

# WELCOME TO OUR LANDLORD GUIDE FOR RESIDENTIAL LETTINGS

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Letting your property demands careful planning and you need a professional agent who will look after your interests.

It is important that you are aware of your responsibilities as a landlord, as well as knowing the best way to optimise your investment.

This guide is designed to give you help and advice in this area and explain the service we can offer in helping being a landlord as stress-free as possible.

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# FINDING THE RIGHT PROPERTY

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Empire Estates are able to provide all the expertise you need to ensure that you choose the right type of property to suit your budget and personal circumstances.

We will advise you on the location, local demand and rental values to enable you to achieve the most from your investment, as well as explaining all the legal, financial and tax issues wherever possible.

In general terms, the smaller the property, the greater the return in rent on your investment. One and two bedroom houses and apartments and three bedrooms houses are ideal. A modern property may be preferable from a maintenance point of view but a carefully renovated older property is fine.

Good residential localities attract better tenants and demand is usually stronger for town centre rather than country properties.



# WHAT'S NEXT

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The first stage towards letting your property is to meet with us for a '**Lettings Market Appraisal**'. We provide the service free of charge with no obligation.

Every property is different so in assessing rental value, we take into account the condition, location and current demand. Most importantly, we have the knowledge of other properties currently being offered for rent and historic information on rents achieved.

During the valuation appointment we will advise you about any action you can take to maximise the rental income and its desirability to potential tenants.

**Getting your Instructions:** Once you are happy with our Market Appraisal which includes our marketing proposals and terms of business, we will receive your instructions to act on your behalf in finding a tenant and securing a tenancy.

## Furnished Lettings:

- All furnishing i.e. beds, upholstered chairs and sofas must comply with the furniture and furnishing (fire) (safety) Regulations Act 1988. Any furniture manufactured before 1988 will generally not comply
- All bed linen, towels and ornaments should ideally be removed
- If an electrical appliance such as television, toaster or washing machine breaks down, it is your responsibility to repair or replace it

## Unfurnished Lettings:

- Includes carpets or laminate flooring, curtains/blinds and light fittings.
- Kitchen appliances (known as white goods) should be in good working order with instructions and preferably insured for breakdown
- Smaller wall mounted items such as mirrors in the bathrooms and cloakrooms, toilet roll holders and towel rails



# ATTRACTING THE PERFECT TENANT

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## WHAT WE CAN DO

**Brochure:** Quality of presentation is the keystone to any marketing campaign. We would prepare high quality printed brochures incorporating a floorplan and a selection of photographs.

**Internet Advertising:** Approximately 90% of buyers begin their search for a property through the internet. Our website ([www.empire-estates.com](http://www.empire-estates.com)) is important to the marketing of your property, we have designed the site in such a way that Google and other search engines can easily find our site and the properties listed on it. Furthermore, we have created a fully optimised mobile website for visitors. We are also main subscribers to online property portals including Zoopla and Rightmove.

**Window Display:** We will display your property in our office window, which boasts a prominent and very noticeable presence on the high street.

**Viewings:** All appointments to view would be made by prior arrangement. All prospective purchasers will be pre-qualified with regard to their buying position prior to confirming an appointment.

In addition to the above, we will be matching the property to our database of buyers. We would use our very best endeavours to achieve the optimum price and keep you informed on the progress of the marketing with regular feedback and reports.

**Capturing the Company Movers:** Empire Estates Lettings have built an excellent relationship with many substantial local companies who continuously use us for our exacting standards and the extensive range of quality accommodation available,

## WHAT YOU CAN DO

**Presentation:** First impressions always count! If your property is presented well, it will not only achieve a higher rent but will also attract a better tenant. It is important to ensure that the property is clean, that redecoration is carried out, carpets professionally cleaned when necessary, windows cleaned inside and out and the garden is tended.

Empire Estates Lettings can advise you on the level and the type of furnishing, fittings, and appliances required and where redecoration or other improvements are required.

