



Landlord Information Pack



Ever thought of becoming a Landlord....?



Then you've come to the right Place! Mckinley Residential can help with all your business needs including finding tenants, managing the property, arranging the paperwork and much more.

Our Sister Company :: **multi mortgages** can even help find the perfect mortgage for you too!

Why should I consider becoming a Landlord?

Because it's easier than you think....

- See property as an investment for your future
- Potentially receive an additional monthly Income once the mortgage is re-paid.

What are the possible disadvantages in buying property?

- Property price depreciation - can we afford for prices to continue rising
- Tenants who stop paying rent – will we be left to pay the mortgage?

What do I need to know about?

- 1.) Taxation: i.e. Capital Gain Tax
Income tax
Offsetting expenditure
- 2.) Safety: i.e. Gas Safety
Furniture (fire) safety
Electrical



- 3.) Void period: i.e. Covering the mortgage
Tenants who don't pay
- 4.) Insurance: i.e. Buildings Cover / Contents Cover
- 5.) Agents fees i.e. How much?
What does it cover?
- 6.) Buying the property: i.e. Raising the deposit
Arranging a mortgage
Which segment of the market should I be aiming for?
Finding a suitable property
Making an offer
- 7.) Preparing the property: i.e. Furnished
Unfurnished
Tenancy Agreements
Inventories
Guarantors
- 8.) The upkeep: Re-mortgaging the properties
Finding new tenants
Repairs

Seem like too much to get your head around?

Why not take the pressure off and deal with Mckinley Residential who will take care of everything from start to finish!





Mckinley Residential Property Management Services

What we offer our clients....

The rewards from investing in property can be exceptional, however the responsibility involved in running residential property can be rather substantial too, especially if the property is old or let to students.

Agents property management departments often leave much to be desired often leading to bad relations between the agency and the Tenants. Unlike most agents, we are striving for excellence in the field. We have a good network of local trade's people who will respond quickly to problems.

Pre empting problems...

Our experience in property management allows us to preempt most problems which save, money and hassle.

We have tried to 'add value' by developing a comprehensive 'one stop shop' service. We have clients who contact us whenever they have a deposit saved to enable a property purchase. We then arrange the mortgage & insurance with our sister company :: multi mortgages. We source the property, negotiate the purchase, prepare the property, find and vet the tenants, ensure that the rent is paid and the property is maintained in good condition.

What we charge...

Overall we charge 15% of the rental income. This is broken into two parts;

- a) 8% Lettings Fee
- b) 7% Management Fee

What does our standard letting and management service include?

Lettings Fee – 8%

- Find the tenants & carry out checks to establish suitability
- Arrange for the services of an independent inventory clerk (at an additional cost to the Landlord)
- Prepare documentation and make arrangements for a smooth move-in

Management – 7%

- Arrange for cleaning prior to the tenancy if necessary
- Arrange for annual gas safety check
- Collection of rent and transfer to clients bank account
- A monthly bank statement for Landlords for their records
- Availability for tenants and Landlords to make contact with us 24 hours a day, 7days a week
- Ensure that all utility bills and council tax are settled by Tenants
- Inspection of the property every quarter (at an additional cost of £25 per quarter to the Landlord)
- Ensure that Tenancies end smoothly

In addition at no extra cost we can...

- Review mortgage on regular basis to ensure you benefit from best advice and maximum savings
- Arrange Buildings, contents and rental guarantee insurance
- Provide the following services: (quotations available on request):
 - Renovate buildings and garden
 - Change locks
 - Arrange for water meter to be fitted and card meters for gas and electricity (We recommend this service)
 - Furnish dwelling, including floor and window coverings and appliances
 - Provide regular gardening service

We are happy to do as little or as much as you wish, if you require a service not listed here please let us know.



Mckinley Residential Property Management Services

Tenants can be quite demanding, whether it is a broken boiler or a failed washing machine, they will expect a quick resolution to the problem, however inconvenient the moment may be for you.

