

THE INSPIRED CHOICE TO LET YOUR PROPERTY

*Cheffins*







## ATTRACTING QUALITY TENANTS

### PROMOTING YOUR PROPERTY

With a strong regional presence and established reputation, Cheffins is well placed to attract quality tenants for your rental property.

Our marketing and promotional campaigns are highly effective, reaching the widest possible audience amongst prospective tenants. We can also provide expert interior design advice to ensure that your property is shown at its best.

### A MAJOR REGIONAL PRESENCE

With offices in Cambridge, Newmarket, Ely, Saffron Walden, St Ives and Haverhill, as well as a base in London, Cheffins provides a personal presence and points of contact right across the region – ideal for reaching new tenants and managing properties on a local basis.

### EFFECTIVE ADVERTISING

We advertise weekly in the property rental sections of all the major regional newspapers including Cambridge Evening News, Cambridge Property News, Newmarket Weekly News, Ely Weekly News, Saffron Walden Weekly News, St Ives Weekly News and Haverhill Weekly News. The vast majority of these ads are in colour to ensure maximum impact and the best possible presentation of your property.

### INTERACTIVE WEBSITE

The internet has undoubtedly become the primary means of searching for rental property and Cheffins' website is one of the most frequently visited sites in the region.

Prospective tenants can view our rental property selection online and, since the site is updated daily, you can be sure that your property reaches a significant market sector within hours of instructing Cheffins.

### EMAIL MARKETING

We have a list of email subscribers actively seeking properties to rent. You can be sure that details of your property will reach the appropriate mailboxes as soon as you have approved the rental agreement.





## CHEFFINS PROPERTY MANAGEMENT PROGRAMME

### A PROFESSIONAL APPROACH

In a competitive lettings market, where prospective tenants have plenty of choice, it is vital that your property is presented, let and managed in a totally professional way.

At Cheffins, we have vast experience of the regional property market and can provide expert advice and management services for new and established landlords alike.

### PROTECTING YOUR INTERESTS

We understand very well that the property you are seeking to let represents a valuable asset and may even be your own home if you are moving away for a short period of time.

Our aim is to manage your property in a professional manner and to ensure that your best interests are paramount.

This means that we always strive to introduce reliable tenants who will respect and enjoy your property – and of course, pay the rent on time.

Ultimately, we will make sure that the property is well maintained and returned to you in good condition at the end of the management period.

### A RANGE OF SERVICES

We offer a range of services that can be tailored to your precise needs. From tenant introduction through to full repair and maintenance, you can decide exactly what you require.

The services are outlined in detail in the following pages.



# MANAGEMENT SERVICES

## THE LOCAL RENTAL MARKET

Since the 1960s there has been little change in the relative size of the UK private rental market which stands at around 10% of the total housing stock – about 2.25 million households today. This is due to the decline in regulated tenancies and the demise of business expansion schemes and amateur landlords during the recessionary years of the early 1990s.

The decline in old-style tenancies has been replaced by buy-to-let investors who generally seek better quality properties in response to market demand. As a result, the general quality of rental accommodation has dramatically improved in recent years as tenants seek presentable, well-equipped and easily managed properties that suit busy, mobile lifestyles.

The future outlook remains buoyant. We believe that tenant demand is likely to increase over the coming years. This is due to several factors: firstly, the relatively high price of property in this region means that many young professionals simply cannot afford to buy – the average age of the first-time buyer has risen from 21 years old in 1989 to over 30 today as people need more time to raise realistic deposits.

Secondly, greater job mobility and the growth of fixed contract working has led to increased demand for medium term property rental.

Thirdly, various social factors such as significant growth in single person households, either through personal choice or post-divorce, has led to greater demand for small units. There are also people who prefer to live in spacious, prestigious properties which they could not afford to buy outright.

All in all, the rental market in the region remains very attractive for long-term investors and Cheffins is uniquely placed to provide the best advice for new and experienced landlords alike.

We have unrivalled knowledge of the region's property markets through our local office network and will advise you professionally in all aspects of your property purchase.

We are closely in touch with virtually all kinds of prospective tenants and can therefore provide accurate guidance on the suitability of a particular property for letting and the likely rental income.

## ABOUT CHEFFINS

Founded in 1825, Cheffins is one of the longest established and best known firms of Estate Agents, Chartered Surveyors, Auctioneers and Valuers in the mid-Anglia region and a market leader in residential sales.

In addition, the Cheffins partnership offers an extensive and diverse range of professional services including residential and commercial property management, commercial property sales, planning and land development, plus a full range of agricultural sales and advisory services.

Cheffins is a member of the Royal Institution of Chartered Surveyors, the Association of Residential Lettings Agents, the National Association of Estate Agents, and the Tenancy Deposit Scheme.



## MANAGEMENT SERVICES

### WHY CHOOSE CHEFFINS?

Investor landlords are attracted to buy-to-let since it represents a tangible investment that is easily understood and is less susceptible to the peaks and troughs of the stock market.

There are pitfalls for the novice buy-to-let investor but these can be avoided by appointing a professional managing agent such as Cheffins.

Unlike the house sales market, rentals are generally quite stable but there are variations from town to town, and even street to street, which is where our advice is really important in choosing a property or predicting your likely income.

Cheffins also has the qualified staff, the regulated client accounts, the professional indemnity cover and the ability to check prospective tenants' credit records, to help you avoid any potential problems.

We can advise on whether your property should be let furnished, part-furnished or unfurnished; the type of tenant it is likely to attract; the work that may be needed to meet legal requirements and the features that may enhance or detract from the rental valuation.

### BUYING TO LET

A rental property is neither a liquid asset or an investment gamble. It is a medium- to long-term investment that should take account of capital appreciation as well as rental yields.

Choosing an investment property is very different to buying a home for yourself and if you are considering buy-to-let do bear the following points in mind.

**Style of property.** Remember, the best choice may not be somewhere you would wish to live yourself. It's a good idea to look for something easy and cheap to maintain. High maintenance features such as timber cladding are best avoided and large gardens may well not appeal to busy professional tenants.

