Dave Poletti & Associates Presents

The Seattle Landlord Report

A Monthly Publication to Keep Our Clients Informed

January 2010

Beware - Red Flags

As experienced property managers, we have learned to recognize certain warning signs – or "red flags," when marketing properties and taking applications.

Here are some we encounter while showing properties:

The applicant is willing to pay more than the offered rent and security deposit.

They will pay everything in cash, but do not have any current employment or income.

They want to do the property owner a favor and do all the maintenance while living there.

They fight the entire application process because they have "always owned their own property," or they consider themselves "above" the process.

They immediately trash their current landlord, claiming they will not have a good reference, and that the property owner is discriminating against them.

They left the property cleaner than they found it, but the owner cheated them out of their security deposit.

After taking applications, there can be further red flags:

There is absolutely no credit record and they have been working and renting for years.

Their relatives are the only landlord history listed.

Their relatives are their employers.

Their employers only have personal addresses and pay only in cash.

The applicant does not have identification or has just "lost it."

The salary does not match the job position and/or length of time

The social security number brings up conflicting information.

Many "red flags," such as those listed above, could be legitimate facts, but it is important to investigate anything that gives out a warning signal. They might be a reason to deny the application and prevent bad tenancy. So, how do we handle red flags when they occur?

First, we maintain and use the strict screening process we have developed over the years. We require the highest level of reporting available including a criminal background check on all potential residents.

There are solid business reasons behind these procedures. They are often a result of encountering "red flags." By applying the same process to all parties, we are protecting owners from Fair Housing complaints, and at the same time, working to place well qualified tenants in our properties.

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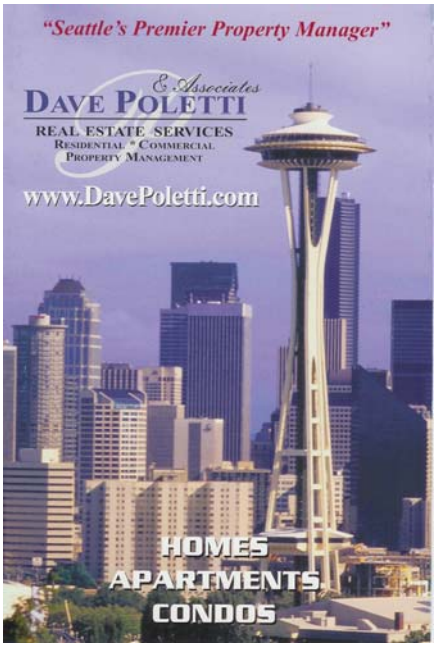

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RATED #6 IN PUGET SOUND !!!!!

In the newly published "2010 Book of Lists". we have been rated by the "**Business Examiner "** as one of the top property management companies in Puget Sound. GVA Kidder Mathews , a well deserving and established company came in at the #1 spot overall.

" WE ARE NOW A "FAVORITE PLACE" ON GOOGLE "

Our diligent effort to market your vacancy to the masses is paying off. Our website has had 29,552 direct hits between July 1 and Sept. 30 of 2009. As a result, we have been recently listed as a **"Favorite Place" on Google.**

JANUARY 28TH IS "DAY ON THE HILL" IN OLYMPIA.

We will be in Olympia January 28th on behalf of all landlords and clients to show our support for the upcoming legislative session. We will voice our concerns over many of the bills coming up for debate. **(see page 3 for list)**

REALTOR

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EQUAL HOUSING OPPORTUNITY

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We look for the "reasons" behind the red flags. It takes patience to handle a prospective tenant who feels they are above completing the "application" Many people have owned for many years and then sold their homes, only to feel this is an insulting practice since they have always been "good citizens." Some applicants do work legitimately for their relatives and it takes more investigation. It often takes endurance to work with the high-powered executive, who claims to be above the entire screening process and refuses to disclose their personal information. Perhaps an applicant did legitimately lose their identification, but there are other means to prove their identity. In addition, their former landlord could have been unfair regarding their security deposit.

Sometimes the applicant who yells the loudest is only creating a smoke screen because they are the least qualified. It is finding the way through the "smoke" to the real facts that determine the truth. Once we achieve this, we can deny or accept the application, while complying with landlord/tenant laws.

