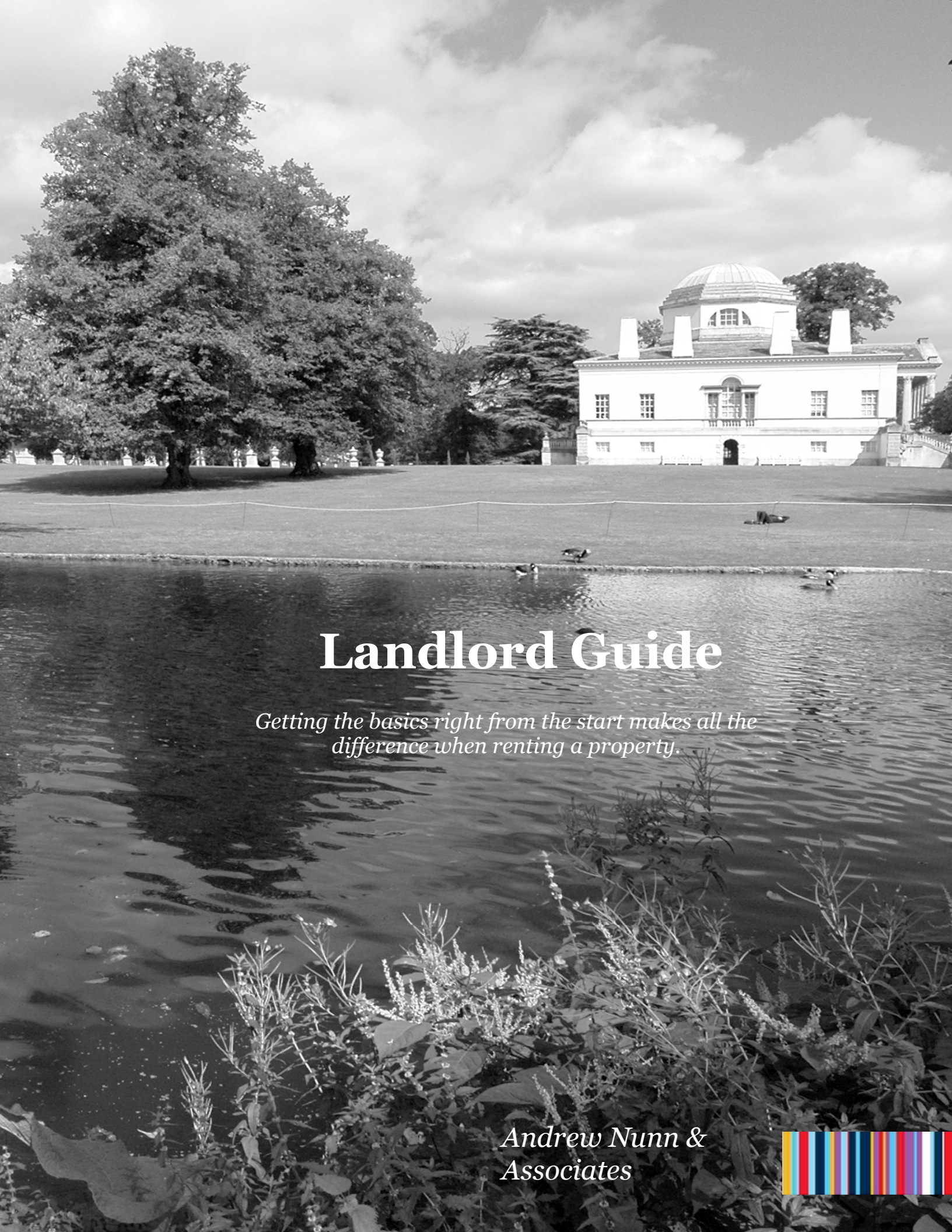

Landlord Guide

Getting the basics right from the start makes all the difference when renting a property.

