



# **The Complete Guide to Renting for First-Time Landlords**

A Step-by-Step Look at Becoming a Landlord  
and Managing a Rental Property

# About This Guide

According to the [TPN Credit Bureau](#), approximately 33% of SA households are occupied by renters.

While there is a risk with any type of investment, rental property is one of the most stable types of assets to have in your portfolio. Between regular cash flow from tenants, real estate appreciation, and tax benefits, obtaining another property is well worth it for its long-term investment potential.

Although owning a rental unit has its benefits, it still requires a great deal of hard work to manage a business. As you will soon find out, there is a considerable amount to learn before taking the leap to become a landlord.

In this guide, you will find information to help you through each stage of renting—from setting up your rental property to signing a [Lease Agreement](#). Keep it on hand during your tenancies and refer to it when needed.

## Types of Rental Property

Residential property refers to any dwelling located in a residential area, including single- or multi-family homes. Rental property comes in many shapes and sizes and may only include a portion of a larger residential property.

The most common types of residential rental property include:

- House
- Apartment
- Bachelor
- Townhouse
- Duplex
- Room

When renting out any of the above spaces to a tenant, you may allow them to use the backyard, garage, or parking as well. For property located in a shared building, such complexes that has communal buildings or allocated spaces aren't owned or rented by one tenant and permissions must be asked for use of such space and approved.

# Pros and Cons of Owning a Rental Property



## The Benefits of Rental Property as an Investment

### 1. Property investment in South Africa offers relative stability

Investing in the stock market can often bring forth great returns, but it is also very unstable and there is always a possibility that you will lose a lot of your capital. Experts advise that you balance your investment portfolio by choosing a relatively stable option and in South Africa, the property market is just one of these options.

### 2. Property shortage in South Africa

The country's turbulent political past has left South Africa with a shortage of good housing and the government has made solving the problem a high priority. This focus on housing will result in a long-term structural growth potential within the South African property market, with people migrating to better neighbourhoods and more expensive homes set to continue for a long time to come.

### 3. Property cycles in South Africa

Many people dream of having their own property and the added sense of security and comfort of a continuously growing asset that goes with it. When young people leave school and first enter the working world, they enter the property cycle through renting a flat then buying one, selling it off and then buying a small house or townhouse. Over the years, they will become more financially secure and then will be able to invest in their dream property, which they are likely to sell once they reach retirement in order to move back into a smaller house or townhouse. The high demand for property in South Africa means that an astute investor benefits throughout the property cycle, as any investment is bound to provide high returns.

### 4. Stable vs unstable world

With the effects of 9/11 echoing throughout the globe, everyone has now become aware of how extremist attacks can have a profoundly negative effect on the economies and stock markets of the countries affected. Terrorism is a decidedly global problem, but when it comes to South Africa, experts are of the opinion that the country remains one of the least affected by extremist activities. This balanced position is proving the catalyst for property investment interest from abroad. The increase in foreign investment is certainly stimulating an already active economy.

## **5. High property rentals rate**

A series of interest rate hikes and escalating inflation has caused an escalation in the number of people choosing to rent rather than investing in property in South Africa. This means that the buy-to-let market is becoming an increasingly popular property investment option around the country, particularly in the bigger cities. Renting a property out will also help you to pay off your bond, while the value of the home steadily increases.

***READ MORE: [A Guide to Buying Property As An Investment](#)***

## **6. Top holiday destination in the world**

The fact that holidaymakers put South Africa near the top of the list when it comes to prime holiday destinations means that the country is home to a picturesque landscape, both diverse and naturally beautiful. There is a location to suit any taste, from azure blue sea and sandy white beaches to lush green winelands set in the mountains, extensive nature reserves and game parks with an abundance of wildlife that boasts the sought after Big Five and hundreds of bird species, as well as the ultimate whale watching and shark diving experiences. With so many visitors flocking to South African shores to take advantage of the excellent climate and endless natural beauty, who wouldn't want to make this country their home?

## **7. Favourable exchange rate**

If you are earning pounds, dollars, or euros then you are leap years ahead of locals when it comes to the affordability of property investment in South Africa. More and more foreigners are seeing South Africa as the ideal property investment location, particularly in light of the favourable exchange rate, as well as the fact that the economy is the second strongest on the African continent. Even if you're a local and don't earn foreign currency, the fact that South Africa has such a strong economy means that you are guaranteed to yield excellent long term returns on your investment.

## **8. No tax on property purchases**

The good news is that there is no VAT payable on property in South Africa. However, the seller is generally liable for agent's fees that incur a percentage of VAT. There is also no stamp duty on property purchases in this country, which means that buyers are sure to enjoy the added benefits. Another drawcard for the country as a prime investment location is the fact that there is no inheritance tax on property.

## **9. Tax breaks on property development**

Real estate developers are given tax breaks of up to 20%, while another 20% tax break on rental is available for renovation projects. Consequently, the commercial property market in South Africa is currently outperforming markets in many Western countries. Even with the global economy experiencing difficulties, the commercial property development market in South Africa is booming.

