



Landlord Guide

June 2020

Established in 1933, Wills & Smerdon are independent Estate and Letting agents. We are a forward-looking dynamic company and proud of our long and successful history. We have an expert and intimate knowledge of the property market in the Horsleys, Ripley, The Clandons, Send, Effingham and the surrounding villages.

Our successful Lettings department is based at our East Horsley office. We have let hundreds of properties for satisfied Landlords, many of whom are long standing clients. We manage a growing portfolio of properties and focus on the priorities and needs of our Landlords. Use of the latest Letting and Management software ensures your property investment is efficiently looked after and rents paid over promptly. We are members of The Property Ombudsman and Propertymark (formerly ARLA) and our Lettings team are ARLA/Propertymark trained and qualified to ensure the highest standards are met at all times. We are proud of our integrity and our commitment to customer service and as a small dedicated team really take the time to get to know you, your property and your tenants.

"Professional, approachable and trustworthy. I have found the team at Wills & Smerdon to take the pressure off me as an amateur landlord and to look after my property, dealing with any repairs both efficiently and at the lowest cost possible whilst maintaining high standards. It's been a joy to be with them!" Dr S Daliwel

Letting your property

The first step is for us to carry out a market appraisal to discuss your circumstances and advise you on: market conditions; how to present your property to appeal to the best tenant ; the expected market rental and your legal obligations as a Landlord. You need to choose a letting agent who knows the market so you can achieve the maximum rent for your property and keep expensive void periods to a minimum. This appraisal is free of charge and without obligation.

Once you have instructed us to let your property and signed our Terms of Business, we will re-visit your property to take photographs and prepare the particulars. We will list your property on our own website and upload the details onto the popular property portals Rightmove, Zoopla and On the Market. We will immediately contact prospective tenants by telephone and email, and arrange accompanied viewings. If agreeable, we will erect a prominent To Let board.

When an offer is received we will negotiate on your behalf and confirm the terms of the offer to you for your consideration. Any offer is subject to references and contract. Our selection process is meticulous and we use a referencing agency to verify the financial status of the applicants and keep you compliant with the Right to Rent Act.

Once the references have been approved to your satisfaction we prepare a tenancy agreement setting out the rights and obligations of both parties which is forwarded to you and your tenant for signature. We can, in turn, negotiate the renewal of the tenancy at the end of the fixed term.

We strongly recommend that an inventory and schedule of condition is prepared and we can organise this on your behalf. The inventory is a detailed document listing the condition of the property, its decor and contents, and includes the taking of utility & water meter readings. Inventories are charged at a rate dependent upon the size of the property and whether furnished or unfurnished. An inventory is essential to reduce the risk of a dispute at the end of the tenancy. Professional cleaning of the property is also highly recommended before the tenancy commences.

On the tenancy start date once we have receipt of the signed tenancy agreement and cleared initial monies, we will release the keys to the tenants and provide a copy of the inventory. We will inform the tenant of who to contact throughout the tenancy. The deposit is then registered with the Tenancy Deposit Scheme and the rent due forwarded to you by BACS payment.

With around 150 legal rules and regulations affecting the letting of properties, we ensure we are up to date and our landlords are compliant with ever changing legislation. Non compliance could result in prosecution.

Renting through Wills & Smerdon not only means that your tenant has the peace of mind of a quality rental property, they know they are dealing with friendly, professionally qualified staff who follow a strict Code of Practice, Rules of Conduct and are members of a Client Money Protection Scheme. In the unlikely event of anything going wrong, your tenants have a formal route to redress any issues should they occur.

We offer three flexible levels of professional service:

- **Tenant Find**
- **Rent Collection**
- **Fully Managed**



Tenant Find Service

This service is suitable for experienced local Landlords who wish to remain involved in the day to day running of the tenancy, out of hours calls, legalities and the negotiation of the deposit return at the end of the tenancy. At Wills & Smerdon we will:

- Prepare property particulars and upload to the best performing property portals and social media platforms.
- Actively market your property to our database of registered tenants
- Arrange and accompany viewings for prospective tenants
- Take up references on all prospective tenants using an independent referencing agency. This includes a “Right to Rent” check.
- Inform you of current safety regulations relating to letting residential property to ensure you are compliant
- Provide and prepare the Tenancy Agreement
- Issue tenancy paperwork to the tenant in accordance with Deregulation Act 2015.
- Collect the first month’s rent and deposit and ask the tenant to set up the standing order for future payments direct to you
- Organise the preparation of an inventory and check in with the tenant.
- If required, Wills & Smerdon will meet the tenants on the move in day to handover keys, and check smoke and CO alarms, a legal requirement on the first day of a tenancy.
- Register the deposit (if appropriate)
- Negotiate tenancy renewal and carry out a rent assessment at the end of the first term
- Serve Section 21 Notice (Please see Terms of Business)