Andrew Nunn & Associates

Contents

- Introduction
- Choosing the Right Service
- Preparing your Property for Letting
  - Decorations, Fixtures and Fittings
  - Furnished/Unfurnished
- Presenting your Property for Showing
- Safety
  - Regulations
  - Carbon Monoxide Poisoning
- Money laundering regulation
- Tax and Legislation
  - Taxation
  - Consents
  - Houses in Multiple Occupancy
  - Tenancy Deposit Scheme
- Inventory Procedure

Introduction

Letting a property can be an anxious time for a landlord, whether your own home or an investment unit. Through our expertise and innovative marketing we seek to maximize the performance of our clients' major asset. Our portfolio of properties ranges from modest studio apartments to large family homes, attracting high quality corporate and professional tenants.

Andrew Nunn & Associates provides a service to landlords that meets their precise requirements including valuation and marketing advice, credit checks, preparation of tenancy agreements, rent collection, a full management service, inventories, advice for overseas landlords and a professional approach that attracts the best tenants. We are confident that the service we offer is based on our professional and personal approach to all aspects of the rental market.

Our letting and management service is designed as a total management and administration system for landlords who are unable to manage an ongoing tenancy, whether through distance, time or simply choice. Your property will be managed by ourselves with whom you have entrusted the letting, thereby ensuring that your best interests are always served. With our full membership of ARLA (the Association of Residential Lettings Agents) both landlords and tenants can be assured of the highest levels of protection and peace of mind.

We advise and guide our landlords on the presentation of their property. This plays an important role in how fast your property finds a tenant and the level of rent achieved. The concern for the vast majority of landlords is securing a tenant who respects and cares for your property the same way you do. We work hard to closely match the profile of landlord and tenant.

- www.andrewnunnassociates.co.uk is live and constantly updated allowing your property to be viewed by a global audience 24 hours a day
- We produce photographic details which are distributed to prospective tenants and relocation agents
- Advertise in carefully selected publications
- We ensure careful referencing of potential tenants using an external referencing agency
- Relocation agents rely on us to provide accommodation for their corporate clients

We experience a consistently strong demand for new properties finished to a high specification to meet modern day requirements.

Choosing the Right Service

Letting and Rent Collection

- Marketing the property
- Introduction of a tenant
- Negotiation of the terms
- Applying for references
- Collection of rent and issue of rental statements
- Negotiation of renewals/extensions

Full Management Service

- Routine repairs and maintenance
- Arranging transfer of utilities, arranging annual gas safety certificates and portable appliance test
- Deposit holding and deposit negotiation
- Payment of outgoings where demanded subject to the availability of funds
- Dealing with general matters pertinent to the property on a daily basis
- Negotiation of renewals/extensions

Please carefully read the section "Safety". It is your responsibility to arrange the annual gas record and electrical equipment test before the due date.

Preparing your Property for Letting

Decorations, Fixtures and Fittings

The condition of a flat or house is often the deciding factor for potential tenants. Tenants are usually prepared to pay more to get more and there is no doubt that a property in first class order can achieve a higher level of rent and will generally let easily. It is in your interest to make sure your property is in the best possible decorative order before you place it on the market.

Tenants are most likely to prefer:

- Fresh decorations light colours, such as white or off white are generally preferred.
- High quality carpets of the same colour throughout the house or flat. The carpet should be of a neutral colour, e.g. Beige or biscuit.
- Wooden floors are generally popular, as some tenants are allergic to dust.
- Well-lined curtains or blinds which are attractive and good quality make a great impression.
- A modern and well equipped kitchen. If space permits, ideally, there should be a washing machine and separate tumble dryer or washer/dryer, dishwasher, fridge/freezer and microwave. All equipments must be in good working order. Everything including the boiler should be serviced before the start of the tenancy. If you have instruction booklets, make them available, if not, it is advisable to leave clear written instructions on how to use appliances.
- A modern bathroom with an effective power shower, modern fittings and good lighting. Tiled floors are preferable to carpets.
- Ample wardrobe space in each bedroom if possible.
- An efficient Central heating system and plenty of hot water.

