

INFORMATION FOR LANDLORDS

Letting a property can be a rather frightening exercise for both a home owner and an investor without the right preparation. **Robert Bell & Company Limited** provide dedicated staff with a wide experience of the rental market and property management in mid Lincolnshire. We can advise you prior to letting your property and during the tenancy, keeping you up to date with changes in legislation. We are governed by Royal Institution of Chartered Surveyors rigorous regulations, are members of a Tenants Deposit Scheme and use a nationally recognised referencing agent in LegalforLandlords.

As a new landlord you may have a number of questions at an initial meeting with an agent, you may also find yourself in an “information overload” situation. The following notes may assist you.

Demand for Property

There has been over recent years a steady demand for good quality sensibly priced rental property. The rental market is linked with the sales market and high property prices can be a deterrent to investment buyers while producing more applications for tenancies especially from first time buyers who cannot get a toehold on the property ladder. We can advise you on the correct rental levels.

Your Mortgage

Prior to letting a property you must ensure that you have the written agreement of your mortgage provider. If you fail to gain this permission you could be in breach of the terms of your loan. Please do let your agent know if the assent of the mortgage provider is conditional in any way.

Leasehold Property

If you own or plan to buy a leasehold property you must ensure that you have the agreement of your landlord prior to letting. You may have to include additional clauses as part of the tenancy agreement which bind the tenant by the same “rules” you have agreed to.

Tax

As an agent we may be required to disclose details of taxable income received to the Inland Revenue. We strongly advise that you discuss your overall position with your financial adviser/accountant and declare your rental income in the normal way on your tax return.

Since 1996 if you are considered to be a non-resident landlord living abroad your agent is required by law to deduct and withhold from rent (after allowable expenses), tax at the current basic rate. The monies thus collected are passed to the Inland Revenue quarterly. Non-resident landlords can apply for an authority to receive a rent gross of tax, commonly referred to as an exemption certificate. Providing your agent holds such a certificate on your part, the agent can pay the rental income to you with no tax deducted. You will need to complete a form NRL1 which we at **Robert Bell & Company Limited** can supply.

Insurance

It is your responsibility as a landlord to maintain your buildings insurance. We strongly recommend that you read the small print carefully, ensuring that you are covered both for having a tenant in residence and for either accidental or malicious damage by the tenant.

We think that it is also politic to maintain some contents insurance, a minimum cover policy being suitable for an unfurnished property.

We can introduce our clients and tenants to LegalforLandlords and their range of Insurance Policies specifically designed for those with rental properties.

Managed properties will have Rent and Legal indemnity insurance attached to them with the first 6 month's premium included in your initial costs. Cover is provided subject to terms and conditions. This means that if **Robert Bell & Company Limited** are managing the property your rent is guaranteed at no extra cost.

Furnished/Unfurnished

There appears to be little difference in the rental value of a furnished or unfurnished property in this area. What may be different is the type of tenant you attract. The higher rent, well furnished properties may attract the hoped for business men and professional couples, but tenancies may be shorter with consequent void periods and wear and tear from rapid turnover. We are always pleased to advise on the advantages/disadvantages of letting your property furnished and help you to comply with the safety regulations. You should note that unfurnished properties may have a greater void allowance from Council tax.

Safety

It is a legal requirement that a Landlords Gas Safety Report is carried out annually on properties with gas appliances, this inspection must be carried out by a CORGI registered fitter. Should a property be let without such a certificate in place the landlord and agent are at risk of being subject to a heavy fine or even a prison sentence.

In January 2005 part P of the Building Regulations came into force. In essence, this means that you must comply with a number of regulations proving that electrical installation and equipment and appliances in the property are safe when the tenancy begins, is maintained in a safe condition throughout the tenancy, maintained only by competent persons and fit for purpose and free from defect. Complete detail of the legislation involved is available from a member of Robert Bell & Company's staff.

You must also ensure that any furniture in your property complies with the Furniture and Furnishings (fire safety) Regulations 1988 (as amended).

Under the Smoke and Carbon Monoxide Alarm Regulations 2015 CO detectors must be fitted within all rooms that contain combustion devices powered by solid fuel. East Lindsey District Council Housing Standards requires that this applies to gas and oil appliances also. It is recommended that any such detector is of the sealed long life type and compliant with BS EN 50291:2001. In addition a smoke alarm must be fitted on each floor of the property. Failure to comply can lead to a fine of £5,000.

East Lindsey District Council have also informed us that all windows fitted to first floor level or above that have side or bottom opening sections must be fitted with a suitable window restrictor capable of restricting the opening to a maximum of 100mm. This restrictor must not be able to be disengaged by children of 5 years old and under, but must be able to be easily disengaged by an adult in the event of fire.

Legionnaires

Landlords of residential accommodation have a responsibility to take measures to ensure that their properties are free from Health and Safety hazards, this includes taking measures to combat Legionnaires disease.

A risk assessment of a property must be made prior to letting. Where a medium or high risk is identified further testing by an appropriately qualified professional will be necessary.

