

## LANDLORDS INFORMATION PACK



**HAVE A HOUSE TO LET?  
LET US TAKE THE WEIGHT OFF YOUR  
SHOULDERS**

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Also at *Bedlington, Cramlington, Guidepost, Morpeth, North Shields and Wallsend*

Mike Rogerson Estate Agents Limited registered in England & Wales. Reg. Number 4138737

## **INTRODUCTION**

Our objective is to secure a satisfactory tenant for you in the shortest possible time.

Mike Rogerson is an established and expanding firm of Estate and Letting Agents and one of the leading independent practices in the region. Our dedicated team manage a large portfolio of rented properties across Northumberland and Tyneside. If you are a landlord simply wanting us to find a tenant for you or if you want a comprehensive managing agent, we offer comprehensive lettings, management and maintenance service tailored to suit your individual needs whatever they may be.

Through our network of offices we attract tenant enquiries from all over Northumberland and Tyneside this is in addition to providing relocation services to some of our regions largest companies.

The importance of finding the right tenant cannot be overstated, with a wealth of experience to call upon our trained staff are there to help you avoid the pitfalls and ensure the best results. In addition staff will be able to advise potential landlords upon buy to let investment and to ensure the right purchase is made.

We hope you find this information pack useful and informative and are always pleased to help with any questions you may have. We offer a free valuation service and would be happy to visit the property and provide advice and a rental valuation.

## **GENERAL INFORMATION**

There is a high demand for both furnished and unfurnished accommodation throughout the region. In both instances the properties must be in good order and well presented at the commencement of the tenancy.

## **FINDING THE RIGHT INVESTMENT PROPERTY**

Buying a residential property for rental purposes is not normally a short term investment, however over the mid to long term can be a very sound investment giving a combination of rental income as well as capital growth as the value of the property improves over the term of the investment.

## **INCOME OR CAPITAL GROWTH**

Before rushing off to buy an investment property it is important to first consider what it is you want to achieve. It's easy to buy a property, however, just because it's cheap does not mean it will automatically make a good investment. The price you pay for a property is obviously a very important consideration but there are many more ; the location, size, condition for instance. Thought should also be given to the sort of tenant market you wish to enter, for example, the student market, DSS tenants or professionals. What ever your ambition, or your experience to date, it is important to seek good professional advice. Mike Rogerson Estate Agents have many years experience in all areas of the property market and are ideally placed to help landlords find the right property.

### **OTHER CONSIDERATION**

If you can, buy freehold property. If you must buy a leasehold property make sure your lease allows subletting. Also find out if any fees would be payable to the head leaseholder upon each sublease. If you are considering buying a flat or apartment which is part of a larger building consideration should also be given to any service charges that may apply.

### **NON RESIDENT LANDLORDS**

Even if you live abroad permanently or work abroad for long periods you are still liable to UK income tax on any rent you receive, less allowable expenses. The agent who collects the rent must deduct tax at source and forward this to the Inland Revenue unless they hold written authority of exemption from the Inland Revenue. This exemption must be applied for by the landlord. At the end of the year a tax return should be submitted at which point any overdue tax paid should be reclaimed.

### **TAX**

There are two main areas of tax that must be considered when thinking of investing in property ; Capital Gains Tax and Income Tax.

### **CAPITAL GAINS TAX**

Capital gains tax may be levied when you sell your investment property. Advice should be sought from a firm of tax accountants if you considering a disposal

### **INCOME TAX**

Any income derived from letting property will form part of your taxable income. Advice should be sort from a firm of tax accountants.

### **LEGISLATION**

In an attempt to attract investors back into the private rented sector the government introduced the Housing Act in 1988. Under the act two new types of tenancy were created, an Assured and an Assured Shorthold Tenancy (AST). The most popular of these is the AST as it guarantees the landlord has the right to possession at the end of the term of the AST.

To create an AST the tenant must occupy the property as their principle home. The rent must not exceed £25,000 per annum. The landlord must not enjoy residential landlord status and the tenant must be an individual. The introduction of the 1996 Act simplified things even further. Since the 28<sup>th</sup> February 1997, all tenancies which meet the criteria of the 1988 Act are automatically Assured Shorthold Tenancies. It is important to realize if a landlord is considering letting a property to a company the tenancy cannot be regulated by the Housing Act 1988 or 1996 as the company is not an individual as required under the Act. Any such tenancies will be subject to contract law.

## **LETTING CONSENTS**

### **BANKS, BUILDING SOCIETIES, MORTGAGES**

The landlord should ensure his lending institution (if any) is aware the property is to be let. The Bank, Building Society will usually require sight of the tenancy agreement that will be used.

### **LEASEHOLD PROPERTY**

If your property is leasehold, the lease will usually say if you require permission from the freeholder. A fee will usually be charged for the granting of permission.

