



SuperiorRealty_{LLC}

REAL ESTATE • PROPERTY MANAGEMENT

Lease Property Rules

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Property Rules - what's the big deal?

By: Brian Patrick, Broker



You are looking for a home to lease, maybe because you are new in town and need a place to stay for a year until you are sure about a new job. Perhaps you have sold your home and aren't ready to buy, or you haven't worked long enough to save the money for a down payment on a home. Whatever the reason, leasing a home is your best solution instead of leasing from an apartment owner.

Texas Real Estate Companies have the ability to offer property leasing services to tenants. The terms of the right to occupy the property are covered in a Residential Lease that clearly specifies the duties and responsibilities of both the Landlord and the Tenant. This Memorandum is intended to outline the major responsibilities under the lease for the Landlord and the Tenant. The Tenant bears a number of general responsibilities that place a burden to maintain parts of the home and to take preventative measures to minimize damage to the home while it is occupied by the Tenant. The Landlord has the responsibility to maintain the property and keep it in good repair. Often, the Landlord will employ a professional Property Manager to perform the duties of the Landlord and communicate with the Tenant.

The Residential Lease Agreement - The relationship between the Landlord (Owner or Property Manager) and the Tenant is established by the Residential Lease Agreement. Duties and responsibilities are clearly defined, and both the Property Manager and Tenant understand what their part is in the leasing of the property. The Landlord's duties are to inventory the property at the beginning of the agreement period, find a tenant, negotiate and execute the lease, collect the monthly lease, hold security deposits, and deal with any number of problems. The Property Manager is authorized by a Property Management Agreement to make repairs under certain conditions, to routinely check on the property, and in the event of a default or Breach by the Tenant, take action to evict a tenant who breaches a lease.

Term – The term of the lease is established in writing and sets the Commencement Date and the Expiration Date. The Tenant and Landlord must abide by the terms of the lease which allow the Tenant to occupy the property until the Expiration Date.

Automatic Renewal and Notice of Expiration – Unless the Tenant or Landlord provide notice before the Expiration Date (in accordance with the number of days specified in the lease), the lease will automatically renew. If either of them provide notice of non-renewal, then the lease will expire and the Tenant will be required to move from the property. Oral notice will not be sufficient under any circumstances.

Rent – The amount of rent cannot be changed during the original term of the lease, and may be changed or increased by the Landlord during any month-to-month renewal period by providing 30 days' notice.

Payment – The rent is due on or before the 3rd day of each month. For your convenience, the Landlord will allow you to deposit directly to his/her bank account. Rent can be deposited directly at any of the Landlord’s branch location. Also, you may use your online bank’s process to make your rental payment. Ask the landlord for his/her routing number and account number. You will need to make your deposit on or before the 3rd day of the month you will avoid any late fees. If you choose to make your rental payments directly instead of using your own bank’s online system, please let the Landlord know you plan to deposit your rent directly. Remember to put your name on the deposit slip so that it is processed by the Landlord correctly.

Late Charges – The lease agreement allows the Landlord to collect an initial late fee and a daily charge until the rent is paid. The amount of these charges are stated in the lease.

Pets – Unless otherwise permitted by a separate Pet Agreement, the Tenant may **not** keep any pet on the property. If the Tenant violates this provision of the lease, then serious consequences may arise, including the Landlord placing the Tenant in default of the lease which could lead to eviction and severe financial problems for the Tenant. If a Tenant has a pet, then a separate Pet Agreement should be negotiated that allows the Tenant to have a pet on the property. The Lease does not permit any pets on the property, not even for one day, unless a Pet Agreement is in place.



Security Deposit – When you signed the lease, you agreed to pay a Security Deposit to the Landlord in addition to the first month’s rent. This Security Deposit will be held by the Landlord during the term of the lease to cover any repairs for the home after the lease is completed. **The Residential Lease provides that the Tenant may not withhold payment of any portion of the last month’s rent on grounds that the security deposit is security for unpaid rent.** After the Tenant provides a valid forwarding address the Landlord will return the Security Deposit with a full accounting of any deductions for repairs or cleaning. It is important that the Tenant read the Residential Lease and understand this section dealing with the Security Deposit.

Utilities – The Tenant is responsible for establishing and paying for all utility service to the home. If the gas company requires someone to be in the home at the time the service is started, it is the Tenant’s responsibility to be there to wait for the service technician.

