

Guidelines for the Preparation & Use of the Pennsylvania Association of Realtors® Residential Lease (Form RL)

Note to PAR Form Users

Pennsylvania Association of Realtors® standard forms are developed by the PAR Standard Forms Committee for use in a wide variety of transactions and market areas. To provide maximum flexibility to the parties, many provisions contain blank spaces that can be filled in as appropriate. Where there is pre-printed language that is not agreeable to the parties and is not required by law, it can be crossed out and/or modified, with the parties dating and initialing the change in the margins. As a general rule, text added by the parties that overrides the pre-printed text, or pre-printed text altered by the parties, will prevail over pre-printed language should a dispute arise.

As stated in the title, this document is only a guideline for the proper use of the Residential Lease. The suggestions presented here should be used in conjunction with, and as a supplement to, your professional education; they are not meant as a substitute for a proper professional education. No set of instructions, no matter how complete, could possibly cover all the issues and nuances that appear in any individual transaction. Seek guidance from your Broker and/or your legal counsel if you have any questions about the progress of a transaction or about the proper use of this or any PAR Standard Form.

To make these Guidelines more useful there are numerous helpful “extras” added to the main text. Many of the “Note” or “Practice Tip” items you will see are based, in part, on the experiences of PAR members, staff and legal counsel, and are designed to point out some of the more practical items to consider when filling out the Residential Lease.

General Notes on Usage

This Lease contains certain language and notices, some of which are legally required, while others are designed to educate landlords and tenants (and their agents) about particular aspects of the law. The phrasing has been carefully crafted to be easily-understood and clear. Make sure to familiarize yourself with the contents of these pages, so you can direct the landlord and tenant to the appropriate information.

Parties

TENANT(S): Starting by the word “TENANT(S)” insert the name or names of Tenant. Be sure to list all tenants, to make sure each one is fully bound to the Lease.

Practice Tip: Discuss with Landlord who should be listed as a tenant. For example, if leasing to a family with adult children (over age 18), some landlords might ask only for the names of the parents, while others may ask for all individuals older than 18. Similarly, if leasing to several students the landlord may want to have the names of all students listed individually.

LANDLORD(S): Starting next to the word “LANDLORD(S),” insert the name or names of Landlord.

Practice Tip: If you represent Landlord, ask what name(s) should be used to identify Landlord. Some landlords may own property in a business name and may prefer to have the business listed instead of their individual names. It is generally not advisable to list the landlord in the following manner: “XYZ Real Estate, agent for Landlord.” The actual landlord must be identified; putting the brokerage name here is misleading and could potentially expose the brokerage to liability.

Tenant and Landlord should each include their mailing address in this box. **It is very important that both parties place a mailing address in the Lease.** It is generally necessary to communicate with the other party during the term of the Lease, and having the address and contact numbers properly filled in can make this communication considerably easier, especially where one party is not represented by a broker.

Property

ADDRESS: When identifying the Property to be leased, it is important to have the correct address of the Property including the unit, if any, listed in the Lease. Unlike an agreement of sale, it is not necessary to include a legal description of the Property. Simply provide the mailing address, including house number; street; postal city; unit; ZIP Code; municipality; county; and school district.

Example: ADDRESS (including postal city): **123 Mulberry Street, Hummelstown, Unit P3 ZIP 17036**, in the municipality of **East Hanover Township**, County of **Dauphin**, in the school district of **Lower Dauphin**, in the Commonwealth of Pennsylvania.

While the school district and municipality are not required to specifically identify the Property, a tenant may be very interested in sending their children to schools in a certain district or might have carefully selected a certain municipality based on its local ordinances.

Business Relationship Blocks

The Business Relationship (Tenant’s Relationship with PA Licensed Broker and Landlord’s Relationship with PA Licensed Broker) boxes on the front page of the Lease are used to identify the brokers and licensees involved in the transaction and to describe their business relationship to the parties. Each block is divided, left and right, into a broker section (left) and a licensee section (right).

Note: The Real Estate Licensing and Registration Act (RELRA) requires that brokers identify: (1) the capacity in which they are engaged in a transaction; and (2) whether the broker or any licensee affiliated with the broker has provided services to any other party in the transaction. The information provided in the Business Relationship Blocks provides the appropriate business relationship information.

BROKERS:

On the left side, Broker should fill in the name of the company (brokerage), its license number, and its contact information.

Practice Tip: When filling out the Business Relationship Blocks, keep in mind that only the legal name and address of Pennsylvania licensed real estate offices should appear in these blocks. Don’t use office nicknames, team names, or home addresses if they are not approved by and registered with the State Real Estate Commission.

The checkboxes on the left side of the Business Relationship Block under Broker’s contact information allow you to indicate whether Broker represents only one party (Tenant Agent or Landlord Agent) or both Tenant and Landlord (Dual Agent).

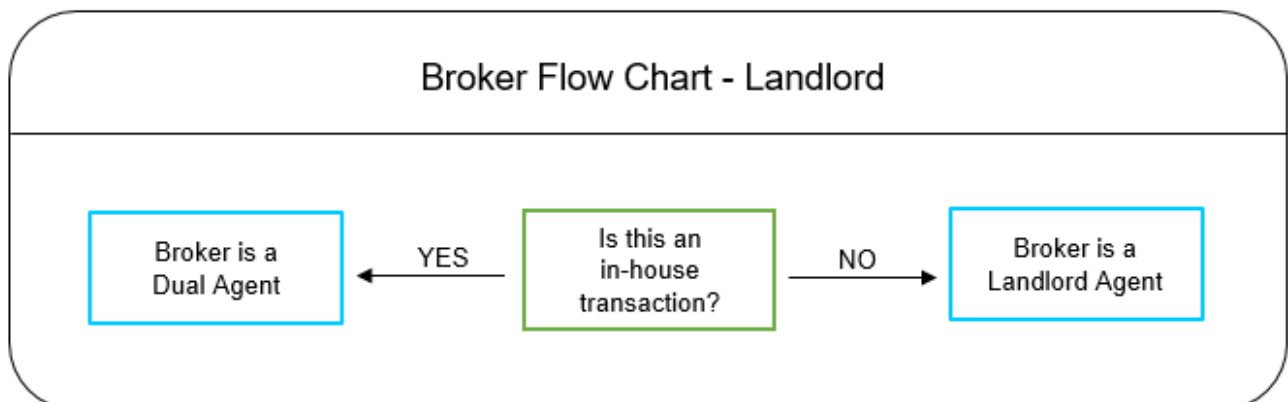
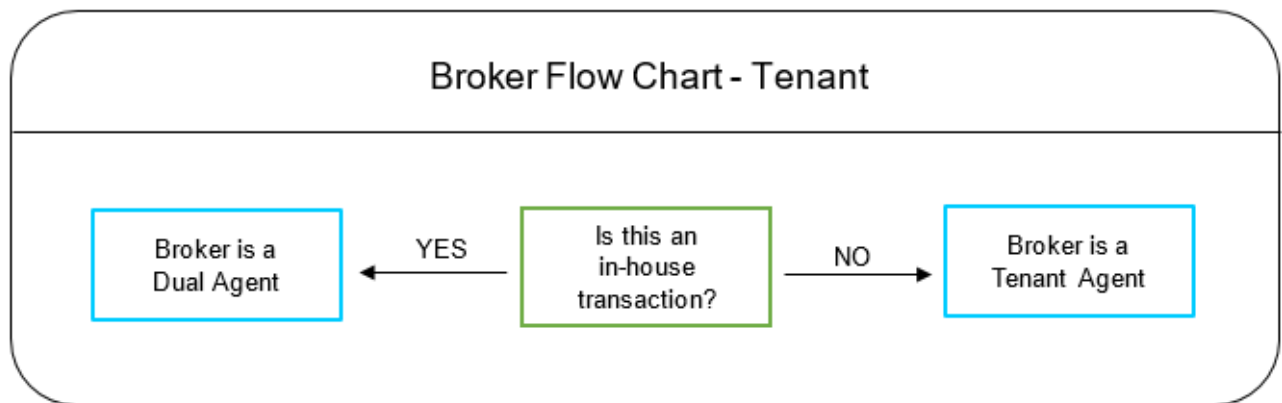
Note: Where Tenant and Landlord are represented by the *same broker*, the broker is always a Dual Agent and the brokerage (company) information in both boxes should be the same.

