

A landlord's guide to Lettings and Property Management



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Landlords Guide to Letting



We have prepared this guide to highlight the fundamental requirements and responsibilities involved in renting out your property through Sterling.

In order to give some general guidance, we have listed subjects that are essential to all potential landlords who are considering letting their property out and we have endeavoured to give as much good advice and information as possible.

For peace of mind Sterling are affiliated members of the major professional bodies that regulate the property industry. Propertymark has been launched by ARLA & NAEA- so there is a new focus which unifies the two organisations as ARLA Propertymark and NAEA Propertymark.

NFoPP will still remain as the legal entity for the organisations within it and will be known as Propertymark.

Propertymark is approved for consumers when they seek professional property expertise in buying, selling, renting, leasing or valuing a property. It stands for protection for the consumer and offers the highest standards and qualifications among property professionals.



Marketing

1.1 When to market your property

We generally find that most tenants will begin looking for somewhere to rent 4-6 weeks before needing to move in so you should find that the majority of the interest in your property will be around a month before it is available.

We normally start marketing a property approximately eight weeks before it will be available for someone to move into.

This is general advice and we will be able to be more specific when we discuss your property with you.

1.2 How should I present my property when marketing?

Most tenants will pay a little extra for good quality accommodation so it's important to present your property in its best possible condition. Make sure it is clean, tidy and clear of all normal day-to-day clutter such as laundry, pets, washing-up etc.

If you are to be letting your property without furniture, it is still good to show the property with your furniture in place as it gives a more 'homely' feel to it. Provided it is clean & tidy, there should be no problems.

It's important that you start off with your property cleaned professionally so that at each check out the tenant will be required to return it in the same condition. If they do not we can arrange cleaning on your behalf.

1.3 Marketing

1. We advertise through our own website sterlinghomes.co.uk and most of the property portals including Rightmove, Primelocation, Zoopla, On The Market and Boomin.

2. To Let boards - Another excellent source of enquiries is our 'To Let' board system.

We erect the board as soon as we receive instructions from the landlord to begin marketing.

3. Offices - We have endeavoured to situate ourselves in modern well located offices. Our town centre locations across Dacorum are ideal for this and we attract a lot of enquiries from people walking straight in. Our branches are based in Tring, Berkhamsted and Kings Langley.

1.4 Tenant enquiries are registered on our database so that we can contact them regarding new properties when they become available. We have an active database of prospective tenants (including companies) looking for all types of rented accommodation ranging from studio flats up to larger family houses.



Sterling Lettings & Property Management

2.1 Should I use a Letting Agent?

A favourite question is whether a landlord should risk tackling the whole letting process alone or instruct a Letting Agent to take care of the job for them.

The main reason for not using an agent is, of course, the fact that there is a cost involved. However, the potential disadvantages of getting it 'wrong' far outweigh the cost. Letting a property unaided and without the proper facilities is potentially dangerous, not to mention costly and few landlords will fail to recognise the potential pitfalls. We have all heard the disaster stories of tenants failing to pay rent, damaging the property and upsetting neighbours, but more importantly for you is the legal responsibility in becoming a landlord. Getting things wrong could result in a large fine or a prison sentence.

Our advice to all landlords, whilst perhaps appearing somewhat biased in our own favour, is to secure the services of a local, reputable Letting Agent to deal with the process for you. The agent will normally have access to facilities that members of the public will not, especially in the areas of reference checking of the tenant and keeping abreast of legal updates and responsibilities. Sterling's policy of continued training and development of its staff ensures we are at the forefront of the latest legislation and codes of practice. Our Lettings staff attend regular training sessions specifically dedicated to the legal aspects of Lettings & Property Management to enable us to give you the very best of advice relating to the current industry regulations.

We are able to provide landlords with access to specialist insurance facilities including Rent Guarantee, Legal Protection and Building and Contents insurance.

2.2 Sterling Lettings

Are able to offer a complete service from beginning to end, we can undertake the entire process of securing a successful letting for you if required. Alternatively, we can simply carry out the basic initial tasks allowing you to deal with ongoing matters such as rent collection, repairs & maintenance issues yourself.

Offer a comprehensive range of services for you to choose from to suit your individual needs and preferences.

Our Property Management Team will;

Be fully aware of the latest Statutory Regulations and keep all landlords fully updated and briefed.

Have legal knowledge backed up by specialist legal advice as required.

Have access to in-depth, independent tenant referencing facilities including detailed credit searching.

Be able to GUARANTEE your rent payments (as long as you take and maintain rent guarantee/legal expenses cover) - subject to terms and conditions.

Be able to provide you with appropriate, reliable documentation including a detailed Tenancy Agreement.

Have essential experience of day-to-day lettings matters and provide both you and your tenant with valuable advice.

For our fully managed properties we provide qualified, approved contractors, if required, to deal with repairs or maintenance issues to keep your property in good order.



Money - Who pays for what?

