

A SIX-STEP GUIDE TO LETTINGS

All you need to know about becoming a landlord

Winkworth

1: Preparing to let

Letting a property is a great way to generate income, but before you can sit back and let the funds roll in there's a lot for you and your letting agent to organise, including:

You

- ✓ Preparing your property to let - cleaning, decorating, furnishing. Furnished properties should be 100% habitable from the outset and unfurnished should have working, safety checked appliances and window fittings
- ✓ Inviting quality local agents to value your property. Select the service you require, sign the terms of business and provide ID and proof of ownership of the property
- ✓ Arranging an Energy Performance Certificate (EPC)
- ✓ If you live overseas, you'll need to log in to the HMRC website to complete the Non-Resident Landlord form (NRL1) to prevent tax being deducted in the UK
- ✓ Providing a landlord mortgage consent form and freeholder consent if a leasehold property
- ✓ Providing a gas safety certificate
- ✓ Advising the council and utility companies that the property will be rented
- ✓ Providing a minimum of two extra sets of keys for the tenants and one for your property manager

Your agent

- ✓ Completing all paperwork and legal documents
- ✓ Marketing the property
- ✓ Conducting viewings and negotiations
- ✓ Taking a 'Fee of Intent' to start the process once an offer has been agreed.
- ✓ Preparing the tenancy agreement and arranging tenant references
- ✓ Taking first rental payment and security deposit and protecting it in a registered deposit scheme, as required by law
- ✓ Getting a professional, independent inventory and check-in report

From February 1st 2016 all landlords (and/or agents) are required to establish that an adult has the right to occupy rented accommodation in the UK. This will entail a visual check of travel documents including visas for all non EU residents. Your Winkworth agent is able to provide guidance and/or direct you to available information on the Home Office Website.

1: Preparing to let

Tenant safety is paramount so take the right steps to make your property safe:

Gas safety

The Health and Safety at Work Act 1974 states that you must have all gas appliances, pipework, fittings and flues checked every year by a Gas Safe registered engineer.

Electrical equipment

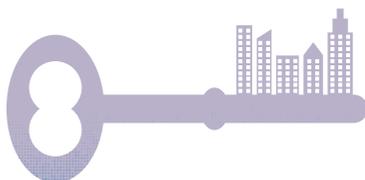
There are lots of regulations covering electrics and you have a duty of care to your tenant. Arrange a portable appliance test (PAT) for all the electrical appliances in your property before you let it.

Furniture and furnishings

To minimise the risk of fire, the Furniture and Furnishings (Fire Safety) Regulations 1988 (as amended 1989, 1993 and 2010) set out requirements for all soft furnishings. It's illegal to provide furnishings that don't comply.

Smoke alarms and carbon monoxide detectors

Since October 1st 2015, it is a legal obligation to ensure that a smoke alarm is fixed to each storey of the property for rent. Also, any rooms with a solid fuel appliance must have an appropriate detector and all must be working and checked on the day that the tenancy commences.



Inventory

All landlords should commission an inventory by an independent clerk on the condition of their property and its contents at the start of the tenancy.

Winkworth offices can recommend good, reliable, third-party firms to provide this service. Your tenants will sign the inventory when they take possession and this is evidence of their agreement with the report's content.

If disputes arise at the end of the tenancy over any deductions from the security deposit, this evidence is vital to the arbitration process offered through the various tenancy deposit schemes.

Presentation

If you want quality tenants who'll look after your property, you need to present a clean, tidy home with quality furnishings.

Keep your options open by adopting a clean, simple decor scheme that won't offend any personal tastes and keep any garden spaces easy to maintain – you'll let the property faster that way.

EPCs for lettings properties

As of 1 October 2008, the Energy Performance of Buildings Directive legislation states that all private residential rental properties must have a valid Energy Performance Certificate (EPC) for tenants to view before contracts are signed. It shows how energy efficient your property is and its environmental impact. The EPC must be made available to all prospective tenants.

2: Tenancy agreements

When letting out your property, there are two main types of tenancy agreement to consider...

