

Landlords Guide

Many clients use our property management service as they find it takes the hassle out of managing a property themselves. Whether you decide to use us or manage yourself, all landlords need to be aware of the legal, financial and practical issues involved so we've put together this useful guide to help you.

1 LEGAL ISSUES

Consents to Let - Prior to letting your property, it is essential:

- a. If your property is mortgaged, to obtain consent from your mortgage lender.
- b. If your property is leasehold, to obtain permission from the freeholder.
- c. To inform your insurance company of your plan to let the property.

Types of Tenancy - Selecting the appropriate tenancy agreement will ensure you are completely protected while letting your property. We will, of course, always advise you on which type of tenancy agreement is suitable, each time we let your property.

a. Assured Shorthold Tenancy (AST)

An Assured Shorthold Tenancy (AST) is the most common type of tenancy for residential lettings in England. It will outline in writing the terms of the agreement including the fixed term, the start date and set out the obligations between both parties. It is the most common type of tenancy agreement and is used when rent is less than £100,000 pa and the Tenants are an individual or group of individuals.

b. Non-Housing Act Tenancies (including Company Lets)

Also known as Contractual Tenancies, these agreements are created when an AST cannot be used; such as when the rent is over £100,000 per annum or where the named Tenant is a company. If the tenancy is taken by an organisation, the agreement will also normally state who the permitted occupiers are.

c. Short-term Letting Agreement

This is used when the initial term is less than six months. The tenant does not have any additional statutory protection and both parties are bound only by the terms of the agreement.

Notices - In order to terminate a tenancy, you must serve the tenant with a valid and correctly drafted notice which can either be in the form of a "Section 21 notice" or "Notice to Quit" depending on the type of tenancy. Failure to serve a correct notice will invalidate the notice meaning that the tenancy will continue as if no notice was ever served after the initial term, under the same terms and conditions and payment of rent, until either you serve the tenant with a valid notice or the tenant surrenders possession.

Energy Performance Certificate (EPC) - All rental properties are legally required to have an EPC (which is valid for ten years), showing the energy performance of a property. Landlords must make a copy of the EPC available for prospective tenants and must provide the tenant with a copy. We can arrange for an EPC to be provided by an approved supplier.

Selective Licence - Properties rented out within certain areas of London are required by the local authority to have a selective licence. Failure to apply for a licence receives a significant fine.

Right to Rent - under UK legislation a property cannot be let without having first checked if the applying tenants have a Legal right to rent a property in the UK. We will physically check each tenant's passport and visa are valid and certify them.

2 SAFETY REGULATIONS

A landlord has a legal obligation to ensure that a rental property is safe for tenants to live in. Penalties for non-compliance with regulations are severe, resulting in fines and even prison sentences. We therefore insist that landlords ensure compliance with all relevant legislation.

a. Gas Appliance Safety

The Gas Safety Regulations 1998 (as amended) require that all appliances using gas are inspected on an annual basis, with a valid report given to the tenant(s) prior to them moving into a property and upon every new inspection. To ensure compliance with regulations, a gas plumber certified by the Gas Safe Register must carry out the inspection with the Law requiring the landlord to retain not less than the two prior reports as a minimum. Non-compliance with these regulations is a criminal offence with a penalty of six months in prison or a fine of up to £5,000.

b. Electrical Safety

At the start of 2019, electrical safety has now become a key responsibility for landlords. The Electrical Equipment (Safety) Regulations 1994 require that all electrical appliances in a property are safe and present no risk of personal injury or death. As best practice, a property will need to have a Portable Appliance Test (PAT) conducted as well as an Electrical Installation Condition Report (EICR).

c. Electrical Installation Condition Report (EICR)

As of 1st July 2020 rules regarding electrical installations are changing. The UK government now places a continuous duty on landlords in England to maintain their property to meet electrical safety standards and to have evidence of this. To meet your legal obligations as a landlord, any new tenancy, or renewal of a tenancy, on or after 1st July 2020 will require an EICR. The EICR must be given to all of the tenants before they occupy the property and is valid for up to 5 years, but may be valid for a shorter period. For pre-existing tenancies, a report is required before 1st April 2021.

