



Landlord Letter

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Utah's Lease Option Agreement

Whether you sign a regular lease, a lease with an option to purchase, or a seller financing arrangement, your contract with your tenant is the most important agreement you will have. It outlines the duties and obligations of both parties, including the remedies if one party breaches the agreement. For example, if your tenant fails to make monthly payments, your contract decides whether you evict them (which usually takes weeks and hundreds of dollars) or if you have to foreclose against them (which takes months and usually costs thousands of dollars).



ment gives the tenant the right to purchase the property without having to foreclose if the tenant defaults on the payments. If you are considering a lease option agreement, it is important to know a few things about the pros and cons of lease options.

A lease option agreement has two major features: (1) it is a regular lease agreement between landlord and tenant, and (2) the tenant is granted "option rights" in order to have first priority to purchase the property during the option period (commonly one

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A well written lease option agree-

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Evictions in Weeks, Not Months!

Landlord Laughs — Karma

We often tell clients that "Evictions are a sprint and usually go quickly, but collections are usually a marathon with some people never finishing."

We recently evicted a tenant and obtained a judgment which we needed to collect on. The most common ways to collect are to garnish the tenant's wages (if you know where they work) or garnish their bank account (if you know where they bank).

Our client believed they had accurate employment information, so we contacted the employer to verify employment. It was apparent that the employer

was hesitant to answer questions, which isn't terribly uncommon. As the owner of the company stated that the tenant no longer worked there, we felt he was telling the truth. We were at a dead end.

A few days later we received a surprising call from the employer stating "**You know, he was kind of a jerk and needs to learn a lesson**" and proceeded to give us his current employment information. We then verified employment through the new employer and were able to get a garnishment in place, giving us a good boost in our collection marathon.



DOs & DON'Ts of... Avoiding Evictions



DO

- DO negotiate with your clients (we know we are the last option), but don't be too lenient.
- DO get any payment plan or settlement negotiations reduced to writing clearly stating what both sides are required to do.
- DO document EVERYTHING. Well documented files can save you if you have to file for eviction.



DON'T

- DON'T continue to negotiate with a tenant that is not being cooperative (once they break the agreement or go silent, consider having us work on the eviction).
- DON'T use long deadlines in a payment plan. Rent is due each 30 days, and it usually takes 2-3 weeks for us to evict.

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to three years). In exchange for the option rights allowing the tenant the right to purchase the property, the landlord receives "option money", which is paid above and beyond first month's rent or a security deposit. If the tenant eventually purchases the property, the option money would be credited toward the purchase price at closing. If the tenant does NOT purchase the property, the landlord keeps the option money in exchange for giving the tenant the option rights.

Also, even though not required, a portion of the monthly rental payments may be credited toward the purchase price. For example, if fair market rents are \$1,000, the parties could agree that \$1,100 per month would be paid with \$100 of that amount each month being considered option money which would be credited toward the purchase price at closing. Again, this is not required but may provide some incentive to the tenant to perform as well as providing a benefit to the landlord.

Under Utah law, a lease option is generally better for the landlord compared to a seller financing arrangement. The primary reason for this focuses on how the landlord deals with

a tenant in default.

As stated in the beginning, if the tenant in a seller financing arrangement defaults on the monthly payments, the landlord may be forced to foreclose and then evict the tenant. This is because a seller financing arrangement may transfer ownership interest to the tenant upon signing the agreement. Since the tenant now holds an ownership in the property, the landlord must evict. Bare minimum under Utah law, the foreclosure process will take approximately five months. The cost for completing a foreclosure is likely to be thousands of dollars.

On the other hand, since a lease option does not transfer ownership to the property until the tenant has paid the purchase price of the property, the landlord would simply need to evict the tenant should they fail to pay. This allows the landlord to remove the tenant normally within weeks instead of months.

If a lease option interests you, make sure you're using a thorough form that covers all of the major aspects you are concerned about. The Utah Association of Realtors has a pretty thorough lease option agreement, or we can help as well.

Attorney Jeremy M. Shorts



Know Your Notice

•Nuisance•

Purpose: Used to terminate your lease based on your tenant's acts that constitute a nuisance

Use this notice when your tenant is interfering with someone else's comfortable and quiet enjoyment of their life or property.



A nuisance can be anything that injures someone's health, is indecent, or is offensive to the senses.

Some typical types of nuisance: Disturbing neighbors, late and loud parties, smoking, gambling, prostitution, buying/manufacturing/selling drugs.

Like other eviction notices, it must be served in person, posted or sent via certified mail. It cannot be given verbally, texted or emailed.

Spring is nature's way of saying, "Let's Party"

~Robin Williams



Confused about the eviction process?

Our attorneys offer a FREE 15 minute consultation to landlords.

Call 801-610-9879 or email info@utahevictionlaw.com

Dear Attorney,

Q: *What do I do if I suspect illegal drugs are being sold or used on our property. How do I get them out?*

A: Call the police. If you have good reason to believe illegal activity is occurring on your property, the best people to inform the tenants that their actions involving drugs violates a term of the lease and they either need to come back into compliance with the lease within 3 days or vacate the property.

get involved is the police. Most of the time, the police will be able to provide you with sufficient information on what is going on in the property to help you determine your next course of action.

Whether or not your tenants are charged with a crime, you can served them with a couple of eviction notices in order to begin the eviction process. The first would be a lease violation notice. This notice

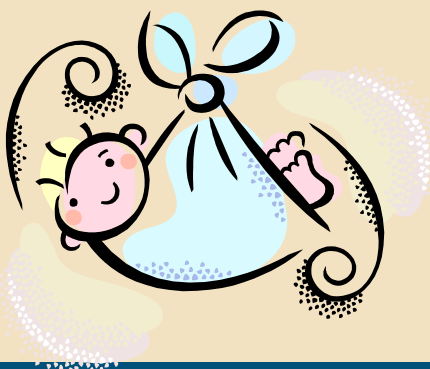
The second notice is a criminal acts notice which informs the tenants that they have 3 days to vacate the property based upon their criminal acts.

Keep in mind, if no formal charges have been brought in regards to the drugs, the eviction cam get messy. Make sure that your evidence of the activity is solid and be willing to risk having a trial on the issues.



A special
Congratulations

goes to our attorney
Dave Todd for
welcoming a new baby
boy to his family on
March 20, 2014!!



Meet the Team:
Lacie Messerly



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Lacie Messerly

- Originally from Sandy, Utah.
- Earned a Bachelor's Degree at the U of U.
- Married 3 years & one new baby (9 months).
- Has worked at Utah Eviction Law for 3 years.
- Enjoys running, quilting, and the wife/mom job.
- Favorite Place — Anywhere our camper trailer fits including Lake Powell, Fish Lake & Vernon.

Calendar of Events



- May 5 — Cinco de Mayo
- May 11—Mother's Day
- May 15 — UAA's Ogden Good Landlord Class
- May 17 — Armed Forces Day
- May 26 — Memorial Day
- May 27 — UAA's Ogden Membership Meeting
- May 28 — UAA's Orem Membership Meeting
- May 29 — UAA's SLC Membership Meeting



Parting Thoughts

- We're working to build our readership, tell your friends to subscribe to this FREE newsletter. Send us an email at info@utahevictionlaw.com.
- Have an eviction question? Email it to us for a future newsletter!
- Help us build our online presence! You can "Like" our Facebook page (www.facebook.com/utahevictionlaw).
- You can also give us a Five Star Google Review (search "Utah Eviction Law Reviews" and click on our link).