- The exterior of the property should be in good decorative condition and gardens should be tidy with seasonal plants. Garage and cellars/and or vaults should be cleared and left empty for tenants.

Furnished/Unfurnished

There is often no difference between the rental achieved for the property whether it is furnished or unfurnished.

- "Unfurnished" is normally defined as being fully carpeted (or with wooden floors) fully curtained and with white goods provided in the kitchen.

- "Furnished" is usually defined as being a property ready for someone to move into. The furniture needs to be good quality and the property should be uncluttered. We would be happy to advise you on what should be left and what should be removed. To attract the right quality tenant, a suitable standard of furnishing is essential. It is important to avoid cluttering the home with items unlikely to be of use to the tenant

As the landlord, you have the same legal protection whether your property is furnished or unfurnished. You must ensure certain furniture in your property complies with the Furniture and Furnishing (Fire) (Safety) Regulations 1988 (and amended in 1989 and 1993).

Your tenants will need to have instruction booklets for all the appliances in your property and if you have not left them, or the previous tenant has mislaid or lost them you should organise replacements. Your tenants are advised on the general care of the usual appliances found in a rented property, but if any of your appliances need special treatment or care please ensure this information is given to them.

Presenting your Property for Showing

There is now a wide choice of flats and houses on the market for tenants to choose from, so it is of the absolute importance to show your property to its best advantage. We therefore recommend the following:

- Do not allow mail, especially circulars, to pile up inside the front door. Arrange to have the mail redirected.
- Make sure the front garden is tidy, make sure all rubbish is cleared; otherwise it creates a bad first impression.
- Keep the windows clean. Dirty windows and grubby net curtains exclude light and gives a depressing and uncared-for impression.
- Regular cleaning is essential; dust collects on surfaces and window sills in a remarkably short time.
- Get the temperature right – properties always show better (and often seem bigger and more attractive) if they are warm in winter and cool and airy in the summer.
- Good natural light is a tremendous asset, so make the most of it. Keep curtains fully drawn for maximum light. Effective electric lighting adds considerable charm and helps to show rooms well, particularly in winter. Low voltage lighting recessed into ceilings is preferable to pendant lights.
- Keep the property well aired. A dusty, damp smell, often prevalent in basements, can be kept to a minimum by good permanent ventilation and by opening windows regularly.

- Beds should be made up with fresh linen.
- Your tenant(s) will need sufficient sets of keys commensurate with the size of the property. Remember, it can take time to get keys cut for security locks. If you will not be managing the property yourself during the tenancy, you need to put in place arrangements to enable extra sets to be cut.
- The property should be professionally cleaned (including carpets and curtains, if necessary) before the start of the tenancy.

Safety

Regulations

The Furniture and Furnishings (Fire) (Safety) Regulations 1988 (As Amended 1993)

The Furniture and Furnishing (Fire) (Safety) Regulations 1988 (and amended in 1989 and 1993) came into effect on 31st December 1996, setting levels of fire resistance for domestic upholstered furniture, furnishings and other products containing upholstery.

It is an offence to supply certain furniture in the course of business unless it complies with the regulations (all furniture purchased since 1990 should comply, if it does, it will have had a safety label attached to it at the point of sale)

The exceptions to the legislation are:

- Any furniture made or re-upholstered before 1950
- Any furniture in a property which the landlord regards as his/her home and which is let on a one-off short-term basis (whilst, for example, he/she is temporarily working away from home). On the other hand, a much longer let or series of lets where the Landlord views the property's primary purpose as a source of income, rather than his/her residence, is likely to be considered a business activity (DTI guide, page 5) and therefore, the furniture must comply.
- Sleeping bags, bed linen (including duvets), pillowcases
- Loose covers for mattresses
- Curtains
- Carpets

