

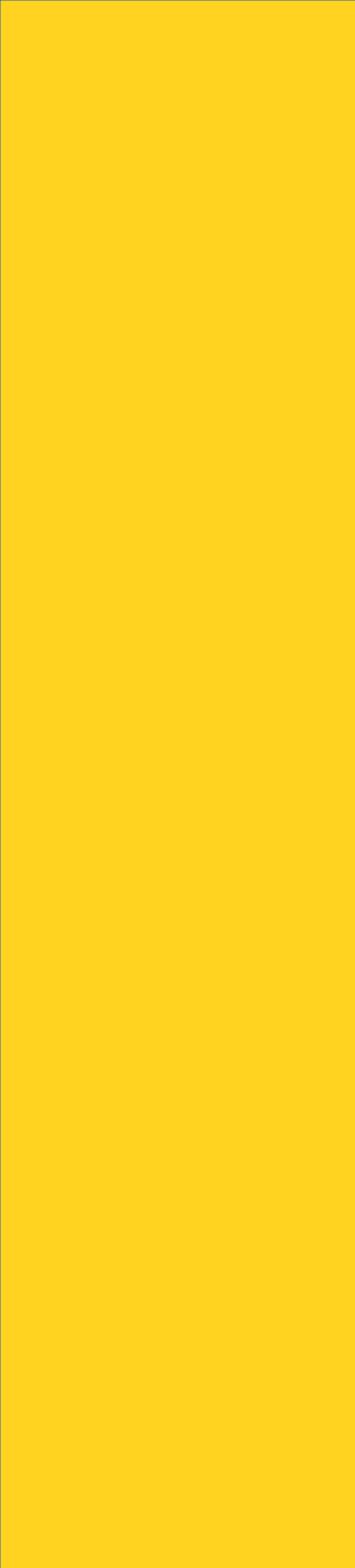


# INFORMATION PACK LANDLORDS MADRID

Lilian Hermans

[www.quilantro.com](http://www.quilantro.com)





## **Information pack landlords Madrid**

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## What to expect?

Who we are	2
Why Quilantro?	5
Property management package and fees	9
How will Quilantro market your property?	15
Prospective tenants screening	20
Which tenants?	23
Repairs and maintenance	27
Rights and obligations of landlords under Spanish law	29
Vacating tenants	43
Routine inspections	49
Insurances	52
One last tip	61
How to move forward?	62

## Who we are



*Lilian Hermans, owner and founder of Quilantro*

My name is Lilian Hermans. At the end of 2006 I moved with my family from the Netherlands to Spain where I started my business. In the Netherlands I used to be a lawyer.

I know how important it is to have someone physically in the neighborhood of your property when you live abroad. I am in the same situation in The Netherlands, where I rely on a company to take care of my property. That is why we offer this property management service to you.

If you are a landlord and you own a house in Madrid, I can help you to manage your property, so you don't have to worry about it.

# 3

## Who we are

Imagine you are the owner of a house in Madrid and you decide to live abroad:

- who will take care of your property?
- how do you find tenants or buyers?
- who takes care of marketing your property?
- what if something stops working or leaks? How do you deal with maintenance when you are so far away?

What you need is a steady and reliable company that will organize issues like:

- preparing the property to sell or to let to tenants;
- marketing your property using all kind of different tactics;
- showing the property to potential tenants or buyers;
- drafting rental contracts or assisting in the sales process;
- managing all kind of issues, maintenance, cleaning or administrative tasks.

# 4

## Who we are

Who can benefit from this service? This service is aimed at landlords with property in Madrid who live or who are going to live outside Spain and who are looking for someone who takes care of their property.

Many landlords live abroad and can't always rely on their family and friends in this situation. Sometimes because they don't live close to the property or because they have already asked for too many favors. They may be busy working or busy with their own families.

Renting, selling, maintenance, cleaning, administration, all these need specialists. I can't do it all by myself, so I delegate specific tasks. That's why Quilantro works together with other trusted professional providers, selected carefully for their job.

## Why Quilantro?

How are we different? What sets Quilantro apart from other agencies?

- a property is your most valuable asset and you have to get the most out of it. Professional property assistance has proven to incur more rental income and more occupancy.
- if we receive a notification from the tenant that he wants to terminate the rental contract, we minimize the time without tenants
- we speak English, Spanish, Dutch and we work closely with people of other nationalities.