Use and Occupancy by Tenant - The Tenant and the Landlord agree on the terms desired for the lease and execute a Residential Lease Agreement. Only persons named in the lease may reside in the property, and the number of guests and the number of days they can stay in the property is established in the lease. The Tenant must comply with any of the rules of the Home Owners Association governing the property. There are also prohibitions in the lease that prevent the Tenant from uses that are not allowed by ordinance, law, insurance rules and regulations, or operate a business on the premises. The Tenant must keep the Landlord informed about any changes in Tenant’s phone numbers or email address.



Parking – There are restrictions in the lease about the Tenant parking vehicles on the property, and certain vehicles are prohibited. The lease allows no parking in the yard, obviously, and the Tenant is not allowed to park inoperative vehicles adjacent or in front of the property.

Access by Landlord – The Landlord may display a “For Sale” or “For Lease” sign on the property at any time during the lease or renewal period. The Landlord or a representative of the Landlord may enter the property at any time during reasonable hours without notice to make repairs or show the property to prospective tenants or buyers. The Landlord may also enter the property to take a survey of the property’s condition, make emergency repairs, exercise a contractual or statutory lien, or leave written notices. During the last month or two of the lease (as agreed to by the Tenant and Landlord), the Landlord can place a key box on the property for REALTORS® to use in showing the property to prospective tenants or buyers. It is important to allow access during this time, and if you have a pet it must be placed in a kennel crate or removed during a showing.

Move-In Condition – The Landlord and Tenant both work together to prepare the initial Inventory and Condition Form. This is an important step in the lease process because it establishes a “base line” of the property’s condition and inventory of the property, such as appliances. At the termination of the lease, this same Report will be used to compare the condition of the property when it is returned to the Landlord. Repairs and other costs incurred by the Landlord to return the property to the same condition can be expensive and will be charged to the Tenant and deducted from the Security Deposit.

Move-Out Condition – Once the lease ends, the Tenant must surrender the property to the Landlord in the same condition as when it was received, normal wear and tear excepted. The property has to be left in a clean condition free of all trash, debris and any personal property. The definitions of these terms are included in the lease. If any personal property is left in the property after the Move-Out, the Landlord can dispose of it according to the lease. The Tenant may incur a cost for packing, removing, storing and selling any personal property.

Property Maintenance – The Tenant has General Responsibilities outlined in the lease. These General Responsibilities state that the Tenant must:

- Take all necessary precautions to prevent broken water pipes due to freezing and other causes, and this can typically include (but is not limited to), opening cabinets in plumbing areas, allowing the faucets to drip slowly, and removing any hoses from outside hose bibs (faucets) and placing Styrofoam covers on outdoor faucets
- Water the foundation of the property at reasonable and appropriate times, including the use of the automatic sprinkler system and soaker hoses placed in an 18” parallel from the foundation.
- Keep the property clean and sanitary, cleaning toilets and shower areas to keep them clean



- Promptly dispose of all garbage in appropriate receptacles
- Supply and change heating and air conditioning filters at least once a month, using the inexpensive type of filter that is made from fiberglass and light cardboard (the fiberglass panel filter)



- Supply and replace all light bulbs, fluorescent tubes, and batteries for smoke alarms and carbon monoxide detectors (of the same type and quality that are in the property at Commencement Date)

- Maintain appropriate chemicals in any on-site pool, according to the Pool Addendum. This can be performed by a pool service company or the Tenant. It is important to administer the chemicals properly because improper application can cause serious damage to the pool surface.



- Take action to promptly eliminate any dangerous condition on the property



- Replace any lost keys or garage door opener remotes

- Pay any periodic, preventative or additional extermination costs desired by Tenant



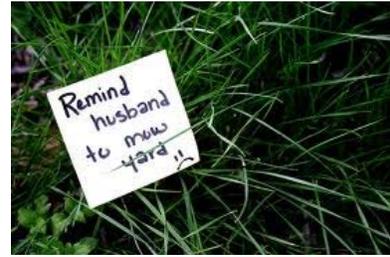
- Remove any standing water, and notify the Landlord of any water penetration into the home immediately. Damage can be minimized if quick action is taken to remove the water, and it also eliminates the chance that black mold will form in the home.



