



THE LANDLORDS GUIDE TO RESIDENTIAL LETTINGS

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INTRODUCTION

People from all walks of life are becoming involved in the rental market and increasingly, large numbers of people are entering the 'Buy to Let' sector as an opportunity for investment. In light of increasing legislation and regulation in this sector, landlords have come to expect extensive knowledge and expertise from the Agency they choose. Our expert team are here to ensure that you are guided safely through this increasingly challenging environment. We will assist you with everything from energy performance certificates through to landlord insurance obligations and much more.

John Wood & Co has an excellent reputation for letting and managing a variety of properties throughout East Devon, the Axe Valley and surrounding areas. With over forty years proven experience, our aim is to build strong, long-term client relationships to ensure the rental of your property goes as smoothly as possible.

Letting your property will take some initial planning and is likely to throw up some concerns. Our experienced team is here to minimise the challenges and make the process stress free for you. Our research tells us that landlords have three principle concerns;

Property Damage

Under our Full Management Service we carry out rigorous property inspections that will reassure you that your property is being well looked after. We will inspect during the first month of the tenancy and regular intervals thereafter. Should any maintenance be required, we will instruct our trusted contractors to get to work, with as little disruption to the tenants as possible. We pride ourselves on building strong relationships with our landlords and tenants which is an invaluable when managing your investment.

Rent Arrears

There is always the risk of rent default by your tenant as you cannot predict them falling on hard times, losing their job or becoming ill and then not being able to pay the rent. Recovering rent arrears can be a challenge, very costly and without any guarantee of recovery. Arrears insurance will cover you against your tenant defaulting or failing to pay the rent and there are many insurance companies that can help you find the right policy for you.

Empty Periods

If we manage your property, you can be assured that it will be maintained in good order. We keep up frequent dialogue with our tenants and carry out regular property inspections, which minimise any refurbishment, empty periods and additional cost at the end of the tenancy.

Charges to Tenants – The Tenant Fees Act 2019

Under this legislation both Landlords and Agents will be unable to pass on any charges to tenants, apart from those permitted under the bill. A link to the Act can be found here:

<https://www.gov.uk/government/collections/tenant-fees-act>

If you choose John Wood & Co as your letting agent, you will need to decide on how involved you would like to be in the process. We have a choice of options available to you which are detailed in this guide.

OUR SERVICES....

FULL MANAGEMENT SERVICE

This service has been tailored for those landlords wishing to take a step back and let the agent manage the property. This is our most popular service and includes:

- Comprehensive marketing package which includes; advertising on our website, on the major property portals in the local newspapers and our shop window.
- Match your property to our registered letting applicants.
- Accompanied viewings.
- Preparing a Schedule of condition with supporting photographs and preparing an Assured Shorthold Tenancy Agreement.
- Checking in the tenant(s) including; taking utility readings if required.
- Collection and transfer of rent, less any agreed fees and disbursements.
- Regular property inspections and report to landlords.
- We will organise the annual gas safety check and certificate if required.
- We will obtain competitive quotations and, upon approval, arranging for any necessary repairs and maintenance to be carried out.
- Checking the tenant out of the property; including; check-out inspection, collection of keys and taking utility readings.
- Remarketing for your next tenant.

NON-MANAGED

This service is for those landlords wishing to be fully involved in the day-to-day management of the tenancy and requires us to provide a service from initial marketing through to your tenants checking in; and includes:

- Comprehensive marketing package which includes; advertising on our website, on the major property portals, in the local newspapers and our shop window.
- Match your property to our registered lettings applicants.
- Accompanied viewings.
- Preparing a Schedule of condition with supporting photographs and preparing an Assured Shorthold Tenancy Agreement.
- Checking in the tenant(s), including taking utility readings if required.

Tenancy Set-Up

With both our Managed and Non-Managed services there is a tenancy set-up fee of £240 (including VAT at the standard rate), payable at the start of **each** new tenancy. This fee includes the following:

Tenant Referencing:

All tenants over the age of 18 along with any Guarantors will undergo full reference checks and we will also carry out a Right to Rent Check on your behalf. We currently use and liaise with Rent4Sure to undertake these checks for us.

Holding Deposit and Security Deposit:

We will collect and administer the holding deposit for the property working within the prescribed timescales. We will also collect and hold the security deposit on your behalf for the duration of the tenancy. The deposit will be insured in a Government approved scheme, currently we use MyDeposits.

STEP 1 – GETTING STARTED

John Wood & Co will offer you a free lettings appraisal of your property. Your appraisal is unique to your property and before any recommendations we consider all aspects of the property, including; size, condition, location and market conditions.

