



LANDLORDS INFORMATION GUIDE



OUR RESPONSIBILITY TO YOU

The information contained on this page is very important. Therefore, before finding tenants for your property, we will ensure that you fully understand all aspects and implications of letting property, together with your responsibilities and rights.

WHY DO PEOPLE CONSIDER LETTING?

- Leaving the area or country to live or work on a temporary basis
- To produce income and as an investment
- To assist in the payment of financial commitments

Most people who consider letting do so because of necessity, rather than purely for financial gain. A large number of people let their homes because they are going abroad to work. Often their absence could be for a two or three year period and sometimes longer.

Whether working or living abroad, one major consideration will be the temporary or permanent disposal of their properties. For most people, their home is probably the largest single investment they have made. In many cases, it has been acquired as a result of many years hard work, expense and sacrifice, so, naturally, the decision as to its disposal requires careful consideration.

Letting can help cover mortgage repayments and general outgoings whilst, hopefully, providing a profit as the property continues to appreciate in value. If considering letting for investment purposes, there are a large number of benefits under the current Rent Act legislation, the main one of which is to enable a landlord to charge open-market rents free of rent-control. Landlords living or working overseas will be exempt from paying personal council tax whilst tenants occupy the property.

WHY LET - WHY NOT LEAVE YOUR PROPERTY EMPTY?

What is probably your most valuable single asset, could, if left vacant, become the target for potential squatters or vandals, as well as being subject to general deterioration. Neglected defects could worsen and prove costly if not attended to. You may have an investment or retirement property and, whilst you live elsewhere, a responsible tenant can help to protect your asset and contribute to its upkeep.

A rental income can offset bills. Many homeowners finance the purchase of their home with a mortgage. However, these monthly payments might be difficult to maintain without a regular rental income.

With the abolition of domestic rates in 1990, empty properties will now attract a standard council tax. Once a property is empty, the standard council tax may apply immediately, depending on the local borough in which the property is situated.

WHAT TYPES OF PROPERTY ARE LETTABLE?

Almost all types of property are lettable, particularly the following:

- Close to good rail and road communication
- In good decorative condition
- Furnished or unfurnished (although the biggest demand is for properties with basic furniture, equipment and appliances)
- Self contained and preferably with a telephone

Properties can be let furnished or unfurnished, depending upon your circumstances and preference. The property should be in good decorative conditions, both internally and externally. It is advisable to clean carpets, windows, curtains etc., so that disputes do not arise when a tenant leaves the property.

If the property is to be let furnished, you must provide everything necessary to live there, excluding personal items such as television and stereo equipment, books, pictures, ornaments etc. If the property has a garden, you must also supply suitable maintenance equipment.

All furniture must be provided in line with Fire regulations.

SELECTION OF TENANTS

You should not forget that we act in the landlord's interest, so we must be as selective as we can about tenants. We will:

- Obtain and thoroughly check written employers' references and, more importantly, a credit reference, rather than a bank or building society reference
- Secure an advance rental payment and a dilapidations deposit
- Prepare a suitable tenancy agreement (professionally drafted to protect your interest)
- Draw up an inventory of property contents as a mutual landlord/tenant safeguard
- Advise the appropriate gas, electricity and water boards, as well as the relevant telephone company and local authorities of the change of tenant and meter readings (where appropriate)
- Arrange to check tenants into your property, if required

We use a tenancy agreement especially for us by a professional, which is constantly reviewed to ensure its suitability for our clients. Therefore, we recommend that landlords use this agreement as a further safeguard.

OWNER-OCCUPIERS

In terms of Part 1 of Schedule 2 of the Housing Act 1988, owner-occupiers are guaranteed re-possession of their domiciles once a tenancy has legally expired. This provision for mandatory re-possession has been extended to include those landlords who have purchased new homes but have yet to take up residence there. Previous legislation restricted the right to re-possession to those owners who had occupied their property prior to letting it.

The primary consideration as an owner-occupier is that the property to be let is your prime residence. Multi owners will still qualify, albeit only on one property.

