



SPRUCE TREE LETTINGS - LANDLORD'S GUIDE

LANDLORD'S GUIDE TO RESIDENTIAL LETTING AND MANAGEMENT

Spruce Tree Lettings delivers a professional and efficient residential letting and management service to landlords and tenants in the East Midlands and the surrounding areas, including Derby, Nottingham and South Yorkshire.

Our aim is to provide unrivalled expertise in our market place, backed by a team of fully dedicated professionals and extensive property marketing. Providing quality customer care is very important to us and we encourage you to look over the Spruce Tree Lettings values.

Having invested greatly in training, marketing and property management software; we are very well placed to provide the most efficient service possible.

In order to maximise property exposure, our website is updated on a daily basis and our properties are listed on market leading property websites such as Property Live, Zoopla, Property Index and many more.

Services

Spruce Tree Lettings provide a range of standard services (see our service comparison table) and are able to provide ad hoc and bespoke services as needed. Just get in touch with the team to discuss.

First stages of renting your property

Valuation

Spruce Tree Lettings will initially view the property to assess its rental value. At this point we will answer any questions you may have and determine the most suitable service to meet your requirements. We will also be able to make recommendations where necessary that could potentially increase the rental value of your property. Our advice at this point is completely free and aimed at making sure you have a firm understanding of all your obligations before proceeding to let your property.

Marketing your property

Once you have decided to appoint us as your agent, one of our representatives will visit the property in order to take some internal and external photographs. We use the photographs and the information we have collected to create an attractive advert, which we display to market your property.

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Our highly trained and efficient staff will make sure that the best service is delivered to both the landlord and tenant.

Presenting the property

It is important that the property is presented in the best way possible to help it to stand out. Without this, the property could remain empty for longer as well as affecting its rental value.

To help a rental property appeal to a wider market, we would suggest the following:

- Keep the colours in the property neutral
- Gardens must be kept maintained (when a tenant occupies the property, the maintenance of the garden becomes their responsibility)
- Keep the equipment provided and furnishings contemporary (can still be basic)
- Check for any grouting issues in places such as the bathroom. Any mould issues here can really affect a prospective tenant's decision to rent the property
- If the property is a flat with a communal entrance and hallway, make sure that for the benefit of all tenants that this area is kept tidy and clear of debris at all times
- Double glazing and gas central heating is another popular feature amongst tenants
- In general, try to find and rectify any damages around the property that can be easily seen or experienced.

Obtaining the tenants and referencing

Arguably the most important factor when letting the property is the prospective tenant. The whole success of letting depends on finding the right tenant. If an applicant wishes to proceed with a tenancy, Spruce Tree Lettings will assess their suitability.

The references aim to check that each tenant is creditworthy by for example checking for CCJ's and arrears and obtaining employer, landlord and character references. Once references have been received, we will contact you to confirm the results of this and advise of the proposed checking in date.

All necessary legal paperwork, including an inventory will be prepared and signed and any outstanding balances settled by the tenant before the tenancy commences.

Important safety and legal requirements

Gas safety

The Gas Safety (Installation and Use) Regulations 1998 say landlords must ensure that gas appliances, fittings and flues are safe for tenants' use and that installation, maintenance and annual safety checks are carried out by a technician registered with the Gas Safe Register (which superseded CORGI on 1st April 2009).



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If everything is safe, you'll be given a gas safety certificate with some possible recommendations. Gas safety checks must be carried out on a property annually. It is advised that you check that the Gas Safe Registered engineer is competent to work in that specific area of gas. This is clearly marked on the back of the engineer's Gas Safe Register registration card.

The landlord must keep a record of the safety check for two years and issue a copy to each existing tenant within 28 days of the check being completed and issue a copy to any new tenants before they move in.

Electrical safety

While there isn't a legal obligation on landlords to have professional checks carried out on the electrical appliances, there is, however, an obligation to ensure that all electrical equipment is safe, under the Electrical Equipment (Safety) Regulations 1994, the Plugs and Sockets Regulations 1994, the 2005 Building Regulation – Part P, and the British Standard BS1363 relating to plugs and sockets.

An electrician who is registered with the National Inspection Council for Electrical Installers and Contractors (NICEIC) should carry out all electrical certification. There are two types of electrical certificate:

1. **Periodic Inspection Report**

It is advisable to have a full electrical inspection carried out every five years. This examination investigates the state of the electrical wiring throughout the property and thoroughly checks the safety of the electrical installation. These inspections can cost from £100 to £250. The electrician should issue you with a 'Periodic Inspection Report for an Electrical Installation' at the end of the examination, which declares the electrical installation as safe.

