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# Cash for Keys [2023]: Guide for Landlords + Agreement Letter

[Temp intro]: With the average cost of eviction ranging between [\\$3,500 - \\$10,000](#) landlords are often desperate to find a solution other than eviction. Learn how cash for keys can be a great solution to your tenancy problems.

## What is Cash for Keys?

Cash for keys is an incentive for tenants to move out on a specific date and receive cash in return for their keys. It is generally used when a landlord wants to evict a tenant but doesn't want to go through the eviction process. Many landlords add stipulations regarding the condition of the home to the agreement.

## Should I Offer Cash for Keys?

Depending on your situation, cash for keys can be a **great solution** to your tenancy problem. The average eviction process takes between [5 weeks to 3 months](#) without delays. If delays do occur, it could drag out to as long as a year.

Simple math will tell you that offering a tenant even \$1,500 to move out would be less expensive than 3 months to a year waiting for the eviction without a rent payment.

## Benefits and Drawbacks of Cash For Keys

If you are considering offering cash for keys, here are some things to consider:

Benefits	Drawbacks
Faster possession of the property	Unexpected expense
Saves money long term	A greedy tenant may push negotiations or request an outrageous cash amount
Avoiding the eviction process (lawyers, court, sheriff)	The tenant can say no or back out of the deal

## 7 Steps to Successfully Complete a Cash for Keys Deal

With over 3.6 million eviction cases across the United States in a typical year, many landlords are desperate for a solution to tenant problems besides a costly eviction. Cash for keys is one solution that may get you out of a tough tenant situation.

If your goal is to avoid eviction with a successful cash for keys deal, follow these steps:

1. Remain Professional
2. Make a Plan
3. Document Everything
4. Serve an Eviction Notice and Offer Cash for Keys
5. Negotiate if Necessary
6. Complete Move-out Procedures
7. Start the Tenant Turnover Process

### 1. Remain Professional

Some tenants may turn to anger, sweet talk, or guilt-tripping to push the landlord to allow them to stay. It is your job to maintain your professionalism through each step as they can use any misconduct against you in the future.

If possible, try to keep things cordial. Losing your temper or being too harsh with your negotiation tactics can lead to tenants digging their heels in and refusing to make a deal.

If the tenant is aggressive, do not engage. Step away and contact local authorities to document any major issues.

### 2. Make a Plan

Look over the [eviction process](#) thoroughly. Use the chart below to help crunch the numbers to determine what the costs would be for an eviction if you have to follow through with one. This can help you decide how much to offer in a cash for keys agreement.

Line Item	<a href="#">Average cost</a>
Legal fees	\$500
Filing fee	\$50
Court expense/Service fee	\$50
Sheriff	\$60

Lost rent	\$1,702
Handyman	\$55 per hour
Locksmith	\$150
Property turnover	\$1,750

### How Much Should I Give For Cash For Keys?

The amount you offer in a cash for keys scenario varies based on the area and local rental market. Typically, landlords offer half of one month's rent to a full month's rent, plus the remainder of the security deposit (unless major damage has occurred).

Start with an amount that is reasonable and fair, and feel free to negotiate up to a certain extent. Have a hard number you will not exceed in mind.

[TIP]: Don't start with an initial offer that is super low, like \$100. This can be off-putting and cause unnecessary drama and increasingly difficult tenants.

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## 3. Document Everything

Make sure that you put any agreement about exchanging cash for keys with the tenant in writing. The written document should include:

- How much you're paying the tenant to leave the property
- The date by which the tenant must move out
- The condition you expect the property to be in for the tenant to receive any money
- The fact that the tenant is exchanging the keys to the property and the right of occupancy for the agreed-upon dollar amount
- When and how the tenant will receive the payment (e.g., from you at move-out, mailed within a certain number of days)
- When (or if) the tenant will receive the remainder of their security deposit (minus any excess property damage or owed rent)
- Your signature and date
- The tenant's signature and date

This way, it won't just be your word against your tenant's when the agreed-upon move-out day arrives.

[TIP]: If you have to move forward with an eviction, you should include the written cash for keys agreement as part of your evidence for the court. A judge may appreciate that you took steps outside of eviction to come to an agreement with your tenant

#### 4. Serve an Eviction Notice and Offer Cash for Keys

There is **no legal requirement** to serve an eviction notice at this point. However, serving a formal eviction notice to your tenant will help them understand the seriousness of their situation. It also helps you get the ball rolling in the eviction process should the deal not go as planned.

Make a verbal offer for cash for keys. Tell them how the process works and what your expectations are for the agreement. Be clear about the incentive for them to agree to the deal and the eviction process if they don't.

Do not be hostile or aggressive. State the facts and let them come to a decision. If they choose not to agree, continue with legal eviction procedures. If they agree, have them sign the written cash for keys offer you have created.