# 6

## Why Quilantro?

- we believe in well-maintained and cared-for property. In the long term this will save you money, less maintenance fees, long-term satisfied tenants, less hassle.
- you have your own personal property manager – so you deal with one contact person for all issues.
- a different business model: we attract more prospective tenants as we offer you the option not to charge a commission for tenants, unlike most estate agencies in Madrid.
- we don't procrastinate, we act now, without delay. Organizing and doing things right now is our motto, especially when we are talking about collecting rent, vacating tenants and maintenance.
- we respond to your emails within one working day.

### Why Quilantro?

- we are always on the look out for new opportunities to market your property.
- photos can make or break the desirability of your property. We take care to produce good quality photos.
- no decision is made without your knowledge or consent. This is important for both of us. For you as a matter of trust, for us, because our good name depends on it.
- we schedule and conduct routine inspections.
- we manage disputes that arise on your behalf.
- we will collect your rent on a monthly basis and have it transferred to your bank account within 1 – 5 days.

## Why Quilantro?

- we oversee all maintenance.
- competitive package and fees.
- with our proactive approach we add value to your property.
- inventive and innovative. Maintenance, cleaning, administration, all these need specialists. We can't do it all by ourselves, so we delegate specific tasks. That's why Quilantro works together with other trusted professional providers, selected carefully for their job.

## Property management package & fees

Property management for midterm and long term tenants*		Fees
Property management package	<ul style="list-style-type: none"> <li>• letting the property</li> <li>• marketing the property</li> <li>• finding reliable tenants</li> <li>• credit checks on the tenants</li> <li>• drafting or reviewing the rental contract</li> <li>• securing the deposit</li> <li>• organizing maintenance &amp; repairs</li> <li>• collecting and disbursing the rent</li> <li>• routine inspections</li> <li>• taking out insurances</li> </ul>	<p>Percentage of the annual rent amount*</p> <p>Optional: we charge the tenant one month's rent + IVA and deduct this fee from the property management fee. Advantage: less property management costs Disadvantage: less tenants interested in the property as they usually avoid these additional costs.</p> <p>please note: the fee will only be charged for every calendar year a new tenant will rent the property.</p>

\*midterm = less than a year, long term = one year or more

# 10

Optional fees	<ul style="list-style-type: none"><li>• styling the property</li><li>• organizing energy performance certificate (EPC)</li><li>• special photo session and virtual tour</li><li>• video with drone</li></ul>	<ul style="list-style-type: none"><li>• Prices on demand based on needs*</li><li>• 90 €*</li><li>• percentage of the session*</li><li>• prices on demand*</li></ul>
Selling property	<ul style="list-style-type: none"><li>• marketing the property</li><li>• assistance in the selling process</li></ul>	<ul style="list-style-type: none"><li>• 3% of the final sales price*</li></ul>

\* Fees are subject to 21% IVA. Fees or costs charged by third parties, such as advertisements, photographers, gestores, lawyers, energy performance certificate, cleaning services, constructors, plumbers, electricians or other repairmen are excluded.

## Annual fee for longterm apartments (percentage of the annual rent amount)

Rent per month	700 €	1000 €	1500 €	2000 €	3000 €	4000 €
Percentage	14%	12%	10%	8%	6%	5%
Amount (in €)	1176 €	1440 €	1800 €	1920 €	2160 €	2400 €

11

## Annual fee for long term detached houses and villas

Rent per month	700 €	1000 €	1500 €	2000 €	3000 €	4000 €
Percentage	15%	13%	11%	9%	7%	6%
Amount (in €)	1260 €	1560 €	1980 €	2160 €	2520 €	2880 €

## Annual fee for midterm apartments

Rent per month	700 €	1000 €	1500 €	2000 €	3000 €	4000 €
Percentage	17%	15%	13%	11%	9%	8%
Amount (in €)	1428 €	1800 €	2340 €	1920 €	2640 €	3840 €

Letting to tourists in Madrid	Fee
<ul style="list-style-type: none"> <li>• letting the property</li> <li>• marketing the property</li> <li>• finding tourists as tenants</li> <li>• being contactperson for tourists</li> <li>• organizing maintenance &amp; repairs</li> <li>• organizing check-in &amp; check-out</li> <li>• organizing cleaning</li> <li>• Collecting and disbursing the rent and the deposit</li> </ul>	<p>18%*</p> <p><i>The fee is the percentage of the received daily rent of the apartment, e.g. if the daily rent amounts to 80€ per day, the fee will be 14,40 €</i></p>
<p><b>Basic and general conditions for letting to tourists</b></p> <ul style="list-style-type: none"> <li>• license of First Occupation, <i>cédula de Primera Habitabilidad</i> or <i>Licencia de Primera Ocupación</i></li> <li>• registration of the activity at the <i>Empresas turísticas de la Dirección General</i></li> <li>• registration of the property at the <i>Registro Turístico Regional</i></li> </ul>	

## Letting to tourists in Madrid

## Fee

### Basic and general conditions for letting to tourists (see previous page)

- floor plan approved and signed by a registered architect or other technical professional
- the minimum period of letting to tourists should be five nights and it's not allowed to use the house for permanent residency.

