

## LANDLORDS INFORMATION GUIDE

### LETTING A PROPERTY; PROCESS FOR LANDLORDS

#### ***\*\*Important notice for landlords\*\****

As from 1st October 2008, all rental properties in England and Wales will be required to have an Energy Performance Certificate (EPC) prior to marketing. We can arrange this for you

#### ***Our step-by-step guide to letting a property***

Letting your house or need not be a complicated process, and Manage My Letting can offer you solid, professional advice based on many years of experience in the business.

This guide will help you achieve the best rental income for your property, and in addition outlines the property management options available to landlords seeking this service. We look forward to helping you.

#### ***Valuing your property***

The first step to letting your home is to contact us to make an appointment for a free valuation of your property. Alternatively, you can request a valuation by clicking on the tab [request a valuation](#) and filling in our simple online form.

As soon as we receive the form, we will contact you to arrange an appointment.

At Manage My Letting we believe that it is only through valuing a property accurately that we can achieve the best market price for your property.

#### ***Marketing***

When you instruct Manage My Letting to let your property, you will receive our marketing pack. As soon as we have received confirmation of your instructions to market your property with us your property will be uploaded to our website along with colour photographs. All our prospective tenants will be alerted to your property via telephone calls, and emails.

The way in which tenants search for property has changed significantly over the last few years. Walking the high street is a thing of the past; tenants now have access to all the properties on the market through a single website and from the comfort of their office or home.

That's why we market your property on **rightmove** the UK's most popular property website, allowing us to attract the maximum number of enquiries, ensuring not only that tenants are found quickly but that we also achieve a market leading rent.



### ***Safety regulations***

There are a number of regulations that govern the letting of residential property. As a Landlord, you have an obligation to ensure that your property complies with all the necessary regulations covering gas appliances, electrical installations and any furnishings supplied for the Tenancy.

It is a legal requirement to provide the tenant and letting agent with a valid Landlord's gas certificate every 12 months and we strongly recommend that you opt for the dual certificate which covers gas and electrical appliances. We can arrange either of these on your behalf.

### ***Viewings***

Our policy is to accompany all viewings. Having access to your property at short notice is important in order that we can show your property to prospective tenants as soon as they contact us with an interest in viewing your property; a set of door keys and/or contact details for the current occupier/s is essential.

### ***Preparing your property***

The preparation that you put into your property in order for it to be ready for rental can make all the difference to how long the property is on the market, as the condition of a property is one of the main factors potential tenants will be considering. A well presented property will rent more easily, and it is best to ensure that it is put on the market in a good decorative state.

If you currently have tenants in the property, it is not possible for you to ensure that they keep the place tidy for viewings, so our lettings negotiators will explain this to prospective tenants before they carry out the viewing.

We recommend that the property is professionally cleaned. If the property is professionally cleaned at the outset of the Tenancy, then the tenant is obliged to pay for this service at the end of the Tenancy, so it is strongly advised that you arrange for this to be carried out. Manage My Letting will be able to organise this on your behalf if required.

### ***Finding the right tenant***

Once we have found a suitable tenant for your property and terms have been agreed, we will apply for references on your behalf and forward this on to you for your consideration. If the tenant proves to be acceptable we will proceed to the next stage.

### ***Property Management***

More and more tenants, in particular corporate tenants, prefer to rent properties that are managed by an agent.

Property Management ensures full time care for your property and your tenant. After placing a tenant in your property, we also collect the rent, handle all the administration and assist with all maintenance issues.

Manage My Letting offer a number of management packages which can be tailor-made to suit your requirements.

### ***Tenancy Agreement***

Once you have confirmed that you would like to proceed, we will draw up the relevant paperwork and form an agreement (the Tenancy Agreement), which is signed by both parties.

A Tenancy Agreement is a legally binding contract between a Landlord and a Tenant and sets out the contractual responsibilities of both parties. All persons over the age of 18 must be named on the Tenancy Agreement, up to a maximum of 4 tenants. Prior to the commencement date of the Tenancy, the agreement must be signed by all of the parties and, when everyone is happy to proceed, the contract will be dated, by hand, to put it into force. If Manage My Letting act as your managing agent, they are able to sign the Tenancy contracts on your behalf.

### ***Inventory***

In most instances an inventory will be prepared prior to the commencement of a Tenancy, which details the contents of the property and a schedule of its condition. Manage My Letting complies with the EEC regulations which states: 'it is imperative that the Landlord provides an independent inventory prepared by an independent clerk'. A copy of this inventory will be supplied to both Landlord and tenant.

