

# The Bemrose Report

an e-newsletter from Bemrose Consulting

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## From the Desk of Matt Bemrose...

### Bemrose Consulting Announces New Product for Individual Landlords

Bemrose Consulting has been helping individual landlords since we opened our doors in 1992! We have been a reliable resource for landlords managing from 1 to 5,000 units for nearly 20 years. From the time we launched, the individual landlord (1-10 units) has been able to receive the same thorough analysis of credit as the large property management companies we serve.

In 2007 the Credit Reporting Agencies (Equifax, Experian, and Trans Union) became more concerned about where resellers (tenant screening companies) delivered credit reports. They required that all end users (landlords) be credentialed. The requirements were such that the individual landlord with just a few properties, could not be credentialed. Thus, tenant screening companies could no longer pull credit reports for their applicants and forced the individual landlord to perform tenant screening without credit reports – a real disservice to that group of property owners.

As a result if these reporting rules, Bemrose Consulting, was able to pull credit, but could not deliver credit reports to the individual landlord - who was barred from being credentialed (in industry terms: non-credentialed end users). Experian was the only Credit Reporting Agency that would allow end users to be classified as non-credentialed. Bemrose Consulting has been purchasing Experian credit reports from a third party broker which allows us avoid the high monthly minimum costs and annual fees that Experian requires from resellers. This is similar to a co-op with other smaller resellers.

As of April 1st 2011, Experian is discontinuing their relationship with our third party broker, forcing us, and all resellers, to buy directly from them. With their high monthly minimums and high annual fees it has become cost prohibitive for us to continue our relationship with Experian. If we were to work directly with Experian, these exorbitant costs would need to be passed on to our clients. Many other tenant screening companies are being forced to find alternatives to continue



servicing individual landlords or not help them at all. We have had many landlords come to us because other screening companies had refused to help them.

Here's the good news...

Always in search of more effective screening solutions, Bemrose Consulting has found an excellent alternative. We are excited to offer a new product for ALL of our customers – especially for our non-credentialed individual landlords. We are partnering with TransUnion's SmartMove®. With a simple account set-up you will receive credit reports, as well as nationwide criminal, sex offender, and eviction searches instantly. This service is available at <http://bemroseconsulting.com/smartmove1.html>.

As the credit industry continues to change, we at Bemrose Consulting must adapt and continue to help our customers. We look forward to this new partnership and are excited that we will be able to serve landlords nationwide.

Thank you for your loyalty and being part of our growth.

Matt Bemrose, President

# TENANT SCREENING

## How to Manage Your Own Rental Property With a Profit

Managing your own income property can be a real challenge, especially if you're new to the game. As you read the tips below, keep in mind that every state has different laws and regulations for renting properties. You'll need to check with your attorney to make sure you're in compliance with your local requirements.

### Habitability

Each state has its own laws about what qualifies a property as habitable. Check with your attorney or state about specific laws within your area. In general, here are some good rules of thumb\*:

- Effective waterproofing and weather protection of roof and exterior walls, including unbroken windows and doors.
- Plumbing facilities in good working order, including hot and cold running water, connected to a sewage disposal system
- Gas facilities in good working order.
- Heating facilities in good working order.
- An electric system, including lighting, wiring, and equipment, in good working order.
- Clean and sanitary buildings, grounds, and appurtenances (for example, a garden or a detached garage), free from debris, filth, rubbish, garbage, rodents, and vermin.
- Adequate trash receptacles in good repair.
- Floors, stairways, and railings in good repair.
- A working toilet, wash basin, and bathtub or shower. The toilet and bathtub or shower must be in a room which is ventilated and allows privacy.
- A kitchen with a sink
- Natural lighting in every room through windows or skylights. Windows in each room must be able to open at least halfway for ventilation, unless a fan provides mechanical ventilation.
- Safe fire or emergency exits leading to a street or hallway. Stairs, hallways, and exits must be kept litter-free. Storage areas, garages, and basements must be kept free of combustible materials.
- Operable deadbolt locks on the main entry doors of rental units, and operable locking devices on windows.

- Working smoke detectors in all units of multi-unit buildings, such as duplexes and apartment complexes. Apartment complexes also must have smoke detectors in common stairwells.
- Ground fault circuit interrupters for swimming pools and antisuction protections for wading pools in apartment complexes and other residential settings (but not single family residences).

*\* This list is not a firm set of rules for determining habitability. You must check with your state government or attorney to verify your region's requirements.*

### Research on rental rates

Professional Property Management Companies do a market analysis to determine optimal monthly rental amount for properties utilizing a wide range of professional resources. This utilization of a wide range of professional resources in easy to understand terms is simply read the classifieds. Look in the newspapers find rentals in the immediate area of your rental property and call. Get the rental rate, address, and how many bedrooms, and baths. Does it have a pool? A garage?, etc. Find ones closest in similarities as yours and then drive by it. Write all the info down. Then average it out....3 bdrms/ 2 baths with no pool are going for \$900 to \$1100 in your neighborhood. So after driving by and comparing your rental to the ones you're looking at decide on a price. Although you would like to set the rental rate at what your mortgage rate is ,that is also a consideration but not necessarily a number you can use because of the real estate market going up and down.

### Advertising for tenants

You could just put a For Rent sign in the window, but don't expect any quick results. People must know where to look. So advertise in your local paper. The most cost efficient ad is like this:

17141 Calvert Dr. 3 bdrm/2 bath  
\$1000 Rent 559-748-6985

That way the people can drive by the rental home, (be sure and have a visible For Rent sign on it.) know how many bedrooms and baths it has, and its rental rate and then if interested can call you for application & appointment to see inside. Be sure and have property locked up securely, it helps to notify neighbors you're trying to rent it and give them your number in case of any suspicious activity. When the applicants call first question them on how many people, their credit history, and their employment. This way you're screening them thru

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the phone call and aren't wasting time going to the property to show it to people who can't afford it or who don't meet your requirements. Never discriminate against anybody due to color, race, disability, etc. This is against the law. But if you don't want a family of 10 in your home you do have that right - just don't tell them that.