\*Fees or costs charged by third parties, such as advertisements, photographers, gestores, lawyers, energy performance certificate, cleaning services and repairmen are excluded.

## How will Quilantro market your property?

In order to gain maximum exposure and capture the interest of potential tenants, three points should be highlighted.

### **1. A good property description**

An advert should create attention, maintain interest, generate desire and stimulate the interested person to take action. So, we clearly describe the property, but not every detail. Something should be left for the imagination when the potential tenant visits the property.

### **2. Photos**

Excellent photos are an essential component to marketing your property. With an ever-increasing number of potential tenants looking for rental property on the internet, it is more important than ever to get the most out of every photo.

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### How will Quilantro market your property?

Another option that can be used is the video online virtual tour. It is a simulation of an existing location, usually composed of a sequence of videos or still images. It is a great way to showcase a property by adding dimension and giving the viewer the sense of being in the property. Another tool to promote a villa is making use of a drone as this gives a great overview of the house and its surroundings.

### **3. Floor plan**

Displaying a floor plan is an interesting tool for prospective tenants as it gives a good understanding of the layout of the inside and possibly also the outside of the property.

Where will the property be advertised?

Quilantro uses basically the following websites to market your property.

## How will Quilantro market your property?

### **Idealista**

One of the leading websites in Spain for maximum visibility is [Idealista](#). Why Idealista?

Idealista has:

- 18,6 million visits per month
- 7,6 million unique users per month
- 2,8 million hours of navigation
- 50% of the users do not use another portal\*

\*Source: brochure servicios profesionales Idealista 2016

### **Fotocasa**

[Fotocasa](#) is the other leader's website in Spain. According to the statistics on their website Fotocasa has:

- more than 12 million visits per month
- almost 7 million unique users per month
- more than 1.000.000 ads published on the portal
- more than 564 million page visits per month

## How will Quilantro market your property?

### **Other websites**

There are other options depending on your property and its location. Some locations attract international tenants or buyers and therefore it may be an interesting alternative to promote the property on international real estate websites.

### **Companies**

If your property is situated close to specific companies, these might be interested in renting the property for their employees.

### **Social media**

It depends on the property, however, it may be interesting to promote your property in groups through social media and referral business. For example, in some cases it's good to market small apartments in relevant Facebook groups.

## Prospective tenants screening

Your property is one of your most valuable assets. And selecting your tenant is one of the most important decisions you make, because choosing the right tenant has a significant positive or negative impact on the success of your real estate investment.

So you are looking for a property management agency that can provide reassurances that all tenants will be thoroughly checked to a degree that gives unquestionable confidence that the interested person is a suitable tenant. And that he or she will pay the rent and will abide by the terms of tenancy and look after the property.

At Quilantro we work with a tenancy application checklist. This checklist is used as a guide when checking the applicant's references.

### Prospective tenants screening

So, how does Quilantro determine if an applicant is financially capable of meeting the rental payments? If tenants are interested in renting your property, we will verify some points:

- verify the proof of earnings
- check how previous tenancies were conducted - or - obtain references from any previous landlords
- verify the applicant's identity through supporting documents
- check the applicant can support the rental payments

They also have to provide some of the following documents.

If the tenant is employed:

- photocopy of their DNI;
- the last 3 pay slips, so we can check their salary and how long the employee is working already for the company;
- their employment agreement;
- the most recent tax declaration (*declaración de la renta, Certificado de Retenciones, IRPF*).

### Prospective tenants screening

If the tenant is autónomo:

- last declaración de renta and the two last trimesters of VAT

If the tenant is retired:

- certificate from social security proving the situation as well as the monthly amount of their pension.

If these documents produce any doubts, we can check the creditworthiness of the prospective tenant:

- if employed: by requesting information about the rental history from the previous landlord;
- by requesting information at [FIM](#), *fichero de Inquilinos Morosos*, a website where non-paying tenants are registered.

## Which tenants?

There are of course several options for letting the property. Below, we will discuss the different types of tenants and their needs - long-term tenants, foreign students and tourists.

