



Property Management Essentials:

Transitioning Utilities to Tenant Account

As the rental market continues to thrive and home sales stay sluggish many homeowners are deciding to rent their homes until housing prices increase again. There is a long check list of items to consider when transition a personal residence into a rental. This report will be focusing on how to change the responsibility of the utilities from the homeowner to the new tenant in the context of Excel Energy.

The Landlord Agreement (LLA)

The first step in transitioning the utility bill is to include it in the Landlord Agreement. Utilities companies sometimes call this an LLA. The Landlord Agreement Team is an organization within the utility company that specifically handles this process. The Landlord Agreement provides a certain level of protection

for the landlord with the key distinction of determining who the client is. Is it the homeowner or the new tenant? In this case the new tenant becomes the utility company's client. As a result, any issue surrounding the utility bill, is exclusively between the company and the tenant. The landlord will have no visibility into any matter.



The Turn On, Turn Off Form

One of the provisions in the Landlord Agreement protecting the landlord is called "automatic turn on" and "automatic turn of." So when a tenant moves in the landlord submits the turn on form and the utility bills goes out of the landlord's name and into the tenants and vice versa when the tenant moves out. Another component of the turn on and turn off

agreements is to be sure to have a 3rd party notification clause so if the tenant is not paying the utility bill, the landlord is notified monthly including the amount owed.

A good lease agreement will have language stating that the tenant is responsible for not only paying the rent but the utilities as well. This further protects the landlord from any financial exposure with regards to the utility expenses.

First Mover Advantage

Both the landlord and tenant have to fill out, sign and date the automatic turn on form. The party that first notifies the utility company as to what date the utilities are to be transferred; that date will be on the record. If the landlord believes, for example March 15th is the date of transfer but the tenant notifies first that the date is April 1 it's that date that will be recognized. Any discrepancies of dates will have to be resolved between the landlord and tenant. The utility company will only recognize the date submitted first.

The Turn Off

When the tenant decides to move out the turn off form is completed with the turn off date. Both tenant and landlord sign and send to the utility company. If the tenant decides to move out a few days prior to that date they are still responsible for the utility expense up to the date on the form.

Key Topics

- *Landlord Agreement*
- *Turn On Turn Off Form*
- *First Mover Advantage*
- *Protection for the Landlord*

Another Way the Landlord is Protected

Sometimes a tenant might get way behind in paying the utility bill or in one particular winter month the bill spikes to several hundred dollars. They don't have the money and decide to change the name on the bill to another family member, boyfriend / girlfriend....or maybe, back in the name of the landlord! By the basis of the Landlord Agreement and the Turn Off / Turn On Agreement the tenant cannot do this, hence, the importance of having the Landlord Agreement in place to protect the landlord. The Tenant is not allowed to change who is responsible for the bill unless both parties agree.

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