3.1 The Tenant - will normally be responsible for the following:

RENT - Rent from the tenant will solely cover their occupancy of your property. When you let your property through us, the tenant pays rent in advance monthly, we process on to you.

We insist that the tenant pays rent via a standing order paying directly from their account to ensure prompt payment. Rent is due monthly, in advance and is payable on the same date each month as the date the tenancy starts.

It is normal for us to process payments directly to a landlord's nominated bank account the day we receive them however, please note that the first months rent is normally paid 3 to 4 days after they check in once we have received the inventory clerks check in report and that everything has been agreed, signed for with the tenant having full legal responsibility for the property as a tenant.

UTILITY BILLS - It is normal practice for the tenant to pay for all gas, oil, electricity & water used along with any council tax liability.

The tenant's liability for these bills' will commence from the first day of the tenancy and will continue for the duration of the stay. Appropriate meter readings will need to be taken on the first day of the tenant's occupancy and once we have notified the utility suppliers, they will write to the tenants in order to set up the relevant accounts in the tenant's name(s). Your accounts with the utility companies will then be finalised.

TELEPHONE & T.V. LICENCE - The tenant will be responsible for obtaining & paying for a TV licence covering the duration of their stay.

The tenant will also be responsible for paying any charges in connection with any telephone or TV facilities they choose to have at the property. The Tenancy Agreement is worded accordingly.

LIABILITY INSURANCE - As a condition of letting your property, we require your tenant to take out liability insurance to protect you but also for their own protection.

CONTENTS INSURANCE - We recommend our tenants to hold contents insurance to cover their own possessions. This insurance should also cover the tenant accidentally damaging the landlord's goods. We do however, recommend that you take specialist LL Property Insurance.

3.2 The Landlord - will normally be responsible for the following:

MORTGAGE - as the landlord, you will need to continue to pay for any mortgages and / or any other loan you may have secured on the property.

CONSENT TO LET - You should inform your lender that you will be renting your property.

BUILDINGS INSURANCE - the insurance for the building must be maintained and will remain the landlord's responsibility.

CONTENTS INSURANCE - you should also maintain insurance cover for any of your contents that you decide to leave. If you are not providing any furniture, you should still maintain cover for the carpets, curtains, light fittings, white kitchen goods, etc. 'limited contents' insurance covering these items can be obtained through our agency.

SERVICE / MAINTENANCE CHARGES - if your property is owned on a leasehold basis, you will need to continue to pay for any maintenance charges, service charges or ground rent fees that may apply. These may not normally be passed onto the tenant.

LICENCE FEES / RESIDENTS COMMITTEE - some Freeholders (and even some resident's committees) also levy a 'licence to sublet' fee. Details will be available from the relevant parties.

COMPLIANCE CERTIFICATES - EICR, EPC, LLGC - please refer to Landlords Charges Sheet

A Landlord's responsibilities

4.1 **GENERAL NOTES** - Landlords have certain obligations within a standard residential tenancy agreement to maintain the property. Full details will be included within the written tenancy agreement.

4.2 **MORTGAGE** - You should contact your mortgage lender in order to obtain written permission to let the property, prior to the letting. The lender will want to know why you are letting and will normally send you a written questionnaire to complete and return to them.

You have a contractual obligation to inform your lender and gain their consent prior to a tenancy commencing.

4.3 **INSURANCE** - You must inform your insurers of your intention to let your property as your contents & buildings insurance will almost certainly be affected. If you find your present insurer unable to continue your existing cover, we can help you arrange cover.

4.4 **REPAIRS / MAINTENANCE** - As a landlord, you must be prepared to deal with (or authorise us to deal with) any reasonable repair/maintenance request received from the tenant(s) or any other relevant party during the tenancy relating to your property and within a reasonable time scale.

Certain repair/maintenance issues are requirements of law and so must be attended to and include hot water, heating, sanitation and maintaining the property structure (roof, windows, doors, drains, etc.). Full details are available.

4.5 **LEASEHOLD** - If you own your property on a leasehold basis, you should notify your freeholder that you intend to let your property. Some freeholders have particular terms or conditions that may relate to the letting, which we're normally able to accommodate.

4.6 **GAS & ELECTRICAL SAFETY** - Both systems need to be proven by the landlord to be safe for the tenant to use. The gas system & any gas appliances require an annual safety check to be carried out where a Landlords Gas Safety Certificate will be issued.

If you are renting out a property in England, any property where a tenancy is created or renewed on or after July 1st 2020 will require an electrical inspection and report on the condition of the property (EICR) performed by a qualified person. Renewals in this case include statutory periodic tenancies that are created at the end of a fixed term on or after this date. For pre-existing tenancies, you will need to have an EICR performed on all existing tenancies before April 1st 2021. An EICR usually has a renewal of between five and ten years rather than the annual requirement of gas legislation but the exact renewal requirement for an EICR will be defined by the findings of the assessment.

4.7 Legislation now states that all tenants must receive a copy of the Governments 'right to rent' publication, we handle this for our landlords.

