

LANDLORD'S
GUIDE

Drummonds

Property Letting & Management Services

Letting a property
can be a complex matter.

Here at Drummonds our aim is to make the whole process as trouble free and as simple as possible so you can feel confident that your property and financial arrangements are being professionally managed and carefully looked after.

This brochure is designed to help you understand the letting process and answer many of the questions you may ask.

Our advice is free of charge and without obligation. If you do have any further questions or queries, please do not hesitate to contact our office on
Tel: **0118 9479933** or
Email: info@drummonds-lettings.co.uk



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just
to let
you know



45
YEARS

EXPERIENCE IN THAMES VALLEY
PROPERTY IS AVAILABLE TO YOU AS
A CLIENT OF DRUMMONDS.

IF YOU HAVE A PROPERTY TO LET OR YOU
ARE LOOKING FOR A PROPERTY TO RENT,
THEN WE HAVE THE EXPERIENCE
AND SKILL TO MAKE
IT HAPPEN.

We just thought
you should know.



Getting the most out of your property

Becoming a Landlord is a major commitment but it can be rewarding on many levels. Achieving the right balance between quality of property, tenancy and rental value is paramount when creating a trouble-free route to successful investment.

Finding the right Tenant

Defining who that might be is an essential piece of the tenancy jigsaw. The Tenant will be carefully vetted to ensure a good relationship is established with ourselves and, importantly, your property.

Marketing your property

We monitor regularly where the best response is gained and target accordingly. The internet is growing in power and influence and we employ the latest tactics in this medium to ensure that your property displays to the right audience.

Introductory service or full property management

This booklet explains the difference, whatever you choose you can be assured that 45 years experience in the Thames Valley property market will be available to you from day one.

ADVICE

We are happy to provide guidance and advice on all aspects of letting including:-

Rental values

Types of tenancy

Furnishings and legislations

Who needs to be notified

Insurance

We can also give advice on choosing a suitable property for letting should you be looking to purchase an investment property.

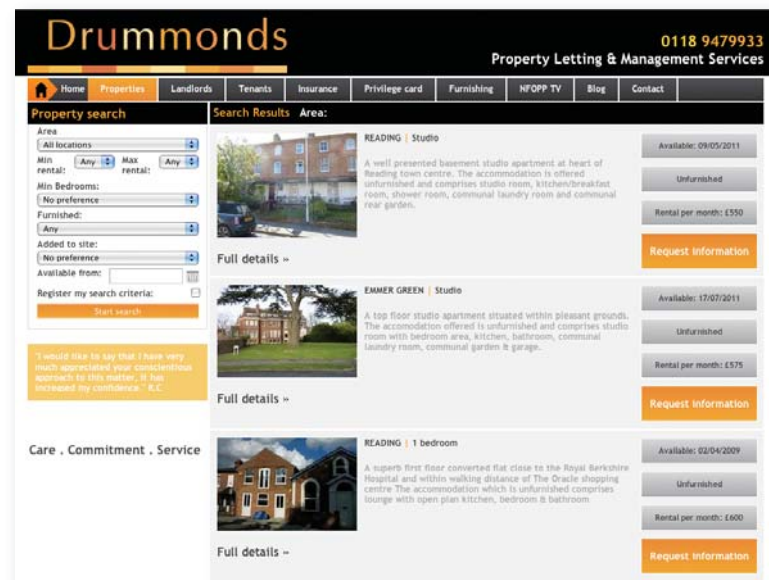
Marketing your Home

We run a very effective website and your property is uploaded quickly following our inspection.

We display your property on all the main property portals including internal and external photographs together with a block plan where appropriate.

The property may also be advertised in local papers giving wide distribution throughout the Reading area.

All potential Tenants who have registered with us, re-location agencies and interested local employers are sent emails with details of the property whilst hot prospects will be contacted by phone.



Acquisitions Advice

We give help and advice to many clients both individual and corporate who are seeking to invest in the rental sector. We act for several leading financial institutions advising on re-development and optimum return. Having over forty years experience in property matters in Reading and the Thames Valley our contacts are substantial and as specialists in letting we can give impartial advice.

