

A SIX-STEP GUIDE TO LETTINGS

All you need to know about becoming a landlord



CLAREMONT
ESTATES

1: PREPARING TO LET

Letting a property is a great way to generate income, but before you can sit back and let the funds roll in there's a lot for you and your letting agent to organise, including:

You

- Preparing your property to let - cleaning, decorating, furnishing. Furnished properties should be 100% habitable from the outset and unfurnished should have working, safety checked appliances and window fittings
- Inviting quality local agents to value your property. Select the service you require, sign the terms of business and provide ID and proof of ownership of the property
- Arranging an Energy Performance Certificate (EPC)
- If you live overseas, you'll need to log in to the HMRC website to complete the Non-Resident Landlord form (NRL1) to prevent tax being deducted in the UK
- Providing a landlord mortgage consent form and freeholder consent if a leasehold property
- Providing a gas safety record
- Advising the council and utility companies that the property will be rented
- Providing a full set of keys for each authorised occupier or tenant together with one for the property management team



Your agent

- Completing all paperwork and legal documents
- Marketing the property
- Conducting viewings and negotiations
- Taking a 'Holding Deposit' to start the process once an offer has been agreed
- Preparing the tenancy agreement and arranging tenant references
- Taking the first rental payment and security deposit and protecting the latter in a registered deposit scheme where applicable
- Getting a professional, independent inventory and check-in/out report

In accordance with the Immigration Act, you are required as a Landlord (and/or agent) to establish that an adult has the right to occupy rented accommodation in the UK. This will entail a visual check of travel documents including visas for all non EU residents. Your Claremont agent is able to provide guidance and/or direct you to available information on the Home Office Website.

1: PREPARING TO LET

Tenant safety is paramount so take the right steps to make your property safe:

Gas safety

The Gas Safety (Installation and Use) Regulations states that you must have all gas appliances, pipework, fittings and flues checked every year by a Gas Safe registered engineer. You must also provide a copy of the [check to the tenant](#).

Electrical equipment

There are lots of regulations covering electrics that you as a Landlord must ensure are safe as you have a duty of care to your tenant to ensure they are safe from hazards. Arrange a portable appliance test (PAT) for all the electrical appliances in your property before you let it.

Furniture and furnishings

To minimise the risk of fire, the Furniture and Furnishings (Fire Safety) Regulations 1988 (as amended 1989, 1993 and 2010) sets out requirements for all soft furnishings. It's illegal to provide furnishings that don't comply.

Smoke alarms and carbon monoxide detectors

Since October 1st 2015, it is a legal obligation to ensure that a smoke alarm is fixed to each storey of the property for rent. Also, any rooms with a solid fuel appliance must have an appropriate detector and all must be working and checked on the day that the tenancy commences.

Other safety issues

Landlords must carry out an appropriate Legionella risk assessment of their property in relation to the possibility of their tenant's contracting Legionnaire's Disease.

Housing Act 2004

This legislation provides further information on how to provide a safe property to a Tenant and covers a number of different areas from lighting and heating, to contaminated land and fire safety. Landlords must ensure they comply with all elements of this.

Inventory

All landlords should commission an inventory by an independent clerk on the condition of their property and its contents at the start of the tenancy.

Claremont offices can suggest good, reliable, third-party firms to provide this service. Your tenants will sign the inventory when they take possession and this is evidence of their agreement with the report's content.

If disputes arise at the end of the tenancy over any deductions from the security deposit, this evidence is vital to the arbitration process offered through the various tenancy deposit schemes.

Presentation

If you want quality tenants who'll look after your property, you need to present a clean, tidy home with quality furnishings.

Keep your options open by adopting a clean, simple decor scheme that won't offend any personal tastes and keep any garden spaces easy to maintain – you'll let the property faster that way.

EPCs for lettings properties

All private residential rental properties must have a valid Energy Performance Certificate (EPC) for tenants to view before contracts are signed. It shows how energy efficient your property is and its environmental impact. The EPC must be made available to all prospective tenants. Those properties with a rating of F or G cannot be let unless they have followed the Guidance on Improvement Protocol. (Your Claremont office can provide you with more information and help you to establish what you must do in order to comply).

2: TENANCY AGREEMENTS

When letting out your property, there are two main types of tenancy agreement to consider...

Assured shorthold tenancy - the most common form of agreement:

This type of agreement applies to all tenancies created after 15 January 1989, and amended from 1 October 2010, where the annual rent is not more than £100,000 and the tenants are individuals, not companies.

The tenant has the right to live in the property for the agreed period or until you, as landlord, serve appropriate notice for the tenancy to end.

Sometimes a break clause is used which allows either party to end the fixed term early otherwise a Landlord can only terminate the tenancy at the end of a fixed period or by a court order in the event of a breach of the agreement.

