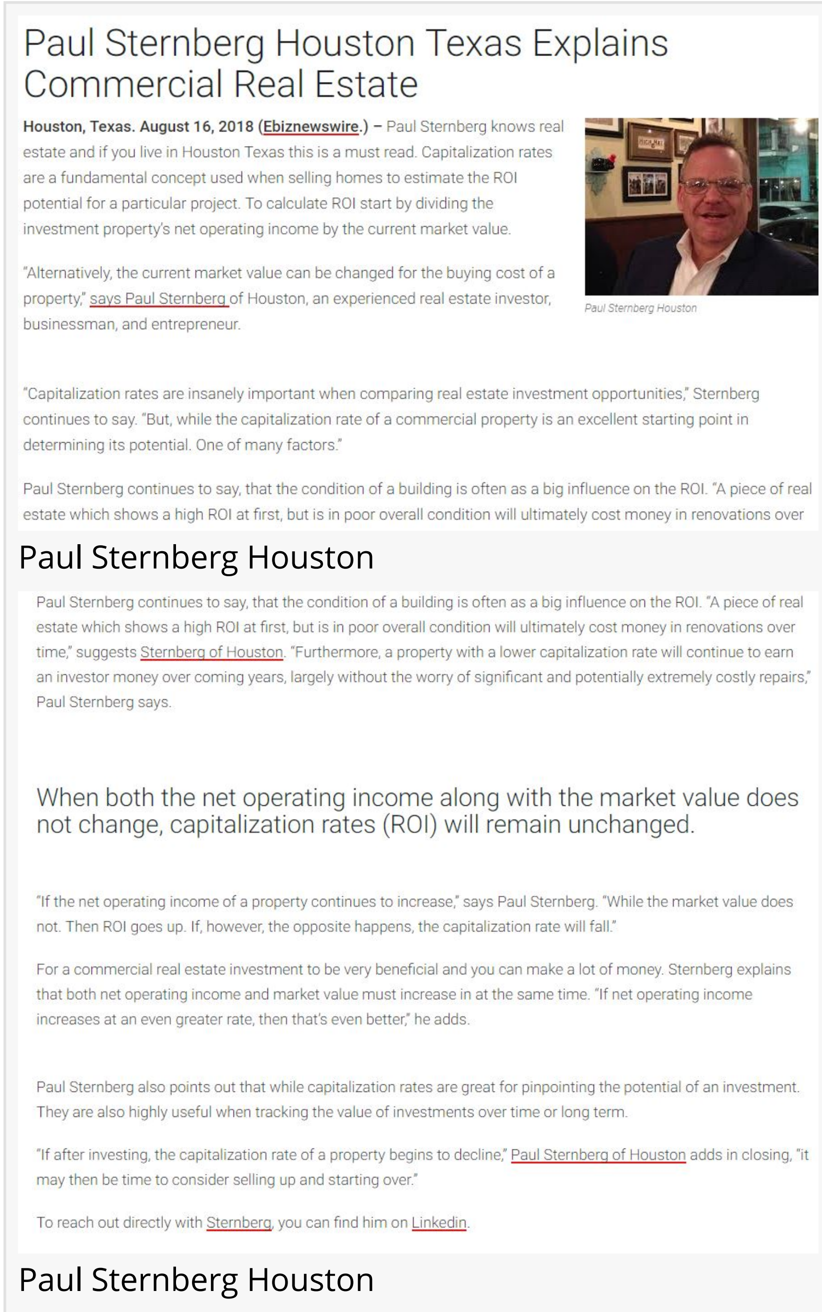
Houston Attorney Paul Sternberg looks at the implications surrounding foreclosure on residential real estate rentals

When a rental property is foreclosed on, a tenant's lease agreement becomes more important than ever

HOUSTON, TEXAS, UNITED STATES, October 30, 2018 /EINPresswire.com/ -- When a landlord or property investor opts to sell a piece of residential real estate, it's usually the case that any current tenant or tenants will need to begin the search for a new place to call home. How quickly they must vacate the now-sold property, however, is often the cause of some confusion, according to [Paul Sternberg of Houston](#).



Paul Sternberg Houston Texas Explains Commercial Real Estate

Houston, Texas. August 16, 2018 (Ebiznewswire.) – Paul Sternberg knows real estate and if you live in Houston Texas this is a must read. Capitalization rates are a fundamental concept used when selling homes to estimate the ROI potential for a particular project. To calculate ROI start by dividing the investment property's net operating income by the current market value.

Paul Sternberg Houston

"Alternatively, the current market value can be changed for the buying cost of a property," says Paul Sternberg of Houston, an experienced real estate investor, businessman, and entrepreneur.

"Capitalization rates are insanely important when comparing real estate investment opportunities," Sternberg continues to say. "But, while the capitalization rate of a commercial property is an excellent starting point in determining its potential. One of many factors."

