



1



2



3

Lease

The lessor's interest is called a

Leases fee estate plus reversionary right.



4

Obligations of Landlord and Tenant are Mutually Dependent

A **bilateral** Contract

Provisions include:

- Contract length
- Amount to be paid
- Right to use the property
- Rights and Obligations of all parties



5

Leasehold Estate

A lease is considered **personal property** because no ownership transfer takes place



6

Most Important Estates

Estate for Years	Estate from Period-to-Period (aka Periodic Tenancy)
Estate at Will	Estate at Sufferance

7


Most Important Estates

Estate for Years	Estate from Period-to-Period (aka Periodic Tenancy)
Estate at Will	Estate at Sufferance

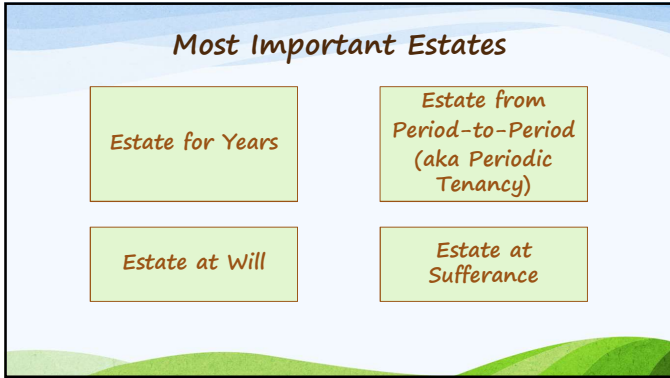
8

Estate for Years

- Definite Period
- No termination notice unless specified in the lease
- For any time period
- Terminated prior to the end of contract by mutual agreement



9



10



11



12

Most Important Estates

Estate for Years	Estate from Period-to-Period (aka Periodic Tenancy)
Estate at Will	Estate at Sufferance

13

Most Important Estates

Estate for Years	Estate from Period-to-Period (aka Periodic Tenancy)
Estate at Will	Estate at Sufferance

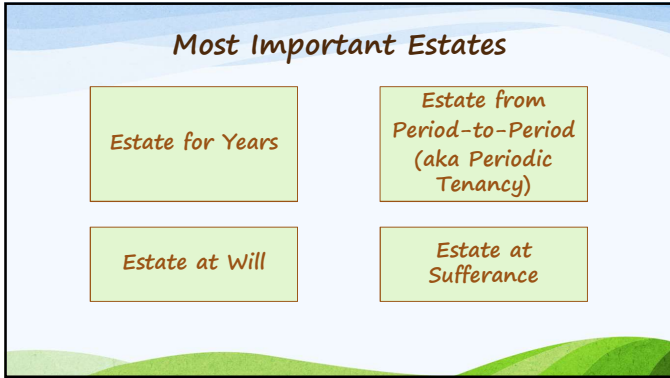
14

Estate at Will

- Indefinite with landlord's consent
- Express agreement or operation of Law
- Terminated at any time by either party with no prior notice



15



16



17



18

Types of Leases

- *Fixed/Gross Lease [Residential]*
- *Percentage Lease [Retail Lease]*
- *Net Lease [Commercial]*
- *Graduated Lease [Office Space] aka Step-Up Lease*

Page 313

19

Types of Leases

- *Index Lease*
- *Ground Lease*
- *Oil & Mineral Lease*
- *Full-Service Lease*

20

Essential Provisions in a Lease

1. *Mutual agreement*
2. *Consideration*
3. *Capacity to contract*
4. *Legal Objectives*

21

Common Major Provisions

- Tenants' Use of Property
- Environmental Concerns
- Fixtures
- Repairs
- Upfitting Improvements
- Assignments and Subleases

22

Common Major Provisions

- Term of Lease and Lease Renewal
- Default
- Options to Purchase or First Right of Refusal
- Landlord's Right to Enter & Covenant of Quiet Enjoyment
- Termination of Lease


23

EVICTIONS

Tenant that doesn't pay rent = eviction

Tenant fails to leave = summary ejection (court action)

If landlord doesn't maintain = constructive eviction
tenant moves out with no further rent



24

Leases *more than 3 years* must be in writing and signed by both parties & Recorded

Oral lease for 3 or less years are enforceable

What act does this refer to?