4.8 **EPC** - Legislation being introduced re minimum efficiency for tenanted properties, we are able to advise on this.



Furniture - What to leave?

5.1 GENERAL NOTES

Ultimately, the decision of what furniture to leave (if any) is yours. A property can be let furnished, unfurnished or anywhere in between. Rental incomes for furnished or unfurnished properties are virtually the same, but tenants may want to negotiate certain items.

Unfurnished is defined as providing carpets, window coverings, light fittings & shades and kitchen white goods, ideally a cooker and fridge/freezer. Other items such as washing machines and dishwashers are discretionary.

Due to the complexity of the electrical appliance safety regulations, we recommend that you remove any electrical items which are not essential to the let. This is recommended as any electrical appliance that you leave in the property at the start of tenancy must be proven to be safe to use, it must also then be maintained and repaired by you if found to be faulty at any point during a tenancy, the costs for these works would have to be paid by you. This, therefore, represents an unnecessary risk.

Most tenants will seek accommodation which provides the basic kitchen appliances, which would be a cooker (or oven/hob) and a fridge. A washing machine is optional but may well act as a 'bonus' to the tenant and may persuade him/her to apply for your property rather than someone else's, which doesn't have a washing machine, however as mentioned above there will be an ongoing responsibility by you to repair and maintain.

Any appliance must be left safe for the tenant to use. Any unusual operating techniques must be made clear and instruction manuals should be provided.

We recommend removing all kitchen cutlery, crockery, pots/pans along with personal items such as ornaments, pictures, CD's, videos, houseplants, etc. Don't provide any bedding, pillows or towels.

FIRE REGULATIONS - When considering leaving items of furniture, it is important to note that there are fire safety regulations, which apply to soft furnishings such as sofas, mattresses, cushions, etc.

5.2 FURNISHED

If you are considering letting your property fully furnished, you should only provide the main items of furniture in each room:

Bedrooms: a bed with a bare mattress on a base, a wardrobe, possibly a bedside cabinet and a chest of drawers/dresser. No lamps.

Bathroom: should be left clear of personal items but still provide towel rail, toilet roll holder etc. and a shower curtain to prevent spillage, if appropriate.

Lounge: sofa(s) or armchairs, coffee table and possibly dining table with chairs if you wish. Again, no lamps are necessary. Any soft furnishings must comply with fire resistant regulations.

Kitchen: a cooker (or oven/hob), a fridge and possibly a washing machine as stated earlier but no cutlery, crockery, pots/pans or small appliances.

5.3 UNFURNISHED

If you are considering letting your property on an unfurnished basis, you will still need to provide certain items as above.

All rooms should also have curtains, light fitting with shade & flooring. Oven and fridge/freezer in the kitchen.

5.3 PART FURNISHED

This term refers to the enormous gap between fully furnished and completely unfurnished. It normally means that the property is neither of the two above so it could mean that the property is fully furnished less one item or it could be unfurnished but has just one item of furniture in it.

Again, rental levels generally remain unaffected by furnishings. This option offers the landlord ultimate flexibility and is the preferred choice of many. If you do offer part furnished you should have the flexibility to remove some items if required as unlikely to meet exact tenant requirements.

Tenants Responsibilities



6.1 GENERAL NOTE - The tenant takes on the majority of the responsibilities under a residential tenancy agreement as it is them taking on the property. Most will be included in our standard tenancy agreement but you may add or subtract certain clauses, subject to the tenant's consent and legislation. The tenant's main responsibilities are normally as follows:

6.2 PAY RENT & UTILITY BILLS - As detailed on Page 4

6.3 MAINTENANCE - The tenant will be expected to carry out basic property maintenance during the tenancy such as cleaning windows, keeping drain covers clear of blockages, replacing light bulbs and ensuring the property is left locked and secure when going out.

The tenant will be contractually obliged to report any items of required maintenance or repairs, either directly to the landlord or to the agent, in order to avoid any deterioration of the property resulting from neglect.

6.4 GARDENS - The tenant will be obligated under the tenancy agreement to carry out basic garden maintenance, to include cutting lawns and keeping the weeds down.

In order for the tenant to deal with the garden it is accepted that the landlord would provide the tenant with the necessary tools, which would normally include a lawnmower, a rake and a pair of shears.

Tenants are normally somewhat reluctant to take on much more responsibility than 'the basics' so if your gardens are bigger or more 'intricate' than most, you may need to negotiate with the tenant as to the limit of their responsibilities. Employing the services of a gardener may solve the problem and you can then decide who pays the bill or a percentage thereof.

6.5 CONTRACTUAL - The tenant is obligated to abide by the tenancy agreement for the duration of the term, along with any extension thereof. This agreement would be signed by the landlord and tenant and forms a legally binding contract between both parties. If the tenant is found to be in breach of any of the clauses, the landlord is able to take action against the tenant, depending on the nature of the breach and the wishes of the landlord. This, of course, works both ways!