## 10. High growth potential

It has already been said that the shortage of property in South Africa and the government's high priority to alleviate this problem means that the country has a high growth potential. The growth is also due to the development of a strong middle class, which is providing an increase in the demand for homes. In terms of facts and figures, the housing market in the Western Cape is showing a steady growth of 13.9%, while other metropolitan areas are growing at an annual rate of 15.6%. As we all know, a steadily increasing demand translates into high returns on a long-term investment basis.

There has never been a better time than now to invest in property in South Africa. Have a look at our [properties for sale](#) as well as [new developments](#) and start building yourself a secure financial future

As you can see, owning a rental property has a high potential for profitability and long-term success. While you won't get rich overnight, it's a wise way to invest in your future.

# The Downsides of Owning an Investment Property

## 6 Cons of Investment Properties:

### Hard Work

The biggest con of investment properties are that it is real hard work, to the point where most have questioned their property investments at some point or another. The best way to overcome this never-ending bucket of chores is simply to give it to a professional. Property Management companies is made and developed to do all your hard work for you. Honestly the small amount of commission they ask is worth every cent. Just make sure you get the best Property Management company out there – this will save you time, money and tons of frustration.

### 2. Unexpected Expenses

There is always hidden cost that you are unaware of. The best thing you as a landlord can do is to build a large enough buffer for the worst-case scenario. Let's say you have to repaint, put in a new geyser, fix some countertop and put in a new stove, you need the emergency funds for these undesirable stages of your Investment Property. The best you can do is to make sure you actually have this emergency buffer for each investment property you own. I would suggest that you add 10% (at least) of your monthly rental income to this emergency fund. Having said this, I should also say that there are different investment property types that are better suited for investment purposes than others. Personally I think a typical residential home is a really bad investment property for rental purposes. Simply because with a home you have the structural problems that can bankrupt you as a landlord as well as the everyday extensive maintenance list. If you choose however to invest in something like small bachelor apartments you will have the small interior space to worry about and the month levies, in theory nothing more. These are relatively small expenses that you can try and plan for, as opposed to a structural problem with your entire roof.

### 3. Financial Independence

Many would say that investment property is a game for the financial independent. Personally I tend to agree with this, simply because of the hidden cost and the simple fact that your funds are tied up in an actual tangible asset. The problem is that your capital isn't liquid, selling any property takes months, if not years. Especially if you have to wait for the property market to improve as is still the case in South Africa and in many countries across the world. Also the key is that you have to look at the property out of an investment point of view. This simply means you need to check your figures, make sure you don't buy too high and calculate if you will receive your 10% capital growth per year.

Also consider the worst-case scenario:

- You may have bought slightly too high
- You have more vacancies than you expected
- Your rental rate is 10% less than expected

The investment property you are interested in should still seem appealing, even if all 3 were to be the case. Otherwise the particular property may not be the correct property.

### 4. Liabilities

Consider your property like a big dog, you should have third party insurance for the possibility that your dog might one day bite a person. The same with your property, third party insurance for a tenant falling of the stairs is a must, especially in a world growing more pro lawsuits every day.

Other than your third-party insurance I would recommend having an indemnity section within your **lease agreement**.

The better you plan for failure, the better you are prepared.

### 5. Bad Tenants

This is that frustration that always seem to creep up, bad tenants. The fact that you will have great tenants that pay on time and took care of your place as if it was their own. But honestly this is rare and precious. Most of the time you will get ok tenants, but sometimes you get those bad tenants that became your worst nightmare. The idea that you may have to deal with **evictions**, that you may never see that 5 months of rent and that they destroyed your property, these are all realities you may face at some point. It's sad, but it shouldn't put you off entirely. By being smart and questioning first and trusting later you may avoid these problems to a great extent, and also remember that there are companies that deal with these matter on a daily basis. If you ever find yourself in such an unfortunate situation, I do recommend take the expense and get the advice from a professional property management expert.

## 6. Vacancies

I have recently discovered how long it can take to get an “ok-looking” tenant for your investment property. It is why I would recommend that you make part of your emergency fund a section for vacancy planning. Some properties rent out within days and others take a few months. The best advice I can give is to find the best tenants you can as fast as possible, even if you have to drop your rental rate by 10-20%. The months the property may stand empty afterwards, might have made that 10-20% “rental loss” worth it.

## Should I Rent Out My Property?

Renting out your property and managing tenants both require time and a financial investment. Your decision to become a landlord should reflect your future goals and be informed by market conditions and projected home prices so that you have a solid plan before getting started.

Ask yourself these questions to find out if you’d excel as a real estate investor:

- Do I have the time to commit to managing a rental property? Am I comfortable dealing with potentially difficult tenants?
- Can I make repairs myself or do I need to hire a professional? Am I organized?
- Do I understand my tax obligations?
- Am I familiar with my state’s landlord-tenant laws?