### **Tenant for a longer period of time**

According to Spanish law, parties are free to agree upon the duration of the rental agreement. Most of the time, a period of one year is agreed upon. In this case, the rental contract will be renewed annually until a period of three years has been reached. After three years, the landlord can terminate the rental contract. He can terminate within those three years if he needs the property, for example because he gets divorced or if his family, for example, his children need the property to live in.

### Which tenants?

The tenant can terminate the rental contract:

- after six months, providing they give 30 days notice, regardless of the duration of the contract
- if a clause has been inserted in the rental contract stating that the tenant can terminate the contract at any moment, even before 6 months are up.

### **Foreign students, trainees and young graduates**

Another option available to you is to focus on foreign tenants.

Every year thousands of foreign students, MBA students, trainees and foreign employees are looking for accommodation in Spain. This may be because they are going to study, do an *intercambio*, follow a MBA for one year, expand their knowledge as an intern or get international work experience.

### Which tenants?

They are looking for accommodation. Preferably accommodation that is close to their university, school or work. They need furnished apartments, because they are only in Spain temporarily. They don't need anything too big or expensive. This is an interesting option if you have an apartment close to a university, business school or business district, like Nuevos Ministerios.

### **Tourists**

Another option are tourists. Although this is an interesting group of tenants who can increase the rental income, the Spanish government has regulated this form of renting. The requirements for letting to tourists are quite strict.

### Which tenants?

In Madrid the most important requirements to let an apartment to tourists are:

- the property must have attained what is known as a Licence of First Occupation, *Cédula de Primera Habitabilidad*. This is an administrative license which the town hall, where the property is located, grants and verifies the development is in full compliance with the Building Licence and all associated Planning laws.
- you have to register the activity at the *Registro de Empresas Turísticas de la Dirección General*.
- You have to present a floor plan approved and signed by a registered architect or other professional.
- the minimum period of letting to tourists should be five days (four nights) and it isn't allowed to use the house for permanent residency.

## Repairs & maintenance

Attending to repairs and maintenance promptly is important for the safety of the tenant and standard of the property for future investment gains. Whether it is an old or a brand new property, repairs and maintenance are necessary.

It is important to provide tenants with comfortable and safe living, as this increases the chance of them staying at the property for longer, if this is what you want as a landlord – it will reduce vacant periods for your property.

We work with a repair request process. This is how:

- The tenant notifies Quilantro of a maintenance request.
- Quilantro confirms and acknowledges the maintenance request has been received.
- Quilantro records the details of the maintenance request into its database.

### Repairs & maintenance

- Quilantro notifies you as a landlord of the details and asks for instructions on how to fix the issue.
- You will provide instructions to arrange for it to be repaired or to get a quote first.
- Quilantro will identify whether there are sufficient funds to pay for the repairs (coming out of the next months rent or arrange for a transfer from the landlord).
- Quilantro will appoint a trusted contractor and notify the tenant of the progress and details of the contractor.
- Quilantro will check if and how the work is completed to a satisfactory standard.
- If not otherwise agreed, the payment of the contractor's invoice will come out of the next month's rent.

## Rights & obligations of landlords under Spanish law

In this section we will discuss the most important rights and obligations landlords have under Spanish (rental) law.

### Rights

#### The right to ask for a reservation

As a landlord you can ask for a certain amount of money if a tenant is interested and you haven't signed a rental contract yet. In this respect you are asking for some financial security that the tenant will proceed. This amount of money is called a reservation (*reserva*). In this respect, it is wise to draft a pre-contract. Please note that the pre-contract should meet some requirements to avoid discussion:

### Rights & obligations of landlords under Spanish law

- the rent payable by the tenant in the near future.
- the amount paid for the reservation.
- the expiry date of the reservation, or what is the last date to sign the rental contract.
- identification of landlord, tenant and property.
- compensation or penalty if one of the parties does not proceed with the contract.
- other conditions that will govern the future rent.

### **The right to create an inventory**

The inventory (*inventario*) is a list of everything that a landlord provides with the property, for example furniture, carpets, curtains and appliances. It normally describes in detail the condition of the property and all items within it. It forms part of the contract and should be an annex at the end of the rental contract. It is a key document for the landlord. Without a good inventory it will be more complicated to claim compensation for damage. When an inventory is done correctly, it is easier to prove claims and ask for compensation for items either damaged during the tenancy or not properly looked after.

### Rights & obligations of landlords under Spanish law

An inventory records both the belongings and the condition of use of certain elements of the building. For example, in a bathroom with no ventilation, you may include in the inventory that it is advisable to keep the door open to prevent vapor condensation that deteriorates the ceiling paint. Although it is not easy, it is also useful to include the costs of the specified items in the inventory.

