



Donnington Stuart

Sales & Lettings

**Landlord's Guide
to Renting**

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Lettings Service Checklist

Fee Structure

Service Feature	Tenant Find	Fully Managed
Free Consultation Service	•	•
Property Marketing Plan	•	•
High Quality Photos & Floor Plan	•	•
Internet Property Advertising	•	•
Tenant Referencing Service	•	•
Preparation & Signing Of Tenancy Agreement	•	•
Rent Collection Service		•
Debt Control & Recovery Facilities		•
Annual Rent Assessments & Issuing of Section 13 Notices		•
Monthly Account Statement		•
Certificate Reminders		•
Deposit Registration With DPS	•	•
Property Maintenance		•
Comprehensive Inventory With Photos		•
Regular Property Inspections		•
Tenant Checkout Service		•
Damage/ Wear & Tear Assessment		•
Monthly Fee Charged	N/A	10% + VAT
Set Up free	50% of the first months rent	£250 + VAT

Fee only Payable once in 12 months. If your tenants moves out within the first year this fee is not payable by you again.

Lettings & Management

Introduction

You may be considering letting your property for a number of reasons. Perhaps you'll be working overseas or you have a new job in a new location and you wish to retain your current property. You may have inherited a property or you may be one of the growing number of people who have purchased a home as an investment. Whatever your reason for letting your property the most important decision you will probably need to make is which letting agent to use.

When you hand your keys to your letting agent you are handing over control of your most valuable asset. You must therefore be certain that you can trust your agent and be assured of their professional expertise.

At Donnington Stuart we pride ourselves on being able to offer a very professional and personal level of service. We have invested in some of the best lettings software on the market and we strive to let your property as fast as possible without compromising on the quality of the tenants.

The relationship between you as the client and the letting agent should last for many years and at Donnington Stuart you can be certain that the same members of staff will be here to look after your property and your interest for years to come.

Letting your property for the first time can be a major step especially if it is your home or main dwelling. There are likely to be various concerns that you may have before making your decision to let:

- Will the tenants look after and respect your property?
- Will the tenants pay the rent in full every month?
- Will you be able to get possession of your property back if required?
- What happens if there is a problem?
- What happens if repairs or maintenance is required?

By using an experienced letting agents like Donnington Stuart you can be assured that the management of your property will be handled professionally and competently at all times.

At Your Service

Initially we will visit you at your property to assess its rental value and letting potential. We will then advise you on how to present your property, what market to aim for and suggest any work that you should undertake prior to letting. We will also provide you with general advice and guidance on the letting service that we offer; we will also advise you on the rules and regulations relating to letting your property and general tenancy law.

Your property will be heavily marketed using the internet. A full property description, internal and external photographs and a floorplan will be uploaded to our website and on all the leading internet property portals such as rightmove, FindaProperty, Zoopla, Primelocation and RadarHomes to name a few. In addition to this, we will contact potential tenants already on our database that match with your property details.

When an applicant shows an interest in your property we will arrange an accompanied viewing. We often conduct viewings in the evening or at the weekend as we find a lot of tenants work during day. Should an applicant be interested in renting your property, we will require a completed application form. The tenant's details will then be discussed with you and if you're happy to proceed with the tenants we will take up employment and landlord references, as well as a full credit check.

If the tenant passes the referencing, the next step will be to draw up the legally binding 'Assured Shorthold Tenancy' agreement which will be signed by the tenant and ourselves acting as your agent. The initial contract will be for 6 months, we will forward a signed copy of the agreement to you. The first month's rent will be collected prior to the start of the tenancy along with a deposit. The deposit is held by a government scheme 'The Deposit Protection Service'.

Prior to the tenancy commencing it is advisable to produce a detailed inventory and schedule of condition report. We do strongly recommend you have an inventory prepared to protect your interest. Once an inventory is prepared, the tenant will check this off to confirm their agreement of the inventory. A signed completed inventory will be forwarded to you and a copy kept at our office.

