



landlord
lifecycle

The Landlord Lifecycle Handbook

A perfect guide for new landlords, that explains
the essentials of letting your property

Written by:



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This guide is designed to provide general guidance only and is written for landlords letting property in England, Wales and Scotland. If you are letting property in other areas you can contact your local landlord association for further information and advice.



get the right
insurance

chapter one

Why do you need landlord insurance? Landlord insurance is very similar to normal home insurance but is a product designed to specially cover rental properties. Home insurance is not adequate to cover a buy-to-let investment. You must take out a specialist landlord buildings and landlord contents insurance policy.

You should check carefully to make sure that your chosen insurance cover includes the things you need it to.

Landlord buildings insurance

This should be one of your first priorities when insuring a buy-to-let property. It will be the protection for your property against fire, flooding and weather-related risks. Additionally it can also cover you against malicious damage or accidental damage by your tenants and/or their guests. Every landlord should protect themselves with buildings insurance cover.

When looking for your buildings insurance consider the potential required cover needed between tenancies. Void periods can have a substantial impact on your finances as a landlord, especially if you've taken out a buy-to-let mortgage to fund your property purchase. A good cover should offer a minimum of 30 days cover between tenancies although 90 days would be recommended. Another key cover to have in place is the loss of rent due to tenants having to vacate a property if there was an insured peril that made the property uninhabitable.

Landlord contents insurance

Having specialist landlord contents insurance will make sure that the furnishings you leave for your tenants are protected. Theft from tenants or their guests could leave you with a substantial bill for the replacement of furniture and electrical items. Similarly, if your contents are damaged during a break-in you'll want to make sure you are covered too. Many first-time landlords assume that standard contents home insurance will provide them with the protection they need, but this is not the case.

Landlord liability insurance

No matter how capable you are as a landlord, or how seriously you take health and safety, accidents can occur. This means landlord liability insurance is an essential cover for anyone entering the buy-to-let market, especially in today's litigious society. Most landlord contents insurance policies will provide liability insurance free of charge.

Additional insurance to consider

Rent guarantee insurance and Legal expenses cover

Making sure you choose the right property to invest in is one thing, but ensuring you choose the right tenant can be a different issue entirely. Taking out rent guarantee insurance will protect you when a tenant fails to make a rent payment on time.

To take out such cover you will need to have an Assured Shorthold Tenancy no longer than 12 months in place with your tenant, have taken a deposit equal to or greater than 1 months' rent and obtained a full tenant reference from an approved tenant reference provider. The costly fees that can be involved during an eviction process can be covered under the legal expenses cover.

Home emergency cover

This cover will protect you for domestic emergencies that not only affect your premises, but also the safety of your tenants.

The instances where you may require a home emergency cover are breakage or failure of the sole toilet unit, breakdown of main heating system, home security, including locks and windows, loss of domestic power supply, lost keys, plumbing and drainage problems and vermin infestation.

Tenant contents insurance

Landlord contents insurance will not provide protection for anything your tenants own. It would be recommended that they carry out their own contents insurance comparison to ensure they have adequate cover for their possessions.



chapter two

Getting your property in order at the beginning of the tenancy or even beforehand can be the most time-consuming part of the tenancy, but it's well worth getting everything in place to avoid any issues after your tenant moves in.

To get started, you will need to ensure you have considered all of your legal obligations and that you have the correct documentation.

General conditions for letting a property

There are various legal and safety requirements which you must adhere to as a landlord, and failure to comply can often lead to expensive consequences, damage claims or may be severe enough to constitute a criminal offence.

Above all, your rental property must be safe for the tenant to move into and remain well maintained during the tenancy. You should carry out regular risk assessments in order to avoid any potential accidents as a result of poor maintenance. If you don't, this can result in you being held liable for any injury caused to the tenant.

