



January 2015



Don't Leave Money on the Table

By **Terry Flora-Turner**, ORHA Education Chair

One of the most important ways that ORHA serves our members is by working hard to provide up-to-date rental forms. In fact, in 2013 we reformatted every single form and added several new forms to benefit our members. In 2014, we made some important changes to current forms to comply with landlord tenant law changes that many members might not even be aware of. Changes we've made to Forms 1, 2A, 2B, 30, 35 and 45. As we describe below, new landlord tenant law changes equal money in your pocket. Are you using the new 2014 forms? If you're not using the most recent forms edition, you're leaving money on the table! Here's how:

Non-compliance fees – New landlord tenant law added more non-compliance violations including unauthorized pets and smoking in non-smoking areas or units, to list just two. Non-compliance fees were also increased to \$50 plus 5% of the rent for repeat violations, but you can't charge these fees unless you are using current 2014 forms. (Forms 1, 2A, 2B, 30 and 45)

What about the new requirement that you give the tenant a warning notice before charging a non-compliance fee? – The 2014 forms explain the rules and the new Form # 35 was developed to help you follow the law. (Forms 1, 2A, 2B, 35)

Medical marijuana – You can allow its use in your property if you choose to. However, the updated 2014 forms prohibit its use or cultivation without your prior written permission. (Forms 1, 2A, 2B)

Damage to appliances or other provided articles in the unit – Most owners think they must always prorate the value of property damaged by tenants. The 2014 editions of the Rental Agreement and Fixed-Term Lease clearly state that damages to property will be charged to the tenant at current market prices. (Forms 2A, 2B)

Do you require Renter's Insurance? – In most cases you may now require Renter's Insurance, but you must disclose your requirement in the Application and Rental or Lease Agreement. (Additional requirements must also be met – see the forms for details). (Forms 1, 2A, 2B, 30)

Are you responsible for tenant losses? – The new forms clarify that a lack of refrigeration or heat that is beyond your control is not your responsibility and you are not liable for the tenant's costs. (Forms 2A, 2B)

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Legislative Update

By **Jim Straub**, ORHA Legislative Director



The Landlord-Tenant Coalition last met on January 21st, and we have one more meeting scheduled for February 2nd. Unfortunately, there were some setbacks

at our last meeting, and I have some doubts at this time about whether a negotiated coalition bill will be agreed upon for this Oregon legislative session. The following topics are still under discussion: increasing unauthorized pet violation fees, allocating tenant payments, passing through HOA fees and utility fees to tenants, adding landlords as interested parties on tenants' renters' insurance, penalizing landlords who rent illegal units, and damages caused to rental properties by uninvited guests/third parties. Many landlord advocates believed at our January 7th meeting that landlord and tenant advocates had reached agreement on several of these issues. However, at our January 21st meeting, tenant advocates argued positions on several of the topics that were not consistent with the agreements landlord advocates believed we had reached on January 7th. The coalition will spend our February 2nd meeting attempting to reach agreement on these differences. Landlord advocates are not inclined, though, to back away from the positions on which we believed we'd reached agreement on January 7th. Stay tuned to see the results of those negotiations and whether a Landlord-Tenant Coalition bill moves forward to the legislature in the coming weeks.



Our Exceptional Forms

By **Michael Steffen**, ORHA President

I cannot thank the forms committee enough for the excellent work they have done to revamp all of the ORHA forms over the last couple of years. Terry-Flora Turner, Jim Straub and the rest of the forms team have applied their significant expertise toward developing effective, law compliant, easy to use forms for our members that are, in the opinion of many even outside ORHA, the best forms in the business. Terry's article in this issue highlights the key changes made in 2014.

Also in this issue, Jim Straub provides an update on the status of landlord-tenant coalition negotiations and Sybille Beck provides information concerning deductibility of dues. The dues information is especially important to individual members, so please share the details accordingly.

Dues Deductibility Rates

Date: January 26, 2015
To: Local Association Presidents, Treasurers, and Delegates
From: Sibylle Beck, ORHA Treasurer
Subject: IRS Required Disclosures

Oregon Rental Housing Association is a 501(c)(6) corporation, a category called "Business Leagues." As such, we are allowed to lobby to influence legislation (but not candidates). However, lobbying expenses are not deductible for income taxes. The tax code requires us either to pay taxes on the income spent on lobbying or to tell our members that a portion of their dues and contributions to us are not tax deductible as a business expense. We of course choose to do the latter.

For our fiscal year ending June 30, 2014, we spent \$37,200 on lobbying expenses. The way the IRS requires us to calculate, the \$37,200 got spent out of the \$105,014.00 we received in dues and contributions from members. Consequently 35.42% of the dues you paid are not tax deductible.

If you paid us dues directly (you are a Direct or Affiliate member), then 35.42% of those dues are not deductible as a business expense. That applies to any dues you paid in this calendar year.

If you are a member association, it's more complicated. You are yourself a 501(c)(6) organization and need to tell your members that a portion of their dues is not deductible. If you don't incur other lobbying expenses, then you need to tell your members that a certain percentage of their dues are not deductible. That percentage depends on what percentage of their dues gets paid to ORHA. You calculate that by dividing the amount of dues you paid to ORHA by the total dues you collected from your members. For instance, if dues collected from your members' totals \$50,000 and you paid \$20,000 in dues to ORHA, then the percentage of your members' dues that is not deductible is 40% (\$20,000 divided by \$50,000) times 35.42%.

If you do better with formulas: $\frac{\text{Dues paid ORHA}}{\text{Total dues collected}} \times 0.3542 = \text{Your percentage}$

The only numbers that are pertinent here are dues you collect, and dues you pay to ORHA. Don't count books or forms or classes held, either the expense for or the revenue collected – just dues.

If you are on a fiscal year ending June 30, then you should use this calculation based on this last year's numbers (last fiscal year's dues collected and paid). If you are on a December 31 fiscal year, it's best to use the first 10 or 11 months of this year for the calculation. Either way, you should be including this information in your billing to members (if you bill them) and print it periodically in your newsletter or other regular communication to members.

**Next ORHA
Board Meeting
March 21, 2015
Salem**

**Don't Leave Money on
the Table, continued from page 1.**

Did your tenant trash the unit and it will take weeks to get it ready to rent again? – You can charge the tenant for loss of use while it's being repaired. (Forms 2A, 2B)

Do you know about the new law regarding screening tenants with prior evictions or criminal behavior? – We updated the Application Screening Guidelines form to include these new requirements. (Form 45)

Turning an account over to a Collection Agency? – Past tenants must pay all collection costs including the Agencies' fees, plus 10% interest per annum compounded annually. (Forms 2A, 2B)

Are you sometimes confused about when to serve a 30 Day Termination Notice or a 60 Day Notice? We reformatted and updated Form # 5 to make sure that our members know how many days they must give to tenants. The instructions at the bottom of the form explain the process for you. Whether you need to give a 30-day or 60-day notice, you can use Form # 5 in either case. (Form 5)

ORHA spends months working on updated forms to make sure that you can take advantage of every law change that benefits you and to help protect your investments. Aren't convinced to use 2014 forms yet? Just send that money on the table directly to me, in care of Maren at the state office in Salem.

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