Just prior to the start of the tenancy we will read the water, gas and electricity meters. We will contact the utility suppliers and the local authority and arrange for the bills to be transferred into the new tenants name, forwarding any of the final accounts onto you for payment.

Your rental income is paid direct to your bank account and you will receive a statement of income and expenditure.

During the tenancy we will carry out property inspections every quarter. This is to protect your assets and ensure your property is being cared for and occupied by the tenants in a responsible manner. If we feel there are problems we will advise you accordingly. Any maintenance or repairs required or brought to our attention will be communicated to you via our monthly management reports. We will organize on your behalf any repairs that need attention. Repairs that will cost over £150 will be discussed with you and your authorisation for the work will be required. An exception to this will be in the event of an emergency if we are unable to contact you.

Should there be any problems with regard to late payments of rent or arrears you will be notified without delay. We have many years of experience in this area and have very strict policies regarding the payment of rent. If problems arise, they can usually be resolved very quickly by communication and negotiation. If the problem persists we will advise you on the relevant action necessary for the recovery of any debts and/or the possible repossession of your property. We are happy to serve any appropriate notice to the tenant in regard to obtaining possession of your property.

If you wish to extend the tenancy at the end of the initial fixed term we will advise you on the options available to you and conduct the negotiations required to prepare new agreements. Should you require vacant possession of your property at the end of a fixed term tenancy or during a periodic tenancy the relevant notice requiring possession will be prepared by this agency and served upon your tenant.

Should your tenant hand in their notice on your property, we will advise you accordingly. We will arrange for an inspection of the property and discuss with the tenant what is required from them when they hand back the property. Subject to your consent we will begin re-marketing of your property for re-let immediately.

On the day that your tenant vacates we will arrange for a comprehensive check out of your property. If any damages have occurred or cleaning is required (subject to fair wear and tear) we will conduct the appropriate negotiations to ensure an honest and fair agreement is reached with respect to the return of the tenant's deposit less any cost for remedial works.

Presenting Your Property

The quality of the interior decoration and the fittings of the property will affect the level of rent you achieve and your rental market. Here are a few suggestions for you:

- Keep carpets and walls neutral. This makes a cleaner and fresher impression for any potential tenant.
- Paint finishes are easier to maintain. Wood chip paper painted neutral is more acceptable than printed paper.
- Choose Carpets, Fabrics and Furnishings that with stand reasonable wear and tear.
- Furnished items should be easily replaceable.
- Keep the look uncluttered, clean and crisp.
- Good quality neutral hard wearing curtains and carpets are very important.
- Kitchens should be fitted and will normally provide a cooker and hob. Remember if you do provide white goods for the property you will be responsible for any maintenance should any problems arise.
- Bathrooms should have good quality fittings and be well maintained. A Shower is highly recommended as your property will take long to let if you do not have one .
- Gardens should be always well maintained. All grass should be cut and border weed free. Overgrown trees and shrubs should be cut back.

Unfurnished

Unfurnished properties are by far the most popular and most sought after properties. Unfurnished means that the property will come with just carpets, curtains, fixtures and fittings. However we do advise that you provide a cooker and hob in the kitchen.

Other white goods can be left especially if they are built in. Generally unfurnished properties are easier to let and because they are unfurnished there is little to go wrong. The rent achieved for an unfurnished property is generally the same as furnished property.

Furnished

A furnished property is ready for immediate occupation, including all furniture, beds, linen and kitchen utensils. As a landlord you enjoy the same legal protection whether your property is furnished or unfurnished.

Furnished properties are not in the same demand as unfurnished properties. Generally furnished properties tend to be sought after by persons on relocation or short term work contracts. All furniture, fabrics and upholstery must comply with fire regulations.

Your Peace of Mind

Letting out a property can be an anxious time for you as a landlord, especially if this is your first time. You will naturally have some concerns and fears. While all landlords will have worries specific to their own circumstances, the one concern and fear common to many landlords, is that the tenant may default on their rental payments.

Should this situation arise we have the experience to act quickly and effectively and in the majority of such cases we can correct the matter by negotiation with the tenant. You will be informed of any rental default or arrears and any other breach of the tenancy agreement that we become aware of.