Where a transaction involves a party that is not represented by a broker, the broker working for the represented party should fill in broker and licensee information in the box for the party they represent and should select the “No business relationship” checkbox in the other party’s Business Relationship Block.

Example: A licensee representing a tenant who is leasing the Property from an unrepresented landlord would fill in Tenant’s Business Relationship Block as the “Tenant Agent” and would check the “No Business Relationship (Landlord is not represented by a broker)” box in the Landlord’s Business Relationship Block. This indicates that the defined relationship with the landlord is one in which the broker is working solely in the best interests of the tenant. This can help eliminate potential issues where a tenant or landlord claims to have been unaware that s/he was not represented in a transaction.

Practice Tip: If the “No business relationship” checkbox has been checked, the Broker and Licensee should not write their information in that Business Relationship Block.

Answer the questions in the flow charts below to determine which box to check on the Lease.



LICENSEES:

On the right side, Licensee should fill in his or her name, license number, and contact information. If more than one licensee is representing Tenant or Landlord, each licensee should write their name, license number, and contact information.

The checkboxes on the right side of the Business Relationship Block under the licensee information allow you to identify your relationship with your client and the other licensees involved in the transaction. First, make sure you understand the difference between Designated and Dual Agency and your brokerage policy. If you are unfamiliar with your broker's policy on this subject, speak to your broker. Do not assume that your broker's policy is the same as that of other brokers in the market.

A **Tenant Agent** or **Landlord Agent** is a licensee who, along with all other licensees in the brokerage, represents the tenant or the landlord.

A **Designated Agent** is a licensee assigned by the broker to act exclusively as the agent for the client to the exclusion of all other licensees within the brokerage.

A **Dual Agent** is a licensee who acts as an agent for both the tenant and the landlord in the same transaction.

It is possible for a Designated Agent to be a Dual Agent if the same agent represents both parties!

Licensee status will also depend on whether the transaction is an **in-house transaction** or a **cooperative** ("co-op") **transaction**.

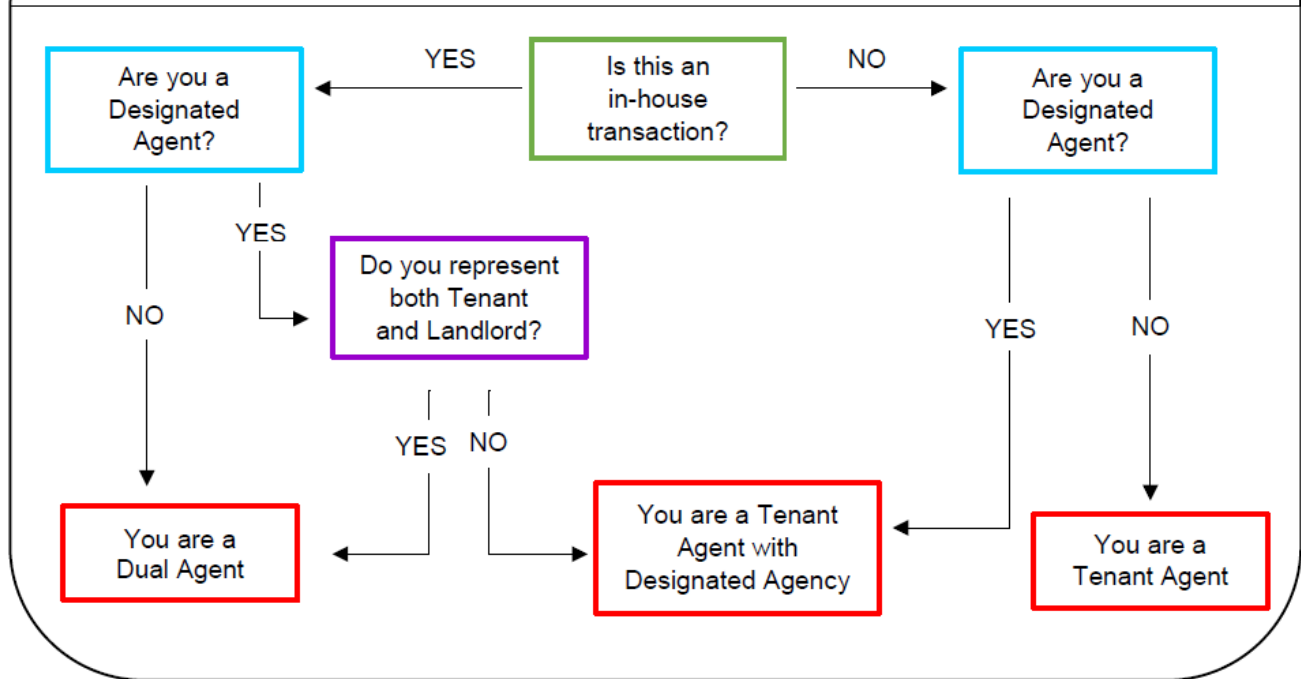
In a cooperative transaction, the licensee on each side of the transaction represents only one party, so dual agency is not an option. In this type of transaction, Licensee needs to know whether her broker does or does not practice designated agency. If yes, select Agent with Designated Agency; if no, select Agent.

In an in-house transaction, a licensee can only select Dual Agent or Agent with Designated Agency. If the broker does not practice designated agency, the licensee(s) representing both parties is considered a dual agent. If the broker does practice dual agency, select Agent with Designated Agency if different licensees represent the parties, or select Dual Agent if the same licensee represents both parties.