Items covered by the regulations are:

- Furniture intended for private use in a dwelling, including children's furniture
- Beds, headboards of beds, mattresses (of any size), pillows, sofa beds, futons and any other convertibles
- Nursery furniture
- Garden furniture which is suitable for use indoors
- Loose and stretch covers for furniture
- Scatter cushions and seat pads

The DTI Guide to the Furniture and Furnishing (Fire) (Safety) Regulations can be obtained from: Her Majesty's Stationery Office, HMSO Publication Centre, P.O. BOX 276, London SW8 5DT.

www.andrewnunnassociates.co.uk

The Gas Safety (Installation & Use) Regulations 1988

Any person letting their property must ensure that all gas appliances or installation pipe work in that property is maintained in a safe condition to prevent risk of injury. All such appliances and pipe work must be checked annually by an approved GAS SAFE registered contractor and a report obtained – 'The Gas Safety Record', this record must be kept for at least two years. The tenant must be given a copy of the record within 28 days of the inspection being carried out.

However with a new tenancy the tenant must be given a copy of the Gas Safety Record at the time the take occupation. If found guilty of non-compliance the landlord will have a criminal record and face a fine, imprisonment or both. Should a tenant die the charge would be manslaughter.

It is important that you check the record when receiving it from the GAS SAFE contractor to ensure that all gas appliances are listed on the record and that they have been passed as safe.

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 GAS SAFE registered engineer
- Obtain a "Landlords Gas Safety Certificate" before letting
- Leave instruction booklets in rental properties for tenants for all gas appliances

Electrical Equipment (Safety) Regulations 1994

The Electrical Equipment (Safety) Regulations 1994 state that any electrical items supplied by a landlord should be safe and tested by a qualified electrician; this includes the mains supply, all portable appliances, and fixed appliances like cookers and immersion heaters. The penalty for non-compliance is a fine or imprisonment. Therefore, appropriate ongoing checks should be made and reported defects addressed. Five-yearly checks of electrical installations are recommended, and these should be completed in addition to fixed annual wiring short reports and annual portable appliance tests. In accordance with Part P of the Building Regulations (Electrical Safety in Dwellings), works, repairs and maintenance on electrical installations must be carried out by a competent person who is registered with an Approved Competent Persons Scheme

Smoke Detection Act 1991

This act makes it mandatory to fit mains powered smoke alarms in new residential buildings – one on each floor. Whilst it is not a requirement in older properties it is good practice to install smoke alarms in all instances.

Carbon Monoxide Poisoning

Carbon Monoxide can be given off by appliances that burn fossil fuels such as coal, coke, charcoal, wood or oil. It is not just confined to gas fires or boilers. It is odourless, colourless and tasteless which makes it difficult to detect, but the effects are deadly.

Please check the following:

- There is adequate ventilation in the room which houses the appliance and this ventilation is not blocked up
- Doors and windows are not "draught proof" so as to prevent ventilation, if the room has double glazing make sure there is adequate ventilation
- Chimneys and flues are professionally swept on a regular basis - the throat plate should be cleaned monthly, ash is removed regularly
- Appliances and flues should be professionally serviced on an annual basis whether the flame in an appliance is burning orange or yellow instead of blue, sooty stains on or just above appliances, coal or wood fires that burn slowly or gout, the fire is difficult to light, smoke in the room, portable heaters, which do not need a flue, still have adequate ventilation

In any of these cases carbon monoxide may be present!

Your tenant has been advised of the symptoms that this may cause and that, should they suspect carbon monoxide poisoning, they immediately turn off the appliance and seek medical advice.

Although there is now legislation for appliances other than gas fuelled ones, it is your responsibility to ensure your tenants safety. You should arrange for all appliances to be serviced and checked by a qualified engineer.

Your tenant has been advised to contact Transco (on 0800 111999) immediately in the case of a gas leak or suspected carbon monoxide leak.

