

# Success in Property Management

## How to Be an Effective Landlord!

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## DISCLAIMER

- ◆ Goal Today: Have familiarity with RCW 59.18, not to be Legal Experts
- ◆ We Will Not Cover All Sections of RCW 59.18 - Only Covering Major Points
- ◆ The instructor is not an attorney. None of the information given in this class shall be considered legal advice. All topics covered are for informational purposes only, are subject to change and shall not to be construed as legal advice. Should you have any questions now or in the future, regarding any of the information or material conveyed in this class, you are hereby advised to seek the advice of a qualified attorney. By remaining in this class you hereby hold harmless the instructor, school and Spokane Association of Realtors for any decisions you make as a result of attending this class.

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## AGENDA

- ◆ Laws
- ◆ Forms and Documentation
- ◆ Best Practices
- ◆ Current Legislation
- ◆ Class Materials
- ◆ Course Evaluation

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## **MODULE 1: Landlord Tenant Law Basics**

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### **Three Goals Today**

- ◆ Learn Landlord-Tenant Law Basics
- ◆ Know How and When to Use Forms and Documentation
- ◆ Understand Best Practices for Landlords and Property Managers

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## **Complicated Business... Thank You Attorneys and Politicians!!!**

- ◆ Many “Landmines”
- ◆ 1,000,001 Ways to end up in Court
- ◆ Tremendous Liability
- ◆ Numerous Urban Myths About Landlord-Tenant Law
- ◆ Key to Success - Education and Staying Updated on the Law

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## **WA State Residential Landlord-Tenant Act (RLTA)**

- ◆ “Residential Landlord-Tenant Act of 1973”
- ◆ Governs Statewide
- ◆ Local Municipalities can add more restrictive laws and ordinances
- ◆ Rental Agreement can go beyond statute, can’t restrict any rights
- ◆ Solid Legislation - Used as a template in other states
- ◆ Not Perfect - Too much ambiguity in many cases

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## RCW 59.18.065 - Written Rental Agreement

- ◇ Provide copy to Each Tenant at Time of Execution
- ◇ Each Tenant May Request One Free Copy During Tenancy

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## RCW 59.18.060 - Landlord Duties

- ◇ Health and Safety
- ◇ Security - Locks
- ◇ Smoke / CO Detector per RCW 43.44.110 (Written Plan for Multi-Family)
- ◇ Provide Mold Info
  - ◇ <https://www.doh.wa.gov/Portals/1/Documents/4300/Mold.pdf>
- ◇ Designated Person within the County Where Property Located (Stevens Co Example)

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## **RCW 59.18.070 - Time Limits for Landlord Remedial Action**

- ◇ Hot or Cold Water, Heat, Electricity, Hazardous Conditions - 24 Hours
- ◇ Range, Refrigerator, Oven, Major Plumbing Fixture - 72 Hours
- ◇ All other cases - 10 Days
- ◇ You leave it... You're responsible to maintain or repair it!

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## **Foisy v. Wyman (WA - 1973)**

- ◇ No hot water... in fact... no hot water tank!!!
- ◇ Court can adjust rent based on habitability conditions
- ◇ Court can extinguish rent completely if bad enough
- ◇ Caveat Emptor no longer applicable in rental housing applications post-Foisy
- ◇ Non-Payment of rent can be challenged under Foisy
- ◇ Make all repairs ASAP, even during an unlawful detainer action

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## Landis v. Nation (WA - 2012)

- ◇ RLTA has a warranty of habitability
- ◇ Duty to provide pest-free-housing
- ◇ Tenant can vacate lease prior to occupancy without penalty
- ◇ No notice required
- ◇ Was unit pest free at move in? 3 Months – hard to argue; after 18 months - can put responsibility on tenant easily
- ◇ Single-Family = Tenant Responsibility after move-n
- ◇ Multi-Family = Landlord Responsibility
- ◇ Solution? Pest control program yearly and between tenancies

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## What if Tenant Refuses Entry?

- ◇ Beware: Tactic used by tenants advocate attorneys
- ◇ Process:
  1. 48 Notice of Entry – Day, time, your phone number
  2. Document Refusal – Get Statement from Vendor
  3. 10 Day Comply or Vacate Notice
  4. Deliver letter with Statutory Penalty Notice (\$100 per attempt and refusal)
  5. Issue another 48 Notice of Entry

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## **RCW 59.18.090 - Landlord Failure to Remedy Defective Condition - Tenant Action**

- ◇ Terminate Rental Agreement - Must Follow Written Notice Requirements
- ◇ Bring Action in Court or Arbitration
- ◇ Pursue Additional Remedies in RCW 59.18

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## **RCW 59.18.100 - Repairs by Tenant**