We are happy to visit any proposed purchase and discuss all aspects including refurbishment.



THE SERVICES WE OFFER

The correct service for you will depend on the level of involvement you wish to have. Advice can be given as to the service that we feel would be most suitable to you.

↓ FULL MANAGEMENT SERVICE

This involves an overall service which keeps the Tenant at “arms length” and includes:

Marketing:

- Block plans, photographs, details and uploads to all main property portals plus our own website.
- Local advertising where appropriate.
- Direct immediate contact through text, email, telephone with all registered potential Tenants, companies etc.
- Accompanied viewings and initial interviews.

- Notification/discussion with yourself regarding proposed tenancy.
- Full referencing undertaken on initial agreement to rent.
- Tenancy agreements prepared and signed once satisfactory reports received. Separate charge applies.
- TENANT GUARANTEE PUT IN PLACE

- On occupation cleared funds taken to cover rent in advance for initial period together with deposit monies. (Deposit lodged in Government scheme and protected through our Professional Association, ARLA).
- INDIVIDUAL PROPERTY MANAGER ASSIGNED TO YOUR CASE.

- Transfer of utility supply responsibility to Tenant.
- Transfer of Council Tax responsibility to Tenant.
- Inventory prepared by qualified clerk, separate charge applies.
- Check in arranged.
- Check out with qualified clerk, separate charge applies.

- Three monthly inspection visits carried out to ensure appropriate use of property, report issued.
- Maintenance arranged and dealt with following discussion with yourself.
- Any dispute negotiations relating to deposit refund (TDS Reg No. 903617).

- Rent transferred to your account as soon as possible after receipt.
- Monthly statement issued.

↓ INTRODUCTION SERVICE

The above with the exception of :

- Utility and Council Tax transfers
- Maintenance
- Inspections
- Any deposit dispute negotiations

THINGS YOU NEED TO KNOW



Insurance

Buildings and contents insurance are essential and if you are renting out your home for a period you must ensure that your current Insurer is aware of what you intend. There are other products which may be beneficial. We try to ensure that Tenants have their own cover for contents but we cannot insist so it may be worthwhile investing in a Tenant related product. Ask us for more information.

Taxation on Letting Income

Taxation is a very complex subject and our advice is to always seek the assistance of an accountant. However, the following notes are intended as a brief guide for Landlords concerning their responsibilities.

UK Resident Landlords

If you are a Landlord resident in the United Kingdom the Inland Revenue will assess you directly for tax on your letting income as for any other source of income.

Non UK Resident Landlords

If you are treated as a non-resident in the United Kingdom, under the terms of taxation of income from land (Finance Act 1995), whilst a Landlord may be considered non-resident for tax purposes, he still has to pay the United Kingdom income tax on rents arising in this country.

Unless the Landlord can provide Drummonds with an exemption certificate from the Inland Revenue we are obliged, by law, to deduct at base rate a tax provision from rents received and account to the Inland Revenue with these monies on a quarterly basis. Landlords are responsible for obtaining their own exemption certificate and should note that the certificate is issued to the agent and is not transferable. It should also be noted that no interest is paid to Landlords on tax deductions held by Drummonds.

You may obtain an exemption application from Drummonds by downloading from our website or directly from:

Financial Intermediaries and Claims Office (Non Residents)
St Johns House, Merton Road, Bootle, Merseyside L69 9BB
Tel: 0151 472 6208/9209



Reducing your Tax Liability

Generally speaking, the main expenses that may be used to off-set tax liability are as follows:-

UNFURNISHED PROPERTIES



Professional Charges:
Agents, accountants, legal etc.
management charges and
ground rent.

Repairs, maintenance and insurance
premiums (not contents).

Services included within rental
i.e. gardening, cleaning,
service contracts.

Mortgage loan interest if used to
purchase or improve property (must
be payable in UK to UK lender).

Personal allowances.

FURNISHED PROPERTIES



In addition to the unfurnished
allowances:-

Wear and tear
(approximately 10% of rental income
or on a 'replacement cost' basis).

Contents insurance premium.

General repair of contents.

As with any complex issue such as taxation, we strongly advise that professional advice be sought, staff at Drummonds are not qualified to give advice on legal or accountancy matters.