When letting a property you should consider the following:

- Legally, you have a duty to maintain your rented property and keep it in an acceptable condition on both the inside and the outside.
- Make sure that the property meets standard regulations set out in your local council guidelines; this is in relation to the building itself and the health, safety and welfare of the occupants and its visitors; e.g must be fit for human habitation.
- Consider whether permission is required from your mortgage lender before renting out the property, especially if you are an 'accidental' landlord, and the property wasn't purchased on a but-to-let mortgage.
- You may want to inform the local council and utility providers that the property is to be let to tenants, and where possible provide additional contact details for your tenants so that utility providers don't end up chasing you for any unpaid bills.
- Check whether your local authority has any specific rules regarding Houses in Multiple Occupation (HMO). An HMO is where at least three tenants live in the property, forming more than one household, eg. tenants are not members of the same family, married or couples living together.

Safety requirements

Electrical safety

You should ensure that all fuses, electrical equipment and electrical wiring are checked and comply with The Electrical Equipment (Safety) Regulations 1994.

It's a statutory requirement to have an Annual Electrical Safety Certificate issued by a qualified electrician which ensures all appliances, wiring and fuses are safe to use and that there is no risk of danger or fire hazard to your tenant.

Gas safety

As a landlord you must make sure that all gas appliances comply with gas safety regulations including the installation and maintenance of any gas appliances such as:

- gas boilers
- water heaters
- gas
- coal and log fires
- gas hobs
- gas ovens
- pipe work

All of the above should have annual inspection and safety checks carried out by a registered engineer. An annual gas safety check is also a regulatory requirement for all rental properties in your rental portfolio, and ensures that gas appliances are working in a safe and satisfactory manner.

In England, you must provide your tenants with a copy of the 'How to Rent Checklist', a valid EPC and annual gas safety certificate at the beginning of every tenancy.

Furniture and Furnishings Regulation

With regards to furniture and furnishing in your rental property you must ensure that:

- All furniture or furnishings supplies are marked with a label indicating that they comply with the regulations and ensure that the furniture is safe to use. These labels should not be removed as such items will not be compliant even if they were manufactured to the correct specifications.

Fire safety and smoke detectors

It is now a requirement to install appropriate smoke alarm and carbon monoxide detectors in all properties in England and Scotland, however the specific regulations differ between the countries.

General products

The General Product Safety Regulations 1994 requires landlords to consider the general safety of the tenant and the products supplied in their property are safe. The landlord is obliged to provide the tenant with relevant information regarding the risk of any product or guidance how to use it.

The above is provided as a guide to some issues that landlords should be aware of before renting property. If in doubt we recommend the landlord obtains independent advice from a legal professional or dedicated landlord organisation such as the National Landlords Association (NLA).

Using a letting agent

Whilst some landlords choose to go it alone, you may decide to use a letting agent to help let and/or manage your property throughout the tenancy. Using an experienced letting agent can often be reassuring if you're letting for the first time and of course there's also some advantages if you're busy or live far away from the property.

Letting agents will typically offer a let only service or full management. With let only they will do the majority of the administration at the beginning of the tenancy

If you let a property in Scotland you must be registered with the local authority in which you let your property.

and find and vet tenants for you. The other alternative is to use a full management service, where the agent will also collect rent and deal with the maintenance and general running of the property throughout the tenancy.

When choosing a letting agent you should look for one who has Client Money Protection insurance (CMP) usually through a trade association such as UKALA, ARLA or NALS. Letting agents must also belong to an independent redress scheme, such as The Property Redress Scheme or the Property Ombudsman Scheme, who deal with any disagreements should something go wrong with a tenancy, so this is also something to look out for.

EPCs

You will need to ensure that your rental property has an Energy Performance Certificate (EPC), which tells you how energy efficient a building is and also include this when advertising the property. An EPC is usually valid for up to 10 years, but there are fixed penalties for failing to provide an EPC/make one available when required. You will need to ensure that the EPC is produced by an approved Domestic Energy Assessor.

