

Guidance Notes for Landlords

I HAVE A PROPERTY TO LET, DO I NEED PERMISSION?

If you are thinking about becoming a landlord you will need to obtain permission from your mortgage lender (if you have a mortgage) and the freeholder (if you own a leasehold property) when considering property letting.

A mortgage lender or freeholder might impose conditions before giving you their permission to rent out your property. You should always comply with the conditions of your mortgage or leasehold for property letting because in the worst case you could face repossession.

HOW DO I KNOW OF TENANT'S SUITABILITY FOR MY PROPERTY TO LET?

Letting a property, house or flat can be a good investment but there are a few things to look out for. A property letting agent will find the tenants, advise you on the best rent and manage the tenancy agreement paperwork.

We will keep you informed on the prospective tenants who are interested in your property to let, arrange viewings and give you feedback on what they think of the property. We will advertise the property on all major property websites, in-house and in the local press, making sure your property is seen by many potential tenants, giving you the best choice possible.

As well as interviewing tenants, we will follow up possible financial and previous landlords references to ascertain their suitability to rent. You will have the final decision on which tenants to offer your property to.

WHAT ARE A LANDLORD'S OBLIGATIONS?

As a landlord you've got certain responsibilities and legal obligations to your tenant. These are the main things you have to do:

Look after the building

Keeping the exterior of a property to let in good condition is a landlord's obligation. Make sure you maintain the roof, drains and gutters.

Have the right insurance

You should insure the property to let and the contents that are included with it. Your tenants are responsible for insuring their own possessions. Make sure your insurance covers you as a landlord, for renting your property and carries Public Liability insurance – normal household buildings and contents cover probably won't cover these.

Make sure services are available

It is also a landlord's obligation to make sure that the property to let is supplied with services like gas, electricity, water, sanitation and heating.

Leave your tenants in peace

A 'covenant of quiet enjoyment' is part of most tenancy agreements. It means a landlord must not interfere with the tenants.

For example, you can't:

- Go in to the rented property without their consent, except in an emergency
- Do anything that affects the tenants' rights, for example cutting off services to force a tenant to leave

Legal obligations

Every year gas equipment like boilers and ovens must be inspected by a person qualified to undertake testing. These engineers must be registered with and qualified by Gas Safe (formerly CORGI). Any electrical equipment supply has to be safe too, and furniture must be fire resistant.

Watsons is obliged to refuse to take on a property to let where the furniture, furnishings, gas installations or electrical equipment do not comply.

DO I NEED AN ENERGY PERFORMANCE CERTIFICATE (EPC) WHEN LETTING A PROPERTY?

Since October 2008 all landlords letting property to new tenants require an Energy Performance Certificate (EPC).

An EPC demonstrates the energy rating and efficiency of a property. An EPC gives landlords and tenants information on how efficient the property to let is and gives a standard energy and carbon emissions rating from A to G, A being the most efficient.

Energy performance certificates for properties to let are valid for ten years. However if improvements are made to the property which might affect the energy rating then the EPC can be carried out more often.

From 1st April 2018, Landlords will be legally required to raise the energy efficiency of private rented properties to a specific standard. The regulation means that properties must have an E rating or higher in order to issue a new tenancy for a property.

If a landlord renews the lease to the current tenants, an EPC will not be required. It is only when new tenants move in that you as a landlord will need to obtain an energy performance certificate for the property.

WHAT ARE THE SAFETY REGULATIONS FOR PROPERTY TO LET?

There are a number of safety regulations that govern the letting of residential property to which landlords must comply. The penalties for failing to do so are severe and could result in heavy fines and/or imprisonment. As your letting agent, it will be our duty to advise you of your obligations, the implications of the safety regulations and to assist you in ensuring you are fully compliant.

Just some of the regulations include

- Gas equipment like boilers and ovens must be annually inspected by a person qualified to undertake testing. These engineers must be registered with and qualified by Gas Safe (formerly CORGI). Then as a landlord you must give the safety record to the tenant.
- It is advisable to have all electrical appliances tested by a competent person such as an NICEIC qualified electrician.
- It is an offence to let a property containing furniture and furnishings that do not comply with safety regulations. This includes beds, sofa beds, futons, garden furniture, pillows, nursery and children's furniture.
- All new homes available to rent must be fitted with mains operated smoke detectors, installed on every floor and interlinking. For older properties, it is advisable to install at least battery operated devices.

WHAT IS THE TENANCY DEPOSIT SCHEME?

When tenancies come to an end there is usually no disagreement about the return of the deposit. However, sometimes there is which can cause hardship, delay and inconvenience to all parties concerned.

The Housing Act 2004 makes provision for both the protection and return of tenancy deposits and the resolution of disputes over their return. All deposits taken for Assured Shorthold Tenancies must be covered by a tenancy deposit protection scheme, of which there are three.

We have chosen to join The Tenancy Deposit Scheme (TDS) which is a custodial scheme. This means the deposit will be held by the TDS for the duration of the tenancy.

How the Tenancy Deposit Scheme works

In the event of a dispute that cannot be resolved between the landlord and tenant, either party (or Watsons) can instigate adjudication with the ADR (Alternative Dispute Resolution Service). This must be done within 28 working days of the tenancy ending and the ADR must be sent the following:-

- The signed tenancy agreement
- Inventory and schedule of condition for both check in and check out procedures
- Evidence that the claimant has tried to negotiate a settlement
- Any other documentation to support your claim

Once the ADR receives the documentation, the dispute will be adjudicated within 28 days. Once the adjudication has taken place the deposit monies will be distributed.