THINGS YOU NEED TO KNOW



SAFETY REGULATIONS

Gas Safety (Installation and Use) Regulations 1994.

These cover all gas appliances, flues, meters and associated pipework and oblige Landlords to ensure appliances remain safe at all times and are checked and certified for safety at least once every twelve months. A record of the checks must be kept together with details of any defects found and rectified.

The following information is intended to give the Landlord a guide to the more important safety regulations in relation to rented property. We should point out that this information outlines the regulations at the present time, but these may be subject to review. We cannot therefore accept any liability for any consequences whatsoever in respect of any failure to comply with safety regulations and would encourage you to refer to the Regulations for full details.

Any work carried out on gas appliances must be carried out by a Gas Safe registered contractor. Gas safe is the body for Registered Gas Installers and is an independent body appointed by the Health and Safety Executive to register gas installers and maintain safety standards throughout the country.

Flues must be correctly installed and efficiency maintained at all times. Open flue appliances must not be installed in a bedroom or bathroom, or any room used for sleeping.

It is vital that instruction booklets are provided for each gas appliance supplied, or if not available, please ensure that clear and concise instructions are left for the safety of future occupants.



The current maximum penalty on conviction in a magistrates court for failure to comply with the Gas Safety Regulations (Installation and Use) is £5,000. Higher fines and imprisonment exist for failure to comply with prohibition notices or improvements notices.

Drummonds

Property Letting & Management Services

Furniture and Furnishings (Fire) (Safety) (Amendment) Regulations 1993.

The rules and regulations concerning fire safety in rented accommodation are rigorous. All Landlords need to be aware of the implications of this safety legislation. This covers all upholstery and upholstered furniture supplied in a rented property including settees, armchairs, loose cushions, footstools/pouffes and covers, futons, sofa beds, bean bags, beds, mattresses, headboards, pillows and garden furniture (if suitable for interior use).

They must all pass the Government 'cigarette test', 'match test' and 'ignitability test'. Duvets, loose mattress covers and carpets are exempt from the Regulations, as is any furniture manufactured prior to January 1st 1950.

Furniture manufactured or sold since 1990 should have regulatory display labels attached. These labels must be left intact as this is the only certain way of guaranteeing furniture conforms to the Regulations.

Furniture manufactured between 1950 and 1990 should not be supplied to a Tenant unless it has been professionally reupholstered with conforming materials.

Fire retardant spray treatment does not comply with regulations and will leave you at risk of prosecution.



Given the nature of these Regulations we strongly recommend that replacement furniture is only purchased from a reputable supplier as there is no alternative method of testing individual pieces of furniture other than applying a naked flame to it. If there is any doubt as to the suitability of an item then it must be removed or replaced prior to the commencement of the tenancy. Mattresses and bed bases should bear a blue label indicating compliance with BS7177:1991

THINGS YOU NEED TO KNOW



Equipment affected by the 1994 Regulations. We recommend a full safety check of the installation and equipment by a qualified electrical engineer, prior to commencement of a tenancy.

The Electrical Equipment (Safety) Regulations 1994. These Regulations apply to all persons who, in the course of business, let accommodation which contains electrical equipment. Landlords supply electrical installations and connected appliances as part of the tenancy, therefore compliance is essential.

All electrical equipment supplied must be safe. This will require that a competent and suitably qualified engineer checks the electrical appliances, including their leads. Any unsafe items should be removed.

The Regulations apply to all electrical equipment, subject to certain exemptions, designed or adapted for use between 50 and 1000 volts in the case of alternating current or 75 to 1000 volts in the case of direct current.

Landlords are obliged under the Regulations to ensure that all electrical equipment supplied is safe for use and does not jeopardise the safety of people, domestic animals or property. Furthermore, all equipment must be inspected regularly to ensure that it is maintained in a safe condition at all times.

Should any piece of equipment have an electrical fault, and is the cause of a human being or domestic animal sustaining an injury, or worse, a fatality, the person responsible for supplying the equipment could be prosecuted in a criminal court. The same applies if the faulty equipment causes damage to property. The current maximum penalty for non-compliance with the regulations is a fine of £5,000 and/or six months imprisonment.

