

Residential Lettings, A Landlord's Guide From

Hair & Son

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The aim of this information pack is to provide potential Landlords with information when considering letting a residential property on an Assured Shorthold Agreement. We hope this pack is able to answer any questions you may have, however, please contact us should there be any aspects which you would like to discuss. It is not intended to be a comprehensive guide as to Landlord and Tenant obligations.

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Regulated by the RICS

1) INTRODUCTORY INFORMATION

Metered Services

Under our standard agreement the Tenant undertakes to be responsible for the payment of water rates, Council Tax, gas, electricity and telephone. It is important that you close your accounts with the various suppliers before the new Tenant takes over.

Flats held on long leases

Often a ground lease does not permit subletting and we (or your solicitor) should read your lease to check its provisions.

The Tenant would not normally be responsible for the payment of your ground rent, buildings insurance, maintenance or service charge and an all inclusive rent should be calculated.

Property Under Mortgage

Before letting the property permission is normally required from the mortgagor, who should also be informed of each tenant's commencement and vacation dates.

Repairs and decorations

The Tenant will agree to maintain the internal decorations. Our agreement provides that the tenant must obtain the Landlord's agreement to any changes in colour scheme. The Landlord retains responsibility for external decorations, gas appliances (and pipework), wiring, plumbing, and the main structure.

It should be stressed that although the Tenant agrees to maintain the property, and a deposit is normally taken at the beginning of the tenancy against abuse, a Tenant rarely looks after a property as his own and it will be subject to wear and tear.

Gardens

The Tenant will agree to keep the garden tidy. However if a garden is particularly large or requires more than average maintenance we recommend that special arrangements are put in place.

Taxation of Rental Income

We recommend that you seek the services of a qualified Accountant to advise you on your tax liability.

Insurance

You should check the wording of your insurance policy to establish whether the insurance company requires to be informed when you vacate or let. In addition they may impose additional requirements on you.

Type of Tenancy

Unless instructed to the contrary we always let residential properties upon an Assured Shorthold Tenancy, which enables possession to be obtained at the end of the agreement (subject to two months' written notice). We recommend a minimum letting period of six months.

Possession

If possession is required by the Landlord at the end of the agreement, the Landlord must give at least two months written Notice Requiring Possession. The Tenant should give at least one months Notice to Quit. If neither the Landlord nor the Tenant give notice the tenancy continues on the same terms until notice is served by either party.

2) THE LETTING SERVICE

- Free rental assessment.
- Advice on any works required prior to letting.
- Estimates for required work obtained.
- Internet advertising through Rightmove.co.uk
- Local advertising included in our letting charge.
- Details prepared with photograph and circulated.
- Monthly letting brochure sent to all our applicants.
- Letting board erected.
- No letting, no fee.
- All applicants accompanied by a member of staff on viewing empty property.
- Credit reference search on applicants.
- Documentation prepared.
- One month's rent and deposit collected on completion.
- Inventory prepared with photographs.
- Swift personal service.

Guarantor

Depending on the age and financial status of the new Tenant we will require an approved guarantor to the agreement.

Payment

We will account to you following completion of the tenancy for the rent less our letting commission. Where we hold the deposit in our clients' account, it is held by us as stakeholder.

Housing Benefit

A number of applicants on our register will be funding the payment of rent by Housing Benefit. Our existing clients are split between those who accept Housing Benefit tenants and those that do not. We shall be pleased to review the advantages and disadvantages with you.

Generally we do not recommend Housing Benefit applicants where the property is expensively

decorated or to be let short term and then re-occupied.

Form of Agreement

We shall be pleased to forward a blank copy of the standard form of agreement which we use. Should you prefer, you are of course free to instruct your solicitor to prepare an agreement in which case we would make a small adjustment to our letting charge.

3) ELECTRICAL SAFETY REGULATIONS

On the 1st January 2005 new legislation was introduced with stricter rules governing the standard of electrical installation work performed in homes in England and Wales. Consequently it is now a legal requirement for electrical installation work to comply with Part P of the Building Regulations. The electrical safety authority (NICEIC) believes that by regular inspections of the electrical installations and appliances by competent electricians Landlords can maintain the condition of their properties and the safety of their tenants.

The Landlord and Tenant Act 1985 puts the onus on the Landlords of a rented properties to ensure that the electrical installations in their properties are safe from the tenancy begins and during the tenancy.

The Electrical Equipment (Safety) Regulations 1994 (as amended) require that any appliance supplied by the landlord must be safe. We have been advised by the Health and Safety Executive that appliances under the meaning of the act includes, immersion heaters, electric storage heaters, fan heaters, electric cookers, gas cookers with an electric ignition system, refrigerator and freezers.

We therefore recommend that a detailed safety inspection of the electrical system is undertaken and repeated every five years with a visual inspection annually.

4) HOUSES IN MULTIPLE OCCUPATION

According to the Website of the Office of the Deputy Prime Minister, under the changes in the Housing Act 2004, if you let a property which is one of the following types, it is a House in Multiple Occupation:

An entire house or flat which is let to 3 or more tenants who form 2 or more households and who share a kitchen, bathroom or toilet.

