

SLIDE 30 – Leasehold Estates

Nonfreehold Estates

Any estate not considered a freehold estate would be a leasehold estate.

A leasehold gives a tenant a right to occupy a property for a specific length of calendar time.

The different types are:

1. Estate for years
2. Tenancy at will
3. Tenancy at sufferance

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Nonfreehold Estates – Estate for years

The estate for years has a defined specific beginning date and an ending date for a specific term.

This means that no notice to vacate is required, as the ending date of the lease is when the tenant should vacate the property.

The lease may not be terminated before expiration unless by agreement of both parties.

The lease document will define the rights and obligations of the owner or landlord and the tenant.

In some cases, the lease may be a period to period which, like the estate for years, has a definite starting date. The difference is the ending date automatically shifts at the end of each period as the tenant renews the lease by paying the rent. It's much like a month to month lease. The tenant must inform the landlord of intent to vacate to end the lease.

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Nonfreehold Estates – Tenancy at will

The tenancy at will is a very unstructured type lease agreement.

It doesn't have specific end date or a periodic agreement such as month to month.

It can be terminated by either party at any time.

For example, parents might allow their video-game playing adult child to live in one of their homes under a leasehold estate at will. It's common for these family arrangements to not have documents defining the arrangement.

An at-will leasehold estate typically usually has no documentation and may end only by mutual agreement or, worst case, by legal intervention, such as would be the case if the parents had to serve an eviction notice to their adult child.

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Nonfreehold Estates – Tenancy at sufferance

When a tenant overstays the lease period and continues to occupy the property this is referred to as a tenancy at sufferance.

The landlord “suffers” because of the tenant’s failure to vacate. Ending these situations normally requires eviction of the tenant, usually by some court action.