



Hamilton
Bower

The ultimate guide for
landlords

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There are many pit-falls in being a landlord and it can be a daunting experience at first; sometimes it seems that there is a bewildering amount of red tape to get through. However, with the right planning, being a landlord can also reap huge benefits. The more informed you are and forward planning you do, the more likely you are to find the right tenants, who will be both reliable and take good care of your property.



Here are our top tips on your responsibilities and how to be a successful landlord:

Rental Valuation Request

You will want to make sure you are offering your property for rent at the right price. If you leave it to guesswork and set the rent too high, you will not attract any tenants; too low and you will be missing out of valuable income. Consider asking a good letting agency to provide a rental valuation. They will know the area, rental yields and tenancy demands. Their expertise in this area can be invaluable in setting the correct rental rates.

Inventory & Schedule Of Condition

When you are preparing your property for rent, it is always a good idea to draw up an inventory of everything included in the property for rent (including carpets, curtains, gardening equipment etc.). As well as the inventory a schedule of condition should be created, for the tenant to agree on when they first take on the property. Taking the time to go into this in detail at the beginning you can avoid possible disputes at the end of tenancy.

Contents and Building Insurance

You will need to have building insurance and content insurance to cover for any furniture and fittings that are included. Your insurer will need to know that your property is being rented out. It is also worth your tenants getting their own insurance to cover their belongings and accidental damage to yours.

Tenancy Agreements

By far the most popular residential rental agreement is an Assured Shorthold Tenancy (AST). This has protection for both you and your tenant. It is always a good idea to have these agreements professionally drawn up to ensure they are laid out to your approval. An agreement should include the particulars of the landlord and tenant and should also include such things as; the deposit amount and it's protection; the rental price and how it's paid; when and how the rent will be reviewed; the circumstances when the deposit can be partially or completely withheld and whether the tenancy can be ended early and how this can be done.

Tenancy Deposit Scheme

The deposit a tenant pays at the beginning of the agreement has to be paid in to a tenancy deposit scheme account (TDP). As a landlord you must put the deposit your tenant pays into the scheme within 30 days of receiving it (a letting agent would organise this for you if you use one). The deposit is a bond which should be returned in full at the end of the agreement providing they have met the terms of agreement, paid the bills and rent and not caused damage to the property. At the end of the tenancy the deposit must be returned to the tenant within 10 days of agreeing the amount.

Should there be a dispute, the deposit will be kept within the TDP scheme until it is resolved.

Legal Responsibilities

As a landlord it is your responsibility to ensure and provide proof that all gas and electrics have been correctly installed and maintained. It is also your responsibility to ensure that your property complies with fire regulations and that all electrical appliances such as washing machines are in good working order.

In recent years new guidelines have been published stating that tenants should be able to switch energy suppliers fairly and easily and agents/landlords should not prevent them from doing so. When there is a tie-in to a particular supplier within the tenancy agreement, the prospective tenant should be informed.

Your property will have to have a current EPC in order to be rented out.

Repairs

It is your responsibility to ensure everything in your tenant's property is in good repair. You are responsible for repairs to external walls, windows, doors and roofs. Also for sinks, baths, toilets etc., heating and hot water, ventilation, chimneys, pipework and wiring.

Depending on the agreement, you may be responsible for replacing or repairing faulty appliances provided by you.



Ensure everything in your tenant's property is in good repair

Letting Agents

Letting agents can be very useful people to know and if you are a first time landlord their services can be invaluable. In the first instance they will know a lot about the area, rental yield and tenancy demand. They will have a database of prospective tenants and good letting agents will have a robust vetting system in place to give you the best chance of getting reliable tenants for your property.

Letting agents are expert in your legal responsibilities and will guide you in getting the right tenancy agreement drawn up.



