

# **A Guide for Landlords**

including details of Parsons Choice Property Letting and Management Services



**This document intends to guide you through the different aspects of letting your property whilst also outlining the services offered by Parsons Choice Limited. We hope, after reading this document, that most of your questions will be answered. However, if you do have any queries please do not hesitate to contact us.**

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### ❖ About Us

Building upon firsthand experience as both tenants and landlords, Parsons Choice offer full property management and letting services in addition to providing project management and maintenance services. We have our own rental properties and have tailored our services to match what we would expect from a rental agency.

We are committed to providing a first-class service and enjoy a reputation for quality and reliability. Everything that we do is underpinned by our values:

#### ❖ Understanding

The ability, through personal experience, to empathise with the needs of our clients: both landlords and tenants.

#### ❖ Dedicated

Truly committed to ensuring the letting process runs as smoothly as possible, for all involved.

#### ❖ Caring

Each property cared for as if it were our own, with the aim of making the house a home!

#### ❖ Flexible

Realising that lives are not 9-5 and offering a quality service that suits the modern lifestyle.

## ❖ Introduction to being a Landlord

Under common law, landlords must ensure the safety and maintenance of rented property and their contents so that no injury or damage is caused to the occupants, neighbours or the public.

The property needs to be well maintained, as this is crucial to the long term success of your venture. In addition, there are a number of legal responsibilities that are placed upon you as a landlord, some of which need to be addressed even before your property is occupied.

Under the Landlord and Tenant Act 1985, you have numerous areas of responsibility when you property is let under an assured shorthold tenancy. It is vital that you are aware of both your legal obligations and rights.

## ❖ Things to Consider Before Letting Your Property

### Consent from Interested Parties

If you have a mortgage or other loan on your property, approval must be obtained from your lender prior to entering into a tenancy agreement. Failure to inform your lender may invalidate the terms of your loan.

If your property is leasehold, you may also need to inform the freeholder or managing agents of your intention to let your property.

In the case of the property being owned by more than one person, consent must be obtained from every joint owner, each of whom will be asked to sign our 'Instruction Mandate' prior to marketing the property.

### Insurance

Prior to tenants moving in, you will need to check your Buildings Insurance to ensure full cover will still be provided and all claims will be met. You should also check that your Contents Insurance would not be affected by the tenancy. We advise that Contents Insurance is maintained throughout the tenancy even if the property is unfurnished as buildings insurance will not cover carpets, curtains etc. Some insurance companies offer a comprehensive Landlord's Insurance.

### Income Tax

Rental income is classed as additional income and is therefore taxable, however there are some expenses that are treated as tax deductible such as professional fees associated with the letting of your property (including agency fees), maintenance and repairs and interest elements on your mortgage repayments. This list is by no means comprehensive and we strongly advise that you consult a tax specialist or your local Inland Revenue office.

## ❖ What am I, as the Landlord, responsible for?

### Repairs

Unless the tenancy has a fixed term of more than 7 years, you are responsible under the **Landlord and Tenant Act 1985** for repairs to;

- the structure and exterior of the property;
- baths, sinks, basins and other sanitary installations;
- heating and hot water installations;
- if you are renting a flat or maisonette, other parts of the building or installations in it which you own or control and whose disrepair would affect your tenant.

'White goods' do not form part of the landlord's repairing/maintenance obligations under section 11 of the **Landlord and Tenant Act 1985**. However, should you wish to provide 'white goods' for your tenant to use then you may wish to take responsibility for maintaining these. This is something we will discuss with you and make clear in the Assured Shorthold Tenancy Agreement as to who is responsible for these items.

Responsibility for other repairs depends on what you agree with the tenant. You are not responsible for repairing damage caused by him or her.

## **Safety legislation**

As a landlord you have a moral obligation to provide tenants with a safe environment. Below are four safety issues which you should take into consideration before you let your property. The first two are legal requirements.

### **1. Gas safety**

You are required by the **Gas Safety (Installation and Use) Regulations 1998** to ensure that all gas appliances are maintained and in good order and that an annual safety check is carried out by a Gas Safe registered engineer. It is highly recommended that you install a Carbon Monoxide detector close to the Central Heating Boiler

You must keep a record of the safety checks and issue it to the tenant within 28 days of each annual check.