**Location.** An important factor in attracting tenants and in selling your property should you decide to do so. Tenants (and purchasers) will be looking for local facilities such as shops and schools, good transport links and, in most cases, a safe and trouble-free neighbourhood.

**Presentation.** Having chosen a suitable property it is important to present it well. Any essential repairs must be completed and carpets, curtains and decorations should be in good condition. Neutral colours and plain carpets are infinitely preferable to bright colours and heavy patterns.

**Furnishing.** Even 'unfurnished' properties will usually have carpets, curtains or blinds, and white goods in the kitchen. Floor tiles or vinyl floorcoverings in kitchens and bathrooms will help tenants keep the property in a presentable condition. Avoid buying second-hand electrical goods – repairs or replacement are a nuisance, and you need to be quite sure they will meet statutory safety standards in any event.

Similarly, furnished properties should be equipped to a good standard: second hand furniture and cast-offs may not meet safety regulations and will always be a turn-off for the better kind of prospective tenant.

Don't be tempted to over-furnish. If you provide TV, DVD or stereo for example, you will be responsible for safety checks and replacements – people don't generally expect them to be provided anyway, except perhaps in the case of short-term company lets.

**Finance.** A buy-to-let property is a business and the factors that influence any other business will apply. Primarily, in order to succeed, income must exceed expenditure. It is easy to over-estimate rental income while overlooking the true costs of purchase, maintenance and management along with interest on any borrowing and potential tax on any profits.

Mortgage lenders will be looking for rental income that exceeds any interest on borrowing by at least 20%. You should apply the same principle to the capital you invest in order to see a worthwhile return.

The area of finance is covered in more detail towards the back of this pack but if you have any further questions do feel free to talk to your Cheffins property manager.

# MANAGEMENT SERVICES

## CHEFFINS' SERVICES

We offer a choice of levels of service to suit most landlords' needs. Primarily, your choice will be influenced by time and distance. If you are moving abroad for a while, or you live outside the region, then you will almost certainly require our Full Management Service. The same applies if you really don't have the time for 'hands on' property management yourself.

If you do live locally however, and have the time (and skills) to manage the property, then our Introductory Service is ideal – you will at least be getting reliable and creditworthy tenants.

If there is any additional service that you feel you may need then please don't hesitate to talk it through with your local Cheffins property manager – we are always ready to help.

## INTRODUCTORY SERVICE

Our Introductory Service includes the inspection and rental valuation of your property, plus:

- Arranging a fully detailed inventory of the property contents, listing all the owner's items, their condition and the colour(s) and decorative state of each room. The charge for this varies on house size. Your property manager will confirm the cost should there be one.
- Advice on presenting your property to its best advantage together with any maintenance or Health & Safety issues that arise during the inspection.
- Marketing your property through our website, email updates, saleboards and newspaper advertising.
- Accompanying prospective tenants to view the property if vacant.
- Vetting prospective tenants through employer references and a full credit search.
- Preparation of a tenancy agreement which protects your rights.
- Collecting the first month's rent.
- Retention (in an approved bonded client trust account) of the deposit paid by the tenants (equivalent to six weeks rent).
- Arranging a standing order mandate for the payment of future rent.

## RENTAL MANAGEMENT SERVICE

Our Rental Management Service includes the items shown above, plus:

- Monthly rent collection and transfer of payments to owners.
- Regular financial statements.
- Tax accounting (if you are resident overseas).

## FULL MANAGEMENT SERVICE

Our Full Management Service includes the items listed under the Introductory and Rental Management Services, plus:

- Regular visits and condition reports during the tenancy and throughout any void periods.
- Routine maintenance and repairs.
- Problem handling and emergency repairs.
- Arranging end-of-tenancy inspection and deposit repayment (less any negotiated sum for dilapidation).
- Re-marketing of the property towards the end of a tenancy term in order to minimise any void periods.

# MANAGEMENT SERVICES

## YOUR CONTRACT WITH CHEFFINS

When you appoint Cheffins to let or manage your property you will be asked to sign a copy of our Terms and Conditions of business indicating your agreement to these terms and confirming that you are the legal owner of the property (and/or that you have the consent of your landlord or mortgagee where appropriate).

The following is an extract from our Terms & Conditions which sets out the general obligations for landlords. Cheffins' obligations will be specified according to the level of service you require (see previous page).

### GENERAL

1. If you do not own the freehold of the property you wish to let, you must confirm:
  - a) that you are allowed to sub-let under the terms of your lease
  - b) that you have written permission from your superior landlord
  - c) that any tenancy agreement will expire before the end of the term of your own lease.
2. If your property is subject to a mortgage you must confirm that your lender has agreed to the property being let.
3. If the property is jointly owned we will require consent from all owners prior to letting
4. The monthly rental quoted to prospective tenants must include all outgoings that are the responsibility of the landlord (ie, ground rent or service charges on leasehold property).
5. Where we collect rent on your behalf this is passed on to you after approximately five working days to allow time for clearance. We shall be entitled to retain sufficient funds from the proceeds to cover our fees and any outgoings that will arise during the next rental period.
6. We will inform you of any arrears in rent payment (or any other breaches of the terms of the lease of which we become aware). Should it be necessary to take legal action you will be responsible for appointing your own solicitor and for any fees incurred.
7. Our fees and related charges are all subject to VAT at the standard rate.
8. The tenant's deposit will be held by us as stakeholders in our client account in accordance with the terms of the Tenancy Deposit Scheme. Interest will not be payable to the landlord or to the tenant in respect of these funds.

### COMPLIANCE

1. Tax is payable on income from UK residential lettings irrespective of the landlord's country of residence. Those resident in the UK should declare rental income in their personal income tax returns to the Inland Revenue. Landlords resident overseas should be aware that under the Finance Act 1995 we are bound to deduct tax at the basic rate from rental income and pay it to the Inland Revenue on a quarterly basis. In many cases, landlords will be able to claim exemption and upon submission of an appropriate certificate we can forward the rental proceeds in full. We advise expatriate landlords to employ a specialist accountant to deal with their UK tax affairs.

