



GUIDE FOR LANDLORDS



Greenwood and Company has been operating as a letting agent in Farnham for the past 30 years and has built up an outstanding reputation as one of the most respected and trusted independent agents in the area, offering a high quality service together with integrity and sound professional advice.

We are members of SafeAgent ensuring a high standard of customer service and are bound by the code of practice providing security and peace of mind. In addition, all client money is protected within the SafeAgent Government approved scheme. We are also members of The Property Ombudsman.

Our large prominent offices in Farnham, together with an extensive advertising campaign and on-line presence provide us with a continued stream of waiting tenants.

Our letting lists are mailed to corporate clients, relocation agents – who are seeking accommodation on behalf of companies, and major government departments.

All our properties receive worldwide marketing via our popular website www.greenwood-property.co.uk alongside RightMove. Your property will usually be live on the web within a matter of hours of us receiving your instructions.

We will then send out e-mail alerts to suitable tenants on our mailing list. This form of marketing ensures an immediate response for new properties coming to the market.

WHY CHOOSE US?

Greenwood and Company is a private family run business who specialise in the letting and management of residential property. Our success has been built up through many recommendations over the last 30 years. Our experienced team of property professionals are committed to providing exceptional levels of service and no-nonsense advice with the aim of maintaining long-term client relations.

In a changing world, Greenwoods remain committed to combining traditional methods with the latest innovations.

We consistently deliver results whilst maximising value for our clients. We have been established since February 1991 and have let many thousands of properties for satisfied clients, needless to say our depth of knowledge within the lettings industry is extensive. We have grown to become one of the largest independent Letting Agents in Surrey and Hampshire.

LETTINGS

When we receive instructions to let a property it is inspected by one of the partners, particulars taken and advice given on rental, the latest legislation, and our services.

Details are then prepared and circulated to carefully vetted applicants and companies that are currently on our register. The property is listed on our popular web site and up-loaded to Rightmove, along with social media. In addition to this we have invested heavily in internet search engine optimisation which successfully places us on the first pages of leading search engines such as Google.

The applicants are shown over the property by ourselves, this is normally by prior appointment if the property is occupied. Needless to say keys are never released to a prospective tenant.

Our aim is to find you the best tenant possible, our selection process is meticulous, and we have our own criteria they must pass before an applicant completes a comprehensive questionnaire. Once this is complete and found suitable, the following procedure is carried out:

References are applied for, credit checks, financial background and a search of public records including a credit rating are obtained. A trace of previous addresses is made together with employment and previous Landlord checks. This reference procedure is strictly adhered to and, if there is an element of doubt, the applicant is either refused or the matter referred to the owner. In addition to the above we also carry out right to rent checks as required by recent legislation.

- On obtaining satisfactory references, the agreement is prepared.

Where the landlord is an owner/occupier a break clause can be inserted giving him the right to possession for specific measures e.g. on his return to the United Kingdom and requiring the house for his own occupation. Most private landlords use Assured Shorthold Tenancy Agreements.

There are other qualifying reasons for possession and these are discussed with the individual clients. The break clause usually operates on two months notice.

Where the landlord is not an owner/occupier present day legislation also provides for the obtaining of possession at the end but not during a given period.

The agreement can be forwarded to the clients' solicitor for his approval, or the solicitor can prepare the agreement if the client wishes.

- Once a tenant has been found, an inventory is prepared. This is a detailed and lengthy document which not only lists the contents and decorations, but also their condition and is an essential part of any letting.
- On the commencement day of the tenancy we obtain from the tenant, the signed agreement, the first months rent and deposit, usually paid by Bank Transfer unless by prior arrangement.
- It must be remembered that the property is subject to a 'Fair Wear and Tear' clause and will be subject to the stresses and strains of everyday living. A property cannot be expected to be in the same condition at the end of a letting as it was at the commencement. We further find that internal decorations may need attention after two or three years of occupation by tenants.
- We obtain from the tenant a deposit against damages, this is equivalent to five weeks rent. At the time the tenant leaves, the inventory will be checked and if necessary, a schedule of dilapidation will be prepared and costed. It is an offence for anyone to hold a deposit unless they belong to either an insurance-based scheme or a custodial scheme. The two main aims of the scheme are: To ensure good practice in deposit handling and, to assist with the resolution of disputes by having an alternative dispute resolution service. Greenwood and Company are members of the TDS which is an

insurance-based scheme designed primarily for letting agents. Further details of the scheme can be found at www.tenancydepositscheme.com

- The full replacement cost of articles found defective cannot be charged against the tenant as these articles will have undergone varying lengths of usage. It is the landlord's responsibility to ensure that all items left in a tenancy are maintained in working order, even repairs or replacements to old equipment must be paid for by the landlord. Where possible we strongly recommend service and maintenance agreements. Clients must ensure that we have full details of such agreements in order that they may be kept in force.