### **MORTGAGED PROPERTY**

If you have a mortgage upon the property you intend to let you are usually required under the terms of your mortgage to advise your lender that you wish to do so and seek their consent. Some lenders may charge a fee for the granting of the required consent. In addition there may be a variation in the interest rate charged.

## **FURNISHED OR UNFURNISHED**

A fully furnished property is a property that is ready for immediate occupation complete with furniture, linen, all kitchen appliances and utensils. An unfurnished property should be supplied with carpets and curtains. Whether or not to supply your property furnished or unfurnished will depend on a large extent to which part of the market you wish to appeal. For example, if you have a small house or flat which will appeal to the young professional market, it will probably let better furnished.

## **PROPERTY PREPARATION**

The landlord must ensure the property is well cleaned throughout prior to commencement of the tenancy including any gardens. All appliances to be left within the property and included within the tenancy should be in good and serviceable order. Clear instructions for use should be provided and advice given on items under service contracts or guarantees. Advice on location of such things as fuse box, meters and stop valves should also be provided.

## **FINDING THE RIGHT TENANT**

Whilst for every landlord getting a good rent is very important. We would suggest that having the right tenant is also of at least equal importance. There is often pressure from landlords to install a tenant as quickly as possible however many years of experience have taught us that it is often worth taking time to find the right tenant. This is often the key to avoiding many of the problems associated with property management.

## **FULLY MANAGED OR TENANT FIND**

There are many factors to consider when deciding whether or not to manage your own rental properties. The geographical location of the property, your other commitments, all the legislation to be dealt with, dealing with repairs, problems, rent arrears and so on.

As a managing agent with a large portfolio of properties, we are able to provide a professional service which can include production of inventory documents, mid term



require a total of three sets of keys, two to be passed to the tenant and one to be retained by ourselves in case of emergencies.

### **TENANTS RESPONSIBILITIES**

The tenants are responsible for payment of a electricity, gas, water, council tax and telephone charges incurred during the term of their tenancy unless specifically otherwise agreed with the landlord.

Tenants pay rental monies monthly in advance. A deposit of a sum equal to one month rent is also usually paid by the tenants at the commencement of the tenancy as a bond.

### **UTILITIES**

Before the commencement of the tenancy, the landlord must ensure that they have taken meter readings for gas, electricity and water if metered, and then they must inform the relevant utility company that the property is empty pending letting and provide a forwarding address for any final accounts. Landlords should also advise Mike Rogerson of all final meter readings in addition landlords should also advise their telecoms provider and their Local Tax Office that they are leaving.

Finally Royal Mail should be advised should you wish to have your mail forwarded on to your new address.

### **REPAIRS**

It is advised that landlords leave copies of all service contracts and details of any preferred contractors in order that the agent may contact the relevant person should a problem arise. Wherever possible we will endeavour to contact the landlord about repairs that need attending to and obtain estimates.

As part of our service we also have a team of in house contractors who can assist in all aspects or general repairs and maintenance as well as offering complete property refurbishments.

### **RENTAL PAYMENTS**

Rents are usually collected on a monthly basis. Rents may be paid by standing order mandate, paid at one of our offices or sent by post in the form of a cheque. Rents will be processed and forwarded onto landlords as soon as possible. We will monitor rental payments on a monthly basis and should tenants go into arrears the landlord will be informed and the necessary action taken to resolve the situation.

### **DEPOSIT PROTECTION SCHEME**

Under new Government legislation deposits must be registered with an appropriate authority. For tenant find only we can guide you to the website you will require to register your tenants deposit.

For fully managed we will register the deposit held on your behalf.

It is important for any landlord to understand the implications of this legislation. In effect, if a tenant has damaged a property or its contents in anyway, the landlord must be able to prove it. If a landlord cannot prove it the tenant will be able to get their deposit

back in full.

In order for a landlord to prove that a tenant has caused damaged and be able to reclaim this from the tenants deposit, the landlord must carry out a schedule of condition and inventory at the start of the tenancy. Without such a document as proof, any claim by a landlord will be rejected by the tenancy deposit scheme.

Mike Rogerson Estate Agents, as experienced property professionals have many years experience preparing detailed and objective schedules of condition and inventory. If you would like us to carry out a schedule of condition and inventory please do not hesitate to contact a member of your local team.

### **INVENTORY**

Since the introduction of the Tenancy Deposit Protection scheme, the provision of an objective inventory or schedule of condition has become more important than ever before. Tenancy law experts have said that an inventory is as important a document as the tenancy agreement itself.

It is of the utmost importance to have a detailed inventory and schedule of the condition and contents of the property at the beginning of the tenancy, but is only effective if it is accurate and this should be provided to the tenant at the commencement of the tenancy.

It is significant to note that an inventory is a binding legal document once signed, a copy should be held by the agent and tenant.