- ◇ Pursuant to RCW 59.18.060 and 59.18.070 – Landlord Fails to Repair
- ◇ Repairs Costing More Than 1 Month's Rent, Less Than 2 Month's Rents
  - ◇ Notice and Estimate
    - ◇ Cannot Commence Repairs until 10 Days After Notice or 2 Days after Providing Estimate, Whichever is Greater
    - ◇ Cost Cannot Exceed 2 Month's Rent in a 12 Month Period
- ◇ Repairs Costing up to 1 Month's Rent
  - ◇ No Estimate Needed if Cost does not exceed 1 Month's Rent in a 12 Month Period
  - ◇ Does NOT Create Employer / Employee Relationship

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## **RCW 59.18.130 - Duties of Tenant**

- ◇ Clean and Sanitary
- ◇ Dispose of Rubbish and Garbage at Regular Intervals
- ◇ Properly Use Appliances and Fixtures
- ◇ Not Commit Nuisance or Waste
- ◇ Maintain Smoke Detection Devices
- ◇ No Drug or Gang-Related Activity
- ◇ Return Premises to Condition at Move-In (Except for Normal Wear-And-Tear)

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## **RCW 59.18.150 - Landlord Right of Entry**

- ◇ Tenant May Not Refuse Entry for Repairs or Improvements
- ◇ Landlord Shall Not Abuse Right of Access or Harass Tenant
- ◇ Notice to Enter
  - ◇ Post Notice with Exact Dates and Times of Entry
  - ◇ Notice Must Give Phone Number for Tenant to Reschedule or Object
  - ◇ Only at Reasonable Times
  - ◇ No Excessive Showings or Entries
  - ◇ 24 Hours for Showing to Rent or Sell
  - ◇ 48 Hours for All Other Entry
  - ◇ Emergency Exceptions

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## **RCW 59.18.220 - Termination of Tenancy (Specified Time)**

- ◇ Tenancy Shall be Deemed Terminated at End Date of Lease
- ◇ Lease End Date is Considered Constructive Notice
- ◇ No Notice Needed
  - ◇ Should you give Notice?
  - ◇ Renewing Lease – Secure Tenancy or Request that They Leave
  - ◇ Change of Use? – Currently in Question – 120 Days
- ◇ Armed Forces Exception
  - ◇ Allows them to Break Lease
  - ◇ Must Provide Notice within 7 Days of Receiving Deployment or Re-Assignment Orders

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## **RCW 59.18.255 – Source of Income**

- ◇ Based on Source of Income, Landlord May NOT...
  - ◇ Refuse to Rent Unless
    1. Source of Income Conditioned on Inspection; and...
    2. Written Estimate to Pass Inspection is Over \$5,000; and...
    3. Landlord has not Received Money from Landlord Mitigation Fund
- ◇ Income Threshold Must Include Voucher Amount
- ◇ Must Include Federal, State, Local and Non-Profit Funds
- ◇ Does Not Include Income Derived in an Illegal Manner

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## **RCW 59.18.257 – Screening / Notice**

- ◇ Notification in Writing About Screening Process
  - ◇ Type of Info Accessed in Screening
  - ◇ Criteria for Denial
  - ◇ Name, Address of Consumer Reporting Agency
- ◇ Adverse Action Letter (AAL)
- ◇ Must use Anytime There is Denial or Conditional Approval
  - ◇ Increased Deposit
  - ◇ Co-Signer
  - ◇ Last Month's Rent
- ◇ Language Prescribed by Statute – [LINK](#)
- ◇ Website Must State if Portable Screening Reports Accepted

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## **RCW 59.18.260 and 270 - Handling of Tenant Deposit**

- ◇ Must be Written Rental Agreement to Hold Deposit
- ◇ Written Checklist Required - Move-In Condition Report
  - ◇ Signed by Landlord and Tenant
- ◇ Terms and Conditions Under Which Deposit Funds will Be Used
- ◇ One Free Copy During Tenancy
- ◇ Must be in a Separate Trust Account (or Licensed Escrow Agent)

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## **RCW 59.18.280 - Deposit Disposition**

- ◇ Within 21 Days of Transfer of Possession
- ◇ “Full and Specific” Statement for Retention
- ◇ First-Class Postage Satisfies Requirement
  - ◇ Recommend Using “USPS Certificate of Mailing” Cards
  - ◇ Cost = \$1.50
- ◇ Amount of Deposit does NOT Limit Recovery Amount

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## **RCW 59.18.285 - Non-Refundable Fees**

- ◇ Never Label as “Deposit” or They Are Refundable
  - ◇ Non-Refundable Pet “Deposit”
  - ◇ Non-Refundable Cleaning “Deposit”
- ◇ Take Fees at Execution of Lease - Don’t Deposit in Deposit Trust Account

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## RCW 59.18.312 - Storage and Sale of Tenant Property (Eviction)