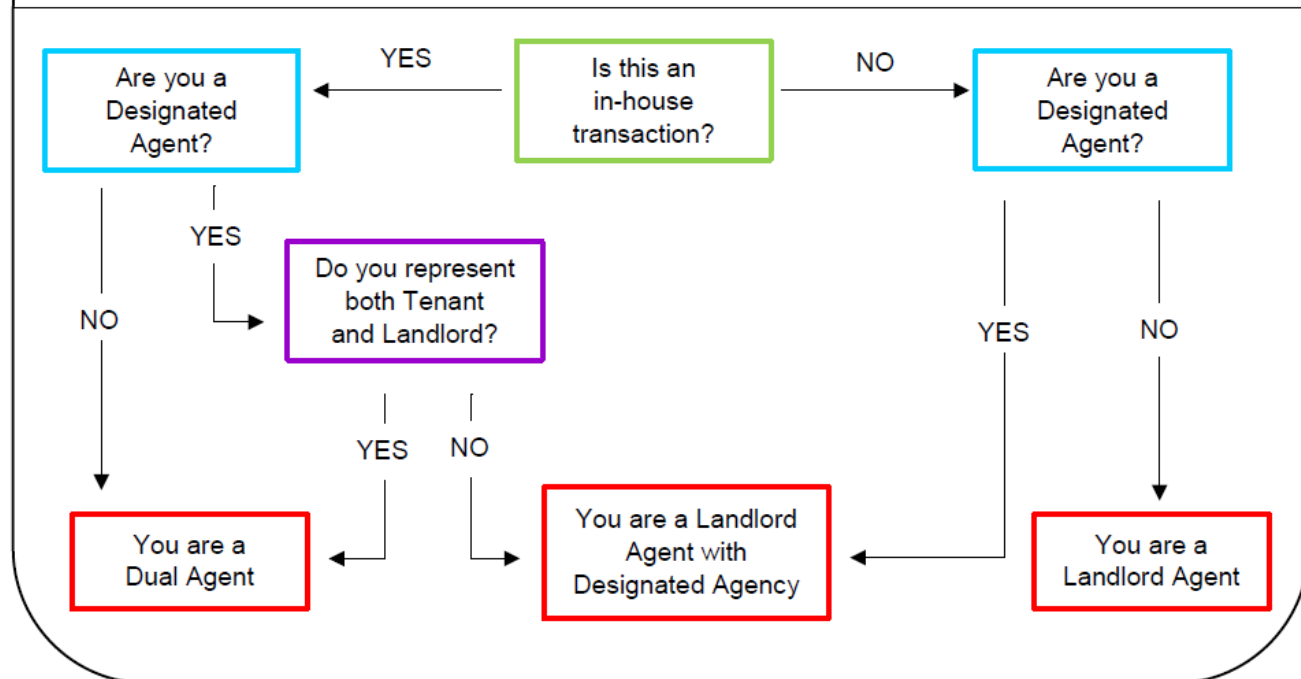
Practice Tip: If you are unsure about information regarding the other agent in the transaction -- especially whether they are working as a designated agent -- do not fill in that information. Rather, contact the broker or licensee to learn of their status or ask the other broker or licensee to fill in the information when they have the Lease.

Answer the questions in the flow charts below to determine which box to check on the Lease.

Dual and Designated Agent Flow Chart - Tenant



Dual and Designated Agent Flow Chart - Landlord



Manufactured Homes

This form is not recommended for use when leasing a manufactured home. The Manufactured Home Community Rights Act places additional requirements and restrictions on landlords who rent homes in manufactured home communities, which are not provided for in Form RL.

The Act defines a “manufactured home community” as “a site, lot, field or tract of land, privately or publicly owned or operated, upon which three or more manufactured homes, occupied for dwelling or sleeping purposes, are or are intended to be located, regardless of whether or not a charge is made for such accommodation.”

Paragraph 1: Lease Date and Responsibilities

To establish the date of the offer, insert the date that the Lease is signed by the first party (usually Tenant) in the “dated” blank. The acceptance date is on the last page of the Lease and is inserted when the Lease is signed by the second party, usually Landlord. **DO NOT PRE-DATE OR POST-DATE THE LEASE.**

The sentence at the end of the paragraph states that “Each Tenant is individually responsible for all obligations of this Lease, including rent, fees, damages and other costs.” This establishes “joint and several liability” on the part of multiple tenants. This means that while all listed tenants are responsible for fulfilling the obligations of the Lease, *any* of the tenants can be *individually* liable for all the responsibilities as well. For example, three students share a \$600/month apartment, with each contributing \$200/month for rent. If two students drop out, the third is still responsible for the entire \$600/month payment to Landlord, but only if the remaining student was actually listed as Tenant. It is important to explain this concept to all tenants.

Paragraph 2: Co-signers

For some leases, there may be co-signers who agree to assist Tenant by making themselves potentially liable for the obligations of the Lease. For example, parents may agree to co-sign an adult child’s Lease, meaning that the parents will be responsible if the child/tenant fails to pay rent or otherwise breaches the Lease. List all co-signers in Paragraph 2. Note that the same “joint and several liability” applies to co-signers: any individual co-signer may be responsible for the entire obligation of the lease if Tenant(s) does not meet the Lease obligations.

Co-signers generally are not individuals who will be living in the Property; most landlords will generally require that anyone living in the Property be listed as a Tenant rather than a Co-signer. While Co-signers may be responsible for the obligations in the Lease, they do not have the right to occupy the Property or to otherwise use it as a residence unless Landlord agrees.

Paragraph 3: Property Contact Information

Rent may be directed to many different places, including a property manager or to Landlord’s business address or PO Box. Putting information regarding rental payments directly into the Lease gives Tenant no excuse for not having the proper address and payment information. Similarly, maintenance requests often are not made directly to Landlord, but may be made to a property manager or an independent maintenance contractor. In other cases, emergency maintenance will be directed to a different person or entity than the regular maintenance contact. Having the correct contact information in the Lease will avoid any delays in reporting maintenance issues.

Paragraph 4: Starting and Ending Dates of Lease

Subparagraphs (A) & (B): Starting and Ending Dates

State the date and time that the Lease is scheduled to start and end, making sure to circle AM or PM. The time may be important in a market where the Property is expected to change hands during the course of a day. For example, Landlord might require the current tenant to leave by 9 a.m. so Landlord can conduct a property inspection and have the new tenant move in starting at 3 p.m. that same day. There also may be building restrictions prohibiting a tenant from moving in or out before a certain time in the morning or after a certain time at night.

Subparagraph (C): Vacating Property

When the Term ends, Tenant is expected to leave the premises. This makes it clear that unless the parties have agreed to extend the Lease, Tenant must move out by the date and time specified in Subparagraph (B).

