

PARKERS

**THE
LETTING
SPECIALISTS**

**A GUIDE TO LETTING
YOUR
PROPERTY**

This has been written to promote the services of Parkers.

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Introduction

If you are considering the Rental option, we hope you will find the contents of this brief guide of value.

The demand for rental properties is high and Parkers rarely needs to advertise for tenants. Whether you are an individual or commercial landlord, Parkers can offer you a choice of levels of service (see appendix), to maximise the return on your investment.

We are constantly seeking properties to satisfy an increasing demand from:

- * Local colleges
- * Students
- * Contractors
- * Doctors/nurses
- * The ministry
- * Relocation
- * Insurance companies
- * The judiciary
- * School heads and teaching staff
- * Clients awaiting sales of their homes
- * International sports people
- * Investment and finance companies

Parkers offer a Guaranteed Rent Scheme (terms not covered in this guide), which as the title implies, guarantees the rental income throughout the tenancy. Please ask for further information. We can also arrange insurance of both the property and its contents (for the tenants where applicable) through our agency with HomeLet.

Your Questions Answered

Is it safe to let my property?

Yes. Firstly let's start by removing the threat from letting a property. Some people still believe that once you have a tenant in occupation, and things start to go wrong the tenant has the right to remain or squat, and make life unbearable for the landlord by not paying the rent, or even damaging the property and its contents. Allow us to reassure you. Since the introduction of the Housing Act 1988, which sought to increase the availability of housing in the private sector rental market, it is now standard procedure for landlords to grant a tenancy without giving the tenant security beyond the terms of the agreement. The tenancy agreement therefore is vital in stress free letting; Parkers urge that under no circumstances should property owners let their property, unless an agreement has been professionally prepared.

How much rent can I expect?

As you might expect, this varies with the type of property and its location. Ask Parkers to call and provide a FREE VALUATION AND APPRAISAL. We are experts in this field and will obtain the highest rental in any sector. Parkers general experience is that properties attract the tenants they deserve. Tenants are on the whole more respecting of a well presented house, the rental value is also enhanced.

Why should I use Parkers as my letting agent?

With the complexities of finding a suitable tenant and preparing the agreement, it is reassuring to know that our staff have been trained in the necessary procedures, and are applying it for you. Peace of mind is difficult to equate in money terms, but you appreciate it if you have suffered the consequences of an unwise letting.

How will suitable tenants be found?

A suitable tenant is the single most important part of property letting. It is paramount to our client's security, and Parkers reputation. We carry out a full interviewing assessment and checks, including employers reference and credit enquiries, are carried out prior to a letting. Where practical, we also like our landlords to meet prospective tenants before they move in.

Our prime location on Foregate Street, right next to the cinema and opposite the main railway station ensures a continual stream of applications from would-be tenants.

Do I have to pay tax on rental income?

The short answer is yes. There are strict rules laid down by the Inland Revenue regarding the letting of properties. Whatever your circumstances, income derived from letting must be declared for taxation. However, certain costs and expenses can be off-set, including repairs and professional fees. Also if you let a property which is not your home, you may have a liability for Capital Gains Tax when it is sold. Again there are personal allowances and expenses, which are permitted against the assessment. If an owner lives abroad, temporarily or permanently, the Inland Revenue will hold your managing agent responsible for payment of tax, unless other approved arrangements are in place. The same applies where an owner who is domicile moves overseas. The effect of this is that the managing agent will have to retain a proportion of the incoming rent to set against any liability. When an assessment is agreed and confirmed in writing, the funds can be released. Parkers will set up a Landlords Tax Reserve at their sole discretion, which will not be interest accruing.

Who pays for gas, electricity, telephone, Council Tax, Insurance and other charges?

On private lettings, it is usual for tenants to pay Council Tax and all utilities, and Parkers will transfer the name of the consumer on

moving in. The landlord should continue to insure the building and contents where applicable. The insurance policy should be checked to make certain cover will be maintained in a let property and the insurer notified that the property is let, otherwise the policy may be invalidated, and cover removed. If required we can arrange insurance cover through our agency HomeLet who specialise in this area. Where a property is subject to payment of a ground rent or service/maintenance charge, the rent we quote would be inclusive, and the responsibility of the landlord.

Will I have access to check the property?

Yes, within reason. Under our tenancy agreements tenants must permit the landlord or agent access. However notice must be given and the checks reasonable; there have been cases where the landlords have been convicted of harassment. Parkers conduct inspections on a 10 – 12 week basis and report to their clients. Where owners are overseas, we can arrange video recorded inspections and reports – at the clients expense. If landlords wish to attend when an inspection is carried out, we ask for prior notice.

What happens if the property or contents are damaged?

