

# **UK TO LET: The Future of Property Management**

**Maximise your income – Minimise the risk**

## **TERMS AND CONDITIONS**

### **Full Management Service**

This service includes:

- a. Securing a suitable Tenant through contact with a large number of companies registered with us, and advertising in local, national, and specialist publications where relevant. The property will be included in our regular property list and circulated. We will arrange for viewings on your property, accompanied where appropriate.
- b. Obtaining appropriate references.
- c. Collection of the first instalment of rent where appropriate.
- d. Preparing a Tenancy Agreement and any relevant notices.
- e. Arranging and preparation of an inventory of your property and contents as a mutual Landlord/Tenant safeguard where required.
- f. Arranging and preparation of a photographic inventory of the condition of all main fixtures and fittings as well as walls, floors and ceilings.
- g. Monthly rent collection.
- h. Payment of the proceeds into your bank account where required.
- i. Submitting accounts to you where required.
- j. Where possible, make arrangements for meter readings and telephone accounts at commencement and termination of the Tenancy. Where possible, try to ensure that accounts are transferred into the Tenant's name for the duration of the Tenancy.
- k. Arranging for the Tenant to be checked in and out of the property as required.
- l. We will carry out a routine inspection of the property if no serious defect requiring an inspection has been reported to us in the meantime. It should be appreciated that any such inspection and assessment of defects, which are brought to our notice, will be of a cursory nature and embrace only apparent or obvious defects; it will not amount in any way to a structural or complete survey.
- m. Payment of water rates, insurances, ground rent etc, on your behalf where appropriate and where instructed by you to do so.

### **Let Only**

This service includes terms a, b, c and d as detailed in the Full Management Service and e and f at an additional cost, where requested.

### **Void Periods**

Our management facilities do not come into effect until a Tenant has taken up occupancy.

### **Rental**

We will agree with you a rent to be quoted to potential Tenants. Unless specifically agreed otherwise, this will include all payments for which you are responsible, such as water rates, ground rents etc.

### **Insurance**

You should make certain that your property and contents are adequately insured, and that your policy covers lettings, whether furnished or unfurnished.

### **Presentation**

To maximise the letting potential of your property and to minimise the periods when the property is empty, we strongly recommend that professional cleaners be contracted to thoroughly clean the property once it is vacated.

### **Maintenance and Repairs**

- a. The agent shall liaise with the client or his nominated contractors to carry out repairs and maintenance. The agent shall oversee necessary repairs (but not to the extent of performing architectural or engineering services).
- b. The agent shall agree with the client a nominal fee for repairs on the property of up to and including £100, or as otherwise agreed in the Terms of Engagement.
- c. Where practical, estimates will be obtained and the Client's approval sought for works, renewal or redecoration. Where the Agent inspects, this shall not be deemed to imply that such repairs, renewals or redecoration have been carried out satisfactorily or otherwise.
- d. In the case of an emergency, the Client consents to the agent instructing contractors to carry out such emergency work necessary to repair and protect the Client's property, without prior consultation.
- e. Unless agreed in writing, the Agent will pay current outgoings and the cost of repairs on behalf of the Client from the monthly rent collected.
- f. Should there be insufficient monies to cover the cost of the repairs; the client agrees to reimburse the Agent any such costs that the Agent is likely to incur on behalf of the client.

### **Tenancy Agreement and Charges**

A standard Tenancy Agreement is used and a charge for this is incorporated in the letting fee unless otherwise stated. We reserve the right to charge this fee. We would point out that we are not solicitors and cannot offer you formal legal advice. We recommend that you consult your solicitor should you require further information on your legal position as a Landlord.

### **Community Charge**

The Landlord is liable for Standard Community Charge for a property that is not his principle residence and is not let, or is let for less than six months. The occupant is liable for personal Community Charge if it is their principle residence and he/she is in the property for a minimum of six months. Rentals quoted by ourselves will be exclusive of the personal or standard Community Charge.