Landlords in Scotland must also provide their tenants with a tenant information pack.



chapter three

When renting out a property, there are important considerations to take on board to maximise not only the rent you receive but also minimise the length of time a property remains vacant in-between tenancies.

Having a good strategy in place to market your property will ensure you reach potential tenants quickly, timely and make the most of any opportunities to impress against the competition.

Preparation is the key here and you should aim to start marketing your property as soon you know a tenant will be leaving the property. By following the tips below you can ensure your property stands out from the crowd.

Photography

Remember first impressions are crucial; put yourself in the position of the person viewing these images. Using high quality and professional images are very important to get tenants interested. If you don't get a potential tenant interested at this stage they will unlikely visit your property.

- Take time to tidy and rearrange furniture making sure you get the best angle of each room.
- Photos in large spaces work best in landscape format and narrow spaces will be enhanced by portrait.
- Let lots of natural light into the room while taking photos.

Describing your property

A vital consideration is to make sure you accurately describe your property. If your images are the reason they are looking at your property, your description will be the reason they take the time to view the property.

- Highlight the key selling points that are unique to your property. Examples like a large hallway that could fit a pram or bike, broadband speed or access to satellite television, or access to a garden will highlight the extra benefits.
- If you are willing or unwilling to accept a tenant type like students or DSS make sure this is clearly stated.
- List features such as distance to local transport and shopping facilities.

Price

Tenants will be shopping around for properties and one of the most important considerations that will affect their decision making will be affordability of the rent.

- Look at what rental prices other properties are being offered for in the area that compares to your property.
- Have a competitive rent cost at the earliest stage by placing your property slightly under the rental values of other properties. This will generate more interest and reduce vacant period times.
- Be prepared to negotiate with tenants and have a set amount in your mind before a viewing that would be the minimum discount you could apply.

Finding your tenants

There are a variety of different ways to get your property in front of potential tenants. These can range from the traditional use of the services of a letting agent to the numerous online property portals available. With nine out of ten tenants starting their search online this is a must place to list your property.

- Be prepared to show the property to future tenants on weekday evenings and weekends. Research from upad.co.uk shows that landlords need to be more flexible when arranging viewings, as if you aren't able to show tenants round a property within a day or two of their enquiry, they usually find somewhere else.
- If interest in your property is particularly high consider group viewing which will both drive quicker decision making from tenants and save you valuable time.
- Don't just go with an agent who offers the lowest fees. Make sure you know what is included in their fees to avoid any nasty shocks.



chapter four

It is advisable for all landlords to put in place an efficient referencing process designed to screen interested tenants. Failure to adequately check potential tenants can often lead to a problems which could have been easily avoided.

There are key elements that good referencing should always include,

- a credit check,
- an employment reference,
- a previous landlord reference.

These three separate references will be combined into a report providing landlords with information on both reliability and financial suitability.

The easiest check to carry out is the credit check: A credit check searches for adverse data such as County Court Judgments, bankruptcy and insolvency data and also assists in establishing tenant identity although landlords are also advised to seek photographic identification too. The credit check is a very quick and simple reference which can instantly throw up a history of missed payments or arrears.

Employment Reference: These are used to confirm the prospective tenant's current salary in order to calculate if the tenant is able to afford the rental fee. Information on the employment status is also gathered, allowing the landlord to see if the employment terms are equal to the length of the tenancy agreement. A reputable referencing company will ensure the referee is genuine and not just a friend of the prospective tenant.

Previous Landlords Reference: The tenant's previous landlords will be contacted to verify information with regards to rental payments and any rent arrears, they will also be asked to confirm that the property was kept in a good condition throughout the duration of the tenancy and whether or not any damage was incurred.

To avoid losing a suitable tenant it is important not to waste time during the referencing process. The majority of referencing service providers will aim to have comprehensive reports compiled for you within three working days.

