

Rental Agreement Clauses to Include if You Offer Move-In Specials or Early Termination

by Jeffrey Taylor

The current economy is affecting how landlords are currently advertising their properties for rent as they try to attract prospective residents in a competitive market. It is also affecting what some landlords are including in their lease agreements to better protect their financial position in the case when renters are unable to continue paying rent due to loss of job or other economic conditions.

Many rental owners are offering move-in specials which give a discount off of the first month's rent and in some cases, even up to two months free rent. To help protect the landlord's interest, the following sample rental clause is suggested to include in your lease when offering a move-in special:

MOVE-IN SPECIAL: *If the resident was offered a move-in special which included a discount off the first and/or second month's rent, but the lease terms are not completely fulfilled during the first year, the resident will be held responsible for the initial discount given and the amount will be charged back to the resident's account.*

Move-in specials is the only way some landlords are able to compete in a very competitive market where other landlords or apartment communities are offering "free rent" as a move-in incentive. However, by utilizing this clause, it:

- encourages rental residents to fulfill the terms of the lease, knowing that the penalty for not doing so will result in several hundred dollars being charged back to their account,
- gives the rental owner additional leverage (beyond just the security deposit) to use with residents in getting their cooperation at the "end" of the term, if circumstances make it so the resident can't afford to continue paying the rent. For example, the landlord may decide to keep the security deposit, but negotiate with the resident and let the renter know that money will not be charged back to their account for the loss of the move-in special and not report a debt on their credit report, or
- the landlord may simply charge back whatever was given for the move-in special and the loss deducted from the security deposit

Early Lease Termination Fee

Believe it or not, there are many good residents who, for varied reasons, are not able to fulfill their lease terms, however they want to still be able to terminate the lease agreement in an honorable manner and are willing to pay the landlord an "early lease termination" fee to be released from the balance of the agreement. A regular mrlandlord.com contributor includes the following rental clause, and thanks to the clause, he has been able to collect nearly \$5,000 more in just the last few months than he would have collected otherwise:

“Early Lease Terminate Fee \$_____. Resident may pay this one time fee to be released from the remaining months of their lease.

Does this clause help you collect additional money all the time? Of course not. But it only takes a few cases of putting more money in your pocket to make it well worth including in your lease, (as always, check for compliance of landlord laws in your state). Here are a couple of recent examples of one landlord who sets the amount of the Early Lease Termination fee, (ELT) between the equivalent of one and two months. Last month, two residents called and said, “I got transferred (other laid off), so I’d like to pay that one time lease termination fee so I can move.” One resident paid a total of \$1,470.00. A second resident paid another \$1,420.00.

Thus, by adding the lease clause, one landlord received nearly \$3,000 that he may not have received otherwise. And in the most recent month, another resident paid a similar amount to be released from the financial obligations of the remaining lease term.

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