- ◇ Must Store if Requested by Tenant Within 3 Days of Writ
- ◇ Must Store if Tenant has a Disability – Request for Storage Assumed by Law
- ◇ Must be Returned to Tenant if Storage and Moving Fees Paid within Time Frame
- ◇ Notice of Pending Sale Must be Delivered to Tenant
- ◇ Landlord May Sell or Dispose of Items
  - ◇ Over \$250 - 30 Days
  - ◇ \$250 or Under - 7 Days
- ◇ May Apply Funds to Outstanding Balance
- ◇ Any Funds in Excess
  - ◇ Hold for One Year
  - ◇ After One Year Becomes “Unclaimed Funds”
  - ◇ Must Send to D.O.R. per RCW 63.29
- ◇ Landlord Can Opt to Store Items without Request – Why Would You?
- ◇ If No Request for Storage – Put Items on Nearest Public Property (Usually Sidewalk)

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## RCW 59.18.365 - Unlawful Detainer Action - Summons

- ◇ Start of the Legal Eviction Process
- ◇ “Eviction” is a Legal Process - Sometimes Used Loosely
- ◇ Statutory Language Provided - Must Use - [LINK](#)

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## **RCW 59.18.415 - Exceptions – Example: Lease Option**

- ◇ Tenant De-Facto Owner - Responsible for All Repairs
- ◇ Incentive to Damage Property if not Excluded
- ◇ Tenant's Attorney Must Approve of Exclusions

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## **RCW 59.18.575 - Victim Protection**

- ◇ Domestic Violence / Sexual Assault / Unlawful Harassment / Stalking
- ◇ Can Request Lock Replacement
- ◇ Can Terminate Rental Agreement Immediately
- ◇ Must provide Order of Protection within 90 Days of Incident

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## **RCW 59.18.590 and 595 - Death of a Tenant That is a Sole Occupant**

- ◇ Landlord Can Request Tenant Designate a Person to Act on Their Behalf
- ◇ Access / Removal of Items / Receive Refunds Due to Tenant
- ◇ Designate Authority Terminates w/ Proof of Personal Representative
- ◇ Various Time Frames for Notices - Get Attorney Involved ASAP!

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## **WA Senate Bill 5600 Enacted July 28, 2019**

- ◇ Amends the Following RCW's:
  - ◇ 59.12.030
  - ◇ 59.18.410
  - ◇ 59.18.390
  - ◇ 59.18.365
  - ◇ 59.18.290
  - ◇ 59.18.055
  - ◇ 43.31.605
  - ◇ 43.31.615
  - ◇ 59.18.030

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## WA Senate Bill 5600

- ◇ 14 Day Pay or Vacate Notice (Increase from 3 Days)
- ◇ State Mandated Notice Form
- ◇ Increased Time Periods
- ◇ Increased Judicial Discretion to Reinstate (See Final Bill Report)
- ◇ Landlord Must Deliver Notice if Tenant Breaches Agreement
- ◇ Funds Paid Apply to Rent First
- ◇ Late Fee Limit of \$75.00
- ◇ No Award of Attorney Fees if Moving to Evict for Greater of:
  - ◇ Less than Two Month's Rent
  - ◇ \$1,200.00 or Less
- ◇ Landlord Mitigation Fund (See Final Bill Report)

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## WA Senate Bill 5600

- ◇ Rent Redefined
  - ◇ Rent = Recurring, periodic charges identified in lease for use and occupancy
  - ◇ Recurring Charges can include utilities
  - ◇ NO – Late fees, damages, legal costs, deposits
  - ◇ Any funds paid must be applied to rent first

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## **WA Senate Bill 5600**

### ◇ Seven (7) Factors to Reinstate Tenancy

1. Tenant willful or intentional default
2. Non-payment caused by exigent circumstances, not likely to re-occur
3. Tenant ability to timely pay judgment
4. Tenant payment history (Critical – Notices!)
5. Tenant substantially in compliance (Notices!)
6. Hardship on tenant if evicted
7. Conduct related to other notices (Notices!)

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## **WA Senate Bill 5600**

### ◇ Factor 3 In-Depth - Payment Plans

1. Must be able to pay one months rent within 5 days
2. Must be able to pay off within 90 days
3. Plans longer than 30 days, must be able to pay one month total each month
4. Plans on/before 15<sup>th</sup> of month – Tenant pays ongoing rent on normal schedule
5. Plans after 15<sup>th</sup> of month – Can include next month's rent in payment plan
6. If tenant defaults, has 3 days to pay full balance

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## **New Laws in 2020 – Effective June 11, 2020**