d. Smoke Alarms

To comply with Building Regulations, properties built after June 1992 must be fitted with mains operated smoke detectors and alarms on each floor. We also recommend that you fit a carbon monoxide detector.

e. Furniture and Furnishings Regulations

All furniture in a rental property must comply with the Furniture and Furnishings (Fire) (Safety) Regulations 1988 and its subsequent amendments. Regulations apply to sofas, beds, bedheads, furniture covers, cushions and pillows as well as other items. Curtains, carpets, bed linen, duvets and mattress covers are not included. Furniture manufactured before 1950 is exempt.

3 FINANCIAL ISSUES

a. Rent

We will collect rent on your behalf in accordance with the Tenancy Agreement. This will be paid into your nominated bank account, usually within three working days of receiving cleared funds from the tenant. You'll have access to your own secure account online so you can view all your statements when it's convenient to you. You can register online for our text messaging service which will advise you as soon as a rental payment has been credited to your account.

b. Deposit

We will hold a deposit, usually of 5 weeks' rent, which will be registered, if applicable, with a Government-backed tenancy deposit scheme in accordance with the Housing Act. Corporate tenants may provide a letter of guarantee instead of a deposit.

c. Tax

All rental income from property in the UK is taxable. You must declare all rental income to the Inland Revenue using a Self-Assessment Tax Return. Where the property is jointly owned, each owner of the property must complete their own Tax Return. You must pay income tax on the profits generated by letting your property but, there are a number of deductible allowances that can be used to reduce your tax liability. These include mortgage

interest, letting and management fees, insurance, ground rent and service charges, legal and accounting fees, repairs, maintenance and redecoration, as well as replacing certain items within furnished properties. We are required by the HM Revenue & Customs to disclose details of the income of any landlord that we represent. We recommend that you consult an accountant for specialist advice.

d. Overseas landlords

You are liable to pay UK tax on rent that you receive in this country under the Income and Corporation Taxes Act 1988 and the Taxation of Income from the Land (non-residents) Regulations 1995, even if you do not live in the UK.

We are obliged by law to deduct tax at the appropriate rate from rent received on your behalf and pay this to the HM Revenue & Customs, in accordance with the Non-Residents Landlord Scheme. We must do this unless we have authorisation from them, addressed to us in writing, to pay the income to you without deducting tax. If you will be living outside the UK while the property is let, you must complete the appropriate form and send it to HM Revenue & Customs. We can supply a copy of this form on request. Alternatively, you can obtain more information and download the form at www.hmrc.gov.uk/cnr/nr_landlords.htm.

e. Fees

Fees are payable on the introduction of a new tenant and also on any renewals, extensions, holdovers or new agreements set up after the initial period. Full details can be found in our Terms and Conditions.

4 GETTING READY FOR A TENANT TO MOVE IN

a. Inventory and check-in procedures

A full inventory is required, outlining the condition of the property and its contents before the tenant moves in. The purpose is to safeguard your position should you wish to propose a deduction to the tenant's deposit which is then challenged. Under the current climate, the burden of proof falls to the landlord, and without a check-in (and the checkout at the end of the tenancy), claims are unlikely to succeed.

b. Handing over the keys and moving in the tenant

If we hold the keys, we can hand them over to the inventory clerk or to the tenant on moving-in day. We will also supply the tenant with contact details of whoever is responsible for managing the property.

c. Utility bills

The tenant is responsible for utility bills billed in their name (unless otherwise agreed) such as gas, electricity, water, telephone, as well as council tax and the TV licence. When a new tenant moves in, we will inform the local authority as well as the utility companies and provide them with the relevant meter readings. Should you instruct us only on a tenant find and rent collection service, the onus of informing any relevant third parties would fall to yourself.

