

**Once you have found the multi-family house you want [or any house for that matter], what do you do next?**

## **PURCHASE & SALE AGREEMENT**

In the vast majority of cases, there is a professional real estate agent involved. A good agent, like Kate, is worth their weight in gold. They will help you form an offer to the owner for them to consider. If the offer is accepted, it then becomes a binding contract. This is known as a **“Purchase and Sale Agreement.”**

## **ATTORNEY REVIEW ADDENDUM**

While there are many contract provisions that are important, one critical condition is to insist that the P&SA include an “Attorney Review” contingency.

An Attorney Review contingency provides for a period of time, typically 5-7 days, for the attorney of your choice to review the P&SA. The Seller will have the same opportunity.

There are numerous provisions in the standard VT P&SA that you will want to have modified to protect your interests. We don't have enough time today to explore all of them, but since the P&SA literally controls the entire transaction, it is very important that it protects both your interests and the interests of the Seller. Once it is signed, it cannot be modified without the consent of all parties.

While it is commonplace for Windham County based real estate agents to include such a provision, it is less so in Windsor County and very rarely seen in NH.

## **CONTINGENCIES**

Other key contingencies you will want to consider are:

1. What are your financing requirements? Unless you are cash buyer, you will need to obtain a mortgage for the amount you are not putting down.
2. One key contingency is to make it subject to a long list of inspections, such as structural components, foundations, roofs, pest infestations, water potability, septic, electrical service, radon, lead paint, etc. Lenders will insist on many of these.
3. For multi-family homes, a Fire Marshall inspection is a must. These are life safety inspections and for rental properties you want to identify all existing and potential hazards at the property.
4. Seller disclosure of any alleged health code violations.
5. Appraisal. Your lender will almost certainly require the property be appraised to ensure a Fair Market Value equal to or greater than the purchase price.

After the inspections and the appraisal, there will be the opportunity to terminate the contract or to negotiate price reductions or a checklist which the Seller will be responsible for prior to closing. All of these items have strict deadlines, so pay close attention to all the contract dates.

Your attorney will coordinate the steps between the contract signing and the anticipated closing, working with you, the real estate agent, the lender, and the Seller's representatives. From contract signing to closing in the current real estate climate can take from 8 to 20 weeks. As an aside, I bought my first owner-occupied, 2-unit home in 7 days from the time of the offer to closing. That was 47 years ago.

## **YOU OWN IT; NOW WHAT?**

Did you buy a house with tenants in place? As part of the P&SA, you will have wanted to require the Seller to provide you with a complete list of all tenants, including all contact information, if there are leases you want copies, the amount of the security deposit, any offsets to the security deposit, the current rent, whether the tenants are current in the rent, what the landlord provides [heat, electricity, trash removal, snow plowing, cable, etc] and what the tenant is responsible for.

## **GETTING NEW TENANTS**

When you start to rent to new tenants, what do you do?

Credit references?

Income verification?

Prior landlord references [go back at least two landlords]

Applications? No fees allowed.

Security deposits – Burlington and Barre exceptions

Pre-move in inspections with checklists

Move out inspections with same checklist

Return of security deposit within 14 days

Vermont has a **Residential Rental Agreement statute** that covers most landlord / tenant situations. At a minimum, you should read through this for what you can and cannot do and what you must and must not do as a landlord in Vermont.

The statute applies whether you have a written lease or not.

<https://legislature.vermont.gov/statutes/chapter/09/137>

## **LEASES**

### **LEAD PAINT DISCLOSURES FOR PRE-1978 PROPERTIES**

The Definitive Guide to Renting in Vermont

Renting 101

Fair Housing

VT Renting Laws

All About Rental Agreements

Generic Vermont Residential Lease Agreement Template

Our involvement in multifamily properties, after the acquisition, most often occurs in the context of evictions, although we have also defended discrimination claims, alleged state and municipal health code violations, alleged zoning violations, etc.

I fully endorse Kate Barry's advice to keep your good tenants. When tenants go bad, everyone loses. But, if all else fails, you need to know...

## **WHEN TENANTS GO BAD**

How to evict a tenant. Eviction laws are very technical and if not followed to the letter, you may wind up with bad tenants a lot longer than necessary.