2. Landlords will be asked to confirm that the property complies with all relevant legislation covering the letting of residential property (see Legal & Financial section) and that insurance cover is in place for the property (and any of your contents therein) and your insurers must be aware that the property is let. We can assist you with arranging the appropriate insurance if required.

### AUTHORISATIONS

The landlord will agree that Cheffins has authority to:

- a) Arrange for all relevant service and safety checks to be carried out and to pass on relevant certificates to the tenants
- b) Sign the tenancy agreement on his or her behalf and accept service of any notices
- c) Release financial information relating to the letting of the property to the Inland Revenue and to advisors acting on behalf of the landlord
- d) Keep records relating to the letting of the property, on paper or as electronic files, in respect of the landlord himself, his advisors and his tenants.

### TERMINATION

The agreement may be terminated by serving one month's notice in writing at any time after six months from the date on which the agreement started. Once a prospective tenant has been introduced, the agreement can only be cancelled after payment of the agency fee to which Cheffins is entitled.

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representatives,  
**Compliance with Law.**

Tenant shall comply with all laws, orders, regulations, notices, and other public requirements now or hereafter pertaining to Tenant's use of the Leased Premises and other public requirements now or hereafter.

**29. Final Agreement.**

This Agreement terminates and supersedes all prior understandings, oral or written, relating to the subject matter hereof. This Agreement may be modified only by a further writing that is signed by both parties.

**30. Governing Law.**

This Agreement shall be governed, construed and interpreted by, through and under the laws of the State of New York. This Agreement shall be binding on the parties hereto and their heirs, assigns, personal representatives, and successors in interest.

IN WITNESS WHEREOF, the parties have executed this Lease as of the day and year first above written.

*[Handwritten Signature]*  
[Landlord] Signature Block

*[Handwritten Signature]*  
[Tenant] Signature Block



## THE TENANCY

TYPES OF TENANCY

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## TYPES OF TENANCY

### Assured Shorthold Tenancies

Properties let to private individuals are normally let under an Assured Shorthold Tenancy as defined in the Housing Act 1988 and amended by the Housing Act 1996.

This type of tenancy was introduced to encourage landlords to make property available by providing assurances that they could regain possession of their property after just six months if they so desired.

The changes in the 1996 Act made it easier and quicker for landlords to evict problem tenants or those who fail to pay the rent on time.

### Non Housing Act Tenancies

The Assured Shorthold Tenancy is suitable for annual rents up to £100,000, above which the lease falls outside the scope of the Housing Act. The lease will then be a straight-forward legally binding contract between the parties which is enforceable through the Courts.

If you are letting just part of your property and a tenant does not have exclusive use of the accommodation then this arrangement also falls outside the Housing Act and the lease will actually be a licence to occupy which, again, is legally enforceable.

### Company Tenancies

The Assured Shorthold Tenancy is only suitable for individual persons and a corporate let will be subject to a Company Tenancy Agreement which is a standard form of contract that is, again, legally binding.

### Houses in Multiple Occupation

Under the Housing Act, 1985, Local Authorities may register houses in multiple occupation and have them inspected by the Environmental Health Officer to ensure they meet satisfactory standards. It is the landlord's responsibility to apply for registration and a fee is charged for this. Generally, registration applies to properties that are divided into flats or bedsits without individual entrance halls or front doors. It does not usually apply to groups of sharers who form a single household unless there are more than four people in residence. There are however grey areas in terms of interpreting the Act and we advise landlords who are planning to let to groups of sharers to seek clarification from the Private Sector Housing department at your local Council offices.

### TENANT SELECTION

We take care in selecting suitable tenants for your property and only act in accordance with your instructions. You may wish to avoid groups of sharers for example, or only let to professional people. You may want to avoid smokers and pet owners too. Whatever you decide, your wishes will be taken into account.

We ask prospective tenants to complete a detailed application form which will provide us with details of previous landlord, employers (or accountants in the case of self-employed or directors of small companies), and agreement to carry out a credit search.

Only after checking references and obtaining a credit report will we recommend prospective tenants to you. Where there is more than one

suitable applicant for a property we will take into account our own impression of the individuals based on interviews or discussions before making a final recommendation. We will also take into account the proposed length of tenancy in order to minimise disruption of rental income.

### TENANCY DEPOSIT SCHEME

Most tenants in the private sector give landlords a deposit against possible non-payment of rent or damage to property. At the end of a tenancy there is usually no disagreement about the return of the deposit, but sometimes there is, and this can cause hardship and inconvenience to both parties.

As a member of the Association of Residential Letting Agents, the Royal Institution of Chartered Surveyors and the National Association of Estate Agents, Cheffins is a Regulated Agent under The Tenancy Deposit Scheme. The Scheme ensures that tenants' deposits are protected and that any disputes about their return are resolved swiftly and impartially.

If there is no dispute we (the agent) will keep or repay the deposit, according to our agreement with the tenant and the landlord.

If there is a dispute, and the property is fully managed, we try to resolve it within two weeks. After that, any of the parties – landlord, agent or tenant – can approach the Independent Complaints Examiner (ICE). He will appoint an adjudicator to assist him in considering the evidence provided.

The deposit monies will then be paid out according to the instructions of the ICE.

# THE TENANCY

## TENANCY AGREEMENTS

A comprehensive tenancy agreement is essential in order to protect the interests of the landlord. Although basic pre-printed agreements are available from stationers, these do lack detail and may prejudice your position in the event of a dispute. At Cheffins, we prepare each tenancy agreement according to the exact requirements of the landlord and of the property. A draft tenancy agreement is available on request.

## TENANTS' RESPONSIBILITIES

By signing a lease agreement, the tenant(s) accepts certain responsibilities that may be legally enforced if necessary. Broadly speaking, the responsibilities are no different to those encountered by any responsible householder or homeowner and are summarised below.

### General Responsibilities

Under the terms of the lease, tenants agree to pay the rent on time, to use the property as their principal residence and not to sub-let any part of the property without express permission from the landlord.