25

Rental Acts & Laws

NC Residential Rental Agreements Act

- Ensure only *habitable* units are rented
- Not transient quarters
- Mutually dependent

26

Rental Acts & Laws

Landlord Statutory Duties

- "fit for human" occupancy
- Follow housing/building codes
- Reasonable amount of time

27

Rental Acts & Laws

Common Law and Constructive Eviction

- *Cancel and vacate*
- *May not withhold rent*

28

Rental Acts & Laws

Residential Eviction Laws/Procedures

- *No self-help*
- *Expedited if Criminal Activity*

29

Rental Acts & Laws

Retaliatory Eviction Prohibited

No punishment for asserting rights

Renewal?

30

Rental Acts & Laws

Common Law of Negligence

- *Liabile for Injuries*
- *Should have known*
- *Must Maintain*

31

Rental Acts & Laws

Tenants' Statutory Duties

- *Keep Clean*
- *Replace smoke alarm batteries*
- *Not withhold rent payment*

32

Rental Acts & Laws

Laws Protecting Tenants in Foreclosure Act of 2009

- *Federally mortgaged*
- *Arms length transaction*
- *90 day*

33

Rental Acts & Laws

State Law Allowing Early Termination by Tenant

- Foreclosure
- 10 day notice

34

Rental Acts & Laws

Tenant Security Deposit Act

- Amount determined by rental schedule
- 30 Days for itemized account & balance
- 60 days for interim accounting

35

Pets



Non-Refundable Fee

36

Damages to Premises

See Page 338



37

NC Vacation Rental Act



38

Constitutional Rights of Tenants in Public Housing



39

Other Landlord/Tenant Rules

- Rental Agreement Act
- Unfair & Deceptive Business or Trade Practices Act



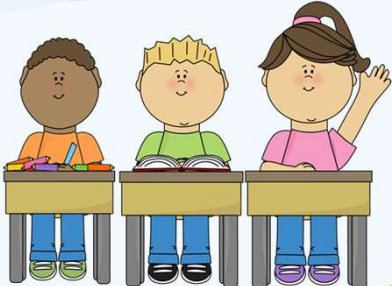
40

NC Association of Realtors Residential Rental Contract



41

Math for Percentage Lease



42

Base rent of \$700/month
 * Sales under \$150,000 = 1%
 * Sales over \$150,000 = 3%

Month 1 Sales: \$84,000

$$84,000 \times 1\% = \$840$$

$$+ \\ \text{(Base Rent)} \quad \$700 = \text{\$1,540 Rent}$$

43

Base rent of \$700/month
 * Sales under \$150,000 = 1%
 * Sales over \$150,000 = 3%

Month 2 Sales: \$250,000

$$250,000 - 150,000 = 100,000$$

$\begin{array}{r} \times 1\% \\ \hline 1,500 \end{array}$	$\begin{array}{r} \times 3\% \\ \hline 3,000 \end{array}$
---	---

$$\text{Base } 700 + \$1,500 + 3,000 = \text{\$5,200 RENT}$$

44

Base rent of \$700/month
 * Sales under \$150,000 = 1%
 * Sales over \$150,000 = 3%

Month 7: Sales: 325,000

$$325,000 - 150,000 = 175,000$$

$\begin{array}{r} \times 1\% \\ \hline 1,500 \end{array}$	$\begin{array}{r} \times 3\% \\ \hline 5,250 \end{array}$
---	---

$$\text{Base } \$700 + 1,500 + 5,250 = \text{\$7,450 Rent}$$

45
