

Notes RE: HB 2004

Potential Detrimental Effects to Tenants:

1. Virtually eliminates month-to-month rental agreements
 - a. Will create a system of fixed-term leases which will penalize tenants if they need to move before end of lease
 - i. Some lease contracts have early termination charges and some charge full value of remaining lease.
2. Increases rigidity of tenant qualifications for obtaining a rental
 - a. Landlords will need to have the assurance that the potential tenant will be able to sustain the monthly payments and have a history of caring for a property before they will rent to them
 - i. This will likely eliminate or severely restrict the ability of "marginally" qualified or first time renters to obtain a rental contract
 1. A month-to-month rental agreement allows for the flexibility of the landlord to "give folks a chance" to prove that they will be a quality tenant while at the same time giving the landlord the option to move out a poor tenant in a timely manner
 - b. Would very likely increase screening fees as a more comprehensive background check would be necessary
 - c. Will increase income to debt ratio requirements for tenants to qualify
3. Will increase the rigidity of adherence to contract rules and regulations
 - a. Will increase the number of "For Cause" terminations which will in turn lead to landlord/tenant disputes which will
 - b. Increase the landlord/tenant court cases and increase court costs
 - c. Will make the rules much more oppressive against tenants and much more comprehensive

Potential Detrimental Effects on Property Owners and Landlords:

1. Will severely restrict Owner's property rights by restricting the ability of an owner to sell their property in a time frame that would be in compliance with lender required closing and loan lock time frames
 - a. This is already a serious problem in Portland due to the 90 day notice period. Many purchasers have lost their loan locks and closings have been cancelled

Notes on HB 2004 (continued)

2. Could potentially increase the cost of home sales as the “relocation fee to tenants” would be added to the cost of the home sold
 - a. This could cause tightly priced homes to not appraise and sales to fail
 - b. The added “income” from the extra additional cost added will increase the owner’s tax liability
3. Will severely restrict Owners’ property rights by restricting the Owner’s ability to move back into a rental property due to a family/financial/health, etc. emergency
4. Will create a litigious environment when disputes arise over definition of “relocation” costs
 - a. May increase abuse by tenants to “game” the system for extra money
 - b. Will increase case loads and court costs in court system
 - c. There are no provisions in bill for “prevailing party” awards or how potential collections are managed
 - a. If a tenant wins a disputed relocation award does that become a lien against the owner, owner’s agent (property management or selling real estate broker) or the property?

Other Issues

1. How would this legislation affect national out-of-state banks who acquire a rental property by foreclosure?
2. How would this legislation affect a property who’s owner is forced out of the rental business due to inability to obtain property insurance?
3. How would this legislation affect a property that is placed in probate?
 - a. What if the owner died intestate?
4. How would this legislation affect a property that is transferred by imminent domain?
 - a. Are governmental jurisdictions subject to this legislation’s requirements?

Respectfully submitted by:

Richard Siewert, Owner

Woodburn Property Management

303-982-8301