



GUIDE FOR LANDLORDS

Sovereign House Estates Ltd.

324 Mare Street
Hackney
London
E8 1HA

Tel: 020 8533 9500

Fax: 020 8986 8988

E-Mail: hackneylettings@sovereign-house.com

Website: <http://www.sovereign-house.com>



Introduction

The lettings industry has enjoyed a revival in recent years. Legislative changes with the introduction and subsequent amendments to the Housing Act have reduced the risk to landlords and regular rental income, combined with long term capital appreciation makes rental property a very attractive investment.

We recognise that our landlords demand a high level of practical knowledge and expertise from their selected agent. Our service is tailored to meet the individual need of the landlord as we also recognise that everyone is different.

Sovereign House will offer you honest and professional advice on all aspects of letting whether you are the seasoned professional landlord or the first time landlord.

Even if you are just *considering* becoming a landlord, call in and speak to our experienced team. Our experienced teams in both of our successful Victoria Park offices (*sales and lettings*) as well as our Mare Street office (*sales and lettings*) can offer you advice from looking at buying the right property in the right location, expected yields on that property and even financing that investment purchase. We couldn't possibly tell you everything you needed to know about Buy-to-Let in this guide so feel free to contact us for free, no obligation advice.

Within this document is some general advice on letting. However, in practice, by far the most single important piece of advice we can offer a landlord concerns the calibre of a tenant. A high calibre tenant will pay rent as and when it falls due, look after your property and leave quietly at the end of the tenancy. Everything else is secondary to this, even the amount of rent you receive. It is better to receive a little less from a good calibre tenant rather than be promised "pie in the sky" from an unreliable one.

Our advice here and our thorough vetting procedure are geared to ensuring your property is let to the highest possible calibre tenant in the shortest possible time.

The advice is quite detailed, however, it should be remembered that many of the points will not apply in every individual case, and that letting property in the vast majority of cases is completely trouble free and extremely straightforward.



Preparing your property for letting

It is imperative that when you present your property for letting, you think carefully about the decoration, the fixtures and the fittings. The condition of the property is more often than not the deciding factor for potential tenants. If you present your property well, you will often achieve a higher level of rent and the property will normally let easily.

We highlight some of the most important presentation points below.

Entrance Hall/Communal entrances

Where possible you should try and ensure that the entrance hall to the building (*where applicable*) and the entrance hall within your property are neutrally painted, clean and free from clutter. First impressions always count.

General decoration

Fresh decoration in light colours such as cream or off white always impresses potential tenants.

High quality flooring

If you opt for carpets, these should be a neutral colour such as beige or biscuit and they should be clean and free from stains and marks of any kind. It is worth investing in a quality carpet that will last rather than a cheap carpet that may need replacing quickly. Wooden floors are always popular with tenants too.

Curtains and blinds

These should fit the windows properly and again be free from any stains or marks. Make sure that the type of window dressing suits the window for example blinds are better in kitchens and bathrooms than curtains. These should also be of a neutral colour and again, it is worth investing in quality.

Kitchen

This should be clean and bright with washable flooring for example, tiles. All appliances should remain. You would be advised to provide a washing machine, a fridge/freezer and a cooker (*or oven and hob depending on the design of the kitchen*) and a dishwasher where space permits. The appliances should all be in full working order. Make sure your cupboard doors and drawers are fitted properly and any little jobs like dripping taps and loose handles are attended to.

Bathroom

Ideally with a white suite, the bathroom should also be spotlessly clean and bright with washable flooring like tiles or good quality linoleum. Some form of shower is imperative whether you chose a power shower or electric shower. Make sure where possible that grouting and bath sealants are clean.



Storage space

Some say you can never have too much so if you have any built in cupboards or loft space at the property make sure that any old clutter has been discarded and be prepared to buy wardrobes for any bedrooms that don't have any cupboard space already.

Heating

An efficient central heating system is important. If the property has electric storage heating ensure that all the heaters work. Similarly if you have minimal heating, it would be wise to invest in a heating system.

Light fittings

Bare light bulbs don't create the right look so make sure that light fittings throughout are modern and practical. Remember light fittings in bathrooms need to be covered and these can be bought from any standard DIY shop.

Exterior

Any outside space you may be lucky enough to have should be clean and well presented. Decks, patios and paths should be cleaned and moss free as well as garden space which should be free from weeds. It is a good idea that whilst a garden should look colourful and lush, it should be as easy to maintain as possible.

