

RENTING OUT HOUSING? AVOID PROBLEMS!

Tips & Tricks when renting out and/or acting as a letting agent

Are you going to rent out your home or are you a letting agent? Then make sure that you are doing business with potential tenants who are honest. This is done by always asking for, and verifying, a potential tenant's proof of identity, country of origin, residence status, income and financial position. Criminals also try to rent housing. As a property owner or agent you may find yourself involved with criminal offences such as money laundering (when cash is paid), housing illegal aliens or drugs trafficking. This can be prevented by taking precautionary measures.

1. Identity verification

- ✓ Ask your tenant for valid proof of identity and make a good and legible (colour) copy. Do not accept a copy made by the tenant himself. An ID is extremely easy to forge.
- ✓ Check whether the person on the proof of identity is actually

the person signing the tenancy agreement. The most frequent form of identity fraud involves the use of an ID by someone who looks like the fraud. If you are in any doubt, you might ask for a second ID document from the same person (e.g. a driving licence).

- ✓ Authenticity features of travel and residence documents can be checked, for instance, at www.edisontd.net or www.identiteitsdocumenten.nl.
- ✓ Carry out regular checks to verify whether the person who has signed the tenancy agreement is still the actual tenant. Sometimes an acquaintance will be living in the accommodation, without notifying the owner. You may find out about this if the rent is suddenly paid from a different bank account. In the event of a different tenant, go through the whole procedure again with the new tenant.

2. Proof of income

- ✓ Ask tenants for a recent employer's statement, pay slips over the last three months and

three bank statements showing the salary payments.

- ✓ Check whether your tenant really works at the employer he has said by making a call. Look up the company's number online rather than calling a number provided by the tenant.
- ✓ Ask self-employed persons for an extract from the Chamber of Commerce, an audit certificate or a financial statement which shows their income.
- ✓ Your tenant's income must be proportionate to the rent to be paid. Someone earning €2000 per month on paper will not be able to afford housing that costs €1800 per month on their own.
- ✓ This is often an indication that they may be also earning money in another way, e.g. by criminal activities.

3. Refuse payment in cash

- ✓ Do not accept cash payments. Criminals like to pay by cash to avoid leaving tracks and to launder money. Payments can also be paid from foreign bank accounts. There is never a good reason not to pay the rent.

- ✓ If a cash payment is nevertheless made, record who has paid and with what notes, and make a copy of the person's proof of identity.
- ✓ Tenants paying by € 500 notes (or in possession of these notes) is an indication that these persons are active in organized crime. In everyday payment transactions virtually no € 500 notes are used.
- ✓ By refusing cash payments you also avoid becoming a victim of a hold-up!
- ✓ It is recommended that you have your tenant take out the gas, water and electricity contracts himself to prevent your responsibility for any unpaid bills.

4. Housing checks

- ✓ State in the tenancy agreement that there will be periodic housing checks a few times a year and make sure that you follow through. Discuss this together. This will significantly reduce the risk of a hemp farm being found in your property. The entire hemp-growing cycle is around three months. It is advisable to carry out an inspection once every three months.
- ✓ Check when calling at the dwelling whether the original keys still fit and that the locks have not been replaced.

5. Reporting malpractices

State in the agreement that in the event of a suspicion of a criminal act (*like submitting forged documents or committing criminal acts in the property*) the police will be called in.

6. Registration in the Dutch Personal Records Database [BRP]

- ✓ Residents/tenants are obliged to register with the municipality where they are going to live.
- ✓ Foreigners who are not going to stay in the Netherlands for more than 4 months can register in the Register of Non-Residents.
- ✓ Providing housing to persons who are not legal residents of the Netherlands is prohibited. This can be checked by asking for proof of an entry in Personal Records Database [BRP].
- ✓ Criminal tenants often avoid registering in the BRP because they want to remain anonymous. Ask for proof of their registration in the BRP. However, you can only do this after concluding a tenancy agreement, as your tenant will have to show this document to be able to register.

State in the tenancy agreement that the agreement will be terminated if tenants do not submit proof of registration.

7. Administrative closure

- ✓ As the landlord you are responsible for the correct use of your property. If a hemp farm or hard drugs are found in your property or if illegal prostitution is taking place, as the landlord, you will be held responsible. Your property may be temporarily closed and you will risk an administrative fine. The total costs may rise to tens of thousands of euros, even if you had no idea what was going on.

8. Money laundering

- ✓ Legal precedents¹ state that anyone accepting money (cash) who knows or ought to know that it was earned by criminal activity is guilty of money laundering. If you don't know how a tenant has earned his money and cash is paid (especially € 500 notes) you may be guilty of money laundering.

9. Responsibility for loss and /or damage

- ✓ Legal precedents² state that if a letting agent fails to carry out sufficient checks on the tenant, he can be held responsible for any damage caused, for instance, by a hemp farm in a dwelling. In an earlier case the damage was around €5,000.

¹ ECLI:NL:RBAMS:2015:714

² ECLI:NL:GHARN:2011:BP9121