



## Havens Estates Landlords Guide

### Services - Let Only

Designed for individual and investment landlords who prefer to manage the daily activities of the tenancy, from rent collection to repairs and maintenance.

We Will...

- Visit you at the property for a pre-let consultation and provide a valuation together with information and advice about the letting of your property.
- Prepare the property for advertisement and contact all suitable prospective tenants and relocation companies.
- Upon receipt of keys, make appointments and accompany prospective tenants to view the property.
- Obtain and evaluate references and credit checks.
- Prepare a six or twelve month Assured Shorthold Tenancy Agreement or Company Tenancy Agreement and arrange for the tenant to sign. We will, unless otherwise instructed, sign the tenancy agreement on your behalf.
- Receive and receipt 1 months rent and 1 months dilapidation deposit.
- Prepare a Standing Order mandate for rent to be paid directly into your account. .
- Transfer the Gas, Electricity, Water and Council Tax accounts into the tenant's name.
- Prepare a statement of account and arrange payment of the rent received less our fees and any other associated costs that may have been agreed.
- Arrange for the renewal of the tenancy agreement subject to both parties agreeing to the term.
- Continue subject to receiving authorization from you the process of advertising and re-letting of the property prior to the expiry of the tenancy.



## Services - Let & Rent Collection

This service is ideal for individual and investment landlords who are able to maintain their properties and organize need of repairs reported to them by the tenant, but prefer Havens to receive the rent, prepare a monthly rental statement, credit the landlords account and compile an annual statement of income and expenditure.

### We Will...

- Visit you at the property for a pre-let consultation and provide a valuation, together with information and advice about the letting of your property.
- Prepare the property for advertisement and contact all suitable prospective tenants and relocation companies.
- Upon receipt of keys, make appointments and accompany prospective tenants to view the property.
- Obtain and evaluate references and credit checks.
- Prepare a six or twelve month Assured Shorthold Tenancy Agreement or Company Tenancy Agreement and arrange for the tenant to sign. We will, unless otherwise instructed sign the tenancy agreement on your behalf.
- Receive and receipt 1 months rent and 1 months dilapidation deposit.
- Receive rental payments in advance, usually due on the tenancy date, paying you using our electronic transfer system; prepare from our accounts management system a statement of income and expenditure.
- Arrange for the preparation of the Inventory and Schedule of condition (additional charge).
- Check the tenant into the property and agree the Inventory.
- Transfer the Gas, Electricity, Water and Council Tax accounts into the tenant's name.
- Inspect the property periodically, prepare and issue you a report on the property's condition, tenant's performance and maintenance issues you may not be aware of.
- Arrange for the renewal of the tenancy agreement subject to both parties agreeing to the term.
- Continue the process of advertising and re-letting of the property prior to the expiry of the tenancy.
- At the expiry of the tenancy, arrange for the tenant to be checked out of the property and report to you in writing a statement of the condition of the property (additional charge).



## Services - Managed

This full management service offers landlords a variety of benefits above and has been perfected by Havens to cater for landlords who want minimum involvement in the activity of their property and just simply wants to be kept informed. This service is also the most popular choice for our overseas clients.

### We Will...

- Visit you at the property for a pre-let consultation and provide a valuation as well as information and advice about the letting of your property.
- Prepare the property for advertisement and contact all suitable prospective tenants and relocation companies.
- Upon receipt of keys, make appointments and accompany prospective tenants to view the property.
- Obtain and evaluate references and credit checks.
- Prepare a six or twelve month Assured Shorthold Tenancy Agreement or Company Tenancy Agreement and arrange for the tenant to sign. We will, unless otherwise instructed sign the tenancy agreement on your behalf.
- Receive and receipt 1 months rent and 1 months dilapidation deposit.
- Receiving rental payments in advance, usually due on the tenancy date paying you using our electronic transfer system; prepare from our accounts management system a statement of income and expenditure.
- If required make regular out goings on your behalf from rental payments received.
- Arrange for the preparation of the Inventory and Schedule of condition (additional charge).
- Check the tenant into the property and agree the Inventory.
- Transfer the Gas, Electricity, Water and Council Tax accounts into the tenant's name.
- Inspect the property periodically, prepare and issue you a report on the property's condition, tenant's performance, and maintenance issues you may not be aware of.
- Arrange all necessary routine maintenance and repairs. For repairs (with the exception of an emergency repair) we believe will exceed £100, we will contact you or a representative for approval first.
- Arrange for the renewal of the tenancy agreement subject to both parties agreeing to the term.
- Continue the process of advertising and re-letting of the property prior to the expiry of the tenancy.
- At the expiry of the tenancy arrange for the tenant to be checked out of the property and report to you in writing a statement of the condition of the property (additional charge).



## **Preparing the Property**

Our experience has shown that a smooth running tenancy is based mainly on the quality of the property being offered and the relationship between landlord and tenant. Our management service includes building on that relationship and it is important to make the tenant feel comfortable in their temporary home and that they are receiving a good service and value for money.

Here are few tips that will help in the letting of your property:

- Properties for rent should be decorated to a good standard using simple neutral colours where the décor can be easily maintained or repaired.
- External woodwork and wooden doors should be in sound condition and painted approximately every three years.
- Wiring, plumbing, central heating, hot water and waste must be safe and in good working order.
- Choose fabrics and furnishings that can withstand reasonable wear and tear.
- Supply good quality appliances that can withstand several years of use.
- If furnished, keep the overall look uncluttered.
- Do not leave items of furniture that are irreplaceable or have sentimental value.
- Prior to the tenancy we recommend that the property and carpets be professionally cleaned.
- Gardens should be simple to maintain.
- Provide adequate and good quality gardening equipment.
- Do not have installed pre-paid meters for the supply of gas and electricity. All too often the supply runs out at the commencement of the tenancy.
- Do not turn off the boiler but keep it running using a moderate setting. Boilers can be difficult to re-ignite once they've been turned off.

## **Who Has To Know That I Am Letting The Property?**

### **Lender**

If you have a mortgage or loan on the property you must inform your lender in advance of your intention to let your property and that consent is granted.

### **Insurance Company**

Should it be your intention to continue with the existing Buildings and Contents insurance policy your insurers must be notified of the proposed letting. Failure to do so may invalidate your policies or any claims made. Ensure that your insurance policies cover you for third party and public liability.



### **Freeholder or Management Company**

If you are a leaseholder (i.e. flat or maisonette) you are bound by the terms of the Headlease. Permission to let your property must be granted by either the Freeholder or by the Management Company.

### **Furnished or Unfurnished?**

Since the introduction of the 1988 Housing Act, Landlords now enjoy the same legal protection whether the property is let furnished or unfurnished. Letting a property furnished does not necessarily mean you will achieve a higher rent. As minimum, properties should have good quality carpets, curtains, and light shades or fittings, although a property let unfurnished with white goods is the most popular choice amongst tenants.

### **Tenancy Agreements**

#### **Assured Shorthold Tenancy (AST)**

This is the most commonly used tenancy agreement, created by the 1988 Housing Act as amended by the Housing Act 1996. The tenancy created makes it easier for the landlord to regain possession the property at the end of a fixed term subject to notice requiring possession of not less than two month's being served on the tenant. Provided that the tenant keeps to the terms of the agreement the landlord is unable gain possession of the property before the expiry of the fixed term. Our own AST's have a Statutory Periodic Agreement added, making it possible for the tenancy to continue after the fixed term has expired. Annual rent exceeding £25,000 cannot be created using an AST.

#### **Company Tenancy**

A Company Tenancy Agreement falls outside the security of the Housing Act 1988; the tenant being a limited company registered a Companies House and the occupation of the property being for the employees of the company. The company has no security of tenure and must vacate at the expiry of the term, or renew the tenancy.



## Houses in multiple occupation (HMOs)

### What is an HMO?

If you let one of the following house types it's a House in Multiple Occupation (HMO):

- An entire house or flat let to 3 or more tenants who form 2 or more households and who share a kitchen, bathroom or toilet.
- A house converted entirely into bedsits or other non-self-contained accommodation and let to 3 or more tenants who form two or more households and who share kitchen, bathroom or toilet facilities.
- A converted house containing one or more flats which are not wholly self contained (i.e. the flat does not contain a kitchen, bathroom and toilet) and which is occupied by 3 or more tenants who form two or more households. To be an HMO the property must be used as the tenants' only or main residence should be used solely or mainly to house tenants. Properties let to students and migrant workers will be treated as their only or main residence and the same will apply to properties which are used as domestic refuges.

### Why is HMO licensing being introduced?

HMO licensing aims to raise management and amenity standards in the rented property sector. It will 'weed out' unscrupulous and rogue landlords.

How do I know if I need a license?

If you answer yes to the following questions, you may need a license:

- Are you a landlord?
- Do any of your properties have three or more storeys?
- Do any of your properties have five or more unrelated tenants?

### How much will a license cost?

As a guide, a five-bedroomed HMO over three storeys will cost approximately £500. However, this may vary from council to council. In summary, the key facts you need to know about the new legislation are:

- If you rent a property which has three or more storeys, and five or more unrelated tenants, you may need a license.
- Licensing is aimed at raising management and amenity standards in the rented property sector.
- Landlords of licensable HMOs will benefit from support from local authorities. This will help them manage their properties more efficiently.
- An HMO license will normally last for up to five years.
- Landlords should contact the local authority in which a property is situated to find out the cost of the license fee.



## **Energy Performance Certificates**

From 1 October 2008 landlords are required to provide an Energy Performance Certificate when they rent out a home. An Energy Performance Certificate (EPC) gives information on the energy efficiency of a property you want to let.

### **What does this mean in practice?**

You need to provide an EPC whenever a home is let to a new tenant.

You must make the EPC available free of charge to prospective tenants at the earliest opportunity. This should be when they are first given written information about the property or view it, and before any rental contract is entered into.

EPCs are valid for 10 years and can be reused as many times as required within that period. It is not necessary to commission a new EPC each time there is a change of tenant although landlords may commission EPCs for these properties at any time to prepare for a change in tenant.

If a newer EPC has been produced for a home within the ten year period, only the most recent one is valid.

The EPC provides prospective tenants with information about how energy efficient a property is that they are considering renting.

An EPC is not required for any property that was occupied before 1 October 2008 and which continues to be occupied after that date by the same tenant.

An EPC is only required for a property which is self-contained. It is not required when a tenant rents a room and shares facilities, where a tenant has a separate contract with the landlord.



## What is an Energy Performance Certificate?

An EPC is similar to the energy performance certificates now provided with domestic appliances such as refrigerators and washing machines.

The EPC provides a rating for the energy performance of a home from A to G, where A is very efficient and G is very inefficient.

The EPC shows two things about the house:

- The energy efficiency rating (this is based on how much the home would cost to run).
- The environmental impact rating (this is based on how much carbon dioxide is released into the environment because of the home).

The rating is based on factors such as age, property layout, construction, heating, lighting, and insulation.

The ratings are standard so a tenant can compare the energy efficiency of one home easily with another. The typical rating for a home is D or E. The certificate also provides information about how much it is likely to cost the tenant to run the home. These estimated costs are based on:

- Standard assumptions about a property which include the number of occupants and how long it is heated a day.
- Average fuel prices when the EPC was produced - these could be up to 10 years old. The actual running costs will vary depending on the current fuel costs and the lifestyle of the tenants.

A recommendation report forms part of the certificate. This provides a range of improvement measures which could improve the energy performance of the home.

## How do I get an Energy Performance Certificate?

EPCs must be produced by an accredited Energy Assessor. If you use an independent energy assessor make sure they are a current member of an accreditation scheme, as this ensures your energy assessor is operating to professional standards. An EPC is only authentic if issued by an accredited Domestic Energy Assessor (DEA). Details of accredited DEA's can be found at [www.epcregister.com](http://www.epcregister.com)

Each EPC has a unique number which will be entered on to a national register by the Energy Assessor. Once the EPC has been created, you can download further copies in the future by using the report reference number on the top right hand side of the certificate. If you have recently bought a property and are considering letting it, you should have received an EPC as part of the Home information Pack which can be given to prospective tenants.





### **What does an Energy Inspection involve?**

Once you have requested an EPC from an accredited energy assessor, the assessor will contact you to arrange a convenient time to visit your property. During the assessment the assessor will need to inspect your property and collect information.

This will include external or internal measurements, details about the construction, and the type of heating/hot water used in your property.

The assessor will need to access all the rooms, the boiler and the loft. The assessor may need to take photographs of items such as heaters and meters.

The assessment of a 3 bed property normally takes up to 60 minutes; larger or complex properties can take longer.

### **The Tenancy Deposit Protection (TDP)**

From 6 April 2007, landlords entering into new tenancy agreements will be required to place any deposit with a Government authorised scheme, which will safeguard the money and offer independent adjudication in the event of any dispute. Tenants who have kept their rented property in good condition can be confident that they will not have all or part of their deposit withheld on spurious grounds, a common complaint currently made by tenants.

The existence of the alternative dispute resolution service (ADR) will also encourage tenants and landlords to have in place, from the outset, clear agreement on the condition of the property through use of inventories, and agreement on the condition of the property - thus ensuring that landlords are also protected.

TDP will apply to all assured shorthold tenancies (ASTs) in England and Wales, where a deposit is taken. Virtually all new contracts to let a property are ASTs. A contract that is an AST will be clearly marked as one. The TDP will add to the measures set out in the Housing Act 2004 to drive up standards in the private rented sector, including licensing multiple occupancy homes and new safety rules.

Note: Reference to "landlord" should also be taken to include any other person that takes the deposit on the landlord's behalf e.g. a letting agent.

### **Section 48**

In compliance with the Landlord and Tenant Act 1987, a tenant must be provided with an address in England or Wales other than the property being let where a tenant may serve any notice on the landlord.



### **Repossession of a Property**

In the event of breaches of the tenancy agreement governed by the Housing Act 1988 as amended by the Housing Act 1996, landlords can rely on statutory grounds for possession. Grounds 8, 10, and 11 relate to non-payment of rent but only Ground 8 being mandatory. Should it be proved that the tenant is at least two month's in arrears at the time of notice is served to commence proceeding and at the time of the hearing the court must make an order of possession. Ground 10 relates to some of the rent and Ground 11 persistent delay in paying rent, however, both grounds are discretionary.

### **Mortgage Payments and Other Regular Outgoings**

Letting a property can provide a landlord with a good steady income for many years. However, should a landlord be dependent on the rent to make a regular mortgage or loan repayment, then it is recommended that there is an amount of at least one month's rent available in the same account to make such a payment. Although it is our intention to credit a landlords account promptly, occasionally delays may occur should the rent due date fall on a Bank Holiday weekend or if there is an error with the tenant's own bank when making payment.

### **Telephone, Satellite and Cable TV Services**

We are unable to close or organise final payment of accounts in respect of Telephone, Satellite or Cable services that has been provided to the property. The landlord should take necessary steps by contacting the service provider before the commencement of the tenancy.

### **Mail Redirection**

The tenant cannot be expected or relied upon to redirect the landlord's mail and it is strongly recommended for landlords to use the Post Office redirection service. Application forms are available at their counters. Allow a minimum of four weeks for the Post Office to commence redirection.

### **Information for the Tenant**

A property folder containing instruction manuals or copies relating to the operation of Boiler, Heating Systems, Cooker, Washing Machine, and Fridge or Fridge Freezer must be supplied to the tenant. It is helpful to leave other information for the tenant such as an operating manual for the Alarm System, details of warranties or guarantees and day of refuse collection.



## **The Inventory**

This is a very important piece of documentation. The inventory of contents and schedule of condition is prepared to avoid any misunderstanding or dispute at the end of the tenancy. Without such safeguards it will be impossible for the landlord to determine any loss or damage to the property or its contents. The inventory we will prepare forms part of our service.

## **Keys**

Ensure there are a sufficient number of keys available when letting a property. Usually three full sets are required. Two for the tenants and one set to be held by Havens for the purpose of access for repairs and maintenance or property inspection. We can arrange to have duplicate sets cut on request.

## **Council Tax**

Payment of Council Tax is the responsibility of the occupier. During void periods the charge will revert back into the owners' name. When unoccupied but furnished, the charge is reduced to 50% of the normal rate. When unoccupied but unfurnished there is no charge for the first six months, and thereafter a charge of 50% of the normal rate will apply.

## **Tax**

It is the responsibility of the landlord to inform the Inland Revenue of the letting their property. The income that the landlord is liable to pay tax on is the gross income minus expenses incurred whilst letting the property.



## Allowable Expenditure

The items that would normally fall into the category of allowable rental expenditure are as follows

- Agent's lettings and management fees and VAT
- Tenancy Agreement Fees
- Inventory, Check In and Check Out Fees
- Cleaning
- Council Tax while the property is vacant but available for letting
- Ground Rent and Service Charges
- Gardening
- Buildings and Contents Insurance
- Legal Expenses Insurance
- Rent Protection Insurance
- Accountants fees for the preparation of the income and expenditure account (but not for preparation of the income tax return)
- Legal and Professional fees
- Maintenance Contracts
- Provisions for services e.g. gas, electricity, or hot water
- Water Rates
- Interest paid on loan
- Repairs and maintenance, but not capital improvements to the property

If furnished, a depreciation allowance for wear and tear to the furniture, either on a renewal basis, where the full cost of replacement is allowed, but not initial purchase, or a wear and tear allowance calculated at:

10% x gross rent (less any deductions for services normally borne by the tenant). Such services would include water rates or council tax paid by the landlord, if the house is in multiple occupation.

The income and expenditure account includes all income receivable (not received), within the financial year, which runs from 6th April to the following 5th April. The income assessed is usually estimated, based on rental income of the previous year and is due for payment in January of the year of assessment.

## Non-Resident Landlords

From the 6th April 1996, letting agents for non UK resident landlords have been required to deduct tax from the rent collected and pay it directly to the Inland Revenue at end of each quarter, 30th June, 30th September, 31st December and 31st March. Tax is assessed on the basic rate on net income received after allowable expenses.

This scheme is administered by the Centre for Non-Residents (CNR) and sufficient funds must be retained for this liability. It is strongly recommended that a non UK resident landlord apply to receive income without having tax deducted by making an application to the CNR using one of our exemption application forms.



## **Safety Regulations**

The following safety requirements are the responsibility of the owner (the landlord) and, where we are to manage the property, they are also ours as agents. Therefore to protect all interests we ensure full compliance with appropriate regulations. The following information is intended as a guide only.

### **Gas Safety Certificates**

As a landlord, you are responsible for the safety of your tenants. The Gas Safety (Installation and Use) Regulations 1998 specifically deal with the duties of landlords to ensure that gas appliances, fittings and flues provided for tenants' use are safe. Landlords should:

- ensure installation pipe work, appliances and flues provided for tenants are maintained in a safe condition
- ensure an annual safety check is carried out on each appliance and/or flue that you provide for tenants use
- ensure maintenance and annual safety checks are carried out by a Gas Safe registered installer
- keep a record of each safety check for 2 years
- issue a copy of the safety check to each existing tenant within 28 days of check being completed, and to any new tenant before they move in
- ensure all gas equipment (including any appliance left by a previous tenant) is safe or otherwise removed before re-letting
- ensure that only Gas Safe registered installers are used to carry out work on gas appliances, fittings and flues provided for tenants use

### **Electrical Appliances & Equipment**

The Electrical Equipment (Safety) Regulations 1994 require electrical installations and equipment in a tenanted property to be safe and that the apparatus be tested regularly. It is essential that all electrical appliances are checked for defects including frayed wiring, badly fitted plugs, incorrect fuses etc. and that repairs are either immediate or items disconnected and made safe, or removed prior to the letting of the property. It is also recommended that fixed wiring circuits also be checked prior to the commencement of the tenancy and approximately every ten years thereafter. Checks should only be carried out by a qualified electrician and records of inspections kept.

### **Items covered by the regulations**

All mains voltage electrical goods designed with a working voltage of between 50-1000 volts a/c including: Cookers, kettles, toasters, electric blankets, washing machines, dishwashers, tumble dryers, fridge freezers, immersion heaters and heaters.



## **Part P**

In January 2005 legislation under Part P of the Building Regulations make it a requirement that for certain types of electrical work in dwellings, plus garages, sheds, greenhouses and outbuilding comply with the standards. This means a competent electrician must carry out the work. For DIY electrical work you must belong to one of the Government's approved Competent Person Self-Certification schemes or submit a building notice to the local authority before doing the work.

## **Smoke Detectors Act 1991**

The Department of Environment has introduced regulations that require any new building (built after June 1992) to have smoke detectors installed. If your property was built after this date mains operated smoke detectors must be fitted on each floor. The Furniture and Furnishings (Fire) (Safety) Regulations 1988 (Amended 1989 and 1993).

From the 1st March 1993 it became an offence for a landlord to supply furniture in rented accommodation, which does not comply with standards contained in Regulation 14 of the 1988 Regulations. The regulations apply to upholstered furniture including:

- Bed bases and Mattresses
- Headboards
- Pillows
- Sofa, Armchairs and Sofa-Beds
- Futons and other convertibles
- Scatter Cushions
- Dining Table Chairs
- Conservatory & Garden Furniture
- Nursery Furniture
- Non-Original covers for furniture

## **Display Label**

All furniture that complies (except mattresses and bed bases) must carry the appropriate permanent label. Mattresses and bed bases will usually bear the label BS 7177 confirming compliance with the ignitability tests.



## Exemptions

Furniture manufactured before the 1st January 1950 is exempt from the regulations and landlords not deemed to be acting in "course of business" e.g. a one off, short term let. Items, which are exempt, are

- Sleeping Bags
- Bed Linen (including Duvets)
- Loose covers for mattresses
- Pillowcases
- Curtains
- Carpets
- Furniture purchased from a reputable supplier after 1st March 1990