- ◇ **ESB 5165 – Discrimination Based on Citizenship Status**
  - ◇ Cannot Require Social Security Number on application; cannot provide different terms; may not charge differently
- ◇ **ESHB 2535 – Grace Period Before Late Fee Imposed**
  - ◇ Five day grace period with no late fees; after five days landlord can charge late fees back to first day rent is due
- ◇ **EHB 1694 – Allows Tenants to Pay in Installments**
  - ◇ Applied to deposit, last month's rent and fees; rental term of less than three months tenant can pay over two months; rental term longer than three months tenant can pay over three months; not required when charges are under 25% of rent
- ◇ **ESSB 6378 – Residential Tenant Protections**
  - ◇ Adds additional tenant advocate contact information to notices and summons; requires landlords to accept emergency assistance funds if it will pay costs in full; must suspend court action for seven days if notified prior to expiration of pay or vacate notice

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## **Proposed Laws Defeated**

- ◇ **HB 2520 – Excessive Documentation to Withhold Damage Deposit**
  - ◇ Must document age of all fixtures, equipment and furnishings; time since their installment or replacement; useful life at the start of every tenancy; limits ability to recover for damages.
- ◇ **SB 6490 – Further Limits Screening for Prospective Tenants**
  - ◇ Limits access to criminal records; limits ability to refuse housing to expanded list of convicted felons; law is redundant and will create legal confusion and conflicts as federal law already exists to cover screening of criminal history.
- ◇ **HB 2779 – Rent Control**
  - ◇ Limits rent increases; increases notice timeframes; rent increases above 3% requires 180 days' notice; limits late fees to one-half of 1% of rent; treble damages for violation.
- ◇ **HB 2453 – Just Cause Eviction**
  - ◇ Creates perpetual tenancy; only able to ask a tenant to leave for specific reasons; makes it harder to protect welfare of the property as well as other tenants.

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## ADDITIONAL RCW's / WAC's THAT GOVERN LANDLORD TENANT LAW

- ◇ RCW 59.12.030 - Unlawful Detainer
- ◇ RCW 59.12.040 - Service of Notice / Proof of Service (Discuss Later)
- ◇ RCW 43.44.110 - Smoke Detection Devices
- ◇ WAC 212-10-040 - Location of Smoke Detection Devices
  - ◇ Outside room; in immediate vicinity; central location on hallway
  - ◇ On or near ceiling
- ◇ RCW 19.27.530 - Carbon Monoxide (CO) Detectors – All Residential Units
- ◇ WAC 51-51-0315 - Location of CO Detection Devices
  - ◇ Outside of sleeping areas; within vicinity
  - ◇ Inside sleeping areas with fuel burning appliance or attached bathroom with such
  - ◇ Combo Smoke / CO Detectors Allowed

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## Current Ordinance Proposals – City of Spokane

### **Sections 18.03.005 and 18.03.080 – Eviction Only for a Specific Cause:**

Similar to HB 2453 and SB 6379; allows removal of tenants for only a limited number of reasons, creates perpetual tenancy, harder to protect welfare of property and community; obviously would be redundant if state laws passed.

**Title 10C – Residential Tenancy Code:** Limits pet deposits to \$150; no additional rent for pets; fine up to \$10,000 for certain violations; business licensing requirement for landlords; home inspection requirement for landlords prior to each tenancy; distribution of tenant information packets; deposits may not exceed one-month's rent; limits ability to screen tenants properly; codifies and encourages costly and frivolous class-action lawsuits; \$2,000 mandatory relocation assistance under certain circumstances; allows for arbitrary awards of other monetary penalties against landlords.

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## ELECTED OFFICIAL CONTACTS

### State Legislature:

<https://app.leg.wa.gov/DistrictFinder/>

### City Council:

<https://my.spokanecity.org/citycouncil/>

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## Fair Housing Basics for Residential Rental Property

- ◆ EHO Flyer - Put in ALL Rentals
- ◆ Steering - Watch out for that Balcony!
- ◆ Discrimination - Disparate Impact
- ◆ Advertising - Property not Person
  - ◆ Exceptions: Families w/ Children, Disabled, Section 8, Veterans
- ◆ Domestic Violence - Cannot Deny Victim (Concerns over Repeated Trouble)
- ◆ Retaliation - Month-to-Month = HUGE Liability
- ◆ Occupancy Standards – Guideline is 2 per Bedroom +1 (Can Vary)

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## Protected Classes - Federal (7)

- ◇ Race
- ◇ Color
- ◇ Religion
- ◇ Sex
- ◇ Handicap
- ◇ Familial Status
- ◇ National Origin

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## Protected Classes – WA State (Federal +5)

- ◇ Creed
- ◇ Marital Status
- ◇ Sexual Orientation
- ◇ Gender Identity
- ◇ Military / Veteran Status

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## Protected Classes - City of Spokane

- ◆ Spokane Municipal Code – Section 18.01.030 Definitions
- ◆ Source of Income
  - ◆ “**Discrimination**” means different or unequal treatment because of race, religion, creed, color, sex, national origin, marital status, familial status, domestic violence victim status, age, sexual orientation, gender identity, honorably discharged veteran or military status, refugee status, disability, the use of a guide dog or service animal, or the use or eligibility for the use of housing choice or other subsidy program or *alternative source of income*.
  - ◆ “**Discriminate**” means to treat differently or unequally because of race, religion, creed, color, sex, national origin, marital status, familial status, domestic violence victim status, age, sexual orientation, gender identity, honorably discharged veteran or military status, refugee status, the presence of any sensory, mental or physical disability as defined by the Americans with Disabilities Act and/or the Washington State Law Against Discrimination, or the use or eligibility for the use of housing choice or other subsidy program or *alternative source of income*.