- Know the location and operation of the main water cut-off valve and electric breakers and how to switch the valve or breakers off at appropriate times to mitigate any potential damages

Yard Maintenance

- Mow, edge and weed trim the front and back yard at Tenant's expense on a regular basis, but no less than every other week. Apply fertilizer and weed control to prevent infestation of weeds and to maintain a healthy lawn. If you do it yourself, keep your receipts for review by Landlord.



- Water the yard at least twice per week unless otherwise prohibited by ordinance and/or community water restrictions.
- If only allowed to water the lawn one day per week, set the sprinklers to water twice on that day according to city-allowed scheduled.
- Use soaker hoses 18" from the foundation to ensure that the foundation is protected from drought conditions.

Other

- ***Notify the Landlord, in writing, of all needed repairs. This accomplishes two things: Any repairs will be taken care of immediately (or within 7 days if repairs cannot be accomplished immediately), and additional damage will be prevented. Please request maintenance on the property using the company's website at <http://www.superiorrealtyllc.com>.***

The Tenant must read and understand these General Responsibilities, and ask the Landlord for clarification if any of these General Responsibilities are not understood.

Prohibitions – If Tenant installs any fixtures on the Property, authorized or unauthorized, such as additional smoke alarms, lights or ceiling fans, such property will become property of the Landlord.

Except as permitted by law, the lease or in writing by Landlord, the Tenant may not:

- Remove any part of the property or Landlord's personal property from the property
- Remove, change or rekey any lock. The Landlord or Property Manager may need to access the home for emergency repairs, showing to prospective buyers or tenants, or to appraisers.
- Make holes in the woodwork, floors, or walls, except that a reasonable number of small nails may be used to hang pictures in the sheetrock and grooves in paneling.
- Permit any water furniture on the property. The weight of a king size waterbed is more than the weight of a small Volkswagen vehicle, and could damage the home's flooring or framing.
- Install additional phone or video cables, outlets, antennas, satellite receivers or alarm systems. If the Tenant needs to install additional cables, obtain the Landlord's written permission first.

- Alter, replace or remove flooring material, paint or wallpaper. Painting may be allowed, but only with the Landlord's prior written permission.
- Install, change, or remove any fixture, appliance or non-real property listed in the lease
- Keep or permit any material or item on the property which causes any liability or fire and extended insurance coverage
- Dispose of any environmentally detrimental substance (such as motor oil or antifreeze)
- Cause any lien to be placed on the property

Failure to Maintain – If Tenant fails to maintain the property; Tenant must reimburse Landlord for any reasonable cost incurred by Landlord to correct the problem. This includes any landscaping costs paid by the Landlord to bring the property to proper standards of lawn care.

Repairs – All repair requests have to be made in writing to the Landlord or Property Manager using the email procedure on the company's website at <http://www.superiorrealtyllc.com>. If Tenant is delinquent in rent, Landlord is not obligated to make the repair. The lease contains very specific language dealing with repair issues, so the Tenant is advised to read this section carefully to understand how repairs are dealt with. Generally, unless the Tenant causes the damage or condition that needs to be repaired, then the Landlord will



pay to make the repairs. For example, if the Tenant puts something in a toilet that causes a plumbing blockage, then the Tenant will be responsible for the cost of a plumbing call to clear the sewer drain line. The Landlord may make and pay for repairs to make the property habitable, but if the damage was caused by the Tenant the Landlord will invoice the Tenant for the reimbursement. If the Tenant fails to pay for the reimbursement, the lease allows the Landlord to apply rents paid by the Tenant to the repair reimbursement, thus creating a balance of unpaid rent that can be enforced through eviction or other remedies.

Security Devices – Locks or other security devices will be rekeyed by Landlord within 7 days after the commencement of the lease. Any other requests for lock rekeying will be paid by Tenant.

Smoke Detectors – The Tenant may not disconnect or damage any smoke detector or remove a battery without replacing it immediately with a working battery.



Liability – Unless caused by Landlord, Landlord is not liable to Tenant for any damages, injuries, etc. caused by any reason such as fire or flood or other casualty losses. Tenant will promptly reimburse Landlord for any loss caused by Tenant, Tenant's guests, any occupants or pets.