5 MAINTAINING YOUR PROPERTY

You have a contractual obligation as well as a duty of care to your tenant. General and routine maintenance is recommended to keep your property in good condition to maintain its value. Our fully managed service aims to take the stress out of the day-to-day issues involved in being a landlord. To do this, we will assign you a dedicated property manager who will take responsibility for the management of your property. They will act as your point of contact and will act on your behalf from organising repairs, arranging maintenance, contacting utility companies, paying your service charge, to keeping you up-to-date with legislation.

a. Maintenance and repairs

We have long-standing relationships with trusted contractors who we use to carry out repairs and maintenance on the properties we manage. All our contractors have the required certifications to work in their field and carry their own liability insurances when conducting works. We know how important it is to respond quickly if a tenant informs us that there is a problem, so our contractors are available 24 hours a day, 7 days a week. It's often not possible for a landlord to be at the property to provide access for a contractor, so we provide a key-holding service for clients, holding your keys securely and arranging for contractors to gain access to your property to carry out repairs or maintenance. This also allows us to gain access if there is an emergency and the tenant is not available.

b. Property inspections

Inspections are important to monitor the developments at your property. As a service, your assigned property manager will make one inspection each year, checking that the property is being looked after. After this visit, we will send you a full report, outlining details of any work that may need to be carried out. We highly recommend an additional 2nd inspection every year so 2 are carried out.

6 AT THE END OF THE TENANCY

a. Checkout procedures

On our fully managed service, we will instruct a checkout to take place on the last day of the tenancy. Once the checkout has been conducted, we receive the report 3-4 days after it has been carried out. A copy will be sent directly to both you and the tenant. Your property manager will prepare a proposed quantification for your approval. Once a mutual agreement is reached and the tenant has shown proof their council tax and utility accounts are settled, then we will release the deposit.

On a tenant find and rent collection service, the responsibility will fall to the Landlord to arrange a checkout and liaise with the tenant regarding any deductions to the deposit. You will additionally need to notify the utility providers and the local authority to bring the accounts back into your name, until a new tenant moves in.

7 WHY CLIENTS CHOOSE OUR PROPERTY MANAGEMENT SERVICE

Tenants (particularly corporate tenants) demand a high standard of service and it can be time-consuming to meet their requirements. That is why many clients find our property management service to be invaluable. And, in fact, many companies looking to relocate their staff insist that they only rent managed properties. You can be certain of our complete professionalism; we are a fully licenced agent so you can rest assured that your money is protected at all times.

We are members of ARLA Propertymark, (Association of Residential Letting Agents), the Tenancy Deposit Scheme (TDS) and The Property Ombudsman (TPO). All our staff are fully trained and we operate a strict Code of Practice and Code of Conduct. We also have a formal complaints procedure with independent arbitration and redress and Client money protection.

We have been letting properties for over 60 years and over that time we have perfected our administration procedures. You won't find this level of experience with any other lettings agent. So, you won't just receive great service, you'll have complete peace of mind when it comes to letting your property.

We will:

- Provide a single point of contact - a dedicated property manager will handle all aspects of the management of your property
- Organise all relevant legal inspections (gas safety, electrical safety, etc)
- Arrange transfer of utilities
- Provide a key-holding service
- Arrange payment of bills
- Organise repairs and maintenance
- Provide a 24/7 emergency service
- Carry out an annual property inspection
- Carry out a full inventory and handle check-in and check-out processes.

Benham & Reeves

London	Highgate	Wapping	Malaysia
Canary Wharf	Hyde Park	Wembley	Middle East
City	Kensington	White City	Pakistan
Colindale	Kew	Woolwich	Qatar
Dartmouth Park	Knightsbridge	International	Singapore
Ealing	Nine Elms	China	South Africa
Fulham	Shoreditch	Hong Kong	Thailand
Hammersmith	Southall	India	Turkey
Hampstead	Surrey Quays	Indonesia	

info@benhams.com | www.benhams.com

