



# Property Services

## **LONG TERM RENTALS OWNERS' INFORMATION PACK**

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29670, San Pedro de Alcántara, (Málaga), España.  
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## **INTRODUCTION**

For many people, letting out their property can seem a daunting prospect. There do seem to be so many pitfalls, so many things to think about, all the 'Horror Stories' from friends, colleagues and family – it can seem overwhelming especially if you are letting your property for the first time.

Whether you are letting out your property for additional income or are looking to let your property as a commercial venture, HPS Property Services can help. Nothing in this life is totally risk free, but we can do the utmost to safeguard what is probably your greatest financial commitment. We offer three levels of service to suit your own individual requirements.

At HPS Property Services we pride ourselves on the level of service we offer to our clients. We are committed to excellent customer service, and are always prepared to go 'The Extra Mile', not just on special occasions but all the time!

## **WHICH LEVEL OF SERVICE IS THE RIGHT ONE FOR YOU?**

HPS Property Services offers 3 levels of service to owners. It is up to you to decide which one will be right for your own particular circumstances. However, if you have a particular requirement, or wish us to deal with the letting of your property in a very specific way, please do not hesitate to ask.

### **1. LETTING SERVICE (INTRODUCTION AND REFERENCING)**

This is our basic service and is designed for Landlords who wish to manage the property themselves, but do not wish to become involved in setting up the tenancy. Basically we will advertise your property extensively in the English and Spanish local press, on our website and on updated property listings available at our office. All viewings are accompanied. We will draw up the tenancy agreement and arrange to collect the initial rent and the deposit from the tenants. At that point our responsibility as an agency will cease and we hand everything over to the owner.

### **2. SEMI-MANAGEMENT/RENT COLLECTION**

This is for the owner who is more than happy to deal with the day to day maintenance and running of their own property, but who does not wish to become involved with rent collection or the finding of their tenants. We will handle all matters up to the commencement of the tenancy, i.e. items 1-7 listed in the next section (Property Management). We will then take over the rent collection and payment. The owner will handle all day-to-day maintenance and property management. We will produce a comprehensive inventory and when this has been agreed with the tenant, we will pass it on to the owner for their use.

As this is not a fully managed service, we will not undertake any periodic inspections on your behalf, deal with maintenance issues, check out the property at the end of the tenancy or deal with any disputes which may occur. Should you wish us to carry these out for you on an ad hoc basis, we will be happy to negotiate a price with you.

### **3. PROPERTY MANAGEMENT**

Property Management is for the owner who wishes to leave the day-to-day running of the property with us. However, how you wish us to manage the property is again very much a personal decision. Some owners are happy for us to manage completely, and report to them on a regular basis. Some wish us to act as a 'buffer' between themselves and the tenant. They become involved as and when required, i.e. handling some of the maintenance themselves, and we become involved as and when they require us to. Basically, it is up to you how you wish us to manage your property. We are large enough to cope, but are small enough to understand your needs and give you a professional, personal service.

Here is a summary of what is included in your fees:

- 1 You will receive a free, no obligation rental valuation of your property.
- 2 Your property will be extensively and professionally advertised.
- 3 We will accompany all viewings.
- 4 We will prepare the tenancy agreement.
- 5 We will advise utility companies of the change of occupancy (where appropriate).
- 6 We will check tenants in and out of the property.
- 7 Periodic inspections and reports on the condition of the property can be arranged.
- 8 We will deal with emergency repairs on your behalf, up to a pre-arranged limit.
- 9 We will deal with all day-to-day queries and problems from tenants. However, you will always be advised of problems of a serious nature, as soon as we are made aware of them.
- 10 Monthly invoices and statements of account will be emailed or posted to you.
- 11 We will collect the rent and arrange payment to you via bank transfer.
- 12 We will remarket your property at the end of the tenancy.

## **WHY USE HPS PROPERTY SERVICES?**

We are committed to going that 'Extra' mile for our clients, and enjoy a justifiably good reputation in the local and surrounding areas

We believe that our level of customer service is of the highest level you can receive. We do not sell residential property and, therefore, we can concentrate all our efforts on letting your property. We are totally independent, and not tied into a large corporate chain. Our whole objective is letting out your property as quickly and professionally as we are able to.

