

## Student Landlord Guide to Rent Guarantors



This guide is designed to help landlords and letting agents deal with guarantors in student lets, primarily in England & Wales. Although other jurisdictions (such as Scotland and Northern Ireland) have similar laws, there are importance differences. In all cases you should not rely on these notes or sample agreements [Appendix 1 & 2] as definitive statements of the law. Do your own research and/or seek professional advice, with all the facts of your case and documents to hand.

Checking and referencing tenants is a crucial part of the management process, but ordinarily checking out student tenants, unless they are mature students, is a waste of time and money.

First, most young students have no credit history: no bank accounts, credit cards, so credit checks will return no results. Also, with no work history or track record of maintaining payments for a previous tenancy, references are likely to be pretty useless as well.

The answer is, as most student landlords know, to get mummy and daddy to guarantee the rent of their “little darlings”!

Ideally, in each case you want a house owner able to pass muster on a quality credit check and referencing system, such as the long-established [www.TenantVERIFY.co.uk](http://www.TenantVERIFY.co.uk)

Having parents as guarantors is usually an ideal solution as most parents would be horrified if their Jane and Johnny were not paying their rent properly. Most will readily agree to become guarantor to support their deserving heirs.

However, landlords should know that getting the process and the paperwork right is key to a successful outcome. It's far from easy to set-up a valid guarantor arrangement, one that stands up in court: get it wrong and your deed of guarantee is not worth the paper it's written on.

There are basically two ways of creating a guarantee arrangement: (1) by incorporating this into the tenancy agreement itself, so, in effect, the guarantor becomes a party to the contract. Or, (2) having a separate (usually just one or two pages) deed of guarantee which the guarantor signs in front of an independent witness.

The advantage of the former is that the guarantor cannot say at some later stage s/he did not read the tenancy agreement or understand its obligations as s/he has actually signed the tenancy document.

However, in the case of student lets, where there are several students and guarantors involved, sending the original tenancy agreement around perhaps 5 or 6 lots of parents, scattered around the country, is not only very time consuming, the document is likely to get lost at some point.

The preferred method therefore is to use a deed of guarantee document for each guarantor. These can be given or posted to each set of parents individually, for signatures, ideally to be independently witnessed – to properly execute a deed of guarantee it is important that it is independently witnessed. This basically means that the witness should not be a party to the agreement, therefore a

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close relative or spouse should not witness, but a friend or neighbour giving full name, address and occupation is fine. Bear in mind, witnesses can be called to give evidence.

Any deed of guarantee should include the declaration that the guarantor has read and understood the tenancy agreement before signing, and ideally having their signature witnessed, A copy of the tenancy agreement must be attached to the guarantor agreement for this purpose.

*[There is a legal point here: the guarantee agreement could be signed without a witness providing it is signed BEFORE the tenancy agreement itself, as the consideration (benefit) the guarantor gets from the contract is the tenancy being granted to their offspring. However, given the difficulty of proving the timing later, it is advisable to have the agreement signed as a deed, which of necessity needs a witness]*

Although it is desirable that guarantors be house owners, giving landlords the collateral they need should a claim be necessary, this may not always be feasible in the case of *all* the guarantors. However, given that a joint tenancy has joint and several liability, although it may seem *prima facie* unfair on some, it is possible for the landlord to choose the path of least resistance if it comes to a claim, so can claim the whole amount owing from a small selection, or in the extreme case, just one of the guarantors.

If landlords want to satisfy themselves as to whether a guarantor is indeed a house owner, it is possible for just a few pounds to check on-line any UK address at the Land Registry for proof of ownership, without the home owner knowing. Go to:

[www.landregistry.gov.uk/public/property-ownership](http://www.landregistry.gov.uk/public/property-ownership)

Although it is in the landlord's best interest to frame the agreements on a joint (unlimited) basis, where liability is joint and several, it is always possible that some guarantors may object to taking responsibility to their offspring's "friends", especially as over time relations between sharers can become strained.