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#### Tenant Incentives for Cash for Keys

A difficult tenant may need some persuasion that cash for keys is a good deal for them, too. An eviction can cause major trouble for them down the road. Here are some important points to discuss with your tenant to help you come to an agreement:

- Eviction will appear on the renter's history for up to 7 years.
- Handling packing, moving, and finding a new place to live quickly if legally evicted will be difficult.
- Cost of lawyer fees.
- If the tenant owes money, eviction doesn't erase money owed.
- If they agree to your terms, the tenant will have cash in hand to help with the first/last month's rent or security deposit for a new rental.

#### 5. Negotiate if Necessary

Have the agreement ready to go when you talk with the tenant. If you are willing to negotiate a bit on the final price, you can have all other areas complete and fill in this area before signing.

Waiting may cause them to come back wanting a higher number before signing or removing/changing your dates or expectations.

## 6. Complete Move-Out Procedures

With a cash for keys agreement, you should still act as if this were a standard tenant move-out. The tenant still has a right to their security deposit, minus any damage outside normal wear and tear of the property.

Based on your agreement with the tenant, come prepared to complete your end of the deal. Walk through the property with them and both of you should sign a [move-out checklist](#).

You must also follow regular [security deposit return](#) procedures including the timeline to return their funds. However, if you are owed unpaid rent, **all states** allow landlords to make deductions from the security deposit for this reason.

[NOTE]: How landlords handle the security deposit return is also contingent on what's stated in the cash for keys arrangement. They may have to return an amount that's different from a normal scenario based on what they agreed to with the tenant.

## 7. Start the Tenant Turnover Process

Once the tenant has successfully moved out, you can move on from the situation a little wiser. Be sure to complete all necessary tasks to get your house ready to rent. This may include:

- Making repairs
- Performing upgrades
- Cleaning the house
- [Staging](#) the house
- Writing an [effective rental listing](#)

[\[Read more:\]](#)

## Is Cash for Keys Legal?

There are **no laws against** cash for keys. It is a useful method for many landlords looking to move on from a tenant they want to evict without involving courts. As long as both parties agree to the terms and you aren't breaking any applicable [landlord-tenant rights](#), you are in the clear.

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## Common Mistakes With Cash for Keys

Landlords can sometimes cause legal trouble for themselves by overstepping tenant rights to regain control of the property.

## Committing Self-Help Evictions

Removing a tenant or their belongings from a rental is illegal. You also cannot refuse to make the space habitable to get them to move. Self-help evictions include:

- Changing the locks
- Removing the tenants' possessions when they aren't home
- Turning off utilities
- Refusing repairs
- Preventing the tenant from physically entering the space

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## Making a Verbal Agreement Only

Some landlords believe in the “old school” way of doing things with a verbal commitment and a handshake. Unfortunately, we don't live in those times anymore.

A written agreement helps to ensure there are no discrepancies in the details of the agreement like how much the landlord is paying and when the tenant will receive the money.

## Harassing

Although a difficult tenant can be very frustrating, landlords cannot harass the tenant into making a deal or leaving the property. The tenant must agree to the terms on their own accord.

If they do not agree, the landlord will need to follow the steps of the legal eviction process.

## Discriminating

[The Fair Housing Act](#) always applies. Landlords cannot make a decision to offer cash for keys or evict a tenant because of their race, color, religion, sex, national origin, disability, or familial status.

Even if a tenant has damaged the property or is behind on their rent, landlords cannot pick and choose which tenants to evict or remove based on any protected characteristic.

## Negotiating Too Much

Don't be so desperate to make a deal that you are willing to over-negotiate the deal. Unreasonable tenants may try to push you to an amount that doesn't make financial sense on your end.

Head into the conversation with a maximum number in mind and don't exceed that amount.

## Keeping the Deposit

Landlords cannot keep the security deposit without following the normal security deposit return procedures. While you can keep portions of the deposit for excess damage or unpaid rent, be sure to document everything and send a formal letter showing each deduction.

Tenants should typically receive the remainder of their security deposit within two to four weeks of the cash for keys agreement unless otherwise noted. Be sure to check your state laws for the deadline to return.

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## Offering Too Little

Starting off the cash for keys negotiation by offering too little isn't the best plan. It can keep tenants from wanting to make a deal and leave you having to go through the eviction process.

## How to Avoid the Need for Cash for Keys

One of the most valuable lessons a landlord can learn from eviction is the importance of tenant screening. Using more resources upfront to find great tenants can often solve most issues like evictions and other tenant drama.

While your latest renter may have slipped through the cracks, a solid tenant screening process can help mitigate future tenant drama.

A good tenant should:

- Pay their rent on time and in full each month
- Take care of the property as if it were their own
- Communicate effectively
- Stay for the duration of the lease (or longer)

The best way to find this tenant is to:

- Ask through questions on the application
- Gather criminal and credit history (with signed consent)
- Review their full rental history
- Call 1-3 previous landlords
- Contact all references, including a current employer
- Conduct an interview and ask questions

[\[Read more\]](#):