MANAGEMENT

At the commencement of the tenancy we arrange for the services to be transferred into the tenants' name. This could mean the loss of a specific telephone number, but it is a very rare occurrence. In the case where a house has oil heating, the tank is dipped and the oil valued. The tenant either pays for the oil at the start of the tenancy or pays for the difference in value, at the end.

The property is inspected at three monthly intervals or more frequently if a tenant reports a problem.

We report to our clients at regular intervals on how the management is proceeding, together with a comprehensive statement of income and expenditure. A copy of this statement can be forwarded to the clients' accountant if requested.

At the end of each month the client's balances are inspected and the balance, less any outstanding bills, fees, possible tax liability, is transferred to the client or his bank.

LEASEHOLD PROPERTIES

Landlords will normally be responsible for the payment of any ground rent or service charge. Our tenancy agreements provide a clause that requires the letting to comply with any covenants within a head lease. If there are any relevant points within the head lease we would ask you to make us aware of these.

INCOME TAX

Income from rent is classified as unearned income by HMRC and is therefore currently taxed at the standard rate of tax, however there are a number of changes due over the next few years and you should investigate all tax matters independently.

You, our clients, fall into three categories:

- Persons paid by H M Government and working abroad e.g. service personnel, foreign officials etc.
- Persons working or living abroad whose salary/income is paid outside the United Kingdom and is therefore not subject to United Kingdom tax.
- All other persons.

The various management acts of parliament have over the years laid the responsibility for the payment of tax, for those persons falling into category 'b' on the managing agents, us.

If you fall into this category then it will be necessary to complete a form from HMRC (NRL1) and send on to HMRC. This form is required in order for HMRC to give us authorisation to pay rent to you gross, with no tax deducted. Authorisation will be granted providing you satisfy the Inland Revenue on any one of the following points:

- There will be no tax due.
- Your UK tax affairs are up to date.
- The revenue is satisfied that you will honour any tax liability.

For those clients who fall into the other categories, the legal responsibility for dealing with HMRC is theirs.

Listed below are some of the allowances that may be claimed.

Allowances to Be Set Against Rental Income:

- Council Tax/Water rates
- Agents fees and charges including VAT
- Maintenance and servicing expenditure
- House and contents insurance
- The cost of telephone calls and correspondence to the Agent
- The cost of visiting your property on necessary occasions can be claimed for, providing they are sensible e.g. in the case of evictions. You will have a fair chance that the Inspector of Taxes will allow some or all that you claim.

The above are broad outlines only, and as a further guide a few specific points to watch out for are shown below.

- **Period of allowances**
Relief cannot be obtained for repairs or maintenance etc., that occurred before the property was made available for letting.
- **Improvements**
No expenditure for improvements, alterations or additions to the property, can be claimed.
- **Excess expenditure carried forward** If as a result of excessive maintenance work in one tax year, and there is no tax liability, then the balance can be brought forward into the following tax year, to be offset against income in that year.

NOTE: As mentioned above, HMRC are currently making changes to tax due from rental income which will include a reduction in allowance from interest paid to a lender and the removal of the 10% dilapidations allowance. You should investigate your tax liabilities as these changes are likely to alter as we get closer to its implementation.

TYPES OF TENANCY AGREEMENTS

From the 28th February 1987 all tenancy agreements will be Assured Shortholds unless specified otherwise. Whilst there is no minimum term it should be borne in mind that a landlord will not be able to force possession in the first 6 months, unless there have been certain breaches of the agreement. Most tenancy agreements are for a minimum period of 6 months.

WHAT SHOULD BE LEFT?