## ***Deposits & rent***

### **Deposit**

Under new legislation introduced on 6th April 2007, all deposits taken from tenants against possible damage to a property or non-payment of rent must now be covered by a Tenancy Deposit Protection Scheme. This applies to Assured Shorthold Tenancies only.

We are members of a Tenancy Deposit Protection Scheme, which means that in the event that there is an unresolved issue over the allocation of a deposit, it can be referred to the scheme for an independent third party adjudication, which will provide a resolution fair to the Landlord and tenant. Further information is available at [www.depositprotection.com](http://www.depositprotection.com)

### **Rent**

Prior to the commencement of the Tenancy we will take an advanced rental payment from the tenant on your behalf.

### **Utilities**

Please ensure that we are given details of the current utility suppliers for your property, account numbers if possible and the location of meters (especially water meters), to pass onto the in-going tenant, who will be responsible for payment of services once they are in the property.

You will need to notify these suppliers whenever there is a change of tenant and it is advisable to obtain meter readings at the outset and end of any Tenancy agreement. If we are managing your property, we will notify the utility companies when there is a change of occupier on your behalf.

### **Completion**

On the day the Tenancy commences, we will usually arrange for your tenant to be checked into the property by us and for the keys to be handed over accordingly.

### **Disclaimer**

This guide is intended to help Landlords navigate their way through the letting process under the estate agency systems in England and Wales. Readers take any advice at their own risk. Manage My Letting accept no responsibility for any action taken, or loss occurring, as a result of any advice and/or information in this guide.

## **LANDLORDS RESPONSIBILITIES**

### **Mortgage Lender**

Unless the property was purchased with a buy-to-let mortgage, the landlord must inform their bank, building society or mortgagee that they plan to sublet their property. It will be clause of their mortgage deed that they must obtain permission in writing. Certain mortgage lenders will levy a fee for issuing a consent letter and may apply a slightly increased mortgage interest rate. Although most lenders are becoming more accustomed to subletting, the landlord should seek permission at the earliest possible opportunity as they may require time to talk to other lenders

### **Freeholder**

If the property is leasehold, the head lease will specify whether or not the landlord is allowed to sublet the property and if so whether the freeholder's permission is required.

If permission is required, the landlord should obtain this in writing. They should also note any conditions or clauses in the lease that their tenant will need to adhere to and be made aware of.

### **Utilities BT Cable & Sky**

Manage My Letting will notify all the utility suppliers that the landlord has vacated the property (electricity, gas water and Council Tax). However, it is the landlord's responsibility to arrange for the cessation or transfer of their telephone account, broadband, cable or Sky contract. Failure to do so could result in the tenant making calls etc on the landlord's account.

### **Insurance**

It is the landlord's responsibility to ensure that the property holds adequate building, contents and public liability insurance. The tenant will be expected to insure their own belongings only.

The landlord must consult with their Insurers to establish whether their existing policy is suitable. Certain insurance companies will impose restrictions on the level of cover or even increase the premium.

Landlords should not forget to keep their Insurers advised of any vacant periods.

### **Newspaper & Post**

The landlord must inform all parties of their new address – it is not practical to rely on tenants to forward mail

### **Neighbours**

It would be advisable of the landlord to let their neighbours know of any lets or vacant periods and provide them with Manage My Letting contact details in case of an emergency

### **Frost**

If the property is vacant during winter, the landlord must either arrange for the water to be turned off and system drained down or should ensure provision of background heat to prevent freezing ( management agent will do this if under management during vacant periods )

### **Quiet Enjoyment**

The tenant should be allowed quiet enjoyment of the property

### **Maintenance**

The property must be maintained in line with current legislation

### **Tax Liabilities**

#### ***Tax advice for overseas landlords***

Under the Finance Act 1995, any Landlord considered a non-resident for tax purposes has to pay United Kingdom Income Tax. Manage My Letting are obliged by law to deduct tax from rental monies received unless we receive an 'Exemption Certificate' from the Inland Revenue. Whilst it is the Landlord's responsibility to obtain the 'Exemption Certificate', we can advise you on how to go about applying for it.

