

LANDLORD INFORMATION 2009

- Basics on Renting your Home
- The Financial Side of Renting
- The legal side of Renting.



Roach *Estates*
FINANCIAL SERVICES & PROPERTY MANAGEMENT



Landlord Advice

The Right Price

Every day your property sits vacant eats into your yield, so being realistic with asking prices is critical to the success of your investment. Our valuers have an intimate knowledge of both supply and demand in the local markets within which we operate and can advise on a realistic pricing strategy to find the right tenant at the best possible rent. If you are buying a property that can be let "as is" - try to get a clause in the buying contract allowing you / your agent to show prospective tenants after exchange yet before completion. A happy landlord is one with a tenant moving in on the day of completion!



First impressions

You only have one chance to make a first impression – ensure it's a good one!

Lose the clutter - clean, bright and uncluttered space please! If you are living at the property, try and put your stuff out of sight.

Does the property smell clean and fresh? Open a window, let in some fresh air. Even the slightest trace of a damp smell will have tenants running for cover. For more valuable properties some fresh cut flowers are worth considering.

Is it warm and welcoming? Leave the heating on whilst the property is being marketed in Winter.

The small rooms are often the most important. Pay particular attention to the kitchen and bathroom(s). Carpets, curtains and other upholstery should ideally be professionally cleaned.

Ask us

Our team has experience of letting thousands of homes in Liverpool at rents from under £100 per week to over £1000 per week. Please feel free to ask questions - we're here to help.

Let us take the stress off you!

If you are around whilst the agent is showing prospective tenants around - leave them to get on with it. If you feel the agent has failed to point out a relevant feature - call the

branch manager at the office and ask that this be mentioned (if indeed it is relevant) on future viewings. Leave doors from hallways propped open. It adds to the feeling of space in a property.

Be flexible

The majority of our tenants are highly paid professionals. They rent because it offers convenience and flexibility. Use this to your advantage. The more flexible you are the greater the rent you are likely to achieve. Be prepared to look at individual requests from tenants, such as adding to or removing items of furniture.

The Big Picture

Look at an offer based upon the whole, not just the rent per week. Just as important is the tenant profile, start date and guaranteed minimum term. Are there any conditions attached to the offer?

Timing

When to start marketing your property? Liase with your Roach Estates lettings manager - make sure he / she knows what timetable you are working to, so they can properly brief their negotiating team. Our negotiating teams are in daily contact with their prospective tenants - they can build a tenant's anticipation, telling them they will have an ideal property for them ready to show later that week.

Landlord Financial Advice

Council Tax

Council Tax is a tax levied by the local authority. It is payable by the person permanently resident at the property. The amount of tax due is calculated on a sliding scale that reflects the property's value. The Council Tax Bands run alphabetically from A to H, with H being the highest. For practical purposes, where the term is at least three months the tenant will be liable for Council Tax.

Utilities

The tenant will normally be expected to pay the following outgoings together with any standing charges made by the relevant utility supplier, which will normally be transferred into the tenants name at the start of the term. Gas, electricity, water rates, council tax, television, cable TV charges, telephone and internet connection charges.

Building service charge and buildings insurance

The landlord is responsible for payment of ground rent (in the case of leasehold property), service charges and buildings insurance. N.B. where a property is leasehold it may be necessary to inform the Freeholder or the Managing Agent of a proposed letting.



Contents insurance

Each party is responsible for insuring their own possessions. It is normally a condition of the tenancy agreement that the landlord maintains adequate contents insurance for his / her possessions in the property. Landlords should always check that their current policy covers let property.

Deposits

When a tenant signs the Tenancy Agreement he also pays the first rent instalment in advance. In addition, he pays a deposit (bond). As a general rule that is equivalent to a minimum a months rent. That is the Landlord's security against damage and other expenditure or losses caused by the tenant during the tenancy. It can only be used provided various conditions have been fully satisfied. Since 6th April 2007 all deposits

must be held in accordance with one of three government approved schemes. Very simply, the deposit can either be paid directly to the government scheme to be held by it for the duration of the tenancy, or the Landlord, or Chard on his behalf can hold it, subject to the authority of a government scheme. If the Landlord wishes to hold it he must become a member of one of the schemes first. Where Chard hold it they do so in a separate client account as stakeholders on behalf of both Landlord and tenant, neither of whom can use it unless authorised by the government scheme. It is repayable to the tenant at the end of the tenancy, less any mutually agreed deductions due under the tenancy agreement (see also 'What is an inventory?'). In the case of disputes, the matter is referred, together with the deposit itself, to the government scheme administrator to settle. His decision is final and binding on both parties.

Useful links: <http://www.direct.gov.uk/en/TenancyDeposit/index.htm>

Frequency of rent payments

As a minimum rent is payable monthly in advance. Many corporate tenants prefer to make quarterly payments, although a number of both corporate and private tenants will pay quarterly, six monthly, annually or even bi annually in advance. Rent is most commonly paid either monthly or quarterly.