Please bear in mind that the lettings industry is an unregulated industry. Our processes are fully documented and are the subject of a quality audit. Also, we endeavour to employ staff who are experienced within the industry. This, we believe, sets us apart from our competition, and also ensures that our owners receive the best possible service and care.

Your property will be let by one of our experienced staff who will handle matters up until the moment your tenant moves into the property. From then onwards and up until the end of the tenancy, our Property/Maintenance Managers and Accounts staff will take over under the direction of our Customer Services Director.

As a business we are also justifiably proud of the kind of clientele which we attract. However, it must be appreciated that sometimes problems do occur, but we are convinced that our experience and expertise enable us to resolve them with the minimum of fuss.

## **ADVERTISING**

We advertise in the local English and Spanish press, on our website and on updated property listings available at our office. We also contact waiting tenants when we take on new properties – we do not ask them to ring us on a regular basis!

## **RENTAL VALUATIONS**

We always endeavour to give an accurate and realistic rental valuation. However, it should be noted that the condition of the property, both internal and external and its location will affect the valuation. We will be more than happy to advise you on this matter, and to discuss with you any work that may need to be done to increase the rental value of your property prior to letting.

## **TENANCY AGREEMENT**

Our standard form of tenancy agreement complies with the latest legislation, and you are welcome to inspect a copy prior to letting your property. However, should you wish to instruct your own lawyer, you are free to do so, obviously, this will be at cost to yourselves and no reduction in our fees will be considered.

## **REFERENCING**

Depending upon individual circumstances, we ask tenants to provide details of their employer, bank and current/previous landlord. Personal credit referencing data (Equifax, Experian, etc) are not available in Spain. In the current climate, when speed is of the essence, it is sometimes necessary to make a commercial judgement based on an interview with the prospective tenant.

In the case of higher value properties, the timescale usually allows for more detailed enquiries to take place.

## **INSURANCE**

All properties must carry both buildings and appropriate contents insurance, and just as importantly, Public Liability Insurance. You are, again, strongly advised to contact your insurer and advise them that the property is to be let. However, you may well find that certain conditions are imposed on you, or that your premiums increase.

It must be noted, however, that your contents insurance will NOT cover your tenant's possessions.

HPS Property Services work with our partners, San Pedro Insurance Services, who are experienced in arranging insurance for the lettings market. We will be more than happy to arrange for them to provide a quotation for you, whether it is for contents or for buildings.

## **REGULATIONS**

It is essential that all rental properties comply with the appropriate legislation:

It is a legal requirement that all gas appliances are checked annually and the relevant certificate issued. It is also recommended that the Landlord has these appliances serviced annually.

## **MAINTENANCE**

We are happy to organise general maintenance on your behalf should you wish it. However, an amount of money will be required to be held on account should you require us to do this on a regular basis. We will, anyway, require your consent up to a pre-arranged limit for emergency repairs.

We are more than happy to instruct your own trades people on your behalf, but will need to be furnished with names and telephone numbers. However, it must be noted that we will not be able to guarantee their work, and we do reserve the right to vet trades people as appropriate.

## **FURNISHED OR UNFURNISHED**

The decision on whether to let a property furnished or unfurnished is very much an individual one and will depend very much on your own personal circumstances.

In general tenants would expect the following items to be included in a furnished property:

**Living Room:** At least a 2 seater sofa, coffee table, sufficient lighting, TV + stand

**Kitchen:** washing machine, oven + hob, extractor fan, microwave, kettle, toaster, crockery, glassware, cutlery, cookware etc.

**Master Bedroom:** double bed, bedside tables, curtains, bed linen (2 sets per bed), blanket or duvet.

**Guest bedrooms:** twin beds, bedside table, curtains, bed linen (2 sets per bed), blankets or duvets.

**Bathrooms:** shower screen or shower curtain, towels (2 sets per person), bathroom accessories (toilet roll holder, towel rail etc)

Also, if the property does not have A/C and heating, heaters and electric fans should be provided. The most important thing is that the property feels homely to the tenants, not cold and un-lived in.

