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Next Meeting

Tuesday, February 16, 2010

5:30 p.m. **Granny Shaffer's Restaurant**

Empire District Electric Co.

Our next meeting will be this coming Tuesday, February 16, 2010. We will have our buffet supper at 5:30 p.m. with our program to start at approximately 6:15 p.m. Cost of the meal is \$10 per person. Reservations are not required and guests are always welcome.

Speaker this month will be **Empire District Electric Co.**

Ice and Snow and Your Liability

Those of you who live in climates where snow and ice is an issue know that you have to be more than just a little careful about when and how you deal with it.

Your first consideration is what knowledge you have or should have about any hazards. One court case dealt with ice that resulted from a drain pipe that was sometimes too small to accommodate the water that would run through it. The landlord really had no way of knowing it was too small since the ice accumulation was so rare an occurrence. The court (unbelievably) ruled that the tenant who slipped on the ice and fell should have been more careful. On the other hand, if a hazardous situation is known and obvious to the landlord, he could be held responsible for injuries.

That naturally brings up the question, how much will it cost you to prove you had no knowledge? Here is a case of even if you win, you lose. Your best defense is a good offense. Walk through each of your properties and scout out spots that could be lawsuits waiting to happen

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**IROC Seminar Has Been Rescheduled for
Saturday, May 15, 2010 More Details To Follow**

rentlinx

November Stats

15 members
36 properties listed
116 units
195 property views
1 web-lead

RentLinx

List your properties
Here for on-line
Search of available
Housing units
www.RentLinx.com

Prospects may
search by:
Bedrooms
School District
County
City

Association Coverage Area

According to MAA, our Association covers a large area of southwest Missouri, southeast Kansas, northeast Oklahoma and northwest Arkansas. These are the counties which are in our Association's area:

Missouri: Barton, Jasper, Newton, McDonald
Kansas: Linn, Bourbon, Crawford, Cherokee
Oklahoma: Craig, Mayes, Cherokee, Ottawa, Delaware, Adair
Arkansas: Benton, Carroll

If you know someone who is a rental owner or manager or who is considering becoming an owner/manager, tell them about us and all we can do for them!

Understanding Credit Scores

Recent media reports on changes in credit card legislation and tighter underwriting standards for lending have focused attention on credit scores as a measurement of credit risk.

As reported, banks and lenders are seeking to reduce their reserve requirements and risks by closing consumer credit card accounts, reducing credit line limits and/or raising rates. Taking actions such as these can have an unintentional effect of lowering consumers' credit scores, affecting even those with a history of excellent scores and timely payments. A lower credit score can, in turn, hinder the consumer's ability to get new credit and/or credit at an acceptable rate.

Credit scoring is used by lenders, insurers, employers, and landlords as a predictive model of credit risk. Included as a part of comprehensive tenant screenings, the credit score is a tool to help the landlord minimize the financial impact a bad tenant would impose on his business. The key is to understand the factors that comprise a risk assessment score and how changes in overall financial policies and regulations compounded by consumer choices can impact the score.

Reviewing the basics of credit scoring may be helpful to ensure your credit policies are adequate for your business in a changing and possibly difficult economy.

What is a credit score?

The mostly commonly used credit scores are FICO scores as developed by Fair Issac Corporation. There are actually three FICO scores, one for each of the three credit major credit reporting agencies – Experian, Equifax,

and TransUnion.

Credit scores may be different at each credit reporting agency since the FICO score considers only the data in the credit report at that agency.

A credit score is calculated using a mathematical equation that evaluates information contained in the consumer's credit file compared to patterns in millions of other credit files. The credit score number helps creditors assess consumer credit risk. It represents a snapshot analysis of a consumer's credit history at a fixed point in time.

For a FICO score to be calculated the credit report must contain at least one account which has been open for at least six months and each report must contain at least one account that has been updated in the past six months.

A credit score is objective in that, by law, a score may not take into consideration race, color, religion, national origin, sex, marital status, receipt of public assistance, or the exercise of any consumer right under the Consumer Credit Protection Act. A credit score does not consider age, occupation, sources of income, employment history, residence, interest rates on credit accounts or family support obligations (unless support obligations are a matter of adverse public records).

While a Social Security number and date of birth are needed to order a scored credit report, this information, while identifying, is not factored in the credit scoring model.

