

# Orlando Investment Properties

## What Happens If The Tenant Quits?

Summer 2007

It is the first of the month and the rent is due. The rent does not come in and a notice to pay rent or quit is served. The majority of tenants pay the rent. But what if the tenant decides to "quit?"

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 better to have a sudden vacancy than go through the strain of waiting to see if they are going to pay, working through the excuses and behavior of a tenant stalling for time, and then having them vacate anyway.
- The property manager and owner now do not have to make the agonizing decision to start formal eviction proceedings or spend time waiting for the rent.
- Bypassing an eviction means avoiding more expenditures and time to remove the tenant.
- If the current tenant is not going to pay the rent, it is better to have the property back so a paying tenant can be procured and the tenancy can be improved.
- The security deposit can be applied to damages and loss of rent. In most cases, the security deposit will not cover both rent

- and damages, but without eviction costs, it can help substantially toward recovering funds.

**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 consideration has to be given to the value of what is left behind and how to 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 into selling off the personal items of a tenant to regain what the tenant owes them.

**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 normally due for what is specified in the rental contract regarding the amount of notice required.

**Do you still have to send a statement on a security deposit?**

Yes, even if it is to the property address with a "please forward and/or address correction required." This way, the property manager and/or owner are covered for itemizing the monies deducted against the amount of the deposit. It is good business to itemize security

deposit damages whether the tenant vacates suddenly or follows the terms of the contract. What is important is to document everything in the event the tenant initiates a legal action 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 law. Over the years, the FCRA has become very stringent regarding reporting by

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954 South Orlando Avenue  
Orlando, FL 32789  
**Toll Free (800) 458-6863**  
**Bus: (407) 629-6330**  
**Fax: (407) 628-1119**

info@ORLrent.com  
ORLrent.com  
"Outstanding Results"



**RE/MAX 200  
Realty Property  
Management Division**

954 South Orlando Avenue  
Orlando, FL 32789

**Toll Free (800) 458-6863**

**Bus: (407) 629-6330**

**Fax: (407) 628-1119**

**info@ORLrent.com**

**Fred Thompson, MPM ®**  
Director of Property Management  
(407) 571-3650  
Fred@ORLrent.com

**Shawn Beard**  
Senior Property Manager  
(407) 571-1404  
Shawn@ORLrent.com

**Angel Hidalgo**  
Property Manager  
(407) 571-3659  
Angel@ORLrent.com

**Liz Jovanovski**  
Property Manager  
(407) 949-5205  
Liz@ORLrent.com

**Angela Rodriguez**  
Property Managers' Assistant  
(407) 571-3628  
Angie@ORLrent.com

**Amanda Waterbury**  
Bookkeeper  
(407) 571-3668  
Amanda@ORLrent.com

**Check Your Insurance**

Events can happen - flood, extreme heat, earthquakes, fire, and more! It is important to check your insurance to obtain the best coverage possible and ensure that it is *current*. Review now with your insurance agent before a disaster/emergency occurs.

**If An Emergency Occurs...**

We certainly hope this year will not bring us or your property any major problems. If it does, we ask you to be patient and avoid tying up critical telephone lines and our time. *Our first priority* during any emergency is to handle the situation, taking any necessary measures for the safety of your property and your tenants. Then, we will contact you as soon as we are able.

**Our Services**

***Are You Thinking of Buying or Selling?***

*If you are thinking of buying or selling, we can assist you. Just call and we will have an agent contact you to help you with your Real Estate needs. There is no obligation. Check out your property value today!*

**Looking for Management Elsewhere?**

You or someone you know may need a property manager in other states. Because of our proud affiliation with NARPM, the National Association of Residential Property Managers, we have contacts throughout the country and may be able to assist you.

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landlords. The fines are high and many tenants are wise to this legislation.

**Can you still seek damages?** Yes, you can always seek damages in any situation if a tenant owes rent or damages. The first step is to obtain a judgment in small claims or report 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. 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?** As your property management company, our solution is prevention by obtaining a quality tenant. However, there are no guarantees this will work. People often encounter difficult situations, such as divorce, drugs, loss of employment, high medical bills, and more that often lead to poor judgment in handling their personal situation. But if the tenant quits, it is better to take the most productive course of action and move on to a better tenancy for your investment and your peace of mind. 🏠