Proof of Identity

The Money Laundering regulations require that we see proof that the client is who he or she claims to be and must take reasonable steps to find out who our clients are by requesting sufficient evidence of their identity. We will therefore ask you for two verification documents prior to the commencement of the tenancy, one to identify the name of the client, preferably a document which has a photograph of them such as a passport and a further document to confirm their residential address such as a recent utility bill.

Tax and Legislation

The following information is intended only as a guide. Tax and legislation are specialist, complex issues and we always recommend that you take professional advice when letting your property.

Taxation

Andrew Nunn & Associates are FICO registered and as such we are able to pay rents gross to non resident landlords on receipt of a certificate from the Inland Revenue, copies of the relevant application forms are available from our office.

Landlords need to be aware that the Inland Revenue has to be informed within 6 months of letting a property, flat or apartment in the U.K. Failure to do this could result in penalties, interest and other consequences. This includes all individuals and Companies regardless, of their residency. Therefore non U.K. residents cannot escape these obligations.

Under the latest regulations, the agent who collects rent for you has to deduct an amount that's equivalent to Basic Rate Tax and pay it to the Inland Revenue each quarter. If the rent is not collected by us or another of your agents, such as an accountant or solicitor, we will let your tenants know that they must deduct tax from their rental payments and pay the Inland Revenue.

Non-Resident Landlords, must obtain authorisation from the Inland Revenue so that they can receive payment of property rental income "Gross". Without this authorisation, the letting agent or tenant will deduct Income Tax from the rent due and pay it over to the Inland Revenue.

If you live abroad, you can apply to the Inland Revenue for exemption. As long as your tax history is good, you will be sent a certificate that will authorize us to pass on the rent to you without deducting tax. We can provide you with the necessary application form. You will have to apply for this exemption yourself and it is a good idea to do it as soon as possible.

Consents

Leasehold Property

Many head leases require that you obtain consent to sub let before entering into any agreement involving letting residential property. Usually this is a straightforward formality to ensure that rental property is let to bona fide tenants who will abide by the terms of the head lease. It is important that you refer to your managing agent / freeholder before letting the property. Should you wish, we will gladly cooperate with your managing agent / freeholder to supply copies of relevant references, the tenancy agreement and other relevant documentation in order to obtain the necessary consent or licence for residential property letting. Please note that many managing agents charge a "licence fee" for providing consent to sub let over which we have no control.

Mortgaged Property

Where a property for letting is subject to a mortgage you will generally need to obtain consent from your lender before entering into an agreement with a tenant. Most lenders are very familiar with the residential property letting process and will generally agree subject to sight of references and the proposed tenancy agreement, copies of which we will gladly forward to you. Please note that some lenders will levy a "licence fee" for agreeing to property letting, and in some cases will impose a surcharge on the rate of interest.

Houses in Multiple Occupancy

Significant changes are being implemented as a direct consequence of the Housing Act 2004. These changes relate to Houses in Multiple Occupations or "HMOs". Although the Housing Act 2004 laid down the primary legislation the actual regulations have only been published in recent weeks.

It is compulsory to license larger, higher-risk HMO's. Councils are also able to license other types of HMO to tackle problems in smaller properties.

A house in multiple occupation (HMO) is a house or flat occupied by people who do not live as a single household. These properties include:

- bedsits
- shared houses
- hostels
- lodgings
- some hotels or bed and breakfast establishments
- houses that have been converted into self-contained flats

It is an offence if the landlord or person in Control of the property:

- Fails to apply for a license for a licensable property.
- Allows a property to be occupied by more people than are permitted under the license.

A new and complex area where information from the government is developing rapidly; http://www.ealing.gov.uk/services/housing/hmos/ or www.propertylicense.gov.uk can provide further information.

Tenancy Deposit Scheme

Many tenants in the private sector give their landlords a deposit against possible non-payment of rent or damage to property. When a tenancy comes to an end, there is usually no disagreement about the return of the deposit. But sometimes there is, and this can cause much hardship and inconvenience to both the landlord and the tenant.