Holdover – If Tenant fails to vacate the property at the end of the lease, Tenant will pay Landlord rent equal to three times the monthly rent, calculated on a daily basis.

Residential Landlord's Lien – The Landlord will have a lien for unpaid rent against all nonexempt property owned by Tenant and that is in the property, and Landlord may seize said property if Tenant fails to pay rent.



Subordination – The lease is subordinate to any other lien, such as the Landlord's mortgage. Subordination also exists where there is a Home Owners' Association and the rules of the community.

Casualty Loss – In the event of a casualty loss to the property, the Landlord will receive all insurance proceeds. The Tenant should have renter's insurance to protect his or her possessions.

Default – Both the Landlord and Tenant can be placed in default of the lease. If the Landlord fails to comply with the lease, the Tenant can seek any relief provided by law. If the Tenant doesn't pay any amounts due under the lease or otherwise fails to comply with the lease, the Landlord has several onerous remedies, including terminating the Tenant's right to occupy the property, acceleration of all rents due under the lease, exercising a landlord's lien and seizing property, or making the Tenant liable for all releasing costs, repairing the property, eviction costs, collection costs or any other recovery to which the Landlord is entitled to by law. In Texas, the property laws favor the Landlord and an eviction action can be achieved by the Landlord quickly.

Early Termination – In some cases the Tenant may terminate the lease early under special circumstances allowed to military veterans, or victims of family violence, or sexual assault or abuse. In other cases where a Tenant desires to terminate the lease early, the lease may provide a means for the Tenant to do so. A Replacement Tenant is subject to the Landlord's approval, and a fee of 85% of one month's rent may be charged to the Tenant.



Accounting – Superior Realty maintains a trust account for Landlord and Tenant funds, and keeps an accounts receivable and invoicing system to track rental charges and Tenant payments. It is essential to maintain good records on the property. The Trust account held by the Property Manager is used to hold security deposits, tenant lease payments, and to disburse funds to the Landlord and Property Manager for various purposes. Typically, the only disbursements are for repairs, management fees and commissions to the Property Manager, and distributions to the Landlord for each month's net income after commissions, fees and repairs are paid.

Repairs – It is commonplace to have electrical, mechanical or plumbing problems with any home, and even more often with lease property. Perhaps the Tenant is unfamiliar with operating the home's equipment, or for some other reason, but when things break or wear out the Landlord has the responsibility to make repairs, unless the problem is caused by the Tenant's neglect or other action. The Property Manager is the first point of contact for any repairs using the company website at



<http://www.superiorrealtyllc.com>, and after the manager determines the problem and solution to repair the problem, the Landlord is informed and makes the decision to repair. The Tenant must pay for damages or breakages caused by the Tenant, but the State of Texas requires the Landlord to pay for all other repairs. If a Tenant fails to pay for repairs, the Landlord can apply any rents paid by the Tenant towards the repair charges, and can then collect past due rent if the Tenant fails to pay.



Pets – Both homeowners and Tenants love their pets, and Landlords have to decide if they will allow a Tenant to have a pet in the home. The Tenant's lease **clearly prohibits** a Tenant to have a pet in the home at any time unless there is a Pet Agreement signed in concurrence with the lease. Landlords can charge additional fees, pet deposits and additional rent if the Tenant wants a pet on the premises. The Landlord can also impose stiff penalties if the Tenant brings in a pet without the authorization from a pet agreement, and can even remove the pet from the property if the Landlord deems it necessary. The Landlord can impose any weight, age or breed restrictions desired. The Tenant must remember that some pets can cause thousands of dollars in damages and the Tenant will have to pay these costs if damages are caused by a pet. During any showing of the property to prospective tenants or buyers, the pet must be confined so that these activities are not prevented.

Collections, Late Rental Penalties, Evictions – The Property Manager's primary duty is to enforce the lease and ensure that it is closely followed by the Tenant. If a Tenant breaches a lease for any reason, the Property Manager can take action to enforce the lease by imposing late fees, charges for repairs, or taking possession of the property. Texas Real Estate law allows the Property Manager to serve notice of termination of the lease, file an eviction lawsuit, and represent the Landlord in Small Claims Court to evict the Tenant and recover a judgment for back rent. If necessary, the Property Manager can obtain a Writ of Possession after winning an eviction judgment and can have the Tenant removed from the property.