Where the amount of the deposit in dispute is £5,000 or more, the ADR does not generally adjudicate these cases, although he may do so at his own discretion and with the consent of the parties. Alternatively the parties must agree to submit to formal arbitration through the engagement of an arbitrator appointed by the ADR the cost of which will be borne equally between the landlord and the tenant.

In all probability you will not need to call on the ADR. However, if you do, it is important that before the tenancy commences we organise a professionally prepared inventory and schedule of condition for the landlord. The schedule of condition must be signed personally by the tenant at check in and check out.

Benefits

- The deposit is fully protected and insured
- The deposit is returned promptly if there is no dispute
- In the event of a dispute it is quicker and less stressful than going to court
- The property can be re let whilst adjudication is taking place

OUR SERVICES

We understand that as a landlord your income depends on finding the right tenant and keeping your property well maintained to protect its long term value. So whether you want us to simply find you a quality tenant or you wish us to fully manage your property we are here to help you every step of the way.

Find Tenant Only Service

The Find Tenant Only service we offer is for Landlords that want to take a more hands on approach to their investment, with this service we can arrange everything up to the start of the tenancy for you.

- Market your property on all major property websites
- Find you a suitable tenant
- Reference the tenant
- Prepare the Tenancy Agreement
- Arrange the Inventory and Check In

Once the tenancy starts you will then take over the management of the property and our team is always here to help you with advice throughout the tenancy.

Full Management Service

Let our team deal with the time consuming and often stressful day to day running of your property, leaving you free to concentrate on other things. With this service we arrange everything up to the start of the tenancy and then take over the full management.

How we can manage your property

As part of our property management service we will do all of the above plus:

- Visit your property on a quarterly basis and make sure it's in top condition. We will provide you with a report supported by photos and if we think any works are needed we will let you know.
- Arrange day to day maintenance, redecoration and repairs on your behalf, with your authorisation.
- Give you advice on how to make the best of your property and enhance its value.
- Keep you informed on changing safety regulations to ensure you keep your property compliant.
- Handle the accounts and keep you up to date on rent payments and any maintenance spending.

Our service is charged and calculated as a percentage of the rent.

LETTING PROPERTY – THE PROCESS

Letting out a house or flat can be a great investment, but there are a few things to look out for. We can help you find tenants,

get the right price and manage the paperwork. Let us take you through how it works.

STEP 1: Make your property look its best

We've found that when a place just feels right, the first few minutes are often all prospective tenants need to decide.

This means that making your property look its best could be the difference between a quick rental and a long slog with an empty house or flat on the market. Letting a property doesn't have to be hard work.

Presenting to rent

- Be objective – don't overlook flaws just because you don't mind them
- Reduce clutter – get rid of everything but the bare essentials
- Decorate neutrally – tenants should be able to see it as their home, not yours
- Keep it light – clean the windows and use light colours to decorate
- Outside and in – fresh paintwork and well cared for outside spaces make a great first impression

STEP 2: Get a valuation from a letting agent

A little research can give you an idea of what the right rent is for your house or flat. Ask yourself

What's the going rate in your area? Check with Watsons or search online for similar properties.

How much do you need to cover your mortgage and other expenses?

If you want a professional opinion on where to set your rent, get in touch with us and we'll **value your property for free** and without any obligation to use us for letting or management.

STEP 3: Find your tenants

If you decide you'd like us to let your property, just give us a call and we'll be happy to help in any way. It's our job to know everything about your rental. We will keep you up to date on letting your property, from who are interested in renting, to when tenants are looking round and what they think of the property.

We'll advertise your property on the web, in our offices and in print, making sure it gets seen by as many potential tenants as possible. We'll show prospective tenants around on your behalf and we'll make sure it's convenient for you and for any current tenants. It's always best to show off a property in daylight, but evening viewings are no problem: we're open until 6pm Monday to Friday. We can show people round at the weekend too.

STEP 4: Get the paperwork done

When you've found the right tenants and they've agreed to move in, there's some paperwork to be completed before the tenancy can start. We'll take care of this and send all the documents to you and your tenants.

We call this stage "let agreed" and it starts with checking credit references. We'll request credit checks on your tenants, follow up references and talk you through any potential problems.

Next we'll draw up a tenancy agreement that sets out exactly the terms of your contract with your tenant, including any special requirements you have. We'll send you and your tenant copies to sign, all you have to do is check it, sign it and send it back to us before the tenancy starts. We will forward a copy of their signed agreement to you and your signed agreement to the tenant.

Finally, the inventory records the contents and condition of your flat or house at the point when your tenants move in. Because it's so important we carefully prepare your inventory with detailed photography. You and your tenant will receive a copy of the inventory and a check out will be done at the end of the tenancy to check that nothing's missing or damaged.

STEP 5: Taking a deposit and moving in

Before the tenancy starts, we'll collect the deposit for fully managed properties, and the first months rental payment on your behalf. As soon as this money clears, your tenants can move in. If you choose to manage the property yourself, the deposit will come direct to you from the tenant and you will be responsible for registering it with one of the Tenancy Deposit Protection Schemes.

A senior member of staff will be there to check your tenants in and we'll make sure they get the keys.

**LETTING YOUR PROPERTY THROUGH
WATSONS IS NOW COMPLETE AND
YOU ARE NOW A LANDLORD!**

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