The Tenancy Agreement

Once your property is in order and you have carried out the appropriate checks you will need to ensure that your Tenancy Agreement is robust. This vital document is one

of the most important parts of the tenancy as it outlines the contractual obligations between you and your tenant. It should include all the important information about the property, the parties involved and the rent payments.

A Tenancy Agreement of a professional standard will contain:

- Names, addresses and alternative contact details for all parties eg. you and your tenant(s)
- Rental property address
- Start date and end date of the tenancy
- Type of tenancy
- Rent details eg. when it is to be paid, which method of payment
- Are bills included?
- Details of any deposit, including how it is to be protected
- Any special clauses, (these must be fair)
- Your responsibilities for maintaining the property
- The tenant's responsibilities for maintaining the property and notifying you in the event of a breakage, burst pipe etc.
- The tenant's notice period
- Your notice period
- Signatures (dated) agreeing to the terms – Your signature, tenants and witnesses

Leading landlord associations such as the National Landlords Association provide a free Tenancy Agreement for landlords in England, Wales and Scotland.

Right to Rent

From 1 February 2016 the Right to Rent scheme will be extended across England. This scheme requires all landlords and agents in England to check new tenants have the right to be in the UK before renting out their property. Failure to make the checks could result in a civil penalty of up to £3,000 if they are found to be letting a property to someone who is in the UK illegally.

chapter five

The inventory is a crucial piece of documentation as it provides a report of the condition of the property before the tenant moves in. Whether you choose to conduct the inventory yourself, or whether you use an external inventory company, the same best practice rules apply.

Reasons to conduct an inventory

There are several reasons for conducting an inventory/ check in and check out reports.

- The inventory process will prove what changes have taken place to the state of the property over the course of the tenancy.
- Will help prove if deductions to the deposit are necessary, making the process quicker.
- Tenants are satisfied with the efficient and evidence based process.
- In the event of a formal dispute over the deposit regarding the state or condition of the property, the inventory makes up a primary piece of evidence to help an adjudicator determine whether the landlord can fairly claim the deposit deduction.

Quality

A robust inventory will be non-biased and consistent, ideally the same person conducts the check in inventory as well as the check out report. Get your tenant to initial each page and sign and date it. Photographs should be used to support the written word, either embedded in the report or if not, they should also be signed and dated by the tenant.

Contents

The inventory report will provide a thorough list of the contents, fixtures and fittings within the property.

Remember, it's designed to provide a clear comparison for how the property should be returned at the end of the tenancy, including the contents, so therefore if something is left off the inventory, there is no proof to say that it existed in the first place.

Condition

The condition of each item or fitting should be listed alongside the list of contents. The terms in the inventory must be defined so it's clear enough for a third party to understand without them being present, for example you should explain what 'good condition' refers to.

Of course each individual property varies in size and contents, therefore there is no ideal length for an inventory but it should include the key checklist areas (where applicable).

- Furniture – What condition is it in?
- Doors and walls – look for scuffs, plaster damage
- Flooring – burns on carpets or scratches on hard flooring
- Windows – Do they open and close?
- Kitchen – cupboards, appliances, taps
- Bathroom – Damp and mould, is there adequate ventilation?
- Outdoors – is there a garden or a shed?
- Utilities - eg. light fittings
- Meter readings
- Keys





chapter six

It is normal practice for a landlord to take a deposit from their tenant as a form of security should the terms of the tenancy agreement be broken.

The Deposit Protection law

By law, landlords in England and Wales, Scotland and Northern Ireland must protect their tenant's deposit in a government authorised tenancy deposit protection scheme. The legislation was introduced in order to safeguard the tenant's deposit.

If you take a deposit, you will need to:

1. Protect the deposit with a government authorised Scheme.
2. Provide proof of the protection to the tenant.
3. Complete the above within a key deadline.

Deposit protection legislation differs depending on where the property is.

