



The
Letmore Group

Landlord Information

Thinking of Letting Your Property?

Whether you already own or are considering buying a property for investment, are aiming to live abroad for a time or simply cannot or don't want to sell your property but wish to move, Letting is an important decision and the right advice is essential.

Landlords should not only ensure that their Letting Agent is a member of either one or all of the professional bodies associated with the Letting Industry, but also one that has the use of the most up to date marketing tools in order to Let your property not just to the first tenant that comes along, but to the best tenant.

Although minimising the length of time that a property is empty and finding the right tenant is important, its what happens after the tenant moves in that can cause Landlords problems. That's why it is essential that the Letting Agent you choose to do business with has the right back up to minimise any risk.

At the Letmore Group we are structured to deal with all our landlords needs, whether it is finding a tenant, collecting the rent or fully managing a property. Within the company we have a number of departments with staff that specialise in each section covering Credit Control, Accounts, House Check, Legal and Property Management.

That's why we find that although we are happy to be employed just to find tenants; most landlords choose to use our Rent Collection or Management Service.

The choice is yours, but we will be happy to discuss a service that suits your requirements.

Once you've made your decision to let




Once we have taken the details of the property, established the service you require and have signed our Letter.

Within a very short while, your property will be advertised on our website and the information will be automatically emailed and text to applicants that have registered with us.

Once we have found a prospective tenant, we take a non-refundable holding deposit and apply to a specialised Referencing Agency to establish the tenants financial credibility. If the tenant is found acceptable to the Referencing Agency you will automatically be offered a Rent Guarantee Policy free for the first year as part of our service.

We will then deal with all the necessary arrangements such as the signing of the Tenancy Agreements, collecting the monies, arranging safety certificates etc in order that the tenant is able to take occupation as soon as possible.

We will then proceed to move the tenants in and if you haven't chosen either our Managed or Rent Collection Service will pass over the dealing of the tenant to you.



How we achieve the best results for you

Attracting the right tenants is one of the most important factors in letting your property and the correct marketing is the key to achieving this.

We regard ourselves as having the leading edge by utilising modern technology to ensure that we get your property out to the right people quickly and efficiently.

Although we use the conventional means of advertising such as local newspapers and magazines etc, this type of media is not instant and is distributed weekly, bi-weekly or monthly.

However, there are a number of more instant ways to market your property via email, the internet and texting. Every member of staff within the company has a computer and is able to email not only tenants that are registered with us but also our database of companies that consistently look for rented accommodation for their staff. Every tenant that registers with us is automatically emailed as soon as a property that fits their criteria is taken on.

The same also applies to text messaging and our sophisticated computer system will allow us to send out multiple text alerts to registered tenants.

Our websites are updated every time a property is taken on and is available to view with pictures on the same day as we are instructed.

This means that we instantly market your property to all prospective tenants at one time and therefore this results in us getting immediate responses back which helps us achieve letting out your property in the quickest possible time, as we are able to reach tenants wherever they are.

Frequently asked questions

Q: How do you estimate the rental value of my property?

A: As one of the largest Letting Agents in the area we have a database of rents achieved and therefore, before appraising your property we would have researched prices in your road. This coupled with our experienced staff that have worked in the area for many years means we are able to establish the anticipated rental we will achieve for you.

Q: What should be included in the rent?

A: The rent will normally be exclusive of Gas, Electric, Water Rates, Telephone Charges, Council Tax etc, but inclusive of Buildings Insurance, Contents Insurance (for your own items) and Maintenance costs, unless otherwise agreed.

Q: Why use an Approved Letting Agent?

A: Using an Approved Letting Agent such as ourselves who are members of the three Professional trade organisations associated with the Letting industry, ARLA, NAEA and NALS, ensures that you are dealing with an agent who has been thoroughly vetted, has

been established for a number of years and also holds Professional Indemnity Insurance to give you recourse in the unlikely event of any negligence.

Q: What about referencing the Tenants

A: It is important to have the tenant professionally referenced and we do this through an industry recognised independent referencing agency. As part of our package to our landlords, we offer subject to acceptance, a free Rent Guarantee Scheme, which carries a one month excess however, landlords are able to upgrade this to a Non Excess Policy for a small fee. The advantage of using an independent referencing agency that offers a rent guarantee is that they are underwriting the quality of the tenant.