Why clients prefer us to manage their property

- Clients can remain at arms length from the tenant whilst still being informed
- There is no need to visit the property
- No time needs to be spent phoning around for a reliable tradesman who can carry out repair
- No unwelcome interruptions anytime of day or night
- Late rent payments automatically chased



Some of the key features our Management team provide

- Receive and pay the rent - to you by bank transfer, with a monthly statement sent for your records
- Inspect the property (quarterly) - to keep an eye on it's condition (at an additional cost of £25 per quarter to the Landlord)
- Maintenance - Arrange repairs for you with your approval, using reliable, competitive, and professional contractors. We ask to retain a 'kitty' of £300 that enables Mckinley Residential to carry out emergency repairs up to that value without consent of the Landlord. Non – emergency repairs will be arranged with the Landlord prior to work being carried out.
- Professional cleaning – To ensure that the property is fully prepared before a tenancy
- Check –ins and check outs – to minimise the likelihood of a dispute, we arrange for the contents and condition of the property to be recorded (at an additional cost to the Landlord)
- 24 hr phone line available 365 days a year





Mckinley Residential Property Management Services

The costs Involved....

The Figures (based on Interest only mortgage of £182,750 charged at 5.5%)

Cost of property	£215,000
Purchasing costs	£5,500
Refurbishment/preparation	£2,000
Furniture	£2,500
Total	£225,000

Rental income	£15,600
Cost of mortgage	£10,050

Maintenance budget	£900
Letting fee (7%)	£1,092
Management fee (8%)	£1,248

Deposit required	£42,250
Net profit	£2,300

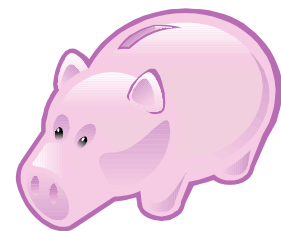
Plus any rise in the Property Market should you wish to sell.



based on Interest only mortgage of £182,750 charged at 5.5%

E & OE

These figures are provided as a guide only and should not be relied on. Please contact us to check the above figures before proceeding with the purchase of a property.





Mckinley Residential Property Management Services

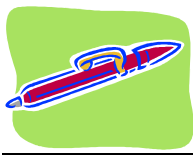
Finding suitable tenants...

Our service



We have been involved in letting and managing property in University towns since 1993. Most of the properties we deal with are owned by private landlords, although tenants are unlikely to ever meet or have any contact with you as we act as your representatives and will be your point of contact for any queries or problems that you may encounter.

Properties and Tenancy Agreement



All of the student properties that we offer are standard “family” houses and are usually advertised as fully furnished. Each house is let under one Assured Shorthold Tenancy Agreement for a period of 12 months. Properties are let on the basis that the occupiers will live as a family would. All Tenants are jointly and severally liable for each other. This means that the rent has to be met in full even if one or more Tenants move out.

Holding deposit



Once the prospective tenants have agreed on a property the next step is to put down a £200 holding deposit; this secures the property to them. Once all the necessary paperwork has been accepted under our terms and conditions the tenants will be invoiced for the funds required (usually comprising of the first months rent and the damage deposit which is equivalent to 6 weeks rent). We are legally bound to register the deposit into a scheme and will provide receipts confirming that we have done so.

Reference checks



We are required to make checks to ensure that the tenants are likely to be reliable.

We require student tenants to have guarantors. The guarantor will have to sign to say that they are **legally responsible** in paying the rent if you are unable to. We ask the guarantor to complete a form and a credit check will be carried out on them.

We can arrange any additional checks you, the Landlord may wish to carry out.

Before the move in date



As outlined above, we will send the tenant an invoice for the funds required from them before they move in. We insist on the tenants setting up a standing order. It is a Mckinley Residential procedure to enforce a late payment fee to deter students from making late payments.

Move in day



Our representative will meet the tenant at the property. An inventory detailing the condition of the property and the contents will be provided. Before the keys are handed over the tenants are asked to sign an accurate record of the property. The meter readings will also be noted on the inventory.