A mentor such as **ALPHA REALTY** who is familiar with managing investment property can provide a wealth of information and knowledge to help you develop a strategy to get started in the rental market. Consider asking other real estate investors about their experiences to learn about the business of renting, to see if you would be a good fit for the job, and to maximize your chances of success.



# Getting Started as a Landlord



## Zoning Laws

Zoning laws can have a significant impact on a landlord and their rental property. In a nutshell, zoning laws keep residential and commercial areas separate from each other, so residents aren't living in the middle of a noisy industrial area.

Before purchasing a property, it's important to investigate your local zoning laws to see whether or not they will affect your rental property. An area zoned for one type of land use may later be changed, so be aware of future developments that could affect your property. For example, property in a residential area might be changed from one zone class to another, due to factors such as sprawling, which could impact your property value and your ability to find tenants.

### **ZONING OF A PROPERTY**

Zoning of a property refers to the process of determining the allowable uses for a particular piece of land. This is typically done by local governments, who use zoning laws to control the development of land within their jurisdiction.

When a property is zoned, the local government will determine which uses are allowed on the property, based on the zoning laws and regulations in place. For example, a property may be zoned for residential use, which would allow it to be used for single-family homes or apartments. Or, it may be zoned for commercial use, which would allow it to be used for shops, restaurants, or other types of businesses.

Zoning laws may also specify the maximum density of development on a property, as well as the minimum and maximum height of buildings. These regulations are designed to ensure that land is used in a sustainable and equitable manner, considering the needs of all stakeholders, including residents, businesses, and the environment.

Overall, the zoning of a property is an important process that helps to ensure that land is used in a way that is consistent with the local government's vision for the area. It is also a key factor in determining the value of a property, as the allowable uses can impact its potential for development and growth. <https://www.townplanner.co.za/land-uses-and-zoning-in-south-africa/>

# Preparing Your Rental Property for Tenants

Once you have chosen to rent your property, you must take steps to prepare it for tenants. The condition of your rental will affect whether or not it's ready for occupancy.

In order to remain competitive, you'll need to make your rental unit appealing to tenants. This should include fixing any known problems, complying with your local zoning laws, and upgrading the property to make it more enticing, comfortable, or aesthetically pleasing.

From the foundation to the roof, check to make sure everything is working and that your property meets municipal and state housing codes. It's better to tackle renovations before a tenant moves in, both for safety reasons and to avoid coordinating improvements around their schedule.

See the list below for what you should do to get your property rent-ready:

## **1. Clean Your House Thoroughly**

This is the easiest and, arguably, the most important thing that you can do when preparing your house for rent. When a potential renter tours your house, its cleanliness makes an immediate impression on the tenants. The cleaner the house, the better it will show. Additionally, you want to have a clean house when the tenants move in so that they can be held to that same standard of cleanliness. In Missouri, tenants are required to leave a house in the same condition as when they moved in. If the house isn't clean when they move in, you can't require the tenants to keep it clean when they move out.

Since cleanliness is so important, you will want to make sure to do a deep clean of the house, making sure to reach all of the areas that you don't usually clean. We recommend starting in one room in the house (we've found the kitchen is a great place to start) and then work your way around the house, room by room. That way, you don't have to keep going back to get something you missed. You'll want to get places like behind the oven and window tracks and sills. These places are often overlooked, and cleaning them makes your home look that much better.

## **2. Increase Lighting**

Good lighting can make a big difference in how your property looks. Lots of light makes a home look more open, inviting and, in some cases, more expensive. The first thing you should do to increase lighting is make sure that all of the light bulbs and switches in your house are working. Change out dead or flickering lights with fresh, bright ones. If your switches aren't working, you can change them yourself pretty easily, or you can hire a professional electrician to do it for you.

Next, you should go through your house and clean your windows and mirrors with a quality glass cleaner. Squeaky clean glass lets lots of light in! Also, before you have a showing, you can go through the house and turn on all the lights and open all the blinds to let as much light in as possible. This will set a great first impression for potential tenants!

### **3. Get Your Carpets Professionally Cleaned**

Carpets can hold lots of dirt and gunk that you can't get out with a vacuum. There are options like Bissells and RugDoctors that claim to "deep clean" your carpets. They do better than a vacuum, but they are not nearly as thorough as a professional truck-mounted carpet cleaner. Compared to a truck-mounted unit, portable units often do not get water hot enough or extract all the water they use, which can end up re-activating the odor from pet waste and dander. It doesn't extract all the waste and makes the room smell much worse than before. The only sure way that your carpets will be deep cleaned are to have them done by a professional with a truck-mounted carpet cleaning unit. These units use the truck engine to power their cleaner, which can heat the water faster and hotter, getting a better clean. Another benefit to hiring a professional to clean carpets is that you can require the tenant to do the same. This ensures that your carpets are well taken care of by every renter. If they were allowed to clean them themselves with a portable carpet cleaner, it is possible they could miss spots or whole rooms completely; or they could re-activate pet smells and make showings go poorly for potential renters.

