

This below details a summary of services available from Harvey Scott and an overview of the responsibilities of a landlord.

If, however, you have any further questions that we have not answered here, then please do not hesitate to contact us.

### **Full management**

Under a Full Management Agreement we undertake to find tenants and manage your property on a day to day basis.

Our charge for a Full Management service is a set percentage of the monthly rent. A set-up fee of half a months rent + VAT is applicable at the commencement of the tenancy in respect of preparation of legal documentation, conducting viewings, advertising, detailed inventory, 'to let' board, website listings, various administration tasks, etc. These sums will usually be deducted from the first months' rent.

Upon instruction, we normally request a sum of £100 on account to use towards the cost of any outgoings towards your property prior to the commencement of a tenancy. These monies will usually be put towards a down payment of producing a Landlord gas safety check, electrical testing and Legionella risk assessment. All income and expenditure will be shown on your first statement of account.

More detailed terms and conditions can be found in the agency agreement when you instruct Harvey Scott to fully manage your property.

### **OUR FULL MANAGEMENT SERVICE INCLUDES:**

- **Visiting your property** - to assess the rental value, discussing the type of tenant you require and for example whether you would allow children, pets, smokers or sharers.
- **Pre-let works** – we will advise you on any works required in order to achieve the best result in terms of rent and standard of tenant, arranging and overseeing any work authorised.
- **Legal requirements** – we will advise you on the legal requirements for gas safety, furnishings and electrical checks, the condition of the house and the benefits of professional cleaning (including carpets).
- **Insurance arrangements** – we will advise you on appropriate insurances for a let property including building and contents cover, loss of rent and legal fees protection, etc. Please ask for further details.
- **Photographs** – we will take internal and external photographs of the property and place full details on our company website, Rightmove, Google, the local newspaper and on display in our prominently positioned offices.
- **Accompanied viewings** – we will conduct these by prior appointment, interviewing and assessing prospective tenants, contacting you with our recommendations, and agreeing a tenancy and move-in date, subject to references and contract.

- **References** – we carry out a thorough referencing process for prospective tenants, to include employer, current landlord, character and credit reference checks. We will only let the property to tenants who have been thoroughly vetted through our referencing process.
- **Assured Shorthold Tenancy Agreement** – we will draw an agreement up for the terms agreed and arrange for this to be signed by the tenant(s) and guarantor (if applicable) and will also send you a copy for your signature.
- **Inventory** – a detailed inventory of fixtures and fittings will be prepared to record the condition of the property, which will include a full set of colour photographs. The tenant will then be asked to sign a copy of this.
- **Utilities** – we will arrange for all utilities to be transferred into the tenant(s) names and will pay the final bills on your behalf where appropriate. We will also ensure that a landlord's gas safety certificate is in place for all properties with gas appliances.
- **Key collection** – we will arrange for the new tenant to collect keys for the property once the legal documentation is complete and upon receipt of a months apportioned rent in advance and a security deposit.
- **Deposit** – we will hold the deposit as stakeholder and will repay the tenant at the end of the tenancy after a careful inspection of the property. Any damage or cleaning is paid for from this deposit. Deposits are held in a separate client account and the company has Client Money Protection Insurance cover under the NAEA regulations.

**Move In** – once the tenant(s) have moved into the property, we will write to you to provide copies of the signed tenancy agreement, a copy of the inventory and the first statement of account showing the initial rent paid less the set-up charges and will send the balance direct to your bank on or around the 21<sup>st</sup> (please allow three working days).

- **Monthly rent** – we will collect your rent monthly thereafter and will pay any maintenance bills on your behalf. We produce a monthly statement of account and payment advice. We pay the net rent into your account by automatic bank transfer on the 21<sup>st</sup> each month depending on bank holidays (please allow three working days).
- **Inspections** – we make regular inspections to check that the property is being kept in good condition and provide you with a full colour report.
- **Repairs and maintenance** – we deal with any repairs or maintenance issues efficiently using reliable, cost effective contractors with high standards of workmanship. We are well versed in property maintenance and normally proceed with works up to an agreed cost of £200 without prior instructions. Larger expenditure would be authorised by you in advance.
- **Re-advertising** – once the tenant(s) give their notice we will re-advertise the property immediately with the aim of avoiding periods of time where the property is empty. We ensure that meter readings are taken, final bills sent on to the tenants at their new address and the accounts are changed into the new names.
- **Tax advice** – we will provide advice on how best to receive your rent in the most tax efficient way, what costs can be offset against the rent and, upon request, will send a summary of income and expenditure for the year for your personal tax return. If you are resident overseas, we take

responsibility for paying the tax on your rental income unless we have been instructed otherwise by the Inland Revenue.

