



**LANDLORDS
INFORMATION/
MANAGEMENT
PACK**

FEE STRUCTURE

Letting Management Options:

Full Management Fee:

*13% + VAT of the monthly rental income
or*

Rent Demand Fee:

*11% + VAT of the monthly rental income
or*

Tenant Introduction Fee:

*Equal to the agreed monthly rent
Subject to a minimum of £450.00 + VAT*

Additional & Optional Costs:

Tenancy Agreements:

Available at £80.00 + VAT for 3 copies

Inventory:

*Unfurnished - £90.00 + VAT 1 bedroom
Furnished - £145.00 + VAT 1 bedroom
+ £10.00 + VAT per additional bedroom
Check out fee - £50.00 + VAT*

Deposit Protection Fee:

£25.00 + VAT

Energy Performance Certificate:

£70.00

Rent Guarantee Warrantees:

*6 Month policy £80.00
12 Month policy £140.00*

FREE VALUATION, FEEDBACK REPORT,
MARKETING, IN DEPTH TENANT REFERENCING

NEW LANDLORD INFORMATION

Welcome to our comprehensive guide to letting and managing your property. It is our aim to ensure that the letting of your property and the ongoing management is dealt with in a professional and efficient manner. **Island Lettings** are a major force within the lettings market. Our staff are trained to the highest standards and offer a comprehensive service, tailored to the wide ranging needs of property owners. First time investment owners, corporate landlords or owners wanting to let their homes can benefit from the expertise of our Residential Lettings Division. We are confident that the service we provide is based on expert knowledge and experience and hope that this guide proves to be useful. If you require any additional information please do not hesitate to contact us.

Investment considerations

Acquiring residential property as an investment can be rewarding, giving a combination of rental income and the potential for capital growth. Investors should be aware that it is best considered as a medium to long- term proposition. The benefits of residential property as an investment include:

- Strong underlying demand for rental property
- Very limited supply nationally
- Attractive risk-return profile
- Rents rise inline with earnings over the long term

What tenants are looking for

Because the aim is to let the property for the longest period of time and at the optimum rent value, it is worth identifying the type of tenant that you must aim for and what they want.

Decoration

The quality of interior decoration may substantially affect the level of rent achievable on a property. Whether your own home or a rental investment, take advice so that the decoration is chosen to suit the market.

- Keep carpets and walls neutral.
Whites and creams make a cleaner, fresher impression.

- Paint finishes are easiest to maintain. Wallpaper may be expected in higher value properties.
- Good quality carpets and curtains. Particularly important in unfurnished property where they are highly visible.
- Kitchens should be well equipped. Ideally a dishwasher, large fridge/freezer, washing machine, separate tumble drier and microwave.
- Bathrooms should have high quality fittings and be well lit. Power showers and fully tiled floors and walls are expected by corporate tenants.
- The provision of ample wardrobe space in the bedrooms is important.
- Corporate tenants will expect an exacting standard of finishes. Wood strip floors, low voltage lighting, granite work surfaces are all popular.

Furnished or unfurnished

A landlord enjoys the same legal protection whether the property is furnished or unfurnished. Furniture, fabrics and upholstery must comply with fire regulations.

Unfurnished: definition

An empty property that includes carpets, curtains and white goods (some or all). The rent ultimately achieved for an unfurnished property may be similar to a fully furnished property.

Fully Furnished: definition

A property ready for immediate occupation, including furniture, linen, all kitchen utensils and pictures. Clean, crisp and uncluttered properties are most suitable for the letting market.

Presentation tips during marketing of your property

In order to attract tenants to select your property it is essential to present optimum viewing conditions:

- Take advice on current interior styles
- Keep the overall look uncluttered, clean and crisp.
- Supply a few simple accessories such as fresh flowers.
- Keep gardens well maintained.
- Make beds up with new linen.
- Professionally clean the property.
- Keep the property well aired.