STEP 2 – PREPARING YOUR PROPERTY

First impressions count, so preparing your property for rental is key to its success. The rental market is very competitive, so to attract the best and most reliable tenants, your property should be presented in the most effective way. We are always happy to advise you on the rental presentation and have listed a few guidelines below to assist you:

- Interior walls should be kept neutral colours and carpets plain
- Fabrics and furnishings (if any) should be able to withstand reasonable wear and tear and be of suitable quality
- Animals odours should be completely eliminated
- The front aspect, front door and entrance hall should be clean and clear of any obstructions
- Throughout the property, it should be clean and well-aired
- The garden should be pruned and tidy
- Most tenants prefer the property to be unfurnished and it has been found that a tenant is more likely to respect the property if they have their own possessions

If the property is not in a good state of repair at the commencement of the tenancy, the tenant has the right to insist that repairs are carried out and in the event that the damage is serious, the tenant will be entitled to consider the letting as terminated as the Landlord will be in breach of his obligations.

The costs of everyday repairs and maintenance are the responsibility of the landlord but, if we are instructed to manage your property on your behalf, we will pay the contractor out of the Tenant's rent. We can also organise quotes for approval on any major repair as this becomes apparent.

STEP 3 – ADVERTISING & VIEWINGS

Our team will prepare detailed information for your rental property which will be displayed in our office and advertised on our website, on the major property portals and in the local newspapers. The details will include; property summary, room descriptions, colour photographs, room sizes and any specific requirements (i.e. no pets). It is important to price your rent fairly but realistically in order to attract the most suitable tenant.

We always do accompanied viewings and we will inform you when these are to take place. We will also contact you afterwards with any feedback.

STEP 4 – FINDING A SUITABLE TENANT – “THE SET-UP”

When we have found a potential tenant we will carry out comprehensive checks and referencing. We use a referencing agency called Rent4Sure for this process which includes a full credit check. At this stage we will also apply for a Right to Rent check, which is a legal requirement before any property can be let by a Landlord. The tenant will also supply a refundable holding deposit totalling one weeks' rent, which 'holds' the property for them until reference checks are completed. When a satisfactory report is returned for the tenant(s), we will inform you and arrange a suitable date for the start of the tenancy.

STEP 5 – SECURITY DEPOSIT

As members of the National Association of Estate Agents (NAEA), we are required to hold all tenant security deposits in a government approved, separately audited and designated client account that is fully insured under a Tenancy Deposit Protection Scheme and we currently use MyDeposits.

The security deposit is held for the duration of the tenancy against loss, damage or charges payable at the termination of the tenancy. It is returnable in full at the end of the tenancy subject to final inspection of the property. Should the property and garden not have been left in a satisfactory condition; deductions will be made for cleaning, gardening, removal of rubbish, etc.

STEP 6 – TENANT MOVING IN

The Lettings Team at John Wood & Co will prepare and supply you with all the legal documentation you require including the Tenancy Agreement. We will also brief you on your legal requirements when letting a property (i.e. gas safety certificate, smoke alarms, electrical safety and legionella).

On the moving in date, we will complete a Schedule of Condition for the property which the tenant is required to sign together with them signing the Tenancy Agreement. This is an important document with accurate descriptions of the overall condition of wall/floor coverings, kitchen and bathroom fittings to name but a few. Monies cannot be withheld from the Tenant's deposit unless the loss or damage is proved to have been caused by the Tenant. Also, for furnished properties an inventory can also be drawn up at the start of the tenancy, if required.

We will issue your new tenants with the necessary paperwork, including the gas safety certificate and energy performance certificate, and we will also provide them with two sets of keys.

The tenant is responsible for setting up a standing order with their bank for the rent to be paid; this is usually on a calendar monthly basis. If you have chosen us as management agents, the rent is then forwarded to you after any agreed deductions have been made for contractors, repairs, etc. For our tenant find only package the rental payments will be paid directly to you from the tenant.