Rent Collection Service

This service is designed for landlords who prefer a more “hands on” approach to letting their property but opt for professional rent collection with our fee taken out of the rents collected. In addition to the Tenant Find Service, Wills & Smerdon will:

- Collect and remit monthly rents to you promptly by BACS with a payment statement emailed
- Chase any late rental payments immediately by telephone and letter and advise if you need to take specialist legal action

Fully Managed Service

This is our most comprehensive service designed for Landlords who prefer to leave the tenancy management to the professionals. Apart from many tenants preferring a property managed by a Letting Agent, we ensure all maintenance issues are swiftly dealt with using contractors who understand that a speedy, cost effective solution is essential. With the Deregulation Act 2015 this is more important than ever, as failure to respond may affect your ability to serve notice to your tenants. We manage our portfolio in-house and have a 24 hour emergency call out team to ensure your tenant always has a point of contact. In addition to the services listed under our Tenant Find and Rent Collection Service, Wills & Smerdon will:

- Keep you updated with legal changes
- Oversee all contact from your tenants regarding maintenance problems
- Instruct tried and trusted contractors accordingly and process invoices
- Inform the relevant utility suppliers at the beginning & end of the tenancy
- Carry out regular property visits & provide a detailed written report with photographs and provide on going advice on maintenance and improvements if appropriate.
- Negotiate deposit return at the end of the tenancy.

Additional Services

- Property Inspections for Tenant Find & Rent Collection properties
- Ad hoc property management to cover landlord holidays
- Vacant property visits
- Buy to let advice
- Insurance
- Property refurbishment

So, whether you are a first time or experienced Landlord, please be assured that we will take the time to understand your needs and concerns and we are here to help as little or as often as you choose. Call Wills & Smerdon today on 01483 284141 to discuss your requirements.

The Tenant Fee Act

The Act came into force on 1st June 2019 for all Housing Act tenancies and licences signed on or after this date. In summary the Act bans letting fees being paid by tenants to agents and landlords. According to the Government, the aim of the Act is *"to reduce the costs that tenants can face at the outset, and throughout, a tenancy, and is part of a wider package of measures aimed at rebalancing the relationship between tenants and landlords to deliver a fairer, good quality and more affordable private rented sector"*.

The Tenant Fees Act sets out the Government's approach to banning letting fees for tenants. The key measures of the Act include:

- Tenancy Deposits must not exceed the equivalent of five weeks' rent (unless the annual rent exceeds £50,000 in which case deposits are capped at six weeks' rent).
- Holding Deposits will be capped at no more than one week's rent.
- The amount that can be charged for a change to a tenancy will be capped at £50 unless the landlord demonstrates that greater costs were incurred.
- The Consumer Rights Act 2015 is amended to specify that the letting agent transparency requirements should apply to third-party websites.

Alongside rent and deposits, agents and landlords will only be permitted to charge tenants fees associated with:

- A change or early termination of a tenancy when requested by the tenant.
- Utilities, communication services and Council Tax.
- Payments arising from a default by the tenant where they have had to replace keys or a respective security device, or a charge for late rent payment (not exceeding 3% above the Bank of England base rate).

A breach of the fees ban will be a civil offence with a financial penalty of up to £5,000 with second and subsequent fines of £30,000 for charging tenants Prohibited Payments.

Deposit-free renting schemes

We have partnered with Zero Deposit to offer a Zero Deposit Guarantee in place of a traditional monetary deposit. A Zero Deposit Guarantee costs the equivalent of one week's rent. At the end of the tenancy, the inventory and check-out are completed in the usual manner and, provided a tenant leaves the property in a satisfactory condition with no outstanding rent or bills, the Zero Deposit Guarantee expires with no further action required. In the event of any damage to the property or any outstanding rent or bills, the tenant will be required to reimburse the Landlord as with a traditional monetary deposit and if there is a dispute the matter is referred to the Tenancy Deposit Scheme. More information can be found at <https://www.zerodeposit.com>. We fully discuss this with you and advertise your property with a zero deposit option if it agreed that this is appropriate for your property.

Legislation

Your tenant's safety is of the utmost importance as Landlords could be held liable if any accidents happen in their property. There is a raft of complex legislation and as members of ARLA/Propertymark we are kept up to date with changes and we implement these as appropriate and in conjunction with you. This gives our Landlords the confidence their property is in good hands.

