

New Rental Law

A new Law (Ley 4/2013) came into force on 5th June 2013 regulating the existing tenancy laws, with the aim of giving much needed greater flexibility to Landlords and tenants of residential properties. Short term tourist lets are excluded.

A brief outline of the most significant changes brought in by the new Law is as follows:

- The obligatory extension of a rental contract is now up to 3 years (previously 5), and a further 1 year if the parties take no steps to terminate (previously 3).
- After 1 year the Landlord will be able to take back the property giving 2 months' notice if he can establish that he needs it for genuine immediate family use.
- The tenant will have the right to give 30 days' notice to terminate the contract after 6 months. The parties are free to agree that in such circumstances the tenant will pay a penalty of one month's rent per remaining year of the contract or an amount proportionate thereto.
- A rental contract must now be registered at the Land Registry if the tenant is to be able to enforce the obligations on a third party purchaser of the property. If the property is sold without this protection, the new owner can give the tenant notice to leave, although the tenant can request to stay on for 3 months. Additionally the new owner may be required to pay compensation for "any damages" this causes.
- There will be a Register of tenants who have convictions for non-payment of rent, so Landlords can check a tenant's payment history.
- It will be easier and quicker to evict non paying tenants – measures can be taken after a 10 day payment deadline is not met.

The Law applies only to contracts entered into from 6th June 2013 onwards. The previous law will apply to contracts entered into prior to that date.

Landlords should not forget the obligation to provide an **Energy Performance Certificate** in relation to rentals of 4 months or more.

This article is intended as general guidance only – specific legal advice should always be taken.

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