Furnished or Unfurnished

There is generally no difference between the rental achieved for a 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 (*cooker, fridge/freezer, washing machine etc.*).

Furnished is normally defined as being a property ready for someone to move into. The furniture needs to be of a good quality and the property should be uncluttered.

It is a good idea to offer your property unfurnished to start off with and when the right tenant comes along, buy furniture to meet the requirements. You don't want to be in a position where you have spent money on buying a property full of furniture if the demand at that time is for unfurnished. Our advice is to be as flexible as you can.

General housekeeping

It is a good idea to keep the property as clean as possible during the viewing stages. On vacant properties, don't allow junk mail to pile up inside the front door and try and keep the property aired, dusted and vacuumed to create that all important first impression.



Who is responsible for repairs?

The law is complicated and depends partly on your tenancy agreement and partly on statutory and common law. In most properties the landlord will be responsible for repairs to the structure and exterior of the house, together with installations for supply of water, gas and electricity, sanitation, space and water heating (*Landlord & Tenant Act 1985 sections 11-16*).

Likewise each tenant is responsible to ensure that they use the property in a reasonable manner i.e. ensuring that their guests do not damage the property, carrying out minor maintenance like blocked sinks themselves, keeping the property clean, being responsible for maintaining internal decorations etc.

Safety regulations

You are obliged as a landlord to ensure that the property is safe for any prospective tenant prior to their occupation. The regulations detailed below outline your responsibilities as a landlord and should be fully complied with.

The furniture and furnishings (*fire*) (*safety*) regulations 1988 (*as amended*)

This covers soft furnishings such as mattresses, padded headboards, bed bases, sofas, armchairs, chairs, cushions etc.

It is an offence to supply these items in the course of business unless it complies with the regulations.

The only exemptions to the rule is any furniture that was manufactured before 1950 and any furniture in a property which the landlord regards as his home which is let on a one off short term basis (*for example a six month let whilst the landlord is away on business*)

Usually any furniture manufactured after 1990 will comply but you will need to check every item to make sure it does have a label which proves its compliance. **If in doubt, take it out.**

The gas safety (*installation and use*) regulations 1998

Any person letting their property must ensure that all gas appliances or installation pipework in that property is maintained in a safe condition to prevent the risk of injury. All such appliances and pipework **MUST** be checked annually by an approved CORGI registered contractor and a gas safety record obtained.

The landlord must keep the records for two years and Sovereign House **MUST** be in possession of a copy before we can allow a tenancy to commence.



BEWARE! If found guilty of non-compliance. The landlord will receive a criminal record and face a fine imprisonment or even both. Should a tenant die as a result of non-compliance with the aforementioned Safety Regulations, the charge would be manslaughter.

Electrical equipment (safety) regulations 1994

It is a criminal offence to supply unsafe electrical equipment in rented accommodation. The regulations apply to portable domestic equipment such as heaters, lamps, televisions, radios, vacuums, irons, toasters and the main kitchen appliances.

Whilst there is no mandatory requirement to undergo regular testing, a constant duty of care remains. If any appliance supplied by the landlord causes any injury to a tenant, the landlord could be sued for damages.

Building regulations (smoke alarm) 1991

The above regulations make 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 recommended to install smoke alarms in all instances.

Landlord and tenant Act 1985 section 11

This part of the act states that landlords are obliged to keep the property in a good state of repair. Under this act landlords are responsible for the repair of the structure and exterior of the property together with the installations for the supply of gas, electricity, water and sanitation.

Inventories

We strongly advise all our clients to have a detailed inventory prepared and checked for every tenancy.

The purpose of checking an inventory is to establish damages which can only be done if descriptions and conditioning remarks are sufficiently detailed. Under the terms of the tenancy agreement, the tenant is required to return the property and contents at the end of the tenancy in the same condition as they were at the commencement, fair wear and tear accepted.

Be aware that you will not be able to deduct money for damages from the tenants deposit at the end of the tenancy unless there is an inventory in place.

If instructed we will arrange a professional inventory and check in on your behalf, the cost of which is borne by the landlord. The tenants are responsible for paying for the check out.



Consent to Let

If the landlord has a mortgage, it is normal for mortgagees to require notification of any proposed letting and the landlord should seek their initial consent. In the case of leasehold premises the consent of the Head Lessee or Freeholder will be required.

The landlord should also advise his insurance company of the proposal to let the property as this could either invalidate the insurance altogether or increase the premiums. You should obtain written documentation of these consents prior to letting.

