

COMPLIMENTARY

# Letting Guide

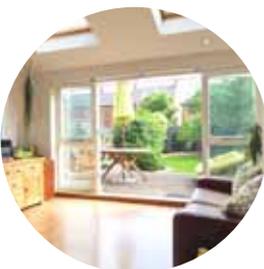


This guide has been produced by Granger & Oaks for residential Landlords in the private rented sector. Its purpose is to provide a basic guide for the letting and day-to-day management of residential property and to help landlords comply with current legislation.

New Landlords with property to rent in Nottingham should call Granger & Oaks on 0115 9629770 to book a FREE, no obligation, market appraisal of the rental value of their property with one of our licensed ARLA trained letting professionals.

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## Preparing your property to rent out

### Décor

Unless you're renting-out something quite special, keep things simple. That doesn't mean that you have to choose Magnolia, but on the other hand if you're renting out Grannie's old flat you may want to remove the anaglypta and choose something a little more contemporary. We would recommend that you ask your ingoing tenants not to redecorate to their personal taste, or alternatively you may want to let them decorate as they wish, as long as they agree to restore to the original condition before you remarket (be careful what you agree to - if you agree to black walls with pink spots until your tenant vacates, you may then find the property difficult to re-let until repainting work has been completed).

### White Goods (Kitchen Appliances)

Whether you furnish your property or not, it is pretty much standard practice for the white goods to be included nowadays.

As with anything 'you get what you pay for' and we always recommend choosing good quality appliances that are going to stand the test of time. Buying cheap appliances can often be a false economy, as you may well end up replacing them much sooner than if you'd purchased something a little more sturdy.

As a Landlord you will be responsible for appliance breakdowns, so we would recommend doing a little research and purchasing good quality reliable machines wherever possible. If you are installing a new kitchen, you may want to consider free-standing appliances when planning. Integrated machines look very lovely but can be twice the cost of free-standing machines to replace if they break down.

### Gas Safety

All rented properties with fitted or supplied gas appliances must have a current gas safety certificate. There should be a copy available for the agent, and a copy left at the property. This must be kept up to date annually by a GAS SAFE registered engineer. For further information visit the Gas Safe Register at [www.gassaferegister.co.uk](http://www.gassaferegister.co.uk)

### To furnish or not to furnish?

Firstly, you need to decide whether to offer the property furnished or unfurnished. Consider your property type and who your likely tenants may be? Will they expect the property to be furnished or is there more need for unfurnished homes in the area? Small flats for professionals in city centres would normally be furnished. Houses for families in suburbs would quite often be unfurnished. In some cases you may offer either. If you are going to furnish, consider who you are furnishing for.

If you're renting an executive home your tenants will expect executive standard furniture. Furnish accordingly and ideally don't choose pieces that will date very quickly. As a very rough guide, furnishing a property will normally increase the monthly rent by around £50 per month for a small property, so there isn't always a large increase. However, if demand for furnished properties in the area is high, the expense of furnishing is often more than compensated for by increased occupancy rates.



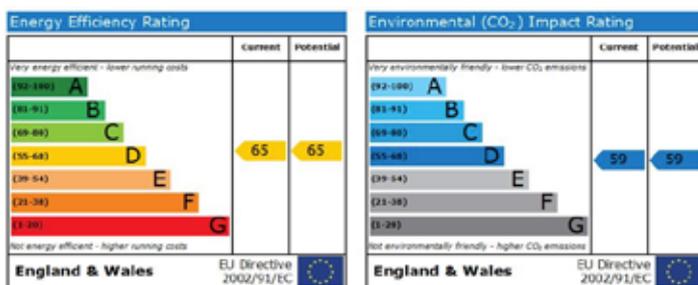
## HMO Licensing

If your property is to be rented out as shared accommodation you will need to consider whether you are required to register it as a HMO (House in Multiple Occupation). Under the current rules, if your property is over 3 floors and has 5 sharers, it will need to be licensed as an HMO. This rule however is now open to interpretation at a local level by local authorities so the criteria changes from city to city. In Nottingham, under selective licensing introduced in 2014, many houses with 3 sharers also have to be licensed. Landlords that potentially have an HMO are advised to contact their local authority to check on the current requirements.

Not registering an HMO carries a hefty fine and can also lead to landlords being banned from managing their own property.

## Energy Performance Certificates

Any property rented out after October 1st 2008 must have an Energy Performance Certificate. EPCs are valid for 10 years and look the same as the bar-charts that you currently see on household appliances. More detail on EPC's can be found from the government website [www.communities.gov.uk](http://www.communities.gov.uk)



## Smoke Detectors

All properties built after June 1992 should have hard-wired smoke detectors on each floor. It is best practice to ensure that smoke alarms are thoroughly tested between tenancies and batteries changed annually.



