

FREE
Insider Guide



Home Owners Tips for **LONG TERM RENTALS** on the Costa del Sol





Home Owners Tips for Long Term Rentals

Welcome to our free Guide.

We hope that we can help you go a long way to achieving your goal of maximising your rental income potential.

Introduction

Many Northern Europeans dream of moving to Spain permanently, particularly Southern Spain. They are drawn here by the weather and the appeal of the relaxed Mediterranean lifestyle. Some people move to Spain with a view to buying their own dream home, while others may be only relocating to Spain for work purposes and do not plan to stay for more than a few years.

Whatever the reason for coming to Spain, many people want to ease themselves into their new life by renting a property first. And as with any relocation, they may not know which area to move to, so will opt for an initial long-term rental to find their feet before they settle. Or if they are only here for a few years, do not want to invest in a property of their own.

The long-term rental market is growing and there is always a demand for high-quality, well-priced long-term rentals in the most popular areas. As a result, more and more homeowners are now viewing long-term rental as a good option.

Despite the lucrative income that can be earned from long-term rental, many home owners are still reluctant to take the plunge, worried perhaps that something might go wrong.

Spain's laws do lean towards the protection of the tenant, and some unscrupulous people can take advantage of this. But it is important to realise that whilst there are risks associated with renting out property in any country, using a reputable Rentals company with certain legal and practical safeguards in place will significantly reduce the risks and protect both you and your tenants alike.

1. What is Long Term Rental?

Renting out long-term basically means contracting a tenant to live in your home for an agreed fixed period of time. That time period can vary, but in Spain it's typically between six months to two years.

The tenant will pay you a fixed rent each month and pay all the utility bills during their tenancy. This offers you the security of having rent coming in throughout the year, without the hassle of constantly changing rental clients.

If you want to have a steady income throughout the year and don't want to see your property sitting empty, then this is the way to go.





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2. Beware of False Economies?

Cutting corners and doing it on the cheap by finding someone local who perhaps does a bit of property rentals "on the side" might seem like a great idea at first. For a small fee, they may find you a long-term tenant, but they almost most certainly will not have the financial and legal resources necessary to protect your interests, as well as helping you maximise the rental income potential from your property.

3. Why Do I Need a Rentals Management Company?

Dealing with long-term lets yourself can be an absolute nightmare, especially if you're trying to manage it from another country.

Who's going to check your prospective tenant's references? Who's going to organise legally binding rental contracts in English and Spanish? Who's going to find a plumber if there's a water leak in your apartment you've just rented out to tenants? Who'll inspect your property on a regular basis to make sure your long-term tenants are happy and your property is being looked after? Who's collecting the rent? Who's going to have to deal with your tenants if the rent is late or goes unpaid for a long period of time? The answer is you.

So take a business-like approach to the rental of your property by finding yourself a dedicated, professional Rentals Management company to take all the potentially ruinous risks away from you.

4. Key Factors to Consider when Choosing a Rentals Management Company

Most on the Coast will be only too glad to take on your property with a promise to find you tenants. Typically, they will ask for an up-front commission from both you and from prospective tenants. Unfortunately though, with most of the agencies, that's about the limit of their services. Once they've earned their commission, they consider their job done - and then you're left on your own.

Make sure you contract one with an excellent reputation, full insurance cover and all the resources necessary to handle the entire rentals process for you - from finding the tenant to managing the rental payments, but also one that will care for your property throughout the rental period as if it were their own.

Ideally, the Rentals company will be able to provide comprehensive property management services run by a team of professionals as well as managing the rentals. This will ensure your property is always maintained in the best possible condition and therefore be more attractive to those looking for rental accommodation.

A major factor that should determine your choice of rentals agency is whether or not the company is trading 100% legally within Spanish law. We cannot stress the importance of this enough.

For your own consumer rights protection and peace of mind, any rentals management agency you opt for should be a properly registered Spanish S.L. (Ltd.) company, with what's called a C.I.F. company registration number and a licence to trade in property care and rentals management. They should also have the capacity to issue you with official invoices which include IVA (Spanish VAT), and any staff they employ must have legal employment contracts and pay tax. You should also ask to see evidence that the company has taken out comprehensive public liability insurance to protect you and your rental clients.





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It might sound obvious, but any company you shortlist must be physically based on the Costa del Sol, preferably with one or more 'bricks and mortar' offices open to the public. There are many companies based abroad that offer rentals management for properties on the Coast, but it is essential to have a local rentals management company with a local presence and local staff, who are able to respond quickly to any situation that may arise, good or bad.

