



Coming to Terms: Choosing a Suitable Rental Agreement

Which type of rental agreement do you use? This can be a tough decision. There are many variables, and it's often difficult to make both the tenants and ourselves happy. As a landlord, it may help to use the 'Pro-Con' list below to make the choice a little easier.

Month-To-Month Rental Agreement

Pro	Con
<ul style="list-style-type: none"> • Gives flexibility to both Landlord and Tenant to terminate agreement at any time for no cause. 	<ul style="list-style-type: none"> • Landlord risks a vacancy during winter months.
<ul style="list-style-type: none"> • The Landlord can increase the rent at any time with 30 days written notice. 	<ul style="list-style-type: none"> • In Oregon, after the 1st year of tenancy, Tenant is entitled to no less than a 60-day No Cause notice.
<ul style="list-style-type: none"> • This is a good option if the future of the property is unknown (i.e., property is for sale, owner wants to move into it, etc.). 	<ul style="list-style-type: none"> • Greater turnover costs due to the fact that turnover is happening more often (advertising, cleaning, lost rent, etc.).
<ul style="list-style-type: none"> • Landlord wishes to give tenants a "trial run". 	<ul style="list-style-type: none"> • More labor hours for management & staff to process applications, perform showings, coordinate maintenance, etc. due to a potential increase in turnover.
<ul style="list-style-type: none"> • Gives the Tenant greater mobility if they are looking for a new job in a different city or simply doing short-term contract work. 	
<ul style="list-style-type: none"> • Landlords can typically charge higher rent amounts because the tenancy is shorter. 	

Maybe you start off with a month-to-month agreement, and later both parties decide to create a more stable situation. Most property managers are willing to convert short-term leases into standard 12- to 18-month leases. Making the switch from month-to-month to long-term means you get to lock in a resident, and a rent rate.

Fixed-Term Lease

Pro	Con
<ul style="list-style-type: none"> • Provides financial security for the Landlord. 	<ul style="list-style-type: none"> • Landlord cannot terminate agreement unless the Tenant breaches the contract.
<ul style="list-style-type: none"> • Provides housing security for the Tenant(s). 	<ul style="list-style-type: none"> • The rent amount becomes fixed for that term.
<ul style="list-style-type: none"> • A Landlord can arrange the lease to expire in an optimum time of year for re-renting. 	<ul style="list-style-type: none"> • The terms within the agreement cannot be changed.
<ul style="list-style-type: none"> • A Tenant who terminates the lease prior to its expiration is held financially responsible for a lease breakage fee. 	

Month-to-month leases do provide some benefits over fixed-term leases, but what's best for you depends on your situation and needs. The biggest advantages revolve around the flexibility that a month-to-month lease offers. The lease automatically renews each month, meaning your tenants could stay there forever.

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