### **Leaseholders/Mortgagors**

If your property is leasehold, please ensure that:

- a. Any intended furnished letting is permitted by the terms of your lease;
- b. Any tenancy is for a period expiring prior to the termination of your lease. The written permission of the Landlord, if necessary, is obtained for sub-letting.

If the property to be let is subject to a mortgage, please ensure that:

- a. Permission is obtained from the mortgage lender to sub-let the property (it is advisable to obtain such permission at an early date prior to any sub-letting);
- b. Any joint owner's permission has been received and that their name(s) appear on the Tenancy Agreement.

### **Changes of Tenancy**

If, during our management, there is a change of Tenancy, we will arrange any cleaning and minor repairs to the property required for new Tenants, as instructed by the owner of the property. The costs will be met by the Landlord.

### **Instruction to Solicitors**

Should any rent arrears or breaches of covenant be brought to our attention you will be informed. Thereafter, should legal action be though necessary, we can instruct and/or liaise with Solicitors.

### **Schedule of Dilapidations**

At the termination of Tenancy, a schedule of Dilapidations should be prepared. Any damage or dilapidation which may have occurred during the Tenancy is recorded on schedule. Copies are sent to both the Landlord and the Tenant who mutually agree what amount is to be repayable by the Tenant/Guarantor.

### **Purchase**

In the event that a sale of the property should be agreed with the Tenant or any other associated party after the commencement of the Tenancy leading to an exchange of contract, Uk-to-Let's fee will be 0.75% of the sale price of the property. This will include all furniture, fixtures and fittings, less the letting fee received on this Tenancy before such a sale up to a maximum of one year's letting fee. This commission will become payable once the sale is completed, or one month after the exchange of contracts, whichever date is sooner.

### **Sale**

In the event that you sell a property which we have let for you, and the Tenancy is to continue, then in your own interest you must ensure that the purchaser agrees to pay the commission due to Uk-to-Let in respect of the remainder of the Tenancy (and any extension) after completion of the sale. If this is not done, you will be liable to pay it yourself even though you no longer receive the rent.

### **VAT**

Where stated, our fees and any other charges will be subject to VAT at the appropriate rate, or any other tax that may be imposed.

### **Income Tax and Management Act 1970**

Income from UK property is subject to UK Income Tax even if the Landlord is resident abroad, or a company registered overseas. In these circumstances, the Inland Revenue holds the agent liable for Tax on the Landlord's letting income (or the Tenant, if the rent is being paid directly to the Landlord). If it appears that we will be so assessed, we will set aside monies from the rent to meet any tax claims or returns, or negotiate with the Inland Revenue on your behalf.

### **Indemnities**

The Landlord agrees to indemnify us as an Agent against any costs, expenses or liabilities incurred or imposed on us provided that they were incurred on his behalf in pursuit of our normal duties. We therefore recommend a Landlord should prudently arrange insurance cover in respect of such matters for the term of the Tenancy.

Every endeavour will be made to ensure the Landlord has the protection allowed in law to enable him to obtain possession of his property. In addition, every effort is made to provide a satisfactory Tenant but no responsibility/liability can be accepted by the Agent for damage caused to the property or for rental loss.

### **Signature**

A Client's signature on the Agency Agreement Statement signifies recognition and acceptance of the conditions contained herein. Unless notified in writing, the client agrees that the Agent will sign the Tenancy Agreement on the Client's behalf as your Agent.

### **Termination of Agreement**

Either party may withdraw from the Agreement by giving one month's notice. In the event of this Agreement being terminated whilst the Tenancy continues, a fee equivalent to 50% of one month's rent, shall become payable to the agent.