Inventory reports can include photos of each room and the items which make it easier on check out to compare the state of the property at the beginning and the end of the contract. This should include any relevant outside areas too.

### **Right to increase the rent**

An increase (or revision) of the rent can be carried out a year after the start date of the contract and every year after that as long as the contract mentions this. When the contract does not say anything about reviewing the rent, then the landlord cannot increase it.

### Rights & obligations of landlords under Spanish law

If, however, there's a clause in the rental contract to this effect, in principle it will follow the *Índice de Garantía de Competitividad (ICG)*. This index determines how much rent you can increase it by. It measures specific factors to determine the prosperity of citizens and is used within the Eurozone. Of course you can also agree upon another index, such as the Consumer Price Index, as long as this is specified in the contract.

### **Non-payment**

The rent must be paid within the first 7 days of the month. If the tenant fails to pay by the 7th day of the month, the landlord can claim the rent in legal proceedings and request for eviction (*desahucio*). When a tenant fails to pay the rent, act immediately. Do not wait. Send the tenant a certified demand for payment as soon as possible, even when he is two weeks late with the payment of rent. This can be a burofax, which is delivered by the Spanish Post Office. Then try to reach a friendly agreement with the tenant.

Although proceedings are shorter than before, they may still take several months, before you have the legal right to carry out an eviction.

### **Compensation**

According to Spanish law, the landlord may ask for a compensation of one month's rent for every year left on the contract, if they vacate early and when this has been agreed upon in the contract. This means, for example, that if the tenant will leave within the first year of the rental contract, the landlord may ask a compensation of one month's rent. If the rental contract has been extended for further years, and the tenant wants to leave during this term, the landlord may ask two month's rent in the second year and even three month's rent in the third year. Please note that many tenants do not agree with this compensation scheme.

## **Right to claim the property because you want to live in it at once**

If the rental contract has been agreed upon for less than 3 years, as a landlord you can claim your property after one year for your own use, or for your family (for example if your children need a house or if you get divorced). As a landlord you must give at least 2 months notice to the tenant if you plan to use this right.

## Obligations

### Public deposit

Landlords ask for a deposit (*fianza*). The deposit serves as a guarantee for the landlord, to cover possible damage and deterioration the tenant may cause in the property, not related to normal use of the property. It amounts to one month's rent for houses and two month's rent for offices. This deposit should be paid to the *Agencia de Vivienda Social-Fianzas de Arrendamiento* in Madrid within 30 working days as of the moment the rental contracts starts.

### Returning the deposit

Once the rental contract has been terminated and the property seems to be in a good state and there are no outstanding bills for gas, water, electricity, you have to ask the *Agencia de Vivienda Social-Fianzas de Arrendamiento* to return the deposit and return it to the tenant. This should be done one month after the return of the keys, otherwise the tenant may claim interest.

## Taxes and expenses

*'Gastos de comunidad'* and *'Impuesto de Bienes Inmuebles'* (IBI, local municipal property tax charged by the town council) will in principle be paid by the landlord. However, Spanish law offers the possibility for this to be agreed upon differently in the rental contract. Garbage tax should in principle be paid by the tenant, as it is he who makes use of this service. However, many landlords opt for paying this small amount of tax.

Many landlords who let their property seem unaware that they are subject to Spanish income tax on their rental income. This applies to both residents and non-residents. Even if your tenant pays you in your currency into your bank account at home, legally this income arises in Spain because the property is in Spain. In this respect, be aware as a landlord of these obligations.

Tenants who make tax declarations in Spain are now required to list their landlord's name and tax identification number on their income tax declaration along with the catastral reference of the property they rent.

### Rights & obligations of landlords under Spanish law

The Spanish tax man has softened the rental income tax by introducing a reduction of 60% in rental income for tax purposes. This applies to official residents of Spain and non-resident EU citizens. Non-resident landlords from non-EU countries still have no deductions.

The net rental income is the amount of rent due after deducting usual day-to-day running costs for the period in question. Deductions are for example:

- local municipal taxes such as IBI (*Impuesto sobre Bienes Inmuebles*).
- repairs and maintenance
- managing agents' fees and commission.
- interest on loans for purchase or improvement.
- depreciation of 3% per year of the cost of the property (excluding the land value).
- Spanish mortgage interest, provided the mortgage was used to acquire or improve the let property.

As a result of the reduction by the tax man and the deduction of expenses many landlords will pay little income tax.

A non-resident EU citizen is taxed on the net rental income after expenses from Spanish property at the rate of 20% for EU/EEA (European Economic Area) residents.