Tenants are responsible for the conduct of their guests and visitors and must not permit the property to be used for illegal or immoral purposes or as a place of business.

### Services and Utilities

Tenants are responsible for payment of Council Tax; telephone service; TV licence and any cable or satellite charges; electricity, gas, oil and any other fuel costs; water and any environmental service charges.

### Gas and electric appliances

Tenants must ensure that any gas or electrical appliances they bring into the property are safe to use and that fixed appliances (such as cookers) are connected by a suitably qualified person.

### Insurance

Tenants are responsible for insuring their own possessions and taking out cover for any accidental damage to the property, its fixtures and fittings, and any of the landlord's possessions left in the property (furniture, china, glassware, appliances, etc).

### Security

Tenants are responsible for securing the property while it is unoccupied – including activation of a burglar alarm if supplied.

### Maintenance

Apart from keeping the property in a clean and presentable condition, tenants are responsible for general household maintenance such as replacing light bulbs, renewing batteries, cleaning windows and having chimneys swept (if open fires are allowed). Clearing blockages in sink, basin, bath, shower and toilet waste pipes, and replacing any broken glass is the tenants responsibility if proven to be a result of their actions.

They are also responsible for keeping garden or patio areas in a neat and tidy condition, including mowing grass and weeding.

Tenants must also take steps to deal with any vermin infestation (such as rodents, wasps and other insects) at an early stage.

## LANDLORD'S OBLIGATIONS

A number of obligations are placed on landlords through statutory

legislation and through the terms of most lease agreements (see Legal and Financial section for full details).

### Access

The landlord must allow the tenant quiet enjoyment of the property, except in a genuine emergency, and must give a minimum 48 hours notice (in writing) of any intended visit for maintenance or inspection.

### Maintenance and Repair

The landlord is required to repair the structure and exterior of the property, including drains, gutters and pipes. To maintain installations for the supply of gas, oil, electricity, water and sanitation. To keep in good repair and working order any space and water heating installations.

### Safety

Landlords must take reasonable steps to ensure that gas and electric appliances are safe and in good working order by providing independent certification that confirms compliance.

### Insurance

The landlord is responsible for insuring the fabric of the building and the contents listed in the inventory.

### Mortgage and Leaseholder Approval

If the rental property is subject to a mortgage or leasehold agreement it is imperative that the mortgage lender consents to the letting and that permission from any freeholder is obtained under the terms of the lease. A copy of the head lease must be provided to the tenants since they will be bound by its terms and conditions.



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# THE PROPERTY

## PRESENTATION

First impressions really do count and in order to attract good tenants, your property must be seen to outshine the rest. In this respect, the condition of the building, and the style and quality of decor and furnishings must be carefully considered.

It goes without saying that all repair or maintenance work should be carried out (and completed) in advance of any viewings.

The condition of kitchens and bathrooms is particularly important.

If you cannot justify the cost of a refit, there are alternative ways to brighten things up. Baths can be resurfaced in-situ for example, and even a new set of taps will add some sparkle. Kitchens can be made over with new doors or worktops, while new tiles and vinyl flooring can transform these rooms.

The decor and furnishings should appeal to the widest possible audience which may not necessarily be to your personal taste. Our own experience tells us that simple, light and neutral colour schemes work best – people can see how their own furniture or possessions might fit in. Strong colours and patterns should be avoided – they make rooms look smaller and can actually be a deterrent, even if the decorative condition is very good.

If in doubt, opt for plain magnolia emulsion on the walls and white gloss paint on the woodwork. It's easy to retouch and maintain, and it makes the rooms look larger.

## FURNISHED OR UNFURNISHED?

The question of whether to let your property furnished, part-furnished or unfurnished is really a matter of deciding your target market.

If you are happy to accept groups of sharers, whether students or young professionals, you will need to furnish the property.

The same applies to company lets, where visiting staff are placed on a short-term basis and will expect everything on hand when they arrive.

If your market is professional couples then unfurnished or part-furnished property is more attractive since these people usually have their own furniture already (or are looking to acquire it).

Generally speaking, it is more straightforward to let your property unfurnished. It's easier to clean and redecorate between lets, you are not responsible for replacing furniture or appliances if things wear out or go wrong and keeping track of the inventory is that much simpler.

Should you decide to furnish, it is important that you don't skimp on things, second-hand furniture is to be avoided if you plan to charge a worthwhile rent. Don't be tempted by reconditioned or second-hand electrical goods either – if you don't buy new they must be checked by an electrician to make sure they are safe (and then repaired or replaced if they break down unexpectedly).

## HOW MUCH FURNITURE?

If your property is let unfurnished you need only provide a bare minimum – carpets, curtains and possibly a cooker.

Part-furnished would include carpets, curtains and white goods (cooker, washing machine, fridge – and maybe a dishwasher and freezer, depending on your market).

If you plan to let your property furnished, the following items should be provided:

- Carpets, curtains and white goods as outlined above
- Dining table and chairs
- Basic china, cutlery and kitchen tools
- Easy chairs and sofa
- Coffee table
- Bookcase or shelving
- Sideboard or storage cabinet
- Bed and chest of drawers in each bedroom
- Wardrobe in each bedroom (unless there are fitted cupboards)
- Mirrors in bedrooms and bathroom
- Hoover and cleaning equipment
- Gardening equipment (if appropriate, and according to the garden itself, ie a lawnmower if there is a lawn).

Don't be tempted to over-furnish. You are not expected to provide bedding or towels, and tenants may not want your ornaments or vases.

Remember, everything you provide has to meet fire and safety regulations (see Legal and Financial section) and will have to be replaced if it wears out or breaks down since the property will have been let on the basis of the contents being available for the use of the tenant(s) as part of the rent.

# THE PROPERTY

## SAFETY ISSUES

The legislation dealing with the safety of rental properties may, at first sight, seem onerous but it has evolved over recent years in response to various tragedies resulting from lax attitudes towards standards of safety in private rented accommodation, in many cases by rather less than reputable landlords.