For complete peace of mind you may wish to consider an insurance policy to cover you against any non payment of rent. The Property Group is able to offer you rent guarantee and legal insurance from LetSure.

This comprehensive insurance will provide you cover for non payment of rent and the possible cost of any necessary court or legal action against your defaulting tenants. If you require further information then please contact the office.

Donnington Stuart is committed to providing a professional and personal service. Your peace of mind is very important to us.

Should a problem arise at your property you can be assured that one of our highly experienced members of staff will commence dealing with the matter as soon as we are notified.

If any maintenance or repairs are required during the tenancy we can arrange to have any works carried out on your behalf. We can arrange works or repairs on virtually everything within your property. All works will be carried out by competent independent local tradesmen with whom we have dealt with for many years.

Estimates will always be supplied on jobs that cost over £150. Payment for any work will usually be made from rentals received. You are more than welcome to request the original invoice from the contractor. We do not mark up any invoice from our contractors.

As a landlord it is very important that you maintain adequate buildings and contents insurance for your let property. You must insure that your insurance provider is informed that the property is being let out. If they are not informed and you need to make a claim you could find that your claim is rejected. If you require any further information please contact our office.

Your Obligations

As a landlord you will have certain legal obligations which relate to the safety of any furniture, fittings, gas and electrical appliances and systems which you supply in a property for rent.

These guidance notes are provided as a general overview only on regulations and it is suggested that for further detailed information or clarification you contact the local Government Health and Safety office.

Furniture & Furnishings Fire Safety Regulations 1988

It is an offence to rent out a property containing Furniture and Furnishings, that do not meet the requirements of the Furniture and Furnishings (Fire) (Safety) Regulations 1988 Act. If a property is found not to comply the landlord could face up to six month in prison or a fine of up to £5000.

With effect from the 1st March 1993, it became an offence to supply furniture in a rented property that does not comply with the standards contained in regulation 14 of the 1998 regulations. The regulations state that an offence is committed when the furniture is supplied "in the course of business". Investment or professional landlords will be carrying on a business so this act applies to them.

In general all the following must meet with the regulations:

- Beds, Headboards and Mattresses
- Sofa-beds, futons
- Garden furniture which is padded and may be suitable for indoor use
- Scatter cushions and seat pads
- Pillows
- Loose and stretch covers for furniture

The following items are exempt from the act:

- Sleeping Bags
- Loose covers for mattresses
- Pillowcases
- Curtains and carpets
- Scatter cushions and seat pads
- Furniture made before 1950 and re-upholstered furniture made before that date

Most new furniture purchased from reputable suppliers after the 1st March 1990 should comply with the current fire/safety regulations.

Gas Safety

Safety Regulations 1994

These regulations place a duty on landlords to maintain all gas appliances in their property through annual inspections and safety checks which must be carried out by a registered GAS SAFE engineer.

Non-compliance with the Gas Safety Regulations could result in a fine or imprisonment. If any gas appliances are installed, we as your agent cannot let your property without a valid Gas Safety Certificate.

A gas safety check must be carried out on all gas appliances in your property such as heating/hot water boilers, gas ovens and hobs and wall mounted gas fires.

A valid gas safety certificate must be issued by a GAS SAFE registered plumber and a copy provided to the tenant. Any defects found must be rectified. As your agent we will arrange for the gas safety inspection to be carried out on your behalf. These checks are carried out every year.

Electrical Equipment

Safety Regulations 1994

The regulations apply to any electrical equipment between 50 and 1000 volts a.c. They require that any mains household goods you supply in your property (including cookers, kettles, toasters, electric blankets, washing machines, immersion heaters, etc.) are 'safe'.

There is also a general requirement that all installations at the property shall be safe. Although there is no requirement for an annual inspection we advise that if one has not been conducted, an engineer should undertake an inspection prior to your next letting.

A further inspection should be undertaken after three years. At the very least a full visual inspection must be carried out before each letting and any suspected faults must be rectified.