## Electricity

All electrical appliances and plug sockets must be in good condition and in full working order. No loose wires in plugs, or cracked sockets are allowed. It is vital that ALL appliances are thoroughly checked prior to letting as landlords have a duty of care to their tenants. Any new installations will need to be carried out by an approved engineer with Part P qualification. Find out more about Part P regulations from the NECEIC.

It is recommended that Landlords, particularly for older properties, have a full periodic inspection produced to ensure that everything is working correctly and is safe for use. Find out more about Landlords electrical safety by visiting the NECEIC [www.niceic.com](http://www.niceic.com)

# Moving your new Tenant in to the property

## Keys

Make sure that your tenant or agent has sufficient sets of keys for your property. It's worth taking a photocopy of the keys that you hand-out and then cross-check them when you take them back in. Make sure that you've got a set for yourself in case of emergency or the tenant losing a set.

## The Tenancy Agreement

If you are managing your property yourself, you will need to produce a contract to be signed by you and your tenants. Normally this will be an Assured Shorthold Tenancy Agreement (AST) lasting for between 6 months & 3 years. If your tenants want a contract longer than this, the tenancy agreement will need to be drawn up by deed and should be handled by a solicitor. Similarly, tenancies of a value exceeding £100,000 per annum cannot be drawn up using an AST.

If you elect to use an agent to manage your property, they will normally use their own standard contract and may well sign it on your behalf if you have given them signed authority to do so.



## Inventory & Schedule of Condition

An increasingly important part of the tenancy documentation is the Inventory & Schedule of Condition. The Inventory is a snapshot of the contents & the condition thereof of the property at a given time. The Inventory is normally produced prior to the start of a new tenancy and needs to be completed by somebody competently trained in its production.

The importance of the Inventory has grown due to the introduction of the Tenancy Deposit Scheme in 2007, which now requires detailed and accurate information regarding the property before the start of the tenancy and again at the end.

Landlords are recommended to use a recognised Inventory provider. There are two organisations that train and accredit Inventory providers, APIP (The Association of Professional Inventory Providers), and the AIIC (the Association of Independent Inventory Clerks). Inventory providers will normally offer a range of services from simple Inventory production, through to tenant Check-ins, Periodic Inspection Reports, and Tenant Check-outs. They will also sometimes provide guidance on dilapidations to help landlords & tenants reach agreement on compensation.

Professionally produced Inventories are an essential part of any tenancy dispute and without one landlords are highly unlikely to be able to justify any deductions from their outgoing tenants deposit.

## Utilities

Make sure you take meter readings when your tenant moves-in and then also take them down when they move out. As the property owner you are responsible for advising utility providers and local councils that you have new tenants so they can be billed correctly.



## Do I need an agent, or shall I manage myself?

This is entirely your choice and will depend on your circumstances. It isn't a legal requirement. You'll need to decide whether you are happy looking after the property when it is tenanted and whether you have the time. Do you even live near the property? If you live further than 20 miles away you probably will need somebody to represent you.

### Things you should consider

- Do you live close enough to respond to repair requests quickly, or do you have somebody that can?
- Are you happy being contacted during the day & evening to handle repairs?
- Are you happy collecting rent each month?
- Do you know what to do if rent falls into arrears and you need to take steps to evict the tenant?
- Are you happy that your property meets all the legal requirements to rent it out?

If you are happy with all the above then we would recommend that you manage your property yourself. If not you should appoint an agent to represent you. In a lot of cases you may just need an agent to find you tenants and set the tenancy up. Agents come in all shapes and sizes, from one-man bands operating out of their back bedroom to national operators with branch networks across the country. You may be best served by choosing something in between?



## Choosing an agent

You will find that fees vary from agent to agent quite considerably. This often relates to the size of the business and you may naturally find the larger agents are more expensive than a one man operation working from home that doesn't have any overheads. You should bear in mind that your one man operation will at some stage need to expand so their fees may currently be artificially low.

We would recommend that you choose an agent with good local knowledge. You should also look for professional accreditation so you can be sure that they are qualified to represent you. The main accreditation body for residential lettings is ARLA (the Association of Residential Letting Agents). You can search the ARLA website [www.arla.co.uk](http://www.arla.co.uk) for details of Licensed ARLA agents in your area.

As with any service provider, do your research before you appoint. We'd recommend seeing at least 3 agents before you decide how to proceed. Ask them who will be looking after you? Who will be managing your property? If you are to employ a one-man band, what arrangements are in place for holidays & sickness? Does the agent manage anything similar locally? Don't just choose the cheapest agent. As the old saying goes,

"If you pay peanuts..."

