

[A Rental Nightmare Avoided](#)

I live in a college town in North Carolina where there is a shortage of on-campus housing and, therefore, a constant demand among students for off-campus rental housing.

Among these students is a daughter of a friend of mine who attends the college and who had problems with an off-campus rental. We'll call this young lady Nancy. Nancy and her father approached me about the situation knowing that I was a real estate broker with property management experience.

In January, 2006, Nancy picked up an application to rent an apartment unit from ABC Management Company (not the real name of the company). ABC advised her that she was taking over an existing lease from another student tenant who had already vacated the property.

When Nancy asked to have a new lease drawn up between her and ABC, she was told that this was against company policy. Apparently, any student who vacated prior to the lease expiration had to be replaced with another student tenant who would take over and be bound by the terms of the existing lease.

So, Nancy was not allowed to create and sign a new lease in her own name with ABC; she was expected to step into the former tenant's shoes and assume the obligations of the former tenant under that existing lease. As Nancy turned in her completed application form and fee, she was told to complete a Change in Tenant form with her application, which she did, without even being given the chance to sign or receive a copy of the existing lease!

Lesson #1 for Nancy: Don't ever bind yourself to a rental agreement (or any legal contract) that you have not had a chance to review thoroughly! It's just plain bad business practice to agree to a contract that was made with a third party and then assigned to you if you have not had a chance to fully read, understand and agree to the terms!

Another odd circumstance is that Nancy was allowed to move into the rental unit without final approval of her application! She was told to pay a Security Deposit of \$175, which she did, along with her pro-rated January rent. She moved in on January 18.

Then, from that date through April, Nancy faithfully paid her rent on time. Repeatedly, she made several inquiries to ABC's office about the status of her rental application and the signing of her lease. Time and again, ABC said the application had not been processed and that the lease was not in the file; apparently, it had been misplaced by one of the staff members.

Two months into her tenancy, with her application and lease documentation still unresolved, Nancy was asked to pay an additional \$175 in security deposit for a total of \$350. Then, to add insult to injury, ABC misplaced her April rent check. So, Nancy had to put a stop payment on that check and issue a new one to pay her April rent.

Understandably, Nancy was thoroughly exasperated with ABC mis-Management Company. It was at this point that she and her father contacted me for help. I made an appointment to see the Broker-in-Charge of ABC Management with Nancy.

I advised John (not his real name) of ABC Management of the details of the events reported above. Per my suggestion, Nancy had a thorough written record of what had happened and when (a timeline, so to speak) so John could hardly dispute the facts as we presented them.

The ABC staff finally produced a copy of the existing lease which they had imposed upon her despite the fact that Nancy had never seen nor signed the document. It required a 60-day written notice for termination. I argued that Nancy was in effect a month-to-month tenant because she had never agreed to the terms of the existing lease and there was no written lease in her name as the tenant. Under North Carolina law, a month-to-month lease in the absence of a written agreement requires only a seven (7) day termination notice.

Nancy wanted to terminate her lease in seven (7) days and receive a full refund of her security deposit. For good measure, I made a somewhat veiled threat to John that I might report his company to the North Carolina Real Estate Commission if he did not comply. Acknowledging that his company had mishandled Nancy's rental situation, he readily agreed to these terms and the lease was terminated.

What had developed into a tenant nightmare was eventually resolved with a happy ending for Nancy. Unfortunately, first-time or inexperienced tenants, usually students who are busy and not aware of their rights, are often taken advantage of in these off-campus rental situations.

The moral of the story? You can avoid Nancy's bad experience, or worse, by taking several precautions:

- 1) Never commit to any rental/lease agreement (or any legal contract) unless you have had the chance to review it, agree to it and receive a copy of it;
- 2) Be sure to create a new agreement with the property management or leasing company as opposed to inheriting an assigned lease from a former tenant (a disreputable company might even try to make you responsible for the previous tenant's unpaid debts for back rent, utilities, etc.);
- 3) Know your rights and be bold in asserting them. If you suspect that you are being treated unfairly, especially by a management or leasing company, call the state's regulatory agency, i.e., a board of real estate commissioners usually appointed by the governor, that regulates real estate brokers/property managers. Describe the situation to the legal department. Find out if what the company is doing is legal and equitable;
- 4) Keep a timeline of any suspicious treatment by the management/leasing company or landlord so you have a written record of the facts. Don't inject emotion or bias into the situation; just detail what happened. Chances are that this will work in your favor if your case winds up in court.

About the Author

Jeffrey Rich is a licensed North Carolina real estate broker with experience in rental property management, real property appraisal and real estate sale sales. He has been involved in the real estate industry for 22 years. Through his company, Triangle World Investment Group, LLC, he also maintains a consumer advocate website, InfoOnREI.com to address questions and concerns about real estate matters.

Source: <http://www.onlineearnings.net>