

RENTAL AGREEMENT

A PRACTICAL GUIDE FOR TENANTS

EN Revised edition
as of October 2024.



Are you looking for rental housing
or are you already a tenant?

This guide provides essential
information.



MIETERSCHUTZ^{LU}
DÉFENSE DES LOCATAIRES^{LU}

USEFUL LINKS

Want to get to know us or become a member?

Visit the Mieterschutz Lëtzebuerg website:

mieterschutz.lu

Ministry of Housing and Land Development website:

<https://logement.public.lu/fr.html>

Financial Assistance for Tenants:

<https://logement.public.lu/fr/locataire/obtenir-aide-location.html>

<https://loyer.lu/fr/>

Information on the Rent Commission:

<https://guichet.public.lu/fr/citoyens/logement/location/litige/regler-litige-fixation-loyer.html>

Information on legal aid

(provision of a free lawyer for low-income households):

<https://www.barreau.lu/recourir-a-un-avocat/assistance-judiciaire/>



Civil Code:

https://legilux.public.lu/eli/etat/leg/code/civil/20240801#art_1713

Law of September 21, 2006, on residential leases and amending certain provisions of the Civil Code:

<https://legilux.public.lu/eli/etat/leg/loi/2006/09/21/n1/consolide/20240801>

Texts relating to health, hygiene, safety, and habitability criteria for rental housing:

<https://legilux.public.lu/eli/etat/leg/rgd/2019/12/20/a883/j>
<https://legilux.public.lu/eli/etat/leg/loi/2019/12/20/a882/jo>

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The information contained in this brochure is not exhaustive but summarizes the main points to consider.

Always refer to the legal texts published in the Official Journal (Mémorial A), which are the only ones that are binding.

LEGAL BASIS

The residential lease is primarily regulated by the Civil Code (notably Articles 1713 to 1762-2) and by the law of September 21, 2006, on residential leases, amended by the law of July 23, 2024.

BEFORE SIGNING A CONTRACT

Properties can be rented by private individuals, often through a real estate agency. The financial burden when concluding the lease can be significant, as the tenant may need to pay:

- a security deposit, which cannot exceed 2 months' rent;
- the first month's rent;
- half of the agency fees (if a real estate agency is involved).

It is highly recommended **to visit a property** before signing a lease!

GOOD TO KNOW: The Ministry of Housing provides two types of **rental assistance**: a rent subsidy and/or assistance with financing the security deposit for low-income households.

Any lease signed after 1 August 2024, must be **in writing**, or it will be null and void.

WHEN SIGNING THE CONTRACT

Only sign a contract if you are sure you understand **all the clauses**!

The lease must specify the following information: the **identities** of the parties to the contract, the **start date** of the lease, the **address, cadastral reference** and **designation of the rooms and parts of the building** covered by the lease, the **rent amount** excluding charges, the amount of **charges** and whether advance payments or flat rate charges apply, any **additional rent for furnished properties**, the amount of the security deposit, and a statement that the **rent commission** can be contacted in case of disputes over rent determination.

We recommend opting for an **advance payment** system with annual statements, as the flat-rate charge system is less transparent and less well-regulated.

GOOD TO KNOW: The contract may require you to take out **insurance** against rental damage. Even without this clause, it is recommended to do so.

SECURITY DEPOSIT

If the contract includes a **security deposit**, an entry **inventory** (“état des lieux d’entrée”) is **mandatory!**

The entry inventory is a written and contradictory report-distinct from the lease-documenting all defects, damages, or issues with the rented property. The entry inventory is established together by the tenant and landlord **before** the tenant takes possession, with as many copies as there are parties, one of which will be given to the tenant.

In the absence of an entry inventory, it is assumed that you received the property in good condition and must return it in the same condition at the end of the lease, barring normal wear and tear. **Do not sign a lease that states the rented premises are “in good condition”; instead, require an entry inventory.**

PRACTICAL TIP: Consider taking photos of each room and any defects noted at the beginning or during the lease.

If you notice **issues** within the first few days of renting that were not noted in the entry inventory, inform the landlord immediately by registered letter, with photos as evidence.