### **4. Paint**

Some of the most common feedback that tenants give about homes is that there are either (a) too many nail holes in the walls or (b) different color spots where filled holes have been painted over. Before you move out of the house, you will need to take all nails and hooks out of the wall, patch the hole with spackle (*not* toothpaste, ew...), clean the extra spackle from the hole and then use a q-tip to dab just enough paint to cover the spackle. You don't want to do too much or it will be noticeable, and make your walls look like they have cheetah spots. If you take a chip of paint off the wall near a base board and take it to a home improvement or paint store, they should be able to match that color so it doesn't create a noticeable difference. If you have many different colored walls, or maybe very vivid colors, you may want to consider "neutralizing." This means using one light, earth-tone color throughout the whole house. Light colors like these make the house seem lighter, cleaner and more open. Also, most interior design styles will pair nicely with earth tones, and tenants are looking at that when they view houses. Some bright or very dark colors may be a turn off for tenants for this reason. Many tenants want to make their rental feel like home, so aesthetics become an important factor when deciding what house to rent.

### **5. Make Major Repairs**

Before moving out is the perfect time to go through your house and make sure that everything is in proper working order. All appliances and maintenance systems should be working well. If there are any outlets, lights, faucets or windows that don't work, you should make sure they function properly before your first tenant moves in. If your tenant moves into

the house and doesn't feel like it was taken care of before they moved in, they are less likely to take good care of the property while they are there.

The best way to take care of these items is to have professional handle them. You will likely not have much time to do these yourself since you are focused on moving. And, you also don't want to rush through these projects or do them wrong; they could cause damage down the road if not repaired properly now.

## **6. Minor Repairs/Maintenance**

Once all of the major repairs are taken care of in your home, you will want to do all of those **regular maintenance tasks** just to make sure that your home is perfect before the tenants move in. Some of these will include changing your HVAC air filter, changing smoke detector batteries, cleaning gutters, planting grass seeds on dead spots in lawn, fill salt in your water softener, replace your stove drip pans and fix or replace damaged or missing hardware (handles, doorknobs, doorstops). You will also want to leave your utility deposits with your utility companies. That way, if your tenants move out in the cold months, you can call the utilities companies to turn on your water and electricity so your pipes don't freeze. Doing these things now will make it easier to hold your tenant's accountable to doing these same maintenance tasks.

## **7. Notify Lender and Insurance Company**

When you become a landlord, you'll want to contact your home insurance company and mortgage lender to let them know that you'll no longer be living there. Your insurance company may switch your policy to protect you from tenant damages, since your regular homeowner's insurance may not cover that. This may also be a good time to shop around for different insurance rates. If one company can get you better landlord's insurance than your current provider, and you are open to changing, why not save some money?

Your mortgage lender will need to know as well because **there may be more requirements** that you have to fill in order to rent it out. It is important to check your loan documents and call your customer support to let them know. Even if there are no requirements, you will want to keep your address and contact information updated. If anything changes about your loan, you don't want that information delivered to your tenants. You would want to be the first to hear that!

## **8. Hire a Quality Property Manager**

The last and, in our opinion, most important thing you can do when renting out your property is **hire a quality property manager**. They will be your "man on the ground" when you have moved out of the city or state. They should inspect your property thoroughly and hold the tenants accountable. You should hear from them regularly and be able to contact them easily. If you are thinking about renting, think about **hiring a property manager** that will ensure your property is protected!

Above all, the rental property must be safe for a tenant. If you are renting a basement suite, you must adhere to specific safety regulations. For more information about setting up a secondary suite, contact your local municipality.

### **House Insurance**

Insuring a home, you reside in is different from insuring a property you use for rental purposes. As a landlord, you may already have homeowners' insurance on your rental. While this may provide some protection, a landlord insurance policy may be more aligned with your needs as it may offer coverage for liability on the property or damage by the tenant. Contact your insurance provider to ensure you are getting the correct coverage for your property and that it's classified as a rental.

# Should I Hire a Property Manager?

By now it's clear that managing a rental property can be hard work. You must be available to your tenants in case of any problems or emergencies, as well as take care of the day-to-day landlord tasks, such as collecting rent and paying property bills. If you think you could use some assistance, consider hiring a property manager.



## What is a Property Manager?

A property manager is an individual or firm who is hired to oversee and manage a rental property and its tenants. They are actively involved with the property and perform tasks such as:

- Screening tenants and negotiating lease terms
- Discussing leasing and property rules with a tenant
- Collecting rent or other fees
- Arranging for repairs, maintenance, and upkeep
- Paying bills, assisting with taxes, and managing a budget
- Enforcing rental rules and policies
- Setting rental rates and advertising the property
- Issuing notices
- Handling move-in and move-out inspections
- Record keeping

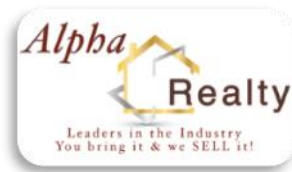
A property manager handles all of these responsibilities and more. They do charge a fee for their services, but depending on your availability, it can be worth the money to avoid daily landlord duties. Whether you choose to hire a property manager will depend on your financial situation and the amount of time you can dedicate to managing your rental.