How to comply:

Landlords in England and Wales must:

- Protect the deposit with a government authorised scheme within 30 days of receiving the deposit from the tenant.
- The tenant must be provided with key information about the protection known as the Prescribed Information within the same 30 days.



www.mydeposits.co.uk

Landlords in Scotland must:

- Lodge the deposit with a government licenced scheme within 30 working days from the start of the tenancy.
- Provide the tenant with proof of the protection and also information that outlines the circumstances for any possible deposit deductions within the same 30 working days.



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Penalties

There are strict penalties for landlords who fail to protect the tenant's deposit to an approved scheme and/or provide information to the tenant within the specified time limits.

Alternative dispute resolution

At the end of the tenancy, if you need to make deductions to the deposit and your tenant disagrees to these deductions, the deposit protection scheme will also provide a free alternative dispute resolution service if an agreement cannot be made between both parties.



chapter seven

It's important to ensure, for your sake as well as the tenant's, that you stay in touch during the tenancy and maintain a good relationship throughout.

Be visible

A good landlord is a contactable landlord. Throughout the tenancy you should try to conduct regular inspections, to ensure that everything is as it should be within the property. Remember, if you are making a visit to the property you must give at least 24 hours notice to your tenants.

When visiting:

- Have a copy of the check in report/inventory to refer to,
- If the tenant is present, ask if there are any problems you should be aware of,
- Look for any signs of damp caused by condensation or evidence that the tenant has not properly ventilated the property/drying clothes on radiators.

Be contactable

It's also important that your tenant can contact you in case of any problems, or in the event of an emergency. Remember if a pipe bursts, or someone breaks into the property, you will want to know about it. Leave your contact details on the fridge, or better yet provide a welcome pack for your tenants with a copy of the inventory, tenancy agreement, instructions on how to use the white goods and electrical appliances along with your contact details.

During the tenancy make sure your tenant pays their rent on time and if they don't, keep records of this and make sure that if you contact them, it's in writing. It's very important that you keep records of any communication you have with your tenant such as emails and letters as they may be useful if you're involved in a dispute over the deposit deductions at the end of the tenancy. Similarly, keep receipts for anything you buy for the property during the tenancy.





chapter eight

At the end of the tenancy, when it is time for your tenant to move out, you will need to ensure that everything is as it should be with the property, especially if you have new tenants due to move in.

Once the tenant has moved out carry out a check out report to review the property and compare its condition to that at the beginning of the tenancy. When you are making comparisons don't forget to allow for 'fair' wear and tear.

- Check for any outstanding council tax and utility bills.
- Collect the keys from your tenants and make sure they are all accounted for.
- Return the deposit to your tenant and unprotect the deposit with your deposit protection scheme. If you need to make any deductions to the deposit, you should discuss these with your tenant and explain why you are making them.



About the authors:

This guide was brought to you by mydeposits and Total Landlord Insurance:

mydeposits runs four deposit protection schemes designed to ensure landlords and letting agents comply with deposit protection law in the UK. mydeposits England and Wales, mydeposits Scotland, mydeposits Northern Ireland and mydeposits Jersey are perfectly placed to help landlords meet their legal obligations and we offer free guidance and resources on all things deposit protection related including deposit disputes.

For further information visit:



England and Wales:

www.mydeposits.co.uk/landlords



Scotland:

www.mydepositsScotland.co.uk/landlords



Northern Ireland:

www.mydepositsni.co.uk



Jersey:

www.mydepositsjersey.je

Total Landlord Insurance is ideal for new and existing residential landlords. Our clients range from first time landlords looking to insure a single property to well established landlords with large portfolios.

It is through our unique understanding of the buy-to-let industry that we are able to offer not only good value buildings and contents insurance, but valuable insight into the best ways to protect your investment, giving you total peace of mind.

Total Landlord Insurance has been created to meet the needs of landlords by offering you two simple policies that take the headache out of buying buy-to-let insurance for your rental properties.

Find out more here: www.totallandlordinsurance.co.uk

