

Oyster
properties



Guide for Landlords

Thinking of letting your property?

While there is no shortage of detailed information and advice available online, these are 14 key questions a first-timer may want answered.

www.oyster-properties.co.uk



1. Am I allowed to let my property?

If you have a mortgage or do not own the property's freehold, you will need to contact your mortgage provider/freeholder to check any changes or conditions they may impose before going ahead.

2. How much rent will I get?

Have a look at what else is on the market at the time and the rents being asked in the area.

You can also ask a letting agent to give you a valuation.

Be realistic and flexible about the amount of rent you're asking. It's usually preferable to have a tenant signed up at a slightly lower rate than face weeks or months of costly 'void'.

3. Furnished or unfurnished?

Although it makes little difference to the amount of rent you will get, it does affect the type of tenant you will attract. Singles and first time renters are less likely to have their own furniture than established couples and families.

If your property is already furnished, it makes sense to rent it this way as storage is surprisingly expensive.

4. How do I find a tenant?

Although it is far cheaper to advertise a property yourself online or in the press, virgin landlords may prefer to use a letting agent - who will find the tenant and handle the paperwork - and learn how to do it through them. But this comes at a price!

5. Can I vet or veto a tenant?

Yes. You are completely free to interview prospective tenants and reject for a valid reason - but not to discriminate against tenants on the basis of race, gender, disability, sexuality or religion.

Make sure you take full detailed reference - and where possible insure your rental income by obtaining an appropriate rent warranty policy.

6. What about letting 'privately' to friends or acquaintances?

It's nice to know the people renting your property, but the same rules apply - formal paperwork and legal obligations. That way you are protected if something goes wrong; they are covered by a proper tenancy agreement; and everything is within the law.

7. What are my legal obligations?

Essential paperwork includes a Tenancy Agreement, Tenancy Deposit Protection, and an Energy Performance Certificate. Regulations also cover an annual gas safety check, if relevant. You should also make sure the property meets fire and electrical safety standards.

8. What happens to the tenant's deposit?

Prior to the move-in, once the tenancy agreement has been signed, a deposit is taken from the tenant and held against damages until the end of the tenancy. Typically a rental deposit is four to six weeks rental, usually taken with a month's rent in advance.

The purpose of the tenant's deposit is to protect the landlord from any potential damage caused by the tenant during the tenancy period. The law requires landlords to register the deposit with a government approved tenancy deposit scheme (TDS).

If the deposit remains unprotected you can be fined 3 times the deposit.

9. Who pays for what?

	You	The tenant
Before letting	<ul style="list-style-type: none">• Get property in good order• Professional clean• Council tax (if furnished)• Legal paperwork• Advertising (if applicable)	
During tenancy	<ul style="list-style-type: none">• Letting agent's fee (if applicable)• Building insurance• Maintenance• Service charges (if applicable)• Income tax on rent less costs	<ul style="list-style-type: none">• Rent deposit• Rent• Contents insurance• Council tax• Utility bills
End of tenancy	<ul style="list-style-type: none">• Return deposit in full or part depending on necessary repairs	<ul style="list-style-type: none">• Professional clean (if agreed to in the tenancy agreement)

10. Do I have access to my property while it is let?

Yes, with prior agreement from the tenant. You cannot just turn up and let yourself in - it is now their home.

11. What if I want my property back earlier?

Unless the tenant has broken the terms of the rental agreement, you cannot terminate the tenancy agreement early without the tenant's consent. Similarly, if the tenant wants to terminate early, it can only be done if you agree.

12. What happens at the end of the lease?

If all goes smoothly, you check the original inventory; any necessary repairs beyond fair wear and tear; and that outstanding bills have been paid, then return the deposit minus any relevant costs.

If there is a dispute over return of the deposit, the tenancy deposit protection scheme will hold the deposit money until it has been resolved.

