

# LANDLORD GUIDE FOR LISTING PROPERTIES

## Are you considering using a real estate agent as a landlord?

Agents provide a range of services which can be tailored to most landlords' requirements. These include:

- preparing the property for rent
- marketing and advertising
- screening tenants
- providing legal documents and support
- managing the deposit
- rent collection
- management and maintenance

Before any landlord discards the idea of using an agent, they should think twice.

### Some Pros and Cons of using an agent include:

#### PROS

- Secure deposit protection is taken care of and agents will be up to date with current legislation which affects landlords
- Stringent vetting and reference procedures
- Paperwork will be accurate and handled on landlord's behalf
- Day-to-day property management and maintenance issues can be taken care of
- Agents are experienced in dispute resolution
- If landlords need to evict a tenant, a letting agent will know the correct legal process

#### CONS

- There will naturally be more costs involved with using an agent (but that must be weighed up against the increased risk of having a void period, rogue tenant or having to evict)
- If agents arrange repair work on a landlord's behalf, an arrangement fee on top of the actual repair costs may apply

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## What does landlord property management include?

It varies. For instance, as a landlord you could:

- choose to manage the renting of the property yourself
- hand over certain tasks to an agent and management agency and opt to handle other aspects yourself
- or pass full responsibility to the agent.

Lots of landlords make the mistake of not putting a value on their own time as they think they're saving money by managing their portfolio themselves. But all the time they spend doing that is time they're not getting paid for.

Landlords should calculate how much time they'd spend every month managing their properties, and work out their hourly rate. In my experience, in many cases it's a false economy.

Here are some of the responsibilities a managing agent will take responsibility for on behalf of a landlord:

- Advertising the property to potential tenants
- Accompanying potential tenants to view the property
- Full tenant referencing, including credit and background checks
- Providing information on the latest safety regulations
- Preparing the tenancy agreement
- Organising the collection and protection of the tenant's deposit
- Preparing the inventory and conducting a state of repair assessment on the property
- Checking in the tenant and agreeing the inventory
- Collecting rent from the tenant
- Transferring monthly rental income to the landlord's account
- Arranging any necessary repairs
- Inspecting the property periodically and providing feedback
- Providing tenants with notice at the end of the tenancy
- Re-letting the property as quickly as possible and minimising vacancy loss

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## How can I find a reputable letting agent?

As with choosing an agent to sell a property, landlords need to pick an agent who is already successfully renting properties like their own in that area. It's worthwhile talking to several different agents to negotiate and understand their terms before deciding which one to go with. Be sure to know exactly which services are included as part of a package and which would be at an additional cost.

Agents must, by law, be signed up to government-approved and certified regulating body - Financial Intelligence Unit. They should also clearly display that they are a member of FIU. If they don't appear to be a member, stay well clear.

## What is the typical fee of a renting agent?

1 month's rent

## What are the typical management fees of a renting agent?

Letting agents typically charge landlords a set-up fee and a percentage of the rent they collect (between 5% and 15%) on a monthly basis.

## What contract agreements will there be between the letting agent and landlord?

There are two main types of agreement and landlords must be clear which they are signing up to.

1. Owner/Agent Agreement for rentals- Between landlord and agent where the agent will just find a tenant but the landlord manages the property thereafter
2. Management Agreement for rentals - Between landlord and agent where the agent will take over full management of the property

The agreement should cover all contractual areas with the agent, and landlords should ask agents to take them through this so they understand each section. For example:

- What the agent is responsible for
- What the landlord is responsible for

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- How the landlord/ agent relationship will work
- What fees and charges apply
- How the agreement can be terminated

### **Other things to look out for:**

**Deposits** – landlords should be clear about who is protecting the deposit  
If the agent will be responsible for this, the landlord should know.

**Fees** – some agents will have all-inclusive fees while others will charge for add-ons.  
Landlords should be clear on exactly what is included.

**Rent** – when and exactly how will this be paid to the landlord?

**Termination** – it's not unknown for agency agreements to be heavy on fees and light on how to terminate the agreement. Landlords must be clear exactly how the agreement can be ended, and how much notice is required.

**Clauses** – landlords should beware of clauses which mean they must give two months' notice or more if they wish to cancel the agreement. Three months is suggested as a reasonable cancellation period. Also watch out for clauses which suggest the agent be paid commission on renewals of the tenancy with the tenants they found, whether or not they are actually managing the property (some of these clauses may be invalid).  
If a landlord is not happy with any clause in the agreement, it should be crossed out and both agent and landlord should initial the crossing out to make it clear that this clause is not included.

Landlords must ensure they are provided with a copy of the agreement after they have **signed it**.

### **What other costs would I incur as a landlord?**

The maintenance of a property can be costly. So it pays to keep on top of small everyday jobs to avoid them becoming larger and more expensive tasks. As well as renting and management fees, landlords need to consider the following:-

- Landlord Insurance
- Refurbishment and decoration
- Repairs
- Exterior maintenance – window cleaning, gardening
- Cleaning costs
- Loss of rent from a vacancy loss

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- Tax on any profit made from rental income

### **Are there instances where the agent would not pay rent to the landlord?**

If an agent is collecting rent from the tenant on behalf of the landlord, this should be passed on to the landlord as per the date specified in the agreement.

Reasons for not passing the rent on may include:

1. Agreed fees being deducted from the first months' rent
2. The agent has deducted the cost of refurbishment or maintenance from the rent

In both these instances, there should be written communication to prove that this was agreed between both parties.

### **Summary**

The services of a renting and management agent can be essential for landlords who are very busy, have properties far away, dislike dealing with the stress of tenants, poor screening and selection skills, have very little experience of the industry or have a large portfolio to manage.

It can be tempting for landlords to cut costs and go it alone. But for those who aren't fully versed in what is involved, how much time it takes and the responsibilities involved, my advice is to seek professional help. In the long-run it will be well worth it, particularly if you use a good reputable agent who supports your investment.