The Tenants Referencing

7.1 GENERAL

Part of our job as your agent is to find you the most suitable tenants who you can accept or decline according to your requirements. In order to do this, we undertake to assess a prospective tenant's suitability via independent referencing checks.

Our basic requirements of a prospective tenant (prior to the referencing process) are that they should be able to pay the rent and associated bills via their own resources and aged 18yrs or over.

In order to be as unbiased as possible, we employ an independent referencing agency who in turn are underwritten by an insurance company, to carry out the following checks on our behalf:

7.2.1 INCOME CHECK - a current employer's reference (or accountant's reference if they are self employed) will be sought in order to confirm the tenant's job status, length of service, position within the company and their income to confirm that they can afford the rent and bills.

7.2.2 CREDIT SEARCH - an up-to-date credit search would be conducted on the tenant's stated address(s) which should show information relating to the tenant's credit history including any outstanding debts or judgements registered against them, previous addresses are also checked.

7.2.3 PREVIOUS TENANT CHECK - If the tenant has rented before our referencing company would check with the previous landlord/letting agency whether or not the tenant had been suitable in the past.

7.2.4 We also take visual proof of I.D. with passport, driving licence and utility bill, as part of the 'right to rent' checks and I.D. verification.

Once these checks have been completed, we report the findings to you so that you can then decide whether or not you wish to proceed with the applicants.

7.3 RENT GUARANTEE INSURANCE & LEGAL EXPENSES - Managed & Rent Collect Only

If the referencing is acceptable for the tenant, you will be offered an insurance policy referred to as 'Rent Guarantee' and legal expenses protection.

This is aimed at protecting the landlord in the event of a tenant failing to pay rent during the tenancy. For full details please see leaflet or speak to Sterling.

If a tenant does fail to pay their rent, a claim is lodged by you within 30 days of the rent being late. The insurers brief is to pay the rent (to the Agent) until vacant possession is gained. Whilst paying the rent, the insurers will instruct a solicitor to gain possession. Legal fees & costs incurred by the legal action required in order to gain vacant possession, are covered.

The aim of this policy is to take away the fear that most landlords have about having a tenant who stops paying rent (Full details are available in a separate leaflet from Sterling).

7.4 SUMMARY

We realise that the most important thing is for us to find you the 'right' tenants, someone who will pay their rent & bills and look after your property.

We place great emphasis on the quality of the tenant(s) we recommend to try and avoid many of the 'problem tenants' that the media are so keen on bringing to our attention. As an agency, we hold an excellent track record with very few problems.

Tenant's references are confidential and remain on file with us. All information is protected under the data protection act.

7.4 TENANTS INFORMATION & OBLIGATION GUIDE

All tenants are issued with a 'Tenants Pack' explaining their obligations in respect to the property and what their responsibilities are prior to moving in.

PLEASE CONTACT US FOR FULL DETAILS ON RENT GUARANTEE AND LANDLORDS PROPERTY INSURANCE.

Services available from Sterling

SERVICES AVAILABLE	Fully Managed	Let Rent Collect	Let only
11.3.1 RENT ASSESSMENT: Following your enquiry, we will arrange to meet you at the property to: Provide advice on preparing your property for letting. Advise on your responsibilities and the expected level of rent.	✓	✓	✓
11.3.2 MARKETING: Once we have agreed terms, we can then begin the search for a tenant. We will arrange appointments to view and accompany them. We would need to hold keys for access.	✓	✓	✓
11.3.3 REFERENCE CHECKING: Once prospective tenants have been found, we confirm each tenant's suitability via independent referencing as previously detailed.	✓	✓	✓
11.3.4 COLLECT INITIAL RENT & DEPOSIT: Prior to a tenancy commencing, we ensure the tenants pay to us: The first month rent. A deposit to be held against possible damages caused during the tenancy, which is equivalent to one and a half months rent.	✓	✓	✓
11.3.5 TENANCY DOCUMENTS: We will provide the following: An appropriate tenancy agreement.* A standing order mandate form to cover monthly payments. An inventory report to ensure that everyone knows exactly what is included and it's condition.* Notify all utility companies of the change of occupier.	✓	✓	
11.3.6 COLLECT MONTHLY RENT: We ensure monthly rent payments are made promptly by the tenant. We utilise daily electronic banking facilities allowing us to monitor payments in and then ensure prompt payments out to the landlord. Monies normally reach a landlord's account within 2 working days of it being sent.	✓	✓	
11.3.7 RENT GUARANTEE & LEGAL EXPENSE INSURANCE: Terms and conditions apply.*	✓	✓	
11.3.8 LANDLORDS ANNUAL GAS SAFETY REPORT: We will organise the annual gas safety check on an annual basis ensuring you do not breach your legal obligation.*	✓	✓	