The legislation came into effect on 6 April 2007. After that date all deposits taken for Assured Shorthold Tenancies will have to be covered by a tenancy deposit protection scheme.

The Tenancy Deposit Scheme has been developed to ensure that the deposits are protected and that disputes about their return are resolved swiftly, inexpensively and impartially.

Under the Tenancy Deposit Scheme:
• deposits will be protected during the tenancy
• where there is no dispute at the end of the tenancy, deposits will be returned promptly
• where there is a dispute about the return of the deposit it will be dealt with fairly by the Independent Complaints Examiner (ICE)
• the ICE will make his decision quickly and the deposit will be paid out without unnecessary delay.

Further information can be obtained from http://www.tds.gb.com/ or www.arla.co.uk/info/tdsra.htm

Or contact:
• A representative body e.g. landlords association, or NUS, Shelter and Citizens Advice

• Communities and Local Government's Tenancy Deposit Protection Team
Post:

The Dispute Service Ltd
PO Box 1255
Hemel Hempstead
Herts
HP1 9GN
phone 0845 226 7837
email deposits@tds.gb.com
fax 01442 253193

The scheme providers:

The Deposit Protection Service - www.depositprotection.com
Tenancy Deposit Solutions - www.mydeposits.co.uk
The Tenancy Deposit Scheme - www.tds.gb.com

Inventory Procedures

Irrespective if the level of furnishings, or lack of them, an independent inventory of the contents and a report on the condition of your property at the start of the tenancy is essential. This will fully document the contents of your property, not only in list form but also in detail with the exact condition, colour and where possible any appropriate model information.

This is necessary to protect the landlord's interests and also for the purpose of ongoing management of the property so that the very high standards of accommodation that you, we and the tenants all wish to achieve can be maintained. The inventories are normally updated between tenancies and therefore at the time of check in should represent a true picture of the condition of the property.

The 'check-in' is usually carried out on the day the tenancy commences regardless of whether occupation takes place at the same time. Once the check in is completed, the tenant, occupier or representative of either, will be asked to sign a 'schedule of condition' which will reflect a general synopsis of the property taking into account the various notations made against each item during check-in. It is usual for the landlord to pay for the compilation of the inventory, and the landlord and tenant to equally share the cost of the inventory check in and check out. A copy of the inventory will be sent to you.

At the end of the tenancy the inventory clerk will attend the property again with the original inventory containing all the notations made at the check in. The inventory clerk will then go through all the items listed in the inventory and make a note of any difference found. Whilst the inventory clerk will make a note of any comments the tenant may make during this procedure he/she will not enter into any discussion as to responsibility. The inventory clerk will not 'search' for items and if they are not seen in their original places they could be marked as 'missing'.

Once the 'check-out' has been completed the tenant will be asked to sign the schedule of condition. The inventory clerk will then prepare a 'check-out' report which will be sent to us and we will in turn send a copy to you and a copy to your tenant. You must liaise with your tenant concerning the tenants liability.

www.andrewnunnassociates.co.uk

Any charges made against the deposit should be based in the tenants obligations under the provision of the tenancy agreement. In some instances you may wish to waive the right to make certain charges, whilst in others you may want to ask for monetary compensation towards any loss. Unless there are extenuating circumstances any monies claimed for by you can only represent part of the re-instatement or replacement value, as fair wear and tear will have to be taken into account. In order to achieve a figure of fair wear and tear consideration should be given to the length of the tenancy, the number of occupants and the actual age and condition of the item at the commencement of the tenancy.

We will need the written confirmation of both parties before we are able to settle the deposit. If the deposit is held by you or a third party then you must make arrangements to settle the deposit directly with your tenant.

The Clock House, 66 South Parade, Chiswick, W4 5LG
Sales: 020 8995 1500 Lettings: 020 8995 1600