Without such a document, under the terms of the Tenancy Deposit Protection Scheme, should a dispute arise, it will be very difficult for a landlord to prove a claim for damages against the tenant.

An inventory and schedule of condition should ideally, be completed by a third party as it is often difficult for an owner or occupier to be objective. As an experienced letting agent Mike Rogerson can provide a detailed inventory and schedule of condition which is signed by the tenant at the beginning of the tenancy and can then be relied upon when assessing the condition of the property at the end of the tenancy.

### **THE GAS SAFETY (INSTALLATION & USE) REGULATIONS 1989**

None compliance with the gas safety regulations is a criminal offence which if proven can result in a fine or a prison sentence. The landlord must maintain all gas appliances in their property and must have them inspected annually, which must be carried out by a Gas Safe registered engineer.

From October 1<sup>st</sup> 1994 it became law for gas equipment in rented properties to be checked annually by a Gas Safe Registered Installer and for the landlord to keep accurate records of work carried out on all appliances in their control. It is the duty of the person who owns the gas appliances or any installed pipe work in the premises or any part of the premises let by him/her to ensure that such an appliance or installation pipe work is maintained.

### **PORTABLE APPLIANCE TESTING (PAT TEST)**

The Electricity at Work 1990: Low Voltage Electrical Equipment (Safety) Regulation require all portable electrical equipment supplied by the landlord to be correctly maintained and safe for use, items such as fridges, kettles, washing machines etc. are now required to be periodically both visually and electrically tested and the results recorded. Landlords should ensure necessary arrangements are made for such testing

### **SMOKE DETECTORS ACT 1991**

Under the Act all new buildings built after June 1992 must have mains powered smoke detectors fitted on each floor. If your property was built before this date we would recommend that you at least have battery operated smoke detectors fitted.

### **FURNITURE & FURNISHINGS (FIRE SAFETY) REGULATIONS 1988**

After the 1<sup>st</sup> March 1993 it became an offence to supply furniture in a rented property which does not comply with section 14 of the 1988 Regulations. Should a property be found not to comply the landlord could face up to six months in prison and fines of up to £5,000

### **ELECTRICAL SAFETY**

There is currently no statutory requirement to have annual safety checks on electrical as there is with gas, but it is advisable to do so as you can still be liable if anything goes wrong.

Apart from the Landlord's Common Law duty of care, the Landlord & Tenant Act 1985 (and several other statutory regulations) requires that the electrical equipment is safe at the start of every tenancy and maintained in a safe condition throughout the tenancy.

Electrical hazards are also covered by the Housing Health and safety rating system under the Housing Act 2004.

In the case of commercial property and houses in multiple occupation (HMO's) there is a statutory duty under the Regulatory Reform Fire Safety Order 2005 for the responsible person to carry out annual fire safety risk assessments, which include electrical safety risks.

If you let property you must ensure that the electrical system and all appliances supplied are safe – failure to comply with the Electrical Equipment (Safety) Regulations 1994 and the Consumer Protection Act 1987 is a criminal offence.

### **ENERGY PERFORMANCE CERTIFICATE (EPC)**

From 1st October 2008, it is compulsory that all properties 'to let' have an EPC.

EPCs are valid for 10 years and can be reused for new tenants as many times as required within that period

As part of the Energy Performance of Buildings Directive, an energy performance certificate (EPC) is mandatory if you intend to sell or rent your property.

EPC's will provide information on a buildings energy efficiency using a sliding scale

'A' being the most efficient to 'G' the least efficient.

In addition to the efficiency rating (relating to running costs) the EPC will also show the environment impact rating (relating to the carbon dioxide emissions). An EPC report will make recommendations of how you can improve the rating of your property, however there are no statutory requirements to carry out any of the recommended energy efficiency measures.

Only qualified, accredited domestic energy assessors and qualified, certified home inspectors can produce EPC's for domestic properties. They analyse how homes are constructed, insulated, heated and ventilated, and the type of fuel being used.

Once your property has been given an EPC, it gets a unique number and is registered on a national database by the assessor. You can download extra copies by using the report reference number on the top right hand side of the certificate.

Sellers are required to commission an EPC prior to marketing their property, though you don't need to have received a finalised EPC before commencing marketing.

### **EPCs WITH MIKE ROGERSONS**

Mike Rogerson use accredited DEA's (Domestic Energy Assessors) who are registered with the appropriate accreditation scheme and they are required to have passed a basic Criminal Record Bureau (CRB) check.

If you are intending to sell or let your property through Mike Rogerson and require an EPC, then we can arrange this for you. The relevant branch will be able to provide you with full details likewise, if you are not selling or letting, but would like to order an EPC for your property with Mike Rogerson, then please send an email to [epcs@mikerogerson.co.uk](mailto:epcs@mikerogerson.co.uk)

Or contact your local branch for more information.