Further guidance is contained in the leaflet *Gas appliances – get them checked, keep them safe*, available, free of charge, from the Health and Safety Executive (HSE): telephone 01787 881165 or [www.hse.gov.uk](http://www.hse.gov.uk)

### **2. Fire safety of furniture & furnishings**

As landlord you must ensure that any furniture and soft furnishings that you supply meet the fire resistance requirements in the **Furniture and Furnishings (Fire) (Safety) Regulations 1988**.

The regulations set levels of fire resistance for domestic upholstered furniture. This includes; permanent and loose covers, beds, mattresses, headboards, pillows, settees and armchairs, scatter cushions, garden furniture and beanbags. Carpets and curtains are not covered by the regulations.

All new and second hand furniture provided in accommodation that is let for the first time, or replacement furniture in existing let accommodation, must meet the fire resistance requirements unless it was made before 1950. Most furniture will have a manufacturer's label on it saying if it meets the requirements. Further guidance is contained in the booklet *A Guide to the Furniture and Furnishings (Fire) (Safety) Regulations*. This can be downloaded from [www.dti.gov.uk](http://www.dti.gov.uk).

### **3. Electrical safety**

You should ensure that the electrical system and any electrical appliances that you supply such as cookers, kettles, toasters, washing machines and immersion heaters are safe to use.

Rules for electrical safety in the home came in to effect on 1 January 2005 in England and Wales. Any electrical work carried out on your property should follow the new rules in the Building Regulations, or preferably be carried out by a suitably qualified electrician. At present there are no specific obligations on landlords to have electrical equipment regularly tested. However, landlords have a duty of care towards their tenants and as good practice **we would highly recommend that you commission a Periodic Inspection Report on the electrical installations every 5 years.**

There is further guidance in the leaflet *New rules for electrical safety in the home* or visit: [www.communities.gov.uk/electricalsafety](http://www.communities.gov.uk/electricalsafety).

### **4. Smoke Detectors**

It is a requirement to have smoke detectors installed in your property one on each floor and one installed in each bedroom for HMO's (Houses in Multiple Occupation) and student lets.

The detectors should comply with British Standards and should be checked at the commencement of each tenancy. All new homes must now be fitted with mains operated smoke detectors.

There are a complete list of additional safety features required in HMO properties including emergency lighting, wired in smoke and fire alarms, fire extinguishers, fire doors and seals.

### **Energy Performance Certificate (EPC)**

From 1 October 2008, an EPC will be required whenever a building in the social or private rented sectors is let to a new tenant. A building can be: the whole of a building; or part of a building where the part is designed or altered to be used separately.

The landlord must commission an EPC and ensure a copy of it, including the recommendation report, is available free of charge to prospective tenants at the earliest opportunity. As a minimum, this should be when prospective tenants are first given written information about a dwelling or are arranging to view it, and before any rental contract is entered into. A copy of the EPC (rating and recommendation report) must be given free of charge to the person who ultimately becomes the tenant before any rental contract is entered into.

EPCs are valid for 10 years and can be reused as many times as required within that period. It is not necessary to commission a new EPC each time there is a change of tenant. However, once a more recent EPC has been produced for a dwelling, it will always supersede an existing one.

### **❖ What is the Tenant responsible for?**

The tenant has a duty to take proper care of the property and use it in a responsible way, pay the rent as agreed and keep to the terms of the tenancy agreement, unless the terms are in contravention of his or her rights in law.

### **Council Tax**

The tenant will normally be responsible for paying Council Tax. However, if the property is a house in multiple occupation, you will be responsible for paying it although you can include the cost in the rent. A house in multiple occupation, for Council Tax purposes, is a property which is constructed or adapted for occupation by individuals who do not form a single household or who have separate tenancies or who pay rent for only part of the property. If you are in any doubt as to who will be liable to pay Council Tax, contact your local authority.

### **Water and sewerage charges**

The tenant will normally be responsible for paying water and sewerage charges if the accommodation is self-contained.

### **Other bills**

You should agree with both the tenant and the utility company concerned, by way of a written agreement, who will be responsible for the payment of other bills (gas, electricity, telephone etc). This will usually be the tenant. On the commencement of a new tenancy you should supply initial meter readings to the utility companies, and final readings and the end of the tenancy.

### **❖ How can we help you?**

Fulfilling your responsibilities as a landlord during a tenancy can be very time consuming, which is why some people opt for a property management company to fulfil your duties on your behalf.

Building upon firsthand experience as both tenants and landlords, Parsons Choice offer full property management and letting services in addition to providing project management and maintenance services. We have our own rental properties and have tailored our services to match what we would expect from a rental agency.