Q: What Tenancy Agreement is best to use

A: Whatever service you choose we will draw up all of the tenancy agreements, ensuring that they comply with the legislation at that time, as the wrong tenancy agreement may affect how quickly you can gain possession of your property if required.

Frequently asked questions continued

Q: Who is responsible for repairs?

A: Under existing legislation landlords are responsible for all repairs to the property and its contents except when a repair is necessary due to a tenant's misuse. If we are managing a property we will arrange for the work to be carried out by one of our approved contractors.

Q: What should I do about insurance?

A: Landlords are responsible for insuring their Buildings and own Contents. We suggest you advise your Insurers of the proposed letting at an early stage to ensure that cover is not prejudiced in any way. Failure to inform them that the property is being let, may result in their refusal to meet any claim made.

You may well find your Insurer does not offer Landlords cover or even if they do, the terms may be very restricted. Ideally, you should seriously consider taking out specialist Landlords buildings and contents insurance, as this covers all the risks associated with letting a property.

We have a specialist insurance division that have negotiated preferential rates for landlords for a fully comprehensive policy and should you require further information either on this or on your own policy they will be happy to discuss this with you.

Q: Do I need to tell my Mortgage Company?

A: If your property is mortgaged you will be required to notify them before you let. In most cases consent is given readily however, it is worth checking with your lender their criteria, as in some instances there may be a small administration fee charged.

Q: Should I prepare an Inventory of Furniture, Fixtures and Fittings?

A: Every property that is let should have either an Inventory or a Guidance to the Condition and contents of the property. Although we are happy to arrange this for a set fee, landlords are free to supply us with their own inventory.

Frequently asked questions continued

Q: Who looks after the Exterior Maintenance?

A: External decorations and general maintenance of the property is the responsibility of the landlord.

However, if there is a garden to the property, the upkeep is the tenant's responsibility, but the landlord would be expected to supply the necessary tools such as Lawnmower, Rake, Spade, Hoe, Hedge Cutters etc in order to carry out the maintenance required.

Q: What service should I choose?

A: The service a landlord chooses very much depends on the involvement they wish to have with the property. Managing a property takes away the day to day tenancy issues such as property maintenance, rent collection, property inspections, check-in and check-out reports etc, which can become both time consuming and inconvenient.

In some instances landlords prefer to deal with maintenance issues themselves but want us to deal with the collecting of the rent and therefore, use our Rent Collection service.

On other occasions a landlord may be set up to be able to deal with the rent collection and management of the property and require us just to find a tenant. However, we would not advise this unless you have the experience of letting a property and an understanding of the laws surrounding Assured Shorthold Tenancies and the Housing Act.

Alternatively, we can tailor make a package to suit your needs i.e.: We can add to the Rent Collection Service, Property Inspections with one off fees being charged for every Inspection, Tenancy Check-In or Check-Outs.

Q: Should I Let my property Furnished or Unfurnished?

A: The choice is yours. There is sufficient demand for both Furnished and Unfurnished properties however, all properties should still have the standard white goods such as fridge freezer, washing machine, microwave, cooker etc.

Frequently asked questions continued

The degree of how much a property is furnished is again up to you, although for most a furnished property would consist of beds, sofas, dining room table and chairs, wardrobes, white goods as mentioned above, but does not necessarily have to include linen, cutlery, crockery etc.

We would advise all Landlords not to leave any personal effects at the property.

Q How long will it take to find a tenant?

A: In general, the process of letting your property is very quick and in most cases we would expect a property to be on the market no longer than a couple of weeks, although many properties are let within a few days of us being instructed.

If the property is not let within that time, the likely reasons are that either the rent is too high, there are other more appealing properties on the market or the general market conditions are influencing the let.

Whatever the reasons, our fully trained staff will be able to advise of the best course of action to get your property rented.

Q: How much do you charge?

A: The initial rental assessment of your property is free of charge and you only pay commission if and when we successfully let your property i.e. No let, no fee.

The commission we charge is based upon the level of service you wish us to provide and will be agreed with you prior to us marketing your property.

Consequently, you will be fully aware of what you are being charged with no hidden costs.

Is Your Property Safe?

Landlords and Tenants often express concern regarding safety matters. This information sheet gives you the brief details of your responsibilities, but for further information contact one of experienced Lettings Consultants, who will be happy to answer any questions you may have.

Note: Please remember that failure to observe safety regulations can lead to prosecution and to a substantial claim for damages by the injured party.