### **Screening the applicants**

Bemrose Consulting offers individual landlords (self-managing 1-10 units) an excellent tool for obtaining credit and criminal background checks. See our web site (<http://bemroseconsulting.com/smartmove1.html>) for more details.

### **The rental agreement**

Bemrose Consulting offers standard rental agreements, which can be downloaded at: <http://bemroseconsulting.com/criminal-background-checks-resources.html#forms>. You may want to have your attorney review these to determine if any changes need to be made to comply with requirements in the state that the rental property is in.

### **Moving a tenant in**

If a tenant moves in on the 10th of the month, you should collect one full month's rent and the security deposit (usually the same as one month's rent) example: Rent 2/10/09 to 3/10/09 collect \$900 rent plus \$900 security deposit. Then the following month on the first collect a prorated rent amount: \$900 divided by 30 days equals \$30 per day. So 3/10/09 to 3/30/09 would be 20 days multiplied by \$30 per day equals \$600. So the prorated rent would be \$600 the second month.

And the security deposit is not yours to spend. It is to hold until the tenant moves out. It is to correct any damage done by tenant. To return the rental unit back to the condition it was when they moved in. So it is very important to take pictures of the unit, and do a walk thru with the tenant and note all conditions of it. This walk-thru is very important if you end up in court

### **Do's and don't's during tenants occupancy**

If you want to enter property say for inspection or to check the furnace, then you must post a 24 hr notice on door of unit. Do not ever just drop by property it is against the law to enter the unit especially if the tenant is not home. If they are home and you repeatedly drop by to enter unit it will annoy them and they could sue you. Also do not store any

of your belongings on property.

If your tenant has not paid the rent by the 10th of the month do not harass them one phone call is sufficient then post a 3 day pay or quit notice. This notice must be posted on front door stating how much rent is due, for what period and where to pay it. After 3 business days if they haven't responded you can start eviction proceedings. You must mail this notice on the same day you post it. It must not state late charges or any other charge. Only the specified rent amount that is late. Always consult with your attorney to ensure you are in compliance with the eviction process that the property is located in.

### **Moving the tenant out**

When tenant gives you a written 30 day notice you must give the tenant the opportunity to do a pre-inspection. This is an inspection to point out damages that will be deducted from the security deposit. Give a written walk thru form with damages noted. Then the day they turn the key in, go do a walk-out preferably with the tenant there. Note the damages (you cannot charge for normal wear and tear) and then get estimates or get the work done with the security deposit money. You have 21 days to return the deposit or to give an itemized deduction letter with invoices or estimates attached. If you fail to respond and keep the deposit the tenant can sue you.

### **Refunding of security deposits**

Must be done in 21 days.

## **EMPLOYEE SCREENING**

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### **Drug dilemma**

In the old days, anyone suspected of abusing illegal drugs on the job would have been fired on the spot. In today's litigious times, things aren't so simple.

Do you have a policy against illegal drugs? "Without a policy, an employer doesn't have any guidelines that are communicated to the employee," says Paul Mastrangelo, assistant professor of industrial organizational psychology at the University of Baltimore. "If the employee is terminated, and there's no policy, the employee can say they were never told they could be terminated for drug use."

While it may seem obvious that something illegal would be automatic grounds for dismissal, without a

## Drug Dilemma, cont'd.

policy specifically stating that fact, the termination may not stand up, especially if it is a union shop.

If there is a specific incident that is causing you to develop a policy, make sure it is communicated to the employees, even in draft form, before following through with any action.

Forget about the drug use, focus on the related job performance issues. Firing someone for alleged drug abuse can be a legal nightmare. What proof do you have they were using? Were there witnesses? Many of the symptoms associated with drug or alcohol abuse are also symptoms of colds and flu. Without some sort of testing, there's no way to know whether the employee took two hits of speed with a whiskey chaser or two cold capsules and some cough syrup.

If you have a drug testing program, you have the evidence-gathering mechanism you need to prove that person was using drugs on the job. If you don't have drug testing, start documenting all the related unacceptable behavior: absenteeism, tardiness, poor productivity, leaving early, etc. Talk to the employee about these work-specific issues without bringing up the suspicion of drug use. Put the employee on notice that continued behavior of this type will result in termination.

If action is taken, make it because of the job performance issues.

Mastrangelo says there are three "don'ts" when it comes to addressing this problem:

- Don't jump to conclusions. The employee's performance could be caused by cold, flu or other illness.
- Don't enable poor performance by covering for the employee. "If an employee has a drug or alcohol problem, covering up for them is the worst thing you can do," says Mastrangelo. "Even if they are a friend or valued worker. You are enabling the problem and hurting their chances of ever taking action."
- Don't ignore poor job performance.

### Warning signs

Does someone who works for you have a drug or alcohol problem? Here are possible warning signs:

- Quality and quantity of work decreases.
- Morale problems exist.
- Absenteeism increases.
- Conflicts with other employees arise.
- Accident rate increases.
- Equipment is stolen.

One way to help prevent problems is to provide

employees with not only work skills training, but life skills training. Teach conflict resolution and relaxation skills, allowing them to deal with two problems that correlate to drug abuse.

source: <http://www.sbnonline.com/2002/07/drug-dilemma-one-of-your-employees-is-suspected-of-using-drugs-on-the-job-what-do-you-do-now/>



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