Rent



We require a standing order be set up so the rent can be paid on a monthly basis. We then issue the Landlord with a monthly statement confirming that payment has been received. The agreed management fee will be also be deducted.

Council tax



Whilst on a full time higher education course it is understood that the tenant(s) is exempt from paying council tax. It is the Tenants responsibility to ensure that they have complied with the local authorities requirements and been issued with a certificate confirming that they are exempt. Our standard practice is to provide the council with a copy of the tenancy agreement, so that the invoice is sent in the tenant's names rather than yours. Where it is not a student house the tenant is responsible for paying council tax.

Utilities



The tenants are liable for all utility bills, this means that they will be liable for gas, electricity, water (which may be metered) and the TV licence (if required). After the Tenancy has started a letter will be sent to the utility providers to let them know that they are the new Tenants.

Insurance



The structure of the property will have to be insured by you, but contents insurance is not covered and tenants are made aware of this. Please let us know if you require buildings insurance as we can point you in the right direction.

Gardening



Each house has a lawn mower and the tenant will be expected to keep the grass cut and the garden (if applicable) to be well maintained.

Leaving the house before the end of the Tenancy



Occasionally Tenants ask to quit a tenancy early (especially student tenants). You, the Landlord, are under no obligation to release a tenant from an agreement, but we will endeavour to find a suitable replacement if you agree to.

The responsibility for finding a replacement tenant(s) lies with the existing tenants. The new Tenant(s)/occupier must be acceptable to you and we will carry out checks in the same way as we checked the original group.

The Tenant(s)/occupier must also be acceptable to the rest of the Tenant group in already residing at the property. Once we have accepted the new Tenant, we will replace the outgoing name(s) on the Tenancy Agreement with that of the new Tenant(s) and they will continue the same Agreement as the original group.

Please visit our website at www.mckinleyresidential.co.uk for more information.



Mckinley Residential Property Management Services – thing to consider

Mckinley Inventories....

Why do you need an Inventory?



A well-prepared inventory and check-in report protects landlords and tenants alike, providing an accurate description of the condition and contents of a property at the start of a tenancy.

The condition of the property and its contents at the end of the tenancy is then compared back to this report in the form of a check-out report. The inventory clerk will also provide an opinion on whether any damage that has arisen during the tenancy is attributable to the tenants, to 'fair wear and tear' or to the landlord as required maintenance.

It is in a landlord's interest to ensure that inventories are prepared for properties that they own. In the worst case scenario, should you end up in court with tenants, the judge will tend to look more favourably on an impartial, unbiased inventory prepared by a third party unconnected to either the landlord or the tenants. Inventories prepared by landlords could be viewed as biased and one-sided.

There are also provisions under the Housing Act 2004, introducing a Tenancy Deposit Scheme which will make it even more important to obtain an inventory.

Who compiles the Inventory?



We instruct established independent inventory clerks to act on your behalf on your accepting responsibility for their charges. While care will be taken in giving your instructions to inventory clerks, we cannot accept liability for any error or omission on their part, since they are not in our employment.

Who pays for Inventory?



The 'check-in' inventory charge is paid for by the tenants at the beginning of the tenancy and Mckinley Residential deduct the 'check out' inventory charge from your last rental payment of the tenancy. Please see separate sheet for costs.



Mckinley Residential Property Management Services – thing to consider

Mckinley Quarterly checks...

We advise all our Landlords to carry out quarterly checks to assure that the properties are being well maintained. This avoids having to face potential problems at the end of the tenancy.

The first two checks are carried out by one of our team (after writing to give the tenants plenty of warning so that the house is at an acceptable standard).

There is an additional check which can be carried out by Mckinley Residential and accompanied by a professional contractor to note down any potential problems that they feel will need to be addressed at the end of the tenancy i.e. general wear and tear that may require fixing / replacing. This allows you to prepare in plenty of time if any major work needs to be carried out. Please note: There is an additional charge for this service.

