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RESIDENTIAL PROPERTY MANAGEMENT

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LANDLORDS' GUIDE

This guide outlines some of the more important and most frequently asked about subjects concerning residential lettings as well as setting out our services and fee structure.

If there is anything within it that you are unsure of or if you require more details on any of the subjects covered, please do not hesitate to contact us.

GENERAL ADVICE FOR LANDLORDS

Mortgage

If the property is mortgaged, written consent should be obtained from the mortgagee. If they require any special clauses in the tenancy agreement we will need to be informed.

Insurance

You should make certain that your property and contents are adequately insured and that you have informed your insurance company of your intention to let as many household policies do not cover lettings.

You should also ensure that you have public liability insurance. This is usually an element of both buildings and contents insurance policies and cover should be confirmed prior to letting the property.

We offer a comprehensive range of insurance products provided by Rentguard including:- Landlords Household Insurance, Owner Occupier Household Insurance, Tenants Contents Insurance, Holiday Home Insurance, Legal protection Insurance and Rent & Legal Protection Insurance.

Rent Protection Insurance

Whilst we take every precaution to ensure that your interests are fully protected by comprehensively vetting and credit checking prospective tenants, even the most exemplary individual may be unable to pay the rent, perhaps due to redundancy, marital breakdown or illness.

Without rental protection, landlords may suffer loss of rental income and be liable for any legal costs incurred when a tenancy agreement is breached or possession becomes necessary.

We can offer you insurance products, provided by Rentguard, that may provide payment of your monthly rent for a maximum of six months following non-payment of the rent by the tenant and also may provide cover for legal costs in repossession.

Council Tax

It is the responsibility of the occupier to pay the council tax on a property. We will notify the local authority when a property is let to a tenant. If the property is vacant for a period of time the responsibility reverts to the owner. During a vacant period, there is no charge for the first month - thereafter, if the property remains vacant, Council tax is charged to the owner at the full rate.

Water Rates

It is normally the responsibility of the occupier to pay water rates. We will notify the water company when the property is let to a tenant. If the property is vacant, the owner will be responsible for the meter standing charges.

Inventory

To avoid misunderstanding or dispute it is important to prepare an inventory of all contents and furniture, along with a schedule of condition. If this is not done it is impossible for a landlord to prove any loss, damage or deterioration of the property or contents. Any items of high monetary, personal or sentimental value should be removed from the property prior to letting. Do not leave an excess of crockery, cutlery or any ornaments as listing these items could increase the time allotted in preparing the inventory. Should we take significantly longer in doing so, then we reserve the right to make an additional charge.

Furnished or Unfurnished?

Your property can be let on a furnished, part-furnished or unfurnished basis and we would be happy to advise on what would most appropriate for you. However, experience has shown that the demand for unfurnished properties is far higher than that for furnished.

With this, and the regulations outlined below in mind, we would normally advise that you let your property unfurnished.

Safety

Gas Safety (Installation and use) Regulations 1994

Under the above regulations, all gas appliances (e.g. boilers, fires, supply pipework etc) in let properties must be safety checked annually by a GAS SAFE registered installer. Proof from the installer will be required by way of a GAS SAFE landlord certificate.

Solid Fuel and Oil Appliances

Heating and cooking appliances fuelled by coal, smokeless fuels, wood and oil can be just as likely as gas appliances to cause carbon monoxide poisoning if they are poorly installed, faulty or incorrectly used. Therefore, we strongly recommend that any such appliances are checked by a competent engineer before a tenancy commences and at regular intervals thereafter and that any instruction books are left in the property. Chimneys should be swept at least once every year. After 1st October 2015, a carbon monoxide alarm will be required in any room where a solid fuel is burnt, such as wood, coal or biomass and including open fires.

Electrical Equipment (Safety) Regulations 1994

The above regulations apply to new and second-hand appliances and installations supplied as part of a let property. The appliance must be safe, particularly when connected to the electricity supply system and be sufficiently well insulated to provide protection from an electric shock. To establish this criteria the appliance should be tested by an electrician who has the necessary test equipment to carry out portable appliance testing, and is NIC/EIC qualified.