FURNITURE AND FURNISHINGS

The regulations cover all upholstered furniture and furnishings manufactured after 1950 (including loose fittings, permanent and loose covers but not curtains). This applies to all furniture in properties let after 1st March 1993. A Landlord letting his own home for a temporary period and not in the course of business has a legal responsibility to comply. For further information please do not hesitate to contact our offices for advice on the regulations.

GAS

The owner (i.e. Landlord) of any gas appliance, pipework or installation must ensure that a CORGI registered engineer carries out a safety check every twelve months. (Servicing is not sufficient without a CORGI safety certificate). A record must be kept of all safety inspections and the results of which must be open to the tenant's inspection.

The regulations cover ALL appliances and all types of gas i.e. mains, propane or calor. The responsible person defined as the Occupier (i.e. Tenant). Owner or person with authority must not allow a supply to remain connected if they are aware of any potential danger or leak. If any pipework is defective or dangerous it must be repaired or replaced immediately.

Failure to hold a current safety record is a criminal offence and you could be liable for a fine of up to £20,000, imprisonment or both.

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Is Your Property Safe? continued

ELECTRICITY

There are a number of pieces of legislation which relate to the supply and maintenance of electrical equipment, household appliances and/or the cables, plugs and sockets which connect them. Examples of such items might include:-

- Electric cookers, microwaves
- Toasters, kettles, TV's, video players
- Washing machines, dishwashers
- Immersion heaters, electric blankets
- Fuses, circuit breakers
- Electric lawnmowers or similar garden equipment

The basic concept is that a landlord has a duty to ensure that any such items supplied as part of a property letting are "safe", and not dangerous. Whilst there is not at present a specific statutory requirement placed upon a landlord to prove that such items are regularly checked or tested by a qualified electrical engineer our governing body ARLA strongly recommends to landlords that a (PAT) Portable Appliance Test of such equipment should be scheduled and kept up to date.

Any equipment or appliances identified as being potentially unsafe or showing obvious defects such as:-

- Badly frayed or damaged insulation
- Old or exposed wires, poorly fitted or cracked plugs
- Scorch marked or badly damaged sockets
- Plugs without sleeved insulated pins should be immediately repaired or removed and replaced with brand new equipment which complies with current BS and EC standards.

Smoke Detectors

All new homes must be fitted with mains operated smoke detectors. They must be installed on every floor and they must be interlinked. These rules are incorporated in the Building Regulations 1991 and apply to property built after June 1992. There are no specific regulations governing older buildings but Fire and Safety Officers recommend the installation of at least a battery operated device should be fitted.

NOTE: There is little or no Case Law to refer to on some of these regulations and it is the courts that will make the final decisions.

This leaflet is for the general guidance only.

Taxation for Overseas Landlords

SELF ASSESSMENT

The Inland Revenue's self-assessment rules changed the treatment of Overseas Landlords Tax with effect from 6th April 1996. Under the Taxation of Income from Landlord (Non Residents) Regulations 1995, the rent-receiving agent is required to deduct basic rate Tax from the rent (after taking deductible expense paid out into account) and to pay the Tax to the Revenue each quarter. If you decide not to have your property managed by us, you should be aware that your tenant would be legally responsible for the deduction and payment of tax to the Inland Revenue of the rent payable.

However, you can apply to the Revenue for exemption from this requirement providing your Tax history is up to date. Once approved a tax exemption certificate will be issued, with a copy sent direct to our management department authorising us to pay rent to you without Tax deductions.

We strongly advise that applications for exemption are submitted as soon as you are aware of your move overseas to ensure rent can be paid gross.

THE ALTERNATIVE

We deduct Tax at the relevant rate at that time from all rents paid, after deduction of certain expenses and then account for this tax to the Inland Revenue. We also have to submit annual returns providing information about the details of your property, the gross rent paid, the tax deducted etc. We will in turn provide you with a tax certificate for use when preparing your own Tax Return.

FURTHER INFORMATION

We have copies of Inland Revenue Tax Guides and application forms available on request. If you would like to speak to somebody in person regarding this matter, please call the Inland Revenue's Financial Intermediaries and Claims Office (FICO) on 0151 472 6208/6209.

Taxation - deductible expenses

You can off set all expenses relating to the property against the gross rents received.

