

Landlords

Stephenson Property Management Ltd can undertake all matters in connection with a letting from the initial seeking and vetting of a tenant (including employers, previous landlords and credit reference checks) through the negotiation of rental process and the drawing up of an appropriate Tenancy Agreement and Inventory of contents (where applicable). Through our own trusted maintenance contacts we are able to project manage major refurbishment through to minor repairs and general cleaning and preparing a property to rent including gas safety checks; energy performance certificates and electrical inspections.

GENERAL ADVICE, REGULATIONS AND 'DUTY OF CARE'

Consent to rent

If you have a mortgage you must obtain a letter of consent to the letting from your mortgage company. It should be noted that some Building Societies may charge a higher interest rate for let properties and raise a service charge. If your interest in the property is leasehold your lease may dictate that you obtain written consent from your Landlord prior to the letting.

Insurance

It is essential that you advise your insurance company of your intention to let and to review any existing policies when renting or letting a property for the first time as some standard insurance products will either not provide cover or might place restrictions on cover, for rented property and/or its contents. A failure to inform your insurer that you are renting/letting a property could invalidate any subsequent claim. It is the Landlords responsibility to insure the building and his/her contents, fixtures and fittings. The tenants are responsible for insuring any of their own possessions. There are various specialist insurance products designed for landlords and tenants of rented property and as an Authorised Introducer for Homelet, who are the leading provider of business products and services to the letting industry, we can introduce you to a comprehensive range of policies which are designed specifically to safeguard you from the pitfalls of being a landlord.

Fire Regulations/Smoke Alarms

All property let must contain furniture that complies with the furniture/fire regulations. It is an offence to breach these regulations and whilst we can give full advice on the matter we suggest that you obtain a comprehensive guide to the regulations from your local Trading standards Officer if you intend to let your property furnished.

Private sector landlords must install a smoke alarm on every storey of their let property, plus a carbon monoxide alarm in any room containing a solid fuel burning appliance i.e. a coal fire or wood burning stove and gas appliances too. The requirements to fit alarms apply to all tenancies, new or existing. Most residential tenancies, leases and licenses

are included in the regulations, but there are a few exceptions. Licensed HMOs are not included, unlike unlicensed HMOs, as they must comply with separate fire safety regulations. Social housing landlords and live-in landlords are also not included, but should still ensure the safety of their tenants.

Gas Regulations

Part F35 of the Gas Safety (Installation & Use) Regulations 1994 came into effect on 31st October 1994 and applies to all domestic property which is let. These regulations compel landlords to have all gas equipment serviced annually by a suitably qualified person. A copy of the gas safety certificate must be given to the tenants prior to occupation of the property. Such records must be available for inspection at any time. All of our properties are diarised for annual inspection by a C.O.R.G.I. registered company. Penalties for not having a current record in place are severe and if you are found not to have one, you can expect a fine of at least £5000 and the possibility of a prison sentence.

Electrical Requirements

It is important that all electrical appliances provided have been serviced and are not faulty (Electrical Equipment (Safety) Regulations 1994). The landlord also has an obligation to ensure that any items supplied as part of a property letting are 'safe'. It is a legal requirement to have an Electrical Installation Condition Report carried out every five years.

Should you consider leaving any electrical appliances for the tenants use at the property these should have a PAT (portable appliance test) carried out on them to ensure that they are in safe working order.

Part 'P' Building Regulations (Electrical Safety in Dwellings)

From the 1st January 2005 new rules came into force controlling who could carry out certain works on certain electrical installations in property and the procedures around those works. Failure to comply with these Regulations is a criminal offence, which could result in a maximum fine of £5,000 and or imprisonment. In very general terms these regulations require that works, repairs, maintenance etc., on "electrical installations", in certain areas of a property, are now known as "notifiable" works and as such must only be carried out by a "competent person".

The competent person can "**self-certify**" the relevant works and he (or she) then has a responsibility to provide the customer and the local authority building control department with a copy Certificate relating to the notifiable works. A competent person is someone who is registered with an Approved Self-Certification Scheme.