Plugs and Sockets etc (Safety) Regulations 1994

Under the above regulations, all new and second-hand appliances which are supplied, including those in rented accommodation, must be fitted with an appropriately fixed and fitted plug. The plug must be of the 'sleeved' type i.e. the live and neutral pins must be partly encased in a plastic sleeve. The fuse must be of the correct rating for the appliance.

Permanent electrical installations, such as mains power wiring, sockets, lighting wiring, fittings and switches must be safe and checked on a regular basis by a competent person.

Fire Safety Regulations (Furniture and Furnishings)

If a property is let furnished or part-furnished the items supplied must meet minimum fire resistant standards. The regulations apply to beds, headboards, sofas, cushions, sofa-beds, nursery furniture and garden furniture suitable for use in a dwelling. The regulations do not apply to furniture produced before 1950, bed clothes, curtains or carpets. Those items that meet the regulations will carry a label. If you are in any doubt about the compliance of any item, it should be removed from the property.

Smoke Alarms

From the 1st October 2015 landlords will have to ensure that a smoke alarm is fitted on every floor of their property where there is a room used wholly or partly as living accommodation. Landlords will have to ensure that the alarms work at the start of every tenancy, for example by pressing the test button until the alarm sounds.

Income Tax

Overseas Landlords

If the landlord is not resident in the U.K. during the term of the tenancy, it is the agent's responsibility to retain and forward an amount equal to the basic rate of income tax from the rent received to the Inland Revenue, unless an exemption certificate is supplied.

Applications can be made to the Inland Revenue to receive UK rental income with no tax deducted, under the Non-Resident Landlords Scheme. Forms are available from us.

Income Tax Considerations

Where the landlord is a U.K. resident it is entirely his responsibility to notify the Inland Revenue of income received and to pay any tax due.

Income Tax is payable on lettings whether the Landlord lives in the U.K. or not. Expenses are usually only allowed if incurred during the letting period but there are provisions for claiming expenses on an un-let property.

For all lettings, furnished or unfurnished, the Landlord can claim:-

- Maintenance, repairs, insurance and management charges
- Ground rent
- Legal and accounting fees
- Cost of providing services included in the rent (e.g. Council Tax or electricity)

In addition, for furnished lettings you may also claim:-

- Insurance of contents
- Repairs of contents

Wear and tear. This is either on a replacement or 10% of rental income less Water Rates and Council Tax.

The above tax advice is intended as a guide only. In view of the unique nature of each individual's tax affairs, if you are in any doubt as to your potential tax liability when letting your property, we recommend that you consult a tax advisor.

We can supply the names of specialists in this field if required.

Law Relating to Residential Lettings

It is essential that all residential lettings of furnished or unfurnished property are legally sound in view of the complexities of the laws relating to the renting of property.

Re-possession of your property can only be assured if the following provisos have been met:-

- The correct Tenancy Agreement has been drawn up between the Landlord and Tenant.
- The relevant Housing Act Notices and additional documents have been served upon the Tenant before the signing of the Tenancy Agreement and the correct Notices served prior to the end of the Tenancy.
- You have not allowed the prospective Tenant free access to the property or entered into a verbal agreement prior to the signing of the Tenancy Agreement.
- You have obtained the mortgagee's consent to let the property.

If the tenant breaks his contract with you, or refuses to vacate the property at the end of the tenancy, it is important to understand that legal repossession can only be obtained through the Courts. The use of violence, intimidation or harassment against a tenant in the hope of gaining repossession is a criminal offence.

FULL MANAGEMENT SERVICE

This service is available for those Landlords who wish us to completely manage the property and have the minimum of involvement themselves.

The service includes:

- Advising on rental values
- Finding and accompanying prospective tenants to view the property
- Comprehensive tenant referencing, credit searches & Right to Rent checks
- Compiling and signing up the tenant on a suitable Tenancy Agreement
- Compiling and serving the relevant Housing Act Notices
- Preparing a detailed Inventory
- Collecting deposits and rents
- Accounting to the Landlord with statement of account monthly
- Inspect the property internally at our discretion
- Ensure the utility accounts are transferred into the tenants own name
- Liaise with the Landlord, Tenant and any tradesmen over necessary repairs
- Instruct tradesmen over urgent repairs in the Landlords absence
- Make all necessary checks at the end of each tenancy
- Ensure all utility accounts are transferred
- Deduct any delapidations due from the tenants deposit
- Endeavour to ensure there are no empty days between tenancies
- Find replacement tenants

MANAGEMENT SERVICE FOR OVERSEAS LANDLORDS

As listed above but we have a legal responsibility to collect on behalf of the Inland Revenue the necessary Income Tax (unless an exemption certificate is obtained) together with the caretaking of the property in the continued absence of the Landlord particularly between tenancies.