For everyone else (non-resident and non-EU citizen) the tax is 24% on gross income without any deductions for expenses or interest costs.

If you own a property in Spain that is not your main home, a purely notional or theoretical rental income is deemed to arise for periods where the property is not actually let, based on 2% of the official value (*valor catastral*) of the property as shown in the IBI notice for the year (whether you are resident in Spain or not). When a property is empty for a part of the year and rented for another part of the year, you calculate the average income for the part of the year the property is empty.

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Please note that we at Quilantro are no tax advisors. If you want professional and tailor-made legal tax advice, we recommend you contact a tax advisor (*asesor fiscal*) specialized in Spanish tax law. Or, whether you are a resident or non-resident, you can call Hacienda's own consultation number – 900 333 555- to have your questions answered by the tax man's own consultants.

### **Energy performance certificate**

Landlords who sell or rent a house need a mandatory energy performance certificate. Protected buildings and monuments will be excluded, as well as places of worship or residential buildings that are subject to a rent for less than four months a year.

Each property needs a label similar to those already used in electrical appliances indicating how efficient it is in terms of energy consumption. This label is currently used for new houses and classifies each property with a color code according to a scale of from "A" (the most efficient) to "G" (the least efficient).

## **Repairing and maintaining the property**

This can be a topic of some discussion. According to Spanish law, the landlord pays for all the necessary repairs except for those related to damage caused by the tenant. Minor repairs related to normal use of the house should be paid by the tenant. So, what are minor repairs? It is generally accepted in case law that repairs costing between 100 and 150 euros or less are considered to be minor repairs.

We consider repairs (and improvements as well) as a way to increase investment return, improve health and safety and lower the maintenance for tenants.

## **Respecting the tenant if you want to sell the property**

If you want to sell your property, you cannot terminate the rental contract.

However, if you want to buy a property with tenants in it, it depends on the question if the rental contract has been registered at the Property Register (*Registro de la Propiedad*). As a buyer, you have to respect the rental contract if the rental contract has been registered at the *Registro de la Propiedad*.

If the rental contract has **not** been registered with the Property Register, as a buyer of the property you can terminate the rental contract, giving a 3 month notice period to the tenant. In this case, as the new landlord you have to compensate the damages the tenant may suffer from leaving the property.

## Vacating tenants

The legal notice period is 30 days. In order for all parties to be flexible, we recommend to follow this notice period. In principle (this depends on the final negotiations regarding the rental contract) the tenant has one opportunity to terminate the rental contract, once per year. If this happens, it is important to act quickly.

In this section we will explain how the procedure of vacating tenants will work.

If Quilantro has received a termination of tenancy in writing, we will notify you as soon as possible, at least within three working days.

If the tenant agrees and there are only a few days between the tenancy ending and a new tenancy commencing, we will carry out a pre-inspection, before the tenant vacates, to identify and direct the tenant to areas requiring additional cleaning or repair.

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### Vacating tenants

After the tenancy has ended, a final inspection will take place. In this respect, we use a vacating tenant checklist to ensure a full vacate procedure is conducted for the outgoing tenant. This is to make sure nothing is missed during the vacating procedure. We will also take photos at the final inspection, to avoid future disputes about the possible damage.

If the property was rented fully furnished, we will check each item on the inventory during the inspection.

The property must be left in a good condition at the end of the tenancy, or at least in the same condition as that at the beginning of the tenancy, respecting the rules of normal use and fair wear and tear.

We will compare the state of the house with that in the inventory check in. So we will check the state of the garden, make sure the oven is clean, carpets clean, walls not damaged, sinks not blocked, etc.

## Vacating tenants

What is considered fair wear and tear? It depends on the condition of the property at the beginning of the tenancy. Marks on walls might depend on the age of the paint. If the wall was painted 10 years previously, marks would be harder to remove as the paint has been washed on previous occasions. However, if a tenant has placed a sticky item on a wall, that is negligence, the wall should be repainted at the tenant's cost if the mark cannot be removed. Here is a chart to clarify what is wear and tear and what is damage:

## Vacating tenants

**Wear and tear compared to damage\***

<b>Wear and tear</b>	<b>Damage</b>
Stains on walls near light switches and doors	Crayon marks on walls or ceilings
Minor marks on walls or doors	Large marks on or holes in walls and door
A few small tack or nail holes	Large marks on or holes in walls or doors
Fades, peeling or cracked paint	Completely dirty, scraped or brushed painted walls
Carpet worn thin from normal use	Carpet stained by bleach or dye
Carpet with moderate dirt or spots	Carpet that has been ripped or has stains from pets
Carpet or curtains faded by the sun	Bent or missing blinds
Doors sticking from humidity	Broken doorframes or hinges

\*Robert Griswold – property management for dummies

### Vacating tenants

As soon as the final inspection is complete, we will report to you as a landlord as well as the tenant. If specific items are damaged we will evaluate how it must be remedied.

