

A Very
Important
Decision
A Landlord's Guide

Before you start

There are many different things to think about when letting your property and we are here to offer you the best advice we can. Please see below a number of important points to consider:

Condition of Property

The property should be presented to the highest standard and most tenants will require neutral and fresh decoration throughout with high quality furnishings, fittings and flooring. Kitchens should be fully equipped with contemporary appliances including oven, hob, extractor hood, dishwasher, washing machine and dryer, microwave and a good sized refrigerator/freezer. Bathrooms should include a power shower, and in larger properties an en suite bathroom to the master bedroom is very sought after.

Exterior

Make sure the exterior of the property is in good decorative order, garages are clear and gardens in good seasonal condition.

Appliances and Manuals

Ensure all appliances are serviced and in good working order. Manufacturers' operating and instruction manuals for all appliances and electrical equipment must be left in the property. If there are any maintenance contracts in place the details of these should be provided to the tenants and the agent.

Gas Safety and Electrical Equipment Safety

It is a legal requirement to have a valid Gas Safety Record before the commencement of the tenancy. It is also a legal requirement that all electrics are safe including all appliances.

Keys

Ensure that there are sufficient sets of keys and security fobs. When we are managing the property we must hold a full set of keys throughout the term of the tenancy.

EPC

All properties being marketed for letting require an Energy Performance Certificate.

Land Registry

We would strongly advise that you inform the Land Registry of up to three addresses to be contacted at if an application is received that may affect your legal rights on the property. More information can be found on their website (www.landreg.gov.uk/propertyfraud).

Furniture Regulations

Any furniture left at the property must comply with the latest safety regulations and must have been purchased in the UK.

Telephone Line

You must ensure that there is a working telephone line at the property before the start of the tenancy.

Smoke Alarms/Carbon Monoxide Detectors

All rented properties must have working smoke alarms on every floor and carbon monoxide alarms in each room where there is a solid fuel based appliance. This is a legal requirement. They must also be tested and recorded as working on day one of the tenancy - this is your responsibility.

Non-Resident Landlords

If you are based outside the UK you must complete a Non-Resident Landlord form via the HMRC website. In order to complete this you will need our agent number which is NA010839.



Leasehold/Superior Landlord

If the property is leasehold you must check the head lease to ascertain if there are any necessary consents needed to let your property or any restrictions (e.g. there may be a clause that prevents tenants from having pets). A copy of the head lease should be provided to the tenant.

Mortgages

In most cases when a property is subject to a bank loan or mortgage, written permission is normally required from the lender to let the property. The landlord must obtain the necessary consent and we would ask that this is applied for at the earliest possible time prior to making your plans for letting. Tenants may require proof of consent or official documentation.

Insurance

You must have insurance for buildings, contents and public liability and advise your insurance company that you will be letting the property. It is your responsibility to arrange insurance.

Inventory/Cleaning

A detailed inventory is vital to protect all parties. We will be able to recommend an independent company to do this. The tenancy agreement requires that the tenant returns the property and contents at the termination of the tenancy in the same condition, save for fair wear and tear, as recorded in the inventory. It is vital that the property is professionally cleaned before the tenancy commences. If you are using our property management service, we will organise this for you.

Post

Please ensure that you redirect your mail to your preferred new address (www.royalmail.com/personal/receiving-mail/redirection).

Vacant Periods

Between tenancies, prior to the start of a tenancy and after the end of the tenancy, the security, maintenance and all charges relating to the property are your responsibility. During these periods you can instruct Knight Frank to vacant manage your property.

Types of tenancies

Your agent will be able to advise you which type of tenancy is appropriate and will draw up the document for your approval. It will be one of the following:

Assured Shorthold Tenancy (AST)

Created by the Housing Act 1988 (as amended by the Housing Act 1996).

Definition

- a)** the property must be let as a separate dwelling; and
- b)** the tenant must be an individual and must occupy the property as their only or principal home; and
- c)** the landlord must give a minimum of two months' notice to gain possession; and
- d)** the tenancy can be for any specified period either for a fixed term or periodic (open-ended) from the outset (though a court cannot make a possession order to take effect earlier than six months from the commencement of the tenancy, even if the term granted was for a shorter period); and
- e)** the rent must not exceed £100,000 per annum; and
- f)** the deposit must be protected with an approved deposit protection scheme.