2. **Portable Appliance Testing (PAT).**

It is also advisable to instruct an electrician to carry out PAT on all portable electrical appliances once a year. Portable electrical appliances are defined as any appliances that you supply with the property that can be plugged into the mains electricity (for example lamps, microwaves, portable electric heaters, TV etc). The purpose of the PAT is to ensure that all portable electrical items provided with the property are electrically safe. PATs typically cost around £5 - £20 per appliance.

Fire safety

The Furniture and Furnishings (Fire) (Safety) Regulations 1988 (as amended in 1989 and 1993) sets minimum fire resistance standards for domestic upholstered furniture, furnishings and other products containing upholstery that remain in a dwelling during the course of a tenancy.



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These include any of the following that contain upholstery:

- furniture intended for private use in a dwelling, including children's furniture
- beds, headboards of beds, mattresses (of any size)
- sofa-beds, futons and other convertibles
- nursery furniture, garden furniture suitable for use in a dwelling
- scatter cushions, pillows, seat pads and loose and stretch covers for furniture.

The regulations do not apply to:

- furniture made before 1950
- sleeping bags
- bedclothes (including duvets)
- loose covers for mattresses
- pillowcases
- curtains
- carpets

For items that do apply, a suitable label must be attached to the furniture in a prominent position so that the label will be clearly visible to a potential purchaser of the furniture and the wording on both sides can be read with reasonable ease. Examples of these labels can be seen above.

Smoke alarms and carbon monoxide

All properties built since June 1992 must have interlinked mains-connected smoke detectors/alarms on each floor of the property. To help protect the investment and to prove compliance with the common law 'duty of care', it is strongly advised that properties built before 1992 are fitted with at least standard (battery powered) smoke detectors/alarms. Smoke alarms must be checked regularly to ensure that they are in full working order. A carbon monoxide detector should also be supplied (these can be purchased for around £5 from most DIY shops).

Energy Performance Certificate

With effect from 1st October 2008, all new tenancies require an Energy Performance Certificate (EPC). Their purpose is to determine how energy efficient homes are on a scale of A-G. The most efficient homes – which should have the lowest fuel bills – are in band A. The certificate uses the same scale to define the impact a home has on the environment. Better-rated homes should have less impact through carbon dioxide (CO₂) emissions. The average property in the UK is in bands D-E for both ratings.

The certificate includes recommendations on ways to improve the home's energy efficiency to save money and help the environment.



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Houses in multiple occupation

If the landlord wishes to rent their property to multiple occupants, it may mean that a licence is required before the property can be legally rented. Houses in multiple occupation are also referred to as HMOs and the purpose of the licensing scheme is to improve management and safety standards in this area of the rental sector.

It is now a mandatory duty for:

- All Local Authorities to have a licensing scheme
- Owners of certain types of HMOs to have a licence.

What is a house in multiple occupation and do I need a licence?

An HMO is a building or part of a building that meets one of the following tests:

A - The standard test

Any building in which two or more households share basic amenities. For example, toilets, kitchens and bathrooms.

B - The self-contained flat test

Any flat in which two or more households share basic amenities. For example, toilets, kitchens and bathrooms.

C - The converted building test

Any converted building comprised of one or more units of accommodation that are not self-contained.

D - Certain converted block of flats

Any converted building comprised of self-contained flats that does not meet the 1991 Building Regulation Standards, and more than one third of the flats are occupied on short tenancies.

An HMO must have a licence if it fits:

A - The Standard test, OR

C - The Converted building test

And

- It is more than three storeys high (this includes basement and attic rooms)
- It has five or more people living there.

And

- The 5 people make up more than one household (family unit).



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For further information on HMOs and how this may affect you as a landlord, please speak to one of our representatives.

Overseas landlords and income tax

The scheme requires UK letting agents to deduct basic rate tax from any rent they collect for non-resident landlords. If non-resident landlords don't have UK letting agents acting for them, it is their responsibility to inform the Inland Revenue of rental income received and to pay any tax due. Non-resident landlords can apply at any time for approval to receive rent with no tax deducted.

If your intention is to reside abroad then Spruce Tree Lettings can offer the following services:

- Arrange for annual rental accounts to be prepared by a local firm of chartered accountants and be submitted to the Inland Revenue at the end of each tax year. Details available on request.
- Tax saving schemes relating to earned income abroad and the possibilities of re-investing your income to receive tax-free interest. Again we have the expert advice of a firm of financial consultants on hand, details are available.