One way round this predicament is to frame the all the deeds of guarantee on a limited basis. This means that each individual guarantor's liability for the tenancy is limited to their share of their offspring's rent, plus all or just a proportion (say 1/5<sup>th</sup> if there are 5 sharers) of any liability for damage or other breaches of contract. However, this arrangement itself can be unfair as rent paid to a lead tenant, for example, may not reach the landlord, and any individual tenant may do all of the damage or none at all.

This can get messy, more than one claim may be necessary and as a lead tenant may be responsible for collecting and paying the rent for the sharers, apportioning blame may be very difficult.

Wherever possible stick with joint liability.

All guarantors should be given a guarantor application to complete – download one here:

[www.tenantverify.co.uk/notices-forms.htm](http://www.tenantverify.co.uk/notices-forms.htm)

This process establishes the accurate information needed to do credit checks and referencing; it also gives formal permission to do the checks and the statement of truth and declaration forms a record for any further court action, should any false statement be made.

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Quality checks and referencing are most important to ensure that you are not taking on a serial debtor as a guarantor, or someone who does not have the wherewithal to pay, should the worst happen, bearing in mind what was said in the paragraph above about joint and several liability.

It's a good idea to remind your students and your guarantors (in writing) of the importance of budgeting their money when grant payments or parent contributions are made, so that to avoid eviction rent payment is treated as an absolute priority before all other costs.

Always, notify the guarantors in writing as soon as you become aware of a problem with rent payments, damage to the property or any other breaches of the tenancy contract. If you don't keep the guarantors informed, giving them the opportunity to put matters right at an early stage, this could jeopardise any legal claim you may subsequently bring.

Beware of forged guarantor and witness signatures: it is not unheard of for students to forge their parents' signatures, so always post off the agreement to the parents direct. This is another good reason for doing credit checks, which to some degree (not 100%) verifies identities - face to face contact and sight of identity documents is always preferable, but not always possible.

Fortunately, as experienced student landlords will testify, most tenancies go off without difficulty as by far the majority of students are responsible people, as are their parents.

Difficulties can arise where changes are made to the tenancy agreement mid-term, such as for example a rent increase or when the tenancy ends and it is renewed. In these cases any deed of guarantee will be no longer valid. In the case of student lets this is not normally a problem as a new tenancy is created each year. If the students (or some of them) stay on, and therefore a new tenancy agreement is put in place, and new set of deeds of guarantee would be needed.

A joint tenancy means that once a group of people enter into the agreement they, in legal terms, become one person "the tenant". Therefore, should any one tenant give notice to leave, then this brings the whole tenancy to an end and a new tenancy agreement is needed, with either a replacement tenant, or just the remainders. Any variation in the agreement, including this situation where a tenant leaves, the fixed-term coming to an end and tenancy renewal, if done without the guarantor's consent, will discharge the guarantor's liability.

Appendix 1 – Pages 4 to 5 - Sample Deed of Guarantee (NOT Limited)

Appendix 2 – Pages 6 to 7 – Sample Deed of Guarantee (Limited) – see clause 7

Checklist:

1. Guarantor application form - [www.tenantverify.co.uk/notices-forms.htm](http://www.tenantverify.co.uk/notices-forms.htm)
2. Guarantor identity, proof of residency verified – UK resident and preferably home owner.
3. Check ownership if necessary – Land Registry  
[www.landregistry.gov.uk/public/property-ownership](http://www.landregistry.gov.uk/public/property-ownership)
4. Up to date Tenancy Agreement – copies to all guarantors before signing
5. Deed of Guarantee agreements – signed and witnessed
6. Credit Checks & Referencing done – [www.tenantverify.co.uk](http://www.tenantverify.co.uk)
7. See a full selection of Tenancy Forms, Notices and Agreements here:  
[www.landlordzone.co.uk/agreements.htm](http://www.landlordzone.co.uk/agreements.htm)

Copyright LandlordZONE® All Rights Reserved - never rely totally on these standard guidelines and sample agreements, which apply primarily to England and Wales. Before taking action or not, always do your own research and/or seek professional advice with the full facts of the case and all documents to hand.

