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Your West Coast Realtor®



Written Tenancy Agreements & Selling Rental Properties in BC

Selling a Rental property in BC involves more than just handing over the keys. The importance of written rental agreements extends beyond sellers and buyers - financial institutions need to see the financial details outlined in the rental agreement and the current tenants will need to know their rights in a Real Estate transaction. Rather than just paperwork, these agreements play a critical role in the sale of your rental properties.

The BC's Residential Tenancy Act legally requires a written tenancy agreement with the tenant. For sellers, it's crucial to recognize the distinct implications of both month-to-month and fixed-term leases. Opting for a month-to-month arrangement offers flexibility, allowing a buyer to provide a two-month notice before taking possession. With a lease, if a buyer wishes to move in before the lease ends, both the tenant and the seller need to sign a Mutual Agreement to End the Tenancy form, specifying an agreed-upon vacate date, usually upon possession. It's important to note that tenants are not obliged to comply and have the right to stay until the lease ends. Unlike commercial leases, residential leases automatically transition to a month-to-month agreement at the end of the lease, unless both parties have renegotiated and signed a new tenancy agreement. As essential components in a real estate transaction, the tenancy agreement, the legal documentation of the last rental increase and any notices to end tenancy are required.

A well-structured tenancy agreement significantly benefits potential buyers, providing them with a clear and legally binding commitment from tenants that enhances the overall stability of the property. From the perspective of financial institutions, this stability acts as a risk mitigant, ensuring a secure and predictable income stream as outlined in the tenancy agreement. These agreements offer financial transparency by clearly defining rent structures and payment schedules. This stability plays a pivotal role in evaluating creditworthiness and mortgage suitability.

Having written tenancy agreements makes the property more appealing to potential buyers and gives sellers a strong legal foundation, ensuring compliance with the law. These agreements also give tenants clear terms, and for financial institutions, it's a valuable tool when deciding on mortgage approvals. In property transactions, the significance of written documentation cannot be overstated - showcasing rental income through legal documents adds tangible value to your property, contributing to a smoother and more informed decision-making process for all involved parties.

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