In the case of furnished lettings a further deduction will also be allowed to cover the wear and tear of furnishings.

But, remember all of these deductions will only be granted if they are claimed and that it is for this reason that the submission of annual accounts is very much in your interest.

Allowing Accountants to attend to these matters for you will ensure that you receive the full benefit of all the available deductions.

SUGGESTED ALLOWABLE EXPENSES

- Loan and mortgage interest
- Water rates (if not paid by tenant)
- Building insurance premiums
- Contents insurance premiums
- Legal insurance premiums
- Agents charges
- Nominal postage and telephone costs relating to the property
- Building repairs
- Decorating
- Wear and tear (if let furnished approx. 10% of gross annual rent)

Note: Remember, Tax returns are the responsibility of the landlord.

Buy-To-Let

Buy-to-Let is a joint initiative by the Association of Residential Letting Agents, ARLA, and the mortgage lenders. The scheme is designed to help private individuals to invest in property to let without being penalised by mortgage surcharges or paying commercial rates of interest. Mortgage lenders in the Buy-to-Let scheme will take account of rental income likely to be achieved from a property.

What's so different?

Historically, borrowing on income producing property has been viewed by lenders as a commercial proposition. So, mortgages on property to let, even for private individuals, have attracted higher rates of interest than the standard mortgages offered to owner-occupiers.

In addition, until now, rental income has usually been disallowed when assessing a borrower's ability to meet mortgage payments.

Now, the view of many lenders and all other housing professionals is that growth in the private rented sector must be encouraged. Not only does it lag well behind the private rental sectors of all of the other advanced economies, the lack of choice between renting and buying is, in fact, bad for the economy and

a contributory factor to the booms and busts of the housing market over the last decades.

But, the change in lending criteria and the lowering of interest rates for private investors has only been made possible by the strong presence of professional, bonded letting agents in the lettings market.

What difference does a Letting agent make?

Buying a property to let is not the same as buying your own home. Mortgage lenders will want to know that an ARLA member agent has been advising on the selection of properties suitable for letting.

As an experienced agency, we know the local market, whether there is a demand for, say, two-bedroomed flats or four-bedroomed houses, or for properties close to schools or transport links or secluded properties with gardens. Also, the agent will know the standard of decoration, furnishing, fixtures and fittings required.

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Buy-To-Let continued

The Do's and Don'ts of Buying to Let

- Do** Think of buying to let as a medium to long-term investment
- Do** Seek advice from an ARLA letting agent on local market demands
- Do** Get your sums right. Will the rent cover borrowings and costs, after allowing for void periods? Always have funds in reserve for emergencies.
- Do** Decorate, fit out and furnish to high standards, especially kitchens and bathrooms, to attract the best tenants and let quickly every time.
- Do** Use an ARLA member as your letting agent. They are bonded, hold Professional Indemnity Insurance to required standards, have been in the business for a minimum of two years and are kept up to date with the latest legal and regulatory requirements.
- Don't** Let personal taste cloud your judgement. Be sure the property you choose meets market requirements.
- Don't** Purchase anything with potential high maintenance problems. It will only effect the return on your investment.
- Don't** Think that the running of an investment property to let can be left to friends or relatives in your absence. Tenants require a full management service.
- Don't** Use off-the-shelf tenancy agreements from HMSO or law stationers, or forget to issue the right notices or fail to have a proper inventory and condition report made before a tenant moves in. Leave all documentation to a professional agent
- Don't** Furnish with second hand furniture or cast-off soft furnishings. This will probably contravene the Furniture and Furnishing (Fire) (Safety) Regulations.

Why do I need an Inventory or Schedule of Contents and Condition Report?

At the beginning of every tenancy, Landlords must prepare an Inventory/Schedule Of Contents and Condition Report for the property or alternatively employ an independent inventory company or to carry out the work. Details of our charges are in our Information Pack.

Since the introduction of Statutory Tenancy Deposit Schemes on 6th April 2007, the creation of an up to date and accurate inventory has never been more important.

One of the main features of the Schemes (bought in primarily to protect the interests of the tenant) is dispute resolution and the inventory will play a major role in the process.

When the time comes to agree the amount of deposit returnable to the tenant, a fully detailed and accurate inventory will support the evidence of both the landlord and the tenant, particularly if there is a dispute. The independent adjudicator attached to which ever scheme the deposit has been registered with will examine all documentation as a basis for his decision and a good inventory will not only speed completion of a tenancy but will also keep costs down.