Scores will and do change over time as consumers act and react to their specific

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Southwest Missouri Rental Housing Association
Minutes of Regular Membership Meeting

Tuesday, January 19, 2010 - Granny Schaffer's

Meeting called to order by President Rhodes

Present 20 members, 6 guests and 2 speakers.

Membership Report as of January 4, 2010. Total - To - Date 50 Landlords, 805 Properties, 2 Associates.

Upcoming Speakers: Empire Electric for February 16, 2010 meeting.

Tonight's Speakers Were; Dustin Borland and Patti Readon with Missouri Gas Energy.

Other Business; Discussion - The Missouri Real Estate Transfer Tax.
Discussion - State Representative as a possible speaker.

Next Board of Directors Meeting: February 2, 2010, at Keller Williams office at 6:00 pm

Next Membership Meeting: February 16, 2010, at Granny Schaffer's at 5:30 pm.

Meeting adjourned

David McGarrah, Secretary

This publication is designed to provide informative material of interest to its readers. It is distributed with the understanding that it does not constitute legal, accounting, or other professional advertising. Although the published material is intended to be accurate, neither we nor any other party will assume liability for loss or damage as a result of reliance on this material. Appropriate legal or accounting advice or other expert assistance should be sought from a competent professional.

Any advice you may receive from any Director or Officer of the Association is simply our experience or willingness to help and is not to be construed as legal advice. Our intent is to network and to share our experiences with other members. We are not responsible for the legal content of any forms we

Ice and Snow and Your Liability—Cont. from Page 1

Ice

Obvious things to look for are places where downspouts have come loose and leave pools of water. As soon as the temperature drops below 32 degrees you have sheets of ice instead of pools of water. It is especially dangerous if these pools extend across sidewalks or driveways or into parking lots. In most instances reattaching a downspout takes less than 30 seconds.

Make sure that the water is turned off to outside spigots. If you don't have a program to alert your tenants to the need for turning them off, do it yourself. Then put those foam covers over the spigots to protect them from the freezing weather. Don't do any of that and you not only have sheets of ice from the broken water pipes but also a huge plumbing bill.

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Understanding Credit Scores—Continued from Page 2

financial events. Scores can be lower as a result of bankruptcies, judgments, liens, foreclosures, unemployment, increased credit card debt, and missed or late payments.

Credit scores will lag behind changes in the economy since it takes a while for the consumer's credit actions to be reported and correspondingly rated. This is important to note because while your applicant may qualify now for tenancy with a high credit score, in reality, his score may become significantly lower as missed payments or higher spending amounts catch up to his record. In effect, if you were to run his credit again, you might find he could not qualify under your current credit standards. This is one of the reasons we recommend thorough tenant screenings and not simply rely upon just one number on which to base your rental decision.

FICO scores range from a low of 300 to a high of 850. The three digit number represents the degree of credit risk, i.e. the likelihood of repayment. The higher the score, the less of a credit risk.

There is no single magic cutoff number that major lenders use in their decisions to extend credit. This is a consideration that landlords should keep in mind in creating their own credit policies. In the past, the landlord, armed with his "magic number," felt reasonably sure that applicants meeting that number were "good enough" for their selection as tenants. However, yesterday's magic number may not be adequate in light of today's shifting economy.

Minimum qualifying scores must take into account the potential applicant for the particular rental unit, the local market conditions, and the economy in general.

If your credit policy calls for a number close to "perfect" you may have set too high a standard and effectively limited your applicant pool. Those applicants who could have easily met that requirement in the past may

now need to look elsewhere. This is particularly true at this time in history when many otherwise good tenants have had credit scores reduced through no fault of their own, as discussed above second paragraph.

5 Factors of a Credit Score

A FICO score takes into consideration the information contained in the credit file along with a generalized level of importance. The score is an analysis based upon the following five categories of information and the category's degree of importance. The categories are:

- Payment history (approx. 35%),
- Amounts owed (approx. 30%),
- Credit history (approx. 15%),
- Types of credit (approx. 10%), and
- New credit (approx. 10%).

Account payment history is just that, payments on trade lines. This includes credit cards, retail accounts, installment loans, mortgage loans, and other lines of credit. In addition to current outstanding balances, late payments (delinquency) and the severity of delinquency (how long past due) are also factors. The number of past due items on an account is reviewed as well as the number of accounts that have been paid as agreed. Adverse public records and collection items have a negative impact on a credit score. Bankruptcy, judgments, suits, liens, and wage attachments are examples of adverse public records.