Landlords have a duty to provide a safe environment for their tenants. Failure to observe current safety regulations can lead to prosecution resulting in a fine, or even a prison sentence in extreme cases. It can also leave a landlord liable for substantial damages to a tenant for personal injury or loss of property.

The following is a brief summary of a landlord's legal obligations in terms of the safety of the rental property. You will find more details in the 'Legal and Financial' section of this document.

### Gas safety

The gas safety regulations apply to both mains and liquid gas (Calor, etc) and they require landlords to have an annual safety check carried out by an approved (Gas Safe Register) engineer.

The engineer will check all aspects of the system and appliances including supply pipes, flues, room ventilation, combustion efficiency, etc. The discovery of any defects will mean that the system cannot be used and that any repair or replacement must be carried out as quickly as possible.

Once a gas installation is approved, a copy of the safety certificate must be given to the tenant.

It should be noted that a routine annual boiler service would not

satisfy the requirements of the regulations although a Gas Safe Registered engineer could stay on the premises and carry out the safety check after completing the boiler service (to save on attendance charges).

### Electricity

There are quite a few legislative requirements relating to electricity supply and electrical appliances on rented premises.

In simple terms, a landlord has a duty to ensure that any items on the property, including the mains supply itself, are safe. This is to minimise the risk of injury or death, or damage to the property.

Most importantly, all electrical work now has to be carried out by a 'competent person', usually a qualified electrician approved by the NICEIC.

The electrical system in a rented property must be inspected every five years (or as recommended by the inspecting electrician) and a safety certificate issued by a NICEIC-approved contractor.

Any equipment identified as being potentially unsafe or showing defects (not just during a safety inspection but at any time) has to be repaired immediately or replaced with new equipment that conforms to BS and EC standards. This applies to all electrical items, particularly in furnished properties, including washing machines, cookers, fridges, kettles, toasters, microwaves, TVs, etc.

### Furniture

Furniture and furnishings are covered by legislation that deals primarily with fire resistance. The regulations require that the cover fabric and filling materials of any furniture must pass the

'smouldering cigarette' and 'match flame' resistance tests and carry a label which confirms that the item complies with the regulations. Such items will include sofas, armchairs, beds (and padded headboards), seat pads, loose covers, futons, cushions, etc. Virtually, all items manufactured in the UK after 1990 are compliant with regulations and are labelled accordingly.

Items manufactured prior to 1950 are exempt (since they were usually padded with horsehair) and so are curtains, carpets and bed linen.

To avoid any potential problems, non-compliant items should be removed from the property prior to letting.

### Smoke detectors

All new homes completed since June 1992 have to be fitted with mains-operated smoke detectors on each floor. There are no specific regulations regarding the provision of smoke detectors in older properties but, in our opinion, it is only a matter of time before such regulations are brought into force.

The Fire & Safety Officers Association recommends that battery-operated smoke alarms are fitted to stairways and halls in all residential properties and this seems a sensible (and low-cost) precaution to take.

### Carbon monoxide

The combustion of any fossil fuels can result in the production of carbon monoxide, with potentially fatal results. Although there is no specific legislation regarding oil and solid fuel central heating, landlords do have a duty to ensure that such systems are regularly maintained and repaired, and that adequate flues and ventilation are provided.

# THE PROPERTY

## SECURITY

It is important that your rental property is adequately secured – from your own point of view as much as the tenant's. This will be a condition of acceptance by most insurance companies in any event and given the level of burglaries in the region, it makes sense to treat the following list as a minimum starting point:

- The front door or main entrance should be fitted with a five-lever mortice deadlock or an alternative lock to BS 3621.
- Other external doors should either be protected as above or fitted with key operated security devices, top and bottom, in addition to the standard lock.
- All opening windows on the ground floor (and any accessible windows on other floors) should be protected with key-operated security catches.

## KEYS

You will need to have four sets of keys to the property: one set for yourself, another set for Cheffins and two sets for the tenant.

Should the tenant(s) require more than two sets they will have to have keys cut at their own expense and return any such additional sets to Cheffins at the end of the tenancy.

## CLEANING

Under their lease agreement, the tenants agree to keep the property in a clean and tidy condition. It is important though, in order to avoid any potential dispute, that the property is handed over in the same condition that would be expected from the tenants at the

end of their tenancy. Under our Full Management Service this work would be carried out automatically, but if you choose our Introductory or Rent Collection Services it is important that you arrange for thorough cleaning and maintenance to be carried out between tenancies.

## GARDENS

While it's true that an attractive, well tended garden will add value to your property, it is not always perceived as a benefit by prospective tenants – especially if they don't have a great deal of free time.

Tenants are responsible for maintaining the garden and anything that requires a lot of work will soon go wild if the tenant is not a gardening type.

In any event, tenants cannot be expected to tackle larger jobs such as tree lopping or trimming large hedges. The safest option is to go for a low maintenance approach – choose drought-resistant shrubs and plants, replace lawns with paving or gravel (but not decking, which requires maintenance) and put up a fence rather than planting a hedge.

If you do have a large or 'demanding' garden it's probably best to employ a gardener on a weekly or fortnightly basis and increase the rent to cover the cost. We can recommend some reliable local gardeners if you wish.

## REPAIRS AND MAINTENANCE

Landlords are obliged to keep a property in good repair for the 'quiet enjoyment' of their tenants.

Although many repairs are optional

and a matter of judgement, the following items have to be maintained in a safe and satisfactory condition under the terms of The Landlord & Tenant Act 1985:

- Heating and plumbing systems
- Electrical installations
- Roofs and any other part of the structure where defects might prevent the tenant from 'quietly enjoying' the property. This would include leaking roofs, rising damp, or leaks around window frames, for example.

For repairs and routine maintenance we have a team of approved contractors who will carry out work on our instruction. Normally we will ask you to agree to allow us to authorise repairs up to the value of £200 without seeking your express permission in advance. This avoids the need for us to bother you with late night calls or to postpone essential repairs if we are unable to contact you for prior approval (which might result in a rent reduction until the repairs are completed).