Proper information will enable fair treatment to both landlords and tenants.

SO, PROTECT YOUR INVESTMENT, AVOID DISPUTES AND MAKE SURE YOU HAVE AN INVENTORY OR SCHEDULE OF CONTENTS AND CONDITION REPORT FOR YOUR PROPERTY.

The Tenancy Deposit Scheme.

From 6th April 2007 legislation was introduced to ensure that every tenant's deposit must be covered by a Tenancy Deposit Scheme where the property is let on an Assured Shorthold Tenancy.

We as a company have chosen to become members of The Dispute Service Ltd, which is an insurance based scheme supported by The Letting Industries regulatory bodies ARLA (Association of Registered Letting Agents) NAEA (The National Association of Estate Agents) and NALS (The National Approved Letting Scheme).

If you use our Management or Rent Collection service it is not our intention to charge you any extra fees to cover our additional costs. However, we will now have to keep deposits on all properties using these services unless we are provided with written confirmation that you as a landlord are a member of a recognised scheme.

Even if you are only using our Let Only service, your tenants deposit still has to be covered through one of the schemes available. If you choose an Insured scheme then the cost for registration starts from around £95.00 unless you are a member of a Landlords Trade Association which will entitle you to a discount. We however are proposing to offer our Let Only landlords the opportunity for us to hold the deposits for them as an accredited agent for £20.00 plus VAT per tenancy per year.

The alternative is a Custodial scheme where the money is held by the 'Deposit Protection Service' throughout the tenancy and at the end of the tenancy if the landlord and tenant agree how the deposit should be repaid, they both have to advise the scheme administrator who will then make the agreed payments. As with all Tenancy Deposit Scheme's, in the event of a dispute, an independent arbitrator will be appointed to make a decision.

Landlords should be aware that whatever scheme is chosen the tenant must be notified of where their deposit is being held within 14 days. Obviously, we will deal with any notification to the tenants as part of our service when we are holding the deposit.

This legislation applies to all new tenancies from 6th April 2007 including the renewal of any existing tenancy after that date.

Failure to comply with the legislation will result in a penalty fine of up to three times the deposit. In addition, any Section 21 Notices Requiring Possession served will not be valid.

Further information about the scheme we have joined can be found on the website www.tds.gb.com.

Alternatively, should you have any particular queries in regards to your own tenancy arrangements, please call your local branch.

Energy Performance Certificate

From 1st October 2008 it became mandatory for all rented properties being marketed to have an Energy Performance Certificate.

What is an Energy Performance Certificate?

An Energy Performance Certificate shows the official energy efficiency rating of a property and needs to be supplied to a tenant prior to entering into a tenancy to show the efficiency of the property they intend to rent

The certificate provides a rating for the building. Showing its energy efficiency and its environmental impact on a scale from A-G (where A is the most efficient and G the least efficient), in graphical format. It also contains recommended ways to improve the buildings energy performance.

All buildings in the UK that are constructed, sold or rented out will have to have an Energy Performance Certificate, in accordance with the European Energy Performance of Buildings Directive.

Why is the Certificate important?

Nearly 40 per cent of the UK's energy consumption arises from the way in which our 25 million buildings are lit, heated and used. Even comparatively minor changes in energy performance and the way we use each building will have a significant effect in reducing energy consumption – and therefore carbon emissions.

Communities and Local Government (www.communities.gov.uk) is leading the introduction of a number of energy and cost saving measures to make all buildings more efficient. These measures are being applied across all European Union countries and are in line

with the European Directive for the Energy Performance of Buildings.

The Energy Performance Certificate is part of these new measures to improve property efficiency. It will include suggestions to enable homeowners to improve the energy efficiency of the building. This can mean lower energy bills for the occupiers, and could make homes more attractive to potential purchasers and tenants.

The certificate will also provide contact details for the Energy Savings Trust (www.est.org.uk) who can help you find out whether you could be eligible for grants or discounts to help carry out these improvements to your home. It will also list simple ways that changes in behaviour can save you energy and money – without the need for any works.

How do I get a certificate?

To ensure our landlords get the best service at a competitive cost, we have set up Letmore Energy Assessors to carry out all of the surveys for our landlords. This can be arranged either through the office you are dealing with or you can contact them direct on 020 8506 5833 or email epc@letmore.com