



TO



Let

*Thinking of renting out your property? Here's what you need to know.
By Helen Ueckermann*

You want to rent out your home to help pay off the bond or make some extra cash, but you're not sure where to start. You also know that not following the correct procedures can have serious repercussions.

'Remember that as a property owner there are quite a few things you should know before you try to make your fortune as a landlord,' says Yvonne Killian, owner of bond origination company SecuBond. 'Renting out your property has the financial benefits of putting money in your pocket on a regular basis. But it can also have dire financial consequences if you're not careful in protecting your investment.' Here are a few tips to help you through the process.

When renting out your property

Read the fine print Make sure you have read through and understand your bond insurance policy. Certain policies for homeowners state that you are not insured if your property is vacant for a certain time period, for example 30 days. So before you decide to rent out your property, read the policy carefully and ensure that there are no lapses in your insurance.

Find an expert Employ a rental agent to assist you as many are also property managers, so they're knowledgeable about the market and can help you get more money. They can also take care of all the time-consuming tasks such as advertising, showings, screening applicants, collecting deposits and monthly payments, as well as dealing with all maintenance issues.

Get legal If you decide to handle the rental of the property yourself, hire an attorney who will know exactly how to complete the lease agreement. While it may be an initial financial outlay, it can save you a lot of money in legal fees in the long run. Ensure that the rules of the homeowners association (if any) are included in the agreement as this is your back-up in case disputes arise between you and the tenant.

Handiwork Make sure that the property is well maintained. Small issues can escalate into big problems if they're not handled quickly and professionally. A landlord who responds to the concerns of the occupant will build a good rapport with them and keep them happy in the living arrangement.

Bend over backwards Learn to be flexible with your tenant – a good renter makes a landlord happy. Compromising in certain situations can lead to the person staying longer and paying the monthly rent on time.

If the property is situated in a sectional title scheme, include the rules of that scheme in the lease agreement



Doing it yourself

If you want to do your own letting, you need to take extra care with the lease agreement and the screening process, says Deon Terblanche, managing director of Terblanche Total Property Solutions in Mossel Bay. Deon, an attorney and a director of the Institute of Estate Agents of South Africa, says you should include the following in your lease agreement:

- The full names and addresses of both landlord and tenant
- A proper description of the property that is leased
- The rental amount and escalation
- The frequency of the payments
- The duration of the lease
- A termination clause, which must include the notice period required to terminate the lease agreement



- Obligations of both the landlord and tenant
- Other charges payable by the lessee such as water, electricity or satellite TV.

'If the property is situated in a sectional title scheme, include the rules of that scheme in the lease agreement. This saves landlords a lot of headaches later. It's also a good idea to include a list of all defects to the property so that there aren't any disagreements about responsibility at the end of the period.

Take photos of them as proof. Any furniture should also be listed in an inventory,' explains Deon. 'Bear in mind that the Rental Housing Act of 1999 prohibits any form of discrimination when considering a potential tenant. The landlord may not, for instance, advertise "men only", "professionals preferred", or "no children".'

Screen your tenants

'As a property owner your biggest challenge will not just be to find tenants, but to find the right ones for your property. The screening process is such a crucial step in the buy-to-let process,' says Deon. 'You need to run background checks on potential renters. If they're a married couple or living together, do these on both of them. Contact their references, do credit checks and scrutinise the information provided. Listen carefully to what they say to you as this will indicate whether they're stable or not, at what stage of their lives they're in, or if they plan to pay or move from house to house like professional squatters. Listen to what their employers say about them when you confirm their employment status. A thorough screening process will identify the bad apples. Of course there are no absolute truths in life, but it helps to do your homework properly,' says Deon.

How much?

When deciding the amount of rent you want to ask, you need to be realistic. Charge what future occupants will be willing to pay – if you aim too high, you may not find anyone at all. This is often influenced by the rent charged for other properties in the neighbourhood and by the condition and features of the home.



Part of the furniture

'When you rent out your property, decide whether it will be furnished or unfurnished,' says Chantal van Vuuren, branch manager of South Ocean Properties in Mossel Bay. 'Unless you're thinking of a holiday or short-term rental, furnishing a home or apartment may put tenants off. Long-term tenants may already have their own furniture and won't want the extra expense of storing their own things.' Chantal has learnt over the years that landlords should take note of these pointers:

- Wallpaper may look nice, but it's quite costly to maintain and replace if damaged.
- Paint interior walls and ceilings in a high-quality, neutral acrylic paint, and kitchens and bathrooms in a water- and mould-resistant paint.
- Keep a small amount of paint for touch-ups, or make a note of the name and brand so that there aren't any problems matching colours later.
- Use durable and easy-to-clean floor finishes such as tiles, laminate or vinyl flooring. Always stick to neutral colours.

- Buy an extra few square metres of tiles, just in case you need to replace a cracked one.
- If you decide to go for carpets, go for patterns as they hide stains well. And have them Scotchgarded.
- Use light fittings that are attractive but easy to find if they need to be replaced.
- Blinds look good, but are high maintenance. Rather use good-quality curtain rails that allow the tenant to decorate according to their own taste.
- Don't forget about the exterior – this is the first impression a lessee has of a property.
- Fix any broken windows, gutters and gates. It won't create a good or secure impression.
- Don't go wild in the garden, but rather make sure it's user-friendly – not everyone has green fingers. ■

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