Assured shorthold tenancy - the most common form of agreement:

This type of agreement applies to all tenancies created after 15 January 1989, and amended from 1 October 2010, where the annual rent is not more than £100,000 and the tenants are individuals, not companies.

The tenant has the right to live in the property for the agreed period or until you, as landlord, serve notice.

You have a right to end the tenancy using a 'section 21' notice either to conclude the tenancy at the end of the fixed term or to activate a pre-agreed break clause stated within your tenancy agreement. You must give two months' notice in either case.

Non-Housing Act 1988 tenancy - much less common and only applies:

- to tenancies created before 15 January 1989
- or where the annual rent exceeds £100,000
- or to company (corporate) lets

A non-Housing Act tenancy may be used in other situations, but these do not apply to the usual business of a residential letting agent like Winkworth. Non-Housing Act tenancies should be specially tailored to each case, so it's important to use a solicitor.

Winkworth uses both of these tenancy agreement formats on a daily basis and your Winkworth representative will advise which is most suitable for your tenancy.



**AGENTS FEES
& OTHER COST** →

3: Agent fees & other costs

At Winkworth, every local office tailors its fees to ensure they're competitive, whilst ensuring a service of the highest standard.

Factor in a contingency fund for the following:

Before you let the property

- ✓ Redecoration & professional cleaning
- ✓ Furniture and furnishings
- ✓ Gas safe register certificate (remember, this will be an annual cost)
- ✓ Portable appliance test (pat)
- ✓ EPC - needs to be renewed every 10 years

From the start and during the tenancy

- ✓ Agent's fees, depending on your level of service
- ✓ Any 'extras' negotiated by the tenants, such as furniture or equipment for the property
- ✓ Check-in and inventory reports
- ✓ Maintenance and repairs
- ✓ Any void periods where the property is empty
- ✓ Building and contents insurance for any fixtures, fittings and furnishings you own
- ✓ Tax on your gross rental income (contact your nearest tax enquiry office for information)

Tenants fees

Winkworth currently charges a fee to tenants for reference checking and tenancy agreement administration, however these may change in the future as a result of proposed legislation.

At the end of the tenancy

Your tenant's lease will normally be for a 12 month term, although it can be longer. If at the end the tenant wants to stay, as long as they paid the rent on time and looked after the property, let them. This way you avoid empty periods where you won't be receiving rental income.

The structure of Winkworth's renewal fees is clearly laid out in our Terms of Business and will only be charged if a tenant introduced by Winkworth stays on.

Offers and deposits — Receiving and accepting an offer.

With Winkworth, when a prospective tenant expresses interest in your property, we'll let you know what their offer is and whether they have any special conditions. Then we'll confirm it in writing.

If you accept, we'll finalise paperwork and negotiations with the tenant for you.

Next, your Winkworth agent will take a 'Fee of Intent' of one week's rent from the tenant which guarantees that they are serious about your property.

If for any reason the rental falls through and it isn't the fault of the tenant, they will get their fee of intent back. However, if they pull out of the deal once the offer has been agreed, they may lose part or

all of their monies covering the agency incurred costs in processing the tenants' application.

We'll do all the necessary checks on the tenant and gather all their references. Provided this information is all in order, we'll invite you and the tenant to check through the agreement and sign it.

At this stage, we'll take the tenant's security deposit. The deposit will be held throughout the tenancy and returned at the end, less any agreed deductions. The deposit is usually a minimum of four to six weeks' rent. They'll also have to pay at least one month's rent in advance. This and the security deposit needs to be received and cleared before the tenant moves in.

4: Tenancy deposit protection

Tenancy deposit schemes protect tenants' deposits from dishonest landlords and agents.

Every agent in England and Wales must be a member of a registered deposit scheme; there are various government-authorised schemes available, including:

Custodial schemes

The deposit is held by the scheme and not by the agent or landlord. The scheme is funded by the interest earned from the deposits it holds. The custodial scheme is completely free to use.