We will also make notes of any repairs and maintenance required at the property. We will contact you for instructions on how to proceed before the new tenancy commences.

We believe that a detailed final inspection and an open communication with the tenant will mean fewer deposit disputes and keep the property in a good condition for future tenancies.

The vacate process is complete when the tenant has returned all keys (and remote controls) to us and removed their personal possessions.

Depending on the state of the property and possible damage we will refund the deposit to the tenant within one month, after returning of the keys.

## Routine inspections

Routine inspections are inspections to check several things in of the property. It is an additional and optional service, that can be carried out if the landlord wishes so.

If the landlord contracts this service, then routine inspections are carried out at the property during the tenancy and are conducted at intervals as set out by Quilantro.

In this respect, it is important to include a clause in the contract so the tenant agrees to permit routine inspections.

This is an example of the clause (in Spanish):

*Acceso a la vivienda.*

*El Arrendatario se compromete a permitir que la vivienda sea visitada e inspeccionada por los Arrendadores o personas debidamente autorizadas por ésta, con previo aviso y por motivos justificados.*

### Routine inspections

There are many benefits to routine inspections. They provide an opportunity to:

- ensure the tenant is adhering to the tenancy obligations.
- view how the tenant is looking after the property (this may influence you as a landlord about whether to renew the tenancy after 3 years).
- check for repairs and maintenance.
- consider any renovations.
- ensure no pets are in the property if this is not allowed.
- ensure that if it is a non smoking contract, that the tenants are not smoking in the property.

### **So, how does this it work?**

Routine inspections will take place every six months or as agreed otherwise.

We notify the tenants with sufficient notice of the day and time that the routine inspections have been scheduled.

We will then report back on our findings to the landlord.

### Routine inspections

After the routine inspection, we will contact the tenant in writing, either to thank the tenant for keeping the property tidy and clean, or explain about the items that need attention.

Bear in mind that routine inspections will only take place with permission of the tenant. Without permission of the tenant, no routine inspections can be carried out.

## Insurances

Although there is no legal obligation to take out an insurance as a landlord in Spain, it is strongly advisable to arrange some insurance for the property you are going to let. In this section we will discuss several types of insurances available to landlords and why we recommend arranging these insurances.

There are commonly four types of insurance applicable to landlords:

1. Public liability insurance
2. Household insurance (*seguro de hogar*)
3. Building insurance
4. Non-payment insurance (*seguro de impago*)

### **1. Public liability insurance**

Public liability insurance is one of those insurances that landlords just don't think about until something has happened.

### Insurances

Most people understand why you insure your car or property in Spain but Spanish liability insurance is probably not on the top of your list of priorities.

Here are some examples so that you can understand the risks involved in not protecting yourself against third-party liability (public liability).

Anybody visiting your home in Spain could potentially make a claim against you for damages or injury if, for example, they slip and fall. This is especially likely in Spain as some people have a swimming pool. Or, for example, if an electrical fault causes damage to the property or to a tenant. Even though these accidents might be completely their own fault you could be held liable.

Or suppose you are letting your property. Some renovations need to be done. You are likely to have a steady stream of repairmen visiting your property such as electricians, builders and maintenance people, to carry out these renovations.

### Insurances

However, it could also be something simple as to service your boiler, clean your pool or maintain your garden.

In fact, anybody who comes onto your property has the potential to claim damages.

As a landlord you can protect yourself against these third-party claims for negligence and medical claims by taking out a specific policy for public liability insurance in Spain.

It might also be that some of your other insurances include this already. It is certainly best to check that you are covered rather than take the risk.

Spanish public liability insurance also works the opposite way around so that if you are at someone else's property and you cause damage or injury, you will be covered should they make a claim against you.

So make sure you have coverage and find out how much it covers you for.

## Insurances

What does Spanish public liability insurance include?

For example, if a tenant will be injured while living at the property, and the injury is caused by the property, the landlord may be liable for costs associated with the tenant's absence from work, medical costs and, for a serious injury, future loss to the tenant where they are unable to work in the same capacity as they did before.

Not only might you be liable for all their expenses and costs, you may end up also paying some expensive legal bills from them and also for yourself in having to take out legal representation.

