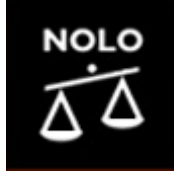


Whether to Use a Lease or Rental Agreement

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Renting your property without a clear rental agreement or lease is an invitation for trouble. The landlord-tenant relationship is complicated today, with laws and regulations governing all aspects of renting residential property. Landlords have more responsibilities, tenants have more rights, and small claims court makes it easy to take disputes to a judge. All of the details of your rental agreement should be recorded in a written lease or at least a month-to-month rental agreement. (For which makes the most sense for you, see [Lease vs. Rental Agreement: Which Is Better?](#), below.)

<>Why You Need a Lease or Rental Agreement</>

Some landlords don't use written agreements -- they just have a conversation with the tenant, taken the tenant's check, and let the tenant move in. While oral promises can be legally binding, it can be difficult if not impossible to prove them to a judge. Don't take a chance -- use a legal, complete rental agreement or lease. Here are some other important reasons to use a written agreement.

<>Avoid Disputes

A landlord who provides no written lease often finds that the result is chaos. With no clear agreement written down, every small disagreement -- whether it's over repairs, the fee for a late rent check, or deductions made from a departing tenant's security deposit -- has the potential to escalate into a nasty legal battle. For instance, what happens if the fine print in the lease says no pets, but the landlord turned a blind eye to the cat when the tenant moved in?

<>Deal With Key Issues

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A rental agreement establishes a tenancy for a short period of time, usually one month. A month-to-month rental agreement is automatically renewed each month unless you or your tenant gives the other the proper amount of notice (typically 30 days) and terminates the agreement. You may increase the rent, change other terms of the tenancy, or terminate the lease on relatively short notice (usually 30 days) -- unless local rent control ordinances specify otherwise.

A lease obligates both you and the tenant for a set period of time, usually a year. You can't raise the rent or change other terms until the lease runs out, unless the lease itself provides for modifications or the tenant agrees in writing to the changes. In addition, you usually can't ask the tenant to move out or prevail in an eviction lawsuit unless the tenant fails to pay the rent or

violates another important term of the lease or state or local law. At the end of the lease term, you can either decline to renew it or negotiate to sign a new lease or rental agreement.

Which is better? Many landlords prefer month-to-month agreements, particularly in tight rental markets where new tenants can be easily found and rents are trending upwards. The flip side is that month-to-month tenancies almost guarantee more tenant turnover, and more work to keep rental properties full.

Landlords often prefer leases in areas where there is a high vacancy rate or where it is difficult to find tenants for certain seasons of the year -- for example, in college towns that are often deserted in summer.

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