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## Reasonable Modifications Market Rate Properties

- ◆ A **reasonable modification** is a structural change made to an existing premises occupied by a person with a disability (and disability is typically defined as an individual with a physical or mental impairment that substantially limits one or more major life activity) in order to afford such a person the full enjoyment of the premises.
- ◆ Tenant Pays
- ◆ Quality of Work Can Be Monitored
- ◆ Must Bring Back to Original Condition at Lease End
- ◆ Example:
  - ◆ Install Wheelchair Ramp; Widen Doors for Wheelchair
- ◆ Grant ALL Reasonable Requests

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## Reasonable Accommodations

- ◇ A **reasonable accommodation** is a change in rules, policies, practices, or services. The change is necessary to afford a person with a disability equal opportunity to use and enjoy a dwelling.
- ◇ Example:
  - ◇ Change Rent Due Date for Tenant on SSI, Social Security
- ◇ Grant ALL Reasonable Requests

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## Pets v. Assistance Animals

- ◇ ADA and HUD Rules Commonly Confused
- ◇ Assistance Animal v. Service Animal (Dog / Miniature Horse)
- ◇ Certain Animals Can Be Both

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## Criminal Background Screening

- ◇ HUD Guidance Memo – April 4, 2016
- ◇ Disparate Impact – Adversely affect people of a protected class more than another, even though rules are formally neutral
- ◇ Dobler Consent Decree & Settlement – Pierce County, WA

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## Criminal Background Screening

- ◇ Guidance from Sterling Glen Settlement – Aug 5, 2019
  - ◇ Only consider felony criminal convictions for past 5 years
  - ◇ Will NOT consider: Arrests, charges, expunged convictions, pardoned convictions, vacated convictions, adjudication withheld or deferred, convictions reversed on appeal, sealed juvenile records, whether applicant is on probation or parole, simple possession of controlled substance or paraphernalia, past conduct since decriminalized

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## Criminal Background Screening

- ◆ **Felony Property:** Theft, burglary, vandalism, arson, criminal damage to property (RCW 9A.48)
- ◆ **Felony Drug:** Trafficking, sale, smuggling, distribution, unspecified controlled, all 1<sup>st</sup> and 2<sup>nd</sup> degree controlled substance offenses
- ◆ **Felony Fraud:** ID theft, use of stolen checks, writing bad checks, counterfeiting, forgery
- ◆ **Felony Sex:** Rape, registration as sex offender, indecent liberties with a minor, pandering, sex trafficking, sexual battery; DOES NOT include victimless crimes: Prostitution or solicitation
- ◆ **Felony Bodily Harm:** Homicide, assault, battery

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## Criminal Background Screening

- ◆ **3 Step Recommended Screening Process**
  1. Income and Credit – If denied at this point, no reason to move forward with screening
  2. Limited Criminal Background Screening
  3. Individual Assessment – Written Notice to Prospective Tenant
    - a) Items for Landlord to Consider
      - i. Time since offense
      - ii. Rehabilitation
      - iii. Productive member of society
      - iv. Letters from: Parole officer, case worker, counselors, family members, community organizations

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## **ATTEND THE FAIR HOUSING CONFERENCE!!!**

- ◆ April is Fair Housing Month!
- ◆ Conference Every April (Except 2020 – Thanks to Coronavirus)
  - ◆ New Scheduled Date: September 17, 2020
- ◆ Spokane Convention Center
- ◆ Get on the Mailing List for Info
- ◆ E-mail: [ExecDir@nwFairHouse.org](mailto:ExecDir@nwFairHouse.org)

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## **MODULE 2 - Forms and Documentation**

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## Screening Criteria - Create and Hand Out to... EVERYONE!