In order to serve a Section 21 Notice to gain possession the tenant must have been provided with the prescribed information, certificate and leaflet relating to the relevant deposit protection scheme, the Government's "How to Rent" guide, a copy of the EPC and a current Gas Safety Record.

Contractual

This tenancy falls outside the Housing Act 1988 and the parties are bound solely by the terms of the tenancy agreement which should contain all the necessary provisions within it. It is most commonly used when the tenancy is to an individual and the rent exceeds £100,000 per annum.

Company

This will be governed by contract law and not the Housing Act 1988. The tenancy is granted to a bona fide company or embassy only (i.e. not to a partnership) for the occupation of one of their employees. A bona fide company will have no security of tenure, they will usually be more financially secure than an individual and they will usually request a longer tenancy. You should be aware that it could be difficult and costly to pursue a company that is not registered in the UK.

Short Term Letting

A short term let will be a tenancy less than 6 months; we will advise you which of the above tenancy agreements will be appropriate. You must check with your freeholder and the relevant Local Authority that such a letting is permitted or you could face a fine of up to £20,000.

Deposits

We will hold the deposit on all tenancies as stakeholder. For ASTs it is a legal requirement to register the deposit with an approved deposit protection scheme. We are a member of the Tenancy Deposit Scheme (TDS) and will register the deposit on behalf of the tenant.

Pre-tenancy checklist

- Keys arranged
- Professional clean organised*
- Garden put in seasonal order*
- Inventory check in booked*
- Gas Safety Record obtained*
- Portable Appliance Test done*
- Furniture checked for fire labels
- Smoke and carbon monoxide alarms installed and tested
- Blind and curtain cords checked
- Post redirected
- Mortgage company advised
- Insurance company advised
- Head Lease checked
- Appliance manuals obtained and left in the property*
- 24 hour emergency contact details in place*
- Working telephone line installed
- Non-Resident Landlord form completed and sent to HMRC (if overseas landlord)
- Legionnaires Risk Assessment (if requested)*

*If Knight Frank manage your property we will organise this on your behalf



Legal regulations

The Gas Safety (Installations and Use) Regulations 1998

Your attention is drawn to these Regulations which impose obligations on any person who owns a gas appliance, pipework or installation in a property let by them

- a) to ensure that such appliance, pipework or installation is maintained in a safe condition so as to prevent risk of injury to any person
- b) to ensure that such appliance, pipework or installation is checked and that an appropriate certificate is issued for safety at intervals of not more than 12 months by an approved registered contractor
- c) to ensure a copy of the Gas Safety Record is given to the tenant prior to the commencement of the tenancy and annually thereafter

The tenancy cannot be permitted to commence without the appropriate Gas Safety Record. The landlord must provide the tenant with a valid certificate annually (within 28 days of having this done) and keep a record of this. The landlord must also ensure annual servicing is carried out, in addition to the annual Gas Safety Record. These regulations carry a criminal sanction for non-compliance.

The Electrical Equipment (Safety) Regulations 1994

The above Regulations impose a statutory obligation on the landlord to ensure that all electrical appliances in the property are safe, which includes that they should carry a CE marking and have written instructions for operation. We strongly recommend an annual portable appliance test is carried out. Cabling, fuses and plugs must also be inspected and replaced where necessary with the correct rating for that particular appliance in order to comply with the Plugs and Sockets etc. (Safety) Regulations 1994.

Smoke and Carbon Monoxide Alarms (England) Regulations 2015

It is a legal requirement under the above regulations for all rented properties to have smoke alarms installed on every floor and carbon monoxide alarms in every room where there is a solid fuel based appliance. Battery operated alarms are acceptable. The landlord must ensure that the alarms are in working order on day one of the Tenancy and make a record of this. Under the Building Regulations 1991 it is the law that all newly built premises from June 1992 must have mains fitted smoke alarms with battery backup.

The Furniture and Furnishings (Fire) (Safety) (Amendment) Regulations 1993

These Regulations apply to all rented property. It is a criminal offence to supply upholstered furniture containing foams that cannot be proven to comply with the above Regulations. The Regulations require that specified items must be match resistant, cigarette resistant and carry a permanent label. New furniture manufactured since 1 March 1989 and sold by a retailer after 1 March 1990 are required to comply and carry labels to this effect. Where there are no labels, the landlord will need to contact the manufacturer or retailer for confirmation. If there is any doubt the items should be replaced. Furniture purchased outside of the UK will not comply.