A good letting agent will manage all the finances and paperwork on your behalf and if you retain their services they will manage ongoing payments of rent as well as any running or emergency repairs. The agent becomes the first point of call for your tenants. They will undertake regular inspections of your property on your behalf. This is often a useful resource as the combination of their expertise as well as the amount of time they will save you is often very much worth doing.

Managing a Profitable Portfolio

Almost anyone can become a property investor these days it seems, but it's not all easy money. To achieve real success and to have a profitable portfolio takes time and effort. There are many pitfalls to avoid if you have a chance of making your portfolio grow into something meaningful and fruitful.

Research

Is crucial. Research, research, research and then research some more. You need to be informed in every facet of portfolio management, because mistakes can be costly.



Here are our top 10 tips on becoming a property investor and achieving a profitable portfolio:

Property Location

When you are looking at a property to buy, the first thing to do is consider both the area and the population. Is the property situated in an area that is not going to lose value in the foreseeable future (for example, a high-speed rail link is not planned for the bottom of the garden, or economic downturn has hit the area)? Ideally look for a property that is in an area that is set for investment and regeneration to maximise your return on investment. Think about the property with regard to the area and who will want to rent your investment (e.g. families look for places near schools etc.). Look for areas that have the best rental yields.

Tenancy Demands

When looking for buy-to-let properties, tenancy demand levels are an important factor. Look for areas where there is a good proportion of people looking to rent, so you know you can get your property rented out as quickly as possible to avoid repayments coming out of your own coffers. An area with a high tenancy demand also means that if one set of tenants' moves out, it will be much easier to re-let.

Broker Services

Consider utilising the services of a property broker, both when you first start out and when your portfolio is established and growing. When you first start out it can be financially advantageous to use a broker. They can assist in netting discounts off the purchase price and also provide access to the most competitive buy-to-let mortgages on the market. When you are more established, a good broker becomes an important ally keeping your financial outlay streamlined and freeing up your time.

Agent Services



There are many attributes in utilising the services of a good quality letting agent, especially as your portfolio grows. For a start they know the area and access to a database of possible clients. They also have a vested interest in getting you the right tenant for your property and will have all the i's dotted and t's crossed. Having a letting agent manage your properties on an ongoing basis will save you a lot in time. As the landlord you are responsible for ongoing maintenance and repairs. An agent can manage all this for you, so you are not having to sort leaking taps and broken washing machines at inconvenient times.

Positive Cash Flow

Get your investment planning right. Always having a positive cash flow on each of your properties. Making sure the rental income exceeds your mortgage repayments and all expenses. This residual will enable you to steadily grow your portfolio.

Buy below market value

There are all sorts of reasons why it is possible to make a below market price offer and have it accepted. There are many reasons why a vendor might want a quick sale. Don't be afraid to put in a low offer and see what response you get.

Tenancy Agreements



A letting agent can assist you with all the correct contracts and agreements

Always make sure you have the correct contracts and agreements drawn up. If you engage the services of a letting agent, they will assist you with this, ensuring that you have a legally binding assured agreement that protects you and your interests as well as those of your tenant.

Borrowing

It is important when you are borrowing from the bank for buy-to-let, that the debt is only tied to one property. There is a risk if you borrow against multiple properties the bank could be in a position to enforce the selling of all those properties to satisfy the loan.

Head Not Heart

Hunt for the bargains that need a bit of work doing to make them attractive to renters, but be wary about buying a really run-down property you plan to do up. Not only will this drain your spare cash, but the property will stand empty while you carry out repairs.



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However, that's not to say that you shouldn't be hunting for property with your imagination as well as your head. Use your area research to inform you about the possibilities and what would be attractive and lucrative in the current tenancy market.

Be a Top Landlord

Nothing helps positive cash flow like being a good landlord. If you manage your rental contracts effectively and look after your tenants, they will in turn be reliable tenants who take good care of your property. It's worth finding a good management company to help with this, which will save you a lot of time and ensure the job is done properly.



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Why not give us a call on
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could help with your property portfolio

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