Someone who is not a "competent person" could still do the works as long as they seek appropriate approval from their local authority Building Control department, before and after the works are carried out. In most cases an officer from the department will wish

to visit the property and inspect the works and may require the applicant to submit suitable drawings or schematics.

Housing Health and Safety Rating System

Provisions in the Housing Act 2004 replace the old system of fitness standards with a new risk assessment based system which applies to both ordinary residential dwellings and houses in multiple occupation (HMO's). This HHSRS does not set out minimum standards. It is concerned with avoiding or, at the very least, minimising potential *hazards*. This means that landlords should also review conditions regularly to try to see where and how their properties can be improved and made safer. The HHSRS is designed to assess different categories of hazard and provide a rating for each hazard. The five main categories of hazard are:

Dampness (i.e excess cold/heat)

Pollutants (i.e asbestos)

Environmental (i.e space, security, light, noise)

Likelihood of accident

Structural

It is important that your property be of a suitable standard to avoid any action which may be taken by the relevant local authority under the HHSRS. Likely results of action are that the relevant local authority may instruct for work to be carried out, the cost of which is directed to the landlord. They may even take out a 'management order' and assume management of the property until works are done to make the property safe.

Energy Performance Certificates

From October 2008 landlords offering property for rent will be required by law to provide prospective tenants with an Energy Performance Certificate for their property.

The certificates ('EPCs') will have to be provided either when (or before) any written information about the property is provided to prospective tenants or a viewing is conducted. They will not have to be provided if the landlord believes the prospective tenant is unlikely to have sufficient funds to rent the property or is not genuinely interested in renting, or the landlord is unlikely to be prepared to rent the property to the prospective tenant.

In order to comply with the legislation, we will provide an EPC for all properties. A new certificate will not be required on each let since, in the case of rental property, EPCs will be valid for 10 years.

The requirement is being introduced to comply with the EU's Energy Performance of Buildings Directive (EPBD) which applies to all property, including rented property. This became law in 2003 and allowed until January 2009 for full implementation so as to provide time for sufficient numbers of energy assessor to be trained.

The Directive's requirements have been introduced into English and Welsh law along with the controversial Home Information Pack regulations that require sellers to produce

packs providing information about their title, local searched, plus an EPC. The full requirements are included in the [Home Information Pack \(No 2\) Regulations 2007](#) and the [Energy Performance of Buildings \(Certificates and Inspections\) \(England and Wales\) Regulations 2007](#).

So far as energy performance is concerned, the regulations require an EPC when a building is constructed, sold or rented out. When included in a HIP related to a property sale, the EPC should be no more than 12 months old when the property is first marketed. In other circumstances EPCs have a 10 year life.

HIP requirements have already come into force and EPCs will be required for all new builds from 6 April 2008 and for all rentals as from 1 October 2008.

Repairs

As a Landlord you will have a legal responsibility to repair the structure and exterior of the property, including drains, gutters and external pipes and to keep in working order the mains supply of gas, electricity and water. A tenant has an implied covenant to act in a 'tenant like manner'. Broadly, this means to report disrepair promptly; to take reasonable steps to ensure that neither the tenant nor their guests damage the property or its fixtures and fittings; and to generally do the minor day to day things any home-occupier would normally do e.g. replace light bulbs, fit new batteries to smoke or CO2 detectors; etc

Tax

Income from rented property is classed as 'unearned income' and as such will be taxed at the top rate applicable to the Landlord. Only certain deductions are possible from the gross rent being: management fees, repairs and insurance premiums. The net rent is then taxable at the appropriate rate. It is the Landlords responsibility to make an appropriate declaration within their own tax return. Under the Taxes Management Act 1970 we are obliged to submit a list of clients and details of their gross rental income to the Inland Revenue.

Non resident Landlords

In the majority of cases, where a landlord is non-resident in the UK for taxation purposes, he/she still has to pay UK Income Tax upon rents received. The Inland Revenue will hold a managing agent responsible for the collection and payment of such tax. All overseas clients are recommended to consult with an Accountant upon this matter as without detailed guidance as to tax liability we shall be obliged to deduct 20% of net rents payable and put to a dedicated 'clients account'. No interest will be payable upon monies held in such account.