The credit scoring model looks at how much is owed on all accounts, how much is owed on specific types of accounts, the number of accounts with balances and how much available credit is shown for each account. The proportion of balances to total credit limits for revolving accounts and the proportion of balances to original loan amounts on installment loan accounts will be a consideration in the credit evaluation. In short, the more money that is owed compared to the

credit limit, the lower the score will be.

In general, a longer positive credit history on an account will have a positive effect on a credit score. Length of credit history considers the time since accounts were opened, the specific type of accounts opened, and the time elapsed since account activity.

The type of credit is also a factor in a credit score. A mix of different credit types, credit cards, retail accounts, installment accounts, revolving accounts, mortgage loans, or personal lines of credit, etc. is considered in evaluating the overall credit risk. Too few accounts or too many of one type of account can indicate potential risk.

Recently opened accounts are given consideration as to the number of new accounts and the type of accounts. New credit inquiries, both the number of inquiries and the time period in which they were made, may also have an effect upon the credit score. Some credit bureau models also give consideration to the re-establishment of positive credit history after past payment problems.

Finally, we remind you that attention should be paid to other information on the credit report in addition to the credit score number. There are many things that can lower a credit score which should not necessarily disqualify an applicant. For example, a recent bankruptcy will certainly cause the score to be lower, but, depending on the details of the bankruptcy and other factors, may actually indicate a preferred applicant because a tenant without a bankruptcy on record can file for one at any time whereas one with one on record cannot file again for many years after the previous filing.

About the Author

YouCheckCredit.com has been providing online credit reports and background checks since 2000. If you have any questions, we can be contacted at YouCheckCredit.com, 3822 Campus Drive #200, Newport Beach, California. Toll Free number 1-866-666-8833 or Articles@YouCheckCredit.com

Ice and Snow and Your Liability—

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Snow

Removing snow is an entirely different problem. When and how well you do it determines your liability. For example, in most localities you have no obligation to remove snow until it stops snowing. Up to that point the burden of care falls on the person who is walking on it. But what happens if it stops snowing in the middle of the night? Not too many landlords or property managers are going to get up at three o'clock in the morning to shovel snow; nor should they.

At least one court ruled that you have to know that the snow has stopped before you are responsible for removing it. Then be careful that you do it well. A property owner can be held liable if the snow was removed negligently. It is better to not remove snow at all than to do it badly. Usually snow is a fairly stable walking surface until it melts and refreezes, especially compared to the ice that will form if you do a bad job of getting the snow up. If you live in a climate where it snows regularly, you are all too familiar with shoveling snow. You know how to do it. Take the time to do it properly.

If you have to leave hazards, either because there is no way to clean it up or you have too much snow to haul off, put barricades around the hazardous places. Give people adequate warning of a dangerous situation.

The same goes for ice hazards. If you haven't been able to avoid them, barricade them. Make it difficult for people to hurt themselves.

EPA Clarification of New Lead Paint Regulations

Apartment firms are reminded that new lead-based paint (LBP) Renovation, Repair and Painting (RRP) regulations go into effect on April 22. The regulations, which cover subsidized and market-rate properties built before 1978, require apartment firms that engage in activities covered by the rule to become certified, train their employees on lead-safe work practices and/or employ certified contractors to perform renovation or repair work. Properties that have been found to be lead-free by a state-certified inspector are exempt.

Several members have contacted NAA/NMHC to report that regional EPA officials have stated that the federally approved testing protocol that has been in place under the Lead-based Paint Hazard Reduction Act (40 CFR Part 745.227) will not be sufficient to comply with the requirements of the RRP rule. Under existing protocol, state-certified inspectors follow a prescribed methodology to evaluate a property. They then prepare a report that either declares the property to be "lead-free" or identifies which specific surfaces contain LBP.

Regional EPA officials incorrectly opined that such testing, including tests resulting in a determination that a property is "lead free," would not be sufficient to determine whether a property is exempt from the requirements of the RRP rule. This interpretation would have far-reaching implications for many property owners and creates the potential for serious liability exposure.

NAA/NMHC have sent a [letter](#) (PDF available on our web site) to the EPA Administrator and have received an informal, yet definitive, response back from Michelle Price, Chief, Lead, Heavy Metals and Inorganics Branch, National Program Chemicals Division Office of Pollution Prevention and Toxics at the EPA.