## RENTING THE PROPERTY

### Things you need to know

- a. You will be the Landlord, not the Agent.
- b. You should obtain the permission of your Building Society.
- c. You should retain responsibility for maintaining all insurances.
- d. It is possible to insure against rental loss.
- e. You will be responsible for all repairs.
- f. Expenditure on maintenance agreements/repairs are tax deductible.
- g. You will need to pay your ground rent.
- h. Decoration should be clean and presentable.
- i. Furniture must be clean and presentable.
- j. Operating instructions should be provided for all equipment supplied.
- k. In furnished accommodation adequate crockery, cutlery and cooking utensils should be provided.
- l. No sheets, towels etc, are necessary.
- m. In vacant property, the refrigerator/freezer should be left off with the door open.
- n. All carpets should be left clean.
- o. If the garden is to be maintained by the tenants they should be left well cared for with secure fencing and serviceable garden tools should be provided.
- p. Gas and electricity meter readings will be taken from the property prior to the tenant signing up.
- q. You will be responsible for the Community Charge/Council Tax due when the property is not occupied by Tenants.
- r. You may be responsible for the payment of water rates unless a water meter is fitted.
- s. If you require us to refer to specialist suppliers in order to complete repairs, we can do so, provided we are supplied with the necessary details.
- t. You should be aware of the Fire and Furnishings Regulations Act, 1988 (Fire Safety, amended in 1989 and 1993) and the provisions it contains.
- u. You should be aware of the provisions and comply with the terms contained within the Gas Safety (Installation and Use) Regulations Act, 1994.

### Advice Relating to Legislation Affecting Landlords and their Properties

The regulations have been phased in as follows:

In accommodation first let AFTER 1 March 1993, furniture has to comply with the regulations immediately.

In accommodation first let BEFORE 1 March 1993, furniture did not need to comply until 1 January 1997.

From 1 July 1997, non-complying furniture can only remain in the accommodation until the first new agreement is made with a new Tenant. This new let counts as a new supply of the furniture and consequently all non-complying furniture must be replaced otherwise you will be breaking the law.

### **How to buy safe furniture**

If you purchase furniture from persons selling in the course of a business then that furniture should already comply with the regulated requirements. However, experience has shown that much of the furniture sold by second-hand dealers may not comply, so extra care is needed. You should also remember that furniture sold by 'private individuals' may or may not comply, so again, extra care is needed.

It is not easy to determine by external examination alone, whether or not furniture does comply with the Regulations. However, any furniture that does comply would have originally been sold with a permanent label stitched in (usually on the base of the furniture or on the underside of a cushion). The label is headed "Carelessness Causes Fire". Consequently an easy check is to look for the label. Any upholstered furniture that does not bear such a permanent label should be regarded as suspect.

### **Mattresses and Bed Bases (Further Information – Trading Standards Service)**

Mattresses and bed bases should bear a blue label indicating compliance with BS7177: 1991.

### **Mains Electrical Equipment (Further Information – Trading Standards Service)**

If electrical equipment is supplied with let accommodation then it must be safe. This applies to such items as kettles, televisions, electrical cookers etc.

The law does not stipulate that you have to have each item of electrical equipment tested. However, it is strongly recommended that you should consider having items tested to protect you Tenant from danger and yourself from possible prosecution and/or civil litigation. Any tests should be carried out at reasonable intervals, bearing in mind the likely rate of usage of the appliance. Make sure any test identifies the equipment tested clearly and keep such test reports for your own reference and to produce to the enforcement personnel, if required.

Any plug on an electrical appliance must be a 'standard plug', i.e. of an approved type, with live and neutral pins sleeved and having the correct fuse rating for the appliance to which it is connected. Mains appliances must by law, be supplied fitted with a plug.

### **Gas Appliances**

#### **Supply (Further Information – Trading Standards Services):**

- a. All new and second-hand gas appliances as part of a let must be safe and have clear instructions and warnings appropriate to their safe use.
- b. Installation and Use (further information – Private Sector Housing and Health and Safety Executive).

Landlords must assure all gas appliances and flues (this includes bottled and LPG cabinet heaters), are maintained and checked for safety at least every 12 months.

