Owner/Agent (see Section #10), the total amount owing is due immediately and must be paid within 10 days. If payment in full is not received within 10 days, appropriate legal and/or other actions may be taken to collect the amount owed. Actions may include, but are not limited to; filing a Small Claims suit, Wage Garnishment, assigning to a Collection Agency and/or reporting to a Credit Reporting Agency.

If you can not make the payment in full within 10 days, the Owner/Agent may be willing to make payment arrangements. Contact Owner IMMEDIATELY for payment options.

Owner/Agent Signature: _____ Date: _____

MAKE PAYMENTS TO:

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



Everything Landlords Should Know About Refinancing

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How to Refinance Your Investment Property

Beyond making yourself an ideal borrower by being in tune with your credit score, cash reserves, and general financial health, there are five steps you'll need to take to refinance your property:

1) Build Equity

You will want to generate at least 20% equity before using refinancing as a tool. If you are not yet to that point, focusing on building equity can improve your refinancing approval and results, so pay attention to your loan-to-value ratio. Your loan-to-value ratio (or LTV) is “the correlation between the amount left on your mortgage and the value of your home,” according to Business Insider. The article also notes that an LTV ratio of 80% or less is considered ideal for refinancing, but you can refinance with a higher ratio.

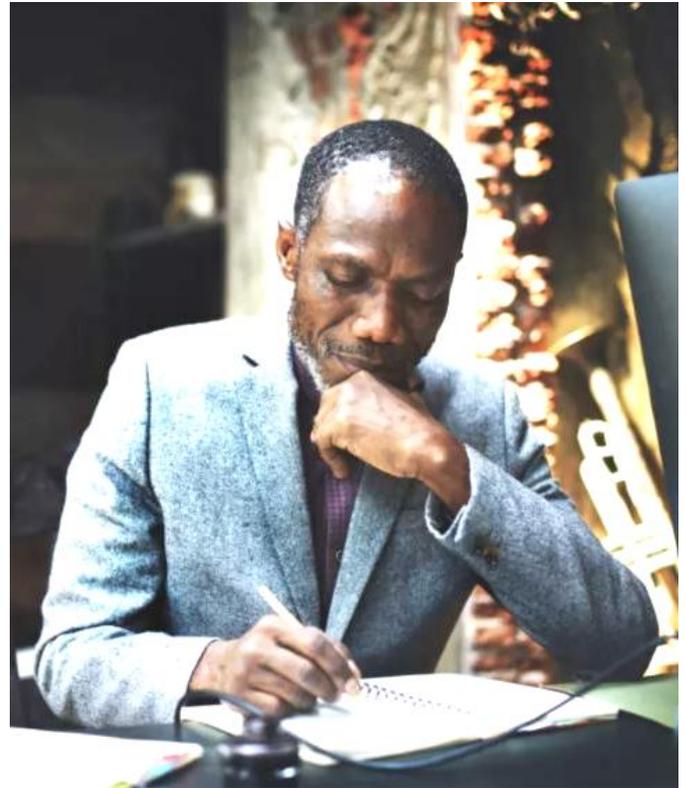
2) Prepare the Required Documents

Your lender will want to see specific information to assess your financial health, including:

- Proof of income (pay stubs, bank statements, etc.)
- W-2, 1099, or full tax return
- Proof of landlord insurance
- Copy of title insurance
- Copies of asset information
- Proof of the property's profitability

3) Apply for Refinancing

Once your documents are ready, approach your lender to discuss refinancing your current rental property mortgage. With a good management record and favorable national interest rates, you may be approved and offered a significantly more favorable interest rate and/or lending on your equity.



4) Have Your Lender Complete the Underwriting Process

Every successful loan relies on a vetting process where the lender establishes that they know exactly who you are, how financially healthy you/your business are, and what your portfolio looks like. This risk assessment is known as underwriting.

When your refinanced mortgage is ready to finalize, you will receive a closing disclosure. This outlines the loan terms, mortgage balance, expenses, repayment plan, and even a summary of your closing costs and final tasks to take care of. Per American Financing, “your lender must provide you this document three days prior to signing your loan documents.”

Review your closing disclosure closely. Don't hesitate to share it with both your financial advisor and real estate lawyer to avoid any unexpected terms or misunderstandings.

5) Sign Off on Your New Loan

Once you’ve reviewed your documentation, you’re ready to sign off on the new loan. Congratulations – you’ve just refinanced your rental property!



Refinancing FAQs

What is refinancing?

Refinancing allows borrowers to replace their current mortgage with a new loan.

