



PROPERTY MANAGEMENT FORMS CHANGES Effective July 1, 2022

The property management forms listed below have been revised or added to the NCR Forms library effective July 1, 2022. A summary of the significant changes to each form follows the list. Copies of a form may be viewed by clicking on the name of the form immediately preceding the summary of that form.

- (1) Exclusive Property Management Agreement (Long-term Rental Property) (form 401)
- (2) Residential Rental Contract (form 410-T)
- (3) Property Assessment Form (Form 415)
- (4) Residential Rental Contract (Ground Lease) (form 414-T) (NEW)
- (5) Early Termination of Residential Rental Contract (form 426-T) (NEW)
- (6) Demand for Possession (form 427-T) (NEW)
- (7) "Sight Unseen" Addendum (Form 446-T) (NEW)

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

- Paragraph 3(c)—the existing Agreement provides that if it is terminated at the end of the initial or a renewal term, the Agent is entitled to fees received through the effective date of the termination. This new subparagraph is being added to provide that if there is, at the time of the owner's termination, a rental contract is in place that ends at a later date, the Agent will be entitled to the fee the Agent would have been entitled to receive during the remaining term of that rental contract.
- Paragraph 4—additional verbiage has been added to clarify that (i) the Early Termination Fee is owed if the owner sells or otherwise transfers the property prior to the end of the initial or a renewal term, and (ii) the Early Termination Fee includes fees owed under new subparagraph 3(c) (described immediately above).
- Paragraph 23—additional verbiage has been added to clarify that if the owner sells the property prior to the end of the initial or a renewal term, the fee owed in consideration for transition and sale assistance services provided by the Agent is in addition to, not in lieu of, the Early Termination Fee provided for in paragraph 4.

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

- Paragraph 1(b)—the wording pertaining to the tenant holding over has been stricken because it suggests that if the tenant holds over after the end of the initial term following notice from the landlord that the lease will not be renewed, the tenant will nevertheless be entitled to remain in the property for the term described in subparagraph (b).
- Paragraph 5(k)—additional verbiage has been added to explicitly state that the tenant's duties relating to utilities includes the duty to keep such utilities connected and in use during the term of the lease.
- Paragraph 7—references to telephone and security system have been stricken from the "Service obligation" grid.

- Paragraph 12—additional verbiage has been added to clarify that (i) a fine is owed for *each* unpermitted pet in response to occasional arguments by tenants that only one fine is due regardless of the number of unpermitted pets, and (ii) the landlord has the right to terminate the lease if the violation continues following notice of the violation.
- Paragraph 14-- additional verbiage has been added to clarify that (i) a fine is owed for *each* unpermitted occupant in response to occasional arguments by tenants that only one fine is due regardless of the number of unpermitted occupants, and (ii) the landlord has the right to terminate the lease if the violation continues following notice of the violation.
- Paragraph 17—changes have been made to the wording in subparagraphs (a) and (b) in response to a number of reports in the past year of managers having eviction cases dismissed based on a failure to make a specific demand for possession of the premises before filing the eviction. A demand for possession is required by NCGS 42-26(a). While the need to demand possession is addressed in paragraph 17(b) of the current version of the form, the wording of that subparagraph has been changed in an attempt to make that requirement more prominent. In addition, a “Note” has been added at the end of paragraph 17(b) that references a new “Demand for Possession” (Form 417-T) that property managers may use to fulfill the demand requirement (see discussion of Form 427-T below).

It is very important to note that changes to subparagraphs (a) and (b) will **require** the landlord to provide **written notice** of the landlord’s decision to terminate the lease (or terminate the tenant’s right of possession without terminating the lease), and to provide **written notice** of possession of the demand for possession. Although the law doesn’t require the notices to be in writing, it is felt that providing the notices in writing is an important practice, as it will enable the landlord or manager to prove in court if necessary that the notices were provided.

- Paragraph 29—change made to track change in the name of Form 415 (see below).

(3) **Property Assessment Form (Form 415)**

- The name of this form has been changed to clarify that it may be used not only by a tenant when the tenant moves into the property, but also by a property manager at the conclusion of the lease.
- The sentence near the end of the form that addresses the tenant’s duty to put utilities in the tenant’s name has been removed since this duty is addressed in Form 410-T itself.

(4) **Residential Rental Contract (Ground Lease) (form 414-T) (NEW)**

- This new form is designed for use in situations where the tenant is leasing only land from the landlord. It is anticipated that it will be used primarily for the lease of a an individual parcel or a space in a mobile home park on which a manufactured (mobile) home owned by the tenant will be situated. In essence, it is a shorter version of Form 410-T, with provisions stricken that are inapplicable to a lease that does not include a dwelling unit.

(5) **Early Termination of Residential Rental Contract (form 426-T) (NEW)**

- This new form will give property managers a tool to more easily handle the common situation where the tenant desires to terminate the lease before its ending date. It includes two alternatives for handling an early termination:
 - The first alternative (“Lease To Remain In Effect Until New Tenant Secured”) provides that the lease will remain in effect until the landlord is able to re-rent the property. It essentially tracks the duties that would be imposed by law on the tenant and the landlord in an early termination situation, and should be understood as a “roadmap” for how the process will work rather than an agreement varying the terms of the Rental Contract.

- On the other hand, the second alternative (“Lease To Terminate On Agreed-Upon Date”) will in fact vary the terms of the Rental Contract, in that the parties are agreeing to terminate the lease on a date certain in consideration for which the tenant will pay and the landlord will accept an agreed-upon sum of money.

(6) Demand for Possession (form 427-T) (NEW)

- As noted above in the discussion of the changes to Form 410-T, this new form has been developed in response to reports of the dismissal of eviction cases due to a failure to demand possession of the premises before the summary ejectment action is filed, which is a statutory requirement.
- The form may be used *either* to terminate the lease for breach and demand possession, *or* to demand possession from a tenant who is holding over after the lease has ended.
 - If the landlord is terminating the lease (or terminating the tenant’s right of possession without terminating the lease) based on the tenant’s breach of the lease, the first checkbox should be checked.
 - The property manager should also check the appropriate box to indicate whether the lease is being terminated or the tenant’s right of possession of the Premises is being terminated without terminating the lease.
 - If the lease has already ended and the tenant is holding over, the “Tenant Hold Over” box should be checked instead.
 - The “Demand For Possession” section should be checked in either situation. The property manager should check one of the two boxes to indicate whether possession is being demanded immediately or whether the tenant will be given a period of time to surrender possession. In the latter case, the date and time must be filled in.

(7) “Sight Unseen” Addendum (Form 446-T) (NEW)

- Although tenants for many years have been renting properties that they haven’t physically seen (especially in certain markets, such as military markets), there has been a significant increase in the frequency of “sight unseen” rentals. This form has been created as an addendum to Form 410-T to be used in such a rental in order to provide a measure of protection to a property manager and landlord from claims by a tenant who isn’t happy with the property after they’ve rented it “sight unseen” that the property was misrepresented in some way.

The new and revised forms have been provided to NCR’s approved forms software vendor and to members who have forms licensing agreements with NCR, and will be updated on the NCR 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 2022.