You must also keep records of maintenance and safety checks and make this information available to Tenants upon request.

c. Advisory:

Any LPG heater presents a health and safety risk due to it being a portable source of heat. In addition, it creates severe condensation and this may contribute to the dwelling being unfit for human habitation. Landlords are strongly advised not to provide LPG heaters for their Tenants.

**Other Appliances and Goods (Further Information – Trading Standards Service)**

The above requirements relate to some categories of high risk goods/appliances. Other goods/appliances not otherwise covered in these guidance notes which are supplied for the use of Tenants, must be reasonable safe. Where instructions/warnings are necessary for the safe use of goods/appliances, these should be supplied in writing, together with the goods/appliances.

**Security**

Having a burglar alarm is not compulsory but it may be a facility that a prospective Tenant would look for.

We would advise that all external doors be fitted with five lever mortice locks. It is advisable to ensure that all windows capable of being opened are fitted with window locks. This is often a requirement of household insurance.

**Local Housing Allowance (LHA)**

Local Housing Allowance is a benefit paid to individuals who wish to rent a property but do not have sufficient income to support the contractual rent. LHA is mean tested and is subject to a number of regulations limiting its scope. It is administered by the local authority but the 'Market Rent', i.e. the rent used to establish the appropriate benefit level, is set by the Rent Officer Service. We advise Landlords to accept the contractual rent as the market rent set by the Rent Officer.

## **SAFETY OF GOODS AND EQUIPMENT SUPPLIED WITH LET ACCOMMODATION.**

### **What does the law require?**

Current consumer safety legislation requires goods, including such items as gas cookers/heaters, electric toasters, televisions, furniture etc supplied in the course of a business to be reasonable safe. Practically all goods are covered, both new and second hand. All goods have to satisfy general safety provisions. Certain 'high risk' goods, including electrical equipment, upholstered furniture, gas cooking appliances etc, are covered by requirements contained in specific safety regulations.

The supply of such goods in rented accommodation in the course of business is considered to be a hire transaction and as such covered by consumer safety legislation. The following notes are intended as a guide to the law only.

### **Who is covered?**

Those letting accommodation in the course of business where the supply of the accommodation includes the supply of goods etc. Furniture and domestic appliances must comply with the law. Those acting as accommodation agents would appear to be liable where they enter into a contract with a Tenant, under which an agreement is made to let a furnished property on behalf of a Landlord, or where they purport to act as the Landlord for the purposes of such an agreement.

### **Furniture (Further Information – Trading Standards Service)**

Upholstered furniture must comply with regulations covering flammability. These regulations were brought in to force to try to reduce the number of deaths resulting from toxic fumes given off by upholstered furniture in fires. Furniture that does not have a permanent label attached claiming compliance with the Furniture and Fittings (Fire Safety) Regulations, should be regarded as suspect. Furniture made before 1950 is exempt.

The definition of 'furniture' covered by the Regulations is wide. A DTI booklet, available from the Trading Standards Service, gives full and detailed guidance on the scope of the Regulations.

The Regulations control the supply of furniture in accommodation let in the course of a business. Providers of such furnished accommodation, including Estate Agents, Letting Agencies AND Landlords acting in the course of a business, have to ensure that furniture in properties complies with the Regulations.

### *Energy Performance Certificates*

Landlords will need to provide an Energy Performance Certificate (EPC), which will be valid for ten years, to prospective Tenants the first time a property is let, or re-let, after October 2008. EPCs can only be produced as a result of a survey by an accredited Domestic Energy Assessor. They 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.

**CONTRAVENTION OF ANY OF THE REGULATIONS AS DETAILED  
IN THESE GUIDANCE NOTES IS A CRIMINAL OFFENCE AND  
COULD RENDER YOU LIABLE TO PROSECUTION. THE MAXIMUM  
PENALTIES ARE FINES OF UP TO £5,000 PER OFFENCE,  
IMPRISONMENT FOR UP TO SIX MONTHS, OR BOTH.**