Tax for landlords

It is strongly recommended that you consult an accountant for professional specialist advice when preparing tax returns. Broadly speaking all income generated from the letting of your property will be subject to UK income tax at the prevailing rate. Under present legislation, many costs can be off set against the rental income for tax calculation purposes. These costs include: interest on eligible loans secured against the property (BUT NOT CAPITAL REPAYMENTS), letting agents fees, service charges, wear and tear allowance (when furnished) and other costs directly associated with the property. You should clarify what is relevant to your individual circumstances with a tax advisor.

Tax and non resident landlords

There are specific rules regarding tax for landlords receiving rent who are non-resident in the United Kingdom.

In order to prevent tax evasion by landlords who own property in the UK, but live overseas, current legislation holds any person or organisation passing rental income to a non resident landlord to be responsible for accounting for all monies and payment of tax to Her Majesty's Customs and Revenue (HMCR).

Non resident landlords must register with HMCR in order to receive rental income without deduction of tax, by completing a "FICO" form. Chard lettings is FICO registered and will be able to pay rental income to you without deduction of tax following a simple registration procedure. Alternatively please use the links below to print off PDFs of the relevant forms. There are three categories; Property owned by an non-resident individual, property owned by an overseas company, and property owned by an overseas trust.

[For individuals - click here](#)

[For a non-resident company - click here](#)

[For Trustees - click here](#)

Useful links:

[HMCR non-resident landlords scheme – full notes](#)

[The Institute of Chartered Accountants in England and Wales](#)

Our fees

Most agents want all their fees in advance. Perhaps they're worried that if the tenant doesn't pay, they won't get paid. We're happy to collect our fees when the rent is paid when we are collecting rent. We collect rent for the majority of our clients. This offers our clients the benefit of better cash flow as they receive rent as soon as a tenant moves in. It also means that unlike many agents we only have an incentive to introduce tenants who will pay their rent in full – and on time!

Valuations

We offer all landlords a free pre-letting valuation service without any obligation on their part. We will advise on the market for the property, likely tenant profile and achievable rent. Our values' have extensive experience of the local market, dealing with thousands of transactions. They are on hand to answer specific questions relating to the proposed letting.

Landlord Legal Advice

Thinking of Buy to Let or renting out your existing property? The Law and Letting Your Property:

Before any letting you must ensure that your rental property complies with the following:
Furniture Fire Safety

The Furniture and Furnishings Fire Safety Regulations (1988) (amended 1989) imposes fire resistance levels for domestic upholstered furniture, furnishing and other upholstered products present in a residential letting. The regulations include any of the following upholstered items: Furniture intended for private use in a rental property, including children's furniture, beds and headboards, futons, sofa beds and other convertibles, nursery furniture, garden furniture which may also be suitable for use in a home, scatter cushions and seat pads, pillows, loose and stretch covers for furniture. The regulations do not apply to furniture manufactured before 1950, and re-upholstery of furniture made before that date, bed clothes (including duvets), loose covers for mattresses, pillow cases, curtains, carpets. All new furniture (except mattresses and bed bases) must carry a permanent label in accordance with the regulations. Although the above may sound particularly onerous, generally speaking, most furniture manufactured since 1988 will comply with the regulations, nevertheless it is always the landlord's responsibility to check.

Gas Safety

BY LAW all gas appliances in rental property must be checked annually by an engineer recognised by the Council for Registered Gas Installers (CORGI). The scope of the act covers all chimneys and flues as well as central heating boilers, water heaters, boilers, ovens and hobs present in residential lettings. The landlord or landlord's letting agent is obliged to supply to the tenant a record of the gas appliances in the property together with details of the annual inspection, including any works done to the gas appliances in order to comply with the legislation.

NEVER

Buy or install second hand gas appliances in rental property

Attempt DIY repairs to any gas appliances

ALWAYS

Have all gas appliances in residential lettings checked by a CORGI registered engineer

Obtain a "Landlords Gas Safety Certificate" before letting.

Leave instruction booklets in rental properties for tenants for all gas appliances



Fair wear and tear

Fair wear and tear is the amount of damage or dilapidation that a reasonable person would expect to see in a property being used in a "tenant like manner" by the tenant(s) named on the tenancy agreement at the end of the tenancy. If the landlord has let to a single non smoker "fair wear and tear" will inevitably be less than where the property had been let to, for example, three people, all of whom were smokers. Because fair wear and tear is sometimes contentious we always recommend the services of AN INDEPENDENT INVENTORY COMPANY.

Pets

Our standard tenancy agreement excludes the Tenant from keeping pets of any description (cats and dogs are obvious, but even hamsters and caged birds, strictly speaking, are pets and should not therefore be kept). We always ask tenants to confirm, in writing, whether or not they propose keeping any pets at the property. We will inform you at the offer stage if a tenant wishes to keep pets. If you consent to a pet being kept at the property it is wise to include a reference to the specific animal in the tenancy agreement, you don't want to agree to a hamster being kept to subsequently discover the tenant has a pet Dog! We also recommend that extra cleaning specific to the pet be referred to in the tenancy agreement, during the term and at its end. We generally insist on a specific clause obliging the tenant to have all soft furnishings professionally cleaned at the end of the tenancy. We can also ask the tenant's previous landlord to supply a reference on their pet. Properties most likely to be pet friendly are houses, mews and those with direct access to outside space, often ground and garden level property.