Safety Legislation



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

It is a criminal offence to let Premises with upholstered furniture or soft furnishings 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.

Electrical Safety

The Electrical safety Standards in the Private Rented Sector (England) Regulations 2020 were passed by Parliament on 18 March 2020. The Regulations apply in England to all new tenancies from 1 July 2020 and all existing tenancies from 1 April 2021.

- The regulations will require mains testing every 5 years by a 'qualified and competent' inspector.
- The wiring will need to meet the standards as set out in the 18th Edition of the 'Wiring Regulations' (which was undated in 2019).
- If the landlord has a past test carried out in the last 5 years but it was produced according to previous editions of these Wiring Regulations, it does not automatically mean that the test is no longer valid. The guidance addresses this issue and sets out 'It is good practice for landlords with existing reports to check these reports and decide whether the electrical installation complies with electrical safety standards. Landlords might also wish to contact the inspector who provided a report to ensure the installation complies with electrical safety standards.' Ultimately, the best advice would be if you are not sure that the previous test would have met the current standards, it is best to have a further test carried out.

Electrical Safety Continued

A copy of the report needs to be provided to a new tenant before move in.

- If a tenant is already in occupation when a updated check is carried out, a copy of the report needs to be given the tenant within 28 days of the test.
- If remedial works are required, they need to be carried out with 28 days.
- There can be penalties of up the £30,000 for non-compliance.

PAT Testing

There is no legal obligation to carry out PAT testing on portable electrical appliances in most cases of a landlord renting out a property. However you are responsible for your tenant's safety.

The Electrical Safety Council recommends that landlords should check every appliance has a CE mark and tenants supplied with instruction manuals. Landlords are advised to carry out visual checks on the plugs and cabling to ensure the appliances are safe for use.

Gas Safety (Installation and Use) Regulations 1998

It is a criminal offence to let Premises with gas appliances, installations and pipe-work that have not been checked by a Gas Safe Registered Engineer. The Gas Safety Record (GSR) will need to be renewed at twelve monthly intervals. A Tenancy cannot commence until there is a valid GSR. If we are not managing the Premises it is the legal responsibility of the Landlord to provide and renew this essential certification.

A valid GSR is now also required in order to serve a Section 21 Notice to end a tenancy.



Smoke Alarms and Carbon Monoxide Alarms

Since the 1st October 2015 Landlords have had to ensure that a smoke alarm is fitted on every floor of their property where there is a room used wholly or partly as living accommodation. They also have to provide a carbon monoxide alarm in any room where solid fuel is burnt, such as wood, coal or biomass and this includes open fires. It does not include gas, oil or LPG, although as best practice this should be included. Landlords have to ensure that the alarms work at the start of every tenancy, for example by pressing the test button until the alarm sounds. Landlords are also required to demonstrate that the alarms were working at the start of the tenancy. Local housing authorities have the right to impose a fixed penalty charge of up to £5,000 on Landlords who do not comply with these rules.

Energy Performance Certificate (“EPC”)

Properties going on the market for letting must have an EPC. Some properties do not require an EPC, for example, Listed Buildings, which can apply for exemption, however it is still advisable to obtain an EPC for legal reasons. A copy must be given to the Tenant with written details or prior to the first viewing. The property cannot be marketed without an EPC and a copy should be provided to the applicant with any written information and prior to a tenancy starting to comply with the Deregulation Act 2015.

From April 2018, the Minimum Energy Efficiency Standard (MEES) came into force. This requires Landlords to ensure their properties meet the minimum energy efficiency Band E. Landlords are required to meet this criteria on the first occasion they let or re-let their property after this date. We can arrange an EPC on your behalf.

Safety Standards for internal blinds & curtains

All blinds and curtains which include a cord or chain must comply with current safety standards.

Immigration Act 2014 (Right to Rent)

A Landlord must make reasonable endeavours to check the lawful immigration status of any potential tenant or persons living at the party.

Fitness for Human Habitation (HHSRS)

The Fitness for Human Habitation Act comes into force on 20th March 2019 and has been introduced to ensure that a property is fit for human habitation at the beginning of a tenancy and throughout. Tenants will have the right to take legal action if landlords fail to do so.

The Act uses the 29 hazards listed in the Housing Health and Safety Rating System (HHSRS) to help define the categories that determine whether a property is “fit for human habitation”. Each hazard is assessed separately and classified as Category 1 or 2.