### **Let Only**

Under a Let Only (Tenant Finding Only) Agreement we undertake to find tenants and you, as landlord, are then responsible for managing your property on a day to day basis.

The fee for our Let Only service is one months rent on a one-off basis. Preparing an inventory is £75.00 for unfurnished and £125.00 fully furnished - with VAT applicable on all fees. These deductions will be shown on your first rental Statement of Account and Payment Advice.

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- **Photographs** – we will take internal and external photographs of the property and place full details on our company website, Rightmove, Google, the local newspaper and on display in our prominently positioned office.
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- **Key collection** – we will arrange for the new tenant to collect keys for the property once the legal documentation is complete and upon receipt of a months apportioned rent in advance and a security deposit.
- **Statement** – we will provide you with a statement of account and payment advice once the tenant has moved in and will credit your nominated bank account with the advance rent.
- **Standing order** - we will arrange for your tenant to set up a standing order for future rent payments to your nominated account.
- **Deposit** – once the tenant has moved into the property, we will transfer the deposit to your nominated bank account for you to register it with an approved deposit scheme.

### **Is your property suitable for letting?**

#### **Gas and electricity**

Under the Gas Safety (Installation & Use) Regulations 1994, all gas appliances at your property must be serviced by a Gas Safe registered engineer and a Safety Certificate issued. A copy must be held on file and can be requested at any time throughout the tenancy by the tenant. All appliances must be serviced annually.

An Electrical Periodic Inspection Report is advisable. This report is only due once every five years and costs between £85 and £165 + VAT, depending on the size of the property. In a furnished property, all electrical appliances should be tested and marked accordingly.

#### **Decoration and furnishings**

- All decoration should ideally be in neutral colours to give the property wider appeal.
- All unfurnished properties should have carpets/ suitable floor coverings, curtains and light fittings.
- In a **furnished property**, all furniture must comply with the Fire & Furnishings (Fire) (Safety) Regulations 1988. This includes:
  - Sofas
  - Chairs
  - Beds (mattresses and headboards)
  - All soft furnishings (except carpets and curtains)

**Kitchen appliances** - the normal requirement is a cooker only with spaces for other appliances. All appliances left should be clean and in good working order and remain the responsibility of the landlord.

#### **Bathrooms**

Sanitary fittings should be modern, clean and in good working order. To prevent any water leakage, which may be costly, always ensure installation is professional and check seals around baths, basins and showers.

## **Security**

Does your property have ground floor or accessible first floor windows? It may be worthwhile installing **window locks**. It will give the property a good marketing advantage. If there is an alarm, it should be operational, well maintained and, by law, have a 20-minute cut out bell/siren. **Smoke alarms** should be mains connected, as batteries can be removed, and must be installed in all rental properties. By law, any house built after 1992 must have smoke detectors installed.

## **Gardens**

Gardens should be left in a neat condition. If there are any particular shrubs/plants, which are of value, remove these - a tenant may not consider them to be as important as you do! With larger gardens, we may advise that a lawnmower and gardening tools be left at the property so the tenant has no excuse for not maintaining the gardens.