Paragraph 5: Renewal Term

The default language provides for an automatic renewal of the Lease at the end of the initial lease Term unless one party opts to terminate the Lease. Enter the length of the Renewal Term in the blank space provided. This will default to month-to-month if nothing is entered. This does not necessarily have to be the same length as the initial lease term, but keep in mind that this will be the length of the Renewal Term each time it automatically renews (unless the lease is amended later). There is a separate line for defining the amount of advance notice necessary for Landlord or Tenant to provide to the other party in order to terminate the lease before an automatic renewal occurs.

The checkbox makes the Lease automatically terminate on the stated Ending Date. Landlord and Tenant may elect to extend the Lease in writing before the Ending Date if they so choose, but the Lease will terminate otherwise.

Practice Tip: Discuss with Landlord whether there is a preference to treat all leases the same way or if tenants should be treated on a case-by-case basis when deciding whether to automatically renew. Whether defaulting to automatic renewal or electing the termination option, keep track of the Ending Date and any required notice periods to be sure that Landlord and Tenant are both aware of their obligations as the Ending Date nears.

Note: In some cases, Tenant will be responsible for paying rent for the full Renewal Term for providing written notice of termination after the required date, which could amount to a lot of money for Tenant or logistical issues for Landlords. As always, Landlord and Tenant can negotiate mutually acceptable terms in these situations. But this default language makes sure the requirement to pay is the starting point for those negotiations.

Paragraph 6: Security Deposit

Security Deposits are often one of the most misunderstood parts of a residential lease transaction. This paragraph generally mirrors the Landlord and Tenant Act and outlines what Landlord is and is not allowed to do regarding Security Deposits. With regard to the Security Deposit, Pennsylvania law will prevail over the Lease; Tenant may not waive any rights granted under the Landlord and Tenant Act to know who is holding the Security Deposit and where, to receive a written list of damages, and to have any remaining deposit returned.

Subparagraph (A): Escrow

Landlord is legally required to hold any Security Deposit of more than \$100 in an escrow account. Tenant must be told who is responsible for holding the escrow money and where the money is being held. State whether the escrow will be kept by Landlord, a property manager, or some other party (an attorney, for example). The location of the escrow account must also be identified by name and address.

Example: The Security Deposit will be held in escrow by Landlord, unless otherwise stated here: **Rentals 'R' Us Property Management** at (financial institution): **First National Bank and Trust** Financial Institution Address: **987 Elm Street, Anytown, PA 12345**

Subparagraph (B): Forwarding Address

When Tenant moves from the Property, Tenant must provide a forwarding address to Landlord so the Security Deposit and/or any documentation on damages to the Property can be provided to Tenant in accordance with the Landlord and Tenant Act.

Note: Under the Pennsylvania Landlord and Tenant Act, if Tenant fails to give a forwarding address to Landlord, then Landlord is relieved of liability that would otherwise attach for failure to return the Security Deposit and/or provide a list of damage to the premises. To protect Tenant's rights, it is important that Tenant provide a forwarding address to Landlord.

Subparagraph (C): List of Damages

If Landlord believes that Tenant caused physical damage to the Property for which Tenant is responsible, a list of the damage must be provided to Tenant within 30 days of Tenant vacating.

Note: If Landlord does not provide this list to Tenant within 30 days, Landlord may forfeit the right to withhold money to pay for damages and may also be barred from bringing suit against Tenant for the damages at all.

Subparagraph (D): Use of Security Deposit

Landlord is permitted to use the Security Deposit to pay for damage to the Property that was done by Tenant, Tenant's family or Tenant's guests. Any remaining funds must be forwarded to Tenant within 30 days of Tenant's moving from the Property.

Note: The Pennsylvania Landlord and Tenant Act provides that if Landlord fails to return Tenant's Security Deposit within 30 days, Landlord may be liable to Tenant for twice the amount Tenant was owed. This is another reason it is vital to get a forwarding address from Tenant.

Paragraph 7: Rent

Subparagraph (A): Rent Due Date

Insert the day that rent is due each month. The default provision states that rent is due "in advance, without demand...." Rent is to be paid in advance of the rental period that it covers (e.g, rent paid June 1 will cover the month of June in advance, not the month of May). The requirement that it be paid "without demand" addresses a legal issue that might otherwise require Landlord to ask for the rent each month in order to trigger Tenant's requirement to pay.

Subparagraph (B): Total Rent Due

Insert the total rent due during the Term. This is not necessarily a legal requirement, but may help Landlord to establish damages in the event Tenant moves out of the Property prior to the end of the Term.

Subparagraph (C): Monthly Rent

Insert the monthly rental amount that Tenant will pay.

Subparagraph (D): Late Rent

Use this provision to establish a Late Charge for Rent that is paid late. Insert the “Grace Period” in the first blank (i.e., how many days late can the rent be paid before a charge is imposed). There is no statutory requirement that there be any grace period, so it will be up to Landlord to set a policy. When deciding on a Late Charge amount, there is no statutory requirement or cap, but Landlord should be careful to not impose a charge that may be considered unreasonable and not enforced by a Magisterial District Justice if the Lease is challenged.

Practice Tip: Late charges can be assessed in a variety of ways. It is often best to have a consistent method for assessing late charges so there is no confusion by Landlord and/or Property Manager as to whether and when to impose a late charge. A consistent system also may avoid charges of discrimination if a late charge is challenged and it can be shown that Landlord assesses a higher or more onerous late charge on some tenants but not others. Keep in mind as well, that any late fees should be “reasonably related” to the actual damages to Landlord from late payment. If fees are too high or “unreasonable” in the eyes of the court they may not be enforced.

Some examples of Late Charge structures:

- A flat charge every time Rent is late (“\$50/month”)
- Per day charge until Rent is paid (“\$5/day”)
- Per day charge with a cap until Rent is paid (“\$5/day with a maximum of \$50 per month”)
- Percentage charge (“10% of Rent due”)
- Percentage charge per day (“2% of Rent due per day, with a maximum of \$50”)

Note: All amounts stated above are simply for example purposes and are not to be seen as an endorsement or suggestion of a particular fee structure.

Subparagraph (E): Additional Rent

All payments due to Landlord other than the amount identified as Rent in subparagraph (B) are included as “Additional Rent,” and Tenant is put on notice that failure to make these payments is a breach of the Lease. Where failure to make certain payments (e.g., utilities or late charges) might not ordinarily be considered sufficient to declare a breach by Tenant, defining the payments as “Additional Rent” and providing this notice to Tenant provides Landlord with additional authority to establish a breach and/or damages if the payments are not made.

Subparagraph (F): Applying Payments

This provision establishes that payments made by Tenant will always be applied to outstanding charges before they are applied against the current Rent due. Including this language avoids a scenario where Tenant might pay the rental amount every month and attempt to apply the payment only against rent while allowing other charges to build up.