HHSRS check list

There are a number of check list points including:

- Damp & mould growth
- Excess cold and heat
- Carbon Monoxide & combustion products
- Crowding & space
- Noise
- Sanitation and drainage problems
- Fall hazards
- Structural defects and/or design

As a landlord, you are liable for damages or legal action if you fail to provide adequate safety measures. It is so important your rented property is well maintained inside and outside.

You must also ensure that you respond to maintenance issues quickly and efficiently and that you keep an audit trail of repairs.

Legionnaires' Disease

In order to comply with the Health and Safety Executive's Code of Practice, Landlords are required 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's Undertakings

Mortgage

If the Premises are subject to a mortgage, you will need your mortgagee's written consent to the proposed letting. The mortgagee may want to see a copy of the Tenancy Agreement, which can be supplied upon written request. The mortgagee may charge you a fee for giving their permission. If your mortgagee has any special conditions relating to the Tenancy, or type of Tenant you have, you must provide this information to us prior to the start of the Tenancy to be included within the Tenancy Agreement. Conditions cannot be imposed upon a Tenant at a later date.

Sub-Letting

If you are a leaseholder, you will normally require the consent from your Superior Landlord, freeholder or their managing agent before you can sub-let the Premises to an applicant. In giving this consent the Superior Landlord or their managing agent may require you to provide references for your Tenant and for you and your Tenant to enter into an agreement to observe the covenants contained in your Head Lease. A fee may be charged for granting consent to sub-let, which is your liability, and for the licence granted prior to the start of the Tenancy and upon renewal. We will need a copy of any sections of the head lease that impose restrictions on the behaviour of the Occupier, together with any schedules referred to therein so that we can attach a copy of this to the Occupancy Agreement. If the Occupier is not given a copy of the relevant sections of the Head Lease you cannot impose any obligations contained in it upon them. This could lead you to breach the terms of your lease.

Insurance

It is essential that the Premises and the contents included in the Inventory and Schedule of Condition are adequately insured and that your insurers are aware that the Premises are let. Failure to do so may invalidate your insurance. You must inform your insurers whenever the Premises remain vacant for a period greater than specified in your insurance policy. You should also check that your insurance policies include third party liability to protect you if the Tenant or a visitor to the Premises is injured. You must give us copies of any section of your insurance policies that impose restrictions on the behaviour of any Occupier of the Premises to attach to the Occupancy Agreement at its commencement, including any conditions for vacant premises. If these are not given to the Occupier then they have no obligation to comply, which could be in breach of your insurance contract rendering any claim void. We strongly recommend you arrange for a specialist landlord insurance policy that covers loss of rent, contents, rent/reletting costs if your tenant has to vacate, replacing locks, legal expenses etc.

Landlord Licencing

Landlords need to ensure that any required licences are obtained from the relevant Local Authority before letting.

Taxation

You will be liable for tax on income arising from letting the Premises and you must inform Her Majesty's Revenue and Customs ("HMRC") that you are letting the Premises. There are a number of allowances that you can claim against this income. You should seek advice on these allowances from your accountant or from the HMRC website which can be accessed on www.hmrc.gov.uk. You must also keep all your invoices for six years for tax purposes. You should be aware that we are obliged to forward a form to the HMRC annually detailing all Landlords whose Premises we have let and the rental income they have received, regardless of the country of residence of that Landlord.

Tax Relief

The Finance (No.2) Act 2015 Section 24 sets out that landlords will no longer be able to deduct all of their financial costs from their property income. Instead the level of tax relief will be based on the basic rate of income tax. This is being phased in as follows:

Tax Year	% of finance costs deductible from rental income	% of basic rate tax reduction
2017 to 2018	75%	25%
2018 to 2019	50%	50%
2019 to 2020	25%	75%
2020 to 2021	0%	100%

Overseas Non-Resident Landlords

The HMRC has special rules regarding the collection of tax on rental income if you are a landlord who is resident overseas for a period of more than six months in any tax year, or you subsequently move abroad. If you fall into this category it is your responsibility to obtain a tax approval number from HMRC. The relevant form and guidance notes can be downloaded from www.hmrc.gov.uk/cnr/nr_landlords.htm. Until that approval number is given to us by the HMRC we are legally obliged to deduct tax from your rental income at the prevailing rate, which is currently 20%. This money is forwarded to HMRC on a quarterly basis. For any period during which we deduct tax from your lettings income due to you not providing us with an Approval Number or you are not being accepted into the Non Resident Landlord Scheme we shall make an administration charge as shown in Schedule 1. If the Tenant pays you direct, you are non-resident in this country and your tenant has not received approval from HMRC to pay the Rent gross, they must deduct tax and forward that to HMRC on your behalf. No person or organisation is exempt from this scheme.