*Denotes chargeable

Services available from Sterling

SERVICES AVAILABLE	Fully Managed	Let Rent Collect	Let only
11.3.9 COMPILE INVENTORY: A comprehensive inventory will be prepared.*	✓	✓	
11.3.10 CHECK-IN: Organised by us with an independent inventory company. All utility companies notified of new occupancy and meters read.*	✓	✓	
11.3.11 REPAIRS & MAINTENANCE: Any problems are reported directly to us. We then contact you and seek your instructions at the time of exactly how you want us to proceed. It is normal practice to agree with each landlord a maximum amount we can go up to without contacting you directly and any estimated amount over this we would seek approval prior to the work being progressed. However, please note that where heating and hot water and safety issues are concerned we both have an obligation to rectify without delay. If a contractor is required, we will provide an appropriate one for you. Alternatively, you can notify us of anyone else you prefer to instruct. Any costs incurred are deducted from the following month's rent or monies held.	✓	CONTRACTOR ARRANGEMENT CHARGE	
11.3.12 INSPECTION VISITS: We undertake inspection visits to check on your property, its visual and general state, a report is sent to you and your tenant along with any recommendation's.		INSPECTION CHARGE	
11.3.13 CHECK OUT: Arranged by us with an independent inventory company. We then arrange any cleaning or remedial works that may be required and deduct the costs from the tenant's deposit if appropriate.*	✓	✓	
11.3.14 LIAISE WITH TENANTS ON: Renewal/Vacate and Rents Review.	✓	✓	
11.3.15 REGISTER DEPOSIT WITH TENANCY DEPOSIT SCHEME	✓	✓	ONE OF CHARGE £60
11.3.16 ANNUAL HMRC STATEMENT OF INCOME & EXPENDITURE	✓ **	£30	£30
11.3.17 TENANT PROPERTY FACT FILE PROVIDED	✓	✓	
11.3.18 ARRANGE FOR EPC	✓ *	✓ *	
11.3.18 ANNUAL RENT REVIEW UNDERTAKEN OF OCCUPIED PROPERTIES	✓	✓	

*Denotes chargeable. **By request.

The Law & Legalities

8.1 GENERAL

Residential tenancies in the UK are governed by the 'Housing Act'. Under this act, a vast majority of tenancies operated are classed as an 'Assured Shorthold Tenancy' and this is the type of tenancy that we would normally recommend.

The minimum term for an Assured Shorthold Tenancy is six Months under the 1988 Housing Act (amended by the 2004 Act) a Tenant is assured a minimum period of six months occupation, this can be extended by mutual agreement.

8.2 TENANCY TERMS

Assured Shorthold tenancies can be operated on a fixed term basis as above and then extended by either, a further fixed term period or on a rolling "periodic basis".

FIXED TERM - Fixed terms are determined by the Tenancy Agreement that will clearly state the start & finish dates. During a fixed term, it should be clear that there would not normally be any provision for either the Tenant or Landlord to end the agreement during the term unless a break clause in favour of either party has been agreed prior to commencement of the Tenancy.

The rental level would also remain 'fixed' during this period so could not be increased until the expiry of the fixed term.

8.3 TERMINATION - To terminate a tenancy, the following conditions apply:

FIXED TERM - There would be no provision for either the tenant or landlord to end the agreement during a fixed term unless both parties are in agreement.

Landlord - If the landlord wishes to terminate a fixed term tenancy, it can only be ended on the last day of the term and must provide the tenant with two calendar months written notice. This notice must begin from a rent due date meaning that if the rent is due on the 10th of each month, the two months notice must be dated to start from the 10th day of one month to end on the 9th day two months later.

Tenant - If the tenant wishes to end the agreement, they can only do so on the last day of the fixed term. Whilst our tenancy agreement requires two months notice from the tenant, they have no legal obligation to provide any notice of their intention to leave, other than 1 months notice.

It is rare to have no warning at all as we begin writing to the tenant approximately ten weeks before the term is due to end to clarify matters.

MONTHLY - With a periodic tenancy, either party can give notice to end the agreement provided they abide by the notice period agreed.*

Tenant – they should provide the landlord with one calendar month's notice. To be given on a rent due date and expire at the end of a rent month.

Landlord - the landlord must provide the tenant with two calendar month's written notice. To be effective on a rent day and expire at the end of a rent month.

All notices must be in writing and must start from a rent due date. The notice from the landlord is to contain certain key information and is something we can draft and send on the landlord's behalf upon instructions to do so.

8.4 **SUMMARY** - Your legal responsibilities will be clearly defined within the tenancy agreement, however, we are on hand to advise you on any points that you may be uncertain of.

8.5 Under current legislation the tenant must be supplied with various information in addition to the tenancy agreement in order to comply with the law, we ensure fully managed landlords are compliant and can provide advice on this as required.

*Landlord bound by 2 months notice.

Problems - What protection do I have?

9.1 GENERAL

If your tenancy is correctly operated, you will be well protected. The law is aimed at protecting the rights of both landlord and tenant and allocates both parties certain responsibilities that are aimed at keeping the balance fair and logical.