We offer Let Only and Managed services as detailed below:

<b>Let Only Service</b>	<b>Managed Service</b>
<ul style="list-style-type: none"> <li>- Determining the Rental Value;</li> <li>- Marketing the Property;</li> <li>- Finding a Suitable Tenant;</li> <li>- Producing the Tenancy Agreement;</li> <li>- Collecting the First Month's Rent;</li> <li>- Registering the Deposit;</li> <li>- Compiling the Inventory;</li> <li>- Checking the Tenant In.</li> </ul> <p>At this point the property would be handed over to you for you to cover all aspects of managing the property. However, at the end of the Tenancy you would need to contact us in order to release the deposit.</p>	<p>In addition to all of the benefits of the Letting Service we also provide the following additional services:</p> <ul style="list-style-type: none"> <li>- Rent Collection;</li> <li>- Tenancy Inspection Visits;</li> <li>- Updating Safety Certificates;</li> <li>- Organising Maintenance and Repairs;</li> <li>- Serving Notice to Quit;</li> <li>- Tenancy Renewal;</li> <li>- Inventory Check Out;</li> <li>- Re-letting the Property.</li> </ul>

## ❖ Let only service

### **Determining the Rental Value**

We will arrange to meet with you at the property in order to undertake an appraisal of the property and to provide a rental assessment. At this time we will also make suggestions for improvements to the property, together with estimated costs for the work, that we believe would help you to achieve the greatest possible rental income from your preferred tenants. These suggestions will utilise our knowledge of the local market and the latest property trends.

### **Marketing the Property**

The property will be extensively advertised in the local press until let and details will also be on display on our website [www.parsonschoice.co.uk](http://www.parsonschoice.co.uk). We are currently in discussions with Property Finder [www.propertyfinder.com](http://www.propertyfinder.com) and Right Move [www.rightmove.co.uk](http://www.rightmove.co.uk) as additional marketing mediums. Currently the majority of our properties are let to people from our extensive tenant database.

In addition to this, with your permission, and in accordance with planning regulations, a 'To Let' board can be erected outside your property to ensure effective twenty-four hour advertising.

### **Finding a Suitable Tenant**

Once we have prospective tenants interested in your properties we will then arrange viewings. Upon receipt of an application for the tenancy, tenant references (including credit check) will be taken. This will confirm their financial position by confirming his/her employment status, credit history, any outstanding bad debts, and previous landlord references, where applicable.

Wherever possible, we like to meet with the prospective tenant in their current residence in order to complete the application form. This presents an opportunity to further establish whether he or she is a suitable tenant for your property.

The references will either be Grade A (No Problem) Grade B (Tenant Guarantor required or 6 months payment upfront) or Grade C (Major Problem), the results of which will be shared with you and the prospective tenant. On receipt of satisfactory references a moving in date is agreed and the necessary documentation prepared. We will keep you fully briefed on the status of all references in order for you to be confident that we have identified a suitable tenant.

### **Producing the Tenancy Agreement**

The terms of the Assured Shorthold Tenancy Agreement will be negotiated with the tenant on the landlord's behalf. The Agreement is for a minimum period of 6 months, although longer terms can

be mutually agreed. The terms of the tenancy can be amended to suit both the landlord's and the tenant's requirements, we will discuss this in detail with you at the time.

Three copies of the tenancy agreement are produced and signed with a copy for you (the Landlord), the Tenant and for Parsons Choice. Our standard tenancy agreement incorporates all relevant legislation relating to the Housing Act 1988.

### **Collecting the First Month's Rent**

Rents are charged monthly in advance with the first rental payment collected by Parsons Choice. The balance of this payment, less the letting fee, will then be forwarded on to the landlord. All future rent payments will then be made directly by the tenant to the landlord.

### **Registering the Deposit**

The tenant pays a deposit; usually equivalent to one month's rent, before moving in to act as security in case he or she leaves the property owing rent or to pay for any damage or unpaid bills at the end of the Tenancy. Under the Tenancy Deposit Protection legislation introduced by the **Housing Act 2004**, landlords are required to protect the deposits for all assured shorthold tenancies that have been created since 6 April 2007 in a Government-approved Scheme.

We will register the deposit, with The Deposit Protection Service (DPS), on your behalf. The DPS will confirm in writing, to both the tenant and Parsons Choice, that they are in receipt of the deposit and issue a separate unique repayment ID. The repayment ID will need to be submitted by both parties after agreement has been, between yourself and the tenant, regarding how the deposit is going to be apportioned.

