

LEGAL REGULATIONS

The Gas Safety (Installations and Use) Regulations 1998

Your attention is drawn to these regulations which impose obligations: a) On any person who owns a gas appliance in property let by them to ensure that such appliance is maintained in a safe condition so as to prevent risk of injury to any person. b) To ensure that such appliance is checked and that an appropriate certificate is issued for safety at intervals of not more than 12 months by an approved registered contractor. c) To give the original certificate to the tenant prior to the commencement of the tenancy.

If the landlord elects to be provided with only the lettings service and not the management service, he is responsible for compliance with these regulations, which are mandatory and carry a criminal sanction for non-compliance. The tenancy cannot be permitted to commence without the appropriate certificate.

The Electrical Equipment (Safety) Regulations 1994

The above regulations impose an obligation on the landlord to ensure that the earthing and insulation of all electrical appliances in the property are safe. Cabling, fuses and plugs should also be inspected and replaced with the correct rating for that particular appliance where necessary.

The Building Regulations 1991

These regulations require that all properties built since June 1992 must be fitted with mains-operated interlinked smoke detectors/alarms on each floor. Properties built before that date do not have a statutory requirement, but we recommend that you should consider the installation of smoke alarms in your property.

The Furniture and Furnishings (Fire) (Safety) (Amendment) Regulations 1993

Under these regulations it is an offence to supply certain furniture in the course of a business unless it complies with what is called the "cigarette test", the "match test" and the "ignitability test". The regulations cover, in general terms, all upholstery and upholstered furniture, loose fittings, permanent or loose covers. The regulations do not apply to any furniture which has been manufactured before 1st January 1950.

The regulations apply to all rented property. The recommended way to check whether furniture complies is to look for labels attached to the furniture. If there are no labels, you must establish when and where the furniture was bought. Contact the shop/manufacture and check whether it complies. If you are unable to establish where the furniture came from or whether it complies, it must be replaced. It is illegal to let a property with furniture which does not comply with these regulations.

Stamp Duty Land Tax

Under the Finance Act 2003 Stamp Duty Land Tax is payable by the tenant.

Tax

In accordance with the Finance Act 1995, the Inland Revenue introduced a system of self-assessment and all overseas landlords may apply to the Inland Revenue for a Certificate of Self-Assessment in order for rents to be paid over gross. We would strongly recommend that all overseas landlords apply for self-assessment. For those who have not, we are required by law to deduct the tax for all overseas landlords at the basic rate from the net rental income and pay this on a quarterly basis to the Inland Revenue and charge a fee. As we are not qualified tax accountants, we would therefore recommend that you take professional advice regarding these regulations.

The Housing Act 2004 – Houses in Multiple Occupation

A property that is let to at least three unrelated sharers who share a kitchen or a bathroom is an HMO. If there are less than five sharers, the property is not subject to mandatory licensing, but the landlord must check with the relevant Local Authority as they may require the property to be licensed.

In addition, where a building is fully converted into self-contained flats and if the conversion work does not comply with the building standards of the 1991 Building Regulations and less than two thirds of the flats are owner-occupied, this type of building is an HMO and may need to be licensed. Again, the landlord must check with the relevant Local Authority.

Landlords must not ignore this as failure to obtain a licence from the relevant Local Authority will attract a fine of up to £20,000. A tenancy cannot be allowed to commence until a licence has been obtained.

Housing Health & Safety Rating System

Landlords should be aware that where an HMO is licensed, the property will be subject to inspection under the Housing Health & Safety Rating System within five years of the application for a licence.

Landlords should also be aware that any property that is either let, or available to rent, can be subject to inspection under the Housing Health & Safety Rating System. In brief, the inspector visits the property to assess potential hazards (ie. excess cold, steep staircases) and, if applicable, will issue a Notice upon which the landlord must act as appropriate.

The Regulatory Reform (Fire Safety) Order 2005

The above Order came into force on 1st October 2006, giving obligations with regard to HMOs. Where a property is an HMO, it must at least have mains linked smoke detectors in the common parts (ie. hallways) and fire blankets and fire extinguishers in the kitchen. Depending on the age and character of the property, further alterations may be required.

Although currently the above order applies to HMOs only, we would recommend that all our clients' properties are fitted with mains linked smoke detectors with fire blankets and fire extinguishers in the kitchen.

Disability Discrimination Act 1995

Amendments to the above Act came into effect in December 2006 giving a disabled person the right to ask a landlord for reasonable adjustments to a property to enable the person to enjoy the property and its features as an able-bodied person could. However, it should be noted that such adjustments are temporary and can be reinstated at the end of the tenancy, ie. changes to wall colour, provision of a portable wheelchair ramp, changes to door handles, doorbells and taps. Such reasonable adjustments are at the landlord's expense.