Smoke Detectors

All new homes must be fitted with mains operated smoke detectors. They must be installed on each floor and must be interlinked.

There are currently no regulations governing older homes, however we would strongly advise the installation of at least battery operated devices on each floor.

Where detectors are fitted, it is important that they are regularly checked.



WHO IS RESPONSIBLE FOR WHAT?



As a general rule the Landlord is responsible for the structure and exterior of the property and the Tenant has the responsibility to show a duty of care to the property and its contents.

A Tenant in a furnished property will usually expect a cooker, fridge/freezer and washing machine. You must ensure that these items comply with the current gas/electrical safety regulations and are given to the Tenant in good working order at the commencement of the tenancy. Should these items fail as a result of wear and tear and normal usage then a Tenant can reasonably expect these items to be repaired/replaced at the Landlords expense. Should however a Tenant misuse items the cost of the repair/replacement will become their responsibility. The Landlord is responsible for maintaining all service contracts on appliances (where applicable) and also any maintenance charges or ground rents.

Gas, Electricity, Water Rates, Council Tax, Telephone and TV Licence

The Tenant will be responsible for the gas, electricity, water, council tax and telephone. The Landlord will remain responsible for other outgoings such as the buildings and contents insurance. It remains the Landlords responsibility to inform the telephone company of any change. The Tenant is also responsible for a television licence.

Buildings and Contents Insurance

Letting your home to a third party is probably not covered in your policy and you will need to notify your insurance company that you are letting your property. At the same time it would be wise to check that your insurance covers the full value of what you have left. The Tenant's personal items are their own responsibility. We would strongly advise you to insure your contents against possible damage by Tenants whilst your property is being let. We can provide details of specialist insurers who will be happy to quote for cover.

Energy Performance Certificates

Landlords will need to provide an Energy Performance Certificate (EPC) to prospective Tenants. EPCs can only be produced by an accredited Domestic Energy Assessor. They are used to collect standard information on the property including its size, how it is constructed and its hot water and heating systems. The information is then fed into a government approved software programme, which produces the EPC.

The current maximum penalty for non-compliance with the regulations is a fine of £5,000 and/or six months imprisonment.

FAQs

FREQUENTLY ASKED QUESTIONS

What is the recommended period to let our property?

We would always recommend a minimum letting period of six months and a maximum of a year at any one time.

What checks are made on prospective Tenants?

All Tenants will be credit referenced to check their financial suitability. References will also be obtained from the Tenant(s) employers and previous Landlord or managing agent where applicable. We use an established professional referencing agency. If a Tenant is self employed then they will be required to submit a copy of their latest accounts or allow us permission to obtain a reference from their Accountant.

Please rest assured that we would not pursue any let if the references are unsatisfactory.

When and how does the Tenant pay the rent?

Either by standing order through their bank direct to Drummond's account, or in the case of a Let Only situation we will set up a standing order to be paid direct to the Landlord's bank. The rent is paid one month in advance from the date of possession and thereafter each calendar month in advance. Full Management and Rent Collection Landlords receive a statement each month and rent paid directly into their account.

What deposits are taken from the Tenant?

The Tenant(s) are normally required to pay one and a half months' rent as a deposit against dilapidations in advance from the date of possession. In certain cases a higher figure may be taken (in the case of a pet being allowed for example). The deposit belongs to the Tenant unless it is proved that there has been a breach of agreement terms or damage occurs. Drummonds holds the deposit for the duration of the tenancy in the government backed TDS scheme.

When will the rent be increased?

At the end of each tenancy (even if the present Tenant wishes to extend their tenancy) the rent may be reviewed in line with current market rentals.

What happens if the Tenant does not pay the rent?

We will contact the Tenant at the earliest possible moment (no later than five working days). We will discuss any problems there may be to try to ascertain what the reason for non payment truly is. If we are unable to achieve a resolution, a reminder will be sent seven days after the due date. If fourteen days elapse from the due date the Tenant will be contacted to let him/her know that we are advising the Landlord to take instructions from a Solicitor in order to take legal action in order to regain possession. A Section 8 Notice based on Ground 10 can be served two weeks after the rent is due. A notice requiring Possession Section 21 can be served giving the statutory two months notice.

