

Notes for Guidance

Letting Your Home

A practical guide which attempts to answer those questions which clients usually ask when thinking of letting their house. A simple question and answer format has been adopted with an easy reference facility covering a wide range of important points.

Before finalising any arrangements which involves the letting of your home, however, please consult us for detailed advice.

Q.1: Why use the services of an Estate Agent?

A. Many of our clients let their home when their work takes them abroad or to the United Kingdom. They are unable, because of time and distances, to look after their property as they would wish.

To leave the house to relatives or friends to manage often causes them concern and may be an unwelcome responsibility.

If your house is to be properly maintained during your absence, it is essential that suitable tenants are quickly found, a current market rental is charged and that the property is regularly inspected.

All of these services can be provided by an Estate Agent, directly responsible to their client whose instructions are clearly stated in an Agency Agreement with the Agent.

Q.2: What are the first steps which should be taken?

A. If your proposal to let your property is fairly definite, contact us without delay. We will arrange a meeting, preferably at your home, to discuss and agree:

- (i) The terms and basis of the letting
- (ii) The appropriate rent to be charged
- (iii) The extent of the contents to remain in the house
- (iv) The information required for our records
- (v) Any other points or queries which you may have
- (vi) Our Agency Agreement and terms

To enable us to obtain a suitable tenant without delay it is important to contact us at your earliest opportunity.

Q.3: What happens once a prospective tenant has been found?

- (i) References are usually taken from the prospective tenants' bankers, employers, previous landlord (if any) and a character reference.
- (ii) If your property is subject to a mortgage, the consent of the Building Society or other mortgagee must be obtained before the house is let. Failure to do this will, in most cases, give rise to a breach of the terms of the mortgage deed (see "Building Societies").
- (iii) A detailed inventory of the contents of the house to be included in the letting will be prepared by us and agreed with you.
- (iv) Subject to receipt of satisfactory references, a Tenancy Agreement will be drawn up in two parts. This may be drawn up, if you prefer, by your advocate. The Agreement may also have to meet with the approval of your Building Society or other mortgagee. The prospective tenant may also wish to take legal advice with regard to this Agreement.
- (v) A commencement date is agreed when the tenant may take up occupation.

Q.4: When does the tenant occupy my property?

- A. On completion of the formalities mentioned in Q.3 above. Before taking up occupation, however:-
- (i) the inventory of the contents is prepared.
 - (ii) the Tenancy Agreement is signed.
 - (iii) the tenant pays to us the minimum of one calendar month's rental in advance, together with a deposit against damage to contents and the property, at least equivalent to a further calendar month's rent.

Prior to occupation, the tenant is asked by us to ensure that accounts for the supply of gas, electricity and telephone (where appropriate) are placed in his/her name (see "Services"). Any outstanding accounts for services at the end of the tenancy then become the sole responsibility of the tenant and non-payment would not affect any re-connection of supply of services to the landlord or future tenant.

Q.5: **What happens about outgoings such as rates, insurance, repairs and service charges etc.and mortgage repayments**

- A. Where appropriate we will pay rates on your behalf from the rent collected or, alternatively, if you pay your rates monthly by Bankers' Standing Order this practice can continue. Clients will continue to pay mortgage repayments monthly through their own Bank.
- B. Where the property is in mortgage to a Building Society or other lender, block policy arrangements for fire insurance on the building will continue. Renewal premiums for contents insurance can be paid, if required, by us from rental income (see "Insurance").
- C. Repairs, Service Charges etc can be paid on your behalf from rental income.

Insurance

It is essential in your own interest that you have policies giving full comprehensive cover of up to date replacement values in respect of the building. We require this as a condition of our undertaking the management of the property. Prior to you letting the property you should confirm with the Company concerned that the policies are fully effective and that they provide cover even if you are not yourself in occupation and that the cover is effective during any period when the property is vacant.
(Tenants should have contents insurance including accidental damage).

Q.6: **When is the rent paid over to me?**

Usually on a monthly basis, after deduction of any agreed out-goings and our charges.

In very few instances, slight delay may occur in those months where rent is held over to meet large contingencies such as rates or major repairs.

Rental statements are prepared on a monthly basis and a copy forwarded to you promptly. The statement shows all rent received during the period, outgoings met and charges due to us.

Deposits are held strictly by us until the Tenancy is terminated and will then be returned to the tenant, less the cost of any missing or damaged items referred to in Question 9, entirely at the Agents discretion.

Q.7: **Is the property periodically inspected?**

Yes:-

An inspection, both internally and externally, will be made by us at not more than six monthly intervals. This is to ascertain the general condition of the house and ensure there is no breach of the Tenancy Agreement. An external inspection serves a similar purpose, as well as seeing to the need for external repainting or other repairs. Reports of any major items will be notified to you.

We recommend, that a limit of expenditure (£300.00) is established in advance so that we make payments on your behalf without reference to yourself so avoiding delays on

routine matters. Estimates for larger amounts would be submitted to you for prior approval.

Q.8: What happens when the tenant vacates?

A. The inventory is checked with the tenant prior to the tenant vacating

The tenant is asked to hand over all keys to the property, remove any personal effects and before vacating to arrange for final accounts for gas, electricity and telephone to be sent to him.

Any minor items of damage or missing from the inventory are dealt with by deducting a suitable sum from the deposit held by us, which will then be credited to your account and the balance refunded to the tenant.

Reasonable and fair wear and tear must be taken into account in connection with the condition of the property and the furniture.

Q.9: Are there any other points I should consider?

- (i) This guide has been prepared for your general information and assistance. Individual Client's requirements and circumstances will vary considerably.
- (ii) It should be borne in mind that in many cases the profit, in the financial sense, from letting your home may be relatively small. This is usually due to the incidence of high mortgage interest rates and other outgoings which have to be met from rent received.
- (iii) The view which should be taken, however, in our opinion, is that your home is a very good long-term investment providing excellent capital appreciation. During the period in which the property is let, the net rental income will usually meet the majority of outgoings and provide a fund to ensure satisfactory maintenance, after allowance for normal wear and tear.
- (iv) We recommend that the property is maintained and decorated throughout the tenancy as if you were living on the premises yourself. In this way the value of the house is maintained and the expenditure may have been liable against income tax.
- (v) If you are leaving the Island for a period of time we would recommend that you should speak to the Isle of Man Government Non Resident Tax Department for information on Tax Implications while you are away.

The Agreement is between the landlord and the tenant and should the tenant, for any reason, fail to honour the agreement, on rare occasions it may be necessary to apply to the Courts for judgement. We would, of course assist you in every way, however we cannot accept any responsibility where a tenant fails to pay the rent and does not comply with the terms of the Tenancy Agreement.