If you intend to let the property unfurnished, we suggest that light fittings, bathroom accessories, curtain rods and some kitchen appliances be left or fitted in the property prior to letting. Most people will expect to have the minimum of a cooker in the kitchen, with perhaps a fridge.

## **TAXATION ON RENTAL INCOME – GENERAL**

You can claim maintenance expenses on your property as a business expense and deduct this from your Spanish income tax. A proportion of any interest payable on a loan is also allowable against the rental income.

## **TAXATION – SPANISH RESIDENTS**

If you are a resident, you should declare your rental income when you make your annual Spanish income tax declaration. Even if your tenant pays you in another currency before he leaves for Spain, legally this income arises in Spain because the property is in Spain and Spanish income tax is due on any income arising in Spain.

## **TAXATION – NON-SPANISH RESIDENT LANDLORDS**

If you are a non-resident, you are liable for the flat rate Spanish non-resident income tax of 25 per cent of rental income, declared on form 210.

## **ACCOUNTING – LETTINGS SERVICE**

We will collect the Tenant's deposit and the initial rent on the signing of the lease. This will be forwarded to you, minus our fees, 10 working days after the start of the tenancy. (For the first month it is usual to collect the remaining part-month's rent and to collect the first full month's rent with effect from the first day of the next full month).

## **ACCOUNTING – PROPERTY MANAGEMENT AND SEMI MANAGEMENT**

We will collect the Tenant's deposit and the initial rent on the signing of the lease. This will be forwarded to you, minus our fees, 10 working days after the start of the tenancy. (For the first month, rent it is usual to collect the remaining part month's rent, and to collect the first full month's rent with effect from the first day of the next full month).

Payment of rent to owners will be either directly from the Tenant's Bank account or your Tenants will pay us directly. We will give an undertaking to pay you cleared funds within 10 working days of the rent arriving in our Client Account.

## **DEPOSITS**

The deposit will normally equal two months' rent, but may be higher particularly in the case of high-value properties. If we are managing your property then we will hold the Tenant's deposit in one of our Client Accounts in the capacity of Agent for owner. At no time can either HPS or the owner treat the monies as their own. If you will be managing your property yourself, you will also be bound in a similar manner, and you must also bear in mind that if a Tenant requests us to hold their deposit as opposed to yourself, we have a duty to comply with this request. Under these circumstances, we are unable to release the deposit without the Tenant's written consent.

## **INVENTORIES**

The inventory is a list and description of any items left in the property, including fixtures and fittings, together with a general description of the property. This may be supplied directly by the owner. However, on request, we will prepare an inventory.

Potential Landlords should bear in mind that no matter how good a Tenant is, they will not treat the property in the same way as you would. However, it should be kept in mind that fair wear and tear on a property and garden is acceptable. It is worth noting that a Landlord can never recover money from a Tenant's deposit for fair wear and tear.

Should you decide to use our Property Management Service, we will undertake quarterly inspections and will report back to you on the condition of the property, together with any concerns we may have. At the end of the tenancy, the inventory will be checked and the deposit returned to the Tenant if all is in order.

However, we would advise that items of great sentimental value or very valuable items are removed prior to the property being let. We will be more than happy to advise you on the type and amount of utensils and furniture to be left.

## **GARDEN & PLANTED AREAS**

Potential Landlords should be aware that most Tenants would not keep the garden of a property more than reasonably tidy. If you have valuable shrubs or plants in the garden of your property, it might make sense to have them re-planted. It is also a good idea to leave a lawn mower at the property in order that the Tenant can at least keep the lawn tidy.

## **UTILITIES**

Should you use our Property Management service, we will arrange for the relevant utilities to be informed in the case of rental contracts exceeding six months. Each utility has different requirements when it comes to transferring responsibility. As a minimum we shall need your NIE or passport number and the relevant account numbers. In some cases, a copy of the existing contract and your title deeds (Escritura) is also required. We recommend that fixed telephone lines are disconnected.

## **MAIL**

Should you decide to go ahead with letting your property, we recommend that a mail forwarding service be arranged as, with the best will in the world, we cannot guarantee that your tenants will forward on your mail to you.