Maintenance

Although letting to students may seem a bit daunting we have found most students to be considerate and respect the properties.

The best way of insuring that the property is well looked after is to make sure that the property is maintained at a reasonable standard. This deters students from adopting an attitude of “The house wasn’t in a very good state to begin with”.

**“The higher the standard of the property the higher the
standard of tenant”**

Permission for work

We seek permission for all work carried out prior to the event and give Landlords estimates. However, we do ask Landlords to allow us to withhold a sum to cover emergency repairs – usually £300.



Terms and Conditions: Residential Lettings & Management

COMMISSION

- 1.1 Letting, Rent Collection and Management: 15% of total rent reserved (VAT exempt)
- 1.2 Letting only: 8% of total rent reserved (VAT exempt)
- 1.3 Rent Collection and Management only: 7% of total rent reserved (VAT exempt)

PRE-INSTRUCTION REQUIREMENTS

- 2.1 We can only accept your instructions upon the basis that the following conditions have been met

2.21 Sub-Letting

If you are a Tenant of a lessee it is essential that

- 1) The intended furnished letting is permitted by your lease
- 2) The intended furnished letting is for a period expiring prior to the termination of your lease
- 3) Your Landlord's written permission is obtained for sub-letting

2.1.2 Mortgages

Where the property to be let is subject to a mortgage, permission is normally required from the mortgagee to let or sub-let the property furnished (if applicable). We require you to confirm that you have obtained your mortgagee's permission in advance. Please note that applying for permission after a Tenant has been found could prejudice the tenancy.

2.1.3 Insurance

You must ensure that the building and contents insurance cover is adequate and that the policy covers furnished lettings (if applicable): Please note that many household policies do not automatically provide such cover. If required we can arrange this on your behalf.

We would bring it to your attention that Mckinley Residential cannot be held liable for any difficulties arising as a result of a failure to observe the above.

2.1.4 Fire Regulations

For new tenancies after 1st March 1993 you must ensure that furniture supplied conforms to the Fire & Furnishing (Fire) (Safety) (Amendment) Regulations 1993 and you will hereby indemnify us as a result of any breach.

2.1.5 Fittings and Equipment

You must ensure that all equipment, electrical or otherwise, provided with the property is fully operational and, if possible, recently serviced, at the commencement of the tenancy.

COMMISSION LEVELS

- 3.1 On finding a Tenant who is accepted by you or whom you have given us authority to accept on your behalf and who completes the Tenancy Agreement, our commission will be charged as follows:-
 - 3.1.1 15% of the total rent reserved under the terms of the Tenancy Agreement. The total amount of commission falls due at the commencement of each tenancy and/or extension and will be deducted from the initial rent payment(s) received from the Tenant. Alternatively, Mckinley Residential will allow this to be deducted from your monthly rental payment.

- 3.1.2. With regard to extended tenancies or a fresh tenancy of another property owned by you granted to the Tenant or occupier, commission is payable to us at the rate of 10% of the total rent reserved under the terms of the Tenancy Agreement, whether or not negotiated by us.
- 3.1.3 In cases where we are not employed to collect rent throughout the tenancy, it is our policy to receive the initial rent payment, or payments, from the tenant in order to meet our commission.
- 3.1.4 Our management commission will be collected by way of deduction from the rents received or invoiced separately in the event of rent default.
- 3.1.5 Our minimum management commission is £100 per calendar month.

DESCRIPTION OF SERVICES

4.1 Finding a tenant

The services included in our commission of 15% are:-

- 4.1.1 Introduction of a tenant for the property.
- 4.1.2 Taking up references but not including any charges for Company investigations should these be requested.
- 4.1.3 Negotiating the terms of the tenancy between yourself and the Tenant.
- 4.1.4 Collecting and holding the deposit payable by the Tenant against dilapidations.
- 4.1.5 Protecting the deposit by Tenancy Deposit Solutions Limited (TDSL) under the Housing Act 2004 in accordance with the terms and conditions of TDSL. The terms and conditions and ADR Rules governing the protection of the deposit, including the repayment process, can be found at www.mydeposits.com.
- 4.1.6 Making every effort to notify service companies (telephone, gas and electricity) at the commencement of the tenancy.