Electrical & Building

Safety Regulations Part P 2005

From January 2005 any electrical work carried out in a dwelling will need to comply with the part P Building Regulations. This applies to all fixed electrical installations such as fixed electrical cables and fixed electrical appliances, for example cookers.

It does not apply to portable electrical appliances such as kettles or fridges etc. In general any electrical work carried out in a property including replacing plug socket outlets light switches and ceiling roses must be carried out by a qualified and industry approved electrician.

Smoke Detectors

Safety Regulations Act 1991

The Department of Environment introduced new regulations which require any new building (built after June 1992) to have smoke detectors installed. If your property was built after this date mains operated smoke detectors must be fitted on each floor.

If your property has battery operated smoke detectors you must ensure they work as designed and we strongly recommend fitting new batteries prior to each let. If your property does not have any smoke alarms at the property, then we strongly recommend that you fit a smoke alarm to every floor in your property.

Tenancy Agreement

The Legal Part

Prior to moving in to your property the tenants will be required to sign a legal contract known as the 'Assured Shorthold Tenancy' (AST) agreement.

The 'AST' has proved to be an attractive form of tenancy agreement for most landlords to use due to the fact that it does not grant the tenant security of tenure beyond the contractual term of the tenancy. This means that the landlord will always be able to obtain vacant possession of the property at the end of a tenancy, provided that the correct notice has been served.

The majority of 'AST' created will either be for 6 or 12 months. At the end of a fixed term the tenancy can be renewed for a further fixed term or it can be allowed to carry on as a statutory periodic tenancy, on a month by month basis. When the fixed term is coming to an end we will contact you to discuss any tenancy extension.

Notice to Vacate

Section 21 Notice

In order for a landlord to gain possession of their property at the end of a tenancy term or during a statutory periodic tenancy, the landlord must serve upon the tenant a section 21 notice. This is a legal notice and one that we would prepare and serve on your behalf.

The section 21 notice must be served upon the tenants at least two months before the end of the agreed fixed term of the tenancy.

For example if a tenancy was to expire on the 27th of September and you require possession of your property on this date, the section 21 notice would need to be served and received by the tenants before the 27th of July to take effect two months later on the 27th of September.

The section 21 notice can be served when a fixed term has less than two months to run but it would not take effect until at least two months from the date of service.

For example if the tenancy was to expire on the 27th of September and the section 21 notice was not served until the 1st of September, the section 21 notice would not take effect until the 27th of November.

If the tenancy is now a statutory periodic tenancy a section 21 notice can still be issued giving two months' notice to take effect two months from a rent due date.

Section 7 Notice

In some instances the landlord can seek to obtain possession of the property by serving upon the tenant a Section 8 Notice. This type of notice is generally served when a tenant has defaulted and this can be proven by the landlord.

The Section 8 Notice can only be served in certain circumstances and is more complicated than the Section 21 Notice. It is generally accepted that the serving of the Section 8 Notice is carried out by a solicitor.

Cost of Renting Your Property

One of the most frequently asked questions by landlords is “Will my rent cover all my outgoings?” This can be a difficult question to answer, as many factors need to be taken into consideration. We have provided this section to help you understand the typical costs that will be involved in renting your property.

Initial Costs

Repairs and Refurbishment. Your property may need some repairs or refurbishment to bring the property up to a standard required by Tenants.

Mortgage Consent to Let. If you have a residential mortgage they may require a fee for the consent to let. This fee can sometimes be added to the mortgage.

License to Sublet. If the property is leasehold, the freeholder may make a charge for you to let your property.

Safety Inspections. It is a legal requirement to carry out a Gas Safety Inspection every year. You may also need an Electrical Safety inspection and PAT testing.

EPC. All let properties require an EPC. These are valid for 10 years.

Professional Cleaning. Your property also may require a professional cleaning service to include carpets.

Key Cutting. We require at least two sets of keys. One for the tenants and one set for us to hold.

Inventory. We strongly recommend that an inventory is performed at your property.