13. Treat it as a business, it's not about personal taste

Professional landlords do not base their purchase decision on whether they personally like the property and would live there themselves. Nor do they place valued personal items of furniture in the buy-to-let, which if damaged could cause emotional distress.

14. Seek professional tax advice

To maximise tax deductible expenses, and ensure that revenue and capital expenditure is planned to be tax efficient.

TOP TIP

If your buy-to-let is not performing

Look at the reasons why, could it be any of the following?

- Rental arrears rate too high
- Operating costs too high - could you reduce these
- Voids/gaps between tenancies - efficient letting agencies can reduce these
- Rental rate - is it high enough/in line with the market
- Marketing - is it being adequately promoted to attract the right tenants
- Location - has anything changed for the worse in terms of amenities or transport



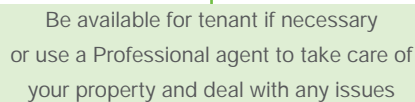
BEFORE RENTING



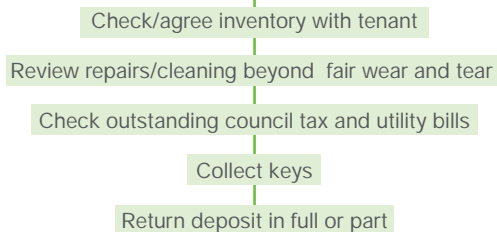
TENANT MOVES IN



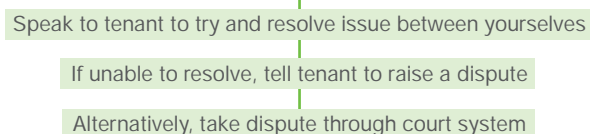
DURING TENANCY



END OF TENANCY



IF THERE IS A DISPUTE OVER DEPOSIT AMOUNT



Top 3 Mistakes to avoid as a Buy to Let Landlord

1. Failing to allow for all the costs including rental voids and arrears

Typical expenses incurred for a property letting include -

- Mortgage
- Repairs and maintenance allow around 10% of the rental
- Insurances e.g. buildings & contents, rental warranty
- Lettings agent fees: 6%-12% depending on service and agent from Let only to property management (+ VAT)
- Accountancy fees
- Ground rent / property service charges
- Contingencies e.g. monies to cover voids and arrears allow 10% of rental income

2. Valuing rental income over long-term profitability

Buy-to-let is best viewed as a total return over the long term. The fewer gaps between rentals and relet costs that a landlord has to pay, the more consistent the profit levels. The highest rental offer is not always the best. Other variables should come into the decision of which tenant offer to accept. These include the quality of the incoming tenant, the likelihood of the tenant staying the full term of the tenancy, likely wear and tear, and the costs for any furniture required. At the end of the day, it's a landlord's judgement call (and they can be guided by a professional agent) as to which tenant represents the best option in terms of their investment objectives.

Reletting to the same tenant – whether or not to increase the rent?

If the existing tenant will only renew the tenancy at the current rental, the landlord has to weigh up the relet costs to alternative tenants which are typically

- Voids between the end of tenancy and new tenancy,
- Requirements from the new tenants such as changes to items of furniture,
- Redecoration (for which the current tenants may have no requirements)

3. Falling foul of the housing act can land you in court

The Housing Act was introduced to bring clarity and fairness. There have been examples of landlords and letting agents making their own interpretation of the Housing Act, altering Tenancy Agreements to suit. Judges have frequently found in favour of the tenant/s because an overcomplicated tenancy agreement is considered confusing or because it is against the law. For instance, it is not possible to evict a tenant without following the proper procedures. An established letting agent should ensure that landlords do not fall foul of the Housing Act.

Useful sources of detailed information:

- www.landlords.org.uk
- www.direct.gov.uk/en/TenancyDeposit/index.htm
- www.landlordlawblog.co.uk/
- http://england.shelter.org.uk/get_advice/renting_and_leasehold/rights_and_responsibilities/landlords_responsibilities

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