WHAT INVESTORS SHOULD KNOW ABOUT VOLUNTARY MOVE OUT AGREEMENTS

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Managing [rental properties](https://www.mashvisor.com/) can be difficult, especially when it involves evicting a tenant before their lease expires. Indeed, eviction is one of the most stressful experiences you’ll have to deal with as a[landlord](https://www.mashvisor.com/). You might want to remove a [tenant](https://www.mashvisor.com/blog/tenant-management-tips-property-managers) from your rental due to any of the following reasons:

* To complete improvements on your rental
* If you are selling the home
* Nonpayment of rent
* Tenants violate or break the terms of the lease
* A tenant does not move out upon lease expiration
* Tenants cause damage to the home

Telling a tenant face-to-face that they have to leave can be nerve-wracking, and issuing a written eviction notice is not any easier. The good news is that there is an effective strategy for getting tenants to move; a voluntary move out agreement. In a [voluntary move out agreement](https://www.mashvisor.com/), both parties (the landlord and tenant) agree upon and sign new terms of the lease. When the tenant agrees to vacate, they should leave the premises by a specific date.

Illegal Reasons to Evict a Tenant

Before you begin the process of evicting your [tenant](https://www.mashvisor.com/), you should carefully consider your reasons. As a[landlord](https://www.mashvisor.com/blog/know-about-being-first-time-landlord), you don’t have the right to remove anyone for anything and at any time. To protect yourself from any accusation of unfair practice or dispute, you should never embark on eviction based on the following:

* Discrimination: This means that you cannot initiate eviction proceedings based on your attitude towards any of the [Fair Housing](https://www.justice.gov/crt/fair-housing-act-1) Protected classes. Since protected classes vary from one state to another, be sure to get familiar with the laws in your area. In a general sense, the law protects tenants against discrimination based on color, race, sex, religion, national origin, disability, and familial status. Protected classes at the state level include sexual orientation, ancestry, marital status, gender identity, and source of income.
* Personal vendetta: Asking a tenant to move out to get back at them for a disagreement or dispute is illegal. Never try to evict a tenant because they reported you to the housing authority or code enforcement
* Tenant failing to pay rent for a legitimate reason: A tenant might withhold rent in escrow until the landlord resolves a safety or health issue in the rental. This is not the same as nonpayment of rent, which is a legitimate reason to evict someone

What You Should Know About Voluntary Move Out Agreement

Here are some of the things you need to know about an agreement to vacate rental property:

A Voluntary Move Out Agreement Must Be In Writing

A written tenant vacating agreement is proof that there a new contract is in place. If either the landlord or tenant fails to sign the contract and the matter goes to court, the judgment will be made based on the original lease agreement. The move out action by the renter or the move out request by the landlord shall be perceived as a breach of the current lease agreement.

In some jurisdictions, the [voluntary move out agreement](https://www.mashvisor.com/) can be discussed, exchanged, and signed by both parties online.

A Voluntary Move Out Agreement Creates a Win-Win Situation for Both Parties

When all is said and done, both parties win from the new arrangement.

Here is how the tenant benefits from an agreement to vacate:

* They get to vacate the premises lawfully
* They have enough time to find another rental and organize for a move
* At times, the landlord provides some cash to help the tenant make the transition
* They avoid lawful eviction which can be time-consuming and expensive
* If the eviction notice is served due to defaulting on rent, a voluntary agreement to vacate premises can help protect the tenant’s credit score

How a voluntary move out agreement benefits the landlord:

* They are able to get rid of a delinquent tenant without having to pursue a lawful, expensive eviction process
* They are free to rent out their property to a preferred tenant
* They can make improvements or legally sell their home

It Can Involve ‘Cash for Keys’

As the name suggests, cash for keys is a strategy for getting a tenant to move out voluntarily in exchange for cash. This method became popular during the housing crisis when financial institutions offered cash for keys to residents of [foreclosed properties](https://www.mashvisor.com/blog/find-foreclosed-properties-for-sale). Cash for keys works well especially with tenants who are struggling financially.

Though it might appear unreasonable to pay tenants that are defaulting on rent, many landlords have realized that it costs much less than attorney fees, filing fees, and lost rent during the eviction process. A recent [report](https://www.mysmartmove.com/SmartMove/blog/true-cost-eviction.page) revealed that eviction-related expenses, which include lost rent, filing costs, court costs, maintenance fees, and judgment costs, can go as high as $10,000.

To use the cash for keys strategy, follow this process:

* State the facts: Talk to the tenant in person or by phone and explain why they can no longer stay in the unit
* Describe the consequences: If the tenant has violated the lease agreement, let them know that you can evict them with court orders or even sue for damages. Don’t forget to mention how eviction can negatively impact their future
* Provide an alternative: Give them the option of moving out and surrendering the keys in exchange for cash. Tell them what date you have in mind and the amount you are willing to offer. The amount offered in a cash for keys agreement will vary depending on your location and the cost of living in the area. According to the [California Department of Real Estate](https://www.dre.ca.gov/files/pdf/ca/2012/ConsumerAlert_Cash4Keys.pdf) (DRE), $500 should be the minimum, and $5,000 is the maximum amount offered to renters for their keys.
* Get the agreement in writing: There are many sites where you can download the cash for keys agreement form. The document should include all the details of the agreement, including the amount offered and the date for moving out
* Be present on moving day: On move out day, be sure to be present at the rental with the check and relevant paperwork. After conducting an inspection, sign the final documents and exchange the keys for money

To learn if cash for keys agreements are legal in your area, be sure to review your county and local city laws. In addition, you need to consult a licensed attorney in order to protect yourself, your rental, and your tenants.

The Agreement Can Involve Other Assistance

An alternative to cash for keys is offering assistance to help your tenant make a smooth transition. For example, if you have connections for cheaper rates on moving trucks, offer them to your renters. If you own a moving truck, you could allow the tenants to use it for free. In addition, you can help your tenants find a new place to live by connecting them to other landlords and property managers in the area. If you project such a helpful and positive attitude, your tenants will be more accommodative to the idea of moving out.

Conclusion

A [voluntary move out agreement](https://www.mashvisor.com/) is definitely an option that every investor should consider for a voluntary eviction.  Avoid the temptation to coerce a tenant to leave your rental using the following methods:

* Removing the tenant’s property
* Changing the locks while the renter still lives in the home
* Threats of any kind
* Cutting off utilities like water and electricity
* Direct orders to leave