FEE STRUCTURE - FULL MANAGEMENT

U.K. RESIDENTS

Monthly Fee:- 10% plus V.A.T. at 20% of monthly rental income, deducted from rental income.

Setting-Up Fee:- £100.00 plus V.A.T. at 20%.

Tenant Change-Over Fee:- Nil

The compiling of Leases, Inventories, Schedules of Condition together with inspections and visits are all included within our above fee structure.



OVERSEAS LANDLORDS

As above but a monthly fee of:- 14% plus V.A.T. at 20%

PAYMENT TO YOU

When a tenant moves into your property, we collect rent for the remainder of that month and thereafter, on the 1st of each month, in advance. We will endeavour to make our first payment to you within a few days, but subsequent payments will normally be made on or around the 16th of the month. This allows time for the rent received to clear into our account and for deduction of our fees and any outgoings.

We would normally pay directly into your Bank or Building Society account and forward our monthly statement.

LET ONLY SERVICE

This service is available for those Landlords who wish to manage the day to day running of the tenancy, but would like us to find, vet and sign suitable tenants up on a lease appropriate to the Landlord's needs, together with the accompanying documentation.

The service includes:

- Advising on rental values
- Arranging suitable times for prospective tenants to view the property with the landlord or with us if a key is supplied
- Comprehensive tenant referencing, credit searches & Right to Rent checks.
- Compiling and signing up the tenant on a suitable Tenancy Agreement
- Compiling and serving the relevant Housing Act Notices
- Preparing a detailed Inventory
- Collecting deposits and first month's rent
- Ensure the utility accounts are transferred into the tenants own name

FEE STRUCTURE

10% of the total rent reserved under the terms of the Tenancy Agreement
plus V.A.T. at 20%

Preparing the Property for Letting

We have found that the key to a smooth-running tenancy is to establish a good relationship with the tenants. As Property Managers that relationship is our job. However, it is important that the tenants feel comfortable in their new home and that they are receiving value for money. This is where you can play an important role in preparing the property to a standard that we would be pleased to recommend to prospective tenants. Remember - Quality properties attract quality tenants.

General Condition

The property should be in good repair with regard to wiring, plumbing, heating and any appliances. If possible arrange suitable maintenance contracts. Repairs and maintenance are at the landlord's expense unless misuse can be established.

Decor

The interior and exterior should be in good decorative order and preferably plain, light and neutral.

Personal items

Personal possessions and any items of monetary or sentimental value should be removed from the property. All cupboards and storage space should be left clear for tenant's own use.

Gardens

Gardens should be left tidy and rubbish-free, with any lawns cut. It is the tenants responsibility to maintain the gardens to a reasonable standard. However, if the garden is particularly large or valuable to you we would recommend employing the services of a regular gardener.

Cleaning

At the start of a tenancy the property should be in a thoroughly clean condition. At the end of the tenancy it is the tenant's responsibility to leave the property in a similar condition. If they fail to do this, cleaning should be arranged at their expense.

Mail Forwarding

It is strongly recommended that when vacating the property you arrange mail re-direction with the Post Office. This can be done over the counter at a minimal cost. If we do continue to receive mail from the tenants, we will, of course forward it at standard Post Office rates, but there can sometimes be a delay.

Information for tenants

It is always helpful if you can leave any information for the tenant on operating the central heating system and any appliances in the property, e.g. washing machine, alarm system. Also any local information, e.g. refuse collection day.

Insurance Products Disclosure Statement

Residential Property Management Ltd

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Residential Property Management Ltd. is an Introducer of Rentguard Insurance. Rentguard Ltd is an Appointed Representative of RGA Group Ltd who are authorized and regulated by the Financial Services Authority. RGA Group Ltd's Financial Services Authority registration number is 308993. Rentguard insurance policies are underwritten by the AXA Group.

Subject to acceptance by Rentguard and Insurers and to meeting underwriting criteria.
Terms and conditions apply. Telephone calls may be recorded.