Non-Housing Act 1988 tenancy - much less common and only applies:

- where the annual rent exceeds £100,000
- or to company (corporate) lets

A non-Housing Act tenancy may be used in other situations, but these do not apply to the usual business of a residential letting agent like Claremont. Non-Housing Act tenancies should be specially tailored to each case.



Claremont uses both of these tenancy agreement formats on a daily basis and your Claremont representative will advise which is the correct agreement for your tenancy.

There are different types of tenancies in addition to those mentioned here and your Claremont office can advise you.



3: AGENT FEES & OTHER COSTS

At Claremont, every local office tailors its fees to ensure they're competitive, whilst ensuring a service of the highest standard

Factor in a contingency fund for the following:

Before you let the property

- Redecoration & professional cleaning
- Furniture and furnishings
- Gas safe register certificate (remember, this will be an annual cost)
- Portable appliance test (PAT)
- EPC - needs to be renewed every 10 years
- Ensure you have permission from any other relevant parties to let the property such as your mortgage company or freeholder
- Any 'extras' negotiated by the tenants, such as furniture or equipment for the property, redecoration or improvements agreed as part of the tenancy
- Maintenance and repairs
- Any void periods where the property is empty, this includes the payment of utilities, council tax and any telephone, sky, broadband or TV licence
- Building insurance (for properties which are let) and contents insurance for any fixtures, fittings and furnishings you own
- Tax on your gross rental income (contact your nearest tax enquiry office for information)

From the start and during the tenancy

- Agent's fees, depending on your level of service
- Check-in/out and inventory reports

Tenants fees

In line with the Tenant Fee Act 2019, landlords and Agents cannot charge tenants any fee which are outside 'permitted payments' that have been approved by the Government. We may give tenants the choice to pay for optional services, but these will be clearly outlined to them.

At the end of the tenancy

Your tenant's lease will normally be for a 12 month term, although it can be longer or shorter. If at the end the tenant wants to stay, as long as they paid the rent on time and looked after the property, you will probably want to let them. This way you avoid empty periods where you won't be receiving rental income.

The structure of Winkworth's renewal fees is clearly laid out in our Terms of Business and will only be charged if a tenant introduced by Claremont stays on.

Offers and deposits — Receiving and accepting an offer.

With Claremont, when a prospective tenant expresses interest in your property, we'll let you know what their offer is and whether they have any special conditions. Then we'll confirm it in writing.

If you accept, we'll finalise paperwork and negotiations with the tenant for you.

Next, your Claremont agent will take a 'Holding Deposit' of one week's rent from the tenant which shows their commitment to the property. The Property will also be taken off the market for 15 days, in line with the Tenant Fee Act 2019.

We'll do all the necessary checks on the tenant and gather all their references, if you instruct us to do so. Provided this information is all in order, we'll invite you and the tenant to check through the agreement and sign it.

At this stage, we'll take the tenant's security deposit. The deposit will be held throughout the tenancy and returned at the end, less any agreed deductions. The deposit amount is five weeks rent for anything under £50,000 and six week for anything above. They'll also have to pay at least one month's rent in advance.

The rent and the security deposit needs to be received and cleared before the tenant moves in.

4: TENANCY DEPOSIT PROTECTION

Tenancy deposit schemes are designed to give the Tenant who signs an AST access to free adjudication in the event of a dispute.

Every agent in England and Wales must be a member of a registered deposit scheme; there are two ways to protect a deposit paid in association with an Assured Shorthold Tenancy and both of these methods are run by approved government authorised schemes. They are:

Custodial schemes

The deposit is held by the chosen scheme and not by the agent or landlord. The scheme is funded by the interest earned from the deposits it holds. The custodial scheme is completely free to use. As the deposit is held by a third party, these schemes are popular and are recommended by Claremont Agents.

Insurance-based schemes

In insurance-based schemes, the agent or landlord holds the money in a separate client account. The agent (or landlord) is charged an annual fee to insure against the landlord failing to send any disputed deposit funds to their chosen scheme when they are required to return the deposit to the tenant (less any agreed deductions).



5: CHOOSE YOUR SERVICE

Whether you're letting a mansion or a maisonette, it's a working relationship between you, your agent and your tenant.

Families, young professionals, corporate-lets and international relocations – we attract quality tenants from all walks of life.

After Claremont finds your ideal tenant at a rental income that suits you, there are three ways we can help:

Management Service

We'll handle all aspects of your rental property, providing a full management service and letting you step back completely.

Rent Collection Service

The same excellent service as our Letting Service package, but we'll also collect rent on your behalf.

Letting Service

Ideal for landlords who prefer to be more hands-on, we'll market the property, verify tenant credentials and handle the final paperwork, but let you take the lead on day-to-day management, including collecting the rent and ending the tenancy.

