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Landlord's Guide

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Introduction

Renting your property or a number of properties has many benefits. It can be a good way to earn rental income and receive a yearly yield income and also make capital gains if the price of your property goes up. However, there are a few considerations and obligations you need to be aware of.

1. Marketing and Promotional Tips

a Use great photos

It sounds obvious, but small things can make a big difference. Clear clutter and make your property as tidy, bright and light as possible. Take pictures when natural light is best and use flash.

b Make the most of your description

You must be factual and honest, but also try and be positive about your property. Instead of just saying it's a two bedroom flat, why not say, 'Bright and spacious flat in great location'

c Highlight features

If the property has broadband, cable TV or any unique features make sure you mention it.

d Sell the area

Let people know about the local attractions like good bars, restaurants, public transport and shopping.

e Steal good ideas

Don't just jump in to it. Why not have a look at other ads for ideas and use the same techniques that attract you.

2. HMO (House in multiple occupation) & Licences

If you are a landlord of a shared house there is a good chance that HMO licencing will be applicable to you.

If you rent rooms or flats within a single property to a number of tenants it may be considered a House in Multiple Occupation (HMO) and therefore you may require an HMO licence, which can be applied for from your local council.

An HMO must have a licence if they are:

- of three or more storeys
- occupied by five or more persons who form more than one household

You can read more information here

http://www.direct.gov.uk/en/HomeAndCommunity/Privaterenting/Repairsandstandards/DG_189201

3. Tenancy deposit protection scheme

As from 2007, all deposits taken by a landlord in England and Wales must be protected by a tenancy deposit scheme.

There were two main reasons for the scheme's introduction:-

- To ensure that when a tenant has paid a deposit and is entitled to get it back that this actually happens
- To assist in resolving disputes which arise regarding refund of deposits

There are two types of scheme; custodial and insurance-based, and it is up to the landlord to choose which to use.

Custodial

- The tenant pays the deposit direct to the landlord who then pays it into the scheme
- The landlord must provide information to the tenant about the tenancy and which scheme has been used within 14 days
- At the end of the tenancy, if both parties agree to the amount of deposit returnable, the scheme is notified and returns the deposit to be divided as agreed
- If there is a dispute as to the amount of deposit to be returned the scheme will hold on to the deposit until the dispute is resolved
- Interest on payments held during dispute settlement will be used to pay for the running of the scheme with any left over paid to the tenant (or the landlord if the tenant isn't entitled to it)

Insurance-based

- The tenant pays the deposit direct to the landlord
- The landlord retains the deposit and pays a premium to the insurer
- The landlord must provide information to the tenant about the tenancy and which scheme has been used within 14 days
- At the end of the tenancy, if both parties agree to the amount of deposit returnable, the landlord returns the appropriate amount of the deposit
- If there is a dispute the landlord must hand over the disputed amount to the scheme for safe-keeping until the dispute is settled
- If the landlord fails to comply the insurance arrangements will ensure that the tenant receives their deposit back if they are entitled.

Under both schemes the deposit must be returned within 10 days of agreement or settlement of any dispute.

For more information go to:

http://www.direct.gov.uk/en/HomeAndCommunity/Privaterenting/Tenancies/DG_189120

4. Tenant referencing

Landlords and agents should perform some level of checks on potential tenants to avoid non payment of rent and other issues.

You can find services from our partners by clicking on the Help with your move tab on the site.

5. Landlord's obligations

Renting out your property is a great way to earn income. However, as a landlord, there are some legal requirements you have to comply with.

You must maintain the property and undertake any major repairs that are required. This mainly relates to anything that affects the structure or exterior as well as electrical, heating, hot water and sanitary conditions.

There are also rules that apply to soft furnishings, gas and electrical safety.

We have provided an overview of some of this below, and you can find out more here: http://www.direct.gov.uk/en/HomeAndCommunity/PrivateRenting/RentingOutYourProperty/DG_189124

a Gas safety checks

You must ensure that all gas appliances, fittings and flues are safe for tenants use and installation, maintenance and annual safety checks are carried out by a Gas safe registered gas installer: <http://www.gassaferegister.co.uk>

b Electrical Equipment

Electrical equipment and safety regulations say you should ensure that the electrics are safe and checked by a qualified electrician.

c Quiet enjoyment of property

Tenants should be allowed to live in your property without being harassed or inconvenienced by the landlord. You should technically give tenants 48 hours notice if you wish to inspect the property.

d Repairs

Ensure repairs are carried out properly and within a reasonable amount of time. You can't expect tenants to live for weeks without hot water or heating for example.

e Ending a tenancy

Providing the tenant(s) haven't breached your tenancy agreements, you should give two months written notice of ending the tenancy.

6. Guide to tenancy agreements

It is advisable to have a tenancy agreement in place with your tenant(s), as this contract protects both you and the tenant(s).

The most commonly used tenancy agreement is the Assured Shorthold Tenancy, and allows the landlord or tenant to end the tenancy after an initial six month period, by giving notice.

To make things easy for you, we have created a range of standard tenancy agreements for you, although there is a small charge for these.

You can click on the links on the support page.

7 Landlord's insurance

For the vast majority, being a landlord well worthwhile. However, it can have its issues and stresses. Therefore you may want to consider landlord's insurance.

As well as the essential cover for your buildings, landlord's insurance can also cover you for such items as loss of rent and public liability.

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