Can I draw up my own Inventory?

We strongly advise against Landlords drawing up their own Inventory unless they have had the necessary experience in this field. We are able upon your instruction to arrange for a qualified Inventory Clerk to draw up the Inventory on your behalf. Charges apply. Please note that if we are instructed to provide Full Management we are only able to accept instructions on the basis that a professional inventory is carried out.

If my property is damaged what is the procedure?

The following information applies to Full Management Landlords only...

Following the commencement of a tenancy, the property will be inspected generally every three months. If it is obvious that the property and or gardens are not being maintained in a manner that is acceptable, we will advise the Tenant(s) of our dissatisfaction. A request for improvement will be made and a further inspection will be carried out within the course of the next 7-10 days. Landlords on a Let Only and Letting plus Rent Collection should undertake inspections on their property themselves.

As the Landlord may I check the inventory at the expiry of the tenancy and decide dilapidations to be charged?

On Let Only properties the Landlord should arrange with the outgoing Tenant(s) to check out. A qualified Inventory Clerk should be engaged on the tenancy expiry date. Following the check out, dilapidations should be agreed with your outgoing Tenant(s), and a letter signed by both parties instructing us to release the full or balance deposit should then be sent to our office. For clients under Full Management, the check out of the Inventory, negotiation of dilapidations and the return of the balance deposit to the Tenant(s) will be arranged for you by Drummonds Lettings.

When will the dilapidations deposit be released?

There are strict rules governing the holding and release of deposits. On check out the condition of the property must be checked, then (with allowance for fair wear and tear) the agreed balance will be returned within 10 days. If a dispute arises a report will be submitted to the Dispute Resolutions Service and who will decide on the amount to be released.

What happens when a tenancy is due to expire and I wish to re-let?

Two - three months before the tenancy is due to expire; we will contact the Tenant(s) to enquire if an extension is required. If not (subject to management level) arrangements will be made to check out the Tenant through a qualified Inventory Clerk on the last day of the agreement. The property will be placed back onto our books with effect from the fourth/tenth month, giving us two months to find further suitable Tenant(s). In the tenancy agreement provision will normally have been made for access to the property to show prospective Tenants around before the expiration of the tenancy.

Is it possible to occupy the property between tenancies?

Yes, if your circumstances change and you wish to occupy before re-letting, please advise us well before the expiration of the existing tenancy. After you have been in occupation please bear in mind that it may be necessary to update the Inventory or even draw up a new one if you decide to re-let.



Individual or private letting will normally be arranged under an Assured Shorthold Agreement (AST). This means the tenancy would generally be for a minimum six month period. Under the Housing Act, Landlords are obliged to give Tenants a minimum of two months notice. A fee applies for the set up of the agreement. Company lets are classed as Non-Housing Act Tenancy Agreements falling outside the Housing Act. The agreement is treated as a formal contract between parties and the obligations expressed apply as such. Any rental agreement in excess of £100,000 p.a. falls outside the scope of the AST and will be subject to a separate agreement.

What does the tenancy agreement cover?

The tenancy agreement covers the following:

The intervals of payment i.e. monthly, quarterly, the length of the lease and when it expires.

A prohibition from assigning the lease without your express permission, from keeping animals on the premises or using the premises for other than residential purposes.

A prohibition from smoking in the property.

An undertaking by the Tenant to make good any damage other than fair wear and tear to fixtures, fittings and furniture and to maintain the gardens and paths.

An undertaking by the Tenant to pay the accounts for the telephone and other services from the commencement of the lease.

An undertaking to allow access to the Landlord or his agent, two months before the expiry of the lease, to allow him/her to take other prospective Tenants or purchasers around the property.

A clause stating that the lease is terminated if any clause is not adhered to.

As Landlord, you are responsible for in the way of repairs - normally the maintenance of the structure and furnishings of the property together with anything left in the property i.e. central heating boiler, washing machine, cookers etc. You can exclude televisions from your responsibility, but generally the Tenant is only liable for specific damage to items left in the house and not for their general maintenance.