Furniture removal & storage

Tenants are paying for flexibility. Be prepared to accede to reasonable requests to add or remove small items of furniture from the property. Local self store companies are ideal for normal everyday furniture and are extremely cost effective. More valuable furniture may require specialist handling - this can be expensive. Be sure to get a quote from the contractor before signing an agreement with the tenant! Properly stored furniture doesn't depreciate as quickly as "in use" furniture. Bear this in mind when doing your sums. We always recommend that Landlords remove any item of real or indeed sentimental value before letting a Property. Also if there are items (for instance TV's, Audio equipment etc) which are in the Property when it is being viewed, but you intend to remove when Letting, please ensure that we are fully aware of this to avoid unpleasant confusion once the Tenant moves in.

Burglar alarms

Intrusion and fire alarm monitoring charges will normally be the responsibility of the tenant, however landlords will normally pay the cost of maintenance contracts relating to these systems.

Lets of less than 3 months

On short lets of less than three months the tenant will invariably pay all telephone charges although these should be at normal service provider rates. Generally telephone accounts would be in the tenant's name. All other utilities normally remain in the landlord's name, however many landlords levy a fixed utility charge on tenants to cover gas, electricity etc. which is in addition to the rent quote

Assured Shorthold Tenancies ('AST')

These are the most common residential tenancies for individual (i.e. non-corporate) tenant(s) where the annual rent is less than £25,000. Whilst these are normally for a minimum of a six month period they can, in fact, be for shorter periods subject to mutual agreement, but the Landlord must give a minimum of two months written notice. The main advantages for Landlords are that repossession is now much easier than previously and they are free to charge whatever rent they can agree. In practice, most tenancies are for one year (less one day) and, at the outset, both parties agree when and under what circumstances the tenancy may be ended earlier. Of course, if the tenant commits a substantial breach of the Agreement, the Landlord may always apply straight away to the court for a possession order, but he should always take independent professional legal advice before doing so.

Company lets

In these the tenant is an incorporated company (usually the actual occupier's employer) and the actual occupier is a licensee of the company, not the Landlord. They are very common in London where the rent is often paid by the occupier's employer under a relocation package. Unlike when the tenant is an individual, they are not subject to special tenant protection law, such as AST's, because that protects only individuals, not corporations.

Common law tenancies

These are tenancies which do not qualify as ASTs or any other form of statutory tenancy because, in most cases, the rent is more than £25,000 per annum or the tenant is a company. They are subject to the general law on landlord and tenant, which is less restrictive of the Landlord and gives less protection to the tenant.

Professional sharers and HMO considerations

Sometimes a group of, usually two, three, or four people, join together to rent a property together as an alternative to renting individually. Financially, this can make good sense e.g. instead of each paying £250 for a small one bedroom apartment, two people can rent a smarter, two double bedroom, apartment for £500 per week. They are jointly and severally liable under the tenancy agreement and, together, constitute "the Tenant". That means each of them is personally responsible for all the obligations of 'the Tenant' under the Agreement. Parliament has imposed various obligations, enforceable by local authorities, on Landlords who let houses "in multiple occupation", such as official registration, so they should seek further advice if that is what they propose doing.

Letter of guarantee

A letter of guarantee is a document, usually from a third party, guaranteeing to make rental payments and to indemnify the landlord against any default by the tenant. It is extremely rare for such a guarantee to either be required, or given. Most tenants are able to provide references to substantiate their suitability to rent a property, thus negating any need for such a document. An example of a letter of guarantee being appropriate may be a recent post graduate starting work and renting a property that appears slightly beyond his/her means where a parent is still paying an allowance. The guarantee is in no way a substitute for a deposit and is required in addition to the usual deposit.

Visitors and guests

All individuals named on the tenancy agreement have the right to live and "peacefully enjoy" the property. Common sense dictates that tenants may have occasional friends and family stay over. Nevertheless only those mentioned on the agreement have the right to reside there. In the unlikely event that a tenant has more people staying at the property than provided for in the tenancy agreement the landlord would have good grounds for claiming an amount for wear beyond "fair wear and tear" at the end of the term. Under no circumstances can a tenant take in paid guests or lodgers.

References

We take up references in order to confirm that a tenant is who they claim to be. Generally speaking this will mean a financial reference, an employer's reference and where possible a character reference.

- Employer's reference (confirming length of contract if relevant and salary details if relevant, otherwise the employers opinion of the applicant's ability to meet the rental commitment)

- Bank reference / status enquiry (some banks may charge customers a fee for providing us with this information)

Disclaimer

The above comments are intended only as a very general explanation of some of the factors a Landlord should take into account. They are certainly not exhaustive and cannot be relied upon as a definitive statement of the law. As may be expected, the legal position will vary according to the particular circumstances of each situation, and the law and legal procedures themselves are often complex. Roach Estates are not lawyers so clients are strongly advised to ensure they obtain full independent professional legal advice on any matters about which they are uncertain, consider important, or require greater specialist information.