Fire Safety Regulations 1998

It is an offence to let out a property containing furniture and furnishings that do not comply with the Furniture and Furnishings (Fire) Safety Regulation Act 1998. If a property was found not to comply, then the landlord could face up to 6 months imprisonment and/or a fine up to £5000.

With effect from the 1st March 1993, it became an offence to supply furniture in a rented property which does not comply with the standard contained in regulation 14 of the 1998 regulations. It only applies if the furniture has been first supplied since 1st March 1993.

At the termination of any tenancy in place on the 31st December 1996 any furniture manufactured before 1st January 1950 is exempt from the regulations.

The regulations state the offence is committed when the furniture is supplied "in the course of business." Investment or professional landlords are therefore clearly covered by the legislation.

What items are exempt?

- Bed linen (including duvets)
- Loose covers to mattresses
- Pillow Cases
- Curtains
- Carpets
- Furniture made before 1950 and re-upholstered furniture made before that date.
- Most furniture bought from reputable suppliers after 1st March 1990 should comply

The Gas Safety (installation and use) regulations 1994

If you are a landlord letting a property equipped with gas appliances you need to understand and comply with the law relating to gas safety.

You must make sure that pipe work, appliances and flues provided for tenants are maintained in a safe condition. As a landlord, you are legally responsible for making sure that a Gas Safe registered engineer checks the gas appliances in your rental properties every 12 months and provides you with copies of the gas safety certificates.

You must give your tenants a copy of the gas safety certificate within 28 days of it being carried out or before they move in. This certificate confirms the gas appliances have been checked and are safe. You must also keep a record of each safety check for two years.

You are also obliged to show your tenants how they can turn off the gas supply in the event of a gas leak.

As with the fire regulations, non-compliance with the Gas Safety regulations could result in a fine or imprisonment.

The Electrical Equipment (Safety) regulations 1994

The Landlord is responsible for making sure all electrical appliances are safe to use. To comply with the above regulations, all electrical installations in the property need to be regularly checked and serviced.

Energy Performance Certificates

As from 1 October 2008, Landlords will be legally responsible to show all new Tenants the Energy Performance Certificate (EPC) relating to their property. Non-compliance of this new regulation could result in a fine of £200.00. An appropriate qualified assessor must complete this certificate.

Smoke Detectors Act 1991

The department of the environment introduced new regulations, which require any new building (built after June 1992) to have smoke detectors installed. If your property was built after this date, mains operated smoke detectors must be fitted on each floor.

Mortgage or Leasehold Properties Mortgage

Landlords must advise their banks or building societies that they will be sub-letting and written permission is usually required. Some lenders will charge the landlord an administration fee for issuing a consent letter. In addition there may be a variation in interest rate levels of the mortgage.

Leasehold

If the property is leasehold, the head lease will specify whether or not you should gain permission to sub-let from the freeholder or the freeholders managing agent. The freeholder or his agent will normally charge a fee for issuing a letter of consent and in some cases special conditions may be imposed.

Council Tax

Whilst the property is let, the tenant(s) will be liable to pay council tax. You may become liable to pay the tax when the property is empty.

General Outgoings

The landlord is usually responsible for the payment of ground rent and any service charges and maintenance of the property.

Appliances

All appliances, including central heating, should be checked and serviced before the tenant occupies the property. Whenever possible a maintenance contract should be taken out and unless we are managing the property, details of these contracts and the companies involved should be provided to the tenant. **Operating manuals and guarantee cards should also be available.**

The Tenancy Agreement

We will advise you on the appropriate type of tenancy agreement for your circumstances and for those of the prospective tenant in accordance with current housing legislation. We draw the agreement, serve any applicable notices on the tenant and, if required, submit documents to your solicitors for approval. It is also possible to assist in providing information to your bank or building society should (as normally is the case) the lenders consent be required.

