Your Financial Life

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Breaking a lease after breaking up

6 tips to make a clean financial break.

Cohabitation is on the rise: 8 million unmarried couples live together, according to the latest U.S. Census data cited by CBSBoston.com

— which the Council on Contemporary Families estimates is nearly a 900 percent increaser compared to 50 years ago.

While moving in together is a long-term step for many, a National Center for Health Statistics' premarital cohabitation study found that 27 percent of couples who live together eventually break up.

Ending a relationship is never easy, but factor in shared possessions and a co-signed lease, and as the song says, breaking up can be hard to do. If you find yourself in this situation, these 6 tips can help you minimize the financial fallout:

1. Review your lease carefully: Your lease is a binding contract, so your first step is to thoroughly review its terms and conditions to understand your obligations as cosigners. For example, if you terminate your lease early, will you lose your deposit or remain required to pay the monthly rent even if you move out? Check your state's law on Nolo.com to see how you can legally limit your liability.

Remember: Breaking a lease may not be your best option. It will cost you financially, and if you don't pay for the remaining months of your lease, your landlord could engage a collection agency, which could damage your credit score and hurt your chances of finding another apartment. In short, it's important to weigh all the pros and cons before making a decision.

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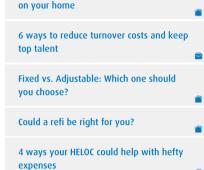
- 2. Go or no-go: Armed with an understanding of your rights and obligations, try to have an amicable discussion with your ex to decide who will stay and who will move out. Or, ask yourselves if you could continue to live together as non-romantic roommates until the end of the lease. According to a Rent.com surveye, 61 percent of renters who ended a relationship were able to live together for a month or more, and a quarter of couples decided to stay put because they couldn't agree who should leave. Just be sure to discuss and agree on the other financial obligations you'll have, such as splitting utilities and cable and purchasing your own groceries.
- 3. Enlist your landlord's help: You want to give your landlord plenty of notice if one or both of you decide to break the lease. Your landlord may know how to manage this scenario and may even help find you a roommate. In fact, according to Rentlaw.com, it's up to the tenant and the landlord to make good faith efforts to find a new renter. Nolo.com suggests trying to work out a written agreementer with your landlord that cancels your lease and allows you to leave early in exchange for an extra month's rent or another concession, such as paying for painting the apartment.
- 4. Re-rent, don't sublet: If you or your ex have found someone to move into your apartment, Zillow recommends asking the landlord to draft a new lease agreement. This is called re-rentinger and requires the new tenant to sign a lease and put down a security deposit. In contrast, sublettinger continues to make you and your ex responsible should the new renter cause any damage or fail to pay rent, says FindLaw.com.
- Secure your security deposit: You shouldn't count on using your security deposited as your last month's rent, according to Rentlaw.com. Before either of you move out, insist on a walk-through with the landlord, take photos of the apartment's condition, sign and date them, and agree to any costs for damage considered above normal wear and tear. Be sure to leave your landlord a forwarding address. Nolo.com says your landlord should return your security deposit to you according to your state's law and deadlines or you may need to write a demand letter.
- 6. Take a different approach next time: In the future, if you start thinking about moving in with the person you're dating, you may want to consider hashing out what each of you will owe if you decide to end the relationship before you sign a lease. (Seventeen percent of couples who broke up while living together said they'd put something in writing next time, according to Rent.come.) Nolo.com says the courts have previously ruled that a pre-cohabitation agreement — one that defines how money and property will be combined, and how household expenses will be funded is considered an enforceable contract.



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