**Decoration:** When redecorating, choose natural colours. Emulsion paint the walls rather than wallpaper as it is a lot of cheaper, quicker and easier to redecorate when necessary. Carpets and curtains should ideally be natural or muted colours and be able to withstand wear and tear.

You also have to meet legal requirements, for example, attaching the energy performance certificate (EPC) to any property particulars and including the rating in any marketing material. If you don't produce property details, you still need to make the full EPC available during viewings.

# SETTING UP THE TENANCY

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**1. References and Financial Checks:** We carry out strict referencing procedures, using a specialist independent referencing company who demand the highest standards in the industry and have over ten years experience. This essential and detailed process gives us an understanding of their personal and financial circumstances in addition to previous agent/landlord/solicitor references. Specialist personnel are on hand to deal with applications from foreign nationals, overseas applications, limited companies and other firms ensuring nothing is left to chance!

**2. Tenancy agreement :** The Housing Act 1988 (as amended by the Housing Act 1996) specifies the types of tenancy and whilst there are several types, it is almost certain that the tenancy of your property will be an 'Assured Shorthold Tenancy'. Empire Estates Lettings use a comprehensive tenancy agreement which has been carefully designed to protect your rights to possession, to help control the tenant's activities, ensure that you have redress if your property is not locked after carefully and comply with standard Building Society requirements. Tenancy agreements are normally for an initial term of six months or one year and usually thereafter renewed for a further term. However, shorter or longer term tenancies can be negotiated.

**3. Inventory/Schedule of Condition:** It is essential to have an independent inventory/schedule of condition prior to each tenancy and we can arrange this on your behalf for a modest fee. At the end of the tenancy the property is inspected and any damage or deterioration to its condition is noted. The tenant is responsible for the cost of rectifying any damage, above what is considered to be fair wear and tear, caused by them at the property and this cost is deducted from the tenant's deposit.

**4. Rental Payment and Deposit:** When the tenant signs the agreement, we take payment for the first months' rent and the deposit. The level of deposit varies but it is usually the equivalent of six weeks' rent. We always ensure that funds are cleared before the tenant is allowed to move in. At the same time we process a standing order in respect of future rental payments.

## **The Deposit Protection Service (DPS)**

We are members of the DPS. It guarantees protection of the deposit; and a fair, independent and expert assessment and settlement of any disputes, if any, over its return at the end of a tenancy. We carry professional indemnity insurance, operate client accounts and have qualified staff. We have welcomed the DPS as it is a fast track method to resolve tenancy disputes over the apportionment and settlement of deposit.

## **Building Society Requirements**

If you have a mortgage on the property you are letting, you will need to obtain the consent from your Building Society. In turn, they will require information on the type of tenancy agreement you intend to use, how long the tenancy is for and will require certain notices to be served on the tenant. They must have reassurance that a professional agent is being used.

# MOVING IN

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**Ensuring property safety:** You have a legal responsibility to let a home that tenants can live in safely. You should approve the electrics, or secure an electrical safety certificate from a qualified and registered electrician, and you must use a Gas Safe engineer to approve any gas appliances and provide a gas safety certificate annually.

Smoke and carbon monoxide alarms are now a legal requirement in rental property. Speak to our lettings experts to understand the requirements.

In terms of health and safety, you have a public liability responsibility to tenants and any visitors to the property. For example, if a tenant or their guest tripped on a loosely-fitting stair carpet, they may be able to claim against you.

**Checking tenants in:** If you want your tenants to enjoy and take care of your home, you will need to spend time explaining the heating system, how the appliances work and what to do in an emergency, for example turning the water off if there is a leak. You will also need a quality inventory which will show the difference between 'fair wear and tear' and damage to your property. You should take meter readings where appropriate and submit them to the relevant suppliers.

## **Landlord Licensing Scheme & HMO Licensing (Housing Act 2004)**

It is the Landlord(s) responsibility to ensure that they have a valid landlords licence/ HMO Licence at the property if it is a requirement within the borough of the property. Empire Estates advises its Landlords that they are at risk of being fined if a valid Licence / HMO License is not accessible at all times and request a copy to be kept on file and displayed at the Property. The Landlord will warrant to Empire Estates that these regulations have and will continue to be fully complied with.

