

What is an Estoppel Certificate?

Estoppel certificates, common for years in commercial transactions, have now become customary in residential transactions where the property will be conveyed with tenants. An estoppel certificate is a signed document certifying that statements of another party (namely, the landlord) are true and accurate. The certificate is useful to have the tenant confirm the terms of the tenancy. For example, the estoppel certificate will confirm whether there is a written lease or rental agreement in place, the amount of the monthly rent, whether there is a security deposit and/or last month's rent and whether interest was paid annually as legally required. An estoppel certificate will also often ask the tenant whether they have any claims against the landlord. Ideally, the tenant should confirm, in the estoppel certificate, that the condition of the unit is satisfactory as of the date of the estoppel certificate.

Because a new owner can be held liable for failures of the prior owner to comply with the law, estoppel certificates are an important tool to ascertain any claims or deficiencies in the current tenancy. It is important to note that a tenant is not required to complete a tenant estoppel certificate unless their lease requires them to do so. However, generally, landlords have been able to get tenants to sign absent a requirement they do so; so, it is important to ask for them when submitting an offer for a property in which tenants will remain.

Submitted by Affiliate-Realtor® Committee.