

The logo for Villabela Properties is set against a dark blue background. At the top, there is a light blue chevron pointing downwards. Below it, the word "Villabela" is written in a white, sans-serif font. Underneath "Villabela", the word "Properties" is written in a larger, light blue, sans-serif font. Below "Properties", the text "Lettings and Management" is written in a white, sans-serif font. At the bottom, the phrase "a private landlord service" is written in a white, sans-serif font. The entire logo is contained within a dark blue shape that has a white chevron pointing upwards at its base.

Villabela Properties

Lettings and Management

a private landlord service

Your Basic Guide to Being a Landlord

Everybody is trying to jump onto the buy-to-let property wagon these days, and why not? It seems like an easy way to make some additional income whilst at the same time building up a nice property portfolio and future nest egg. But being a landlord is not as easy or as straightforward as it may seem.

There are all sorts of complications and legal requirements that you need to adhere to when buying to let or you could find yourself in deep water before you know it.

This guide will give you the lowdown on all the things you need to be aware of before getting your feet wet in the buy-to-let market.

Finding a Property

Obviously the first thing you need to do before you can start looking a potential tenant is to find a suitable property.

There are many things you need to look out for when buying a property to let. This check list should help you find the right property.

- Location, this is imperative. Buying in the wrong location could mean you never let your property. You should always investigate the neighbourhood and try to find out as much as you can about the neighbours, crime rates, council tax band etc.
- Do not see the property as a home, see it as a house to let
- Make sure you have a surveyor check the structure
- Check the electrics, gas and water supply
- Move furniture. Some sellers will try to cover up damage with furniture.
- View the property multiple times
- Take your time

Property Cost

There are many costs involved with buying a property to let, the most obvious being the cost of the property itself but be sure to factor in all the other costs to make sure you will not make a loss when renting out your property.

Costs to be aware of:

- Mortgage Fees and interest charges
- Insurance fees
- Solicitor fees
- Letting Agent Fees
- Property Improvements
- Advertising Fees
- Tax Liabilities

Buy-to-let Mortgages

Buy-to-let mortgages are similar in many ways to residential home mortgages but there are some very important differences that you need to be aware of.

Firstly, buy-to-let mortgages require a larger deposit than regular mortgages, this is typically 25%. You will also need to show your mortgage provider that the rent will cover your interest payments

on the mortgage by at least 125% in the event that your property stands empty for a while or needs maintenance.

You should also set money aside for arrangement fees, which can be as much as £2,000.

That said, it isn't all bad; with the right investment into the right property you can achieve a gross return each year of between 5 and 10% which is way more than any savings account will give you.

General Responsibilities

- Your rented properties need to be safe and free from health hazards
- You need to ensure all gas and electrical equipment you supply is safely installed and maintained
- You need to follow fire safety regulations
- You need to provide an Energy Performance Certificate for the property
- You need to protect your tenant's deposit in a government approved scheme

Financial Responsibilities

- You will be subject to Income Tax on your rental income.
- If renting out properties is your business then you must pay class 2 National Insurance
- You must get permission from your mortgage lender to rent out your property.

Finding a Tenant

If you are lucky then you may already have the perfect tenant in mind, perhaps a friend or family member or a friend of a friend or even just a recommendation. In most cases however, finding a good tenant isn't always that straightforward and you may need to advertise for tenants in the local paper or even shop window.

Advertising for tenants in this way can often be very cheap and sometimes free, but the downside is, you don't really know who you are dealing with. A much better option is to use a letting agent to do all the work for you. Of course using a letting agent will cost you money but in 99% of cases you will get a very good tenant who has been vetted and background checked.

Using a letting agent will usually cost you about 10% of the rent you receive from your tenant. A letting agent may also offer a full management service for between 10 -15% of your rent.

If you do decide to use a letting agent, make sure you include these charges when working out your overall letting costs.

Being a Good Landlord

In much the same way as you want to find a good tenant, your tenant also wants to rent a property from a good landlord. Being a good landlord should be about being fair to your tenant and providing the best service you possibly can.

You should always try to address your tenants concerns quickly and effectively and put right any complaints or property repairs immediately.

As a landlord it is useful if you can gain accreditation from the National Landlords Association (NLA). Accreditation from the NLA is becoming increasingly important and has been adopted by councils as a way of ensuring that goods and services are safe within the private rented sector.

A council will most likely base their accreditation scheme on property inspections and award the landlord with accreditation once a percentage of their properties have been inspected.

NLA Accreditation is based on landlord development and good management practice. For details on how to become accredited with the NLA you can visit their website at:

<http://www.landlords.org.uk/>

Tenant Disputes

From time to time you may have problems with your tenant; this can be something minor such as your tenant complaining about noise from adjacent neighbours or your tenant's neighbours complaining about noise from your tenant or it can be something much more serious such as your tenant selling drugs from the property or your tenant not paying the rent.

The steps to resolve any disputes should be:

- Speak to your tenants about your concerns.
- If this doesn't work, write a formal letter setting out the problem.
- Use a mediation service, which is usually cheaper and quicker than going to court.
- As a last resort, you can take your tenants to court.

If you do decide to take legal action then the case may go to a small claims court, these cases are typically worth less than £5,000 (or £1,000 if the case is about repairs to a property).

It is not always necessary to attend court as a free mediation service for small claims cases can often take place over the phone.

Please be aware that Landlords must operate within the law and comply with numerous Housing Acts as failure to comply with them can lead to jail, severe fines and prevent them from ever letting out properties again. This is a courtesy guideline only, of which must be read in conjunction to the relevant rapid and regular changes to Legislations and Housing ACTs of which the Landlord must comply with. It is vital the lettings status of a property is processed and assigned timely and in the correct manner.

For further information, advice or a chat please do not hesitate to contact us by completing the contact form - emailing us direct or by telephone.

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Villabela Properties Ltd

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