- ◇ Application - Hand out to EVERYONE
- ◇ Holding Fee
- ◇ Property Condition Report
  - ◇ Must be signed by Tenant and Landlord Prior to Move-in
  - ◇ Grace Period for Additions

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## Lease Basics

- ◇ Address of the Property
- ◇ Full Legal Names of Financially Responsible Tenants
- ◇ Date of Execution
- ◇ Date of Termination (Can't be Over 1-Year w/o Notarization)
- ◇ Rent Amount, Due Date and Intervals - Late Fee Due Date
- ◇ Deposit Amount
- ◇ Utilities - Who Pays What
- ◇ Signed by ALL Parties

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## Lease - Recommended Clauses

- ◇ Breach
- ◇ Vacating Property
- ◇ Subletting
- ◇ Tenant Agreements
- ◇ Tenant Responsibilities
- ◇ Tenant Fees
- ◇ Sale of Premises

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## Addenda

- ◇ Lead-Based Paint and Pamphlet (if Required)
- ◇ Mold Addendum and Pamphlet
- ◇ Smoke Detector
- ◇ CO Detector
- ◇ Recommended: Marijuana, Pet, Assistance Animal, Pool, Hardwood Floor, Sole Occupant, Bed Bug, Septic, Well

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## Common Notices and Proper Delivery

- ◇ 24 Hour Notice of Entry for Showing
- ◇ 48 Hour Notice of Entry for Inspection (Survey)
- ◇ 3 Day Quit and Vacate
- ◇ 14 and 10 Day Notices for Late Rent and Fees
- ◇ 10 Day Comply or Vacate Notice for Compliance
- ◇ 30 Day Notice to Cure

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## Service of Notice and Proof of Service (RCW 59.12.040)

- ◇ Service (Delivery) of Notice
  - ◇ In-Person or...
  - ◇ Post in Conspicuous Place and...
  - ◇ Send via USPS First Class Mail
- ◇ Proof of Service Form
  - ◇ Fill Out
  - ◇ Will Be in Document Pack
- ◇ Separate Notice and Proof of Service for EVERY Individual on Lease

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## **Importance of Proper Delivery and Documentation**

- ◇ Small Claims Court
- ◇ Lawsuits
- ◇ Prepare for The Worst (Hope for the Best)

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## **MODULE 3 - Best Practices**

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## **Property Management Considerations in the Era of Coronavirus and COVID-19**

- ◇ Showing Properties
- ◇ Property Turnover Practices
- ◇ Moving in New Residents
- ◇ Rent Collections Restrictions
- ◇ Payment Agreement Restrictions
- ◇ Citations from WA Attorney General

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## **Showing Properties**

- ◇ Avoiding In-Person Showings
- ◇ Photos Becoming More Important than Ever
- ◇ Consider Doing Video Tours
- ◇ 3D and Matterport-type Showings
- ◇ Remote Entry Ability – Secured Lockboxes

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## Property Turnover Practices

- ◇ Delay Time from Key Return to Move-Out Inspection
- ◇ Space out Vendors Over Longer Periods of Time
- ◇ Require Vendors to Wear Masks
- ◇ Delay Move-in After Last Vendor in Property
- ◇ Liability – Lawsuit vs. Lost Rent – Risk Assessment

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## Moving In New Residents

- ◇ Warn Them Up Front – Delayed Schedule
- ◇ Lease and Addenda Signed via E-Signature App
- ◇ Zoom Meetings to Cover any Needed Interactions
- ◇ Online Rent and Deposit Collection
- ◇ Remote Key Pickup / Office Precautions

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## Rent Collection Restrictions

- ◇ No Late Fees
- ◇ No Delinquency (Pay or Vacate Notice) Posting
- ◇ No Threats
- ◇ No Pressure
- ◇ Can Encourage Contact and Communication

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## Payment Agreements

- ◇ Be VERY Careful
- ◇ Language for Tenant to Renegotiate Based on Governmental Actions
- ◇ No Pressure – May Want to Wait Until Moratorium is Over and Get Guidance from Attorney

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## WA Attorney General's Office on the Offensive

### ◆ Two citations in the last month:

- ◆ The first, in Tacoma, the landlord is being sued for tenant harassment based on his actions of excessive sending/posting of reminders of the late rent obligations; for contacting the tenant's employer regarding his employment status; for attempting to get involved in rental assistance activity on behalf of their tenant; and for failing to rescind late fees charges and interest on past due rents
- ◆ The second, a landlord in Spokane County, was cautioned against posting 48-hour notices to inspect his properties. A tenant considered such notification as harassment and so notified the AG's Office. The AG's Office stated that any 48-hour notice to inspect property must include a statement that this request is being made for the safety and well-being of the tenant. Without this qualification, the notice is considered as tenant harassment during this time of the Governor's moratorium/proclamations.