In the event of a change of landlord, the security deposit is automatically transferred to the new landlord. However, it is advisable for the tenant to clarify this point at the time of the change.





RENT

Rent Cap: The law stipulates that the annual rent cannot exceed **5% of the capital invested** in the property. In the absence of an agreement between the parties, the invested capital is determined according to the criteria established by law.

In the case of furnished accommodation, the landlord may request a **monthly surcharge for the furniture**. This surcharge must be in addition to the rent and cannot exceed 1.5% of the total invoice amounts for the furniture in the rented property (furniture with invoices dated within the last 10 years).

Rent can **only be modified every 2 years**, even if there is a change of landlord. Rent increases cannot exceed 10%, and the adjusted annual rent cannot exceed 5% of the invested capital (re-evaluated and depreciated if applicable). If the landlord requests a rent increase of more than 10%, refuse it by registered letter!

Tenants may request a **rent reduction** if they believe the rent exceeds the legal cap of 5% of the invested capital, or if the property has unresolved issues reported to the landlord.

In case of disagreement over the rent amount, either the tenant or the landlord can refer the matter to the **rent commission** ("Commission des loyers") for a determination of the rent and an attempt at conciliation between the parties. This request should be sent to the board of the mayor and aldermen of the municipality where the rental property is located. The board will forward the request to the competent rent commission.

Tenants cannot unilaterally decide to suspend rent payments. Non-payment of rent - even for one month - can constitute a serious breach by the tenant and may be sufficient grounds for the landlord to terminate the contract.

GOOD TO KNOW: Do not sign a residential lease that contains an **automatic rent increase clause linked to the index**. If the contract is already signed, send a complaint by registered letter to the landlord to contest this clause so it no longer applies in the future.



MAINTENANCE AND REPAIRS

Routine maintenance and minor repairs (repairs that do not require professional intervention or that are easily reversible) are the responsibility of the tenant. The landlord must pay for major repairs and those due to wear and tear or force majeure (broken shutters, defective heating, etc.). However, if a repair becomes necessary due to improper use or maintenance by the tenant, the tenant may be held responsible.

The tenant is required to **notify the landlord of any damage** as soon as it is noticed, or else risks incurring liability.



ACCOUNTING FOR RENTAL CHARGES

The tenant is only responsible for paying charges incurred by the landlord on their behalf!

In the **advance payment system**, providing annual statements is an obligation of the landlord.

Carefully check **all items on the statement!** Maintenance and upkeep of the building, energy and water consumption, municipal taxes (trash, sewage) directly related to the use of the property are at your expense. If it is a co-ownership, the amounts on the statement approved by the annual general meeting of co-owners are presumed correct and justified, but evidence to the contrary can be presented. Common charges are distributed according to a calculation method agreed upon by the parties to the contract, but are generally based on units (surface area in thousandths) and the period of occupation.

Costs related to the property manager and co-ownership (unless incurred in the tenant's interest), meter rental fees, and property taxes are the landlord's responsibility!

GOOD TO KNOW: In case of dispute, the landlord must prove that the annual statement of charges was validly notified to the tenant. The landlord can only demand payment of charges related to these statements within a period of **5 years**; otherwise, the claim is **time-barred**, and the tenant is no longer liable for charges prior to this period.



DURATION OF THE LEASE

The residential lease can be for a fixed term or an indefinite duration. When the lease is for a fixed term and is not terminated, it will continue after the agreed duration as an indefinite lease.



TERMINATION OF THE LEASE

The **tenant** can terminate the lease without justification, provided they adhere to the notice period specified in the contract, or the legal minimum of 3 months if nothing is specified.

In the case of a fixed-term contract, the expiration of the contract must also be respected; otherwise, the tenant may be liable for the remaining rent payments.

Except for mutual termination, which can occur at any time, the landlord is limited in the cases where they can unilaterally terminate the lease:

1. for personal needs: the notice period is 6 months, and the registered letter must include the text relating to termination for personal needs as stipulated by law;
2. for non-compliance with contract obligations;
3. for other serious reasons (e.g., demolition of the building or extensive renovations preventing the tenant from remaining in the property).