Utilities

The tenant will be responsible for the payment of gas (*if applicable*), electricity, water, telephone (*if applicable*), council tax and television licence (*if applicable*).

As the landlord you are still responsible for the payment of service charges and ground rent in leasehold properties and buildings insurance on Freehold properties.

Tax

Under the Taxation of Income from Land (*non residents*) Regulations 1995, the rent receiving agent (*or where there is no agent, the tenant*) will be required to deduct an amount equivalent to Basic Rate Tax from the rent (*after taking deductible expenses paid by the agent into account*) and pay the balance to the Inland Revenue each quarter.

However, the overseas landlord can apply to the Inland Revenue for exemption from this requirement. Provided the landlord's tax history is good and tax affairs are up to date, the overseas landlord will be issued with a certificate that will be sent to his rent receiving agent. This will authorise the agent to pay the rent to you with no tax deducted.

We can provide you with an NRL1 form which you must complete and send to the Inland Revenue. Neither your rent receiving agent nor your tax advisor can file this application for you - it must be done by you.

Failure to return this form in time may result in the exemption certificate not being issued before the payments become due. We would have no alternative but to make the required tax deduction before paying the rents to you.

Sovereign House are not tax advisers so if you are unsure as to how the above will affect you, you would be advised to speak to an accountant or professional tax adviser.



Tenancy agreements

Most tenancies are classed as Assured Shorthold Tenancies. Under the Housing Act 1998 (*as amended 1996*) landlords have more rights to possession than with tenancies commencing prior to the acts and procedures for possession are now quicker and simpler (*provided the process is carried out correctly*).

There is no minimum period for an Assured Shorthold tenancy; however, we recommend that the agreement is for no less than six months.

Most tenancies are drawn up for a period of twelve months, some have break clauses.

We will be happy to discuss the pros and cons of different time periods with you.

Legal matters

Our staff has been trained on the various legal aspects of letting which include safety regulations, tenancy agreements, clauses and possession and have a vast practical experience. They will be happy to discuss any questions you may have regarding more detailed legal matters.

Let only or management

Now you know how to prepare your property for letting and you know what your legal responsibilities are, you need to know what you want us to do for you.

If you haven't already got one, we can provide you a copy of our terms of business which explains in full the services we provide and the costs involved.

In short:

Let Only

This means that we will advertise the property for Let, accompany viewings, negotiate offers, reference potential tenants, draw up tenancy agreements, arrange rent payments to your bank account, arrange for all parties to sign the tenancy agreements and release keys.

Under this service, the landlord is responsible for maintenance issues and chasing his tenants for late or non payment of rents. Sovereign House will have no responsibility to the landlord for these issues under Let Only.

Full Management

This means that in addition to the responsibilities set out in our Let Only service we will also collect the rent, deal with ongoing day to day maintenance issues, carry out interim inspections (*as per our terms of business*) and administer the deposit return at the end of the tenancy.



We can also arrange upon request a landlords insurance policy which covers the landlord against loss of rent and legal expenses * which ever service you chose.

* *Terms and conditions apply*

So why chose Sovereign House?

Experience

The company has been in Victoria Park since 1989 (18 years). We know the area, the people and most of all we know our business. Experienced and highly trained staff ensures that you, our client, is given the best advice at all times and an efficient and professional service.

Advertising

Our biggest source of enquiries is the Internet. We place all available properties on the two biggest property websites around rightmove.co.uk and findaproperty.com and of course our own website Sovereign-house.com.

Proactive and motivated

You can be assured that as soon as you instruct us to find you a tenant, we get on and do just that. We have a mailing list buzzing with good professional applicants just waiting for the right property. We contact all suitable applicants as soon as your property is available.

In house property management and accounts

We're always on hand to deal with any management or maintenance issues and payment of rents (*if instructed to fully manage*) and the best thing is it's all in house. So we deal with everything and you won't be redirected to another department.

Tailor made service

We realise that every landlord has different requirements and may demand different things from their agent. That's why we are always happy to discuss our services in more detail and arrange a service that's right for you.

Opening hours

We are open **7** days a week (*excluding public holidays*):

- | | | |
|----------------------|---|------------|
| ➤ Monday to Thursday | > | 9am – 7pm |
| ➤ Friday | > | 9am – 6pm |
| ➤ Saturday | > | 9am – 5pm |
| ➤ Sunday | > | 10am – 3pm |

We can also arrange appointments outside of our usual office hours to suit you and potential tenants needs.