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## Advising New Landlords

Mr. Hodge calls you on the telephone to announce that he is purchasing a multifamily house in town, and she'd like you to represent her in the sale. She tells you that he plans to rent the units out and that this is her first venture into being a landlord, but it does not seem hard and everyone else seems to be making a ton of money at it.

As an attorney, you've got two tasks: first, you've got to make sure your client is getting a good deal and that the real estate transaction is a sound one. Second, you've got to make sure your client is making a good investment and that he understands that being a landlord does take work.

Before closing on the property, Ms. Jones needs to consider a number of things that are outlined below.

- Does the property presently have tenants and does Ms. Jones want those tenants to remain after she purchases the property? If Ms. Jones does not want to inherit the tenants, then the tenants must be evicted before closing. Otherwise, the eviction of the tenants becomes Ms. Jones' problem, and eviction can be a lengthy and costly process.
- Is the property in conformance with all state and local health or sanitary codes? Ms. Jones should make sure that a local health inspector or representative from the housing authority inspects the premises for health and sanitary code violations so that these violations can be remedied prior to transfer of title.
- An inspection for lead paint should also be performed and, if found, its removal should be a condition precedent to closing.
- Similarly, Ms. Jones should become familiar with all the applicable codes and regulations. For example, Massachusetts not only regulates what appliances must be provided in a rental unit, but also when the heat must be turned on and the temperature range at which the unit must be maintained.
- Ms. Jones should also consider having someone from the town who handles zoning issues make an inspection. The inspection should cover whether the apartments are legal and whether activities such as home-based businesses are permitted. In addition, become familiar with the street parking rules.

- Determine whether last month's rent or a security deposit has been taken and have those monies transferred to Ms. Jones. Make certain that the previous owner did not take more in a security deposit than is permitted by statute. If so, remedy any imperfections immediately.
- Determine whether the tenants have term leases or month-to-month tenancies and when the leases are subject to renewal.
- Make certain that the tenants are notified that the landlord has changed and provide them with Ms. Jones' address. In addition, if the closing occurs at any time other than the last day of the month, be certain to address whether Ms. Jones is entitled to rent on a pro rata basis for the month.
- Ms. Jones should educate herself about the eviction process so that she understands what will have to be done should someone need to be evicted. Similarly, she should have at least a basic understanding of the landlord-tenant laws in the jurisdiction. Massachusetts prohibits discrimination in renting to all the protected classes, but it also prohibits discrimination in renting to families. Ms. Jones should understand the reasons why she can turn down a prospective tenant and what could get her in trouble.
- Ms. Jones should also become familiar with the various state-assisted housing programs, such as Section 8.
- If Ms. Jones is not handy, then she should gather a list of tradesmen who can help her out when a repair is necessary, such as licensed electricians and plumbers, a carpenter, a painter, and an all-around handyman.

If Ms. Jones does her homework, then owning investment properties can be an enjoyable and hopefully profitable endeavor.

*Tom Bolt is Managing Attorney of Tom Bolt & Associates, P.C., a full service business law firm based in St. Thomas that includes within its practice a concentration in real estate, trusts, tax and estate planning.*