If you apply common sense and take advantage of the facilities open to you through specialised insurances, proper documentation and avoid cutting corners by trying to 'make do' then you should fare well.

9.2 REFERENCES

Strict and comprehensive referencing facilities mean you will know that any tenant that we recommend to you will have been thoroughly vetted and all references checked. As a result, we rarely experience problems with tenants.

Generally, tenants are people living normal working lives looking for a home near their place of work.

9.3 DEPOSIT

A deposit will be paid to us by the tenants before they are allowed to move in.

This deposit is held to ensure that if when they leave your property, you are not satisfied that they have left it in a satisfactory condition. Monies may be deducted from the deposit to remedy the situation. Deductions can be made to cover cleaning, repairs, damage, replacement of missing items or payment of utility bills left outstanding by the tenant but you must have good reason and proof prior to making any deductions. This is normally subject to the check out report when compared to the check in report condition.

The deposit is held by Sterling Estate Agents as stakeholder. The deposit remains the property of the Tenant at all times. All funds are held in a bonded client account and are guaranteed by our Association ARLA & NAEA with their 'Client Money Protection Scheme', this gives tenants peace of mind knowing that their deposit is in safe hands and underwritten along with the landlord to know that their rent monies are equally protected.

From 6th April 2007 the Governments Tenancy Deposit Scheme came into force, this means that no one can hold a tenants deposit unless they are a registered member of an approved scheme. Sterling through its membership of ARLA is a full member of the scheme. Our membership number is G01730 with The Dispute Service (TDS).

The tenant will be provided with a TDS Deposit Certificate and Permitted Information document relating to where their deposit is held.

9.4 INVENTORY

An accurate and detailed inventory is essential to ensure a properly run tenancy. It should be drafted prior to the tenants moving in and the purpose of it is to confirm the contents and condition of the property. We recommend a professional inventory company prepare the inventory and check the tenants into the property at the commencement of the tenancy and also check them out at tenancy end. The check out report is essential evidence should there be any damage or dilapidations that are in dispute. This is particularly important since the introduction of the tenancy deposit scheme, without an independent inventory it will be extremely difficult for the landlord to make any deductions from the tenants deposit no matter what state the property is left in after they vacate as a landlord or agent report is nearly always seen as a biased report.

9.5 RENT GUARANTEE INSURANCE & LEGAL EXPENSE COVER

We recommend that landlords take out a rent guarantee policy in order to protect themselves.

Regulations - What to do



10.1 GENERAL NOTES

This section is aimed at giving you an overview of the procedures with regard to the many safety regulations pertaining to lettings. There are three main areas, which may affect you.

10.2 GAS

When gas burns, it produces carbon monoxide and there are regulations in place to protect tenants from carbon monoxide poisoning caused by appliances burning the gas incorrectly, which can be fatal.

The regulations concerned are the 'Gas Safety (Installation & Use) Regulations 1994' and these apply to all residential tenancies. The regulations came into force in October 1994, amended on 1st April 1996. The regulations make landlords legally liable for the safe operation of all gas burning appliances (provided by the landlord) at the property.

Current regulations state that any property that is to be let that uses gas or gas appliances must, by law, have a safety check carried out before it is let. This check is also to cover all respective pipe work, flues and chimneys.

WHAT TO DO - Any gas appliance (including central heating boilers, cookers, hobs, fires etc) and their respective flue/chimney must be examined at least once every twelve months by a qualified 'Gas Safe' (regulatory body governing gas engineers) registered engineer.

Any defects or faults found must be immediately remedied and recorded. The landlord is required to keep a record of all inspections and any remedial works carried out.

The engineer must provide a printed and signed Gas Safety Certificate and a copy of this must be provided to the tenant.

This safety check is a requirement of law and is an annual event so must be carried out every twelve months.

Note: it should be made clear that this inspection is not the same as a British Gas Service contract. It relates purely to the letting process and is a legal requirement with significant sanctions for failing to comply.

Regulations - What to do

10.3 SMOKE & CARBON MONOXIDE ALARMS

From 1st October 2015, landlords must ensure there is AT LEAST one smoke alarm on every storey of their properties, along with a carbon monoxide alarm in any room containing a solid fuel appliance (eg. a coal fire or wood burning stove) or a flue in a void. The landlord MUST ensure these are working at the start of each tenancy.

Carbon monoxide cannot be seen, tasted nor even smelt but it can kill quickly. Early symptoms of CO poisoning include tiredness, drowsiness, headaches and chest/stomach pains. The victim is most at risk when asleep.

10.4 ELECTRICITY

There are many differing regulations covering rented accommodation but the most relevant are 'The Electrical Equipment (Safety) Regulations 1994 which came into force on the 9th January 1995.

The regulations apply to all domestic property with mains electricity and make the landlord legally liable for ensuring that all electrical wiring and appliances in the property are safe for the tenant to use.

Appliances included are electric cookers, ovens, hobs, freezers, fridges, washing machines, tumble dryers, immersion heaters, electric blankets, etc.