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Paul Sternberg continues to say, that the condition of a building is often as a big influence on the ROI. "A piece of real estate which shows a high ROI at first, but is in poor overall condition will ultimately cost money in renovations over time," suggests Sternberg of Houston. "Furthermore, a property with a lower capitalization rate will continue to earn an investor money over coming years, largely without the worry of significant and potentially extremely costly repairs," Paul Sternberg says.

When both the net operating income along with the market value does not change, capitalization rates (ROI) will remain unchanged.

"If the net operating income of a property continues to increase," says Paul Sternberg. "While the market value does not. Then ROI goes up. If, however, the opposite happens, the capitalization rate will fall."

For a commercial real estate investment to be very beneficial and you can make a lot of money. Sternberg explains that both net operating income and market value must increase in at the same time. "If net operating income increases at an even greater rate, then that's even better," he adds.

Paul Sternberg also points out that while capitalization rates are great for pinpointing the potential of an investment. They are also highly useful when tracking the value of investments over time or long term.

"If after investing, the capitalization rate of a property begins to decline," Paul Sternberg of Houston adds in closing, "it may then be time to consider selling up and starting over."

To reach out directly with Sternberg, you can find him on Linkedin.

Paul Sternberg Houston

"Recently I was approached by a couple whose rented home had been foreclosed on," explains Sternberg, an experienced attorney and real estate investor from Houston, Texas. "The bank had given them until the end of the month to move out, despite the fact that they had nine months remaining on their lease."

"'What should we do?' they asked," Sternberg reveals.

Despite dealing predominantly with commercial property, this is becoming an increasingly common question for Sternberg and other attorneys of varying specialties, he says. One misconceived notion is that, upon foreclosure, any existing agreement with the previous landlord becomes invalid as he or she no longer owns or has any rights over the property which now belongs to someone else.

Thankfully, this is not the case, as Sternberg explains. "In this situation, any individual, couple, family or other group renting a property would be protected by the 'Protecting Tenants at

Foreclosure Act of 2009,'" he reveals.

"The Protecting Tenants at Foreclosure Act of 2009 states," Sternberg continues, "that, in the case of any foreclosure on a federally related mortgage loan or on any dwelling or residential property, the bank assumed its interest subject to the rights of any bona fide tenant on the date of foreclosure."

Tenants in this situation, he says, must be given at least ninety days notice to vacate. Furthermore, any tenant or tenants will also likely have the right to occupy the premises until the end of their lease term where more than ninety days remain, according to Sternberg.

"If someone is renting without a lease, or with a lease terminable at will under state law," he adds, wrapping up, "they would still be entitled to ninety days notice to vacate which is important to remember under the circumstances."

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Houston-based Sternberg reveals that these expenses can include everything from cleaning and repairs to landscaping and snow clearing. "Generally speaking," he adds, "any such charges will be in addition to the agreed rent, plus taxes and insurance."

However, Sternberg goes on to point out that many frequently seen common area maintenance charges should, in fact, be considered general overheads or capital expenses of the landlord. "Administrative fees, for example," he suggests, "as well as repairs to roofing, plumbing, wiring, electrical or HVAC. These should all be considered capital expenses, paid for by the landlord, not the tenant."

By Paul Sternberg's own admission, however, it's largely dependent on the landlord. "What's covered and what isn't is often open to interpretation, so make sure that you understand the situation before signing a lease," he adds.

So, these areas aside, what common area maintenance charges can a commercial tenant rightly expect to pay? "Cleaning of common areas is one example, as you might imagine, as well as parking lot maintenance and window washing," says Sternberg.

Paul Sternberg Houston

Sternberg advises trying to minimize future potential common area maintenance charges by coming to some form of agreement at the start of a new lease.

He suggests negotiating a cap on common area maintenance charge increases, whereby which tenants can budget for their occupancy costs for the entire duration of an agreed lease. "Another good idea is to negotiate a fixed, yearly common area maintenance charge," says Paul Sternberg. "You may end up paying a little over the odds one year but save big on the next two or three years. It's about knowing what to expect."

The Houston native also points out that, even with a fixed charge agreed, exclusions may apply. "For example," he says, "costs due to the tenant's negligence; you'll always be culpable for those, regardless of whether or not a fixed charge has been negotiated."

"As a tenant," adds Paul Sternberg, wrapping up, "you also have reasonable rights to examine common area maintenance expenses to ensure that they have been properly handled, which is something else to bear in mind."

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View original content:http://www.prnewswire.com/news-releases/paul-sternberg-of-houston-explains-common-area-maintenance-in-commercial-leasing-300692776.html

Paul Sternberg Houston

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Paul Sternberg Houston : An experienced real estate investor

DETAILS

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FOUNDED: 2010
EMPLOYEES: 20
FOLLOW: Facebook

OVERVIEW

Paul Sternberg Houston is an experienced real estate investor, an entrepreneur and a businessman. Paul Sternberg has completed his Bachelor of Science and business management from Tulane University which is located in Louisiana in 1987. After completed his bachelors he went to Houston,Texas in 1996 to completed his study in the field of law.

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