Price says that "the interpretation you were getting from Regional personnel is incorrect, and the reply you will get from EPA will say that unequivocally."

Members are advised that that the testing protocols found in the Residential Lead-based Paint Hazard Reduction Act remain appropriate for determining compliance responsibilities under the RRP rule. The EPA will be communicating directly with its regional offices to clarify this matter.

Additional information on the rule is available at www.naahq.org/RRP. Members with additional questions can contact Eileen Lee, NMHC's Vice President of Energy and Environmental Policy, at elee@nmhc.org.

Associate/Preferred Vendor List

First American Title Co.
Apartment Finder of Springfield

417-623-1553

BILL STATUS REPORT

- Indicates action since last report.

[HB 1401](#) [Cox](#)

This bill exempts a tenant from liability for rent payments during the remainder of the term of the lease agreement when his or her residence is destroyed by an act of God or other natural or man-made disaster unless the tenant caused the disaster.

Bill History: 12-17-09 H Filed
01-06-10 H Read first time
01-07-10 H Read second time

[HB 1409](#) [McGhee](#)

This bill prohibits a municipality or utility company supplying an occupant of a premise with a utility service from holding the owner of the premise liable for the occupant's delinquent utility payment. The municipality or utility company may sue the occupant who received the services in a civil suit to recover any sums owed for the services plus reasonable attorney fees as set by the court.

Bill History: 12-17-09 H Filed
01-06-10 H Read first time
01-07-10 H Read second time

[HB 1454](#) [Brandom](#)

This bill allows a landlord to file a claim in small claims court for the ejection of a tenant in order to obtain possession of a premises.

Bill History: 12-21-09 H Filed
01-06-10 H Read first time
01-07-10 H Read second time

[HB 1692](#) [Smith-150](#)

This bill changes the laws regarding the regulation of real estate brokers and salespersons to include limited partnerships and limited liability companies and specifies that "real estate broker" will include these types of companies and "real estate salesperson" will include a single member of a limited liability company or corporation. The bill also requires the Missouri Real Estate Commission within the Department of Insurance, Financial Institutions and Professional Registration upon receiving notice from the Department of Revenue that a licensee is delinquent in paying his or her taxes to immediately send a copy of the notice to the broker with which the licensee is associated.

More on page 8 and 9

Bill History: 01-19-10 H Introduced and read first time
 01-20-10 H Read second time
 01-27-10 H Referred to House Committee on House-Judiciary
 02-03-10 H Meeting set for 12:00 PM, HR 1 House-Judiciary
 02-03-10 H Public hearing completed

[HB 1980](#) [Kratky, M](#) Authorizes an income tax credit for costs associated with a taxpayer's renovation of a rented residence.
 ***** NO BILL SUMMARY AVAILABLE AT THIS TIME *****

Bill History: 02-03-10 H Introduced and read first time
 02-04-10 H Read second time

[HB 2041](#) [Zimmerman](#) Requires a landlord to supply a tenant with copies of utility bills or a written statement of the average monthly utility bill for the previous 12 months when entering into a lease, unless waived.
 ***** NO BILL SUMMARY AVAILABLE AT THIS TIME *****

Bill History: 02-04-10 H Introduced and read first time
 02-08-10 H Read second time

[HJR 56](#) [Emery](#) Upon voter approval, this proposed constitutional amendment replaces the state individual and corporate income tax and state sales and use tax with a fair sales tax of 5.11% on retail sales of new tangible personal property and taxable services beginning January 1, 2012. The General Assembly, with or without a recommendation from the Tax Adjustment Commission which is established in the amendment, can make one rate adjustment to be effective no later than July 1, 2012, to adjust the amount of revenue received to make the tax revenue-neutral and to provide continued funding for programs. A component part or ingredient of a new tangible personal property to be sold at retail, federal government purchases, and business-to-business transactions including agriculture will be exempt from the new sales tax while all other exemptions and tax credits will be eliminated. Any new exemptions will require a two-thirds affirmative vote by the General Assembly and approval by the Governor. The conservation sales tax, the soil and parks sales tax, and local sales taxes will be recalculated to produce substantially the same amount of revenue. Each qualified family will receive a sales tax rebate based on the federal poverty level guidelines to offset the sales tax on basic necessities.