Ask to see customer testimonials, or speak to some of their clients to satisfy yourself that they really do provide the kind of service they claim to. If they say they provide an emergency service, find out whether that means just a voice on the end of a phone line or whether they can actually mobilise a qualified person fully-equipped to respond quickly to any emergency related to your property, however serious it may be.

You should also make sure the company's staff is knowledgeable enough about the local area to give helpful advice to tenants staying in your property, if needed; and who can speak Spanish to a proficient enough level to help you with any issues that may arise with organisations such as utility companies or your local community administrator.

Does the company offer you an interactive web-based service? If they do, ask them to demonstrate how comprehensive a service it is. Does it incorporate a private secure password-controlled area giving you regular status reports (with photos) about your property which you can access from any computer, anywhere in the world, at any time of the day or night? More importantly, does it give you itemised online statements showing your rental income, invoiced services and payments made on your behalf, and allow you to settle any maintenance bills quickly and easily with an online credit card payment?

5. Legal and Financial Implications

As the old saying goes, only two things in life are absolutely guaranteed: death and taxes. Although you might think the income you earn renting out your property in another country could easily slip under the taxman's radar, various tax issues will arise related to your rental income, depending on your circumstances.

Speak to a financial adviser to clarify your personal tax situation before you rent your Spanish property and potentially land yourself in hot water with the taxman. In addition to this, the rentals management company you opt for should be able to provide you with regular and detailed rental statements which you can easily access and download online to pass on to your accountant for tax declaration purposes.

Ask any rentals agency you've short-listed to tell you exactly what legal and practical measures they have to protect you.

As standard, they should include:

- A thorough inventory of your property and its contents (which will help you obtain adequate contents insurance cover)
- Diligent checking of tenants' references
- Ensuring tenants sign a comprehensive legal rental contract, clearly outlining in English and Spanish who is responsible for what, should problems occur.
- An adequate security deposit held by the rental company, refundable when the tenant vacates the property at the correct time and leaves it in the condition in which it was found
- Emergency assistance and maintenance services available to your tenants.





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Although all the measures mentioned above are crucial to successfully renting out your property, if things do go seriously wrong, your rentals management company should be able to help you work closely with an expert legal adviser to reach a satisfactory conclusion for all concerned.

6. Caring for The Landlord and The Tenant

Any first class rentals company will care for the interests of both the property owner and the tenant. After all, maintaining a close relationship with both parties is vital to making sure tenants are happy with their rental accommodation and the owner is happy with the way their property is being treated. So make sure the company you pick will act as the single point of contact for both you and your tenant. In other words, that they will deal exclusively with your tenant, so you don't have to.

It's important to remember that there are some tenants who'll find any excuse not to pay their rent, so it's absolutely vital that your rentals management company maintains regular contact with them. This will give your tenants the chance to discuss any issues they might have with your property and in turn, you'll receive valuable feedback about the status of your property. If there are any problems to be resolved, say the air-conditioning is not working well, or the satellite TV has suddenly gone on the blink, the rentals company should report it to you immediately, recommend the action to take and provide quotes from trusted local suppliers to solve the problem. And once you've approved the quote, your rentals company should supervise the work to make sure it's carried out quickly and without fuss to the required standard.

For most tenants, the decision about where to live and what rental accommodation to make their home is not something to be taken lightly. All sorts of different factors come into play. If they are renting through an agency, the rentals company itself can play an important role in the decision-making process – perhaps unwittingly. After all, you only get one chance to make a first impression..

SUMMARY

Communication is key, therefore any Rentals company should have experienced staff readily available by phone, fax or email to handle any queries that either you, or those staying in your property, might have. Just as important is the "feel good" factor. Go have a coffee with them in their offices if possible. That will give you a sense of both the company and the people they employ. If they have long-standing, happy employees, it follows that the company is creating a positive environment, which in turn will filter through to you – the client. You should also make a point about asking them how long they have been in business. If it is less than a year or two, be cautious.

At **HomeCareontheWeb**, we provide all these services and much, much more. In fact, we're the No. 1 Property and Rentals Management company on the Costa del Sol and have been for a number of years. Our friendly bi-lingual team is able to offer you a comprehensive yet flexible range of property management and maintenance services for villas, townhouses or apartments, plus a rentals management service with all the marketing resources and know-how to help maximise your potential rental income.

And because we offer unrivalled levels of personal care, virtually 100% of our clients renew their management contracts with us year on year, knowing they won't find the same level of professionalism and value for money from any other property management company.

If you'd like more information about our comprehensive property management and rentals services along with our price list, please contact us on **+34 952 839 595** or email at: **info@homecareontheweb.com**.