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*Important: This **deed of guarantee** creates a legally binding contract and assumes you have read and understood this and the tenancy agreement to which it applies. If you are in any doubt about your obligations or you do not agree to any part thereof then you should consult a legal advisor before signing.*

This **Deed of Guarantee** is made **BETWEEN:**

**The Guarantor:** *(name, address and occupation)*

**AND**

**The Landlord:** *(name and address of landlord or his/her agent)*

**This Deed of Guarantee relates to a Tenancy for the Premises at:** *(address, post code and description of the demised premises)*

**This Deed of Guarantee relates to those named Tenants in the attached Tenancy Agreement**

**It is hereby agreed:**

- 1 In consideration of the Landlord letting the above property to those tenants named (together known as “The Tenant”) the Guarantor agrees to stand surety for the Tenant.
- 2 The Guarantor agrees to compensate the Landlord on demand and without delay for any loss including rent arrears and other costs and expenses arising either directly or indirectly out of any breach of the covenants of the attached Tenancy Agreement.
- 3 This guarantee shall extend to any extension or continuation of the Tenancy or any other changes in the tenancy including tenant changes by way of assignment and any increase in the Rent agreed between the Landlord and the Tenant providing the Guarantor is notified of any such changes and has agreed to them in writing.
- 4 The Guarantor's liability under this Deed of Guarantee shall be joint and several with the Tenant which means that each will be responsible for complying with the Tenant's obligations under the Tenancy Agreement both individually and together.
- 5 The Landlord may seek to enforce these obligations and claim damages against the Tenant, the Guarantor, or both of them during or after the whole of the tenancy term or as agreed during or after any extension or continuation thereof. These obligations are irrevocable by the Guarantor (providing the Guarantor is notified of any breach by the Tenant of the tenancy agreement within a reasonable time) and will not be removed or in any way affected by any act, neglect or leniency on the part of the landlord.
- 6 The Guarantor shall be deemed to have been properly notified where the Landlord posts or delivers details of the breach to the Guarantor at the above Guarantor's address with 14 working days (excluding Statutory and Bank Holidays) of the landlord becoming aware of any breach of the Tenancy Agreement.

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- 7 Where the Guarantor is a limited Company it is agreed that Guarantor's liability shall continue if the company changes ownership, changes name or is taken over or amalgamated with any other Company or organisation throughout the Tenancy Term or any agreed extension or continuation.
- 8 If the Tenant surrenders any part of the Premises the Guarantor's liability will continue in respect of the part not surrendered. Any liability accumulated at the date of Surrender will continue unaffected.
- 9 The Guarantor agrees to pay the Landlord all those reasonable costs in enforcing this Deed of Guarantee and the terms of the Tenancy Agreement.
- 10 If any of the provisions of this Deed of Guarantee are found to be null, void and unenforceable, the remaining provisions shall remain valid and shall continue to bind the Parties unless it is clear from the circumstances that, in the absence of the provision(s) found to be null and void, the Parties would not have concluded the present Deed of Guarantee Agreement.
- 11 Applicable law: this Agreement shall be governed by and construed in accordance with English Law and the Parties irrevocably submit to the exclusive jurisdiction of the English Courts.

**Having read and understood the terms of this Deed and the attached Tenancy Agreement and in consideration of the mutual agreements and undertakings the Parties hereto have granted the rights and accepted the obligations set out above.**

**The guarantor undertakes to provide an independent and reliable witness. To help with identification the Guarantor must attach hereto a photocopy of a driver's licence, passport or other official document clearly showing a likeness of the Guarantor's signature.**

This Document is hereby **Signed as a DEED** and independently witnessed.

Signed as a Deed by the **Landlord** and independently witnessed:

Landlord's Signature ..... Date .....

Name, Address and Occupation of Witness .....

Witnessed as a Deed by:

Signature ..... Date .....

[PRINT Witness Name]

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Signed as a Deed by the **Guarantor** and independently witnessed:

Signature ..... Date.....

Name, Address and Occupation of Witness .....

Witnessed as a Deed by:

Signature ..... Date .....

