

# Where You Live



## RENTING

If you rent an apartment or a house, you are considered a “tenant” or “lessee” of the premises. The person (or company) from whom you rent your living space is considered the “landlord” or “lessor.” It is important for you to understand the basic aspects of the landlord-tenant relationship so that you can know your rights and responsibilities if a problem arises.

### The Lease

After you find a place to rent, you will probably be asked to sign a rental agreement called a “lease.” A lease is a contract that spells out the rights and responsibilities of both the tenant and the landlord. Your lease should always be in writing and signed by both you and your landlord. Even if you are told that the lease is a “standard” form that cannot be changed, you should take the time to read the entire document before you sign it. If you don’t understand any part of it, ask someone knowledgeable in landlord-tenant law to explain it to you. (See the “Resources” section at the end of this booklet.) It’s a good idea for you to keep a fully signed copy of your lease and any other papers you are asked to sign. If the landlord tells you one thing (e.g., “Sure, you can have a dog.”), but your lease says something else (such as, “Pets are prohibited”), the lease will usually control.

### Rent

Although all of the paragraphs in your lease are important, you should pay particular attention to the ones concerning rent, security deposit, repairs and maintenance, the duration of the lease, and renewal or termination at the end of your lease. The lease language regarding rent should help you to answer basic questions, such as: How much rent will you have to pay? When, where, and to whom must you pay your rent? Is there a “late charge” if your rent is paid after a certain date? Are there other consequences of not paying your rent by a certain date each month? How often and by how much can your rent be increased? Must you accept a rent increase? What do you get for your monthly rent? Is heat included? What about other utilities, like water, trash, sewer, electricity and cable?

## **Security Deposit**

When you sign your lease, your landlord probably will require you to pay a security deposit in addition to your first month's rent. That deposit, which is usually equal to the amount of one or two months' rent, is intended to protect the landlord in the event you violate the lease (for example, by causing damage to the property beyond "normal wear and tear").

Under Colorado law, your landlord must return your security deposit within one month after you move out, unless your lease allows for a longer period, which can be up to sixty days. If your landlord retains some or all of your security deposit after you move out, he or she must provide you with a written statement listing the exact reasons. If your landlord does not follow these rules, you can sue to recover three times the amount wrongfully withheld, plus attorney fees and court costs. However, you must notify the landlord of your intention to file a lawsuit at least seven days before you go to court.

## **Repairs**

While you're renting, something in your living space may break or stop working. Before that happens, you should check your lease to see who is responsible for making or paying for repairs. Whenever possible, you should notify your landlord in writing before calling a plumber or any other repairperson. If you end up paying repair costs out of your own pocket, you may be tempted to deduct those amounts from your next rent payment; but be careful, because your lease may not allow for such deductions. If there are severe maintenance problems (such as no water or no heat) and the landlord fails to correct them within a reasonable time, you may have legal grounds for ending your lease and moving out.

## **Term**

Most residential leases extend for a fixed period or "term" (such as six months or one year), during which time the rent cannot be changed. Some leases provide for a month-to-month rental if you stay (or "hold over") past the end of the original lease term. However, other leases provide for an automatic renewal, unless you give a termination notice a certain period of time (commonly thirty days) before the end of the term. If your lease has a renewal provision like that, watch the calendar carefully or you may find yourself responsible for paying rent on a place you don't even want to live in anymore!

## **ENDING YOUR LEASE**

If your lease term has expired or you have violated any of the provisions of your lease, your landlord may seek to have you removed or "evicted" from the property. Unless you agree otherwise, the landlord generally is required to give you at least three days to leave or "quit" the premises. If you receive a "notice to quit," a "demand for possession," or any other legal document addressed to you, don't ignore it! If you fail to move out or take appropriate action by

the applicable deadline, the landlord may seek a court order to have you (and your possessions) removed. If you've ever seen a pile of someone's belongings on the front lawn outside an apartment building, you've seen what can happen when there's an eviction.

When you're moving out of a rental property, it's a good idea to take photographs before you leave for the last time. That way you'll be able to show the condition of the place when you left. Also, be sure to leave your forwarding address with the landlord. By law, the landlord is required to send only your security deposit (or a written explanation of why it's not being returned) to your last known address. If you cannot be reached at that address, your landlord has no obligation to track you down.

## BUYING

Many people prefer renting, which gives them more flexibility when they want to relocate. For those who are still in school or just starting their careers, it's not unusual to change addresses (and roommates) on a periodic basis. Even if you're in that category now, you may eventually want to "settle down" and buy your own home. It might be a single-family house, a duplex, a condominium, or some other type of housing. Whatever the case, buying a home is one of the most significant purchases you will make in your lifetime. So, you should consult with an experienced professional (such as a real estate lawyer or agent) before signing on the dotted line.

If you are the person buying a home, you are referred to as the "buyer." As you would expect, the person selling the home is called the "seller." In most cases, the buyer and the seller are represented by "brokers," who negotiate on behalf of their respective clients. Although most of the negotiations usually focus on the issue of price, offers and counter-offers might also address other topics, such as whether certain fixtures will remain in the home after it is sold.

After an informal agreement is reached, the buyer and the seller enter into a formal written contract called a "purchase agreement." The purchase agreement should be drafted and reviewed with care, as it is the most important document in the transaction. With advice from your representative, you should make sure that it addresses all contingencies. For example, if you are going to be financing a large portion of the purchase price with a mortgage loan, you should make sure that your obligation to buy the seller's home is subject to your obtaining a loan commitment from a bank or other lending institution.

A prudent homebuyer will often make it clear in his or her purchase agreement that he or she has the right to have the property inspected by a professional home inspector. If the inspector finds defects (which are sometimes not

obvious to the average person), the buyer then has the right to cancel the contract within a certain amount of time.

A buyer often will be required to deposit “earnest money” at the beginning of the transaction. That amount is not the same thing as a down payment, although it can be applied toward the purchase price if the sale goes through. Rather, earnest money represents the buyer’s commitment to take all necessary steps to complete the purchase. If you pay your earnest money but then don’t follow through (for example, by not trying to obtain a loan), you run the risk of losing your deposit.

There are many other concepts and documents associated with buying a home. By the time you get to the “closing” (which is the meeting at which ownership of the property is transferred), you should have a clear understanding of exactly what you’re getting and exactly what you’re giving in return. If you buy a cheap car that turns out to be a lemon, you can try to trade it in or just find yourself a better set of wheels. If you rent an apartment that turns out not to be in a good location, you can move out at the end of your lease with no further obligation. But if you buy a house that turns out to have major problems (such as expanding soils around the foundation, or contamination of some sort), the consequences can be disastrous. So, take the time to get some good advice, and look before you leap into home ownership!