### **Compiling the Inventory and photographs**

An inventory is vital in keeping a record of the condition of the property and its contents. A clear and detailed inventory must be issued on commencement of the tenancy, detailing the condition of the property (inc. fixtures and fittings) and any furniture provided. This is supported by detailed photographs. This document should be signed and agreed by the tenant at the time of moving in. A signed copy of the inventory would be provided to you to be utilised on termination of the Tenancy.

### **Checking the Tenant In**

On the first day of the tenancy a member of Parsons Choice will check in the tenant(s) asking them to agree to the inventory. A signed copy will be obtained at this time or forwarded within 7 days. If one is not received then it is deemed that the Tenants consider the Inventory to be correct. The tenants are supplied with a welcome pack and sign the check in form to confirm they are in receipt of the following documents and checks :-

- Utility Readings
- Energy Performance Certificate
- Gas Safety Certificate,
- Electrical Safety Check certificate ( If supplied),
- The Government How to Rent Booklet
- Condensation Guide
- Confirmation Smoke alarms have been tested in their presence
- Agree method of communication
- Welcome Letter.

Once the readings have been accepted by the tenant, are supplied to the relevant utility company, together with details of the new occupier.

If you wish to manage the property yourself we will forward all documentation to you once the tenant has taken occupation.

## **❖ Managed Service**

With today's busy lifestyles already overburdened, do you have the time to devote to managing your property? If your tenant has a leak late one evening will you be on hand to resolve the problem? As the number of legal obligations increases, how can you be sure your paperwork is up-to-date?

At Parsons Choice we offer a comprehensive Managed Service designed to take the pressure off you and provide you with the added security of knowing that your property is in safe hands.

In addition to all of the Let Only services, outlined above, we also offer you the following:

### **Rent Collection**

We will be responsible for ensuring that all rent payments are paid by the tenant to Parsons Choice on time. We will then forward payments to you after deducting our fees. If any payments are missed we will liaise with the tenant to ensure that any arrears are cleared and that no future problems are likely to arise. You will be kept informed of any situation where the tenant falls into arrears.

### **Tenancy Inspection Visits**

We will periodically inspect the property at regular intervals, as deemed necessary, at least every 6 months, in order to ensure that the property is being well maintained. During inspection visits we will check the current state of the property against the agreed inventory. Anything arising from the inspection; or that has been brought to our attention by the tenant, will be reported to you. If necessary further action will be taken to ensure the problems are rectified.

### **Updating Safety Certificates**

We will log all safety inspection anniversaries on our system and highlight to you any renewals that need to be attended to. We will happily make the necessary arrangements for qualified contractors to undertake the safety renewals, the cost of which to be met by yourself. If any problems are identified as part of the safety renewal, then we will contact you immediately.

### **Organising Maintenance and Repairs**

Under the **Landlord and Tenant Act 1985** and **Housing Act 1988**, a landlord is responsible in law for maintaining the following:

- The structure, roof and exterior of the property;
- The drains, gutters and rainwater goods;
- The supply of water, gas, electricity and sanitation;
- The installations for water heating and space heating.

As a landlord you have a statutory obligation to repair these items in the event of a defect.

Tenants will be made aware of their responsibilities in relation to the maintenance of the property within the Tenancy Agreement. During the tenancy, if any maintenance or repair works need to be carried out that are not the responsibility of the tenant, then we will make the necessary arrangements to the agreed maximum cost. With any repairs required over this amount your permission would be sought before the commencement of work.

In the event of an emergency, we will use our professional judgement to remedy the situation. When emergencies occur, it is unlikely that we will have time to contact a landlord to gain authorisation of expenditure.

### **Serving Notice for vacant possession**

We will advise you when the relevant notice for vacant possession needs to be served, if possession of the property is required at the end of the tenancy, or arrange for a tenancy extension to be granted to the tenants if agreed by both parties.

### **Tenancy Renewal**

Unless we have been instructed otherwise we will contact the tenant approximately six weeks prior to the tenancy expiry date, to establish whether the tenant plans to extend the tenancy or terminate it. In both cases we would expect the tenant to confirm their intentions in writing so that a further



agreement can be drawn up or plans put in place to market the property. If the tenant wishes to extend the period of the tenancy we would need to produce the necessary paperwork to renew the agreement. Many Agents make an additional charge to both tenants and landlords for this service – we, however, include this as part of our service.