## **Gas safety (Installation and Use) Regulations 1998**

These cover all gas appliances, metres and associated pipe work and require landlords to arrange an inspection carried out by a 'GAS SAFE' registered plumber to check all gas installations. Once the plumber is satisfied that the installations fulfil all requirements, a Gas Safety Certificate will be issued, a copy of which must be held by the agent and given to the tenant before they move in. This certificate must be renewed one a year.

## **Furniture and Furnishing (Fire) (safety) Regulations 1988 (Amended 1989 and 1993)**

This act covers all upholstery and upholstered furniture supplied by the landlord in a rental property, including beds, footstools, pillows, headboards, mattresses, cushions, sofa beds, futons etc. New compliant furniture will always carry the correct label indicating that it is legal.

## **The Electrical Equipment (Safety Regulations) 1994**

These regulations apply to all persons who let the accommodation containing electrical equipment. The electrical installation at a property and any electrical appliances should be safe, regularly checked, and works only carried out by a qualified electrical engineer (NICEIC qualified). The landlord is also responsible for ensuring that either the operating instructions are shown on the appliance or that an instruction booklet is supplied.

# OBLIGATIONS

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**Landlord's Obligations:** These are clearly determined in Section 11 of the Landlord And Tenant Act 1985. You will be responsible for maintaining the structure and exterior of your property, heating and plumbing installation and dealing with other routine repairs. If your property is leasehold, you will be responsible for paying the service charge and ground rent.

**Tenant's Obligations:** The tenant has a duty to take proper care of your property and use it in a responsible manner, pay the rent and keep the terms of the tenancy agreement. If the tenants cause damage to the property, they are responsible for the cost of repair providing it is not deemed to be fair wear and tear. In addition to the rent, tenants pay for water charges, council tax, gas, electricity and telephone bills.

## **Buildings and Contents Insurance**

All landlords should ensure that they have adequate buildings and contents insurance cover in place. Tenants are responsible for insuring their own contents and personal belongings. Please note that standard homeowner insurance policies will not suffice once a tenant is in residence as you are no longer the owner-occupier. It is also important to check the insurance covers the periods when the property is empty. We recommend that you check your policy thoroughly. We can supply you with names of specialist insurers if required.

## **Leasehold Properties**

If your property is leasehold, your lease will specify whether or not it is necessary to obtain permission to sub-let from the freehold company or managing agent. It is essential to clarify the situation before marketing your property as some leases place restrictions on the type of sub-letting that will be approved.



# KEEPING ON TOP OF IT

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**Accounting:** Empire Estates have a dedicated accounts department to ensure that rent is paid on the due date and passed on to you as quickly as possible. They prepare statements of rental income and expenditure every month to ensure that you have full information for yourself and for your Tax Return. The tenant pays rent into Empire Estates Lettings account and this is then transferred into your account each month.

**Interim Inspections:** We carry out a routine visit of the property during the term of the tenancy on our Fully Managed properties.

## **Extending or Terminating the Tenancy**

If you look after your tenant and always deal with maintenance issues quickly, they are more likely to stay. Many tenants extend their tenancy and in some cases for several years. If no notice is served on the tenant, the tenancy automatically continues on a statutory periodic basis. The landlord can terminate the tenancy at the end of the initial tenancy period or at any time thereafter by giving the tenant a minimum of two months' notice on the day of the initial tenancy period, or can give one month's notice at any time thereafter.

## **Checking a tenant out**

Your tenant will have paid either you or Empire Estates a deposit at the start of the tenancy, which you legally need to have protected in a government-approved tenancy deposit scheme if the annual rental income is up to £100,000 per year. After check out, you must facilitate the deposit being returned, either in full or with legitimate deductions.