(Cite as: 9 V.S.A. § 4467)

- **§ 4467. Termination of tenancy; notice**

(a) Termination for nonpayment of rent. The landlord may terminate a tenancy for nonpayment of rent by providing actual notice to the tenant of the date on which the tenancy will terminate, which shall be at least 14 days after the date of the actual notice. The rental agreement shall not terminate if the tenant pays or tenders rent due through the end of the rental period in which payment is made or tendered. Acceptance of partial payment of rent shall not constitute a waiver of the landlord's remedies for nonpayment of rent or an accord and satisfaction for nonpayment of rent.

(b) Termination for breach of rental agreement.

(1) The landlord may terminate a tenancy for failure of the tenant to comply with a material term of the rental agreement or with obligations imposed under this chapter by actual notice given to the tenant at least 30 days prior to the termination date specified in the notice.

(2) When termination is based on criminal activity, illegal drug activity, or acts of violence, any of which threaten the health or safety of other residents, the landlord may terminate the tenancy by providing actual notice to the tenant of the date on which the tenancy will terminate, which shall be at least 14 days from the date of the actual notice.

(c) Termination for no cause. In the absence of a written rental agreement, the landlord may terminate a tenancy for no cause as follows:

(1) If rent is payable on a monthly basis, by providing actual notice to the tenant of the date on which the tenancy will terminate, which shall be:

(A) for tenants who have resided continuously in the same premises for two years or less, at least 60 days after the date of the actual notice;

(B) for tenants who have resided continuously in the same premises for more than two years, at least 90 days after the date of the actual notice.

(2) If rent is payable on a weekly basis, by providing actual notice to the tenant of the date on which the tenancy will terminate, which shall be at least 21 days after the date of the actual notice.

(d) Termination of rental agreement when property is sold. In the absence of a written rental agreement a landlord who has contracted to sell the building may terminate a tenancy by providing actual notice to the tenant of the date on which the tenancy will terminate, which shall be at least 30 days after the date of the actual notice.

(e) Termination for no cause under terms of written rental agreement. If there is a written rental agreement, the notice to terminate for no cause shall be at least 30 days before the end or expiration of the stated term of the rental agreement if the tenancy has continued for two years or less. The notice to terminate for no cause shall be at least 60 days before the end or expiration of the term of the rental agreement if the tenancy has continued for more than two years. If there is a written week-to-week rental agreement, the notice to terminate for no cause shall be at least seven days; however, a notice to terminate for nonpayment of rent shall be as provided in subsection (a) of this section.

(f) Termination date. In all cases, the termination date shall be specifically stated in the notice.

(g) Conversion to condominium. If the building is being converted to condominiums, notice shall be given in accordance with 27 V.S.A. chapter 15, subchapter 2.

(h) Termination of shared occupancy. A rental arrangement whereby a person rents to another individual one or more rooms in his or her personal residence that includes the shared use of any of the common living spaces, such as the living room, kitchen, or bathroom, may be terminated by either party by providing actual notice to the other of the date the rental agreement shall terminate, which shall be at least 15 days after the date of actual notice if the rent is payable monthly and at least seven days after the date of actual notice if the rent is payable weekly.

(i) Multiple notices. All actual notices that are in compliance with this section shall not invalidate any other actual notice and shall be a valid basis for commencing and maintaining an action for possession pursuant to this chapter, 10 V.S.A. chapter 153, 11 V.S.A. chapter 14, or 12 V.S.A. chapter 169, notwithstanding that the notices may be based on different or unrelated grounds, dates of termination, or that the notices are sent at different times prior to or during an ejectment action. A landlord may maintain an ejectment action and rely on as many grounds for ejectment as are allowed by law at any time during the eviction process.

(j) Payment after termination; effect.

(1) A landlord's acceptance of full or partial rent payment by or on behalf of a tenant after the termination of the tenancy for reasons other than nonpayment of rent or at any time during the ejectment action shall not result in the dismissal of an ejectment action or constitute a waiver of the landlord's remedies to proceed with an eviction action based on any of the following:

(A) the tenant's breach of the terms of a rental agreement pursuant to subsection (b) of this section;

(B) the tenant's breach of the tenant's obligations pursuant to subsections 4456(a), (b), and (c) of this title; or

(C) for no cause pursuant to subsections (c), (d), (e), and (h) of this section.

(2) This subsection shall apply to 10 V.S.A. chapter 153, 11 V.S.A. chapter 14, and 12 V.S.A. chapter 169.

(k) Commencement of ejectment action. A notice to terminate a tenancy shall be insufficient to support a judgment of eviction unless the proceeding is commenced not later than 60 days from the termination date set forth in the notice.