The "red flags" we experience will keep occurring and there will be new ones to keep us on our toes. Some management companies simply pull a $6.00 credit report, look at the score and make their decision. Some simply go on instinct. **We will not compromise with your property**. We will continue to use a solid application and the highest level of screening process to place the absolute best residents in your property.

2010 Legislative Session – What you need to know.

The 2010 Legislative session begins January 11 and WMFHA (Washington Multi-Family Housing Association) is prepared to tackle a variety of issues during the short 60-day session.

#1 - Limitations on Tenant Screening

Tenant advocates will again pursue legislation that will severely limit the information that screening companies could give to landlords about previously filed eviction actions involving the applicant. It will also allow for portability, allowing an applicant to take a screening from one property and use it at other properties for the next 60 days. WMFHA defeated this proposal last year and has been involved in discussions to find a compromise, if one exists, at the request of the Chair of the Senate Housing Committee.

#2 - Inspections of Rental Property

Many cities are currently exploring the idea of mandatory inspection programs that could be very costly and unnecessary to owners. WMFHA continues to participate in stakeholder meetings with legislators, city and tenant representatives to find a compromise on some limit to mandatory inspection programs. WMFHA and other representatives from the industry are seeking to have one statewide law in place that details the parameters of any inspection type program cities might want to enact in their jurisdiction.

#3 - Street Utility Fee Proposal from the Association of Washington Cities (AWC)

AWC will pursue a permanent transportation funding source for basic street maintenance and preservation that could potentially charge multi-family buildings between .50 and $3 a unit. Depending upon the building's billing practices the owner would receive the line item charge, or the charge would show up on each individual tenant's bill.

#4 - Carbon Monoxide Detectors

The State Building Code Council recently adopted rules that require all existing multi-family housing units be equipped with carbon monoxide detectors by July 1, 2011. WMFHA will be working with other industry representatives to seek an amendment to this requirement that would push the implementation date to 2013, limit the installation to those buildings with fuel fired appliances only and clarify the responsibilities of the tenant with respect to maintaining the devices.

#5 - Utility Liens

WMFHA will pursue legislation that clarifies the current law by giving owners the ability to request notification of delinquency by the resident and prohibiting the utility from collecting more than 4 months' delinquencies from the owner if such a request is made.

#6 - Mandating Acceptance of Section 8

Legislation again will be pursued that adds 'source of income' as a protected class - essentially mandating landlords to accept tenants who are recipients of Section 8 housing vouchers. WMFHA defeated these measures last year and will continue to oppose.

LANDLORDS WIN SIGNIFICANT VICTORY REGARDING 3-DAY NOTICE

The Court of Appeals has just issued its decision in an eviction case that landlord lawyers have been watching and waiting for. The case involves non-payment of rent and the validity of the 3-day notice served by the landlord. The court ruled that the notice was valid and that the late charges set forth in the rental agreement were not excessive. The monthly rental amount was $800 and the rental agreement provided that a late fee of $50 would be imposed on the 3rd of the month if rent had not been paid plus $10 per day thereafter. The tenant did not pay rent for July until almost the end of the month and did not pay any late charges. The tenant failed to pay rent in August and on August 11 the landlord served a 3-day notice for $800 in August rent, $330 in late fees for July, and $130 in late fees for August. At the show cause hearing the tenant argued that the 3-day was invalid because it included late fees and, in the alternative, that the amount of late fees charged was excessive. The trial court ordered the eviction and the tenant appealed. The Court of Appeals ruled that because the late fees were a direct result of the tenant's failure to pay rent, the late fees were properly included in the 3-day notice and that the notice was valid. Alternatively, the court stated that even if the late fees could not be included in the notice, they were set forth separately and the notice "substantially" complied with the statutory requirements. The court then turned to the tenant's argument that the late fees provided for in the rental agreement were "unconscionable." In order to be unconscionable the provision must "shock the conscience," be "monstrously harsh," and "exceedingly calloused." The judges ruled that these late fees did not meet that standard and could be enforced. The decision by the Court of Appeals is "unpublished." This means that it only affects the parties to the lawsuit and cannot be cited by other landlords or their attorneys as precedent in subsequent eviction cases. However, WMFHA along with other landlord attorneys will be filing a motion with the court to "publish" this opinion so that it will be binding on judges in future eviction cases. We anticipate a ruling from the court on the motion to publish by the end of February.