Tax

In accordance with the Finance Act 1995, the Inland Revenue introduced a system of self-assessment and all overseas landlords may apply to HMRC for a Certificate of Self-Assessment in order for rents to be paid over gross. We would strongly recommend that all overseas landlords apply for self-assessment. For those who have not, we are required by law to deduct the tax for all overseas landlords at the basic rate from the net rental income and pay this on a quarterly basis to HMRC and charge a fee. As we are not qualified tax accountants, we would therefore recommend that you take professional advice regarding these Regulations.

The Housing Act 2004 – Houses in Multiple Occupation

A property that is let to at least three unrelated sharers who share a kitchen or a bathroom is an HMO. If there are less than five sharers, the property is not subject to mandatory licensing, but the landlord must check with the relevant Local Authority as they may require the property to be licensed. Failure to obtain a licence from the relevant Local Authority will attract a fine of up to £20,000. A tenancy cannot be allowed to commence until a licence has been obtained. The Regulatory Reform (Fire Safety) Order 2005 must be adhered to for all HMOs. This includes having mains operated inter-linked smoke detectors in common parts and fire blankets and fire extinguishers in the kitchen.

Energy Performance Certificates (EPC)

It is the landlord's responsibility to ensure that the EPC is available to prospective tenants (unless the property is exempt). An EPC is valid for ten years from date of issue.

The Energy Efficiency Regulations 2015

From 1st April 2018 there will be a requirement for all rented properties to have a minimum energy performance rating of E on an Energy Performance Certificate (EPC). From 1st April 2016 the Regulations state that a tenant will have the right to ask for energy efficiency improvements in privately rented properties, which cannot be unreasonably refused by the landlord. This is subject to any amendments that may be made before the Regulations are enforced.

Money Laundering Regulations 2007

Knight Frank is obliged to comply with all legislation in relation to money laundering. We have controls in place which require us to verify the identity and address of all clients before accepting their instructions.

Flood and Water Management Act 2010 (Section 45)

Under this Act an obligation is placed on the landlord to provide the tenant's contact details to the relevant water company at the end of the tenancy or they will become jointly and severally liable for any unpaid water charges during the tenancy.

Consumer Protection from Unfair Trading Regulations 2008

Whilst marketing the property, Knight Frank is legally obliged to ensure that all information is accurate, not misleading and does not omit material information. You must make us aware of any matter which may be material to a tenant.

Legionnaires Disease

In order to comply with the Health and Safety Executive's Code of Practice, landlords are strongly advised to carry out a risk assessment at their premises prior to letting, especially if there are open water tanks, cooling systems or a swimming pool.

Landlord Repairing Obligations

Section 11 of the Landlord and Tenant Act 1985 as amended by Section 116 of the Housing Act 1988 places an obligation on landlords to keep in repair and proper working order the installations for the supply of water, gas, electricity and sanitation including basins, sinks, baths and sanitary conveniences and the installations of space heating and heating of water.

Safety Standards for Internal Blinds and Curtains

It is a legal requirement that all blinds and curtains which include a cord or chain must comply with current safety standards. Legally all new blinds and curtains must have built-in safety systems. Blinds and curtains that are already fitted to a property must be made safe or replaced. Further information can be found at www.bbsa.org.uk.

Landlord Licensing

It is the responsibility of the landlord to find out if it is necessary to obtain any licences before the start of the tenancy. You should check with the relevant Local Authority to see if a licence is required.

Retaliatory Evictions

Under the Deregulation Act 2015, measures were brought in to stop landlords evicting tenants who reported issues with the property, rather than fixing them. Under an AST, if poor state of repair is reported to a landlord and a reasonable outcome isn't established within 14 days, the tenant may inform the council who could then stop the landlord serving a Section 21 notice (to end the tenancy) for six months, as well as issuing an improvement notice.

Immigration Act 2014

It is a legal requirement under the above Act for landlords to meet and check necessary documents for all adult occupants residing at the property to ensure they have the Right to Rent in the United Kingdom. The landlord must meet each person with their original documents and keep a record of this. Follow up checks may also be required if the person has a time-limited right to stay in the UK. There is a financial penalty for the Landlord of up to £3000 per occupant, if they are found not to have the right to rent in the UK.