#### **A Brief Guide to rental income Taxation**

If you are considering purchasing a residential buy to let property, you may not be fully aware of the tax implications. Usually there will be two taxes that you may have to pay. These are, income tax, which is payable each year based on your income from the property after deducting certain expenses that you have incurred, and capital gains tax, which is payable when you sell the property and is based on the sale proceeds of the property less the cost of the property.

#### **Income Tax**

Usually there will be two types of income that you will receive from your tenants – rent & deposits. Rent is taxed each year, based on the income that is due to you during a tax year rather on the rent that you actually receive during the year. For example, if a tenant pays you in advance, only that part which falls within the tax year will be taxed in that year. The remainder will be taxed in the following tax year. Similarly, if a tenant is late paying you, that part which was payable in the earlier tax year will still be taxed in that year. The only exception to this is when a tenant defaults on a payment and you will not be able to recover the amount due.

Deposits are not taxable whilst they are still repayable to the tenant, but once either part or all of the deposit ceases to become repayable, ie because there has been damage to the property, then this will become taxable at this point. There will be various expenses that you will incur on your property, those that you can offset against your rental income (allowable expenses) and those that you cannot offset against your rental income (disallowable expenses). The more usual items are listed below:

### **Allowable**

- Advertising the property for let,
- Repairs to the property and general maintenance costs,
- Cost of services provided to your tenants, such as utilities,
- Managing agents fees,
- Insuring the building and contents,
- Interest paid on any loan taken out to buy the property.

### **Disallowable**

- Renovation work and improvements made to the property, e.g. replacing an item with a one of a higher specification, installing central heating, carrying out any work which was accounted for by a reduced purchased price for the property,
- Capital repaid on any loan taken out to buy the property,
- Costs incurred whilst the property is not available for letting,
- Costs of purchasing/selling the property.

These lists are not exhaustive and we would therefore recommend that you seek advice regarding any expenditure incurred to ensure that you obtain any tax relief available. There are additional rules regarding furnished lettings. These rules may result in you being able to claim additional expenses against your income

**For further information we recommend you employ an accountant to mitigate your tax liability**

### **Furnished or Unfurnished**

#### **What is the legal definition of furnished and unfurnished?**

In fact there is no legal definition of furnished, unfurnished or even part-furnished in the UK - these are terms which have come about through custom and practice - in reality they have no industry standard.

What *is* defined is all furniture and furnishings supplied must meet **fire safety standards** and it's in your interest as a landlord to check that they all comply with fire resistance specifications. It's also important that all electrical appliances are safety checked before a tenancy commences and that the electrical system is checked periodically.

The inventory records the items actually provided and their condition. It is then signed by both parties preventing later disagreements. The tenancy is therefore based on those items actually provided and accepted as part of the contract.

The tenant therefore accepts the accommodation "as is and as described" and cannot complain later if more furniture, furnishings or appliances were desired.

As a guide:

Unfurnished – many tenants these days prefer unfurnished (or part furnished) as being mobile they bring their own furniture and prefer to use their own items, particularly beds. Even unfurnished generally means that carpets, curtains and some white goods (i.e. fridge, cooker) are included.

Part-furnished - here you would expect to see the basics as above, but perhaps the addition of items such as wardrobes, dining table and chairs etc, but not beds, 3-piece suites, TV, dish washers, washing machines etc.

Furnished or Fully Furnished – it's to the landlord's discretion and to some extent negotiation as to the standard and amount of furniture provided, depending upon the type of tenant you are targeting. In a fully furnished letting you would expect to see similar to above with the addition of beds, 3-piece suites - in fact everything needed to make a comfortable living home including crockery, cutlery, towels, bedding etc while expected in the high-end lettings may be subject to negotiation and not always provided.

When you have viewings of a property, while still tenanted, point out to the new tenants exactly what is to be included and excluded and discuss requirements then.

If you are willing to be flexible as a landlord, for example removing and storing unwanted items or adding additional items as required you will increase your chances of letting quickly and increasing your annual rental income.

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### **WHAT SHOULD I DO NOW ?**

Now that you have decided to let out your property it is essential that you do not fall foul of the law and in some cases the penalties for non compliance can be a fine of £5,000 or 6 months imprisonment, or both.

A gas safety check and any electrical check and EPC must be carried out well before a tenant is found as any problems must be corrected before the tenant moves in

The easiest way is to instruct us to carry out a gas and electrical safety check on your property that can be arranged through properly qualified engineers at a very economical price.

Alternatively, if you already have a current gas safety record from as Gas Safe registered engineer and an electrical safety check please forward these to us.