## **What are my responsibilities as a landlord?**

- **Mortgage** – You are required to obtain consent from your mortgage lender to let your property. If prior consent is not obtained, it may compromise your loan.
- **Inland Revenue** – You need to inform the Inland Revenue that the property is to let and to comply with the statutory obligation to declare the taxable income. If you are not a UK resident, you must obtain an exemption certificate. We hold the appropriate NRL1 forms in our offices.
- **Gas appliances** – You need to ensure that all gas appliances in the property are tested in accordance with the Gas Safety (Installation and Use) Regulations 1994 and that the required certificates are issued. We would also advise that the electrical circuits be tested along with all appliances left at the property. Please contact us for details of a recommended local contractor.
- **Furniture and soft furnishings** – Ensure that all furniture and soft furnishings in a furnished property comply with the Fire and Furnishings (Fire) (Safety) Regulations 1988.
- **Insurance** – You also need to obtain consent from your insurers to let your property. Your insurance may be invalidated if prior consent is not granted.
- **Maintenance** – You are required to maintain the exterior and fabric of the property to a good standard.

## **What are the tenant's responsibilities?**

- Pay the rent promptly each month.
- Pay for all outgoing to include electricity, gas, water, council tax and telephone.
- Report any damages or problems as soon as they occur.
- Allow access to plumbers or contractors to carry out any maintenance work in the property.
- Keep the property to the same standard as it was when they moved in and not to cause any damage other than normal wear and tear.

- Maintain the garden to the same standard as it was when they moved in.
- Not to alter, change or install any locks on any doors.

Use the property as a single private dwelling only.

- Not to keep animals, reptiles or birds in the property without prior consent of the landlord.
- If applicable, to empty the septic tank throughout the tenancy.
- Ensure the windows are thoroughly cleaned both inside and outside throughout the tenancy and at the end.
- The Tenant shall be responsible for testing all smoke detectors (and carbon monoxide detectors if applicable) fitted in the Property every two months, and replace the batteries as necessary.

### **Income tax and your rented property**

The rent you receive on your property is known as investment income and is liable for tax. However certain expenses can be offset against tax:

- Mortgage interest on capital borrowed
- Water rates
- Legal fees for renewing a tenancy
- Agent's management fees and advertising costs, etc.
- Insurance premiums for building and contents
- Cost of valuation for insurance
- Ground rent and service charges (leasehold flats)
- Normal repairs and redecoration
- Landlord management expenses - postage and stationery
- Heating, lighting and telephone (during void periods)
- Garden maintenance
- Preparing an inventory
- Building society letting charges

You can allow for the depreciation of the contents of your home in one of two ways:

- a) Deduct 10% of the rent, or
- b) Deduct from the rent anything that you pay in that year for replacing furniture, fixtures or fittings. This is called 'Renewals Basis'.

You may not choose both options and having chosen one you may not change.

The rules governing tax and allowable expenses change from time to time. If you are in doubt, you should contact your accountant or HMRC office.

### **Smoke & carbon monoxide alarm regulations**

On the 1<sup>st</sup> of October 2015 the government passed a law that all properties should have at least one smoke alarm on each storey of a rental property that is used as living accommodation. These alarms may be battery powered or hardwired.

Install a carbon monoxide detector in any room that contains a solid fuel appliance which includes coal or wood burning fires and wood burning stoves. For information wood burning stoves installed since 2011 must already have a carbon monoxide detector and a certificate proving they have been safely installed. The certificate must be kept as it will be required upon sale of the property.

Currently gas appliances are not covered by the above Regulations but we strongly advise that carbon monoxide detectors are installed in properties powered by gas appliances or oil fired appliances. We anticipate the gas safe regulations may be amended at some stage to require this in the future.

Carry out testing to ensure that all smoke and carbon monoxide alarms are in working order at the start of each new tenancy commencing on October 1 2015 or thereafter.

### **Tenancy Deposit Scheme**

Since April 2007, all deposits (for rent Up to £25,000 per annum) taken by landlords and agents for assured shorthold tenancies in England and Wales have to be protected by an authorised tenancy deposit scheme. Harvey Scott has joined the Tenancy Deposit Scheme for Regulated Agents (TDSRA) managed by the Dispute Service. This scheme is supported by the Royal Institution of Chartered Surveyors (RICS), the National Association of Residential Letting Agents (ARLA) and the National Association of Estate Agents (NAEA).

### **Useful websites**

- [www.thedisputeservice.co.uk](http://www.thedisputeservice.co.uk)
- [www.depositprotection.com](http://www.depositprotection.com)
- [www.mydeposits.co.uk](http://www.mydeposits.co.uk)

The new legislation has an impact on the way deposits are managed by agents and therefore there is a nominal charge of £25 (£50 Let Only) to enable us to hold and manage a deposit on your behalf. This will be charged to you upon each new tenancy and annually thereafter for existing tenancies.