4.2 Rent Collection

Included in the fee of 15% we are pleased to offer the following services:-

- 4.2.1 The demand and collection of rent on your behalf.
- 4.2.2 The forwarding of rent to yourself or your bank.
- 4.2.3 The preparation and submission of regular rent statements (usually provided monthly from Mckinley Residential).

4.3 Property Management

The services included in our commission of 15% are:

4.3.1 Outgoings

We will pay current outgoings such as rent, council tax (if applicable), insurance premiums and any service charge and/or maintenance charge or similar contribution to shared expense and account to you regularly.

Please note that you are expected to instruct your Insurance Company, the Local Authority etc. to send their accounts to us. Although we shall do our best to query any obvious discrepancies it must be understood that we are entitled to accept and pay without question demands and accounts, which appear to be in order. In particular, we cannot accept responsibility for the adequacy of any insurance cover or for the verification of service/maintenance charge demands or estimates where

applicable. It is important that we receive full written instructions regarding any insurance premiums you wish us to pay.

4.3.2 Repairs and Replacement

We shall deal with day-to-day management matters including minor repairs up to a maximum of £300 for any one item. Except in an emergency wherever practical, estimates are obtained and submitted to you for approval in respect of works of redecoration, renewal or repairs likely to cost more than £300. An additional supervisory fee of 10% of the total cost is charged for this work.

4.3.3 Inspection and Defects

Our management will include non-expert investigation of defects, which come to our notice or are clearly and adequately brought to our attention by the Tenant. If instructed to do so we shall inspect the property on a periodic basis (usually quarterly) at an additional charge of £25 per inspection. It should be appreciated that any such inspection can extend only to apparent and obvious defects and would not amount in any way to a structural survey of the property. We cannot accept responsibility for hidden or latent defects.

4.3.4 Terms of Management Appointment

Except in cases where you intend to re-occupy the accommodation and where special arrangements are made, our appointment is for an agreed period and thereafter subject to three months notice to terminate on either side. We must be placed in sufficient funds at the commencement and, if necessary, during the term of the management, to enable us to meet all expenditure prior to any next rent collection. It is essential that we hold a working balance, as we cannot undertake to meet any outgoings beyond the available cash from time to time in our hand on your account. Mckinley Residential usually requires funds of £300.

4.3.5 Void Periods

Our management function does not include the supervision of the property when it is not let, although in the course of finding you a Tenant, periodic visits may be made to the accommodation by our letting staff. Instructions can be given for further visits for a fee of £25 for each additional visit.

4.4 Furnishing/Refurbishment

If we undertake to supervise either partial or total furnishing and refurbishment of properties, a fee of 10% of the total cost of the work will be charged by us.

GENERAL INFORMATION

5.1 Unless otherwise agreed, the rent quoted to a Tenant by us on your behalf must be inclusive of all outgoings for which you are responsible (i.e. water rates or meter, ground rent, service charges, etc) with the exception of gas, electricity, the telephone service and fuel oil where there is independent oil fired heating system. Any rent asked by us on your behalf will not include reference to Council Tax or a similar levy. This tax will normally be levied separately on the occupants of the property but in some cases the Local Authorities may wish to charge you, the Landlord. Please note students are exempt from paying council tax during term time.

5.2 Inventories

We instruct established independent inventory clerks to act on your behalf on your accepting responsibility for their charges. While care will be taken in giving your instructions to inventory clerks, we cannot accept liability for any error or omission on their part, since they are not in our employment.

5.3 Furnished Tenancy Agreement

Unless we are instructed otherwise, we use our standard form of Tenancy Agreement in respect of all furnished lettings. Landlords instructing their own solicitors to prepare an Agreement must be responsible for their solicitor's fees.