Energy Performance Certificates

With effect from 1st October 2008 an Energy Performance Certificate ("EPC") is required for all new tenancies. It is the Landlord's responsibility to ensure that the EPC is available to all prospective tenants when they first view a property and when they receive written details on a property. We will be unable to market a property until we are in receipt of the EPC. The EPC is valid for ten years.

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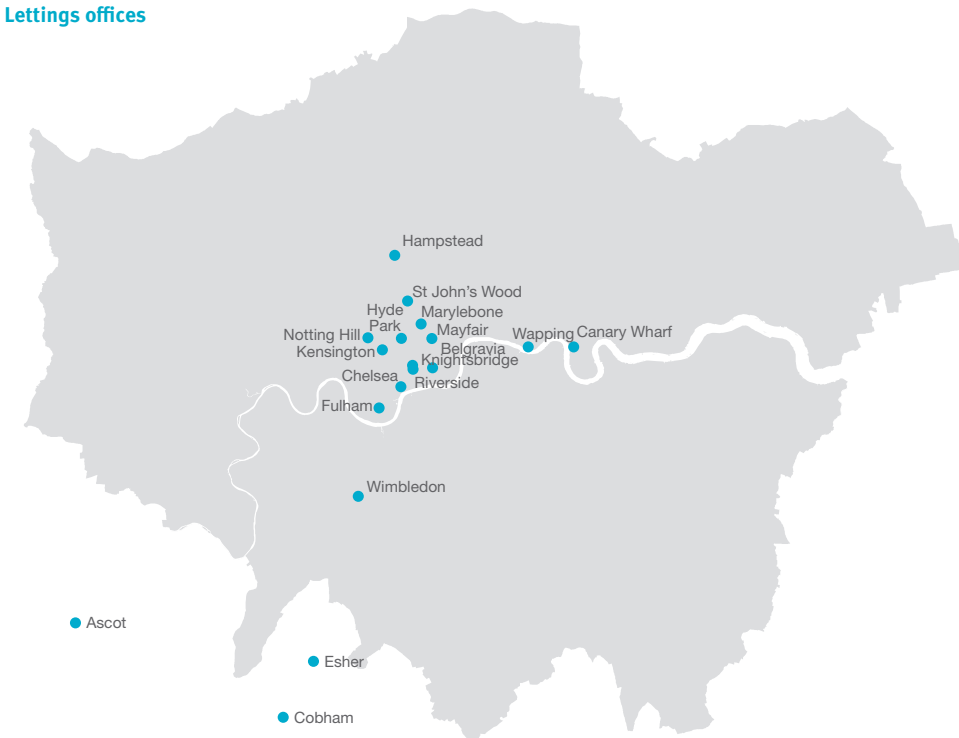
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Lettings offices



ONE TEAM ONE GOAL.

Guide for Landlords
Knight Frank

WHY USE KNIGHT FRANK?

Knight Frank stands for the highest standards of quality and integrity in global property transactional, management and advisory services. Our reputation for uncompromising professionalism in everything we do is earned day in and day out serving our clients and earning their trust. We have unrivalled expertise in the lettings market and our specialist department operates from 18 offices in prime residential developments.

The dedicated teams handle every type of rental property from city lofts to riverside apartments, modern townhouses to picturesque cottages. Our expertise lies in dealing with the letting of both individual properties and large residential developments.

Over the years, we have established connections with the major banks, multi-national companies and corporations to provide us with a constant supply of suitable tenants.

Our individual Knight Frank offices are supported by our own Marketing Department, which ensures that your property is effectively and professionally marketed locally, nationally and internationally.

We have well established lettings offices run by personnel with many years of experience in their individual areas. We pride ourselves on a minimal turnover of staff, meaning that our clients will be dealing with individuals who know their property, know their clients and may have dealt with them over a period of years. As a consequence, our lettings and management departments work together to provide a comprehensive and consistent service. In addition, we ensure that we have in-depth knowledge of current legislation, regulations and tax requirements. Our Accounts Department has a proven track record of rent collection and efficient transfer of funds to the client.



BEFORE YOU START

Presentation is an all important factor and to maximise the letting potential of your property, attention to detail is of paramount importance. In essence, the higher the quality and standard of the property, the easier it will be to achieve a good rent and the right tenant. We list below some of the relevant areas we often find require attention:

Decoration, furnishings and carpets

To be of the highest standard and a general preference is for plain, neutral and fresh decoration with high quality furnishings, fittings and carpeting.

Kitchens

Fully fitted with contemporary appliances including oven, hob, extractor hood, dishwasher, clothes washer and dryer (separate machines are preferable but where space is limited, a combined unit), microwave and good capacity refrigerator/freezer.

Bathrooms

Power showers are a prerequisite and there is a general preference for white sanitaryware with high quality chrome fittings. In larger properties, en suite bathrooms to the master bedroom are essential.

Exterior

Make sure the exterior of the property is in good decorative condition, garages clear and gardens in good seasonal condition.