[PRINT Witness Name]

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*Important: This **deed of guarantee** creates a legally binding contract and assumes you have read and understood this and the tenancy agreement to which it applies. If you are in any doubt about your obligations or you do not agree to any part thereof then you should consult a legal advisor before signing.*

This **Deed of Guarantee** is made **BETWEEN:**

**The Guarantor:** *(name, address and occupation)*

**AND**

**The Landlord:** *(name and address of landlord or his/her agent)*

**This Deed of Guarantee relates to a Tenancy for the Premises at:** *(address, post code and description of the demised premises)*

**This Deed of Guarantee relates to those named Tenants in the attached Tenancy Agreement**

**It is hereby agreed:**

- 12 In consideration of the Landlord letting the above property to those tenants named (together known as “The Tenant”) the Guarantor agrees to stand surety for the Tenant.
- 13 The Guarantor agrees to compensate the Landlord on demand and without delay for any loss including rent arrears and other costs and expenses arising either directly or indirectly out of any breach of the covenants of the attached Tenancy Agreement.
- 14 This guarantee shall extend to any extension or continuation of the Tenancy or any other changes in the tenancy including tenant changes by way of assignment and any increase in the Rent agreed between the Landlord and the Tenant providing the Guarantor is notified of any such changes and has agreed to them in writing.
- 15 The Guarantor's liability under this Deed of Guarantee shall be joint and several with the Tenant which means that each will be responsible for complying with the Tenant's obligations under the Tenancy Agreement both individually and together.
- 16 The Landlord may seek to enforce these obligations and claim damages against the Tenant, the Guarantor, or both of them during or after the whole of the tenancy term or as agreed during or after any extension or continuation thereof. These obligations are irrevocable by the Guarantor (providing the Guarantor is notified of any breach by the Tenant of the tenancy agreement within a reasonable time) and will not be removed or in any way affected by any act, neglect or leniency on the part of the landlord.
- 17 The Guarantor shall be deemed to have been properly notified where the Landlord posts or delivers details of the breach to the Guarantor at the above Guarantor's address with 14 working days (excluding Statutory and Bank Holidays) of the landlord becoming aware of any breach of the Tenancy Agreement.

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- 18 This Deed of Guarantee and the Tenancy Agreement between the Landlord and the Tenant are and will remain joint and several; however the Landlord hereby agrees to limit any claim he makes against the Guarantor to [insert the limit amount or proportion of any claim]  
.....of the total outstanding amount.
- 19 Where the Guarantor is a limited Company it is agreed that Guarantor's liability shall continue if the company changes ownership, changes name or is taken over or amalgamated with any other Company or organisation throughout the Tenancy Term or any agreed extension or continuation.
- 20 If the Tenant surrenders any part of the Premises the Guarantor's liability will continue in respect of the part not surrendered. Any liability accumulated at the date of Surrender will continue unaffected.
- 21 The Guarantor agrees to pay the Landlord all those reasonable costs in enforcing this Deed of Guarantee and the terms of the Tenancy Agreement.
- 22 If any of the provisions of this Deed of Guarantee are found to be null, void and unenforceable, the remaining provisions shall remain valid and shall continue to bind the Parties unless it is clear from the circumstances that, in the absence of the provision(s) found to be null and void, the Parties would not have concluded the present Deed of Guarantee Agreement.
- 23 Applicable law: this Agreement shall be governed by and construed in accordance with English Law and the Parties irrevocably submit to the exclusive jurisdiction of the English Courts.

**Having read and understood the terms of this Deed and the attached Tenancy Agreement and in consideration of the mutual agreements and undertakings the Parties hereto have granted the rights and accepted the obligations set out above.**

**The guarantor undertakes to provide an independent and reliable witness. To help with identification the Guarantor must attach hereto a photocopy of a driver's licence, passport or other official document clearly showing a likeness of the Guarantor's signature.**

This Document is hereby **Signed as a DEED** and independently witnessed.

Signed as a Deed by the **Landlord** and independently witnessed:

Landlord's Signature ..... Date .....

Name, Address and Occupation of Witness .....

Witnessed as a Deed by:

Signature ..... Date .....

[PRINT Witness Name]

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Signed as a Deed by the **Guarantor** and independently witnessed:

Signature ..... Date.....

Name, Address and Occupation of Witness .....

Witnessed as a Deed by:

Signature ..... Date .....

[PRINT Witness Name]