Although a property manager might not be feasible if you are only renting out one property, landlords with several rental properties find them useful for shouldering a portion of the responsibility.

Other reasons you might hire a property manager:

- You live far away from your rental property
- You're not interested in managing a rental property
- You don't have enough experience to successfully manage the property. In that case, a property manager can help ensure you are renting legally.

## How to Find Tenants



## Staging Your Rental Property

Once your property is up to code, it's time to prepare to show it to tenants. Hopefully, you have fixed any problems and spruced up the property's exterior (if possible) to make a good first impression. It's also best to stage the inside of the suite with neutral colors and fixtures to accommodate a wide array of styles and tastes.

If you need help, enlist a **professional cleaner** or decorator to set the mood and stage the property. The condition and "feel" of your space will affect its desirability and how fast you will fill the vacancy.

# Advertising Your Rental

Marketing your rental property starts with taking **quality photographs** of each room in the space. From there, you can begin writing your rental ad.

You will need to determine:

- Your rental price and if it includes utilities The square footage of your property
- What you are charging as a security deposit (usually equal to one month's rent) Availability and length of the lease term
- Whether you will allow smoking or pets
- If there are any additional incentives, such as parking Information about the neighborhood and surrounding areas How you wish to be contacted

Write a clear rental **advertisement** that describes the rental property and covers price, location, length of the lease, and incentives. Picture your ideal renter and target them in your ad. Your goal is to make your property stand out from the others while still communicating everything a potential tenant needs to know to inform their choice.

There are many places you can advertise either free or paid. Some of your options include: Online classified ads

- University housing boards
- Word of mouth through family and friends **Social media**
- Renting bulletins or apartment listings **Instagram** ads
- A rental sign on your property
- Community bulletins, such as at a grocery store or recreation center Listing the property with a real estate agent

If you use quality photos, and an engaging headline and rental description, you might start getting calls immediately from potential tenants. How you proceed with the process can depend on the volume of people expressing interest.



# Screening Applicants Using a Rental Application

Before narrowing down your choice of tenant, it's important to do your due diligence and collect information about who will be living in your rental property.

A **Rental Application** allows you to collect a prospective tenant's contact information, as well as:

- Their employment history and income
- Their rental history
- Credit information
- References

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## Ready to Screen Tenants?

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Like a job application, you can then review the information they have provided to determine whether they would make suitable renters. Typically, you would assess if they had a stable income and a good **credit score** to see if they are responsible and earn enough money to pay rent.

Speaking to previous landlords could offer insight into a tenant's rental history, specifically if they made rental payments on time and if they were a respectful renter. Researching a tenant prior to leasing is a very important step that can save you from issues down the road.

When screening tenants for your property, you are held to the Fair Housing Act, which prohibits you from discriminating against tenants based on age, sex, race, religion, etc. The Rental Housing Act serves a similar purpose by ensuring that landlords make reasonable accommodations for any tenants with a disability.

After checking the candidate's background and deciding they are a good fit, you can put the wheels in motion to begin your paperwork.

# When a Tenant Moves in



## Pre-Move in Checklist

You've prepped your property, advertised your rental, screened potential tenants, and settled on a renter. What's next?

The next steps involve nailing down the details of the tenancy and communicating with the tenant to arrange a move-in date and inspection. Before moving day, you have to get a Lease Agreement in place. Use this checklist to make sure you don't miss anything important.

To do before the move-in date:

- Clean the property
- Create a Lease Agreement, go through the terms, and sign the agreement
- Change the locks and cut an extra set of keys
- Provide your tenant with your contact information
- Collect the first month's rent, security deposit, and pet deposit or fee, if required
- Conduct a **rental inspection** with the tenant and sign the report. Provide them with a copy.
- Test lights, appliances, fans, locks, and smoke detectors with the tenant present
- Provide the tenant with bylaws or condo rules, if applicable
- Transfer any utilities to the tenant's name, if applicable
- Determine the best method of communication for both parties

## Your State Landlord-Tenant Laws

Renting a property creates a business relationship between a tenant and a landlord, which is governed by landlord-tenant laws and the Lease Agreement. Each state has its own laws regarding rental property, so it's important that you review the laws in the state where your property is located or contact a local attorney for advice on your specific renting situation.

By learning about tenant rights and state landlord-tenant laws, you can ensure you are following the best practices to avoid any future legal battles with your tenant.

# Your Lease Agreement

A **Residential Lease Agreement** is a roadmap that will not only guide the relationship between you and your tenant, but also set the rules for your residential tenancy.