Appliances

Ensure all appliances are serviced and in good working order.

Manuels

Manufacturers' operating and instruction manuals for all appliances and electrical equipment should be left in the property. It is important that all electrical equipment and the central heating boiler are overhauled and in good working order. If there are any maintenance contracts these should be provided and the tenants and agents informed.

Multi-Media/Visual Services

Tenants expect to have up-to-date multi-media facilities.

Keys

Ensure that there are sufficient sets of keys.

Title

If you hold the property on a lease, you must ascertain that a) letting is allowed, b) whether or not you are required to obtain written permission to sub let, and c) if so, the conditions required for sub letting. Again, it is advisable to do this at the earliest possible time prior to making plans for letting, as tenants may require sight of any such licence or official documentation.

Mortgages

In most cases when a property is subject to a bank loan or mortgage, written permission is normally required to sub let the property. It is for the landlord to obtain the necessary permission and we would ask that this is applied for at the earliest possible time prior to making your plans for letting. Tenants may require sight of any such licence or official documentation.

Inventory/Cleaning

An inventory accurately recording the state and condition of the property and its contents will be prepared by an independent inventory clerk. Unless we manage the property, it is the landlord's responsibility to



ensure that the property and the contents are professionally cleaned before the letting commences. The tenancy agreement requires that the tenant returns the property and contents at the termination of the tenancy in the same condition as recorded at the commencement of the tenancy, save for fair wear and tear.

Insurance

It is advisable that you have insurance cover for buildings, contents and public liability and that the insurance companies have been advised that you will be letting the property. This is normally provided for in the tenancy agreement. Such cover will not be the responsibility of the agents or the tenant.

Post

Where the owner is resident elsewhere in the UK it is advisable to ask the Post Office to redirect mail to the new address to avoid delay in receiving mail. Where the agents are paying service charges or water rates out of rent, the relevant authorities should be informed before you leave and our address given to them.

Voids

Between tenancies, prior to tenancies and after the end of a tenancy, the security, maintenance and all charges relating to the property are the landlord's responsibility.

Utilities

Ensure that all available utilities are connected to the property including one telephone line, electricity, gas and water. Check that all LPG bottle gas and oil tanks are full at the start of the tenancy and septic tanks empty.

TYPES OF TENANCIES

Assured Shorthold Tenancy (AST)

Created by the Housing Act 1988 (as amended by the Housing Act 1996).

Definitions

- The property let must be let as a separate dwelling; and
- the tenant must be an individual and must occupy the property as their only or principal home; and
- the landlord must give a minimum of two months' notice to gain possession; and
- the tenancy can be for any specified period either for a fixed term or periodic (open-ended) from the outset (though a court cannot make a possession order to take effect earlier than six months from the commencement of the tenancy, even if the term granted was for a shorter period); and
- the rent must not exceed £100,000 per annum; and
- the deposit must be protected with an approved deposit protection scheme.

Possession

Under Section 21 of the Housing Act 1988 (provided that a true AST has been created), the landlord is guaranteed an order for possession if:

- the term of the tenancy has expired (not applicable to periodic tenancies); and
- the landlord has given at least two months' notice stating that he requires possession.

What are generally the tenants' costs?

- ◆ Tenancy agreement
- ◆ Inventory check out
- ◆ Personal and their contents insurance
- ◆ Multi-media/Visual services
- ◆ Rental payments
- ◆ Utilities including Council Tax
- ◆ Deposit against damage
- ◆ Water rates
- ◆ TV licence
- ◆ Garden maintenance (London)
- ◆ Stamp Duty Land Tax

Company

This will be governed by contract law and not the Housing Act 1988. The tenancy is granted to a bona fide limited company or embassy only (ie. not to a partnership). It could be difficult and costly to pursue a foreign company not registered in the UK. A bona fide company has no security of tenure, the financial status can be more secure than with an individual, a longer term of tenancy is usually requested and rental payments are often paid quarterly in advance.

Contractual

This is a tenancy not regulated by statute and therefore falls outside the provisions of the Housing Act 1988. The most common occurrence is where the tenancy is to an individual and the rent exceeds £25,000 per annum. The parties therefore are bound solely by the provisions of the tenancy agreement which should have all the necessary provisions incorporated.

What are generally the landlords' costs?

- ◆ Tenancy agreement
- ◆ Inventory make and check in
- ◆ Buildings and their contents insurance
- ◆ Preparation of property prior to letting
- ◆ Letting and renewal fees (as set out in our Terms & Conditions)
- ◆ Service charges and Ground Rent
- ◆ Maintenance and repair of landlord's fixtures and fittings
- ◆ Annual gas and electrical checks
- ◆ Conforming to Fire, Furnishings and Electrical Regulations
- ◆ Garden maintenance (Country)
- ◆ Tax
- ◆ Energy Performance Certificates