Inventory and scheduling of contents

We would strongly advise that a professional inventory is drawn up by an independent inventory clerk. This service can be arranged by our office and ensures the best possible protection for your property and furnishings.

The cost of its preparation for any letting will be added to your account. At the end of the tenancy the tenant will be "checked out" and the inventory clerk will then submit a report / estimate, although we can accept no liability for this service. Copies of the inventory and check-out documents will be sent to both landlord and tenant for approval. If your property is to be managed by us, we would require a professional inventory.

Deposit

The tenant will be required to pay over a deposit against possible dilapidations and damage. The deposit will be sent to the Deposit Protection Service (DPS) and held pending the satisfactory termination of the tenancy.

Once the full details of any dilapidating have been assessed and agreed at the end of the tenancy, the disbursements can then be made out of the deposit.

Dilapidations

When the tenant vacates, an inventory check out will be completed, at a charge of £50.00 + VAT, and a report will be issued to both the landlord and tenant. Once any applicable estimates have been approved by all parties, **Island Lettings** will instruct the DPS to give all necessary sums to the relevant parties.

It should be noted that fair wear and tear is taken into consideration when arriving at the cost of dilapidations. Charges made for the damage or loss are to compensate the owner, rather than allow the full cost of replacement, repair or redecoration.

Taxation

Any profit arising from the letting of the property is assessable to tax in the United Kingdom whether the landlord is resident in the UK or not. The actual liability to income tax would depend on the assessable income and this is calculated by deducting from the gross rent, expenditure incurred by the landlord in letting the property or keeping the property available to let. Such expenses include agent fees, insurance, repairs and an allowance for wear and tear usually calculated at 10% of the gross rent less water rates. In the case of non miras mortgage payers, interest may also be allowable as would the fee of an accountant or other professional adviser provided they are incurred during the period of the availability of the letting.

OUR SERVICES

Tenant Introductory Service

Rent Collection Service

Full Management Service

TENANT INTRODUCTORY SERVICE

1.) We will prepare and circulate details of the property to suitable prospective tenants.

2.) We will accompany all internal viewings unless otherwise agreed.

3.) We will advertise the property, at our expense, as follows, until let:

- Isle of Wight County Press
- Rightmove property website
- Our own independent website
- Details of the property will be displayed in our 4 High Street branches across the Isle of Wight

4.) Once a suitable tenant has expressed an interest in renting the property we will arrange for the prospective tenant to complete an application form, which will contain personal and financial details. This will then be approved with you in principal, and then subject to approval, we can negotiate all terms and conditions of the proposed tenancy for inclusion in the agreement.

5.) We will take up suitable references on the proposed tenant via a company called 'Legal 4 Landlords', who are a leading premier referencing agency. If the reference is successful, we are able to provide you with a rent guarantee warranty for either a 6 or 12 month policy. If within 6 or 12 months of the start of the tenancy, the tenant fails to pay the monthly rent your warranty will cover:

6 Month Policy

The monthly rent, paid monthly in arrears, until the tenant has vacated the property or cover expires, whichever is sooner.

Up to a maximum of 5 payments.

All of the landlords own legal costs incurred in evicting the tenant as a result of non-payment of rent.

12 Month Policy

The monthly rent, paid monthly in arrears, until the tenant has vacated the property or cover expires, whichever is sooner.

Up to a maximum of 6 payments.

All of the landlords own legal costs incurred in evicting the tenant as a result of non-payment of rent.

The cost of the warranty is £70.00, per referenced tenant, for a 6 month policy or £120.00, per premier referenced tenant, for a 12 month policy. Should the tenancy be shorter than the term of the policy then no refund can be given.

On expiry, this rent guarantee warranty can be extended for a further 6 or 12 months provided that the tenant is not in arrears at that time and has not been more than fourteen days in arrears during the tenancy term or in dispute over the tenancy. We will write to you at the point of renewal to ascertain your wishes with regard to the renewal of this warranty.