# TAX ON RENTAL INCOME

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## **UK Resident Landlords**

If you are a landlord resident in the UK, your income from your investment property is subject to income tax. The level of tax depends on your other income. If you are already a high rate taxpayer, tax will be payable at the higher rate. The normal method of reporting your taxable assets to the Inland Revenue is a Self-Assessment Tax Return form. We strongly advise that you take independent advice from a tax specialist.

The following deductions can be made from your rental income to arrive at the net income, which is subject to tax:

- Interest on mortgage.
- Property repairs.
- Letting and management charges.
- Building insurance.
- Ground rent.
- Service charges.

## **Non-UK Resident Landlords**

The Non-Resident Landlord (NRL) scheme is for taxing the UK rental income of persons whose "usual place of abode" is outside the UK. If you are treated as a non-resident landlord you still have to pay UK income tax on rental income from your UK property. Unless the landlord can provide Empire Estates Lettings with a current Inland Revenue exemption certificate, the law obligates us to deduct the basic rate of tax from rents received and for us to account to Inland Revenue on a quarterly basis. Any Landlord named on the tenancy agreement, when living overseas, requires a separate exemption certificate. Landlords are responsible for obtaining their own exemption certificate and their appropriate forms should be submitted as early as possible as they take several weeks to process.

Details on taxation are correct at the time of printing.



## SERVICE LEVEL OPTIONS

	<b>BRONZE</b> Letting only 	<b>SILVER</b> Rent Collection 	<b>GOLD</b> Fully Managed 
Advice on pre-letting, marketing and statutory duties	✓	✓	✓
Producing property details, marketing and advertising	✓	✓	✓
Accompanied viewings and negotiating offers and terms	✓	✓	✓
Applying for references and carrying out credit checks	✓	✓	✓
Preparing the tenancy agreement and other documentation	✓	✓	✓
Signing up the tenants and taking the first month's rent and security deposit (with approved Tenancy Deposit scheme)	✓	✓	✓
Passing over legal documents and monies to the landlord once the tenant is signed up and forwarding the standing order in favour of the landlord to the relevant bank	✓	✓	✓
Displaying the Empire Estates 'To Let' board	✓	✓	✓
Notifying local authority of council tax responsibility		✓	✓
On-going collection of rent		✓	✓
Chasing late or non-payment of rent		✓	✓
Rent guarantee (subject to referencing and terms & conditions. Details of costing are available upon request).		✓	✓
Providing a quarterly statement of account		✓	✓
Providing a monthly statement of account			✓
Designated property manager			✓
Arranging an inventory, check in and check out			✓
Setting up a tenant account with the appropriate utilities companies			✓
Carrying out interim property visits			✓
Arranging maintenance and repairs as necessary			✓
Paying any bills on the property (maintenance contracts etc.)			✓
Renewing electric and gas safety certificates			✓
Negotiating and arranging the deposit return			✓

**Property Management:** Our prime concern is to ensure that your property is maintained and looked after on your behalf. When appropriate, we will advise you of any improvements that may be needed. Unless you have preferred contractors, we will use ours who have proved their reliability and good workmanship.

# COMMITMENT TO EXCELLENCE

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Our highly experienced, professional and enthusiastic team are always willing to help and we aim to try and take away all the stresses and strains that are associated with the property industry.

We believe in building long lasting relationships with our clients, many of whom have been with us for over 15 years.

We pride ourselves on great customer service with an ethos to continually exceed expectations of our new and long standing customers.

**The Property Ombudsman:** We are a member of the Property Ombudsman.

This is a fair and independent service for dealing with unresolved disputes between tenants or landlords of residential property in the UK.

**Client Money Protection:** We are members of Lonsdale PI + CMP Scheme.

**We are Members of the RLA Residential Landlords Association.**

## CHOOSE EMPIRE ESTATES AS YOUR LETTINGS AGENT AND HERE'S OUR PROMISE TO YOU

- We will treat your property as if it was our own
- We will always listen and act on your instructions, informing and advising wherever possible in a professional and honest manner
- We will always be proactive on your behalf, to embrace, or interpret new legislation or initiatives, so you are kept one step ahead of the game