Whether you own a single apartment or a global portfolio we'll tailor our service to suit you. All our valuations are based on sound research and our fee structure is transparent; just one reason our landlords keep coming back.

6: RESPONSIBILITIES

Yours and theirs.

You, as landlord, agree to the following:

- Allow the tenant to live in the property without being disturbed. Give at least 24 hours notice if you want to access the property in any situation except an emergency
- Maintain the property and keep it in a good state of repair at all times
- Ensure all gas, electricity and water supplies are installed and working
- Ensure that all equipment is safe and in good working order and supply proof where necessary
- Provide all operating and safety instructions for all appliances and equipment
- Insure the property and the contents, fixtures and fittings belonging to you. The tenant is responsible for insuring their personal belongings
- Charge a fair market rent
- And pay any relevant service charges or ground rent on an ongoing basis associated with the property

Your tenant agrees to the following:

- Pay the agreed rent on the agreed date without fail (otherwise they are liable to pay interest from the due date)
- Pay the council tax
- Pay all utility bills and the TV licence, unless otherwise agreed with the landlord and stated in the agreement – together with any telephone or internet services set up by the tenant
- Pay compensation for any damage done to the property during the tenancy (apart from general wear and tear). Damage could include breakages or leaving the property in an unclean condition at the end of the tenancy
- Use the property as a home and not a commercial business
- Take good care of the property and its fixtures and fittings
- Make sure the property is clean and that all contents are left intact
- Replace light bulbs and smoke-alarm batteries and carry out basic maintenance such as looking after the garden or other outside space and using the property in a tenant like manner
- Keep the property secure at all times. Let the landlord or managing agent know of any repairs or maintenance needed on the property as soon as it arises
- Not to alter the property or garden/outside space in any way
- Not create unnecessary noise or disturbance to the neighbours
- Not to create any fire hazards

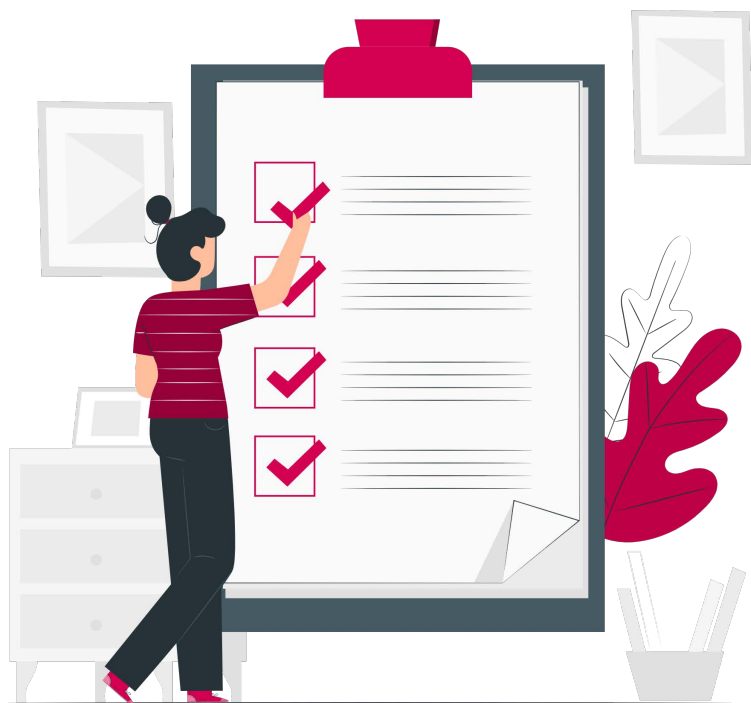
'START OF TENANCY' CHECKLIST

For all new tenancies, landlords are required to provide a number of documents.

As a landlord, you need to:

- Provide a Gas Safety Record
- Provide Energy Performance Certificate or proof of exemption
- Give the tenant a copy of How to Rent: The checklist for renting in England where the tenant is occupying the property under an AST
- Ensure smoke alarms have been fitted on every floor. They have been checked and are in working order at the outset of the tenancy
- Provide confirmation that carbon monoxide alarms are fitted in every room with a solid fuel burning source. They have been checked and are in working order at the outset of the tenancy
- Provide confirmation that the deposit has been protected if already paid where the tenancy is an AST
- Confirmation that the prescribed information for the deposit scheme has been provided where the tenancy is an AST
- Ensure that any closing utility accounts have been settled and new accounts set up in the name of the tenant
- Ensure your tenant has set up a standing order to make future rent payments
- Ensure a check in has taken place giving the tenant an opportunity to review the inventory and any specific points

When instructed to let or manage your property, Claremont will ensure all of the required checks and documents are completed before the start of a new tenancy.



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