



# **A LANDLORD'S GUIDE TO RESIDENTIAL LETTING**

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At Uden Lets our main objective is to differentiate ourselves from other letting agents by providing a service to landlords that is second to none. Our aim is to completely satisfy the client's requirements in order that we may forge a long and lasting relationship during the period of the tenancy.

A landlord's ambition when letting a property is to achieve the best rental possible for as great a proportion of the year as is feasible. Not only this, but they must have the reassurance that the tenant is suitable for their property. Uden Lets aim is not just to find tenants for properties, but to find the right tenant for the right property.

This guide has been compiled to inform landlords, prior to letting, of the basic information they may require regarding the 'ins and outs' of the letting process. However, it will not answer all the questions you may have and should you require any further information, no matter how basic or complex it may be, please do not hesitate to contact us. With a dedicated team of letting agents, estate agents and financial advisors we can provide a complete service and ensure sound advice.

### ***The first step - valuation***

We would need to visit your property and carry out the valuation and initial inspection to provide a general assessment of the property. Basic information such as the location, style of property, the number and size of rooms, the general style of furnishings and any facilities or details likely to affect the selection of a suitable tenant are recorded. We will advise you of any decorating, general maintenance and repairs which we believe would benefit the letting potential. We will also advise you of any furnishings, fixtures or fittings which, in our opinion, should not be left in the property.

Our initial rental appraisal of your property (or properties) and advice on the letting market is unbiased, without obligation and free of charge. We believe a landlord should have no reservations in fully exploring the letting market and the potential of their property prior to putting their property on the market or investing in rental property. Our estimate of the achievable rental of your property will be based on our experience and knowledge of the prevailing market conditions at the time. Generally, we believe it is better to be flexible on rental price to improve response from applicants, rather than hold out for a higher rent and have little or no response. This is particularly true when the property is available in the imminent future.

### ***Preparing the property for renting***

Should you wish we will provide a quotation for any decorating, general maintenance and repairs that you may want to undertake prior to renting. We can also provide a quotation for a general "spring clean" of the property and gardens if required. We will then schedule and supervise any such work that you wish to be carried out. Once we have instructions we will prepare a description of the property for circulation to prospective tenants.

### ***Should I seek permission from anyone to rent?***

If you have a mortgage on the property you should seek permission to rent from your Bank or Building Society. Your Building Society or Bank will ask for certain criteria to be met. We will provide the information needed and, if you wish, deal with them directly on your behalf. If the property is leasehold, consent to underlet may be required. Further details can be obtained from your head leaseholder or the management company that looks after your development, mostly in the case of flats.

### ***Should I advise anyone of the let?***

### ***Your insurers***

Your insurance company will need to be informed of the proposed letting. Some insurers charge higher rates for rented properties or may refuse to insure altogether. The insurance of the property structure and of your contents is your responsibility and you should obtain written acknowledgement from your insurers that they are happy to continue insuring the property.

We are able to offer landlords comprehensive Buildings and Contents insurance cover, specifically designed for rented properties, through 'HomeLet' (backed by Commercial Union). Full details are available on request.

### ***Your Accountant***

It is likely that you will require the services of an Accountant to assist in the declaration of your property income, especially if you are to be resident overseas and we strongly suggest that you check the tax implications of renting with an accountant or financial adviser. Income from property is taxable at standard rates, though your expenses in letting the property are generally tax-deductible (these often include mortgage interest payments, but will exclude capital expenditure such as furniture/appliances etc). The taxation of income from renting need not be a problem provided that professional advice is sought and timely action is taken.

If you are living abroad we have a legal obligation (Taxes Management Act 1970) to retain tax on your rental profit. You must complete an Inland Revenue NRL1 form to enable an agent (whether professional or not) collecting rent on your behalf to transfer this rent on to you without deducting tax at basic rate. Please ask us for more information.