OTHER CONSIDERATIONS:

1. There is an increasing amount of legislation that applies to preparing a property for rent. As a Landlord you will need to ensure you are familiar with all current legislation and regulations, including;
 - Tenant Fees Act 2019
 - Landlord and Tenant Act 1985
 - The Electrical Equipment Safety Regulations 2016
 - Gas Safety Installation and Use Regulations amended 2018
 - Furniture and Furnishings (Fire Safety) Regulations 1988 (amended 2010)
 - Energy Performance Certificate
 - Asbestos (The Control of Asbestos Regulations 2012)
 - Smoke and Carbon Monoxide Alarms - Smoke and Carbon Monoxide Alarm (England) Regulations 2015
 - Immigration Act 2016
 - Health & Safety issues
 - Legionella and Water Supplies

2. Written consent must be obtained from your mortgage lender or freeholder if the property is leasehold.
3. Your insurance company must be notified that the property is to be rented out and appropriate insurance obtained for a tenanted property. There are specialist insurance companies who can provide this cover.
4. The Inland Revenue must also be informed within 6 months of letting your property, flat or apartment in the UK and failure to do so will incur penalties. The following deductions can usually be made from your rental income;
 - Mortgage interest
 - Insurance
 - Costs of property maintenance and repairs
 - Agent fees
 - Ground Rent and Service Charges for leasehold properties
5. Mail should be redirected with the Post Office.
6. Utilities such as gas, electricity, water, telephone and council tax will be taken over by the tenant. They are responsible for notifying the suppliers and can change the supplier if they so wish.

REGULATIONS GOVERNING RENTAL PROPERTIES

Before you let your property you must make sure, by law, that it complies with various safety regulations. A brief synopsis of the current laws and legislation are listed below. We would encourage you to make yourself familiar with these aspects of law and what is required before letting your property.

Electrical Equipment (Safety) Regulations 2016

The regulations require that any electrical equipment supplied is safe and will not cause danger. We suggest that a qualified electrician is asked to carry out an assessment of the installation and a wiring test before any new tenant moves to the property, with a view to giving written assurance that the installation is safe.

Gas Safety (Installation and Use) (Amendment) Regulations 2018

The regulations cover all tenanted properties to ensure that all gas appliances, pipe work, fittings and flues belonging to the landlord are checked for safety every 12 months by a CORGI registered contractor. The landlord must have a record of the safety certificate which can be given to the tenant at the start of the tenancy. A check must be carried out annually and the tenant issued with a copy each year.

Under a Full Management agreement John Wood & Co will be happy to arrange, on your behalf, the annual gas safety checks if required.

Fire and Furnishings (Fire) (Safety) Regulations 1988 (amended 2010)

The regulations require that all furniture and furnishings comply with fire regulations, and applies to such items as soft furnishings, chairs, sofas, futons, beds, mattresses, pillows, cushions, seat pads and beanbags. It does not include carpets and curtains. Labels attached by the manufacturer identify compliant furniture.

Energy Performance Certificate (EPC)

From 1st April 2018 there will be a requirement for any properties rented out in the private sector to have a rating of E or above on the properties EPC. The new regulations will come into effect for new lets and renewals of tenancies on 1st April 2018 and for all existing tenancies on 1st April 2020. For further information see the 2019 amended document at: <https://www.gov.uk/government/publications/the-private-rented-property-minimum-standard-landlord-guidance-documents>

The Smoke and Carbon Monoxide Alarm (England) Regulations 2015

From the 1st October 2015 while the premises are occupied under tenancy the landlord must ensure that a smoke alarm is equipped on each storey of the premises on which there is a room wholly or partly used as living accommodation. A room will include a lounge, dining room, kitchen, bathroom, toilet, hall or landing. Mezzanines are also included where they contain such a room. Flats located on one floor, will need at least one alarm within the flat itself and alarms in the communal areas i.e. communal alarm. Heat detectors are not considered as sufficient, it has to be a smoke detector.

Landlords must ensure that there is a carbon monoxide alarm fitted in any room that is used partly or wholly as living accommodation which also contains any appliance which burns, or is capable of burning, solid fuel. This would include log and coal burning stoves and open fires, even if not normally in use, but does not include gas and oil burners. If an open fireplace is purely decorative and not useable then it is not covered by the regulations.

However, as gas appliances can emit carbon monoxide, we would expect and encourage reputable landlords to ensure that working carbon monoxide alarms are installed in rooms with these.

If your property has an open fire, stove or wood burner, you will need to ensure that the chimney is swept annually. Please note: Under the new Tenant Fees Act 2019, Landlords are responsible for the cost of annual chimney sweeping.

General Safety

A landlord should be aware of any potential hazards at the property, which could cause harm to a tenant. Gardens should be securely fenced, ponds covered, locks on windows etc. We would be happy to discuss any potential problems you are aware of whilst out at the property.

Legionella

All rental properties should have a legionella risk assessment, which John Wood & Co are able to arrange. This must be reviewed every 2 years, but if there has been no significant changes a further full risk assessment is not necessary and the landlord can sign the certificate stating "no significant changes have been made".