A Lease Agreement also:

- Protects you from liability
- Prevents confusion over terms, rules, or situations
- Prevents conflicts or issues that arise from misunderstandings
- Provides a written outline of the tenancy for recordkeeping purposes
- Offers a demonstrated understanding and agreement to the rental terms
- Sets out the procedures for notices and eviction
- Keeps expectations clear
- Protects a tenant's rights

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Need a Lease Agreement for your Rental Property?

**Get Started**

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## Types of Lease Terms

The lease term is the length of time that the tenant is expected to rent the property under the terms of the Lease Agreement. There are **two types of terms**:

A **fixed term tenancy** is one where there is a set end date for the tenancy. Generally, these types of tenancies last 1 year from the time the tenant moves in.

An **automatic renewal (or periodic) lease** term is one that continues to renew each month or year until one of the parties chooses to terminate the agreement.

## Permissions in a Lease Agreement

As a landlord, you get to make decisions about what will and will not be allowed in your rental property. These are called permissions, and commonly address matters such as pets and home improvements.

Consider what you are comfortable allowing in your rental property and ensure you address it in your Lease Agreement.

Some of the different types of permissions include:

- Will you allow all kinds of pets, or only certain pets? Will you charge a pet deposit or fee?
- Will you allow the tenant to make improvements to the rental property, such as painting the walls?
- Will you allow smoking in the rental property?
- Are home businesses permitted in the rental property? (Often, home businesses are a zoning issue, and depending on the size and income of the business, it may or may not be permitted.)
- Will other occupants be allowed to stay in the rental property?
- Will the tenant be allowed to sublet or assign the Lease Agreement?

## Determining Your Rental Price

To set a rent price, you will need to figure out your monthly costs to run the rental property. Think about your mortgage payment plus any additional expenses you are covering, as well as HOA fees. Once you have your monthly figure, look at nearby rentals of comparable value to set your price.

When you advertise your rental property, the price will be the main factor in drawing tenants and getting a leg up on your competition. If you wish, you can also leave room to negotiate your price.

Beyond rental price, ask yourself if you will be charging a fee for late rent payments. South Africa have restrictions on how much you can charge, but in general, it shouldn't be an unreasonable amount.

Another element of price is utilities, such as electricity and water. Should you include them in the rent price or make them the tenant's responsibility?

The following questions can guide your research when deciding whether to charge for utilities:

- Do rentals in the building or surrounding neighborhood include utilities in their rent?
- Is your rental property in an attractive neighborhood where charging utilities would not affect demand?
- Would charging utilities deter tenants or does it offer them an opportunity to save?
- Are tenants more likely to abuse the utilities if they don't have to pay for them?
- Would making tenants responsible for utilities change their usage?
- Does the building have a master meter or are utilities divided by suite?
- Would installing energy-efficient light bulbs, low-flow toilets, or sealed windows help lower the cost of utilities?

## Landlord and Tenant Rights and Responsibilities

A Lease Agreement spells out each party's obligations during the tenancy. There are responsibilities each party must adhere to by law.

Tenants are responsible for:

- Following the terms of the [Lease Agreement](#)
- Paying rent on time
- Taking reasonable care and maintaining cleanliness of the rental property
- Not disrupting neighbors
- Complying with building rules
- Properly disposing of trash

Landlords are responsible for:

- Complying with building/housing codes
- Making sure the property is clean, safe, sanitary, and all repairs are conducted in a timely manner
- Following responsibilities laid out in the [Lease Agreement](#), such as [maintenance](#) of the structure and the appliances
- Maintaining the infrastructure for plumbing, electrical, heat, water, etc. in the property
- Providing an area to dispose of trash

These are the basic duties for each party and help to define their roles within the tenancy. Depending on the **Lease Agreement**, the landlord or tenant may have additional responsibilities.

## Signing Your Lease Agreement

Take these steps to execute your **Lease Agreement**:

- 1 Go through the Lease Agreement with your Agent at Alpha Realty, making note of any important provisions you want stressed during the tenancy, such as rent price or no pets.
- 2 Ask your agent if your tenant have any questions and whether they understand their responsibilities.
- 3 Sign and date the **Lease Agreement**.
- 4 Provide a signed copy of the Lease Agreement to your landlord and tenant and retain a copy for your records.

## Maintaining Your Rental Property

After your tenant has moved in, signed the rental contract, and paid you, you are officially in business as a landlord.

Although the tenant occupies the rental unit, it's still your property and you will have ongoing responsibilities to your tenant and to the property, including repairs and maintenance.



## Maintenance and Repairs

A tenant must keep the property in clean condition, but it's generally the landlord's responsibility to attend to any **maintenance** and repairs on the property, unless the Lease Agreement states otherwise and it's allowed by your by laws.