Where repairs are likely to exceed £200 we would seek your prior approval before commencing work unless the matter required immediate attention for personal safety or other urgent reasons.

For larger projects, Cheffins has a team of qualified surveyors who can assess the extent of any remedial work and advise accordingly. If you wish us to manage a project on your behalf and supervise contractors we would charge a one-off fee based on an agreed percentage of the contract price.

# THE PROPERTY

## EMPTY PROPERTIES

If a property remains empty between tenancies we will carry out an inspection at regular intervals under our Full Management Service. Otherwise, it is the responsibility of the landlord to check on security.

Landlords are also responsible for payment of gas, electricity, water and council tax charges during void periods but must notify the various utilities in person, at the end of a tenancy, since they will not accept instructions from third parties.

## THE INVENTORY

In order to protect your interests, it is vital that a full and detailed inventory is prepared, listing all items in the property, their condition, and the colour scheme and decorative state of each room.

Our Service includes arranging for the preparation of a detailed inventory, the charge of which will be agreed with you at the start of the tenancy.

The inventory will form part of the rental agreement and should be signed by the incoming tenant(s) within 72 hours of occupying the property. This allows a reasonable period of time in which to approve the contents listed and the decorative order described.

A copy of the inventory should be attached to the lease for future reference since it will form the basis of our property condition assessment at the end of the tenancy period.

## DILAPIDATIONS

You must accept that the property will be subject to some general wear and tear during the tenancy period.

The inventory however will enable us to ascertain whether or not any obvious wear or damage was present prior to the tenants moving in.

We rarely experience any dispute over our assessment of a property's condition at the end of a tenancy but, unfortunately, there are certain people who will go to great lengths to conceal defects or breakages which may only be apparent after a new set of tenants has moved in and discovered them. We cannot reasonably be held liable in such cases, where dilapidations were deliberately concealed from us during a final inspection.

Where we do identify any excessive wear and tear, or breakages, we deduct the reasonable cost of repair or replacement from the tenant's deposit which we hold. Landlords should bear in mind though that it would be regarded by a judge, or by the Independent Complaints Examiner, as being unreasonable if a tenant was charged for replacing old with new, or for the cost of redecorating a room where only one wall was damaged, since this constitutes betterment. Only if the tenant failed to take reasonable care of the property, or caused malicious damage, would a court or tribunal allow the full costs of repair or replacement.



## LEGAL AND FINANCIAL

### THE HOUSING ACTS

FURNITURE & FURNISHINGS  
REGULATIONS

CONSUMER PROTECTION ACT

GENERAL PRODUCTS SAFETY  
REGULATIONS

BUILDING REGULATIONS

ELECTRICAL EQUIPMENT SAFETY  
REGULATIONS

GAS SAFETY REGULATIONS

ENERGY PERFORMANCE  
CERTIFICATES

PROPERTY MISDESCRIPTIONS ACT

### MORTGAGES

LEASEHOLD PROPERTY

BUYING TENANTED PROPERTY

DEPOSITS

TAXATION

STAMP DUTY LAND TAX

MONEY LAUNDERING

INSURANCES

RENT ARREARS

REGAINING POSSESSION

## LEGAL AND FINANCIAL

This section of Cheffins Management Pack provides an overview of the legal and financial aspects of property ownership for private landlords.

Extracts from the Acts and Regulations affecting private rental property are included here, along with general explanations of their key requirements.

It is not intended to be comprehensive, and specialist independent legal and financial advice should always be sought by prospective landlords or anyone considering building a rental property portfolio.

### THE HOUSING ACTS

Most private tenancies agreed will be assured or assured shorthold tenancies under the provisions in the Housing Act 1988 (as amended by the Housing Act 1996). See 'The Tenancy'.

Key points of this legislation are that:

When you let your property to a tenant, the tenancy is automatically an assured shorthold tenancy (with the exceptions explained in 'The Tenancy').

You have a guaranteed right to get your property back after 6 months if you need to.

You can charge a market rent.

You can get your property back if your tenant owes you at least two months' (or eight weeks') rent.

Tenants causing a nuisance to local people can be evicted.

You can end the tenancy at any time after 6 months, provided any fixed term you agreed has ended.

You only need to give your tenant two months' written notice.

You can end the tenancy at any time on certain grounds set out in

the legislation. These include rent arrears, anti-social behaviour, use of the property for illegal or immoral purposes, and damage caused to the property by the tenant.

You cannot evict a tenant yourself but you can apply to the county court to get your property back. In certain cases you can use an accelerated possession procedure which can avoid the need for a court hearing.

### THE FURNITURE & FURNISHINGS (FIRE) (SAFETY) (AMENDMENT) REGULATIONS 1993

These Regulations apply to all upholstered furniture manufactured after 1950 and also apply to furniture in rented properties which were let for the first time after 1 March 1993.

Furniture covered by the Regulations includes sofas, settees, armchairs, seat pads, beds, mattresses, headboards, scatter cushions, futons, loose covers and beanbags.

To comply with the Regulations, these types of furniture must be fire-resistant and carry a permanent label to indicate compliance.

The Regulations do not apply to carpets, curtains or bed linen, and any antique furniture, or furniture manufactured before 1950, is also exempt.

If in any doubt, it is best to remove items from the property before letting it, since failure to comply with the Regulations carries heavy penalties, with fines up to £5,000 and/or six months imprisonment.

### THE CONSUMER PROTECTION ACT 1987

This legislation affects landlords in that it states they owe a duty of care to tenants and others. In practice, it means that electrical

and other systems must be safe and that any necessary repairs or replacements should be dealt with promptly.

### GENERAL PRODUCTS SAFETY REGULATIONS 1994

These Regulations served to strengthen the Consumer Protection Act (above) by obliging landlords to ensure that all products supplied for a tenant's use should be 'safe'. In effect, this means that all fixtures, furnishings and appliances in the property should be checked for obvious defects and repaired or replaced accordingly.