Many clients have varied ideas on what should be left in the property. It very much depends on the nature of the property, its situation and environment etc. If a landlord considers the situation from the potential tenants point of view it will become apparent that those properties well presented and with a high standard of furnishings and equipment will attract a higher rental value than those not so well presented and equipped. (It very much depends to which segments of the letting market the property will appeal). An unfurnished property basically equipped with cooker, carpets and curtains may well attract a long let due to the costs that the tenant would otherwise incur in the storage of his furniture. Alternatively, a property poorly equipped may require continual repairs and replacements

throughout the letting period resulting in a reduction in the net income available to the landlord.

INSURANCE

It is important that the landlords' insurance company is advised of a letting in writing and confirmation is obtained that full cover will be maintained.

RENT GUARANTEE AND LEGAL PROTECTION

Before a tenancy is agreed, all applicants are very carefully screened to determine their suitability as a tenant and their ability to meet the requirements of the Tenancy Agreement. However, events can occur in the future that can alter a tenant's circumstances and occasionally problems can arise. Previously unforeseen difficulties such as illness or redundancy can lead to a tenant failing to pay the rent. For peace of mind and to avoid these situations, choose our Premium Full Management Service. This includes Rent Guarantee and Legal Protection with our staff will be happy to provide further details upon request.

AGREEMENTS

The types of agreement used varies with the type of tenancy, the agreements which are used by us have been approved by the RICS, ARLA and Law Society.

The Agreement is of a standard format drawn up by The Lettings Centre and proven in court.

BANKS

The Bank, or other lender who has an interest in the property, should be notified of a proposed letting and their permission obtained in advance.

MAINTENANCE AGREEMENTS

We suggest landlords have their domestic appliances and central heating systems serviced prior to letting and, if possible, a service contract taken out on the central heating system.

GARDENS

Except for larger houses, the tenants are liable to maintain the garden in the same condition as when they take up occupation. In order to do this, and in the case of a furnished property, suitable tools and a satisfactory lawn mower have to be provided. The condition of gardens is a possible cause of dispute and it is a fact of life that some people do not like gardening. However, it is a basic requirement that lawns are regularly cut and borders are kept weed free.

PETS

It is for the landlord to decide whether pets are acceptable.

ELECTRICAL APPLIANCES

It is advisable to leave manufacturers instruction leaflets and any guarantees or servicing agreements at the house or with ourselves. Please ensure that doors of refrigerators and deep freezers are left open and stopcocks turned off. Payment for the repair of any breakdowns are the responsibility of the landlord, however, we can make arrangements for the repairs to be carried out by local contractors, tried and tested, and at very competitive prices.

CHECK OUT

An Independent Inventory Clerk will check the condition of the property and contents against the original Inventory and Schedule of Condition, collect all keys and make the property secure. Greenwood and Company will advise the utility companies of meter readings and the forwarding address of the tenants for final billing. A check out report will be provided and any costs for cleaning and repairs (other than fair wear and tear) will be charged from the tenant's deposit, subject to the tenancy deposit scheme regulations mentioned earlier.

GENERAL

- Please remember that your property will be subjected to the stresses and strains of everyday living. We must emphasise that it is vital that you remove any items not easily replaceable or expensive.
- We will approve, without prior reference to you, maintenance and repair expenditure up to an amount previously agreed with you which will be shown on your monthly statement. In excess of this amount we will refer to you, prior to expenditure unless such expenditure results from an emergency in your home.
- Unless special arrangements are made our management will only operate for the period in which the property is let.
- We cannot pay outgoings on your behalf in excess of rents available to us in your account. We do not however ask you for a float as we rely on rent in or due in to settle any outgoings.
- We will question obvious errors on suppliers' invoices, but we will pay bills on your behalf which appear correct.
- You should advise your insurers, both of Building and Contents insurance of your intention to let the property. They may advise on any additional cover or exceptions that are necessary.
- Please ensure that all water pipes and storage tanks are sufficiently lagged.

FIRE REGULATIONS

Take Notice that your furniture must comply with The Fire and Furnishings (Fire Safety) Regulations 1988 as amended with effect from 1st March 1993. These relate inter alia to the provision of upholstery and upholstered furnishing, loose fittings, permanent or loose covers and materials which may be subject to ignition. Breach of these regulations carries heavy penalties such as six months' imprisonment and/or a fine of up to £5,000.

If any furniture supplied to the property which you let does not comply with the regulations and carry the appropriate safety label, it should be removed and/or replaced.

GAS REGULATIONS

All gas appliances must be serviced/inspected by a qualified Gas Safe registered engineer at least once a year and we should be advised of the last service dates.