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**Document... Document... Document!!!**

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**Photos... Photos... Photos!!!**

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## **CHECKLISTS!!!**

- ◇ Application
- ◇ Move-in
- ◇ Move-out – Notice to Vacate
  - ◇ Addenda: Early Terminate, Early Vacate, Military, Abandonment
- ◇ Move-out – Key Return
- ◇ Eviction
- ◇ Property Managers
  - ◇ New Owner On-Boarding
  - ◇ New Property Intake
  - ◇ Transfer Management Out

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## **BOOK RECOMMENDATION**

The Checklist Manifesto

By

Atul Gawande

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## **Lease Renewal - Recommendations**

- ◇ Always a Term Agreement
- ◇ Renew Yearly – Things Change, Updates, Rent Increase
- ◇ NEVER Go Month-to-Month – Increases Liability (Retaliation)

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## House Rules

- ◇ How to be a Good Neighbor
- ◇ How to Treat Property
- ◇ Should be In Writing
- ◇ Have Tenants Sign

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## Choosing an Applicant

- ◇ First Qualified NOT Best Qualified
- ◇ Set Standards High Enough for Comfort
- ◇ Do NOT Consider Subjective Criteria
- ◇ Treat Everyone the Same – NO EXCEPTIONS

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## Adverse Action Notice

- ◆ When is it Required?
  - ◆ Straight Denial
  - ◆ Additional Criteria
    - ◆ Double Deposit
    - ◆ Co-Signer
- ◆ Include Reason for Denial
- ◆ Include Credit Bureau Contact Info
  - ◆ Entitled to Free Credit Report w/ Denial

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## What Does Rent-Ready Look Like? (or... How to Maximize Profitability!)

- ◆ Curb Appeal - Yard
  - ◆ Curb Appeal starts at CURB - No Weeds at Curb!!!
  - ◆ Lawn is Green, Mowed and Trimmed (Edged if Necessary)
  - ◆ No Weeds in Shrub Beds
  - ◆ Shrub and Trees Trimmed
- ◆ Curb Appeal - House
  - ◆ No Peeling Paint
  - ◆ Sidewalk Swept
  - ◆ Windows Clean
- ◆ Safety - All Items Addressed (Smoke / CO Detectors, Hand railings, etc)
- ◆ Cleaning - Thorough- Think 5-Star Hotel!!!
- ◆ All Repairs, Maintenance and Painting Completed
- ◆ RENT-READY = MOVE-IN READY!!!

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## Renewing Leases - Should You Renew Yearly?

- ◇ Rent Increase
  - ◇ Small Yearly
  - ◇ Prevent Large One-Time
  - ◇ Expenses – Insurance, Property Taxes
  - ◇ Profit
- ◇ Notice to Tenants 60 Days in Advance if Changing Terms

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## Maintenance Requests

- ◇ Written is Preferable (Online if Available)
- ◇ Must Take as Delivered
- ◇ Act Quickly – Delayed Maintenance Main Cause of Vacancy
- ◇ Know Timelines (RCW 59.18.070)

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## Determining Wear-and-Tear

- ◇ Average Life Expectancy of Appliances (Years)
  - ◇ Refrigerator - 13
  - ◇ Dishwasher - 8
  - ◇ Gas Furnace - 18
  - ◇ Hot Water Tank - 10
  - ◇ Washer (Remove!) - 10
  - ◇ Dryer (Remove!) - 13
- ◇ Painting (Interior) - 3 to 5 - Variables
- ◇ Carpet - 5 to 7 - Variables

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## Determining Wear-and-Tear

- ◇ Wear Pattern in Carpet
- ◇ Paint – Scuffs and Marks
- ◇ Walls – Small Nail Holes
- ◇ Minor Scratches on Trim
- ◇ Wear from Normal Use

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## Determining Wear-and-Tear

- ◇ NOT Normal Wear-and-Tear
  - ◇ Holes in Walls
  - ◇ Painting Bright or Dark Colors
  - ◇ Stains in Carpet
  - ◇ Dirt and Debris
  - ◇ Damage to Property, Fixtures or Appliances

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## Deposit Disposition (RCW 59.18.260)

- ◇ Written Report
- ◇ Photos / Video
- ◇ Collect all Receipts
- ◇ Disposition Accounting / Ledger
- ◇ Disposition Letter
- ◇ Mail via First Class Mail (Recommend Certificate of Mailing)
- ◇ Deposit Disposition Review Option

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## Company Metrics Important Numbers to Track

- ◆ Average Days from Move-Out to Rent-Ready
- ◆ Average Days from Move-Out to Move-In (Days Vacant)
- ◆ Average Hours to Respond to Maintenance Request
- ◆ Average Days to Complete Maintenance Request
- ◆ Survey Rating of Vendors

