POLARIS
REAL ESTATE (PTY)LTD

LANDLORD GUIDE

Your Comprehensive Guide to Property Investment
Brought to you by Polaris Properties

www.polarisproperties.co.za

IN THIS GUIDE

OFFICE HOURS

Monday to Friday: 9.00am – 5.00pm
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If there are any problems or repairs that require attention please phone the Polaris Property Manager during office hours. Any calls to our office outside of normal business hours will be directed to our message service. Messages are checked regularly with the appropriate action taken.

1.

ACTS APPLICABLE TO THE RENTAL OF RESIDENTIAL PROPERTY

Residential leases are well regulated to protect all parties involved. The primary laws governing residential leases include:

THE RENTAL HOUSING ACT 50 OF 1999 & UNFAIR PRACTICES REGULATIONS:
These set out the specific obligations, rights, and procedures applicable to residential rentals.

THE CONSUMER PROTECTION ACT 68 OF 2008:
This imposes strict legal requirements and oversight on lease agreements and property marketing.

Because these laws impose highly specific legal responsibilities on the landlord, it is highly advisable to employ a knowledgeable rental specialist from Polaris Properties to ensure full legislative compliance.

2. FINDING A SUITABLE TENANT

Screening potential tenants is one of the most critical steps in protecting your investment property. Placing a high-quality tenant significantly minimizes operational risks and increases the likelihood of a hassle-free tenancy. A Polaris Properties rental specialist is expertly trained to run rigorous background checks, including:

- Financial affordability assessments
- Comprehensive risk assessments
- Credit profile evaluations
- Tenant profile assessments
- Employment and income verifications

3. HOW TO DETERMINE THE RENTAL

Setting the right price requires balancing property expenses with market reality. If your asking rent is too high, it may scare away qualified tenants and leave the property vacant. If it is too low, your rental income might fail to cover the bond repayment and municipal expenses (a situation known as negative gearing).

When evaluating a rental rate, Polaris Properties takes the following factors into account:

- Comparable market rentals in the immediate area
- Macro and microeconomic trends
- Supply and demand metrics
- Prevailing interest rates

BENEFITS OF PROPERTY INVESTMENT

WHY IT'S A GREAT INVESTMENT OPTION

4. PROPERTY INVESTMENT BENEFITS & PITFALLS

Becoming a landlord is an exciting step toward financial freedom. Property investment offers clear wealth-building mechanisms, but success requires avoiding common execution traps.

WHY PROPERTY IS A GREAT INVESTMENT OPTION

Passive Income:
Generates regular monthly cash flow from rental payments.
Growth Potential:
Long-term capital appreciation of the physical asset.
Stability:
Real estate functions as a tangible, stable asset class.
Predictability:
Reliable market structures make modeling long-term returns simpler.

COMMON PITFALLS TO AVOID

- Failing to thoroughly research the local market.
- Mismanaging operational cash flow and emergency reserves.
- Making impulsive buying or pricing decisions without hard data.
- Attempting to self-manage the property instead of hiring professionals.

5. TO MANAGE OR NOT TO MANAGE

Managing a rental property requires significant ongoing labor, ranging from financial administration to late-night emergency maintenance coordination. For many landlords, this becomes an onerous and stressful task.

Polaris Properties offers two primary service frameworks to support landlords:

A. PROCUREMENT MANDATE

If you prefer to manage the day-to-day operations yourself but want professional tenant placement, you will pay a procurement commission upon the successful conclusion of the lease agreement. By arrangement, this fee can be seamlessly deducted from the first month's upfront rent paid by the tenant.

B. MANAGED LEASE FRAMEWORK

For complete peace of mind, landlords can pay a monthly management fee (typically calculated as a percentage of the monthly rent collected) to let Polaris Properties fully manage the tenancy. This professional service covers:

- Timely collection of monthly rent
- Paying suppliers, utilities, and creditors on your behalf
- Managing necessary maintenance and repair contractors
- Investing and legally safeguarding the tenant's security deposit
- Handling statutory incoming, interim, and outgoing inspections

6. RIGHTS AND OBLIGATIONS OF THE LANDLORD

Under the Unfair Practices Regulations and general rental laws, landlords carry strict operational obligations to maintain the property.

As a landlord, you must adhere to the following mandates:

Habitation: You have a legal obligation to deliver the property in a state that is reasonably fit for human habitation, which explicitly requires providing basic services like water, sanitation, and electricity.