In order that your accountant can prepare your tax returns promptly, you should retain all statements received from us and forward them to your accountant together with all supporting invoices immediately you receive our statement covering income to 5th April.

### ***The Post Office***

You should make forwarding arrangements with the Post Office throughout your absence. Inevitably some mail will slip through the post net and we will request the tenant to pass any such mail to our offices to be forwarded to you.

### ***Should I leave the property furnished or unfurnished?***

This is a frequently asked question to which there is no right or wrong answer. Safety is now of paramount importance and as your letting agent we must ensure that your soft furnishings comply with current regulations - these regulations are explained later. A landlord also now enjoys the same legal protection whether the property is furnished or unfurnished. At one time, properties that were furnished achieved a higher rent, but in the market today the rental is likely not to be dissimilar, though it is true to say that smaller property (studios and one/two bed apartments) generally achieve rental quicker in a furnished condition.

## ***Unfurnished***

The property should be professionally cleaned throughout including carpets and curtains to all rooms. A property can never be too clean at commencement, as this is how the tenant will have to hand back the property at termination. The kitchen should include a cooker, fridge/freezer and a washing machine. The remainder of the property can be entirely unfurnished with the exception of carpets, curtains/blinds and light fittings.

## ***Furnished***

We would suggest the following as a guideline.

### **Kitchen**

- Cooker
- Electric kettle
- Fridge/freezer
- Iron and ironing board
- Washing machine
- Vacuum cleaner
- Dishwasher (optional)
- Broom
- Microwave (optional)
- Dustpan and brush
- Dinner service
- Mop and bucket
- Cutlery and kitchen utensils
- Crockery
- Set of saucepans and frying pan

### **Bedrooms** - each bedroom should have:

- Bed and mattress in good condition
- Pillows and duvet
- Wardrobes
- Dressing table and stool
- Bedside Table and Lamp
- Mattress covers

### **Living room**

- Three Piece Suite
- Coffee Table
- Table lamps

### **Bathroom**

- Bathroom cabinet
- Electric shower (optional but preferable)
- Shower curtain (if applicable)
- Mirror
- Bath & pedestal mat

### **Dining room**

- Dining table with chairs (suitable for size of property)
- Sideboard or equivalent
- Placemats

### **Garden** - should be left in a manageable seasonal order

- Dustbin
- Lawn mower
- Gardening tools

### **Garage** - should be left empty with:

- Keys
- Hosepipe

It is important that furnishings, fittings and décor should be of suitable quality and in keeping with the style of property. This will make the property more appealing to prospective tenants, improve your prospects of achieving optimum rental value, avoid continual maintenance and repair of low quality items and, we find, encourage tenants to respect the property as if it were their own.

### ***Safety Regulations***

The Furniture and Furnishings (Fire)(Safety) Regulations 1988 and The Furniture & furnishings (Fire)(Safety)(Amendment) Regulations 1993. Effective from March 1<sup>st</sup> 1993, landlords letting residential property must ensure that all upholstered furniture complies with the Fire and Furnishings (Fire)(Safety) Regulations 1988. Failure to do so could result in up to six months imprisonment and/or fines up to £5,000.00. The correct method of displaying compliance is to check that a permanent label is present on all items of furniture. The regulations apply to:

- Three piece suites, armchairs and sofas
- Beds, headboards, mattresses, divans and bed bases
- Sofa beds, futons and other convertible furniture
- Nursery and children's furniture
- Loose, stretch and fitted covers for furniture
- Pillows, scatter cushions and seat pads
- Garden furniture suitable for use in a dwelling

It should be noted that any furniture manufactured prior to 1<sup>st</sup> January 1950 is exempt from the regulations.

### ***The Electrical Equipment (Safety) Regulations 1994***

The Electrical Equipment (Safety) Regulations 1994 oblige every landlord to ensure that any electrical appliances in the property are safe. It is required that all appliances are checked for defects, e.g. frayed wiring, badly fitted plugs and a record kept of the checks. We strongly recommend the following:

- Checks are carried out to each appliance by a qualified electrical engineer.
- Instructions books and any necessary safety warnings are supplied.
- Second-hand goods are not used.