6.) We will arrange for the tenant to sign, and we will sign on your behalf (unless otherwise instructed by you) a solicitor approved Assured Shorthold Tenancy Agreement as covered under the 1988 and 1996 Housing Acts.

This is a document produced to support you to gain protection under the Rent and Housing Acts.

To help you with this we: -

- Draw up an appropriate Tenancy Agreement
- Witness the signature of the tenant(s)
- Sign on behalf of the Landlord and arrange an appropriate person to sign and witness the same.
- Forward copies of the completed document to the Landlord and the Tenant
- Retain an original copy of the document on our files.

7.) We shall arrange, if required, for the transfer of the keys on the day the tenancy is due to commence.

8.) We will collect the initial months rent in advance together with the deposit and will dispatch this to you shortly after the commencement of the tenancy. By law, all Landlords and Agents taking deposits on Assured Shorthold Tenancies, starting after 5 April 2007, must belong to a Government authorised tenancy protection scheme. Therefore, under our Tenant Introductory Service, you will be responsible for safeguarding the deposit under one of these schemes.

RENT COLLECTION SERVICE

Including numbers 1 - 8 as well as the following:

9.) We will collect the initial months rent in advance together with the deposit. We will ensure that the deposit is protected by a Government authorised tenancy protection scheme, as required under tenancy law (from 6 April 2007).

10.) We shall deal with the rent collection on the property chasing up any late payments which may occur. Payment shall be remitted to you or into a nominated bank account within 7 working days of receipt of cleared funds. You will be provided with monthly statements confirming any transactions that have taken place to include any deductions that may have been applied to your account (such as contractor bills etc).

11.) We shall contact yourselves and the tenants prior to the end of tenancy to establish both your re-letting requirements where we would either:

- a) Prepare the paperwork for a continuation tenancy with the existing tenant.
- b) Re-market your property for letting, to find a new tenant to occupy the property, when the existing tenancy comes to an end.
- c) Serve a formal notice requiring possession, entitling you to possession back at the expiry of the notice period.

FULL MANAGEMENT SERVICE

Numbers 1 - 8 & 9 - 11 as mentioned above as well as the following:

12.) We will take care of the day to day running of the property, liasing as an intermediary between the Tenant and yourselves.

13.) We will support you with the property's maintenance issues where we will:

- Inform you of any known maintenance requests or requirements, arranging work-orders to contractors or obtain quotations for approval, if required.
- Make payments to contractors, on your behalf, from your rental account.

14.) We will take meter readings at the beginning, and end of tenancies and write to inform Council tax, Water, Electric and Gas Services of change of tenant (some services will not co-operate with Agents, so we strongly advise Landlords and Tenants to inform the services also).

15.) We allocate an internal inspection every 6 months at the company's discretion and will report back to you accordingly.

TERMINATING THE TENANCY AGREEMENT

If a tenant has a fixed term rental agreement but the landlord wants possession of the property before the end of the term, he can only do so if the tenant agrees, or if the tenancy agreement makes provisions for this by way of a "Break Clause" and he has followed the statutory requirements for giving notice.

If the tenancy does not include the "Break Clause", the landlord with an Assured Shorthold Tenancy (AST) agreement still cannot normally require possession until six months after the beginning of the agreement except by forfeiture (where the tenant is in breach of the agreement). If the agreement does not allow the landlord to take back the property early and the tenant does not agree that he can break the agreement, the landlord is obliged to allow the tenant to remain for the full length of the fixed term.

In order for the landlord to apply for possession of a property let on a Shorthold Tenancy within the first six months, the landlord would have to prove to the court that there were sufficient grounds for possession such as substantial rent arrears (greater than two months).

TERMINATING OF OUR MANAGEMENT SERVICES

Should you wish to terminate our management services and retain a tenant introduced to the property by our agency, then you will be required to give Island Lettings 2 months notice and pay a one off fee equivalent to our Tenant Introductory Service.

NOTES:

