In real estate, when you buy a house, you pay for the property, sign a standard purchase and sales agreement, and receive the deed for the land. It's impossible for anyone to sub-buy the same property, making the transaction straightforward. However, leasing an apartment comes with a lot more flexibility and questions. One of which is the issue of subleases. A sublease is when a current tenant lets all or part of the property to a third party known as a subtenant. Although it is primarily an agreement between the renter and their subtenant, the landlord must give proper authorization.

Are you a landlord debating the pros and cons of subletting? Stick around because we'll discuss the top 5 risks of allowing tenants to sublet in this article.

Top 5 Risks of Subleasing

- **No Official Agreement**

The most significant risk of allowing your tenant to sublease is that there's no formal agreement between you and the renter they're bringing into your property. This problem alone presents several legal and contractual issues that might be a pain to resolve down the line. For example, if something breaks in the house, who pays for it? Such variables are inevitable once you allow subletting. Thus, reviewing your lease agreement with an experienced property manager would be best.

- **You Can't Screen Subtenants**

Experts highly recommend screening your tenants before signing a lease with them. A thorough screening process allows you to identify high-quality candidates and stay away from difficult or ineligible applicants. However, when you agree to a sublease, you give up that control. Thus, you can't say with certainty if the person living on your property is reliable or not.

- **Higher Risk for Property Damage**

As a result of the reduced scrutiny, you also expose yourself to a higher risk of property damage. If your tenant doesn't perform their due diligence, you could be letting a

problematic renter on your premises. A careless or destructive tenant would rack up your expenses, and mediating such a situation would be difficult.

- **Insurance Policy May Not Cover It**

Insurance policies are often strict on what they cover, and many do not make provisions for subleases. Even if you insist on tenant insurance, it might be hard to enforce such a policy on the person you sublet to. Thus, that leaves you with more exposure in the event of a fire, flood, or other significant damage.

- **Evicting a Tenant Can be Difficult**

If the arrangement doesn't work out and you decide to call it quits, you might find it challenging to end the lease. Evicting a legal tenant is a lengthy legal process, but removing a subletter is even more complex. Thus, reclaiming your property could be challenging, leaving you in an unpleasant situation.

Pros and Cons of Allowing Tenants to Sublet

Pros

- **No Vacancy**

It's only appropriate for landlords to ask what is subletting and how it benefits me? One of the significant advantages of making provisions for a subtenant is that you don't have to worry about vacancies. Instead of prematurely ending a lease with a tenant because they're out of state, they can find someone else to take care of the rent. That relieves you of the time and money to find a replacement.

- **Consistent Cash Flow**

An absence of vacancies means your property is generating rent. Whether it's a short-term lease where the subtenant is only staying temporarily or a long-term one that's a complete replacement, your cash flow remains consistent.

- **Less Stress**

Allowing a subtenant can also mean less stress for you. The original tenant has to assume responsibility for the renter they bring in, which shifts some of the burdens from you.

Cons

- **Rent Collection**

Allowing a subtenant into the equation can sometimes introduce a middle man in the rent collection process. Any delay will inevitably become an inconvenience for you.

- **Increased Expenses**

Giving your tenant permission to sublet can also increase your expenses. If you're currently responsible for paying utilities such as water, gas, and electricity, you can expect the bills to go up with another person on the property.

- **Reduced Scrutiny**

As we highlighted earlier, you can't screen a subtenant. That reduced scrutiny creates uncertainties about the person's ability to pay rent promptly and maintain the property. Besides, it could also mean more noise-related issues that make your other tenants complain.

Adding Sublet Clause to the Rental Agreement

After weighing the pros and cons, you might decide that subleasing isn't bad. However, whether you decide to allow it or not, it is best to include a sublet clause in your rental agreement. Doing so protects owners from future problems like property damage or non-rent payment.

If you choose to not allow subletting in your rental, the rental agreement must clearly state this. In addition, clarify any potential consequences tenants could face if they sublet without your permission.

If you decide to accept subletting, be sure to list any special requirements or terms. In most cases, landlords will agree to sublet only when they can still screen the prospective renter and sign a binding agreement.

Either way, you must then ensure that everyone receives a copy of the agreement and

understands it is legally binding.

Conclusion

The issue of subleasing comes with several pros and cons for property owners. On one side of the court, it guarantees a consistent income flow. It also means you don’t have to search for a new tenant or conduct a tedious rental screening process. On the other hand, reduced scrutiny could result in more tenant damage and less coverage for your property. Hence, it’s easy to understand why some landlords are against subleasing.

However, proper planning is vital if you decide to proceed with such an arrangement. Draw up a document that includes all parties’ names, signatures, and terms of the sublease. Also, remember to add a section for security deposits to protect your property. If you need professional help, feel free to contact a reliable property management company that can oversee such details.