## **TENANTS**

Finally, and most importantly, we are very proud of our reputation with regard to tenant selection. Basically, as long as a Landlord does not discriminate in any way illegally, i.e. by race, gender, religion or disability, you are able to say whether or not you want, say pets or smokers in your property. We will do our utmost to match your prospective tenant to your requirements. However, it must be borne in mind that should there be too many restrictions, it can slow up the letting process considerably and may deter the prospective tenant from selecting your property.

## **SELLING YOUR PROPERTY WHILE TENANTED**

There is no reason why your property cannot be sold while occupied by a Tenant, although, if already on the market, it might discourage interest. Our rental contracts prevent the Tenant from obstructing this process.

## **SCHEDULE OF CHARGES (Excl. IVA)**

### **INITIAL WEBSITE SET UP AND PROMOTION OF PROPERTY (All Contracts)**

Initial Website/Advertising Fee	100 € (includes four classified ads)
Monthly Pre-Letting Keyholding Fee	25 €

The following additional charges will be taken from the initial rent of each new tenancy (i.e. each different tenancy, not a renewal of an existing tenancy).

### **LETTINGS SERVICE (Tenant Introduction)**

Tenancy agreements from 3 - 6 months	55% of the first month's rent, subject to a minimum charge of 450 €
Tenancy agreements up to 11 months	9% of the monthly rent for each calendar month of the agreement to be taken from the first full calendar month's rent, subject to a minimum charge of 800.00 €
Renewal of lease to same tenant.	9% of the monthly rent subject to a minimum of 80.00 €

### **SEMI-MANAGEMENT/RENT COLLECTION**

Tenancy agreements from 3 - 6 months	55% of the first month's rent, subject to a minimum charge of 450 €
Tenancy agreements up to 11 months	9% of the monthly rent for each calendar month of the agreement to be taken from the first full calendar month's rent, subject to a minimum charge of 800.00 €
Monthly commission	5% subject to a minimum of 50 €
Renewal of lease to same tenant.	9% of the monthly rent subject to a minimum of 80.00 €

### **PROPERTY MANAGEMENT**

Tenancy agreements from 3 - 6 months	55% of the first month's rent, subject to a minimum charge of 450 €
Tenancy agreements up to 11 months	9% of the monthly rent for each calendar month of the agreement to be taken from the first full calendar month's rent, subject to a minimum charge of 800.00 €
Monthly commission	5% subject to a minimum of 50 €
Renewal of lease to same tenant.	9% of the monthly rent subject to a minimum of 80.00 €

Fees and commission for more than one property are by negotiation.

Ejercicio 2004.

**CERTIFICADO DE RETENCIONES E INGRESOS A CUENTA DEL IMPUESTO  
SOBRE LA RENTA DE LAS PERSONAS FISICAS NO RESIDENTES.**

**RENDIMIENTOS PROCEDENTES DEL ARRENDAMIENTO DE INMUEBLES  
URBANOS, EXPRESADOS EN EUROS.**

**NOMBRE DEL PERCEPTOR.** SMITH, JOHN

**D.N.I** X1234567Y

**R. SOCIAL PAGADOR.** HPS PROPERTY SERVICES SIGLO XXI, S.L.

**N.IF.** B87654321

**DOMICILIO.** CL. DR. ESTEBAN SAN MATEO Nº 10

**POBLACIÓN.** MARBELLA

**C.POSTAL** 29600

**PROVINCIA.** MALAGA.

RENDIMIENTOS DEL ARRENDAMIENTO DE INMUEBLES URBANOS	Retenciones	Importes int.
Rendimientos dinerarios	496,71 €	1986.85 €
Retribuciones en especie	Ingreso a Cta.	Valoración

Los datos expresados figuran en el Resumen Anual de retenciones e ingresos a cuenta del Impuesto de la Renta de personas físicas no residentes. Mod. 296 presentado con fecha 20 de Enero del 2005, ante la Deleg. / Admón... / Un. Central o Regional de Grandes Empresas de la Agencia tributaria de Marbella.

Y para que conste y sirva de justificante al interesado, se expide el presente en Marbella, a 18 de Febrero del 2005.

Fdo. D. Michael Baker.  
En calidad de representante