### THE BUILDING REGULATIONS 1991

The key aspects of the Building Regulations which affect rental properties are:

1. That all properties built since June 1992 should have mains operated interlinked smoke alarms on every floor, and
2. That work, repairs and maintenance on electrical installations are 'notifiable works' which must only be carried out by 'competent persons'. Such persons will usually be qualified electricians who are recognised by the NICEIC, or employed by a utility supplier such as Powergen, who can self-certify the work they carry out.

Landlords should also bear in mind that many aspects of building refurbishment are covered by Building Regulations, particularly any structural alterations, extensions or additions, new drainage and plumbing installations, and double-glazed door or window replacements.

## LEGAL AND FINANCIAL

### THE ELECTRICAL EQUIPMENT (SAFETY) REGULATIONS 1994

Under the Regulations, a landlord has a duty to ensure that any electrical equipment and appliances that are supplied as part of a letting are 'safe'.

Generally, 'safe' is interpreted as posing no risk of injury to people or domestic animals, or damage to property, as long as the equipment is not tampered with.

The Regulations apply to all types of electrical appliances such as toasters, microwaves, cookers, refrigerators, freezers, washing machines, tumble dryers, food mixers, dishwashers, immersion heaters, TVs, VCRs, DVDs, table lamps, burglar alarms, electric garden equipment such as mowers and strimmers, as well as circuit breakers and fuses.

The Regulations also require that operating instruction booklets are available for any electrical equipment in the property in order to minimise risk of misuse by the tenant.

A more recent Act, The Plugs & Sockets (Safety) Regulations 1994, requires that all electrical appliances in a rental property are fitted with appropriate sleeved plugs (to BS1363).

Although there is no specific requirement in the Regulations for periodic safety inspections, the safety of electrical installations and appliances is of paramount importance. As managing agent, or as agent introducing a tenant for your property, we have a duty of care to ensure that the wiring installation is safe (and in line with ARLA recommendations). The only way to provide peace of mind for all parties is to have an inspection report in place, which is now company policy.

It is also advisable to deal promptly with any reported faults and carry out repairs or replacement as quickly as possible.

The legal consequences of supplying unsafe electrical equipment in a rental property are severe, as would be the costs awarded under civil liability for compensating a tenant who was injured through using such equipment.

### THE GAS SAFETY (INSTALLATION & USE) REGULATIONS 1994

These Regulations apply to the supply of gas in a property and to all gas appliances including central heating boilers, fires, cookers, refrigerators, etc, whether mains supply or liquid gas.

The central requirements of this legislation are that landlords must:

1. Have a gas safety check carried out by a Gas Safe Registered engineer, who is qualified to work on the particular appliance(s) in the property, prior to a let commencing and annually thereafter.
2. Supply a copy of the written record of the safety check to the tenant prior to moving in to the property, or within 28 days from the date of an annual inspection.
3. Maintain gas fittings and flues in a safe condition.
4. Repair or replace any dangerous or defective appliances or pipework as quickly as possible.
5. Not use the system until necessary repairs or replacements are completed.

The safety check will ensure compliance with the following requirements of the Regulations:

1. That there is sufficient supply of air available for proper combustion of any gas

appliances in the property.

2. That there are adequate facilities for the removal of products of combustion.
3. That there is adequate ventilation to enable any gas appliance to be safely used.
4. That all gas appliances in the property are in a condition which allows their safe use and eliminates any risk of escaping gas.

There are heavy criminal penalties for non-compliance with Gas Safety Regulations, including fines of up to £5,000 or imprisonment.

### ENERGY PERFORMANCE CERTIFICATES

From 1 October 2008, all properties require, by law, an Energy Performance Certificate (EPC) before being advertised for rental.

An EPC is an evaluation of the energy efficiency of a property carried out by a qualified inspector who has visited the property and assessed various factors such as the efficiency of the heating system, insulation and windows.

The property is given a rating which shows its current energy efficiency and its potential energy efficiency with improvements carried out. Current and potential environmental (CO<sub>2</sub>) impact is also rated.

EPCs have been required, by law, on all residential properties offered for sale since 14 December 2007 and Cheffins already has access to a team of qualified inspectors who can provide EPCs at competitive rates. An EPC is currently valid for 10 years.

## LEGAL AND FINANCIAL

### BUILDINGS INSURANCE

It is important that your property is adequately insured against all reasonable risks and eventualities – and this would be a mandatory requirement under the terms of a mortgage agreement anyway. The insurance company must also be aware that the property is let to tenants otherwise your policy may be invalidated and any claims refused. Standard insurance companies are sometimes willing to quote for cover on rental properties but they often impose restrictions. It is usually better to choose a specialist residential lettings insurer – your local Cheffins Property Manager will be able to provide you with a quotation and full details.

As well as providing insurance cover against the cost of rebuilding a property due to the usual perils of fire, flood, storm, impact, burst pipes and subsidence, the specialist policies will often provide an extension of cover to deal with claims arising from damage caused by tenants that is not otherwise insured and is not fully covered by the security deposit.

These policies also cover property owner's liability, protecting a landlord against personal injury claims by tenants, visitors or contractors working on the property.

If the property is to be let part or fully furnished it is sensible to extend cover to include the landlord's contents.

### RENT AND LEGAL INSURANCE

While we make every effort to select reliable and trustworthy tenants, this is no guarantee against default if a tenant's personal circumstances suddenly change due to accident, illness or

redundancy, and a specialist insurance policy would cover such eventualities.

Such policies can also cover landlords against the legal costs involved in pursuing the tenant for any breaches of the tenancy agreement and for the costs involved in evicting problem tenants.

Your local Property Manager can provide a quotation and advise which product(s) may be best suited to your requirements.

### RENT ARREARS

If tenants fall behind with their rent under our Rental Management or Full Management Services, we will issue a series of rent reminders. If the rent remains outstanding, we can recommend a local solicitor who will pursue the debt on your behalf.