### **Legionella risk assessment**

If you are someone in control of premises, including landlords you must understand the health risks associated with legionella and need to take the right precautions to reduce the risk of exposure to legionella. Therefore a risk assessment is required every two years to comply with the Health and Safety Executive (HSE) guidelines. This can be carried out by a competent person and a risk assessment must be produced before a tenant moves into the property.

### **Insurance**

Let Insurance Services is a specialist provider of landlord's insurance and offers a range of products to cover:

### **Building and contents**

- Comprehensive buildings insurance
- Comprehensive contents insurance
- Competitive rates for all landlords

- Accidental damage by your tenant
- Malicious damage and theft by your tenant

### **Harvey Scott rental guarantee and legal cover**

Sometimes even the tenants with the best references fail to pay the rent through circumstances beyond their control, such as redundancy or relationship breakdown. Rent guarantee insurance is designed to protect you and provide peace of mind.

- Rental cover up to £5000 per month
- Guaranteed rental payments every month
- No disruption to monthly rental income
- No excess
- All legal expenses covered up to £50,000
- Rental payments up to 12 months or until vacant possession is obtained, whichever is sooner
- Pays rent up to 1 month after obtaining vacant possession (when a breach of the tenancy agreement has occurred)
- Cost of cover only 3.5% plus VAT of monthly rent

For more detailed information about the above service please see the enclosed Harvey Scott rent guarantee leaflet or speak to a member of our lettings team.

### **Top tips to consider**

The introduction of buy to let mortgages has led to a greater flexibility for the private investor who is able to consider property as an affordable long-term investment. Harvey Scott has compiled a list of the most relevant points to consider when contemplating such a purchase.

Consider your long term goal. It may be that you will buy a property to live in once you retire; you could want the highest income possible immediately or may be you are looking for capital appreciation. It is important to strike a balance between yield and capital growth. The property you select will vary to suit your intentions. Seek professional financial advice before starting to find out your level of purchase. Even if you have cash, it may be more tax efficient to use a buy to let mortgage, this is another area where Harvey Scott can help as we have our own in-house financial advisor.

Once you have selected a suitable property, prepare a business plan with estimated income and outgoings, bearing in mind to build in agents' fees, void periods, repairs, standing charges and insurance.

Discuss the pros and cons of letting furnished or unfurnished with your agent. The greatest demand is for unfurnished which involves lower on-going refurbishment costs. Occasionally corporate tenants require a furnished property which can achieve a higher rental figure, but this is not the norm.

Carefully choose the location of your property and look for features such as a garage, parking facilities, central heating, double glazing, etc.

When viewing a property, it might be wise to ask yourself whether you would accept the standard offered if you were a prospective tenant. An agent would expect the fabric of the building together with all plumbing, gas and electrics to be in good order. When decorating try to use neutral colours as these will create a blank canvas for the tenants to work from with their own belongings. If refurbishing



the kitchen or bathroom, again use more traditional designs/colours, which will not date. Hard wearing, good quality carpets are also a good investment as this is where wear and tear takes its toll.

Remember if buying leasehold to expect ground rent and service/maintenance charges to be your responsibility. However these, if reasonable, can be built into the rental value.

Landlords are always responsible for buildings insurance and any owner's contents. The tenants are responsible for insuring their personal belongings.

If living, or intending to move overseas, consider the tax implications. Although Harvey Scott will not handle your tax affairs, we can supply the correct form to enable you to apply to the Inland Revenue to receive rent without tax deduction in the first instance. We are required by the HMRC to provide a yearly statement of account which is a charge to yourself at £50.00 per annum.

Under the current legislation, all tenancy agreements are deemed to be an Assured Shorthold unless otherwise stated. This is the most common form of agreement, the usual exception being where the tenancy is taken on behalf of a company, i.e. a company let.

Remember this is a business undertaking; try not to get too emotionally attached to the property. Be prepared to invest further money at a later date towards maintaining the property to a high standard.