SMOKE ALARM AND CARBON MONOXIDE DETECTOR

From 1st October 2015 it became a legal requirement for every new Tenancy to have a smoke alarm on every floor and a carbon monoxide detector in any room where solid fuel is burnt i.e. log burner, open fire.

ELECTRICAL EQUIPMENT (SAFETY) REGULATIONS

Since the 9th January 1995 it has been an offence to supply electrical equipment that is not safe. Broadly speaking, safe means that (unless it is tampered with) there is no risk of injury to people or domestic animals or damage to property. Although there are no specific requirements at the present time, you must have good reason to believe that the electrical supply, equipment and appliances are safe, rather than simply no reason to believe that they are dangerous. It is therefore recommended that a check be carried out before letting and annually thereafter.

THE ELECTRICAL SAFETY STANDARDS IN THE PRIVATE RENTED SECTOR (ENGLAND) REGULATIONS 2020

From the 1st July 2020 Landlords must obtain a valid Electrical Installation Condition Report (EICR) to ensure that every electrical installation in their residential premises is safe. Properties must be inspected and tested every 5 years by a qualified and competent person. These new regulations apply to all new lettings from the 1st July 2020 and include renewals of existing tenancies, or where a tenancy reaches the end of its fixed term and continues on a periodic basis. The regulations will then be rolled out to include all tenancies from July 2021. A copy of the condition report must be provided to the tenant. If the report is unsatisfactory and requires remedial work or further investigation, you must ensure that this is carried out by a qualified and competent person within 28 days or sooner if the report dictates. Greenwood and Company can arrange this for you, please see charges at the end of this guide.

ENERGY PERFORMANCE CERTIFICATES

From 1st October 2008, landlords in England and Wales will be required by law to provide their new tenants with an Energy Performance Certificate (EPC). The landlord is responsible for ensuring a valid certificate is made available, even if a letting agent is managing their property. The EPC is valid for 10 years and we can arrange for this to be carried out if you wish, or if you believe one has been completed within the last 10 years we will check the central EPC Register. From April 2020, all property in the Private Rented Sector must have an EPC rating no lower than E, therefore it will be unlawful to let a property which has an EPC rating of F or G, unless there is an applicable exemption. The certificate will provide a rating of the energy efficiency and carbon emissions of a building from A to G, where A is very efficient, and G is least efficient.

ADDITIONAL FEES

We do not charge additional fees other than those previously agreed with the client. As an example, we do not charge additional fees for any maintenance work carried out on your behalf at your property. This currently seems to be common practice with many agents and is something we strongly disagree with. Needless to say, Trading Standards support our views and a number of initiatives are currently being explored by Government to outlaw this practice.

LEVEL OF SERVICE OFFERED

Tenant Find: 10% of the term up to a maximum of 12 months

Rent Collection: 12% of the monthly rental income

Fully Managed: 14.4% of the monthly rental income

Premium Fully Managed with Rent Guarantee and Legal Protection: 14.4% of the monthly rental income plus –

Rent Under £1500.00 pcm £48.00 per month or £504.00 per annum

Rent Over £1500.00 pcm £60.00 per month or £648.00 per annum

ADDITIONAL FEES AND CHARGES (IRRESPECTIVE OF LEVEL OF SERVICE)

Tenancy Set Up Fee (up to two applicants, advise and agree market rent, marketing photos, advertise property, erect board, accompany viewings, negotiate tenancy offers, arrange tenant references, advise on Landlord obligations, current Regulations and compliance.)	£350.00
Additional applicant/guarantor	£72.00
Initial Tenancy Agreement	£200.00
Renewal Tenancy Agreement	£150.00
TDS Tenancy Deposit Service Fee	£78.00 per annum
TDS Claim Submission & Defence	£250.00
Inventory & Statement of Condition	from £170.00
Check Out	from £140.00
Check In	from £120.00
Legionella Risk Assessment	£250.00
Energy Performance Certificate	from £180.00
Electrical Safety Tests	from £250.00
Issuing Section 21 Notice Seeking Possession	from £200.00
Issuing Section 13 Notice Rent Increase	from £150.00
Obtaining estimates & supervision of works	15% of cost of works over £2000
Hourly Rate for other works (duplication and testing of extra keys, in-between tenancies property management, extra property visits)	£85.00 per hour
Vacant Property Management	£164.00 per month
Minimum Fee (in case of early termination)	£950.00