Repairs can include a broken dishwasher, fridge, toilet, and much more. Once a tenant has informed you of a problem that needs fixing, you must take care of it within a reasonable timeframe. If it's affecting their ability to live comfortably in the property, such as a broken-down furnace, leaky shower, or broken window, you are expected to deal with it quickly.

Outdoor maintenance, such as shoveling walkways, trimming grass, and removing debris from entranceways is important for the safety of your tenants and anyone else in the surrounding area. If you own a home and rent out the basement, it might still be your responsibility to trim the hedges, remove snow, etc. However, if you are renting a single-family home, you can pass this responsibility onto your tenant as part of the **Lease Agreement**.

## Collecting Rent Payments

Generating cash flow from your rental property is great, but in order to guarantee you receive payments in full and on time, you must have a system in place.

This includes keeping a paper trail of your income. Alpha Realty uses **REOS**

### **reOS creates time**

Cutting edge, blockchain-enabled technology with the intelligence to automate and simplify complex workflows, using basic lease information. 100% of incoming funds are auto-magically reconciled, every time.

### **Increases control and security**

Manage your rental book remotely and securely via a single dashboard that connects to banks, municipalities, and services. Bank-grade encryption and blockchain technology protects you from both internal and external threats.

### **Guarantees landlord returns**

Our financial service offerings guarantee that rent arrives in the pocket of your landlords every month, while making deposit-free renting a reality for your tenants. Sounds like magic, doesn't it?

## **And creates better rental experiences**

Say goodbye to stressful month-ends, murky deposit management, and costly human errors - and hello to a better way to run your rental book and impress your customers.

### **Rental management features to smile about.**

#### **Lease & Portfolio Management.**

Automated invoicing, set-and-forget payment rules, communications, alerts & everything in between. Set up a lease once and reOS remembers everything.

#### **Customer Communications & Reports.**

Fully branded communications, reminders, statements, reports and more. Our nifty 'nudge' button allows you to follow up late rental payments professionally, with just one click. Turn every invoice, statement, and piece of customer communication into a memorable brand moment. It's the little things that make for loyal customers.

#### **Money Management.**

100% bank integrated, real-time view of funds, 'zero recon', one-click payments, one-click municipal payments, ability to reverse erroneous payments, blockchain security. You'll never need to do recon again! And did we mention that you'll save thousands in bank fees :)

#### **End-To-End Features & Integrations.**

Tenant vetting via TPN and Ekaya VIP, maintenance and inspections management with **Property Inspect** and more. Our financial services products (like 'Deposit Drop' for tenants and Rental Guarantee for property owners) are available to reOS customers and will help you win more business and generate additional income!

#### **Deposits & Compliance.**

Fully integrated deposit management, in-built compliance (KYC, FICA), annual audit certificates included (at no extra cost). Each year we'll produce a professional, external audit report for you (at our cost), so that you can tick all the boxes and sleep easy at night.

#### **Reports & Business Intelligence.**

Generate financial reporting, unlock business insights, and impress landlords and stakeholders with accurate and easy-to-share performance reporting.

#### **256-bit Encryption.**

Encrypted audit trail and third-party integrations protected by blockchain technology.

#### **100% Remote Access & Cloud Storage.**

You can access reOS securely on desktop or mobile, 24/7 and wherever you are. It's designed to be paperless so you and your team can work remotely and not be office-bound.



Tracking your income and expenses also allows you to oversee how much money is going into your rental property and how much it's generating. Keep a savings fund for emergencies or to account for unexpected expenses, such as having a vacant property for a couple of months.

Organizing your small business finances will pay off when filing your annual tax return because you will have already kept a detailed breakdown of all your expenses and income throughout the year to report to the government.

## Landlord and Tenant Notices

A notice is a form of written communication given from one party to the other, whereas a notice period is an amount of time one party must give to another before performing an action.

While it's landlords who typically issue notices, tenants can as well. Review the following notices to know which you may need in any given situation:

### *Tenant Notices*

- **Notice of Termination:** Provides a landlord with notice that a tenant is going to terminate a tenancy.
- **Notice to Repair:** Notifies a landlord of any repairs that need to be made to the rental property.
- **Intent to Vacate:** Informs a landlord of a tenant's wish to vacate the rental property once the lease term is over.

### *Landlord Notices*

- **Notice to Pay or Quit:** Gives notice to a tenant to pay any outstanding rent payments with the option to evict a tenant if they don't pay.
- **Notice of Termination:** Notifies a tenant that they won't be able to renew the tenancy.
- **Notice of Lease Violation:** Warns a tenant of a lease violation. If they don't remedy the situation, the landlord has the option to evict the tenant.
- **Notice of Rent Increase:** Provides a tenant with notice that their rent will be increasing.

## Notice Periods

When delivering a notice, it's important to adhere to your state's laws regarding notice periods and what is spelled out in your Lease Agreement.

Usually, the process for ending a tenancy is included in the Lease Agreement. If your tenant is on a month-to-month automatic renewal lease term or a one-year fixed term lease, minimum notice periods typically range between one to three months.

