

## RESIDENTIAL LEASING DEPARTMENT

### **GUIDANCE NOTES:**

Please find noted below a summary of our services to Landlords and the more important points to note prior to leasing out your property.

### **RENTAL VALUE**

A member of our Leasing Department will visit your property and assess its likely rental value, taking into account market conditions, location, and condition of the property. We will also give advice on any improvements that may be necessary to make your property more desirable.

### **MARKETING YOUR PROPERTY**

We are committed to the active marketing of all properties. We shall prepare a full schedule of particulars and will arrange for a professional photographer to take photographs of the property to show it in its best light. The photographer's charges are approx. £45 and are in addition to our own charges

We are in regular contact with major oil companies, relocation agents, and individuals seeking properties to lease. Updated lists of available properties are circulated to them every two weeks. The property would be advertised on our own website (and) we can arrange for your property to be listed in the Aberdeen Solicitors' Property Centre "Property Register" and website via K.W.A.D Solicitors. The cost of including the property on ASPC From 1<sup>st</sup> January 2009 is £60 for properties less than £600 per month and £100 for properties at £600 per month and over. We are also able to offer press advertising at competitive rates. Please note that we are unable to market your property if you are already advertising with another leasing company.

### **VIEWING ARRANGEMENTS**

We are able to arrange accompanied viewings, but if you are available you may wish to show your property to prospective tenants yourself.

### **PERMISSION FROM LENDERS**

If you have a mortgage over your property, you must obtain the permission of the mortgage lender before you lease it out. The lender will almost always wish to approve the lease. Interest rates may well be affected and an administration fee will be charged. It is the landlords' responsibility to obtain this consent prior to leasing their property.

## **INSURANCE**

The building and contents insurance will remain the responsibility of the landlord and the terms of the insurance may change, so you must advise your insurer of the change in circumstances. Insurers may well restrict cover in respect of let properties and you should also look at obtaining “accidental damage” cover for the landlord’s belongings. Should you require a quote for Buy to Let insurance then we shall be able to assist you with this.

The tenant will be responsible for insuring his own belongings.

## **INVENTORY**

Prior to the tenant taking up occupancy, an inventory must be taken. A professional valuator will be employed and the cost of this will be shared between the tenant and client on ingo and outgo.

The valuer will compile a full Inventory of the furniture and furnishings, the state of décor and repair of the property.

Should the owner prefer to prepare their own Inventory, it should be understood that the Inventory should be agreed with the tenant at the commencement of the lease and the re-check carried out by the landlord with the tenant in attendance.

In the event of any dispute over a Landlord’s Inventory it should be noted that we would have no involvement in settling this dispute.

## **DEPOSIT**

A deposit of one month’s rent will be taken along with the first month’s rental and the deposit will be placed in deposit account and returned to the tenant at the expiry of the lease minus any agreed damages and deficiencies.

## **UTILITIES-FULL FACTORING SERVICE ONLY**

We will arrange for the transfer of service (electricity, gas and council tax) into the names of the incoming tenant and organize final accounts for the owner which can either be forwarded directly to the owner or deducted from the rental payments. Please note the owner should contact the telephone company direct to arrange his final telephone account as difficulty is often encountered when a third party tries to arrange this.

## **COUNCIL TAX**

In terms of the style of lease normally adopted by us for residential properties, it is the Tenant’s responsibility to pay all Council Tax due on the property throughout the duration of the lease.

## **MAINTENANCE CONTRACTS**

If we are engaged to provide our full factoring service, we would ask you to let us have full details of maintenance agreements or guarantees in respect of electrical appliances, central heating systems etc., so that we are able to take full advantage of these in the event of faults or breakdowns arising.

## **SECURITY OF TENURE**

As a landlord, you will want to be sure that you have the right to recover possession of your property at the end of the contractual term of lease. We are of course able to ensure that all documentation used in connection with the letting of your property complies with the relevant legislation, which is essential to protect your interests.