Example: Tenant leasing an apartment for \$400/month has incurred a Late Charge of \$50. When she makes a \$400 payment to Landlord, the payment is credited first against the \$50 Late Charge, with \$350 applied against the current Rent due. This leaves an outstanding Rent balance of \$50. If Landlord has a Late Charge that accumulates on a daily basis, Tenant may still be incurring a daily charge until this additional balance is paid off.

Practice Tip: Be sure to go over this provision with Tenant so they understand how payments are applied. It may be prudent to provide statements to Tenants in writing when they make a payment that does not satisfy all outstanding obligations, particularly if a Late Charge will continue to accrue. This could help prevent a later claim that Tenant did not understand how payments would be applied and believed her account to be current.

Subparagraph (G): Returned Payment

Use this provision to require Tenant to pay a fee if a payment is returned (e.g., a check bounces, credit card is declined). As with other fees, it is important to be reasonable when setting this fee. The second sentence of this subparagraph states that any Late Charge will continue to apply until a valid payment is received. Any payment received after the initial payment is returned must now include any fee for the returned payment as well as the Late Charge, if any.

Example: Tenant leasing an apartment for \$400/month incurs a Late Charge of \$50 if Rent is paid more than 5 days late, and a fee of \$25 for a payment returned for insufficient funds. A check for \$400 is received by Landlord, but the check bounces and is returned for insufficient funds on day 3. If Tenant pays before day 5 the total amount due is \$425. If the Rent is paid after day 5 the amount due is \$475. A payment of \$400 received on day 10 would be applied first against the \$75 in additional fees, with the remainder against outstanding Rent.

Subparagraph (H): Methods of Payment

Use this section to indicate what methods of payment are acceptable to Landlord. Establishing this at the beginning of the Lease avoids any later issues where Tenant might claim that he was unaware of payment restrictions and seek to extend the time allowed before incurring a Late Charge. This also gives Landlord permission to modify the accepted methods of payment during the Term if payment is returned (e.g., no longer accepting credit cards if Tenant's card has been declined).

Subparagraph (I): Initial Payment

The parties can agree that Tenant's first payment(s) under the Lease are to be made out to Broker for Landlord or someone else who is not someone identified in Paragraph 3. After the requirements of 6(l) have been met, Paragraph 3 takes over and remaining payments are made to the person listed.

Subparagraph (J): Security Deposit

The Security Deposit is not intended for paying late Rent or other costs during the term of the Lease or any Renewal Term. It can only be applied to Rent or other costs after the Lease has ended.

Paragraph 8: Payment Schedule

This Paragraph is used to establish what "up-front" costs have already been paid by Tenant, and which are still due at the time the Lease is signed. For each cost – Security Deposit, first month's Rent, and Other(s) – fill in the total fee, the date payment is due, the amount that has already been paid, and

what amount is still due. Be aware that the Landlord and Tenant Act puts a limit on the amount that Landlord can hold as a Security Deposit, depending on the term of the Lease.

Practice Tip: If a payment is still due at the signing of the Lease, it is generally advisable to have the Due Date for payment before the date that Tenant can take possession of the Property. If the payment is missed prior to turning over possession, Landlord may have grounds to refuse to allow Tenant to move in. If Tenant has already taken possession, however, it may be much more difficult to deal with that missed payment.

It may be a practice in some markets to require the prepayment of a Security Deposit, and/or other fees at some point during the application process. Each of these fees may have to be handled differently, depending on how they are classified by Landlord. PAR has produced the Advance Payment Addendum (PAR Form APA), which can be used along with either PAR Rental Application (PAR Forms RA and RALA) to clarify what each of the advance payments is to be used for. Keep in mind that payments being held by a property manager with a real estate license may be subject to both the Landlord and Tenant Act and the Real Estate Licensing and Registration Act (RELRA).

Paragraph 9: Use of Property and Authorized Occupants

Subparagraph (A): Residential Use

The default provision in this Lease is that the Property will be used only as a residence. If there will be any other use (e.g., home office, mixed use retail), it would be advisable to lay out the acceptable uses in the Rules and Regulations or in an Addendum. Keep in mind that there may be zoning regulations that limit the permitted uses of the Property.

Subparagraph (B): Occupants

State the total number of permitted occupants, and list any occupants not already listed as Tenants. Some municipalities may have limits on occupancy based on zoning, building codes or other ordinances; be sure to check if the total number of occupants would violate any municipal regulation. The law also affords tenants the right to have a service or support animal occupy the Property. Details about this service animal should be filled in for informational purposes only, so Landlord will know which animal is there as a service animal. Service animals are not considered pets.

Practice Tip: It may be important for several reasons to know the identities of any additional individuals who will be occupying the Property. For example, in the event of a fire or other emergency it could help emergency crews to know how many people are expected to be present and who they are. Be careful when collecting this information, however, to not use it in any discriminatory manner.

Paragraph 10: Possession

Tenant is entitled to take possession of the Property on the date listed as the Starting Date. If Tenant can't take possession within the stated number of days because the prior tenant is still there or because property damage from the prior tenant has not been fixed, Tenant can either agree to extend the Starting Date to the date when the Property becomes available or terminate the Lease and have any pre-paid Rent or security deposit returned. The option to extend the Starting Date or terminate the Lease belongs to Tenant, not Landlord.

Paragraph 11: Landlord’s Right to Enter

Landlord has the right to enter the Property to do inspections and repairs, and to show the Property. If prior notice of entry is important to Tenant, there is an opportunity in subparagraph (B) to negotiate the amount of notice required. In an emergency, however, it will not be necessary to provide notice.

Practice Tip: This paragraph states that entry may be made at “reasonable hours,” and that prior notice of an entry be given “when possible,” although not in “emergencies.” Each of these phrases is somewhat vague, and may be subject to interpretation by the parties. If Landlord has specific policies on these issues they can be stated in the Rules and Regulations (e.g., “Landlord will not enter the Property before 8 am or after 6 pm without written consent of Tenant.”). Showing the Property is not considered an emergency.

Paragraph 12: Rules and Regulations

Subparagraph (A): Attach Rules

Most Landlords will have some sort of Rules and Regulations for the Property. It should be indicated whether these Rules and Regulations and/or Condo/Homeowners documents are attached. These rules may be the same for all properties leased by Landlord, or they may be developed specifically for each property.

Subparagraph (B): Rule Violation = Lease Violation

The Rules and Regulations for the Property should be followed just as any other provision of the contract, and any violation will be considered a breach of the Lease. This language prevents Tenant from claiming that a breach of the Rules and Regulations should be treated less seriously than a breach of a term included in the Lease document.