Where the safe use of equipment relies upon the user being aware of any particular characteristic, suitable information or instruction booklets/manuals should be provided. The instructions should always be given in English.

10.5 GAS & ELECTRICAL SAFETY

Both systems need to be proven by the landlord to be safe for the tenant to use. The gas system & any gas appliances require an annual safety check to be carried out where a Landlords Gas Safety Certificate will be issued.

If you are renting out a property in England, any property where a tenancy is created or renewed on or after July 1st 2020 will require an electrical inspection and report on the condition of the property (EICR)

performed by a qualified person. Renewals in this case include statutory periodic tenancies that are created at the end of a fixed term on or after this date. For pre-existing tenancies, you will need to have an EICR performed on all existing tenancies before April 1st 2021. An EICR usually has a renewal of between five and ten years rather than the annual requirement of gas legislation but the exact renewal requirement for an EICR will be defined by the findings of the assessment.

10.6 FIRE

Fire safety regulations again make the landlord ultimately responsible for the tenant's safety.

The regulations governing lettings are the 'Furniture and Furnishings (Fire & Safety) Regulations 1988' and apply to any upholstered furniture or furnishings provided by the landlord for the tenant to use. Items include sofas, armchairs, upholstered dining chairs, cushions, seat pads, mattresses, padded divan bases, padded headboards, pillows and furniture covers.

www.firesafe.org.uk

EXEMPTIONS - There are, as with all rules, some exceptions,

- (i) Carpets, curtains, bed linen and sleeping bags need not comply.
- (ii) Furniture and furnishings manufactured before 1st January 1950 as these are classified as 'antiques'.

WHAT TO DO - You will need to check each item of furniture that you are considering providing to make sure that it complies. You can confirm this by checking for the appropriate label which should be attached to the item.

Any new furniture bought after 1st March 1989 should comply with these regulations and should be labelled accordingly.

Furniture, which is in any property let for the first time, after 1st March 1993 must comply. It is, important to understand that any landlord who is found to not comply with these regulations could be fined up to £5,000 and could possibly be imprisoned for up to 6 months.

Regulations - What to do

Note: Any item of furniture that has no label attached and cannot be proven to comply should be removed. Again, someone else's safety is at stake so no chances should be taken.

10.7 Energy Performance Certificates

All property must have an EPC prior to the commencement of any marketing to let, legislation is evolving in relation to minimum energy efficiency levels.

www.gov.uk/find-energy-certificate

10.8 TAX - UK Landlords

Rental income is taxable as 'unearned income' so is therefore liable to tax at the landlord's normal tax rate. If you are to remain inside the U.K. whilst your property is let, then you will be responsible for your own tax affairs as normal and all income from your letting should be declared.

It is not always the case that you will have to pay tax on your rental income, as your liability will depend on your own circumstances and income levels.

In order to assist landlords in these delicate matters, we recommend you seek professional guidance from a qualified accountant or tax specialist. The aim is that, as a result of their expertise, they will be able to reduce your tax liability so that you are significantly 'better off' despite their fees.

10.9 TAX-Overseas Resident Landlords

If you are to be resident outside of the U.K. (i.e. overseas) for six months or more whilst you are receiving rental income from a property in the U.K.,

it is important to understand that current Inland Revenue regulations on taxation are different to U.K. regulations.

The Overseas Landlord regulations state that (unless you are exempt), whoever collects the rental income on your behalf in the U.K. (usually an agent) shall be liable to deduct your tax liability (minimum basic rate tax) from the rent and forward it to the relevant part of the Inland Revenue on your behalf.

Clearly, this can be a considerable amount to have retained from your monthly income and could seriously affect your monthly cash flow.

THE SOLUTION - The solution to this situation is to apply to the Inland Revenue for payments to be made gross.

In order to do this, you will need to complete an application form and send it off to HMRC. If accepted, HMRC will then write to us to confirm your exemption. Full information is available from their website www.hmrc.gov.uk.

This application may take time to come through so it is recommended that you apply earlier rather than wait until you have a tenant.

Our HMRC reference number is: NA035592
You will need to quote this on your application.



Services available from Sterling



11.1 GENERAL

As an agency, we constantly strive to offer landlords as much flexibility and choice as possible whilst also trying to operate within certain structured and easy-to-follow systems.

We have therefore opted to present our service options in three categories but all of these can be varied to suit your particular requirements.

Each service will have differing levels of involvement and responsibilities so that you can select the one that you feel most comfortable with.

FEES - Landlords are charged a percentage of whatever rental is agreed.

The fee for each service will vary depending on the extent of our involvement but will be detailed on the Landlords Charges table.

All fees are subject to VAT at the prevailing rate.

TENANCY AGREEMENT - For each service, we will provide a detailed tenancy agreement that will carry all of the required clauses, terms and conditions relevant to that type of tenancy.