GOOD TO KNOW: The sale of the rented property is not a legal reason for the landlord to terminate the contract! It will be up to the new owner, who remains bound by the existing lease, to terminate the contract, e.g., for personal needs or extensive renovations.

In case of termination by the landlord, you have the option to **request an extension of the notice period** or a **postponement of eviction** from the local justice of the peace (Justice de Paix).

GOOD TO KNOW: The landlord cannot simply change the locks at the end of the notice period or prevent you from accessing the rented property. Forced eviction must be ordered by a judge, meaning a court decision, and always takes place in the presence of a bailiff.

Judicial procedures can incur significant costs, and forced evictions are the responsibility of the tenant.



AT THE END OF THE LEASE

An **exit inventory** (“état des lieux de sortie”) is not mandatory but is strongly recommended. Both parties can agree to hire a sworn expert to conduct it. Generally, the property must be returned in the same condition as when the tenant took possession, barring normal wear and tear.

If the entry and exit inventories are consistent, except for normal wear and tear, and there are no unpaid rents or rental damages, the landlord has one month from the return of the keys to refund half of the security deposit. The balance of the security deposit, after deducting amounts owed by the tenant under the final charges statement, must be refunded:

- no later than one month after the approval of the annual accounts by the building’s co-ownership, or
- one month after the receipt of the rental charge statements that the landlord must request no later than one month after the lease ends from the relevant services and administrations.

In the case of co-ownership, it may take several months before the general meeting of co-owners is convened to approve the annual accounts.

If the exit inspection finds damages, issues, or degradation, except for normal wear and tear, the landlord may retain from the security deposit, in addition to any unpaid rents or charges, the amounts they believe they are entitled to from the tenant, provided they submit supporting documents within one month from the return of the keys.

If the landlord does not return the security deposit following this procedure, the tenant must send a registered letter with acknowledgment of receipt serving as a formal notice, which incurs a financial penalty for the landlord.

Some contracts contain a **painting clause**, which is generally legal, requiring the tenant to repaint the walls at the end of the contract.



SPECIAL REGIME FOR FLAT SHARING (“COLOCATION”)

Flat sharing under the law is a single lease agreement that binds the landlord with several tenants who opt for the legal regime of cohabitation. An important aspect of flat share is the solidarity among all co-tenants: they are jointly liable to the landlord for all obligations arising from the lease (rents, charges, damages, etc.). It is therefore advisable to choose reliable co-tenants!

Caution: A building or accommodation containing several rooms rented to tenants separately – thus under individual contracts – is not a flat share, but a **rental under multiple leases**, which are independent of each other (thus no solidarity as in flat sharing)!

In both cases, whether flat sharing or multiple leases, the total of the rents paid by each occupant for the rented property cannot exceed the legal cap on the annual rent (5% of the capital invested in the rented property, plus a supplement for furniture).

Flat sharing is based on a double contract: a first contract known as a **flat share lease** is concluded between the co-tenants and the landlord, who expressly agrees to rent the property under the special regime of flat sharing. This is a standard lease that expressly refers to the flat share agreement made between the co-tenants.

A second contract, called the **flat share agreement**, is made between the co-tenants at the time of signing the lease. This agreement must contain the rules that apply between the co-tenants, addressing at least the following points:

- How are rent and charges divided among the co-tenants (unless this division is already specified in the lease)?
- Which furniture belongs to which co-tenant (inventory)?
- Which providers for internet, telephone, television, energy, water, and which insurances have been chosen (when such choice exists), and what are the terms of contracts with them?
- What are the procedures for arrival, departure, and replacement of a co-tenant (including notification of departure to the other co-tenants)?
- How is the security deposit constituted and released?
 - How are conflicts between co-tenants resolved?
 - The obligation for an interim inspection in case of the early departure of a co-tenant.

The contract can be terminated by unanimous agreement of the co-tenants, with a notice period of 3 months.

A co-tenant can also terminate the contract on their own, even before the end, with a notice period of 3 months. They must then actively seek a replacement. They will be released from their obligations (a) if a replacement has signed an amendment to the lease with the remaining co-tenants, (b) if they have actively sought a replacement during the notice period, or (c) no later than 3 months after the notice period.