Subparagraph (C): Modifications to Rules and Regulations

Any changes to the Rules and Regulations made during the Term of the Lease must be given to Tenant in writing, and should generally be limited to changes that do not restrict Tenant’s behavior beyond that which was agreed to at the beginning of the Lease. As with other elements of the Lease, it is encouraged that Landlord be reasonable when making changes to the Rules and Regulations. Changes made during the Term should be limited to those that benefit Tenant, protect the Property, or protect the physical well-being of occupants.

Subparagraph (D): Tenant’s Guests

Not only must Tenant abide by the Rules and Regulations for the Property, but Tenant is responsible for making sure that they are followed by Tenant’s family and guests as well.

Subparagraph (E): Municipal Fines

Oftentimes a municipality will have ordinances relating to care of property located within its boundaries. This part of the Lease states that Tenant agrees to be responsible for any fines imposed upon Landlord based on the actions of Tenant or Tenant’s guests. For example, if the municipality fines Landlord for failing to maintain the lawn of the Property, and the Lease requires Tenant to maintain the lawn, Tenant will reimburse Landlord for that fine.

Paragraph 13: Pets

The default provision bans Tenant from keeping any pets on the Property. If Landlord allows pets, mark the checkbox. Be sure to include any restrictions (size, number, type, etc.) in the Rules and Regulations.

Practice Tip: Landlords who allow pets may want to consider using the Pet Addendum (PAR Form PAL). This addendum provides for an optional additional Pet Rent and contains other provisions relating to the keeping of pets, including a limitation on liability of Landlord and a notice regarding the Pennsylvania law on “dangerous dogs.”

Keep in mind that service and support animals used to assist tenants with disabilities are NOT PETS. Landlord may not charge additional “pet rent,” deposits, or fees for the animals. Pennsylvania law not only protects persons who require the assistance of service and support animals, but also protects handlers and trainers of service and support animals.

Paragraph 14: Condition of Property at Move In

This paragraph states that Tenant has had an opportunity to inspect the Property and accepts it in “as-is” condition. There are several lines for Tenant and Landlord to list any items that are not being accepted “as-is” and will be fixed by Landlord.

Practice Tip: Landlords or property managers may use a move-in inspection form for Tenant to note any issues that are found in the Property prior to Tenant taking possession. This Paragraph does not act as a substitute for those move-in inspection forms, but do help to tie the inspection directly to the Lease. For example, this Paragraph could be filled in as follows:

“Tenant has inspected the Property and agrees to accept the Property “as-is,” except for the following: **Landlord to repair shower drain and replace bathroom medicine cabinet, as stated in move-in inspection report.**”

If Landlord does use a move-in inspection, a copy should always be provided to Tenant to prevent any claims at move-out that a particular issue hadn’t been noted or approved by Tenant.

Paragraph 15: Appliances Included

Each Property may include a very different combination of appliances that are included for Tenant’s use. Use the checkboxes to identify what appliances, if any, are included with the Lease of the Property. The option for “Air Conditioning” is generally to be used for individual window or wall units (not central air), with the blank line used to note the number of units included. The default provision is that Landlord is responsible for repairing all included appliances unless the parties agree to some other arrangement.

Practice Tip: Some landlords may be willing to maintain certain appliances but not others, for various reasons. For example, if a prior tenant left a window air conditioner in the Property after moving out, Landlord may be willing to leave it there, but won’t agree to be responsible for maintenance since Landlord didn’t purchase or maintain the item before. It is strongly advised that if Landlord will not be maintaining specific appliances that this be included in the Lease or in the Rules and Regulations.

Note: The fact that Landlord is “responsible” for repairing an appliance doesn’t necessarily mean that Landlord must always pay the costs of the repair or replacement. If the damage is caused by Tenant, Paragraph 17(D) states that Tenant is responsible for the costs of any damage that is caused by Tenant or Tenant’s guests or family.

Paragraph 16: Utilities and Services

For each of the utilities or services listed, note whether Landlord or Tenant is responsible for payment. Note that there are separate categories for the basic utilities and for the specific services. For example, Tenant may be responsible for “electricity” (normal electric service to the rental unit), while Landlord may be responsible for “heat” (even though the heating system is run on electricity). Items that are not relevant to the lease transaction (e.g., Condominium Fee) can be left unchecked or can be crossed out with “N/A” written beside them. Any specific information about utilities or services – contact information for utility companies, notification of any deposit requirements, listing amounts for fixed fees such as trash or condominium fees – can be listed in the Comments section or in the Rules and Regulations.

Paragraph 17: Tenant’s Care of Property

This Paragraph lists various behaviors that Tenant may and may not engage in. Most are self-explanatory, although a few should be explained to Tenant specifically.

Subparagraph (A): Actions of Tenant

Tenant must inform Landlord immediately of any repairs that are needed and of any possibly harmful health or environmental issue (#4). This requirement is included to allow Landlord to have as much notice as possible of any issue that could potentially cause harm to the Property or to persons on the Property. Failure to provide notice to the Landlord could negate any claim by Tenant that a repair was not made in a timely manner.

Subparagraph (B): Prohibitions

Tenant can’t do any remodeling or painting on the Property without Landlord’s permission, and any changes that are made will belong to the Landlord (#5). Some landlords may provide rent credits or other incentives to tenants who wish to make improvements, while others may not. If Landlord has a specific policy on this issue it should be included in the Rules and Regulations.

Tenant is not permitted to do any maintenance or repairs unless Landlord allows it in the Rules and Regulations (#6). This provision is included to discourage Tenant from attempting to do some sort of maintenance or repair that is not up to the standards required by Landlord, possibly damaging the Property. It also helps to discourage Tenant from attempting to hide damage by doing the repairs themselves instead of reporting it to Landlord. If Landlord has a policy permitting or encouraging tenants to do certain types of maintenance independently (e.g., replacing furnace filters), that policy should be stated in the Rules and Regulations.

Subparagraph (C): Breach

As with the Rules and Regulations, Tenant will be in breach of this Lease if Tenant does not comply with 17(A) and 17(B).

Subparagraph (D): Tenant Responsible for Damage

Regardless of who is responsible for the actual repair of an item or maintenance to the Property, Tenant is responsible to pay the costs of repairs or maintenance for damage caused by Tenant or Tenant’s family or guests.

Paragraph 18: Detectors and Fire Protection Systems

Subparagraph (A): Landlord Installed

Landlord should indicate which detectors and systems have been installed in the Property. As a practical matter, however, landlords may be required by building codes, local ordinances and/or insurance providers to install smoke and carbon monoxide detectors, or other systems. It is Tenant's responsibility to regularly check the operation of the detectors and to regularly change detector batteries.

Subparagraph (B): Tenant to Notify Landlord

Tenant is required to immediately notify Landlord if any safety systems are broken or malfunctioning. It should be made clear to Tenant who should be notified in this situation, whether that person is Landlord, a property manager, maintenance personnel, or an emergency maintenance contact.

Subparagraph (C): Breach of Lease

It is a breach of the Lease if Tenant fails to regularly test the detectors and replace batteries, or if Tenant fails to notify Landlord of problems with the detectors.