Insurance-based schemes

In insurance-based schemes, the agent or landlord holds the money in a separate client account. The agent (or landlord) is charged an annual fee to insure against the landlord failing to return the deposit (less any agreed deductions).

All current schemes offer both custodial and insurance based services - Deposit Protection Service, My Deposits and the Tenancy Deposit Scheme.

5: Choose your service

Whether you're letting a mansion or a maisonette, it's a working relationship between you, your agent and your tenant.

Families, young professionals, corporate-lets and international relocations – we attract quality tenants from all walks of life.

After Winkworth finds your ideal tenant at a rental income that suits you, there are three ways we can help:

Full property management

We'll handle all aspects of your rental property, providing a full management service and letting you step back completely.

Let and rent collection

The same excellent service as our let only package, but we'll also collect rent on your behalf.

Let only

Ideal for landlords who prefer to be more hands-on, we'll market the property, verify tenant credentials and handle the final paperwork, but let you take the lead on day-to-day management.

Whether you own a single apartment or a global portfolio we'll tailor our service to suit you. All our valuations are based on sound research and our fee structure is transparent; just one reason our landlords keep coming back.

6: Responsibilities

Yours and theirs.

You, as landlord, agree to the following:

- ✓ allow the tenant to live in the property without being disturbed. Give at least 24 hours notice if you want to access the property in any situation except an emergency
- ✓ maintain the property and keep it in a good state of repair at all times
- ✓ ensure all gas, electricity and water supplies are installed and working
- ✓ ensure that all equipment is safe and in good working order and supply proof where necessary
- ✓ provide all operating and safety instructions for all appliances and equipment
- ✓ insure the property and the contents, fixtures and fittings belonging to you. The tenant is responsible for insuring their personal belongings
- ✓ charge a fair market rent

Your tenant agrees to the following:

- ✓ pay the agreed rent on the agreed date without fail (otherwise they are liable to pay interest from the due date)
- ✓ pay the council tax
- ✓ pay all utility bills and the TV licence, unless otherwise agreed with the landlord and stated in the agreement
- ✓ pay compensation for any damage done to the property during the tenancy (apart from general wear and tear). Damage could include breakages or leaving the property in an unclean condition at the end of the tenancy
- ✓ use the property as a home and not a commercial business
- ✓ take good care of the property and its fixtures and fittings
- ✓ make sure the property is clean (professional cleaning at the end of a tenancy is often required by the tenancy agreement) and that all contents are left intact
- ✓ replace light bulbs and smoke-alarm batteries and carry out basic maintenance such as looking after the garden or other outside space
- ✓ keep the property secure at all times. Let the landlord or managing agent know of any repairs or maintenance needed on the property as soon as it arises
- ✓ not to alter the property or garden/outside space in any way
- ✓ not create unnecessary noise or disturbance to the neighbours

'Start of tenancy' checklist

For all new tenancies, landlords are required to provide a number of documents.

As a landlord, you need to provide the following:

- ✓ Gas Safety Certificate
- ✓ Energy Performance Certificate
- ✓ How to rent: The checklist for renting in England
- ✓ Smoke alarms have been fitted on every floor. They have been checked and are in working order at the outset of the tenancy.
- ✓ Confirmation that carbon monoxide alarms are fitted in every room with a solid fuel burning source. They have been checked and are in working order at the outset of the tenancy.
- ✓ Confirmation that the deposit has been protected if already paid
- ✓ Confirmation that the prescribed information for the deposit scheme has been provided

When instructed to let or manage your property, Winkworth will ensure all of the required checks and documents are completed before the start of a new tenancy.



USEFUL CONTACT INFORMATION

NALS (The National Approved Letting Scheme)

Cheltenham Office Park
Hatherley Lane
Cheltenham GL51 6SH
Telephone: 01242 581712
Website: www.nalscheme.co.uk

Ombudsman Services: Property

PO Box 1021
Warrington
WA4 9FE
T: 0330 440 1634
F: 0330 440 1635
www.ombudsman-services.org

winkworth.co.uk

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