We would be pleased to arrange the inspection of any appliances should you wish.

### ***The Gas safety (Installation and Use) Regulations 1994***

The above regulations require you, the landlord, to ensure that all gas appliances, installation, pipework and flues be maintained in a safe condition, and checked for safety every twelve months. The first check should be carried out before the tenants take occupation of the property. A copy of the certificate is required to be sent to the tenant within 28 days of the check being carried out (whether they ask for it or not). The inspection must be made only by a CORGI registered engineer. Failure to comply is a criminal offence.

We can arrange for this to be carried out. Please contact us for further details.

## ***Smoke Detectors Act 1991***

The Department of Environment introduced new regulations which require any new building (built after June 1992) to have smoke detectors installed. Whilst not yet a legal requirement for other properties, we feel this legislation will soon follow and Landlords can still face serious claims in the event of a fire. We would therefore strongly recommend Landlords to install smoke detectors.

## ***Marketing your property***

Your property will be marketed to local and internal business, relocation agents and private applicants. The property details will feature on our web site allowing anyone in the world to access the information. The nature of the agency business determines that the duration of this process can vary greatly according to market conditions and demand for particular property types prevalent at the time of marketing. We are very conscientious regarding finding quality tenants but we also recognise the importance of good applicant/tenant relations. Our company policy also differs in our approach to applicants, who tend to be given short shrift from other agents.

When a suitable tenant is found we will negotiate the terms of the tenancy (price, term, inclusions, exclusions, special clauses, break clauses, options to renew, deposits etc) and apply for references prior to drawing up the Tenancy Agreement. Needless to say, this process varies greatly in many instances so please call us to discuss any permutations and 'what-if' queries you may have.

## ***Tenant vetting***

We believe that the selection of a tenant is the most important aspect. All prospective tenants are carefully interviewed to establish their suitability and we carry out enquiries to substantiate the tenant's claims. All tenant's information is carefully verified by the credit referencing agency. Checks and references are as follows:

- Voters roll registration at current and previous address/s
- Details of any bankruptcy in the last 10 years
- Details of other searches made and financial transactions
- Employers reference
- Previous/current letting agent or landlord report (where applicable)
- Character reference

References (for private and company applicants) are taken via a professional referencing and credit check company. References returned as 'Grade A' are considered as acceptable and we will discuss with you any references not issued with this rating. You will also be issued with a quotation for Rent Guarantee Insurance from the Reference Agency for extra peace of mind.

## ***Tenancy Agreement preparation***

Once we have agreed that the tenant is suitable we will arrange a moving in date and prepare the Tenancy Agreements for signing. All our Tenancy Agreements comply with relevant legislation and Housing Law and have been prepared in conjunction with our solicitors. In most cases we will use the Assured Shorthold Tenancy agreement which is a fixed term agreement. The minimum period is six months, although this can be for longer if required. During the first six month period the tenancy cannot be terminated without the agreement of both parties. After the initial term has expired the tenant may give one month's written notice of their intention to vacate even though they may have signed another fixed term agreement. If you wish to move back into the property, you may give

the tenants two months notice to expire no earlier than the expiration date of the tenancy.

Stamp Duty is payable to the Stamp Office (a division of the Inland Revenue) in certain circumstances. With the budget of 1999 and a further amendment this year all tenancies with an annual rental in excess of £5,000 (£416.66 per month) will be subject to Stamp Duty at a fixed cost of £5. We will arrange for any tenancy agreement to be stamped as required.

If you wish to inspect the Tenancy Agreement we will be pleased to supply you with a specimen and clarify any elements with you.