### REGAINING POSSESSION

Provided the conditions of the tenancy agreement have been observed, it is not possible for a landlord to take possession of a property until the end of the fixed term of the agreement, unless the tenant(s) agree to vacate voluntarily.

It must be stressed that we rarely encounter any problems with tenants, mainly because we take up references, carry out credit checks and make regular inspections of the property. However, under the terms of an Assured Shorthold Tenancy, a landlord is entitled to take possession of the property if the terms and conditions of the lease have not been followed.

Usually, this is when a tenant stops paying rent, but remains in the property. There is however scope to remove tenants who have

caused wilful damage to the property or created a nuisance for local residents by playing loud music, for example, or otherwise breached any of the terms of the tenancy.

It is important though, that a landlord follows the correct procedures for regaining possession. The law protects tenants against summary actions (The Protection from Eviction Act 1977) but clauses contained within our Assured Shorthold Tenancy agreement give landlords the right of re-entry when tenants fail to meet their obligations under the terms of the tenancy.

The only legal way for a landlord to gain possession of a property is by obtaining a court order. Under our Full Management Service, we will assist with the instigation of proceedings for repossession on your behalf, but if a solicitor is required (in more complex situations), the legal costs will become the responsibility of the landlord.

If you have legal protection insurance cover, your insurers will appoint a solicitor on your behalf. If not, you must appoint your own, bearing in mind that a specialist in residential landlord and tenant law would be more appropriate than a general practitioner.

Once a Court Order is obtained, the tenant is required to leave the property but should he or she refuse, then a Bailiff would be sent to evict them. Again, it should be stressed that this is a relatively rare course of action.

# LEGAL AND FINANCIAL

## MORTGAGES

If your rental property is subject to a mortgage it is essential that the lender is aware that your property is to be let and that their prior agreement is obtained in writing.

## LEASEHOLD PROPERTY

Many flats and maisonettes (and some houses) are leasehold, which means that a superior landlord or freeholder grants a lease to the long-term tenant (the purchaser of a property) usually imposing various rights and responsibilities. Some agreements may forbid sub-letting altogether which means they cannot be rented out and would be unsuitable as buy-to-let investments.

Usually, there is a right to sub-let with the permission of the superior landlord. Generally, this takes the form of a licence for which the superior landlord or his managing agent will charge a fee – every time there is a change of tenant.

There will also be annual service charges in most cases and ground rent payable to the superior landlord. There may also be special conditions attached to a lease (such as allocated parking, noise and nuisance control, use of communal gardens, etc) and a copy of these conditions must be attached to the tenancy agreement in order that they may be enforced.

## BUYING TENANTED PROPERTY

It may well appear attractive to buy a property with an existing tenant since it guarantees cashflow from day one. In principle it is fine – and it can work – but it is important that your solicitor checks that rental payments are up to date and that the existing tenancy

agreement protects your interests (since a new agreement cannot be imposed upon the tenant during the term of the existing tenancy). It would also be prudent to check that there have been no breaches of the tenancy agreement.

## TENANTS' DEPOSITS

Since April 2007, all deposits taken for Assured Shorthold Tenancies have had to be covered by an approved Tenancy Deposit Scheme. Cheffins is a member of the Tenancy Deposit Scheme for Regulated Agents operated by The Dispute Service Ltd (see [www.tds.gb.com](http://www.tds.gb.com) for further details).

## TAXATION

All landlords, irrespective of nationality or residence, are obliged to inform the Inland Revenue of any income arising from residential lettings in the UK.

If you are a UK taxpayer you can set the costs of maintaining a rental property (including mortgage interest, insurance and repairs) against your tax liability. It is advisable to seek the advice of an accountant though, in order to manage your property income to your best advantage. This would also include advice on any capital gains liability which might arise from the sale of a rental property, but which may be reduced through taper asset relief depending on the period of ownership.

If you normally reside outside the UK for six months or more in any tax year we are obliged to remit a sum equivalent to basic rate tax to the Inland Revenue, from your letting income, on a quarterly basis. If you are entitled to tax exemption you should sign a form

NRL1 and submit it to the Inland Revenue. Following approval, we can then make payments to you without deducting tax.

## STAMP DUTY LAND TAX

The responsibility for payment of any Stamp Duty Land Tax (SDLT) on a lease rests with the tenant's. It is a legal obligation and the Inland Revenue may impose fines or penalties for failure to comply. Landlord's have a duty of care to advise tenants of this potential liability although the tax is only applied if the lease value is in excess of £175,000 (after deduction of a 3.5% discount).

## MONEY LAUNDERING

The Proceeds of Crime Act 2002 makes it illegal to aid or hide any transaction made by another party in criminal property and obliges every person to report such activity to the National Criminal Investigation Service if they know or suspect a person is dealing in criminal property.

The Act is broad in scope and includes tax evasion where large payments are received in cash. Cheffins has procedures in place which will identify such activity and protect landlords from inadvertently breaking the law.

## THE PROPERTY MISDESCRIPTIONS ACT 1991

Under the requirements of this Act we are bound to be factual and not to mislead the public or prospective tenants in the way that a property is presented. It is therefore important that landlords provide us with accurate descriptions of their rental property and advise us of any material changes.



## THE INSPIRED CHOICE

In Cheffins you are choosing one of the best-known names in the region, with a strong reputation for being friendly, straightforward and successful.

You will have professional and well trained partners and staff working on your behalf to achieve the best possible result, handling all stages of the transaction efficiently, promptly and courteously.

As one of the leading firms in this region, with a strong brand and a network of offices, we are first port of call for many potential lettings from the local area, London, many parts of the UK and abroad.

Our tradition of high quality client service flows from 185 years of continuous trading, and our record of gaining recommendations and repeat business from clients is your guarantee that Cheffins is an inspired choice to let your property.



All information in our lettings management pack is provided in good faith and is believed to be correct at the time of going to press (February 2011). However, the scope and detail of legislation is subject to continual review and revision, and Cheffins cannot accept liability for any inaccuracies that may be contained in this publication.

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THE INSPIRED CHOICE TO SELL YOUR PROPERTY

# Cheffins

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