

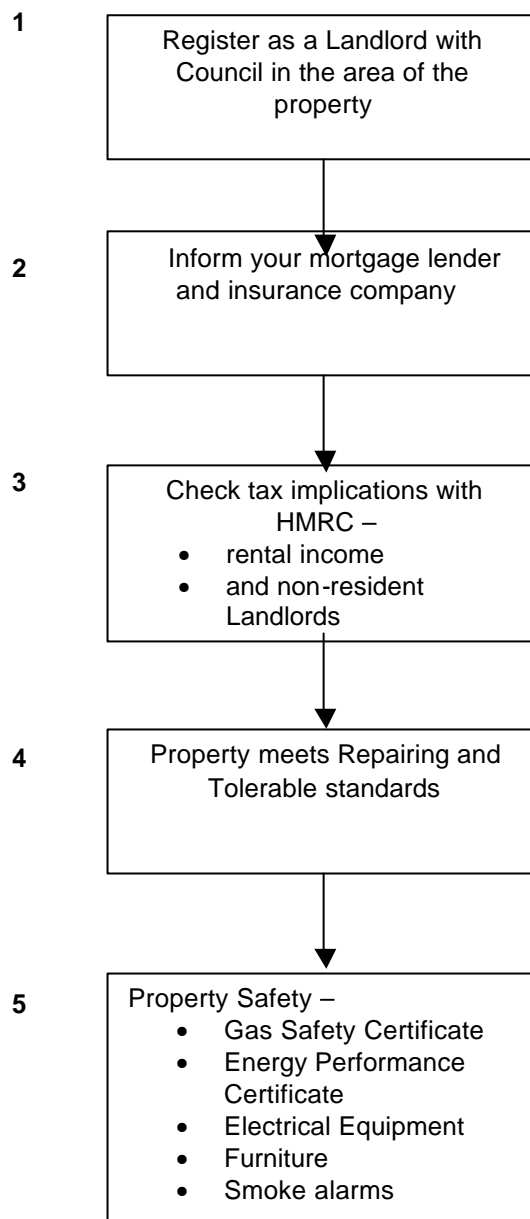
**Guidance notes on Leasing a Residential Property**

These notes are designed as guidance when considering letting out a residential property. They are not exhaustive but provide a list of the main points which require to be addressed before letting out a property. Further guidance can be sought from our property staff at any of our eleven outlets.

.....

**New Landlord Checklist**

What you need to consider when preparing to lease out your property



*For further details on these points refer to the following three pages*

## **1. Landlord Registration**

Since April 2006 all private landlords in Scotland must be registered. Each individual property to be leased must also be registered. If there are two owners of a property both have to be registered as landlords. Registration as a landlord and of a property are with the Council for the area in which the let property is located. A fee is payable for each landlord and for each individual property registered. On registration, you will be allocated a landlord reference number and you must give that to us as evidence that both you and your property are registered. Registration can be done on line at [www.landlordregistrationscotland.gov.uk](http://www.landlordregistrationscotland.gov.uk). If you do not have the facility to do this we can of course offer to do it for you at an agreed fee

When applying for registration you will need to enter our firm's agent registration number: 16692/100/31170 for Aberdeen City, 16692/110/31170 for Aberdeenshire and 16692/300/31170 for Moray. If you have properties in more than one Council area you will need to use one of our reference numbers only.

## **2. Permission from Lenders/Insurance Company**

If you have a mortgage over your property it is your responsibility to obtain written permission from your lender before you lease it out. An administration fee may be payable for obtaining this permission.

Responsibility for insuring both the building and contents will remain with you and you should contact your insurers to advise them that the property is to be leased out. This may result in a change in the terms of your policy, including an increase in the premium. The insurers may restrict who you have as tenants. Some insurers may decline to continue to provide insurance if the property is to be leased out.

You may wish to organise a specific landlord insurance policy which would provide for cover for loss of rent in the event that the property becomes uninhabitable for any reason and the tenant has to move out.

## **3. