

landlords guide to lettings

Who are Anderson Lettings?

Established in 1988 by Kevin and Angela Anderson, we currently let and manage over 500 residential properties for private landlords in Sutton Coldfield, Erdington, Lichfield and surrounding districts. Whilst retaining our small company identity, we offer an expert and comprehensive service and we are familiar with each individual client and property.

Letting your property

When letting your home, you need to be confident that it is being placed in the hands of experienced people.

Anderson Lettings handle all types of properties ranging from studio apartments to large houses. Often our clients live some distance from the property or overseas and require us to look after all aspects of management on their behalf, taking responsibility for maintenance, regular inspections and rent collection. For some clients our Tenant Find Only service or Rent Collection Only options may be more suitable. We are happy to discuss with you the merits of these different services.

Our experienced team are well versed in the day-to-day maintenance of a rented property, and we work in conjunction with tried and tested maintenance contractors to ensure that all runs smoothly for our landlords and tenants.

The Housing Acts 1988 and 1996

The Housing Act 1988 created the framework to allow private individuals to let accommodation free from the restrictions of previous legislation. Under the terms of an assured shorthold tenancy, the tenant is obliged to give up occupancy of the property at the end of the fixed term and he or she cannot become a sitting tenant; this applies regardless of whether the property

is let furnished or unfurnished. A deposit is payable by the tenant at the outset to cover any damages caused during the tenants occupation.

How does a tenancy operate?

On your behalf we will act to find a suitable tenant, liaise with the various service utilities, prepare an Inventory and Schedule of Condition, draw up tenancy documentation and carry out regular inspections on your behalf, to ensure that the tenant is meeting all his or her obligations. Rental income is paid directly into your bank account. Each month you will receive a detailed statement showing all receipts and expenditure.

If your property is being let to an individual as opposed to a company, then the most appropriate form of tenancy agreement is likely to be the assured shorthold tenancy. The agreement is for a minimum of six months, during which time you are unable to bring the tenancy to an end, unless the tenant breaks any of the terms of the agreement. Likewise, the tenant is contracted to pay rent for the full length of the agreement.

Your bank/building society and freeholder (if your property is leasehold) often require you to obtain their consent to the letting.

Should you wish to regain possession of your property at the end of the tenancy it is necessary to give the tenant no less than **two months' notice**, to expire on the last day of a period. We will advise you of the relevant dates. Alternatively, we will negotiate an extended term based on your instructions.

Once the initial fixed term has expired it is possible for the tenancy either to be extended for a further fixed period, or it can continue on a month-to-month basis. Once

again, should you require possession it is necessary to give the tenant two months' notice, to expire on a day prior to a rent day; the tenant must give one month's notice of his or her intention to leave, prior to the expiry of the fixed term.

We will draw up the tenancy agreement on your behalf, and the appropriate notices will be served accordingly. Should you wish us to liaise with your solicitor at any stage, please let us know. If a company wish to rent your property on behalf of an employee then a tenancy agreement will be drafted, with minor amendments to accommodate the different circumstances.

There are occasions when an assured tenancy is more appropriate, and advice in this context will be given if necessary and relevant to the circumstances of the letting.

I want to let my property - what do I do?

The first step is to invite us to meet at your property so that we can look around and give advice on rental value, as well as general information concerning the proposed letting. This appointment is free of charge and without obligation - we await your instructions as to whether you have decided that letting is the way forward for you.

Upon receiving your instructions to proceed, we will arrange to visit you again. At this second meeting we will collect a completed questionnaire from you and discuss which level of service you require. In order to act on your behalf we need various details; we will ask you to confirm:

- Personal details - full names and addresses of all joint owners of the property.
- We will take internal and external photographs for marketing purposes.
- If the property is leasehold, we will advise you to obtain the permission of the freeholder to the letting, if this is required under the terms of the head lease.
- At this stage we will ask you whether

you have any preferences concerning the prospective tenant, i.e. will you allow pets in the property? Would you prefer to exclude smokers or children?

- We will request confirmation regarding the appliances to be left in the property - is anything covered by a guarantee or service contract?
- We will assist you with arranging gas and electric safety checks.
- We will give advice regarding standards of presentation.
- Finally, we ask for your bank details so that the rent is paid directly into your bank account.

If there is a mortgage or charge held over the property you may require the lender's permission to let the property. Most lenders charge an administration fee for considering your application to let your property, or they may increase the interest rate payable on the loan. In our experience, lenders very rarely refuse consent to letting.

Buildings and contents insurance

It is your responsibility as property owner to maintain insurance for the building and for your own contents which remain in the property. **You must inform your insurers that the property is to be let, as failure to notify them could void your cover.** We would suggest you ask them to confirm in writing that they have amended their records accordingly.

We can provide details of specialist insurers who provide building and contents insurance designed for landlords. In addition, we can arrange a warranty for non payment of rent and legal expenses, in the event of a breach of contract by your tenant. Please remember to consider public liability cover in case the tenant has an accident in the property.

What happens next?

In appointing us as your Letting Agents, you have passed over all the problems of finding a suitable tenant to us. Having received your instructions to act, we will advertise your property in the local paper. Your property will

also be added to our property bulletin, which is updated and sent out weekly from the office in response to all enquiries received. We operate our own web site and upload to the popular property websites Rightmove and Primelocation.

If you would like a "To Let" board erected outside the property, we can arrange this; all landlords have their own feelings about this type of promotion, and we will follow your wishes in this respect.

What should I leave in the property?

As a result of legislation introduced under the Housing Act 1988, property can be let either furnished or unfurnished and a landlord retains the same rights of possession in both cases.

There is a market for letting both furnished and unfurnished property of all types, although the market for unfurnished properties is generally more popular. For your convenience, we have available a suggested list of contents which should be included in a fully furnished property. It is a basic requirement of Anderson Lettings that all properties let should be presented to the tenant in a clean and tidy condition, and that the decoration and contents should be up to an acceptable standard. It has been our experience that a property which is handed over in an attractive state is well maintained and cared for by the occupants.

We would strongly recommend that the property is professionally cleaned prior to the occupation of the first tenant.

The landlord is responsible for basic maintenance of the property for the duration of the tenancy, and this includes repairs to the building as well as keeping all appliances in good repair. We have an excellent team of maintenance contractors who can undertake works which may be required, both before the property is let and during the tenant's occupation.

For unfurnished properties the basic requirements are carpets or equivalent floor coverings, curtains or blinds, light fittings and a cooker; a property supplied without a fridge/freezer and a washing machine are usually more difficult to let and will achieve a lower rental.

A furnished property will have all of the above plus beds and wardrobes, sofas and chairs, table and chairs, occasional furniture and kitchen equipment, vacuum cleaner and gardening tools, if applicable.

It is recommended that a property is not let on a part furnished basis, as it is often difficult to find a tenant for such properties.

APPLIANCES SHOULD BE SAFE AND IN WORKING ORDER. ALL FURNITURE SHOULD COMPLY WITH THE LATEST REGULATIONS.

PLEASE REMEMBER TO MAINTAIN ADEQUATE BUILDING AND CONTENTS INSURANCE AND KEEP YOUR INSURANCE COMPANY INFORMED OF MATTERS PERTAINING TO THE PROPERTY AT ALL TIMES.

Inventories and schedules of condition

Before a tenant moves into your property, we arrange for a full and comprehensive inventory and schedule of condition to be prepared, detailing all furnishings and items to be included in the tenancy, together with comments concerning the condition of the soft furnishings, carpets and general decoration. This is signed by the tenant at the start of the tenancy, and stands as an authoritative record as to the state of the property which can be referred to in detail when the tenancy ends.

This document is critical to the successful conclusion of a letting and therefore it is a condition of employing Anderson Lettings that we prepare an inventory for every property managed by this agency. It is essential that we are familiar with

the property and important that accepted industry standards are followed so that any potential disputes at the end of the tenancy can be dealt with effectively.

The tenant and the tenancy agreement

Once a prospective tenant has been found, we apply for references through a credit referencing agency. The exact references sought depend on the tenant's circumstances, but generally speaking we look for: an employer's reference and a previous landlord's reference. Proof of I.D. is required and a search is made to see if there are any county court judgements. These requirements can be shaped to fit the prospective tenant's situation, to best illustrate his or her suitability as a tenant for your property; a self-employed person is asked to provide details of their accountant, solicitor or auditor, and references concerning the financial stability of the company are sought in respect of a company let. Upon receipt, the references are forwarded to you for approval, and if satisfactory, a date can be set for the tenancy to commence.

Tenancy documentation

We suggest that the initial tenancy is for a period between six and twelve months; on occasion a tenancy of two years or more may be appropriate; six months is normally the minimum period which can be undertaken under an assured shorthold tenancy. Our tenancy agreement is a lengthy document, evolved over a period of time to cover all points necessary to protect your interests with regard to the letting.

The agreement can be amended to include any points which you feel are of particular importance to your circumstances, provided that we are notified in writing of the required amendments in good time.

Tying up the loose ends

Once the tenant has moved in, we set about arranging the details necessary to make the tenancy run smoothly.

The utility services are informed that there is a new occupant, and we supply meter readings and ask that a closing account be sent to the previous occupant of the property, with all future invoices being addressed to the tenant. We contact the following services on your behalf:

- electricity supplier
- gas supplier
- water supply service
- council tax authority

We are unable to notify the supplier of the telephone service, as they only accept notification from the account holder. You should inform them that you wish hand the line over and the tenants are responsible for taking over the service when they move in. If possible the telephone line should be left in readiness for the tenant to take over without having to pay a re-connection charge; the tenants are required in the tenancy agreement not to alter the allocated number without consent.

If you are letting a new build property that has not previously been occupied, you should arrange for a telephone line to be available for the tenant.

Management

To fully relieve you of the burden of administering the tenancy once it has commenced, we offer a complete management service. This covers all aspects of the tenancy, including:

- regular inspections - we report to you in writing at regular intervals during the tenancy, commenting on the general condition of the property and ensuring that the tenant is abiding by the terms of the agreement
- supervision of rent collection - the rent is collected each month on the appropriate date, and is duly passed on to you by BACS into your bank account. You will receive a monthly statement of account
- maintenance and property care - any repairs to appliances or to the property itself are dealt with promptly. We set a budget figure with you at the

commencement of our management contract, and any repairs which can be carried out within this budget are done immediately; we obtain quotations in respect of any larger matters, and forward these for your instructions

- 24 hour emergency assistance is provided to your tenant

We also offer a reduced management service where you can choose for us not to handle emergency and day-to-day repairs; this service is close to a fully managed service and is called **Rent Collection PLUS**. Alternatively, we offer a service where you handle all of your own repairs, inspections and safety certificate renewals, but we handle the financial side; this service is **Rent Collection ONLY**.

For a landlord who is able to manage on their own, we offer the **Tenant Find Only** service. At the end of the tenancy we offer to handle renewal negotiations and when the tenant vacates we will provide an inventory check-out report. If you are letting for the first time, we would suggest that you take one of the managed services, at least for the initial tenancy.

The “let while you sell” option

If required, we can obtain market appraisals from local estate agents, instructs an agent to act on your behalf, and liaise between selling agent and tenant to ensure a smooth relationship between all parties concerned (or work in conjunction with your existing estate agent if the property is already on the market). Tenants are required to give reasonable access to prospective purchasers; their co-operation in these areas is made a condition of tenancy, and included in the tenancy agreement. A good tenant gives the property a ‘lived in’ feeling which makes it more attractive to purchasers. The main benefit of this option is the financial security offered to the landlord - we will seek to maximise your income whilst exercising every option to find a buyer.

Income Tax

Income Tax is payable on your rental income, if you are resident in the U.K. or remain liable to pay tax in this country. However, there are various tax-deductible items connected with renting property relating to general maintenance, depreciation and insurance, which can balance the amount of tax payable. You may be able to use personal allowances and mortgage interest to offset your tax liability. You are also able to claim for agents and accountants fees connected with letting.

Anderson Lettings can prepare a schedule of rent received for each client at the end of the tax year, upon request. A more detailed analysis should be prepared with the assistance of an accountant who is familiar with tax law relating to lettings. We can arrange for this service to be made available to you. Anderson Lettings, as are all lettings agents, are required to provide an annual return detailing on whose behalf rents are collected. We are audited regularly by the Inland Revenue.

Living Abroad

Clients who are stationed overseas often have special requirements, and we are experienced in adjusting our service to allow for the differences which occur. In general, for ease and speed of communication, all information is sent overseas by e-mail or fax, with the original documents following by post where applicable. We can act as signatories to the tenancy agreement under the terms of our agency agreement, and all accounts which are applicable to you as the previous occupant, or existing owner, of your property can be discharged on your behalf.

Overseas clients often have need of a specialist accountancy service, and we can provide assistance from an experienced accountant to handle your financial matters if required. We have to withhold and pay to the Inland Revenue 22% of your gross rental income, unless you obtain exemption. Please ask for further details.