Notice periods for eviction also depend on your location and the circumstances. You need to look into your state's laws before serving an eviction notice to your tenant to ensure you are doing it properly and legally.

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## Ready to Create an Eviction Notice?

[\*\*Get Started\*\*](#)

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## Evicting a Tenant

Not every tenant works out according to plan and there may come a time when you have to end your rental relationship and evict them from the property. [\*\*Xpello\*\*](#) offers these services.

It may be possible to evict a tenant when they:

- Conduct illegal activity on the premises
- Pose a danger to you or to neighbors
- Breach the Lease Agreement
- Continue to make late rent payments, even after receiving written warnings
- Cause significant damage to the property

When issuing an eviction notice, it's important to ensure that the message has been received by the tenant, either by delivering it in person or using a process server.

# When a Tenant Moves Out



## Move-Out Inspection

At the end of every tenancy, you and your tenant should complete the move-out portion of your **Rental Inspection Checklist**. This process allows you to note any damage done to property while the tenant was living there, so you can either return their security deposit or use it to repair the property. Remember, wear and tear doesn't count as damage.

When you are finished with your walk-through, there are a few things to take care of before bidding farewell to your tenant, including:

- Collecting the keys
- Signing the Rental Inspection Report
- Collecting a forwarding address for your tenant to deliver any future mail
- Asking for their feedback about their experience in your rental property, the building, neighbors, property, and more so you can improve aspects of your business for the next tenant
- Offering yourself as a reference for your tenant

## What Makes a Good Landlord?

Aside from being a self-starter and having an entrepreneurial drive, a landlord should also be communicative, understanding, honest, and diligent in order to develop an effective and respectful relationship with their tenants.

Those who succeed in managing a rental property are adaptable and handle change with patience. Not everyone has the flexibility to do well in this role, but those who do use the good and the bad as learning tools to improve over time.

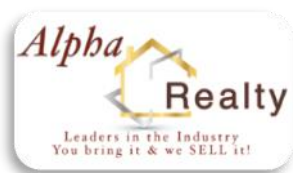
## **Are You Ready to Be a Landlord?**

Excelling as a landlord doesn't happen immediately. In fact, you might have to consistently review your progress in order to make the job more efficient.

Don't let this deter you from going after your goal of owning an investment property. Anticipating the realities of being a landlord will better equip you for the job itself and you will notice your confidence increase as you become more comfortable with your new position.

By choosing to learn more about renting, you've already taken a big step to educate yourself on the risks and rewards of property investment. Now it's your turn to put the knowledge to use and start your own real estate investment journey.

# Rental Glossary



Here is a list of rental terms and definitions you should become familiar with before stepping into a landlord role.

**Landlord:** The party who rents property to a tenant in exchange for a rental payment.

**Tenant(s):** One or more individuals who are listed on the **Lease Agreement** who agree to rent the property from the landlord.

**Lease Agreement** (also known as Lease, Residential Rental Agreement, and Rental Contract): The contract that outlines the rental responsibilities of each party and governs the relationship between a landlord and tenant.

**Lease Term:** How long the tenant is expected to rent the property. It could be a fixed amount of time (1 year) or it could automatically renew each month.

**Rental Property:** The house, apartment, room, or other space that the tenant agrees to reside in and rent from the landlord.

**Occupants:** Individuals who live in the rental property but haven't signed the Lease Agreement, such as minor children.

**Rent:** The regular rental payment the tenant has agreed to make in exchange for residing in the rental property.

**Security Deposit:** A refundable sum of money paid by the tenant to the landlord in case the tenant fails to pay the rent or fails to perform another obligation.

**Utility Deposit:** A refundable sum of money paid by the tenant to the landlord in case the rental property must be repaired because of the outstanding utilities bill.

**Late Fee:** A sum of money charged in addition to the rent payment if the tenant doesn't pay the rent on time.

**Notice Period:** A length of time that one party must provide to the other before taking an action. For instance, a landlord may be required to provide at least 24 hours' notice to the tenant before entering the rental property.

**Utilities:** Refers to the collective charges of electricity, gas, water, etc.

**Maintenance:** General upkeep of the property and its surrounding areas.

**Improvements:** Any renovations or work done to the property to improve its look or enhance its characteristics.

**Environmental Disclosures:** Information a landlord must give to the tenant prior to moving into the rental property, such as whether the property has (or has a history of) mold, lead-based paint, or asbestos.

**Dispute Resolution:** The process taken to resolve any conflict between the parties, such as mediation or arbitration.

**Assignment:** When a tenant signs over all of their leasing obligations to a third party.

**Sublease:** When a third party agrees to occupy the rental property for the remainder of the lease term, but the original tenant is still responsible for the lease obligations.

**Rental Inspection:** A report indicating the condition of the rental property before a tenant moves in and after they move out. Usually, the landlord and tenant walk through the property together to record any damage.