Bill History: 12-15-09 H Filed
 01-06-10 H Read first time
 01-07-10 H Read second time
 02-10-10 H Referred to House Committee on House-Ways and Means

SJR 29 Purgason SCS/SJR 29 - Upon voter approval, this proposed constitutional amendment replaces the state individual and corporate income tax, the corporate and bank franchise tax and state sales and use tax with a tax on the sale, use, or consumption of taxable property and services equal to five and eleven-one hundredths percent beginning January 1, 2012. Component parts or ingredients of a new tangible personal property to be sold at retail, federal government purchases, and business-to-business transactions including agriculture will be exempt from the new tax while all other exemptions and tax credits will be eliminated. The enactment of any new exemptions will require a two-thirds affirmative vote by the General Assembly and approval by the Governor. The conservation sales tax, the soil and parks sales tax, and local sales taxes will be recalculated to produce substantially the same amount of revenue. Each qualified family will receive a sales tax rebate based on the federal poverty level guidelines to offset the sales tax on basic necessities. The Tax Adjustment Commission is created to recommend a one-time adjustment to the new sales tax rate to ensure revenue-neutrality. A rate adjustment may only be recommended to the General Assembly upon a unanimous vote of the Commission. A concurrent resolution, offered in the house of representatives, must be adopted by both houses and sent to the Governor in order to make the one-time rate adjustment recommended by the Commission.

Bill History:
 01-12-10 S Introduced and read first time
 01-19-10 S Read second time
 01-19-10 S Referred to Senate Committee on Senate-Gov. Accountability & Fiscal Oversight
 01-28-10 S Meeting set for 8:00 AM, SCR 1 Senate-Gov. Accountability & Fiscal
 01-28-10 S Hearing conducted
 02-11-10 S Voted do pass as substitute from committee on Senate-Gov. Accountability & Fiscal

**SOUTHWEST
MISSOURI RENTAL
HOUSING
ASSOCIATION**

64802-1801

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www.moago.org.

02/02/2010

Current Membership

Count:

51 Members Managing

808 Properties

2 Associate Members

Southwest Missouri Rental Times

Each member of this Association shall:

- Strive continually to promote the education and fraternity of the membership and to promote the progress and dignity of the apartment/rental housing industry.
- Maintain and operate our apartment/rental housing projects in accordance with fair practices and in compliance with the By-Laws of the Association.
- Promote and maintain a high standard of integrity in the performance of all rental obligations and services in the operation of our apartment/rental housing projects.
- Establish high ethical standard of conduct with suppliers and other doing business with the apartment/rental housing industry.
- Endeavor to expose all schemes to misleads or defraud the apartment/rental housing residing public and to aid in the exposure of those responsible.
- Seek to provide better values in apartment/rental housing.

Purpose

- The purpose of this Association shall be:
- To advance the general welfare of the rental housing industry.
- To participate for the purpose of mutual benefit in an interchange of information and experience with all state and local affiliated associations of the National Apartment Association.
- To encourage within the apartment/rental housing industry a high appreciation of the objectives and responsibilities of apartment/rental housing owners and operators in providing adequate privately owned housing.
- To promote the enactment and enforcement of local, state and federal laws beneficial to the apartment/rental housing industry and free enterprise.
- To disseminate useful information to all members and inspire them to further educate themselves in the practical features of their apartment/rental housing operations.
- To advocate a code of ethics to maintain high professional standards and sound business methods among its members for the best interests of the industry and the public.

Upcoming Events and Dates to Remember

February 16 regular membership meeting at 5:30 p.m. at Granny Shaffer's Restaurant. Speaker Empire District Electric Co.

March 2 Board of Directors meeting at Keller/Williams Realty, 7th & Florida, Joplin, 6:00 p.m.

March 16 regular membership meeting at 5:30

p.m. at Granny Shaffer's Restaurant. Speaker Neosho Police Department.

April 6 Board of Directors meeting at Keller/Williams Realty, 7th & Florida, Joplin, 6:00 p.m.

April 20 regular membership meeting at 5:30 p.m. at Granny Shaffer's Restaurant. Speaker Eco-

nomics Security Corp.

May 4 Board of Directors meeting at Keller/Williams Realty, 7th & Florida, Joplin, 6:00 p.m.

May 15 IROC Seminar

May 18 regular membership meeting at 5:30 p.m. at Granny Shaffer's Restaurant.