



The NC REALTORS® Executive Committee has approved changes to several property management forms recommended by the NCR Property Management Division. The changes are effective July 1, 2018. A summary of the significant changes to each form follows the list. A marked-up copy of each form showing the exact changes is available by clicking on the name of the form.

- (1) Exclusive Property Management Agreement (Long-term Rental Property) (form 401)
- (2) Residential Rental Contract (form 410-T)
- (3) Maintenance Addendum (form 440-T)
- (4) Pet Addendum (form 442-T)
- (5) Assistance Animal Addendum (form 443-T) (NEW)

(1) [Exclusive Property Management Agreement \(Long-term Rental Property\)](#) (form 401)

- Paragraph 3—new choice added to describe any applicable fees a property manager will charge owner for arranging services to property by third-party vendors
- Paragraph 9(a)—amendment to existing wording to emphasize owner’s obligation to replace batteries in battery-operated smoke or carbon monoxide alarm at the beginning of a tenancy
- Paragraph 11—amendment to existing wording to more accurately describe the circumstances under which a tenant is entitled to an assistance animal
- Paragraph 12—new paragraph added to address whether or not owner will permit smoking
- Paragraph 13—new wording added to clarify whether owner or manager will handle payment of HOA dues
- Paragraph 14—new paragraph added to address sewage disposal, including representation by owner whether property is served by public sewer or septic tank
- Paragraph 15—new paragraph added to address occupancy limits and general rule of 2 persons per bedroom
- Paragraph 16—new paragraph added to identify existing service contracts on property and to establish whether owner or manager will handle payment of any contracts identified
- Paragraph 31—existing wording amended to clarify that the owner and manager may send notices electronically to any device used by the parties to communicate during the term of the property management
- Paragraph 33—existing wording amended to clarify that the owner has 60 days from date of an assignment of the management agreement to terminate the agreement, rather than a right to terminate the agreement at any time following the assignment on 60 day’s notice.

(2) [Residential Rental Contract](#) (form 410-T)

- Paragraph 1
 - existing paragraph reformatted into subsections for ease of understanding
 - new wording added in subsection (c) regarding termination of a calendar month-to-month renewal lease in an effort to describe more clearly the amount of notice required
 - new “Note” added at end of paragraph 1 directing military personnel to information on early termination rights
- Paragraph 2—new wording added to expressly state that failure to timely pay rent is a breach of the lease
- Paragraph 4—based on a request by the NC Attorney General’s Office, existing wording in second

paragraph relieving landlord of responsibility for security deposits unclaimed more than 6 months after end of tenancy has been eliminated. According to AG's Office, unclaimed security deposits must be held for 5 years in accordance with escheat laws and then remitted to State Treasurer if tenant cannot be located.

- Paragraph 5(c)—new subparagraph added to specifically address criminal activity that may support expedited eviction under G.S. Sections 42-59 through 42-76
- Paragraph 5(m)—new subparagraph added to specifically prohibit smoking. If smoking permitted, this subparagraph may be stricken and the tenant's right to smoke addressed elsewhere in the lease (such as paragraph 28(c))
- Paragraph 10—existing wording amended to clarify that the right of entry reserved permits manager and other agents of landlord, not just landlord, to enter property for permitted purposes.
- Paragraph 16—new wording added to clarify tenant's duty to return not just keys but all access devices, passes, openers and similar devices at end of the tenancy
- Paragraph 20—new wording added to obligate tenant who will be required to carry renter's insurance to include landlord and manager as additional insureds on policy
- Paragraph 30—new wording added whereby tenant specifically acknowledges that landlord may provide information about the tenant to a credit reporting agency
- Paragraph 33— existing wording amended to clarify that the manager and tenant may send notices electronically to any device used by the parties to communicate during the term of the rental contract

IMPORTANT NOTE: Following the approval of the changes to the Residential Rental Contract described above, the NC General Assembly enacted legislation clarifying what costs a landlord can recover in a summary ejectment action from a tenant who has defaulted on his or her lease. As a result, paragraph 17(c) of form 410-T is being amended to specifically permit the recovery of attorneys' fees in summary ejectment proceedings. A link to a marked-up copy of form 410-T showing the exact changes is available [here](#). A new version of the form is being rolled out effective August 1, 2018. It has been provided to NCR's forms software vendor and is available in PDF now on the NCR website. The new version has "8/2018" revision and copyright dates in the lower right-hand corner of each page.

(3) [Maintenance Addendum](#) (form 440-T)

- Bedbugs added to list of pests under "Pest Extermination" section of form

(4) [Pet Addendum](#) (form 442-T)

- Paragraph 1—additional lines added for description of permitted pet(s)
- Paragraph 4—new paragraph added to obligate tenant who will be required to carry renter's insurance to make sure that insurance will cover damage or injury caused by tenant's pet

(5) [Assistance Animal Addendum](#) (form 443-T) (NEW)

- New addendum developed for use in the increasing number of situations where a tenant has demonstrated the need for an assistance animal. The wording attempts to track the law regarding the circumstances under which an assistance animal may be removed and the tenant's responsibility for damages caused by the assistance animal. It also obligates a tenant who will be required to carry renter's insurance to make sure that the insurance will cover damage or injury caused by tenant's assistance animal so long as there is no increase in the cost of the insurance for such coverage, since a person who is accompanied by an assistance animal may not be required to pay any extra compensation for the animal.

The forms have been provided to NC REALTORS®'s approved forms software vendor and will be updated on the NC REALTORS® web site in late June. Permitted users of the forms will have 60 days following their effective date to transition to the new versions. Therefore, old versions should not be used in transactions taking place after the end of August 2018.