### Research

You should look on the internet at the agents you are planning on seeing. Forward thinking agents will have a well presented website that is easy for tenants to find. You can also normally get some feedback from current customers on sites such as Google+ or All Agents. Agents that are especially bothered about customer service may use a testimonial gatherer such as Feefo who collect independent feedback from clients that have used the agents services.



[www.allagents.co.uk](http://www.allagents.co.uk)

[www.feefo.co.uk](http://www.feefo.co.uk)

Google+

### 10 Key questions for your Letting Agent?

- 1 How are you accredited/qualified to do the job?
- 2 Do you have rent arrears and how are they managed?
- 3 How are your tenants referenced?
- 4 Do you fully reference tenancy guarantors?
- 5 Who will I be dealing with, do I have one point of contact for everything or several different contacts?
- 6 Can you see a copy of a recent inventory & AST? (don't ask for a sample, they're always well produced)
- 7 How much do you charge?
- 8 What is your current occupancy rate?
- 9 Can I talk to some of your current Landlords for a reference?
- 10 When tenants give notice, how quickly do you re-advertise?



## Overseas Landlords

Many of our Landlords live overseas, normally due to work commitments. If you need to work away it isn't always necessary to sell your property, and it would normally make sense to rent it out whilst you are away. If you are going away, you will need to register yourself for tax and complete an annual return. Any income you receive over and above your monthly mortgage interest & expenses needs to be taxed. You can download the NRL1 application form and the explanatory notes from the HMRC [www.hmrc.gov.uk](http://www.hmrc.gov.uk)

## Tenancy Deposit Schemes

This is particularly important if you decide to manage your property yourself. Since April 2007 all Tenancy Deposits must be held in one of three Government approved schemes. In England there are three schemes to choose from. Two allow you to hold the deposit yourself in exchange for a fee to cover insurance, One, the DPS, hold the money on your behalf.

If you use a managing agent, they will have to be members of one of the schemes. If you decide to self-manage, make sure you join a scheme and register any deposit you receive within 30 days. If you don't register the deposit you risk your tenant taking you to court for their deposit back plus a fine of up to 3 times the deposit amount.

As you can imagine, the Tenancy Deposit Scheme leans heavily in favour of the tenant with the landlord being left to prove beyond all reasonable doubt that a deduction needs to be made. None of the deposit schemes publish current data showing resolution results but anecdotally, and from our own experience, we have found that disputes tend to find in favour of the tenant.

### *Insurance*

Landlords are required to have sufficient buildings insurance in place. This doesn't necessarily need to cover contents, but should cover items that are your responsibility i.e kitchen fittings and floor coverings. If you use a letting agent you may want to consider Rental Guarantee Insurance to give you some peace of mind should your tenant stop paying rent and refuse to move out of your property. In reality this is a rare occurrence but if you have a large mortgage to pay it may be something that you want to consider. Evicting sitting tenants can take as long as 5 months, which is a very long time if you are reliant on rent to pay the bills so it is worth discussing with your agent. Typically, Rental Guarantee Insurance costs around 2-3% of the monthly rent.

### *Landlords Associations*

A good source of information for all residential landlords, and we think a must have for owner managers, landlords associations seek to promote good standards in the private rented sector and they can be a valuable resource for anybody involved with renting residential property. There are two National Associations. The National Landlords Association (NLA), and The Residential Landlords Association (RLA), each have their own website and offer good discounts on property Insurance and supplies.

There are also regional meetings where landlords can meet like-minded souls and discuss issues surrounding day-to-day letting & management issues. Regionally there are also several smaller associations catering for landlords regionally. In Nottingham, East Midlands Property Owners Association (EMPO) have over 400 members, offer a helpline & training, exceptional discounts, and have a good recommended supplier list. Find out more at [www.empo.co.uk](http://www.empo.co.uk).

## The Granger & Oaks Team



## About Granger & Oaks

Granger & Oaks is the trading name of GO Property Services Ltd. We provide a full Letting & Management, and Estate Agency service across Greater Nottingham. Established in 2003 GO Property Services are ARLA & NAEA Licensed Agents.

### Nottingham Office

2b-4b Hucknall Road, Nottingham, NG5 1AB

### Get in touch

0115 9629 770

[info@go-ps.co.uk](mailto:info@go-ps.co.uk)

[www.go-property-services.co.uk](http://www.go-property-services.co.uk)

Jonathan Detheridge



Phil Wardle



Diane Bown