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## TEAM MEMBER METRICS

SCORECARD						
Who	Measurable	Tracking	Goal	1/21 - 1/27	1/28 - 2/3	2/4 - 2/10
<b>TEAM</b>	<b>AGGREGATE TO-DO COMPLETION</b>	<b>METRIC BY</b>	<b>&gt; 90%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Andrea	Live Calls Answered	KP/CL	>80%	73	84	67
	No W/O Over 3 Days Old	CL	>90%	100	97	98
	Turns Under 10 Days	CL	>90%	0	100	0
Debbie	Scans Not Named and Placed	ES	< 10	0	0	0
	Dispositions Not Completed in 24 Hours	CL	0	0	0	1
	Utility Letters Out After 24 Hrs	CL	< 2	0	0	0
	BTO Admin Not Completed within 5 days	CL	< 2	0	0	0
Emily	Dispositions Not Completed in 24 Hours	CL	< 2	0	0	0
	Tenant Charges Applied w/in 24 Hours	ES	>90%	100	75	100
	Move-in Funds Process w/in 24 Hours	PD	>90%	100	100	100
John	Turnover W/O Not Assigned w/in 24 Hours of MO	CL	<5	0	0	0
	Calls Answered Live	CL	>80%	100	95	80
	W/O's Not Created in Under 4 Hours	KP/CL	<1	2	0	0
	Dispositions Not Completed w/in 24 Hrs of Receipts	CL	0	0	0	0
Kevin	PCR Not Completed w/in 4 Hours of MI	PD	<1	0	0	0
	Drive By Pictures Downloaded w/in 24 Hrs	AP	<1	0	0	0
	MO Performed per Day - 3 Minimum	CL	>90%	100	100	100
	MO Downloaded w/in 4 Hours	JW	>90%	100	100	100
	Marketing Photos Taken with 24hr of request	PD	<1	0	0	0
Pam	Applicants Not Responded to in 4 Hrs	ES	<4	0	0	0
	Calls Answered Live	KP/CL	>50%	54	76	41
	Application Not Closed Out	ES	<4	0	0	0
	Property Marketed w/in 24 Hrs of Rec Mktg Photos	CL	<1	0	0	0

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## Eviction - Court

- ◇ Prior - Try to Negotiate a Graceful Exit
  - ◇ Save Money - Eviction is Expensive
  - ◇ Be on Their Side - Compassion / Eviction on Record is Bad!
  - ◇ Eliminate Non-Income Days
- ◇ 14-Day Pay or Vacate Notice
- ◇ Send to Attorney - File Unlawful Detainer Action
- ◇ Summons
- ◇ Show Cause Hearing (if Tenant Responds to Summons)

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## Items Needed to File an Eviction

- ◇ Lease and All Addenda
- ◇ Rent Increase Notices
- ◇ Move-In Condition Report
- ◇ Tenant Ledger
- ◇ Notices - Any and All Served During Tenancy
  - ◇ Increased Importance Due to SB 5600
- ◇ Proof of Service for All Notices
- ◇ Rental Application

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## Eviction - Getting the Property Back!

- ◇ Writ of Restitution
- ◇ County Notice to Vacate
- ◇ Sheriff Meets at Property
  - ◇ Escorts Tenants Out of Property
  - ◇ Removal of Items
  - ◇ Change Locks!!! (Arrange for Locksmith to be at Eviction)

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## Preparing for Small Claims Court

- ◇ #1 Dispute - Deposit Disposition
- ◇ Try to Negotiate Settlement
  - ◇ Save Time
  - ◇ Save Money
  - ◇ Protect Reputation
  - ◇ Judges are Fickle and Unpredictable
- ◇ Court of Equity (NOT a Court of Law)
- ◇ Preponderance of the Evidence
- ◇ 3 Binders - You, Opposing Party, Judge

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## Make it Easy - Tech

- ◇ Online Application
- ◇ Electronic Lease
- ◇ Online Maintenance Requests
- ◇ Online Payments
- ◇ Pay Clients via ACH
- ◇ Electronic Property Survey (Inspection) Software

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## Limit Liability

- ◇ LLC for Rental Property
- ◇ Umbrella Insurance Policy – Cheap!!!
- ◇ Stay Educated
  - ◇ Landlord-Tenant Law
  - ◇ Fair Housing
- ◇ Consult with an Attorney on Issues That Arise... Early and Often!!!

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## Class Collateral

Adverse Action Letter (AAL)	2018 Fair Housing Conference Agenda
48 Hour Notice of Entry	2019 Fair Housing Conference Agenda
14 Day Comply or Vacate Notice	Mold Handout
10 Day Comply or Vacate Notice	SB 5600 Digest
30 Day Notice to Cure	SB 5600 – Full Version (4/24/2019)
Proof of Service Form	RCW 59.18 – Entire Chapter (Will Change on 6/11/20)
Request for Storage of Personal Property	Move-in Checklists
Equal Housing Form	Move-out Checklists
WA Fair Housing Agencies / Protected Classes	Small Claims Binder Cover Sheet
Criminal Screening Non-Discrimination Form	Sterling Glen Settlement and Letters (8/5/2019)
Proposed Cause Eviction Ordinance (11/25/2019)	Proposed Rental Protections Ordinance (11/25/2019)
House Bill 2453 – Just Cause Eviction (1/14/2020)	House Bill 2520 – Deposit Documentation (1/15/2020)
House Bill 2779 – Rent Control (1/21/2020)	HUD Assistance Animal Guidance Memo (1/28/2020)

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## Class Materials and Questions

◆ E-mail Address for Class Materials

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