Tenants broke a six-month lease only a few days into the rental agreement

Q: I have tenants who signed a six-month lease last month. A few days after they signed, they informed me that they just bought a house and would like to move in a few weeks. We informed them that unless they found replacement tenants, leaving the apartment like this would be breaking the lease.

They ignored our repetitive reminders, and just moved out yesterday and handed back us the keys. I wonder if in this situation we can hold/deduct their deposit and even demand more compensation for the loss due to the breach of the lease.

A: You said that these tenants signed a lease with you. The first thing you should do is figure out what your remedies are under the lease. Most residential leases have a paragraph that details what a landlord can do when a tenant defaults under their lease. Sometimes the paragraph states that the landlord can sue the tenant for unpaid rent, can apply any security deposit toward rent owed, or can re-rent the apartment and sue the tenant for the loss if the landlord loses money on the new lease.

Once you read your lease and see what it says, you can decide how to proceed. You may be entitled to apply the security deposit toward any rent that goes unpaid, but we caution you that you need to make sure that you abide by the terms of your lease and also abide by any municipal ordinances or state laws that may regulate leases and security deposits.

Some states have laws that are quite tenant-friendly. When a tenant leaves the rental property and hands over the keys, the landlord has a certain amount time to either claim the security deposit or return the deposit to the tenant. In some instances, you must notify the tenant of the reasons why you are not returning the security deposit.

Furthermore, some states require landlord to mitigate their damages — that means that a landlord must minimize whatever damages he or she has. In your situation, this means that you must try to re-rent the rental property. As you try to re-rent the property, you need to keep a careful tab on all of your expenses that you'll want to get reimbursed by your former tenant. You may have costs to advertise the apartment, broker's fees, and other expenses to bring in a new tenant into the property.

If you are successful in re-renting the place quickly or you have already done that, your only issue is to compute your damages. If the security deposit is sufficient to cover those expenses, you have been made whole and can move on with your life and with these new tenants. On the other hand, if you have not been able to rent the property, you may want to hire an attorney and sue your former tenants for any rent lost.

As an aside, it's quite foolish for a prospective buyer to rent a place and break a lease. Ilyce thinks that's one of the top mistakes first-time home buyers make because they will often wind up paying rent and mortgage, which most first-time buyers can ill-afford.

In addition, some landlords have the ability to report the non-payment of rent under a lease to credit reporting bureaus and can also report amounts owed and delinquent under the lease. Those reports can put a serious ding on a buyer's plans to buy a home. Negative information given to a credit reporting bureau can lower a prospective home buyer's credit score and affect that person's ability to get a mortgage loan.

Likewise, filing suit for a debt owed may also get picked up by credit reporting bureaus and can affect a home buyer's ability to close on a new home. We're sorry your former tenants weren't more upfront about their plans. Some tenants negotiate an "out" clause in a lease with a landlord upfront. They will ask the landlord if they can pay a month or two penalty to get out of their lease early. With that information, you can decide if a lease to that tenant is worth your while. If it is and they cancel early, you can prepare for that.

Sam has a rental property that is currently being rented by a member of the armed forces. His lease gives the tenant the right to terminate the lease if he is called to active duty. When deciding to lease the property, Sam knew the risk and could decide whether to take it or not. Being upfront about these issues can help solve or lessen problems down the line. If you decide to sue the former tenants, they will learn a hard lesson if the suit impacts their ability to close on their new home.