Subparagraph (D): Additional systems

Some landlords may provide additional fire protection systems such as fire extinguishers or sprinkler systems. Be sure to state in the Rules and Regulations who is responsible for maintaining and testing these additional systems. For example, who must test fire extinguishers and how often? Who is responsible for replacements if an extinguisher is used?

Subparagraph (E): Property Damage

If Tenant fails to comply with this section, Tenant will be responsible for damages caused by their failure to comply. For example, if a fire is discovered late due to a dead battery in the smoke detector, Tenant may be responsible for all or a portion of the fire damage.

Paragraph 19: Destruction of Property

If the Property is "severely" damaged for any reason, Tenant must notify Landlord of the damage. Once the damage is assessed, Tenant will be permitted to stay in the Property and pay proportionally reduced rent if the Property is still livable. If the Property is declared to be unlivable by the municipality, the Lease will terminate and Landlord must return any unused Security Deposit and advance rent to Tenant. If the damage is caused by Tenant, however, the Lease does not terminate and Tenant is still responsible for full Rent payments.

Example: A tenant leasing a single-family home has a tree branch crash through a window in the master bedroom. The landlord has a repair crew put up a tarp and otherwise weatherproofs the damage, and the remainder of the home remains livable during repairs. During the repair period, the tenant may continue to live on the property, but her rent will be reduced because she cannot use part of the property during that time. The amount of rent reduction is not explicitly stated, and the basis of the reduction must be agreed upon between the parties.

Paragraph 20: Insurance and Release

Tenant is notified that Landlord's insurance does not cover Tenant and Tenant's personal property or Tenant's guests (at least not for injuries not caused by Landlord's acts). While Tenant should always be advised to obtain renter's insurance, some landlords and some insurance companies require tenants of

any rental property to obtain a certain level of insurance. A checkbox is provided for an insurance provision that requires Tenant to obtain insurance. Check with Landlord and/or Landlord's insurance company regarding the minimum amount of required insurance, if any.

Paragraph 21: Holdover Tenants

This language lays out the damages that would be owed by Tenant to Landlord if Tenant stays in the Property beyond the Term, or any Renewal Term, of the Lease. The prewritten amount of damages that Tenant will be responsible for is the monthly Rent amount plus 10%, prorated daily. This amount is not set by law and can be changed. The Lease provides for damages to accrue on a daily basis, since not all holdover tenants would be in the Property for a full month.

Note: Be careful in changing the percentage of the monthly rent that will be owed as damages in this case. If you make it too high, a judge may find those damages to be unreasonable and refuse to award them. On the other hand, if you make that number too low, it does not provide adequate motivation for tenants not to stay in the Property beyond the Term.

Paragraph 22: Tenant Ending Lease Early

This Paragraph reminds Tenant that he or she is not permitted to end the lease early unless the parties agree otherwise and put those terms in writing.

Practice Tip: Although many landlords may not wish to make it appear as though it is an acceptable option for a tenant to end the Lease early, it isn't unusual for tenants to seek to get out of a lease before the end date for many different reasons. This provision is included to enable the parties to negotiate reasonable terms for an early termination if one becomes necessary, rather than have to deal with that scenario on a case-by-case basis as it happens. If Landlord does not wish to negotiate an early termination clause, this Paragraph can be crossed out.

Paragraph 23: Abandonment of Personal Property

Subparagraph (A): Meaning of Abandonment

If Tenant moves from the Property during the term of the Lease, Landlord is entitled to regain possession of the Property and lease it to another tenant. This provision might be used if Tenant simply leaves the Property during the lease term.

Practice Tip: If Rent is not being paid and Tenant is not present, it may be wise to attempt to contact Tenant before starting any activity on the Property. For example, is there a forwarding address with the post office, or is there a co-signer or reference who might know where Tenant is? If there are circumstances beyond Tenant's control (e.g., she was admitted to the hospital after a bad car accident), Landlord may not wish to take possession or may want to make alternative arrangements.

Subparagraph (B): Abandoned Property

If Tenant leaves the Property without removing all personal items, the law provides direction on how Landlord must handle the personal property of Tenant. In short, Landlord must give Tenant 10 days' notice of Landlord's plan to remove any remaining personal property. During those ten days, Tenant must be given the opportunity to pick up the personal property or request that Landlord store the

personal property for up to 30 days. If Tenant requests that Landlord store it, Landlord may do so in a place of Landlord's choosing at Tenant's expense.

Subparagraph (C): Death of Tenant

This Paragraph will not apply if Tenant dies during the Term of the Lease with personal items still on the Property. Rather, Pennsylvania law related to heirs and estates will take priority over the Landlord and Tenant Act.

Paragraph 24: Landlord Remedies if Tenant Breaches Lease

Subparagraph (A): Possible Remedies

This provision lists Landlord's primary remedies if Tenant breaches the Lease: eviction, lawsuit for damages and retaining the Security Deposit to offset damages and/or back rent. Note that none of these remedies is exclusive; Landlord may use "any or all" of them, as appropriate. These remedies are generally available to Landlord whether stated in the Lease or not, but they are included to provide notice to Tenant as to what may happen if a breach occurs.

Subparagraph (B): Waiver of Notice

The Pennsylvania Landlord and Tenant Act states that if Tenant has breached the Lease by failing to pay rent, Landlord must provide notice of a possible eviction process 10 days before starting the eviction, but Tenant may waive the right to notice if the waiver is done conspicuously. This subparagraph states that Landlord may begin eviction proceedings with no written notice, unless otherwise stated.

Practice Tip: Despite the waiver, Landlord may have a policy of providing notices to tenants before beginning eviction proceedings. The fact that Tenant agrees to waive the notice requirement in the law doesn't mean that Landlord can't provide written notice, just that he isn't required to do so. If Landlord and Tenant negotiate a required notice period in this paragraph, Landlord is required to provide that notice in compliance with the Landlord and Tenant Act. It is very important to explain this waiver to Tenant so they cannot later claim that they were unaware that they had waived their rights to notice.

Note: If an eviction is being filed for violation of some lease condition other than non-payment of rent, the required notice period to be given is longer than 10 days. For a lease with a term of more than one year, notice must be at least 30 days in advance; for a lease of a year or less, notice must be 15 days in advance. Before starting an eviction proceeding, Landlord should assess the grounds for the eviction and consult with counsel to be sure that the proper notice is being provided.

Paragraph 25: Transfer and Subleasing

This Paragraph gives Landlord the right to transfer the Lease to another landlord with the same terms and conditions in this Lease. However, Tenant cannot transfer the Lease or sublet the Property without written permission from Landlord. If Landlord has a specific subleasing policy, it should be included in the Rules and Regulations.

