

A Strong Contract Can Avert Rental Nightmares

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When renting an apartment in Moscow, nothing should be taken for granted -- not even access to your home, some expats say.

"A friend of mine ... had a discussion with the landlord regarding the rent," wrote a user in a forum on Expat.ru, a popular Internet site for Moscow-based expatriates. "[They] could not come to an agreement. After a short business trip, he comes back and finds out that the locks are changed and he can't access the apartment anymore."

Although such extreme cases are rare, anyone who has traversed the city's real estate scene would agree: In today's market, tenants are at a disadvantage.



"It's a landlord's market," said David Gilmartin, general manager at Intermark. "It's very difficult to control it."

Steven Shone, a lawyer and the head of Cameron McKenna's Central and East European real estate practice, agreed. "Negotiating positions will change one day, but right now tenants are quite weak," he said. "There's a huge undersupply of livable apartments."

Given market conditions, a sound contract is a tenant's first line of defense, real estate experts say.

"The longer and thicker the contract, the better," said Karina Kheifetz, a partner at Evans real estate agency. "Contracts are a form of negotiation. You can go after the landlord if he violates it."

A standard contract should include the dates through which the agreement is in effect; the amount and dates of payment; and a description of the property, including the size, number of rooms and address. It is also useful to include the procedure under which the landlord may visit the property, full details of payment responsibilities for services such as an Internet connection, and terms of registration at that property. A typical security deposit is equal to one month's rent, with the understanding that it will be returned when the lease expires.

"People finding an apartment privately might forget the little things, like that the landlord must provide a letter of registration," Gilmartin said. "If it's not in the contract, the landlord won't do it out of good faith."

Anya Levitova of Evans cautioned that even if your landlord does register you at the property, you might not be the only one registered there.

"Right of use is separate from ownership," she said. "It's a holdover from Soviet times; you may not know who's registered there, and then a random person shows up and says, 'I have a right to live here.'"

The arrival of an unwanted roommate, however, is unlikely, Levitova said. A more common surprise is an unexpected rent increase.

"My landlord, who I always thought was a nice guy, came to collect the monthly rent. At least I thought he came for the monthly rent," wrote another Expat.ru user. "Instead he simply said: 'As of tomorrow I am raising the rent \$200.'"

Most real estate agents contend that a strong contract should protect the tenant from sudden price hikes. If this situation does arise, it might be enough to threaten the landlord with legal action -- although some experts say going to court doesn't always pay off.

"If you sue, you're dealing with the courts, paying lawyers, and what are your chances?" Shone said. "It's a relatively weak position expats are in."

Even if your landlord doesn't directly demand more rent, he might employ a more veiled method of extracting the extra cash from you.

"The dollar is falling now, and most contracts are denominated in dollars," Kheifetz said. "So landlords start fixing exchange rates or coming up with their own exchange rates, and we're seeing more and more arguments."

She suggested adding to the lease a stipulation that rent will be fixed to the Central Bank exchange rate on the day of payment. "That way, you put all currency risk on the landlord," she added.

While taking your landlord to court might not always be effective or worthwhile, knowledge of the law could help resolve some sticky situations.

"If the landlord sells the apartment and asks you to move out, according to Russian law all obligations of the rental contract go to the buyer," Kheifetz said. "That can be applied in court, or used as a good tool for negotiation."

If all else fails, Kheifetz and Levitova said, the tenant could consider putting a lien on the apartment, which effectively arrests the property, preventing it from being involved in any transactions. "Even the lowest level judge can do it," Levitova said. "It keeps the apartment off the market for two to three months."

Barring such extremes, tenants and landlords could find themselves in more trivial disputes: Who is responsible, for example, for fixing a broken toaster? As usual, it all comes back to the contract.

"If it's a good contract, under its terms the landlord is obliged to ensure your 'quiet enjoyment' of the property," Gilmartin said. That includes maintenance and repair of "pretty much anything that can break."

Even if everything goes smoothly throughout the rental term, tenants have one last hurdle to clear before moving out: getting back the security deposit. Some experts say there is a way to make sure you won't lose a dime.

"Just don't pay your last month's rent," Kheifetz said. "Apply your deposit toward it instead."