GETTING YOUR PROPERTY BACK

Getting your property back when you want it is now easier than ever before. You have an absolute right to regain it at the end of an **Assured Shorthold Tenancy**. This type of tenancy can be granted for as little as one month if you wish but the general view is that landlords want a minimum period of six months or a year - however, it can be for longer. If you allow a shorthold tenancy to run on past the contract date, then you retain the right to seek possession of the property at any time, upon giving the tenant two months notice of your intention to do so and the court must grant you possession when you seek it.

A full-assured tenancy (i.e. one which is not on shorthold) gives the tenant more security but you can still get the property back in certain circumstances and the law will not protect bad tenants. There are many grounds in law upon which an assured tenancy may be brought to an end. Some of the grounds are mandatory so, if they are proven, the court must order possession. The remaining grounds are discretionary and the court may grant possession if it considers it reasonable to do so.

It is very rare to have to apply legal action to regain possession of a leased property, as the purpose of the legislation now in place is to ensure repossession of a property at the end of a fixed-term agreement is mandatory. If legal action is necessary, however, there are now new accelerated court procedures to speed up the process without the necessity of a court hearing. However, you may wish your solicitor to check the tenancy agreement prior to signature and we will be happy to furnish a copy upon request.

Some of the grounds are prior notice grounds, which means that you must advise the tenant, in writing, before the tenancy is entered into that you may require the property back in some circumstances. These grounds are useful if you are unsure when you may need your property back (though you will not be able to use them during a fixed-term tenancy). For example, you

may wish to move back into what was your main family home because a job in a different part of the country has come to an end.

Some of the following answers to the common questions asked show how some grounds may be used. Others are referred to in the section 'Dealing with Problems with Your Tenant'.

HOW DO I CREATE AN ASSURED SHORTHOLD TENANCY?

As of January 1996, all tenancies entered into will be assured shorthold, unless otherwise stated. There is no requirement that the new Section 19A Assured Shorthold Tenancy should last for a minimum period of time. However, Section 20(5) of the Housing Act 1988 restricts the landlord's right to recover possession within six months of the start of the assured shorthold tenancy, unless the terms of the contract have been broken.

In the case of an assured shorthold tenancy, the court *must* grant you possession if you apply for it once the fixed term is over. However, in the case of an assured tenancy, to bring this to an end you will need to use one of the many grounds available. Some of these grounds also apply to an assured shorthold tenancy.

HOW DO I GET MY TENANT TO LEAVE?

Your tenant will normally leave the property at end of an assured shorthold tenancy. However, if you are using an assured tenancy, then the tenant does not have to leave at the end of the term unless the landlord uses one of the many grounds for regaining possession. In this event, you need to give notice using a special form.

In the case of an assured shorthold, you need to give two months notice, requiring possession before the end of the letting term. The period of notice is only two weeks for a "bad" tenant on grounds such as rent arrears but

longer terms (normally two months) for other grounds. As well as giving the required period of notice, you also need to select a valid quitting date at common law (i.e. the last day of the month for a monthly tenancy).

WHAT IF THE PROPERTY IS MORTGAGED?

Most mortgage deeds prevent you from letting without your lender's consent. Ask him before taking on a tenant.

WILL I BE LIABLE TO MY TENANT'S COUNCIL TAX?

No - your tenant must pay his own council tax. If you let a vacant property on which you were paying the standard council charge to a residential tenant, you will cease to be liable for the standard charge and you will not have to pay business rates either. The council may designate your property for the collective community charge if there is a quick turnover of people living there and the council, therefore, feels that it would not be realistic to collect the community charge from each of them individually. In these circumstances, you will have to collect the contributions from your tenants and you will be allowed to keep a portion of the contributions.

WHAT IF I AM A LEASEHOLDER?

You should check the terms of your lease and, if necessary, ask the permission of your freeholder or managing agent.

WHAT IF THERE ARE PROBLEMS WITH THE TENANT?

The law protects you against being stuck with a bad tenant. Your tenant must pay his rent promptly, take decent care of your property, and avoid

causing a nuisance to his neighbours or using the property for illegal or immoral purposes. He must observe the rules of the tenancy agreement, such as regarding the keeping of pets or the taking-in of lodgers. If he does not, he will probably lose his home.