A house which has been converted entirely into bedsits or other non-self-contained accommodation and which is let to 3 or more tenants who form two or more households and who share kitchen, bathroom or toilet facilities.

A converted house which contains one or more flats which are not wholly self contained (ie the flat does not contain within it a kitchen, bathroom and toilet) and which is occupied by 3 or more tenants who form two or more households.

A building which is converted entirely into self-contained flats if the conversion did not meet the standards of the 1991 Building Regulations and more than one-third of the flats are let on short-term tenancies.

In order to be an HMO the property must be used as the tenants' only or main residence and it should be used solely or mainly to house tenants. Properties let to students and migrant workers will be treated as their only or main residence and the same will apply to properties which are used as domestic refuges.

Not all Houses in Multiple Occupation require a licence from the Local Authority. Houses in Multiple Occupation which have three or more storeys (including habitable attics or basements) and have five or more unrelated tenants do require a licence.

Some Local Authorities may also licence smaller private rented properties or properties in areas with low housing demand or significant problems of anti-social behaviour.

5) FOAM FILLED FURNITURE REGULATIONS.

The Department of Trade and Industry have now been empowered by the Consumer Protection Act 1987 and the Furniture & Furnishings (Fire)(Safety)(Amendment) Regulations 1993 to regulate the safety of any supplied furniture.

It is a criminal offence for a landlord to supply furniture, or let property with furniture, which does not comply with current fire resistance requirements. and carry permanent labels to that effect. The punishment is up to six months imprisonment and/or a fine up to £5,000.

This legislation is primarily concerned with foam filled furniture such as settees, beds, cushions, chairs, headboards etc. An exemption exists for all furniture manufactured prior to 1950.

In consequence we require that all furniture which does not (or may not) comply to be removed before the grant of a new tenancy. It can not be sold or given to the new tenant or even left in a place where he might find it.

6) GAS SAFETY REGULATIONS

Landlords have had gas safety obligations for some years. The latest requirements, the Gas Safety (Installation and Use) Regulations 1998 came into force on 31st October 1998.

The Regulations require that the Landlord must ensure that any gas fittings owned by them, flues and pipework which serve all gas fittings are maintained in safe condition by a Corgi registered contractor. The safety check must be carried out within twelve months of installation and afterwards at intervals of not more than twelve months since the last safety check. Gas safety certificates are to

be kept for a period of two years from the date of each check and a current certificate be given to the Tenant upon letting. Existing tenants would be proved with a copy of the safety records within twenty eight days of the check being carried out.

We have a number of Corgi Registered contractors who undertake this work for us and we would be pleased to arrange an annual inspection for you as part of our management service. Our charge for maintaining an annual diary and organising the annual check is £15 plus VAT and the contractors charge is £36.20 to include the pipework and one appliance, with a supplementary charge for additional appliances.

This requirement is in addition to the existing duty and liability placed on Landlords under the Defective Premises Act 1972 and the Landlord and Tenant Act 1985.

7) ENERGY PERFORMANCE CERTIFICATES (EPC'S)

With effect from 1st October 2008 all residential properties offered to let are obliged to have an EPC. The EPC looks similar to the energy rating found on domestic appliances. The certificate is to be available for the prospective tenant to see.

We have contacts with a number of qualified assessors and who can prepare the necessary EPC at short notice. We recommend that the assessor be instructed to prepare the certificate when the property is taken to the market

8) THE MANAGEMENT SERVICE

The management of residential property is subject to the Residential Management Code approved by the Secretary of State for England and Wales under the terms of the Leasehold Reform, Housing and Urban Development Act 1993. This code applies to private landlords whether or not they use the service of a managing agent.

The code brings together numerous statutory requirements and statements of recommended practice. Copies are available from the Royal Institution of Chartered Surveyors. Our management services include:-

- The collection of rent.
- Monthly payment with quarterly statement. For prompt and secure accounting we prefer inter bank credit with simultaneous written advice to the client.
- Minor repairs and maintenance overseen at no extra charge.
- Debt recovery in the event of non-payment.
- Action, advice and assistance when the tenant does not comply with the tenancy requirements.
- Regular inspections.

- Insurance arranged if required.
- Ground rent, maintenance and insurance paid in respect of ground leases if required.
- Tenancy renewal negotiations undertaken. (Documentation fee £75 + V.A.T.)
- Inspection at end of tenancy.
- Redecoration and repairs arranged overseen if required. A fee to agreed at the time may be payable.
- Full management terms and conditions on request.
- Fee discount for multiple instructions.
- Hair & Son LLP are a long established local firm with many years of property management experience. We treat each property as if it were our own.
- All amounts collected will be held in our Clients Account. For your information we confirm that in accordance with the regulations laid down by the Royal Institution of Chartered Surveyors we hold adequate Professional Indemnity cover with an approved company.

Arrears

We take up references and credit checks in respect of all new Tenants. However from time to time there is a problem with arrears. In the event of non payment we pursue tenants vigorously and liaise with you to review the various options open to the Landlord and their cost.

Overseas Clients.

In cases where the owner lives/is registered abroad we are obliged by the Inland Revenue to reserve tax out of the rents received. We would wish to liaise with the Inland Revenue and your accountant in order that we can account to you for the maximum amount.

Our letting and management services are available independently of each other,

CONTACT

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