5.4 Rent Remittances

Present banking arrangements are such that it is necessary for us to allow approximately 3-5 working days before transferring monies to clients' accounts. Any monies dispatched will be without prejudice to final clearance.

5.5 Instructions of Solicitors

You will be informed of any rent arrears or breaches of covenant brought to our attention after a two month period. However, if it is necessary for a Solicitor to take action, you will be responsible for instructing your own solicitor and for all fees involved.

5.6 Taxes and Management Act

You are responsible for notifying the Inland Revenue of the tenancy. Where the Landlord of a property resides abroad, the Commissioners for Inland Revenue will hold us, as your Agents, responsible for the payment of any tax liability, which arises on rents collected by us on your behalf.

Accordingly, if you are resident abroad it will be necessary for us to deduct monies at the appropriate rate and hold the amount so deducted to your credit until the taxation liability has been agreed with the Inspector of Taxes. Similarly, if at present you live within the UK but subsequently move abroad, it will be necessary for us to commence this deduction from the time you leave this country. The monies deducted will be placed on deposit and will earn interest on your behalf.

The eventual liability for tax may be less than the amount we have retained. We suggest that you employ accountants to meet the tax liability on your behalf. We therefore ask you to let us know as soon as possible who will be dealing with your tax affairs in this country. Should you at present reside within the UK but subsequently move abroad, please let us know the name of your accounts or tax advisers at that time.

5.7 Courts and Tribunals

Applications for fair rent or appearances before the Rent Officer, Rent Assessment Committee or any other Court of Tribunal will be by special arrangement only and will form the subject of an additional charge to be agreed.

5.8 Purchasers by Party Introduced by us

In the event of a third party (being any person or body corporate associated with such party) purchases the property (either after entering into a Tenancy Agreement or otherwise) then commission shall be payable to us on completion of such sale, such commission to be based on the sale price and calculated in accordance with our standard commission rates for residential premises then in force.

5.9 Third Party Introductions

In the event of a third party (being any person or body corporate) associated with a Tenant or occupant entering into a subsequent Tenancy Agreement without there existing any intervening tenancy, commission shall be payable to us at the commencement of the tenancy.

5.10 Landlord and Tenant Act 1987

We are obliged to include your full name and address on all rent demands. If your address is outside England and Wales, then we must provide the Tenant with an address within England and Wales to which Notices (including Notices in proceedings) may be served to you. Unless otherwise instructed, if your address is outside England and Wales, we will use the address of our central Administration Office for this purpose. Although we will use our best endeavors to forward any

Notices to you promptly, we cannot accept liability for any loss or damage incurred either directly or indirectly from our actions in this respect.

5.11 Collection of Rent

If you instruct us to demand and collect rent from the Tenant on your behalf this will be done where possible by use of a Standing Order Mandate unless you instruct us to the contrary in writing. This ensures prompt collection of rent and cleared funds will be transmitted automatically into our account. However, you are advised that by accepting rental payment by Standing Order (which can only be terminated by the Tenant) should the Tenant breach any of the terms of the Tenancy agreement whereby you see forfeiture of the tenancy and repossession of the premises, the continued payment of rent by the Tenant under the Standing Order Mandate maybe deemed to be a waiver by you of the Tenant's breach. Immediately following breach the Tenant must be notified by you (in the event that we do not manage the property) that monies received by Standing Order are to be regarded as mesne profits.

I / We wish you to undertake Letting, Rent Collection and Management.

Signature.....

Print..... Date.....

CERTIFICATE OF OWNERSHIP/RESIDENCE

I / We hereby certify that I / We (jointly) own the property known as:

.....

Which I / We have instructed Mckinley Residential to Let (and Manage) (and that the property was my / our principal private residence at the time) and if there are joint owners that both / all are aware of and agree to the letting of the property.

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

Printed..... Date.....

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

Printed..... Date.....

Please sign both copies of the Terms & Conditions, returning one copy to our office, at your earliest convenience as receipt of this form will allow our office to commence actively offering your property.