Checklist

Once you have decided to let out your property, you need to:

1. Instruct Wills & Smerdon to let the property – ideally 6 to 8 weeks before the availability date.
2. Obtain the necessary Consents to Let from your mortgage lender and Freeholder if the property is Leasehold. (As applicable)
3. Sign up for Land Registry Property Alerts. See Land Registry website.
4. Advise your insurance companies of intention to rent and obtain landlord insurance. Wills & Smerdon can help with insurance - please ask for more details.
5. Arrange for an Energy Performance Certificate (EPC) if necessary. NB - A minimum Rating of E/39 is required for all rentals. (Unless exempt)
6. Ensure the property is compliant with safety regulations including legionella risk assessment and provision of smoke & carbon monoxide detectors.
7. Arrange for the central heating to be serviced and a gas safety record obtained.
8. If moving abroad, notify HMRC and obtain Non-Resident Landlord approval.
9. Prior to the commencement of the tenancy, arrange professional cleaning and any garden is in “seasonal” order.
10. Leave a set of appliance manuals at property.
11. Arrange for 3 sets of keys to be given to Wills & Smerdon.
12. Contact the utility companies and services. Ensure there is a working telephone line and TV aerial at the property.
13. Redirect mail to a suitable forwarding address.
14. Sit back and relax while Wills & Smerdon manage your property for you!

Please follow us on Twitter, Facebook, Instagram:



Landlord Commission Fees and Charges



Please find below a summary of fees and charges.
Full information is provided in our Terms of Business.

Client money protection provided by: **arla**



Independent redress provided by: **tpos**



Tenant Find Service	9.6% inc VAT (8% plus VAT) of the first year's rent payable in advance at start of tenancy and on renewal of the tenancy
Rent Collection Service (includes Tenant Find Service)	12% inc VAT (10% plus VAT) payable pro-rata (usually payable monthly)
Fully Managed Service (includes Tenant Find & Rent Collection Services)	15% inc VAT (12.5% plus VAT) payable pro-rata (usually payable monthly)
Float	It may be necessary for us to hold a float, usually equivalent to one month's rent
Sale of Property	1% inc VAT of the sale price if sold to the tenant payable on completion of the sale
Tenancy Set Up Costs	Tenancy Agreement £300 inc VAT Tenant Referencing £60 inc VAT per tenant. (Maximum charge of 2 references per tenancy) Right to Rent checks (for permitted occupants) £18 each inc VAT

Inventory charges inc VAT	Inventory Make		Inventory Check In & Out	
	Unfurnished	Furnished	Unfurnished	Furnished
Studio/1 bedroom	142	160	148	166
2 Bedroom property	154	184	160	178
3 Bedroom property	184	196	190	214
4 Bedroom property	208	226	226	244
5 Bedroom property	274	*	256	*
6 Bedroom property	*	*	*	*

Please note: * Price by quotation. There may be an additional charge if the property is larger than average and/or there are an excessive amount of contents, in which case a separate quote can be obtained

Deposit registration fee	£36 inc VAT payable annually (if applicable)
Tenancy extension/ renewal fee	£120 inc VAT
Non residents landlord tax certificate	£42 inc VAT
Instruction withdrawal	£234 inc VAT
Refurbishment supervisory fee	12% inc VAT of cost of works over £2000

Presenting your property



It is well worth remembering that first impressions count and so presenting your property in the right way can make your property stand out from the competition, reduce void periods and achieve the for the maximum rent. We also find that tenants tend to stay longer in properties that are well presented and well maintained.

Furnished or Unfurnished?

Unfurnished properties generally include carpets, curtains/blinds, light fittings and white goods in the kitchen.

Furnished properties include the above and also furnishings such as beds, sofas and sometimes kitchen contents such as kettles and crockery.

Our top tips on how to present your property

- Make sure your property is clean and tidy, including windows.
- Décor should be neutral. Emulsion is easier to maintain than wallpaper.
- Carpets and curtains should be as plain as possible and in a good clean condition.
- Try to keep gardens as low maintenance as possible.
- Keep the property warm and welcoming in winter months and cool and airy in summer months.
- Stay on top of minor maintenance (before, during and after any tenancy) and redecorate where necessary.
- Bathroom and Kitchen floorings should be ceramic tiling, vinyl or laminate and not carpeted.
- Try to provide as much storage as possible.

For specific presentation advice, please call Wills & Smerdon on 01483 284141