Undisturbed Use: You must guarantee the tenant has quiet, undisturbed use of the leased premises during their tenancy.

Structural Maintenance: You are responsible for maintaining the exterior of the property, including all structural walls and the roof.

System Operations: You must maintain all major built-in systems, including electrical, plumbing, sanitary, heating, ventilation, and air-conditioning systems.

Waste Management: You must provide an adequate rubbish bin for the property.

Fair Wear and Tear: You are legally required to execute repairs and maintenance caused by fair wear and tear over time.

7. RIGHTS & OBLIGATIONS OF THE TENANT

The Unfair Practices Regulations define clear boundaries for how a tenant must treat your asset. These terms are strictly enforced through the lease agreement.

The core obligations of a tenant include:

Approved Use: The tenant may only use the property for the specific residential purposes agreed upon in the lease.

Unreasonable Use: The tenant is prohibited from utilizing the home or premises in an unreasonable or disruptive manner.

No Negligent Damage: The tenant must not intentionally or negligently damage any part of your property.

Cleanliness & Upkeep: The tenant must maintain the property interior in a clean, tidy, and hygienic state of repair.

Consumables: The tenant is financially responsible for replacing short-term consumables during the lease, such as light globes, door locks, handles, and broken windows.

Grounds Care: The tenant must maintain the garden and keep it in a neat and tidy condition. If applicable, they must also maintain the swimming pool and its associated cleaning equipment.

Return of Property: At the end of the lease, the property must be returned in the exact same condition it was at commencement, fair wear and tear excepted.

8. DEPOSITS

While charging a security deposit is not an explicit legal requirement, it is considered vital industry practice to protect your asset.

Legal Safekeeping: The security deposit must be held in an interest-bearing account, and all accrued interest must legally be paid out to the tenant upon lease termination.

Deductions: Only legally permissible items (such as documented property damage beyond fair wear and tear) may be deducted from the deposit at termination.

Compliance: The law mandates strict, rigid timeframes for returning deposits. Your Polaris Properties agent will ensure your agreements and refund processes comply perfectly with these regulations to prevent legal disputes.

9. RENTAL PAYMENTS

Without Demand: The tenant is required to pay the full rental amount on or before the exact date specified in the lease agreement, automatically and without requiring a demand notice from the landlord.

Legal Receipts & Tracking: Despite rent being payable without demand, the Rental Housing Act dictates specific administrative requirements that landlords must fulfill when processing payments.

Proactive Management: Polaris Properties real estate agents are fully equipped to manage these requirements. By focusing on consistent communication and relationship-building with tenants, we pro-actively secure timely payments and identify early warning signs of potential financial issues.

10. INSPECTIONS

Inspections are the only legal mechanism to establish proof of property condition and secure deposit allocations.

Incoming Inspection: In accordance with the Rental Housing Act, a joint inspection must be conducted by the landlord (or Polaris Properties agent) alongside the tenant before the lease begins to identify and list any pre-existing defects. This checklist must be signed, recorded, and formally attached to the lease agreement.

Interim Inspections: While not a statutory mandate, Polaris Properties conducts mid-term inspections to verify that the tenants are looking after your property appropriately.

Outgoing Inspection: At lease termination, a joint outgoing inspection must be conducted within strict legal time-frames to document any damages caused during the tenancy. If a tenant refuses or fails to attend this inspection, the Rental Housing Act grants clear legal recourse to the landlord to assess damages and recover losses.

11. TERMINATION OF LEASE

Because residential leases generally fall under the scope of the Consumer Protection Act, landlords face strict statutory guidelines when ending a tenancy. Specifically, Section 14 of the Consumer Protection Act mandates highly explicit notice periods, communication formats, and timeframes that a landlord must follow when alerting a tenant to an impending lease expiration or termination. When Polaris Properties manages your lease, our team handles all legal notifications seamlessly, guaranteeing you remain fully compliant with consumer law.

HOW WE GUIDED YOU: FROM PLANNING TO PROFIT

Polaris Properties breaks down your property investment journey into four distinct strategic phases to minimize your risk and optimize returns:

Step 1: Readiness Check – Evaluating your financial capacity and investment timeline.

Step 2: Do Your Research – Identifying high-yield areas, target demographics, and market demand.

Step 3: Preparation – Ensuring the physical asset meets statutory habitation and aesthetic standards.

Step 4: Strategy and Goals – Setting specific rental revenue, cash flow targets, and asset expansion goals.

REAL ESTATE

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