## **MONTHLY RENTAL PAYMENTS**

If we are engaged to provide our full factoring service, we will collect all rental payments on your behalf and, after deduction of all (if any) sums expended in respect of repairs, funds retained to meet tax, and factoring fees, remit the balance to you, or to a bank or building society account in accordance with your instructions. Cancellation of full factoring service (Option 1) can only occur at the end of the current lease. In cases where the lease has expired and is running with the tenant on a month to month basis then three months notice in writing shall be required.

## **TAXATION**

UK Landlords are required to pay tax on property income after offsetting any allowable expenses. In the case of Landlords residing abroad then the Non-resident Landlord's (NRL) Scheme comes into effect. In order to avoid the Agent having to retain 20% of your monthly rent for tax purposes you would require to complete a NRL1 form which is available from [www.hmrc.gov.uk](http://www.hmrc.gov.uk) (in the case of joint owners a form for each person is required) prior to you leaving the UK or prior to you receiving the first month's rent. These forms will be submitted to the Inland Revenue who will then inform both the Landlords and their Agent that approval has been given for the rental income to be paid with no tax deducted. The Inland Revenue will then ask the Landlord to complete a Self Assessment Tax Return once a year to work out whether they have any ability to UK tax. Your tax advisor will be able to assist you further in this matter.

For your information, when completing the NRL1 our agents number from HMRC is NA041166

## **MAINTENANCE**

During the tenancy, minor repairs will be instructed and accounts settled from rental income received. Major repairs will be notified to you, estimates obtained, and instruction sought before any work is carried out. However if emergency repairs are required, it may be necessary to have these carried out immediately without prior instructions.

## **INSPECTIONS**

Where we are engaged to provide our full factoring service, we carry out inspections of all properties at regular three-monthly intervals. A copy of this report will be sent to the owner.

## **KEYS**

We retain a set of keys for all the properties factored by us at all times and will require two further sets to be handed over to the tenant.

## **PROPERTY SAFETY**

The following regulations are in place to ensure Tenants safety during the period of their stay in your Property:

- (a) All gas appliances must be safe and serviced in accordance with “Landlords Gas Safety Regulations”. Any Corgi registered plumber or gas fitter will advise on further steps required to make your property safe. This is a mandatory requirement under “The Gas Safety (Installation & Use) Regulations 1998” and the safety certificate must be renewed annually. We would suggest taking out a contract on the gas appliances which would ensure continuity of servicing.
- (b) Electrical equipment in privately rented houses is now subject to the “Electrical Equipment (Safety) Regulations 1994” and all equipment should bear a British Safety Standard mark (CE mark) to show compliance with regulations. It is now a mandatory requirement to have existing installations checked and an electrician should be asked to produce a “Periodic Inspection Report for an Electrical Installation”.
- (c) All furniture and furnishings should comply with “The Furniture & Furnishings (Fire/Safety) Regulations 1988 ie. Settees, armchairs, mattresses and any other upholstered items should carry a label displaying a match and lighted cigarette symbol or reference to the 1988 regulations. Further information can be obtained from the Department of Trade & Industry booklet.
- (d) Smoke alarms should be fitted and batteries installed with the date of purchase clearly marked. Carbon Monoxide detectors are also a valuable investment.
- (e) Adequate locks on windows and doors should be provided in line with insurance company guidelines.

## **ENERGY PERFORMANCE CERTIFICATES**

From 4th January 2009, it is law that every property being leased out needs an Energy Performance Certificate and through our contacts we have managed to negotiate a favourable

rate for our clients at £75 + Vat (normally £125+vat). The Certificate is then displayed in the property and is valid for ten years from the date of the certificate.

## **PRIVATE LANDLORD REGISTRATION IN ABERDEEN**

From April 2006, all private landlords letting properties in Scotland must have applied for registration in the register of landlords.

The aim of landlord registration is to ensure that all private landlords in Scotland are “fit and proper” to be letting residential property. The requirement will help Local Authorities to remove disreputable landlords from the market and protect tenants and their neighbors from the impact of antisocial behavior and mismanaged property on the wider community.

If you are a private landlord letting residential property in Scotland, you will have register, unless all the houses you let are covered by one or more of the exemptions. Letting part of your own home is exempt as is a house let to the tenant of an agricultural holding or croft. There are some other minor exemptions. If you are just entering the market, you should register before letting your property.