Paragraph 26: Sale of Property

If the Property is sold, Landlord is required to give Tenant information regarding security deposits and payment of rent. Tenant agrees that security deposits and advance rent can be transferred automatically to the new landlord without further permission of Tenant. Note that after the transfer of

the Lease to a new landlord, the rights and responsibilities of (the original) Landlord end. In some cases, there may be an agreement that Landlord is due certain back rent or other payments.

Practice Tip: In some circumstances, a purchaser of rental property may want a property that is not bound by existing leases and tenants. For others, it is preferred that a property be transferred along with existing leases. If selling the Property while there are current leases, it may be advisable for Landlord to specifically negotiate the treatment of current leases and tenants with the purchaser. If Landlord terminates leases in anticipation of the sale of the Property and the sale doesn't go through, the value of the Property may be diminished.

Paragraph 27: If Government Takes Property

If the Property is condemned by a governmental entity, Tenant is entitled to pro-rated rent on the condemned portion. If the Property is no longer livable after condemnation, the Lease ends and Tenant is to receive any unused Security Deposit and advance rent. Tenant is not entitled to any portion of a condemnation award.

Paragraph 28: Death of Tenant During Lease Term

Subparagraph (A): Personal Property Not "Abandoned"

If Tenant dies during the Term, or any Renewal Term, of the Lease while personal property is still on the Property, those personal items will not be considered "abandoned" and the procedures outlined in Paragraph 23 will not apply. Rather, Pennsylvania law regarding deceased persons' estates will take over and Tenant's personal property will be handled accordingly.

Subparagraph (B): Lease Termination

Tenant's representative may terminate the Lease early if Tenant dies while the Lease is in effect. The representative must provide Landlord with 14 days' written notice of the intent to end the Lease. When the notice is provided, the Lease will automatically expire on the last day of the second calendar month after Tenant's death or upon surrender of the Property and removal of all personal items, whichever occurs later.

Example: On May 7, Tenant's representative provides written notice to Landlord of Tenant's death on May 4. Tenant's surviving relatives remove all of Tenant's personal property from the premises and deliver the keys and a clean rental unit to Landlord on May 30. The Lease termination will be effective July 31, which is the last day of the second calendar month after Tenant's passing because it is the later date.

Note: This provision only applies if Tenant is the sole occupant of the Property. If Tenant One dies, but Tenant Two is still alive then the Lease may not be terminated early due to Tenant One's death. Joint and several liability still applies and Tenant Two becomes responsible for all of the obligations under the Lease.

Subparagraph (C): Claims Against the Estate

Landlord's claims against Tenant's estate are limited to Rent, Additional Rent, and any expenses incurred as a direct result of Tenant's death. Landlord is not entitled to recover any fees for breach of contract or early termination of the Lease.

Note: Though not specifically defined as such, the expenses that are a "direct result" of Tenant's death are likely going to be expenses relating to cleaning, replacing fixtures or

carpeting, repainting, etc. It seems unlikely that Landlord would be reimbursed for the cost of advertising a vacancy earlier than anticipated.

Paragraph 29: Tenant’s Rights

Subparagraph (A): Retaliation by Landlord

Tenant has certain rights that are protected by state and federal laws. The fact that Tenant has exercised one or more of those rights is not grounds for Landlord to attempt to carry out revenge on Tenant.

Subparagraph (B): Mortgage Lender

This Paragraph informs Tenant that in the event of a default by Landlord leading to foreclosure action by a mortgage lender, the rights of the mortgage lender are superior. This generally gives mortgage lenders in possession of the Property very broad rights to terminate leases or change terms. Note that it does not give the mortgage lender the authority to violate applicable laws or regulations (a mortgage lender could not take possession and then take security deposits for its own use rather than returning them to the tenants).

Paragraph 30: Lead-Based Paint Hazard Disclosures

If the Property was built after 1978, check the first box to indicate that no lead-based paint hazard disclosure is required and continue to the next Paragraph. If the Property was built before 1978, Landlord is responsible for disclosing any information and reports covering the presence of lead-based paint and lead-based paint hazards in the Property, including any test results. PAR has produced a Lead-Based Paint Hazard Disclosure for Rentals (PAR Form LPDR) that Landlord may fill out and provide to Tenant. Landlord is also responsible for providing the EPA pamphlet “Protect Your Family From Lead in Your Home” (PAR Form LPB) to all Tenants in pre-1978 properties.

Practice Tip: The language of this Paragraph is not sufficient to meet federal disclosure requirements. If there is a licensee involved in the transaction on behalf of either party, Landlord must be informed of the disclosure requirement and provided with a disclosure form to complete, and the licensee must acknowledge having fulfilled this duty on the disclosure form.

Paragraph 31: Plain Language

The pre-printed contract has not been approved by the Office of the Attorney General for compliance with the Plain Language Consumer Contract Act, but PAR has carefully drafted this Lease. The wording is intended to be clear and unambiguous so that the consumer can understand all of the terms. Any language added by any of the parties must comply with the Act.

Paragraph 32: Captions

Paragraph headings aren’t a part of the content of the form, but are just meant to provide guidance to find the different sections of the document.

Paragraph 33: Entire Agreement

This provision states that the entire lease agreement is stated in this Lease document, and that no oral representations by either side are binding. No changes to the Lease are binding unless made in writing.

Paragraph 34: Special Clauses

Subparagraph (A): Attached Addenda

Several commonly-used PAR addenda are referenced here. When checked, these addenda become part of the Lease. The blank lines are provided so you can insert titles of other addenda (including those that you may draft on your own) that are not referenced in the Lease.

Subparagraph (B): Additional Terms

This blank space is for any additional clauses that are not addressed in the Lease or in an addendum, and that significantly alter other clauses in the Lease. If the clauses are related to an existing paragraph in the Lease, number them as if they were appearing in the paragraph to which they relate. Make sure the language used is clear and unambiguous.

Signature Blocks/Additional Items

Notice Before Signing

Tenant and Landlord are advised to contact an attorney with any legal questions before signing the Lease.

Consumer Notice

If a licensee is representing Landlord, Landlord must receive the standard Consumer Notice (PAR Form CN) at the beginning of the relationship. When a licensee is representing Landlord, and working with a potential tenant as a client (not as a tenant representative), Tenant may receive a shortened consumer notice for Tenants (PAR Form CNT, also included on the top of the Rental Application for Landlord Agents, PAR Form RALA). Tenants who are being represented by a licensee must get the full Consumer Notice. Whichever notice is required for the transaction, this provision acknowledges its receipt on behalf of Landlord and/or Tenant.

Signature Lines

Note that there are three lines for Tenants, three lines for Co-Signers and 2 for Landlords. If there are additional Tenants, simply cross out the word "Co-Signer" and print "Tenant" in its place. If a property manager or some other representative is signing on behalf of Landlord, that person's name should be written on the "By" line below the landlord signature lines.

Transfer

If the Property is sold, use this provision to transfer the Lease to the new owner/landlord.