

Are you renting out your property for the first time?

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Executive Summary - It is important to manage renting out a house properly. One should take care of getting the right tenant, maintain the property well, advertise that the property is available for rent, decide and ask for an appropriate rent and draft and register the rental agreement. This will ensure a hassle free transaction and a good source of regular income.

Property prices in the big cities in India are quite high and it is difficult for the 'aam aadmi' to buy a house. Many people move to big cities for education and work and prefer to live in a rented house rather than buy one. This means there is scope in the rental market. Many of us also invest in real estate. If we are not using the houses that we have bought, we can rent it out to tenants. But first time landlords do not have a smooth time in this transaction and face many challenges. Here is a lowdown on how to go about renting out your house in a hassle-free manner -

1) Get the right tenant - It is important to get the right tenant so that you do not get into trouble once the house is rented out. The tenant should be able to keep the house in good condition, pay rent on time and not be too fussy about small things. If you are going to be living with this person, you should know more about the person's habits and have an idea of his/her daily schedule so that you can decide whether you will be comfortable around this person. You should try to get references for the client and credit history. You should screen the person from a safety perspective as he/she will be a stranger living in your house. At the same time, you should not discriminate among tenants on the basis of caste, religion, state, profession, gender and family status.

2) Ensure that the house is liveable - The house that you are renting out should be in a liveable condition. It should be clean. Appliances if any and plug points should be in working condition. You should have done a pest control treatment if required. The entrance door, windows etc. should be secure. You should strive to make the house attractive to the renter. Air conditioning, reserved parking, appropriate lighting etc. are features that appeal to buyers. If the apartment is in a well maintained society with facilities such as club facilities, gymnasium etc., it will be more attractive to people wanting to live on rent.

3) Ask for the appropriate rent - You should ask for a competitive rental amount. It cannot be too high or too low. If it is too high, there will be few takers and if it is too low, you will incur losses. You should check the value of the property, rentals in your locality and fix a price appropriate to the size, location, age of property and facilities available.

Insure the property - It is best to insure the property. As a landlord, you will not be living in the house and there is no guarantee on how tenants will live in the house. You should buy insurance to protect the property against possible losses to the property.

4) Advertise the property to be rented out - You should list your property in various places so that people will know that it is available for rent. You should place advertisements in newspapers and in websites such as [99Acres](#) and [Magicbricks](#) so that the property is visible to people interested in renting out. You can inform your family and friends that it is available for rent and they could refer someone to you. You can approach trustworthy brokers as well to increase your chances of getting prospective tenants.

5) Draft and Register the Rent Agreement - Once you have found the perfect tenant, ensure that the rent agreement is drafted by a professional and both parties know all the conditions and clauses of the same. It should have details such as whether the tenant will use the property for commercial or residential purpose. Details such as initial deposit, monthly rent, method of payment, terms and conditions of living and leasing should be written down. It should mention who will pay for utilities and maintenance charges. You should put in clauses related to late payment of rent, damages to the house, termination before schedule by either party etc. The agreement should be registered so that in case of legal issues, it can be used as evidence. The stamp duty and registration fees will generally be borne by the landlord or as the situation demands. In most states in India, a police verification and approval of tenant is required to be taken from the police for the rent agreement.

6) Other tips - You should maintain the property well. You should be mentally prepared that your house will be occupied with strangers. You should spell out the terms of payment clearly. You should be aware of property tax and know how the rental income affects IT returns. If there are conflicts with the tenant, try to resolve them together amicably or through a neutral third party instead of immediately jumping to legal recourse or eviction which are painful to face.

Rent is a good source of income. You get income from an asset which otherwise would lie idle and in most cases, the capital invested in the property would appreciate in value. If you take care of the steps mentioned above, the property investment will be a sound one and you will not face unnecessary hassles or monetary loss.

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