### ***Inventory***

It is in everyone's interest to have a full Inventory and Schedule of Condition report at the beginning and at the end of the tenancy, no matter whether the property is furnished or unfurnished. We will always employ a completely independent, professional Inventory Clerk to perform this task with the aim of avoiding any disputes regarding the condition and contents of the property pre and post tenancy. The inventory is a detailed document which will highlight not just the contents of the property, but also the condition and cleanliness of a property and its contents prior to the commencement of the tenancy. It is therefore a very good idea to have the property in the best possible shape prior to letting - a tenant will only be expected to maintain a property in the condition in which it is found.

### ***First months rent and deposit***

This will be collected by us from the tenant prior to the commencement of the tenancy. The deposit is the equivalent of one and half months rent and is held in our fully audited Clients Account on behalf of the tenant. We hold the deposit as 'Stakeholders' which means that, at the end of the tenancy, agreement must be reached between landlord and tenant regarding the amount (if anything) to be withheld from the deposit for damages, breakages, cleaning etc - the Inventory Check-out Report here is vital in order to give a fair and impartial account of the condition of the property at the end of the tenancy. We ask that payment of the initial monies should be made by bankers draft, building society cheque or cash. The tenant will then have seven days to report any defects in the property and return the inventory.

## ***Utilities***

Tenants are responsible for the payment of all bills at the property with the exception of ground rent and maintenance charges (in the case of flats). It is a tenant's responsibility to register directly with the relevant utility companies. When you leave the property we would ask that you notify the appropriate offices to advise that you are vacating the property and to arrange for a closing account.

## ***During the tenancy***

The tenants are informed that all rent payments must be paid to us, preferably by standing order. During the course of the tenancy we will make quarterly inspections at the property. Where necessary the tenants will be advised of any repairs for which they are responsible, and follow-up visits will be conducted to ensure that any repairs are carried out to a satisfactory standard. We will then contact you itemising any deficiencies and recommend any necessary maintenance. Where costs of the necessary maintenance fall within agreed limits we will carry out the work directly.

## ***Maintenance***

Whilst the property is let you are still responsible for the 'fabric' of the property. You are legally responsible for the maintenance, servicing and repair of all appliances and fixtures in the property. There are a multitude of day to day problems that can arise with the property. With this in mind as part of our agreement with you to manage the property we suggest we agree a maintenance financial limit to permit us to carry out on your behalf those repairs and replacements which we consider to be absolutely necessary.

When advised by the tenant, or otherwise notified of the need for general maintenance repairs, we will initially confirm the report, and then establish the likely cost of the required remedial action. When the cost of necessary repairs falls within agreed limits we will carry out the necessary work directly. When the costs are in excess of the agreed limits we will provide a quotation for your approval prior to work being started. In the case of emergencies we will carry out the necessary work immediately to avoid any further damage to the property.

## ***Renewing the tenancy***

About two months prior to the end of the tenancy we will write to the tenant asking if they want to renew (subject to the landlord's approval). If they do we will then ask the landlord for approval and negotiate any rent increase and supply the relevant paperwork to each party. If the tenant intends to vacate at the end of the term we will contact the landlord to confirm that the property should be re-marketed for letting.

## ***Vacation***

At the end of the tenancy the property will be inspected to check the inventory and condition. From this inspection a report is produced itemising any replacement or repair actions required to restore the property to the agreed condition at the start of the tenancy (fair wear and tear excepted). Should any works be necessary, costs will be deducted from the tenant's dilapidation deposit.

***And finally***

Letting your property, whether it be an investment property or your home, can be a successful and profitable exercise.

Whilst acting as management agents for your property, Uden Lets will be on hand to assist and advise you on all aspects of renting your property to minimise the likelihood of any problems arising during the term of the tenancy.

We realise that renting your home, or an investment property, can be a decision of concern to you and we will always ensure that you receive the best possible advice. This will give you peace of mind that your most valuable asset is being marketed, let and (where applicable) managed to the highest standards by a friendly team dedicated to their job.