If applicable, any condition under which the tenancy can be terminated prior to its full period having run and without any breach having taken place (e.g. break clause).



Care Commitment Service

Is it essential that I advise my Mortgage/Bank/Building Society about the letting of my property?

Yes, we strongly advise you to notify your Building Society or Bank in writing about your intentions to let. Usually it is one of the conditions of the mortgage. A 'Permission to Let' form should be obtained from your Building Society or Bank, duly completed by them and you before any legal agreements are entered into. A copy of this form must be passed on to Drummonds Lettings. Most Building Societies and Banks are helpful if you intend returning to the property after letting. Your account obviously must be up-to-date and of course, you need to show them how you intend paying your mortgage whilst the property is being let. Building Societies or Banks may slightly increase the interest rate; others may only charge an administration fee.

As Landlord do I have to sign the tenancy agreement?

No, the agreement will be drawn up for the Tenant to sign before taking possession of the property. Generally the agreements will be signed by the Agent on the Landlord's behalf and it will not be necessary for the Landlord to be present at the signing of the agreement.

MAINTENANCE

Under our Full Management Service we will arrange any repairs on your behalf. We will request a limit for minor repairs that we can spend before seeking your approval. You will be advised of all necessary work and progress. Though we often arrange and manage more substantial repairs or improvements we reserve the right to apply an additional fee where greater commitment is required.

Maintenance of domestic appliances

It remains the Landlord's responsibility to keep washing machines, cookers, refrigerators, deep freezers, etc., in working order. Details of any guarantees should be given to us if we are managing. If no such arrangements apply, then you should list the manufacturer's name with the model number and age of such items, so that we can deal with any problems swiftly and efficiently.

Any repairs or maintenance on a Let Only or Letting plus Rent Collection basis should be handled directly by the Landlords. In this instance your Tenant(s) will be aware of your name, address and telephone number in case of repairs etc.

Do I leave instructions on how to use domestic appliances?

Yes, it is essential that you leave a folder containing all instructions on using the domestic appliances. We find that Tenant(s) appreciate tips such as when the refuse is collected and any local information you feel could be helpful during their tenancy.

Where should mail be directed to?

We suggest re-direction of mail to a friend or relative ensuring that any confidential mail is dealt with satisfactorily. A Re-Direction Form can be obtained from your local Post Office.

A good quality Tenant will be attracted by good quality furnishing thus appropriate standard of furnishing and equipment is essential. Appliances need to be in perfect working order and serviced before commencement of the tenancy.

We give below a guide to the items which should be supplied in a typical furnished let though it is intended as a guide only and can be adjusted according to circumstances.

General

Carpets/floor covering, light fittings
Curtains throughout
Vacuum cleaner
Lamps

Lounge/Dining Room

Sofa and chairs (as appropriate)
Coffee table
Side cabinet/bookshelf
Television table
Dining table and four chairs
Cutlery and crockery - up to 4 people
Table mats

Kitchen

Kitchen utensils, saucepans etc.
Gas/electric cooker
Oven, hob, extractor
Fridges, freezers, fridge/freezers
Washing machine/tumble dryer, washer dryer
Iron and ironing board

Bedrooms

Double beds (where possible)
Wardrobes
Chest of drawers
Bedside tables
Mattress protectors

Bathrooms/En Suites/Wet Rooms

Shower (either over bath or separate)
Bathroom cabinet/shelving
Extractors

Garden

Lawnmower
Basic set of garden tools

FURNISHED LETTINGS



UNFURNISHED LETTINGS

Properties being let unfurnished will require the following:-

Carpets/floor coverings and light fittings throughout
Curtains/blinds for all windows
Cooker
Fridge/freezer
Washing machine or washer/dryer (in flats)

We strongly advise you to exclude anything from the property, which is fragile, complicated or requires extensive maintenance and care in use.

Should you feel that there are any questions that haven't been answered in this pack please do not hesitate to contact us:

Drummonds Property Letting & Management Services

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Drummonds



www.drummonds-lettings.co.uk

We are members of:

- The Association of Residential Lettings Agents
- The Ombudsman Scheme