11.2 TENANCY RENEWALS / EXTENSIONS

We will contact your tenant approximately two months before the end of a fixed term tenancy to establish their plans to vacate or extend. We will work on the assumption that you want continued tenant occupancy unless you inform us otherwise.

At every renewal request we carry out a rent review of similar properties in the area currently available so we can advise you should your tenant wish to extend the tenancy you can at this point propose an increase for the next term.

We will present the tenants requirements to you. Of course the final decision on if you wish to extend/renew the tenancy rests with you.

If an extension is agreed, we would make all of the necessary arrangements for you, regardless of the service you select, renewing the tenancy agreement with the agreed term stated.

We recommend that any extensions are a fixed term rather than month by month, this gives you clear visibility of the tenancy and the period you will have rent being paid, it also states clearly the expiry date should you require possession of your property at any stage.

Inventory - What is it and do I need it?



12.1 GENERAL

The purpose of an inventory is to act as written proof of the condition of the entire property and its contents at the start of a tenancy, it forms an essential part of the letting process.

You cannot realistically expect to let your property out and have it returned to you at the end in its original condition without some form of proof of its original state.

Without a Professionally prepared signed and dated inventory, your tenant could do virtually anything to your property without your knowledge and then claim "it was like that when I moved in" and you would have no proof.

Many landlords who have let property themselves without an independent inventory have been left unable to make deductions from a deposit as their own inventory was not seen as impartial/unbiased.

An inventory should include detail of the content and condition of each room.

Attention to detail is essential in order to create a crystal clear image of the property before the tenant moves in. This becomes vital when the tenant vacates, if there is a need to determine the difference between actual damage and wear & tear.

We strongly recommend that you instruct us to deal with it for you. The initial cost will be outweighed by the time and trouble it saves you with the tenancy deposit scheme, who are unlikely to award in your favour should you enter into a dispute about any deductions from the tenants deposit with no independent evidence.

12.2 COMPILATION

This is carried out by an independent inventory company who specialise in the production of comprehensive documentation relating to the contents and condition of your property. We recommend you have a third party prepare the inventory to avoid a conflict of interest.

12.3 CHECK-IN & CHECK-OUTS

Start of tenancy:

A check in will be arranged by us and our inventory company will conduct this at an allocated time. At the check-in the clerk will take the tenant through the inventory, meter readings will be taken, keys for the property will be logged and photos will be taken to evidence general condition, damage/dilapidations and meter readings (where meters can be accessed). Copies of the report will be produced, one for Landlord, Tenant and ourselves. In addition we will advise the utility companies and council tax authorities of the new tenant.

Inventory - What is it and do I need it?

End of tenancy:

At the end of the Tenancy a check-out procedure will be arranged by us with the Inventory company. We advise that all tenants should be present at this procedure as any issues highlighted will be brought to their attention and an opportunity to rectify any damage before deductions are made from the deposit will be given.

Once checkout has been completed any cleaning or remedial works that may be required can be arranged and the costs proposed as deductions from the deposit.

Keys will also be accounted for and returned, final meter readings taken and in some cases proof of notification to the utility companies given.

Please note that currently some of the insurers offering rent guarantee and legal expenses will insist on a 3rd party inventory which has been prepared and signed off before you can claim on the policy.

Where a dispute arises between landlord and tenant on deductions from the deposit at the end of the let, the tenancy dispute service will insist on seeing a check-in report, inventory and check-out report in order to adjudicate.

12.4 DAMAGE

Defining damage is fairly straightforward. Holes or dents in walls, burn marks, scratches, stains on carpets or furnishings are all obvious signs of neglect and should either be put right or compensated. It is usual to allow the tenants to put right during the tenancy. For managed properties we would obtain quotes on your behalf.

12.5 FAIR WEAR & TEAR/DILAPIDATIONS

Defining wear & tear can be slightly more convoluted. Several factors need to be considered including how long the tenant has been living at the property, the type of property, whether the tenant had children or pets and a certain degree of flexibility on minor points. It is also important to remember that a Landlord is not entitled to "betterment" therefore if for example a piece of furniture is damaged you would only be entitled to the cost of repair and not to a replacement item.

Cleaning is the most common source of complaint from landlords but is normally easily remedied with recourse to the tenant's deposit. Again, this stresses the importance of a properly detailed inventory. Having the property professionally cleaned from the outset reduces the opportunity for any disputes.



Overall Summary



Hopefully, this guide has given you an insight into what is involved when letting your property out and has answered some-of your questions.

We are sure some of you will have questions to ask, our staff will be happy to discuss anything you are not sure of. If you would like to discuss letting your property in more detail, contact our office and we can then arrange an appointment for one of our experienced letting experts to call and visit you. This is a free service and can normally be arranged within 24hrs.

What next?

Contact your local branch:

Tring: 01442 828 222

Berkhamsted: 01442 879 996

Kings Langley: 01923 270 666

Property Management: 01442 822 210

or email us direct:

lettings@sterlinghomes.co.uk