### **Inventory Check Out**

At the end of the tenancy, usually about 2 weeks prior to check out, we will arrange to meet the tenants to walk the property. This is an opportunity to review the property with the tenant and identify to them which, if left unresolved, would result in a charge against the deposit. The tenant will then be given the opportunity to resolve the issue at their own cost, should they wish to.

On the last day of the tenancy we will arrange to meet the tenant at the property to formally check them out. This will involve checking through the inventory, reading the meters and collecting the keys. Following the check out we will report back to you. Once we are both satisfied that the property has been returned as per the inventory then the deposit will be released to the tenant. This will be done through the Deposit Protection Scheme, within fourteen days of the expiration of the tenancy.

It will be necessary for any claim that we wish to make against the inventory, on your behalf, to be registered before that date. Every effort will be made to resolve outstanding issues without involving the Deposit Protection Service; however, should there be a dispute between the tenant and landlord then we would revert to the Deposit Protection Service's disputes procedure.

### **Re-letting the Property**

Once the property becomes vacant we will make the necessary arrangements to market the property in order to secure a new tenant.

## **❖ Additional services**

### **Rent Guarantee Service**

We can also offer a Rent Guarantee Service for 6 months or 12 months, provided by an external referencing Company, which is charged at a small one-off fee. Please see the schedule of fees.

If you are interested in this service please ask us for further information at the earliest opportunity.

### **Fees**

We pride ourselves on offering a fixed fee without any hidden extras. We will not charge you extra for many of the elements of our service that other agents would. However, if you do decide to take the Let Only Service then we would be happy to provide additional services, from our Managed Service, at an agreed price.

For details of our current rates please see our Schedule of Fees.

### **Payment Methods**

Our professional fees, and other costs incurred, will be deducted from the rent received from the tenant before it is transferred to your account. However, should you prefer the rent to be paid directly to you then we will invoice you for our fees.

## **❖ Getting the Most out of Your Property**

Under Section 11 of the **Landlord and Tenant Act 1985**, a landlord has a legal obligation to provide a safe and habitable environment for their tenants. Parsons Choice believes it is important for landlords to provide a well-maintained property with good quality fixtures and furnishings.

### **Presentation and Decoration**

To attract the most suitable tenants at the most favourable rents, your property must be presented in the best condition possible. This may entail making well any decorative defects or marks and in

some cases redecorating either individual rooms or the entire property to ensure the best standards are set. In turn, we will expect the tenants to keep and maintain your property in good order.

Your property must be thoroughly cleaned before tenants move in and we will expect tenants to leave your property in the same condition upon vacation, with allowances to be made for 'reasonable wear and tear'.

If your property has a garden, you are advised to leave the garden in a condition you would wish to find it. Your tenant will be responsible for maintaining the garden; therefore it is advisable to leave the necessary tools in an accessible place. If you have an extensive garden we would recommend that you consider arranging a professional gardening contractor, at your expense. Garages and sheds should be left clean and empty, apart from those items intended for use by the tenant.

### **Furnishings**

Whether to let your property unfurnished or fully furnished is your choice. The provision of furniture does not usually drastically increase your rental income but, in some cases, may increase the chance of letting the property.

As mentioned earlier in this guide, all soft furnishings, upholstery or upholstered furnishings must comply with **Fire & Furnishings (Fire)(Safety) Regulations 1988**.

Please note that we reserve the right to insist on the replacement or removal of sub-standard furnishings or non-essential furnishings (eg. ornaments etc.) prior to preparing the inventory and tenancy agreement.

### **❖ Parsons Choice and your Property**

If you decide to take the **Let Only Service** we would require the following:

- Completed Instruction Mandate;
- Keys - 1 set for each named tenant and a further set for Parsons Choice (to be returned to you following check-in).

If you decide to take the **Managed Service** we would require the following:

- Completed Instruction Mandate;
- Keys - 1 set for each named tenant and a further set for Parsons Choice.

In addition, in order to ensure the safety and well being of your tenants and that your property is well looked after, we will require the following to be observed:

- Provision of smoke detectors on each floor (see relevant section);
- Provision of fire blanket in kitchen;
- Carbon Monoxide Detector is installed close to the Boiler
- Window locks to be fitted on all ground floor and other easily accessible windows;
- Front door to be fitted with both a 5 lever mortice and cylinder lock (although dependent on type of door);
- Back door to be fitted with 5 lever mortice lock;
- Garden/Back gates to be fitted with locks or padlocks.

### **Our expertise**

Our efficient, knowledgeable, experienced and approachable team will be on hand, at all times, to support you.