Parkers always obtain a deposit from the ingoing tenant or guarantor. This money is held until the end of the tenancy agreement against the cost of any repairs or replacements. If damage exceeds the deposit, the tenants and guarantor are liable. Where necessary, action is pursued through the civil courts when the claim will also include costs. We actively encourage all our tenants to take out contents and landlords contents insurance.

How should the property be prepared?

Assuming the decision to let has been made, the next step is to ask Parkers for a FREE VALUATION AND APPRAISAL, either as a furnished or unfurnished property.

In our experience people renting a furnished property stay for shorter periods than those taking unfurnished. We find the difference in rental income is fairly small, and the majority prefer to rent unfurnished.

Two matters to bear in mind at this point are that the Fire Safety Regulations of 1993 require all soft furnishings in rented property comply. There is a fine of £5,000 for non-compliance. Also gas and electrical appliances and boilers must be safe. With all new appliances the instruction books must be provided. Gas appliances and boilers are subject to an annual report on safety by a Corgi registered fitter. Instruction books must be provided. The penalty for breach of these 1989 regulations is a fine of up to £5,000. As part of their management duties, Parkers arrange for the annual gas inspections.

Inevitably there are regulations governing overcrowding and letting premises in a condition prejudicial to health and safety. Fines for non-compliance under the relevant legislation are up to £5,000.

How will I be paid?

With the exceptions as explained above for overseas landlords, Parkers account to their landlord clients monthly to the address or bank provided. Payments are made with an explanation of expenses incurred. The usual time should be allowed for payments by cheque to clear the banking system.

Résumé

Firstly you are dealing with a valuable piece of property; do not be careless with it.

Parkers are experts in the field of letting and selling property. For nearly everyone who is considering letting their property it is by far wiser to use someone with expertise, than suffer sleepless nights and fretful days.

So remember

1. Don't allow anyone to enter the house unless they are properly authorised.
2. Make certain all occupants are fully identified and included jointly and severally in the tenancy agreement.
3. Ensure where applicable a suitable guarantor is bound by the contract to the tenancy agreement.
4. Do not harass tenants with unreasonable access demands.
5. Always demand in writing from the tenant a full and itemised schedule of any alteration requested, particularly to fixtures, fittings and decorations. Respond in writing and keep copies for future reference.
6. Do not allow lapses in rent payment; it is a slippery slope and only goes downhill.

APPENDIX

WHAT DO PARKERS CHARGE? – YOU HAVE A CHOICE OF 5 LEVELS OF SERVICE.

1. Introduction only.

We look for a suitable tenant, and ask you to pass on any enquiries you have. Once a tenant is found, we undertake the checks mentioned in this guide, draw up a tenancy agreement and arrange a time for you and tenants to meet and the tenant take possession. Our charge for this service is the equivalent of 2 weeks rent + VAT. This minimal level of service whilst attractive to some landlords, is not felt by Parkers to be suitable for properties where the monthly rent exceeds £350.

2. Tenant Placement

This service includes necessary marketing and accompanied viewings. We ensure the property complies with the regulations referred to in this guide and report to you if otherwise. A photographic and written inventory is prepared and maintained on our file. Parkers will make the tenant checks mentioned in this guide and prepare an agreement. The fee for this service is the equivalent of 3 weeks rent + VAT.

3. Full Management

This is our most popular level of service, and considered suitable for overseas landlords and those who wish to remain at arms length from the property. Parkers will find a suitable tenant by the means described above, regular inspections of the property are carried out as outlined in this guide. Day to day management includes serving relevant notices and attending to repairs on your behalf. This level of service carries a fee of 3 weeks rent plus 10% of the rental income and VAT. When there is a change of tenants Parkers make a nominal charge equivalent to 2 weeks rent + VAT to cover administrative costs.

4 Guaranteed Management

This service is underwritten by Parkers, not an insurance company; there are therefore no long-winded claim procedures or policy excesses. The scheme covers both rent and damages. Many of Parkers clients favour the security this provides, for example payment of mortgage if they are abroad. It is a condition of this scheme that Parkers reserve the right to recover any damages and costs to themselves. The letting process is as described in 3 above, but subject to a 15% charge on the rental income and VAT. The administration fee when reletting is £265 + VAT.

5 Rent to Sale

As the title implies, this service is provided to clients who have let, but wish to sell. The scheme results from amendments to the Housing Act 1988. Landlords can now let a property for a term of less than 6 months, (although it should be noted that in the event your tenant elects not to vacate after the agreed term, no legal action can be taken until 6 months have expired) contract law however still prevails, and a claim for damages resulting from breach of contract can be pursued. We have been operating this scheme for several clients for some years without any problems. It has resulted in rental income whilst the vacant possession marketing proceeds in tandem. Our fees are as 3 above, plus commission level for the sales at a negotiated level.

Parkers look forward to discussing your particular needs with you, and being of further assistance.