This is why we strongly recommend to take out insurance against public liability. Where can you find this insurance? You can go directly to some of the largest Spanish insurance companies.

## Insurances

Here are a few that provide public liability insurance in Spain:

[Axa Insurance](#)

[Caser Insurance](#)

[Liberty Insurance](#)

[Mapfre Insurance](#)

## **2. Household insurance (*seguro de hogar*)**

Household insurance generally covers items of furnishings at the property. However, if the landlord holds the policy, it normally doesn't cover claims for the tenant's possessions. A landlord should consider household insurance to cover loss and damage to carpets, curtains, blinds, walls, etc.

## Insurances

Where a burst pipe floods a carpeted living room, the household insurance may cover the costs of a contractor to extract the water, and dry carpets and underlay in the room. This can be costly to you and cause disruption to the tenant over a number of days. Sufficient reason to consider household insurance.

### **3. Building insurance**

Building insurance covers loss and damage to the external and interior structure of the property. On occasions, it may also cover fittings in the property (e.g. kitchen cupboards and bathroom vanities), where the damage is caused by a burst water pipe, or other such event. If the property is in a building of multiple apartments, the building insurance will probably be held with the building management company and paid by you as a landlord as part of the community charges.

#### 4. Non-payment insurance

There are insurance policies available to landlords who want additional security for when a tenant defaults on the terms of the rental contract. The most commonly used insurance in this respect is the *seguro de impago de alquiler*.

Basically there are two forms of non-payment insurance:

1. A clause of non-payment of the rent within the household insurance (*seguro de hogar*). So verify if your household insurance (if you have any) will include an element that covers you for non-payment of the rent.
2. A non-payment insurance. Basically, this is an insurance for the landlord, where the payment of the rent will be guaranteed by the insurance company, while taking care of evicting the tenant and claiming (in proceedings) the payment of the outstanding rent.

### Insurances

It may also include the reclamation of repairs and maintenance of the installations of the property. In specific cases, the insurance may also include legal assistance for breach of specific legal regulations like persistent noise and other harmful or dangerous activities, conflicts with neighbors about boundaries, walls and distances as well as disputes with the community of landlords.

If we talk about the *seguro de impago de alquiler*, there are basically two (German) companies who offer this service in Spain:

Arag  
DAS

There is one thing to clarify: the *seguro de impago* of Arag is not for viviendas secundarias. This means that it is not for holiday homes, homes occasionally used during weekends or holiday.

### Insurances

We can send you an overview of the conditions of the *seguro de impago* of DAS and Arag (in Spanish).

Premium for a *seguro de impago* at DAS costs about 22,50 € per month. At ARAG it depends on the rent.

With a rent of 1000 € you have to think about a premium of 540 € per year.

Please note that it can be the tenant as well who will pay the insurance completely or partially, although the beneficiary will obviously always be the landlord.

### One last tip

Fire safety is a critical issue for landlords. Fire can spread quickly in an entire room or home. Fire also produces poisonous gases and smoke.

Therefore, it is highly recommended (there is no legal obligation in this respect) to install a **smoke detector** and some **fire distinguishers** in your property. A carbon monoxide detector is also recommended in case of faulty gas appliances.

## How to move forward?

In a nutshell: why should you consider hiring Quilantro as your property manager?

- A property is your most valuable asset and you have to get the most out of it. Professional property assistance has proven to incur more rental income and more occupancy.
- If we receive a notification from the tenant that he wants to terminate the rental contract, we minimize the time without tenants as much as possible.
- We speak English, Spanish, Dutch and we work closely with people of other nationalities.
- We believe in well-maintained and cared-for property. In the long term this will save you money, less maintenance fees, long-term satisfied tenants, less annoyance.

### How to move forward?

- You have your own personal property manager – so you deal with one contact person for all issues.
- Photographs can make or break the desirability of a property. We take care to produce good quality photos.
- No decision is made without your knowledge or consent. This is important for both of us. For you as a matter of trust, for us, because our good name depends on it.

We can imagine you have some more questions about this information pack or about the way we can help you.

## How to move forward?

If so, please contact us. We will get back to you within one working day.

- Send an email to [info@quilantro.com](mailto:info@quilantro.com)
- Submit your details at [www.quilantro.com/contact](http://www.quilantro.com/contact) and we will schedule a free, informative consult
- Call us @ + 34 692 75 88 37
- Send us a Skype message @ [Quilantro](#)
- Send us a Whatsapp message @ +34 692 75 88 37
- Send us a message through Wechat at Lilian Hermans (+ 34 692 75 88 37)
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