

# The Landlord Report

from Realty Management Associates, Inc.

WHAT HAPPENS IF THE TENANT QUILTS?

June 2007

It is the first of the month and the rent is due. The rent does not come in and the landlord serves a notice to pay rent or quit. The majority of tenants do pay their rent. Then, what happens if the tenant opts to "quit" and immediately vacates the residence?

The first reaction is usually anger and outrage on this unfair turn of events. The prospect is the owner will not have the rent and there is a high probability there will be damage.

When the initial emotion passes, it is more productive to take a different perspective. It is far easier to have a sudden vacancy than go through the strain of waiting to see if they will pay the rent or having to initiate the process of formal eviction proceedings. This can avoid higher financial losses, allowing the property owner to proceed immediately toward obtaining a better tenant who will pay the rent.

**Can you take possession?** Yes, if a tenant abandons the property, you can take possession. If they have left personal property in the residence, then the value of what is left behind must be determined and how to properly dispose of it.

Every state has its own particular statues on personal property and possession, but it is important that a property owner does not rush to sell off the tenant's personal items to recover loss of rent and damages.

**Do they still owe the rent?** If they are on a lease, the tenant will still owe the rent until the property is re-rented or the ending date of the lease, whichever comes first. If they are on a month-to-month tenancy, the rent is still due according to the terms of the rental contract.

**Do you need to send a statement regarding the security deposit?** Yes. Even if it is necessary to mail the statement with "please forward and/or address correction required," itemizing the monies deducted from the deposit protects the owner from future reprisals from the tenant, as well as establishing the basis for collecting damages. It is important is to document everything in writing in the event the tenant initiates a legal action or dispute in the future.

**Can you report them to a credit-reporting agency?** Yes, as long as there is written documentation, attempt at notification, and if the

rental agreement and/or notice to quit contains important wording notifying the tenant that if they fail to meet their obligations, the landlord has the right to report them to a credit reporting agency. This is required under Federal Credit Reporting Act legislation. Over the years, the FCRA has become very stringent regarding reporting by landlords. The fines are high and many tenants are wise to this legislation.

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**Can you still seek damages?** Yes, you can seek damages in most situations if a tenant owes rent or damages. The landlord can take steps to obtain a judgment in small claims or by properly reporting the loss to a credit-reporting agency.

**How can you collect damages?** The best solution is to use a collection agency since they have the tools and expertise to track people who owe money. Property Managers generally do not have access to these resources nor the time involved. Although the agency does collect a fee, it is better to receive some remuneration rather than nothing at all.

**How do you avoid this situation?** Our initial solution, as your property manager, is to prevent this from happening by obtaining qualified tenants. However, there are no guarantees even this will work because people often encounter difficult or life-altering situations, such as divorce, drugs, high medical bills, and loss of employment that lead to poor judgment in handling their finances. Therefore, if the tenant quits, we will take the most expedient course of action and move on obtaining a better tenancy for your investment and your peace of mind. 🏠