OVERALL RESPONSIBILITIES

The following is a brief outline of some of the responsibilities regarding the management of your property:

The landlord

- Pay the building insurance.
- Pay any ground rent and service charge where applicable.
- Insure any items, such as furniture and kitchen equipment you leave in the property.
- Not discriminate on the grounds of sex, race, sexual orientation, age, religion, marital status or disability.
- Ensure the property is in a good state of repair and decoration.
- Payment for repairs and general maintenance of the property.

The agent to

- Obtain references for the prospective tenant(s) using Rent4sure referencing agency.
- If required, obtain details of guarantor and obtain references.
- Collect and protect the security deposit, which is held in a client account for the duration of the tenancy.
- Prepare full inventory (if applicable – furnished properties only).
- Collect the holding deposit, in compliance with the Tenant Fees Act 2019.
- Collect and transfer rental payments, deducting agreed fees and disbursements.
- Prepare an Assured Shorthold Tenancy Agreement.
- Check tenant into and out of the property, including taking utility meter readings if required.
- Inspection checks at property and on-going management where applicable.
- Arrange the following if required: Gas Safety Certificate, Energy Performance Certificate, Legionella Risk Assessment, Electrical Safety Testing.

The tenants to

- Pay the rent, security and holding deposits.
- Be responsible for Council Tax, water rates, gas, electricity, telephone charges, television license fee, etc.
- Return the property at the end of the tenancy in the same condition as at the start of the tenancy allowing for fair wear and tear.

LANDLORD FEES

Please ask a member of staff for full details of our landlord services. Details can also be found on our website: www.johnwood.co.uk where you will be able to read through our comprehensive Landlords guide.

We currently offer two packages for our Landlords, however each can be tailored to suit your individual needs.

- Non-Managed – 120% of one month's rent which includes VAT
- Fully-managed – 12% of monthly rental income which includes VAT

With both packages, a tenancy set up fee of £240.00 (including VAT) will be payable. This amount will be deducted from the first months' rental monies, along with our commission. This covers the cost of tenant referencing, carrying out Right to Rent checks, collecting and protecting the security deposit.

Other Potential Costs to Landlords

ITEM	COST	
Gas Safety Testing	From	£ 70.00
Chimney Sweeping	From	£ 40.00
Electrical Testing	From	£130.00
Energy Performance Certificate	From	£ 70.00
Legionella Risk Assessment	From	£ 60.00
Shorthold Tenancy Agreement		£ 75.00
Exceptional Circumstances Visit		£ 25.00
Full Inventory (if required)	From	£ 75.00
Administration Fees	From	£ 40.00

Dependent on number of gas appliances in the property.
Approximate cost.
Dependent on size of property.
Can be carried out with the EPC if required.
+ VAT
+ VAT
+ VAT Applicable for furnished properties only.
+ VAT per hour
These will be payable in the circumstance of us providing extra administrative support not covered in our Management Fees. e.g. dispute resolution cases, extra accounts support, legal proceedings or similar.

You require a professional, reliable service and as such, the team at John Wood & Co are here to make the rental process for landlords as stress free as possible. We are a member of the Property Ombudsman which ensures that professional standards are met and often exceeded.

CHECKLIST FOR LANDLORD PRIOR TO LETTING

Action	Done
Decide which service you require and complete our Lettings and Management Agreement.	
Arrange to meet our representative to discuss next steps.	
Contact your mortgage provider if appropriate.	
Arrange for insurance quote or contact your buildings and contents insurer.	
<p>Following discussion with John Wood & Co decide which items will be left in the property.</p> <p>Note: We recommend all valuable items are removed. All soft furnishings must comply with fire regulations.</p>	
<p>Prior to check it ensure that checks have been carried out and certificates issued for:</p> <ul style="list-style-type: none"> • Electrical Safety • Gas Safety • Energy Performance Certificate • Legionella Risk Assessment • Also arrange for annual service contracts for appliances left in the property. <p>Note: To be able to let your property we are required by law to supply the tenants with a copy of the EPC and Gas Safety Certificate. These need to be in place before any tenancy commences.</p>	
<p>For the check in date: Arrange for property to be clean and well presented. Arrange for garden to be tidy and in good order.</p> <p>Note: If there are features which need special attention, you might decide to employ a gardener for very high hedges, fine landscaping etc.</p>	
Three sets of keys are required; two sets for the Tenants and one set for John Wood & Co.	