Why would I refinance my investment property?

The most common reasons to refinance include securing a lower interest rate, getting a different type of loan, pulling equity to borrow more money, and shortening the loan term.

When should I refinance?

The best time to refinance an investment home is when interest rates drop. Alternatively, if you can prove you have two or more years of achieving financial stability (and particularly if you’ve reduced your debt-to-income ratio), you should consider refinancing.

How do I refinance my property?

1. Build enough equity (ideally 20% or more)
2. Prepare the required documents that outline your financial history and overall risk
3. Apply for refinancing
4. Have your lender complete the underwriting process
5. Sign off on your new loan

NEED FORMS?

ORHA Forms are Available Online!

Oregon Rental Housing Forms are just a click away!

<ol style="list-style-type: none"> 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 	<ol style="list-style-type: none"> 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.
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Forms Are Also Available to Pick Up!

Two convenient locations. Stop by and purchase updated forms.

2707 Broadway Ave. North Bend, OR 97459	- OR -	161 Central Ave. Coos Bay, OR 97420
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The Oregon Rental Housing Key Political Action Committee strives to elect state legislators who will work for the best interests of rental property owners.

Contribute to the Oregon Rental Housing KEY PAC and you may qualify for a Tax Credit.

oregonrentalhousingpac.org

Make a Contribution TODAY!

Welcome New and Returning ROA Members!

Joan Krause, Dragana Popov,
Peggy Reeder & Liza Schwarz

Your ROA Board of Directors

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regina@eledwardsrealty.com (541) 756-0347

Vice President: Cindy Colter
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Position #2: Sage Coleman
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Position #3: Joan Mahaffy
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Position #4: Jessica Webber
jessica@advancedpropertygmt.biz

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

Position #6: Thaddeus Konar

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:

2707 Broadway Ave.
North Bend OR 97459

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

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In Case You Missed It: Collections, Small Claims, & Garnishments

July 21, 2022

For those of you who missed it, Christian Bryant put on another amazing class on July 21st. This class covered the ins and outs of how to take your tenant to small claims court, place collections on a past balance, and the very daunting process of garnishments. If you thought that those items were difficult or impossible for you to do on your own, Christian single-handedly took the added stress away, by explaining each step and breaking it down for us to grasp. Thanks again to Christian Bryant for not only assisting our members with new education, but also putting the information out there in an understandable fashion. Keep an eye out on our website for the next educational webinar, it promises to be a hit!



Code of Ethics

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

The objectives of this Association shall be:

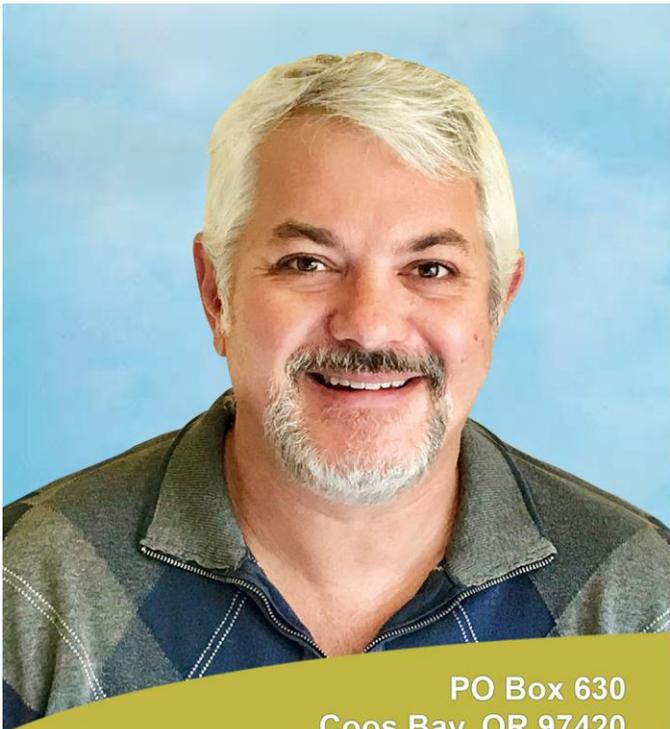
- A. To unite, for their mutual good, rental housing owners, managers and/or their agents in the Southwestern Oregon area.
- B. To strive to maintain those standards of the residential rental industry which are of a high ethical and up-to-date business level.
- C. To stimulate cooperation among rental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

**2707 Broadway Ave.
North Bend, OR 97459**



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.

**PO Box 630
Coos Bay, OR 97420
Phone: (541)756-2056
assistant@pmtlaw.net**



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