



**In observance of Independence Day,  
Our office will be closed on  
Thursday, July 4th, 2013**



## Move-In Checklist

*By Chris Benis, RHA Legal Counsel*

**Q: I recently ended up in small claims court with a tenant. The issue related to differing interpretations of the original condition of the unit as indicated on the move-in inspection checklist. In our case, our units are typically in excellent condition. They regularly have very nice carpets (only a few years old), new paint, newer appliances, etc... When we fill out the checklist, we only note defects to the property (this means that many lines on the checklist are blank, because there are no defects to describe). Anyway, we lost in court because the judge said that we could not prove that the condition was as we claimed it to be at the time of move-in. What did I do wrong here?**

A. The only statute describing the checklist requirement is RCW 59.18.260, which states in relevant part, "no deposit may be collected by a landlord unless the rental agreement is in writing and a written checklist or statement specifically describing the condition and cleanliness of or existing damages to the premises and furnishings, including, but not limited to, walls, floors, countertops, carpets, drapes, furniture, and appliances, is provided by the landlord to the tenant at the commencement of the tenancy."

In theory, you did everything absolutely correct. The statute requires you to describe "existing damages to the premises and furnishings," and theoretically, a whole bunch of blanks on the checklist means that everything was perfect at move-in. However, I regularly hear stories of landlords losing in small claims court because judges' did something that seems not to track directly to the law. The only general advice I can give is that you take a deep breath, and remember:

- 1) The landlord-tenant laws are there to protect the tenants (when in doubt, the landlord usually loses); and
- 2) You are the one making a claim for damages, which means that the burden of proof is on you to describe the losses that you suffered due to the tenant's neglect.

For that reason, I urge what can only be described as overkill, when completing the inspection checklist. Even for studio apartment, my initial inspection and checklist preparation would take a half hour or so. I will do a room by room description of the property, and for each one, specifically describe the condition of the walls, doors, ceiling, windows, window coverings and any other features (fire-places, appliances, etc...). For a single family home, the process often takes a minimum of an hour.

You may have received a different result on a different day with a different judge. However, since we rarely get to select our judge, we need to be extra careful to document the condition of the property at move in. I do recommend that you complete every line of the inspection checklist with a detailed description. In addition to (but not as a substitute for) the checklist, many landlords also video record the entire unit or take digital photographs at move in (Keep in mind – your marketing photos may also be evidence of the move-in condition – I used those once myself).

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## Recordkeeping: How to get all that paper under control

*By Williams & Nulle, PLLC - Certified Public Accountants*

It's spring cleaning time, and includes your tax paperwork. While it can get a bit confusing, there are some general guidelines that you can follow

### Income tax returns.

These should be kept indefinitely. You would be amazed how many times the IRS will "lose" a tax return, and this is your only way to prove original filing. You should also keep the various back-up documents associated with the return, such as W-2 forms, mortgage interest statements, year-end brokerage statements, interest/dividend income statements, etc. This may seem like overkill, but you never know when you might need these documents for other purposes.

### Supporting documents.

These are things like cancelled checks, receipts, expense and travel diaries. With respect to retaining these items: three years minimum, five years is better, and seven years is best. How long you keep these records depends on your storage area and/or tolerance for potential audit.

### Stock/bond/mutual fund purchase confirmations.

These are documents that you need to retain during the time that you own the stock or mutual fund. They can be destroyed 3/5/7 years after the date of the sale of these assets. While many brokers are now reporting your fund purchase price, many records are still unavailable to them, so they cannot report your cost basis. It's ultimately up to you to prove your cost of these purchases.

### Real property escrow/title statements

This is the document that you receive when you purchase property. Generally called HUD-1, closing statement, or settlement statement, they are provided to you at your property closing by your title agent, escrow agent, or attorney. These are also documents that you need to retain during the time that you own the property. The ultimate purging of these documents also follows the 3/5/7 year provisions after the date of the sale.

And when you do finally decide to get rid of those old documents, do so carefully. Many documents will carry your social security number, bank/brokerage account number, and other bits of information that could lead to theft of your identity. So make sure that any documents that you get rid of are properly shredded or otherwise completely destroyed.

## Can Happy Employees Equal Healthy Profits?

*By Williams & Nulle, PLLC - Certified Public Accountants*

It is said that living by the Golden Rule – treating others as you would like to be treated – pays dividends. Can this be true in a small business work environment, too? Business owners are increasingly finding that treating employees well can boost profits.

Creating a contented workforce is simply a matter of maintaining your most precious business asset. This can benefit your company in three ways. First, it lowers employee turnover, which in turn lowers new-hire training expenses and flattens learning curves. Second, an employee who is treated well will be more apt to work harder and be willing to put in additional hours when needed. This extra effort can also help cement relationships with your customers as they discover that your employees will do whatever it takes to get the job done. And finally, gaining a reputation as a good place to work will naturally draw higher-quality job prospects.

So how can a small business with limited resources become an attractive place to work? The first step might be to just show employees that you care. Offer your workers as many tax-favored benefits as is feasible. The rules keep changing, so you will need to stay current on the latest employment perks.

Also, monitor company morale and routinely ask for employee feedback. When good ideas come from your rank and file, give them the proper credit. And as you become aware of special situations affecting the personal lives of your employees, consider helping them beyond what is required.

Another method for retaining good employees is regular investment in training. A solid core of well-trained employees not only maximizes company effectiveness and profitability, it sends an unmistakable message that your employees have a future with your company.

Fundamental to a contented workplace is a set of fair and consistent employment policies. Establish an employee handbook of rules to work by, and apply those rules to everyone in an even-handed manner. Create written job descriptions and strive to communicate expectations clearly. And when your company is headed for big changes, keep everyone informed as possible. An old business axiom, "never create more change than you can communicate" still holds true today.

Becoming a great place to work is not just the domain of Wall Street companies. Small businesses can also create favorable work environments. It just takes a little application of the Golden Rule.



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