

LANDLORD OR TENANT
KNOW YOUR RESPONSIBILITIES

Many people buy residential investment properties without fully understanding the laws affecting the property and those who rent it. The issue which causes the most problems to landlords, as well as tenants, is that of the tenant's security deposit. A security deposit is money a tenant pays to the landlord, in trust, to provide the landlord some protection from nonpayment of rent or damage to the rental unit. For most residential properties, a landlord may collect a security deposit totalling no more than one and one-half times one month's rent. A landlord may not collect the last month's rent in advance in addition to the full security deposit. The landlord must deposit the security money in an interest bearing account in a bank or savings and loan within the state of New Jersey. The landlord is required to notify the tenant where the money is being held within 30 days of the landlord's receipt of the deposit. If the landlord fails to notify the tenant where the money has been deposited, the tenant may elect to have the deposit money applied to the rent and the landlord would not be entitled to another security deposit.

Upon a tenant vacating the rental unit, the landlord must notify the tenant in writing of any deductions from the security deposit and refund any unused deposit with interest. This

statement and/or refund must be made within 30 days of the tenant moving out of the property. If a landlord wrongfully withholds the security deposit, the tenant can sue. If the judge agrees with the tenant, a judgment will be entered against the landlord for twice the amount of money wrongfully withheld plus court costs and reasonable attorney's fees.

The landlord must provide the facilities to enable the dwelling unit to be heated to a minimum of 68 degrees Fahrenheit from October 1 to May 1. The tenant can be required to pay for the heat if the unit is served by a separate heating unit and a separate bill can be issued.

A tenant who lives in a nonowner occupied dwelling must be offered a new lease at the expiration of the existing lease, whether written or oral. A residential tenant may only be evicted if they fall within at least one of a number of specific causes. There are very specific requirements landlords must follow before he/she may evict a tenant. All causes except non-payment of rent require the landlord to service the tenant with a notice specifying the reason for the eviction. Depending on the cause, a set period of time just pass after the notice is served and the eviction complaint filed. In addition to evicting a tenant for not paying their rent, some of the other more common causes are: continuing conduct which is disorderly after the tenant has been given notice to stop; destruction or damage to the landlord's property; and

substantial violation of the landlord's reasonable rules and regulations.

A landlord may not force a tenant to vacate the premises except by utilizing proper court procedures. Unfortunately, for a landlord who is stuck with a tenant not paying rent or causing serious problems, this process is likely to take at least 45 to 60 days.

Like any investment, it is important to educate yourself on all of the issues effecting the performance of that venture.