Tenant Finder Fee. A tenant finder fee will be payable to us after we have found you a suitable tenant and moved them into the property. This fee is normally deducted from the first month's rent.

Ongoing Costs

These are the costs that you may incur on an ongoing basis.

Monthly Management fee. The Property Group will charge you an agreed monthly management fee on the monthly rent collected. This will be deducted from the rent.

Insurance. You will need to have adequate buildings and contents insurance for your let property. You may also wish to consider Rent Guarantee and Legal Insurance.

Ground Rent and Service Charges. Landlords who own leasehold flats are responsible for paying for the up keep of the building to include service charges.

Council tax. You will be liable for the council tax in between tenancies. You may find that if your property is unfurnished that you may get an exemption from your local council.

Utility Bills. You will also be liable for any utility bills in between tenancies.

Maintenance and Repairs. It is always advisable to retain adequate funds for any maintenance and repairs that may be required.

As a landlord you will have a duty of care to ensure the property is maintained to an acceptable standard. We would also point out that a well maintained property will generally encourage good quality tenants.

Income Tax. You will be liable to pay income tax on any profits you make from renting your property.

Tax Implications of Renting Your Property

The tax implications of each individual landlord and the letting of their property can be confusing and we would always recommend obtaining professional taxation advice in this regard. The following information has therefore been provided for your general guidance only.

A landlord has two main taxes to consider, Income Tax and Capital Gains Tax.

Income Tax

Income Tax is payable on the net income from property letting irrespective of where you live. It is your responsibility to inform the HMRC of your letting income whether you are a resident or a non-resident landlord. It is important to note that HMRC do have the right to ask agents to disclose the names and addresses of all landlords for whom they act.

Allowable expenses include:

- Interest on a loan or mortgage on the property
- Insurance, services charges and ground rent
- Costs of providing services included in the rent (Broadband, Cleaning)
- Legal and accounting costs
- Cost of repairs, redecoration and some renovation

HMRC also allow a deduction for wear and tear of furniture, fixtures and fittings. This is only applicable when the property is let furnished and you cannot claim for replacing existing items. The wear and tear allowance is currently 10% of the gross annual rent.

Expenses not allowed by HMRC:

- Costs of preparing a property for letting
- Expenditure on initial furnishing or improving the property
- Capital repayment of the mortgage
- Legal and accounting costs

Capital Gains Tax

Capital gains tax is payable on gains realized by individuals. A capital gain arises when you come to sell or dispose of your property and the value of the property is greater than when you originally acquired the property. There are many different allowances and reliefs that can apply so you are best advised to speak to a qualified tax advisor.

Non Resident Landlord

Even if you are a non-resident landlord, the excess of income over allowable expenses is subject to UK income tax. However there are specific procedures for collecting income for non-resident landlords.

- 1.** The letting agent who collects the rent on behalf of a non- resident landlord must deduct tax at source from his income and pay the tax direct to HMRC, unless an exemption certificate has been obtained.
- 2.** It is possible to apply to the HMRC for the agent to be exempt from paying HMRC the income tax at source.
- 3.** At the end of each tax year, your tax position must be resolved with HMRC. This will usually involve completing a self-assessment tax return.

Landlord's Checklist

Your Instruction to Let

Please ensure that you complete and return The Property Group standard Terms and Conditions agreement.

Keys

Please provide us with two sets of keys.

Consent

Ensure you have the consent of your mortgagee and head lessor.

Insurance

Check that you are fully insured and that your provider is aware that the property is to be let.

Rent Guarantee and legal expenses

Let us know if you want to take this policy.

Terms of Tenancy

Ensure that you have agreed the terms of the tenancy with us.

Mail

Arrange for the redirection of your mail with the post office in good time before the tenants move in.

Utility Companies

You will need to ensure that no service is disconnected. Please provide us with full details of all Utility suppliers.

Telephone, Broadband & TV

You will need to close your accounts with your providers. Do not request a disconnection.

Meters and Stopcocks

Provide us with clear details of the location of all meters and the location of your stopcock.

Gas Safety Check

Arrange a gas safety check on your property before the tenants move in.