For your information our landlord’s agent registration number for  
Aberdeen City Council is 176531/100/14280  
Aberdeenshire Council is 4920/110/27200

If you let a House in Multiple Occupation (HMO) you will have already been found to be “fit and proper” by your Local Authority and paid for a license. You and your properties will still need to be on the register, but this will happen automatically and you will not need to pay. However, if you let any non – HMO properties, you must register this and pay a fee. Although you are not obliged by law to register, you are encouraged to do so. In any case, the landlord whose properties you manage will need to list you on his or her application, and the Local Authority will check that you are “fit and proper” to be acting as a landlord. You may wish to register independently in order to be able to market yourself to clients as “fit and proper”.

## **MULTIPLE OCCUPANCY**

From October 2003 if a house or flat is in multiple occupancy ( 3 or more unrelated persons) then the owner will be required to have the property inspected by the Council and arrange for any recommendations they might advise to be carried out. A license will then be granted for a specific period (three years) and a charge of £222.00 will be levied for this. After the three year period the current cost of renewal of the license for the further three year period is £90.

## **DUAL AGENCY**

We will include your property in ASPC which has a huge reach across the north east of Scotland and is the first port of call for anyone looking to buy or lease a property in this area. ASPC have strict rules for members however, which state that a property cannot be advertised with a member if it is also advertised with or on a non-members website.

If you currently have the property with another agent we shall require you to instruct removal of the listing with this other agent prior to us being able to take the property on for lease.

## VERIFICATION OF IDENTITY

In order to comply with the Money Laundering Regulations, 1993, I am required to verify all clients' identities. If the title of the property is in more than one name then the above requirements are applicable to EACH person named in the title.

Should you decide to use my services to lease your property, please provide me with the following:

- I. Clients' Information Pack duly completed

### For private individuals

- II. One of the following if I have visited your permanent address

- a) Full National Passport
- b) Full National Driving License
- c) Pension book
- d) Signed ID card of employer (known to me)
- e) Pensioners Travel Pass
- f) Building Society pass book

### If I have not visited your permanent address

1. Two of the items listed above

OR

2. One of the items listed above PLUS one of the items listed below

- a) Gas, electricity, telephone account
- b) Mortgage statement
- c) Council Tax Demand Notice
- d) Bank/Building Society, credit card statement

### For Companies

- II. Copy of Company Certificate of Incorporation

## **FEE STRUCTURE**

### **OPTION (1)** **Full Factoring Service**

Finding tenants and drawing up Lease

Properties up to £500.00	£250.00 +VAT
Properties £500-999	£325.00 + VAT
Properties £1000+	£400.00 + VAT

Factoring Fee-percentage per month- all subject to Vat at the prevailing rate

#### **PROPERTY/LANDLORD REFERRAL SCHEME**

Basic Fee-1 property	10.00%
2-5 properties/landlords	9.50%
6-10 properties/landlords	9.00%
11-15 properties/landlords	8.50%
16-20 properties/landlords	8.00%
21+ properties/landlords	7.50%

Lease renewal or extension fee 10% of monthly rental+ VAT

Deduction of tax for overseas landlords  
and liaising with tax authorities 2.5% of monthly rental+ VAT

### **OPTION (2)** **Finding tenants, negotiating tenancy and preparing Lease (excludes factoring)**

Registration Fee-£150 + Vat

Finding tenants and drawing up a Lease-Fee including Vat = 1<sup>st</sup> month's rent

Lease renewal or extension fee 10% of monthly rental+ VAT

### **OPTION (3)** **Preparation of Lease (excludes negotiating and factoring)**

£250.00 +VAT

### **OPTION (4)** **Other Services**

As Agreed – Serve Notice to Quit, Property Inspection, Inventory on Ingo/Outgo etc.