Repairs

As managing agents we will arrange for repairs to be carried out during tenancies on a landlord's behalf which may include arranging for annual gas/electrical safety inspections. We attempt at all times to inform landlords of the need for repairs and where necessary to obtain comparative quotations. In an emergency it may be necessary to instruct a tradesman to carry out repairs without reference to the landlord. Our usual agreement is not to exceed expenditure of £100 in these circumstances. It is helpful for the managing agent to have full details of any service contracts and insurance cover held for the property. The trades people used by **Robert Bell & Company Limited** have invariably had a long association with the company and we are happy to recommend them to our clients however, we cannot be held responsible for any failure of work carried out by a third party. A Landlord can provide a list of tradesmen he specifically requires **Robert Bell & Company Limited** to contact on his behalf.

Inventories, Inspections, Condition Reports

The staff of **Robert Bell & Company**, believe that good management of a property begins with the preparation of the property and the initial inspection prior to letting. We can prepare an inventory for furnished properties but a condition report is sufficient for most unfurnished properties with a note of the principal fixtures and fittings. As members of a Tenants Deposit Scheme it is vital for us to have records of a property and all tenancies are completed with a Final Inspection and return of the tenants deposit (subject to any deductions).

Deposits

It is generally recommended that one and a half month's rent is held as a deposit against the performance of the tenant. **Robert Bell & Company Limited** reserve the right to hold deposits on behalf of tenants and to retain any interest accrued or to place the deposit with a Deposit Scheme which retains the interest accrued. We are governed by the strict rules of the Royal Institution of Chartered Surveyors and members of a Tenants Deposit Scheme, a legal requirement since 6th April 2007. Tenants are allowed in law,

peaceful enjoyment of their rented home, they do have obligations to keep it clean and any gardens tidy according to the season of the year. When a tenant leaves the length of tenancy is a significant factor in assessing fair wear and tear. It is not reasonable for a landlord to expect a property to be in immaculate decorative order after say, five years. A tenant has no obligation to improve a property. It is the landlord's responsibility to maintain the structure and fabric of the building, keeping the plumbing, heating, wiring and any appliances in a safe working condition.

Tenancy Agreements

For the majority of residential lets an Assured Shorthold Tenancy Agreement is used with a fixed term of six months. The fixed term can be longer but is usually not appropriate. Notice can be given at the end of the fourth month for the end of the fixed term of six months. The tenant may give one months notice for the end of the fixed term. At the end of the fixed period the tenancy becomes a monthly periodic renewal agreement and no further paperwork is required. The landlord however will have to give two months notice to terminate and the tenant one months notice. We require that both landlords and tenants give notice on or before a rent day. During the notice period tenants agree to allow viewings to take place for re-letting or sale of the property. Tenants must throughout the tenancy allow access for repair, maintenance and inspection of the property.

Tenants

Robert Bell & Company Limited have for some time now been Agents for LegalforLandlords. All applicants for properties are referenced on our behalf by LegalforLandlords. Checks are carried out and in the majority of cases, employment and previous landlord references are obtained. We would always add the warning that while we hope to obtain the best quality tenants, things do go wrong in peoples' lives, like job loss, divorce/separation. These events are beyond the control of either a landlord or the Agent. For this reason we recommend all landlords obtain rent and legal protection insurance and are pleased to include a 6 month policy for landlords of managed properties.

Immigration declare: A Landlord must not enter into a 'residential Tenancy Agreement' which allows occupation of premises by any adult (not just the tenants) who is disqualified by reason of their immigration status. Consequently enquiries have to be made to ascertain who will be living at the property and that their immigration status is satisfactory, and records kept. Failure includes a fine of up to £3,000. **Robert Bell & Company Limited** can arrange the tenants immigration checks on your behalf.

Void Periods

An empty property is potentially at risk, particularly without heating during the winter months. You should inform your insurer for both buildings and contents insurance and carry out any instructions they may issue. Staff from **Robert Bell & Company Limited** may visit the property with prospective tenants during this time but it is not part of our service to manage vacant properties. We would apply an additional charge for the extra service of managing your property during a vacancy.

Energy Performance Certificates

From 1st October 2008 it became a legal requirement to provide an Energy Performance Certificate for all rental properties coming to the market. (Continuing tenancies are not affected at this stage) The energy rating must be provided before commencing marketing and supplied with the property details. The full certificate has to be available for applicants to read prior to signing a tenancy agreement. If an Energy Performance Certificate has not been obtained any Notice served by the Landlord to regain possession can be challenged by the tenants.

From April 2016 a tenant can demand improvements to a property rated E, F or G which could be enforced by the local authority. From 2018 properties rated F & G cannot be let without improvement.

Complaints Handling Procedure

Robert Bell & Company Limited are Chartered Surveyors and as such are members of the professional organisation holding the highest respect in their field. We do not anticipate you will have any need to complain as **Robert Bell & Company Limited** seek to provide a first class service and high quality advice to all clients. If, however you are not satisfied with anything we do for you, we have a complaints handling procedure which can be referred to you by any member of staff. Any legal action taken by or against **Robert Bell & Company Limited** will take place under the English legal system.