The tenancy deposit protection scheme

Under the provisions of the Housing Act 2004 every landlord or letting agent that takes a deposit for an assured short-hold tenancy in England and Wales must join a tenancy deposit scheme. The new regulations came into effect from April 6, 2007. The purpose of this regulation is to ensure good practice. The secondary purpose of the new regulations is to try and keep disputes between landlords and tenants out of the courts by encouraging alternative dispute resolution.

How does it work?

The tenant pays over the deposit in the usual way when the tenancy agreement is signed. The landlord or letting agency has 14 days from the commencement of the tenancy to provide the tenant with details of the scheme that they are using (known as the prescribed information). If there is no dispute at the end of the tenancy the deposit will be returned to the two parties as agreed. If a dispute has arisen then the parties will be invited to make use of the alternative dispute resolution process that is provided free within the scheme. Should the parties opt for alternative dispute resolution they will be bound by its decision with no redress to the courts.

There are two types of scheme; insurance backed or custodial. Under the insurance-backed scheme the landlord or letting agency pays a premium to the scheme but retains the deposit whereas with the custodial scheme the deposit is transferred to the scheme within the 14-day timescale. If a landlord or letting agent does not protect a tenant's deposit and provide the tenant with the prescribed information within the 14-day timescale they will lose their right to regain possession of their property under the Section 21 (notice only) instrument. If the tenant applies to



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court for their deposit to be protected and it is shown the landlord has not complied with the scheme the court must order the landlord to pay the tenant three times the deposit amount within 14 days.

In November 2006 three companies were awarded contracts by the government to run tenancy deposit schemes:

Custodial scheme

- The Deposit Protection Service (The DPS)

Insurance-backed schemes

- Tenancy Deposit Solutions Ltd (TDSL) (**now trading as my deposits**)
- The Tenancy Deposit Scheme (TDS)

Frequently asked questions

What is an Assured Short hold Tenancy Agreement?

The Assured Short-hold Tenancy is the default tenancy for most dwellings in England and Wales. It is a form of Assured tenancy with limited security of tenure, and an important class of residential tenancy in England and Wales. It was introduced by the Housing Act 1988, with important changes made by the Housing Act 1996.

Should I inform anyone else that I intend to let my property?

Yes, if the property is mortgaged, the bank or building society must be made aware of the intention to let the property. They will generally require details of the tenancy before giving their approval. Where the property is leasehold, the freeholder must also be informed of any intentions to let the property. It is also important that the contents and buildings insurer is made aware of any tenancy. Certain terms and conditions may need to be applied in order to keep the policy valid.

Should I let my property furnished or unfurnished?

Experience tells us that the preference is generally for an unfurnished accommodation and a furnished property doesn't necessarily increase a property's rental value. Where possible, we would advise landlords to offer their property unfurnished, however be ready to offer some basic furnishings on request. We would advise that if the property is to be let furnished, it should include items such as sofas, tables, basic kitchen appliances, wardrobes, beds, curtains and carpets.



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What is an inventory?

The inventory provides a fair and accurate record of the contents of the property and their condition. It also records the condition of the fabric of the internal and external parts of the property. Photographs are taken to show the condition of items/décor at the time of the check in. These photographs shall be kept on file during the tenancy. At the check out assessment a representative will attend to make a comparative assessment of the property against the inventory/check in. If there are any additional damages that fall beyond the definition of 'fair wear and tear', it is possible that deductions may be made from the deposit before it is returned to the tenant(s).

How will Spruce Tree Lettings manage my investment?

We aim to provide a smooth-running and consistent service where the property is continuously let and maintained. The aim is to keep the property in the same condition it is at the beginning of a lease until the end. Of course, in reality, tenanted properties are prone to additional wear and tear, and in situations where this may affect the rental value, we shall contact you to suggest possible remedies to recover the lost value. We will also deal with any direct maintenance issues with the tenant, arranging any maintenance work or repairs where it is proven that the landlord is responsible.

When and how will I receive my rent if Spruce Tree Lettings manages the property?

We pay our landlords on receipt of cleared funds, therefore any rent due shall be processed immediately. This shall be paid electronically into your chosen account.

How do I reclaim possession of my property?

The landlord has the right to terminate the tenancy by using a 'Section 21 notice', which in practice results in a minimum notice period of two (2) months. Although there is no minimum length for which an assured short-hold tenancy may be granted, such a tenancy may not be ended by a Section 21 notice in the first six (6) months from the beginning of the tenancy.