## **Summary of Services – Full Factoring Service – Option (1)**

1. Initial visit to the property to meet with client to ascertain their requirements, discuss various aspects of leasing and to indicate likely level of rent dependent on market conditions. Schedule of property particulars are taken and Landlords Information Pack handed over for completion.
2. On receipt of signed information Sheet, details of property will be circulated to all relocation companies and oil companies and added to the website. Also discuss whether press advertising is required.
3. Viewings are arranged with prospective tenants.
4. Terms are negotiated with tenant, clients approval obtained and two references sought for tenants.
5. Lease documents are prepared and lease signed.
6. Collection of first month's rent plus deposit – the negotiating fee is deducted from his rental payment. The deposit is invested in deposits account for the tenant. No interest is payable on the deposit. Thereafter collect rent by standing order or bank transfer and disburse net monthly rental by bank transfer. Issue monthly rental statements. In the case of Landlords going overseas please see section "Tax on Furnished Letting Income".
7. Arrange for Inventory including final readings of electric, gas and/or oil tank. Telephone service will require to be terminated by client.
8. Inform relevant Local Authority of new occupancy for Council Tax.
9. Instruct necessary maintenance and repair up to a maximum cost of £100 exclusive of VAT.  
Estimates for work in excess of £100 would be obtained for Landlords approval except in the case of emergencies where work would required to be carried out regardless of cost. We have a list of competent, trusted workmen, but would prefer to use clients' own tradesmen where applicable.
10. We will settle outgoing from rental on Landlords instructions e.g. Insurance premium, gas service contracts but to avoid any possible loss of renewals through the post would suggest that items like this are paid by direct debit.
11. Inspections are carried out on a three monthly basis and a report submitted to the Landlord.
12. Appropriate Notice to Quits served to terminate leases.
13. At tenancy end the inventory re-check is arranged, utilities finalized, damages or deficiencies deducted from deposit retained as necessary and balance returned to tenant.
14. Landlord is contacted for further leasing instructions as soon as notification of termination is received from tenant and the property can be re-advertised one month prior to the termination date.

**Summary of Services – Finding tenants, negotiating tenancy and preparing Lease (excludes factoring)– Option (2)**

1. Initial visit to the property to meet with client to ascertain their requirements, discuss various aspects of leasing and to indicate likely level of rent dependent on market conditions. Schedule of property particulars and photographs are taken and Landlords Information Pack handed over for completion.
2. On receipt of signed Information Sheet, details of property will be circulated to all relocation companies and oil companies and added to the website. Also discuss whether press and ASPC advertising is required.
3. Viewings are arranged with prospective tenants.
4. Terms are negotiated with tenant, clients approval obtained and two references sought for tenants.
5. Lease documents are prepared and lease signed. Collection of first month's rent plus deposit – the negotiating fee is deducted from this rental payment.
6. Arrange for Inventory including final readings of electric, gas and/or oil tank. Telephone service will require to be terminated by Landlord(if required).
7. Tenant is notified of Landlords' particulars for future communication.

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**List of initial costs**

**Please note that if you do not require any of these we shall require current copies from you for our file**

	<u>Cost</u>	<u>Vat</u>	<u>Total</u>	<u>Required (Please add)</u>
<b>Energy Performance Certificate</b> Valid for 10 years	£75.00	£11.25	£86.25	.....
<b>Portable Appliance Test Certificate approx</b> Per £2.50 appliance £25.00 Minimum Required annually	£35.00	£5.25	£40.25	.....
<b>Gas Safety Certificate(if applicable)</b> Required annually	£50.00	£11.25	£61.25	.....
<b>Professional photographer costs</b>			£45.00	.....
<b>ASPC Insertion Fee</b>				
Below £600.00 rent			£60.00	.....
£600.00 And above rent			£100.00	.....
<b>Inventory On Ingo approx</b>	75.00	11.25	86.25	.....
			Total	.....

Please make cheques payable to K.W.A.D Property Managers Ltd

I/we confirm that I/we have read these Guidance Notes and agree to comply with the terms and conditions contained herein and I/we hereby authorise you to proceed on the basis of Option.....

I/We confirm that we shall/shall not be a non resident landlord and I shall forward the relevant documentation to you relative to the non deduction from the rent for tax purposes.

I/ We now enclose herewith our cheque for £..... to cover the applicable costs relevant to my/our property.

I confirm that I/we will register as a private landlord with the relevant local authority and will pass on my/our landlord registration number to you within one week of today's date.

(NB – Both signatures are required if the title is in joint names)

Signed..... Date.....

Signed..... Date.....