It is worth taking precautions against bad tenants by having a properly drawn-up agreement and taking a deposit. It is particularly important to have a written tenancy agreement to end the tenancy on “bad” tenant grounds, which is specified in the agreement between you and your tenant. So - make sure your agreement will make clear what will happen if your tenant does not keep his side of the agreement.

FINANCIAL ARRANGEMENTS AND IMPLICATIONS OF PROPERTY LETTING

Rent and deposit

Tenants are required to pay one calendar month’s rent in advance, together with a minimum of six week’s rent as a deposit against dilapidations to fixtures and fittings. The deposit must be returned to the tenant at the end of the tenancy agreement, less deductions (if any) for damages proven by the landlord and which are not considered to be fair wear and tear to the property. Occasionally, tenant will request that the deposit be used as their final month’s rent - this is not encouraged and landlords are strongly advised to dismiss such a request.

The tenancy agreement

We will prepare the necessary tenancy agreement and statutory notices for you. The tenancy agreement is a written contract between the landlord and the tenant, which is both legally binding and enforceable. The terms of the document are not flexible and must be adhered to.

The introduction of the 1988 Housing Act revolutionised the private sector rental market. The restrictive practices of the former rental acts have been lifted and landlords are now able to let their properties at 'market rents' for the period of time they require. We use the Assured Shorthold Tenancy Agreement, which is a fixed-term agreement, thereby enabling you to plan ahead.

The tenancy agreement we utilise is our own copyrighted document and is constantly being updated to reflect changes in legislation and to deal with potential problem, areas which we have experienced over the years. Although some of the obligations within the tenancy agreement are determined by statute, additional clauses may be included pertaining to both the landlord and the tenant, subject to their legal enforceability.

Inventory

A detailed inventory is essential for both the landlord and tenant. It lists the fixtures and furnishings belonging to the property, both internally and externally, and should also detail their condition. The tenant is responsible for checking the inventory on the day he moves in and this then forms part of the tenancy agreement.

Services

It is the tenant's responsibility to pay for gas, electricity, water and council tax and, as mentioned before, we will inform the appropriate authorities of the change of tenancy and meter readings (if applicable). You are responsible for ground rent and maintenance changes, where applicable.

Repairs

If you wish us to manage your property, we will set a limit with regard to repairs and for anything over that limit, we will contact you for permission.

If we cannot contact you in an emergency, then, as a last resort, we will undertake all repairs necessary to protect your property.

OUR SERVICES TO YOU

Letting Only Service

- Prepare particulars of the property for immediate circulation to applicants
- Apply for and obtain relevant personal and financial references in connection with each tenant party to the agreement, and guarantor if applicable
- Prepare all necessary tenancy agreement and relevant notices and co-ordinate the signing of same
- Collect one month's rent in advance, together with a deposit in respect of dilapidations
- Arrange for the preparation of an inventory of fixtures and fittings, if required

LETTING AND RENT COLLECTION SERVICE

In addition to providing the services listed under our letting only service above, we will undertake to:

- Make arrangements for the demand of the monthly rental due in respect of the property
- Upon receipt, pay the same over to you, or your nominated bank or building society account, less our fees
- Prepare monthly statements
- Allowing time for cheque clearance, we will normally account to you ten working days from the rent received date, so please ensure that you have adequate funds in your account to meet any bills

FULL MANAGEMENT SERVICE

In addition to the Letting and Rent Collection Service, we will also:

- Arrange and co-ordinate the tenants occupation and vacation of the premises
- We will inspect the property every three months
- Advise the appropriate services and change these services into the tenant(s) name(s)
- Arrange for appropriate tradesmen to undertake necessary repairs and decoration to a maximum cost of £200 on any single item without referral to the landlord. For repairs in excess of this amount, we will obtain your prior approval - except in cases of emergency

Please note that it is a requirement of the law that every agent should produce Terms and Conditions of Service and that they should be as comprehensive as possible - this is for your own safety.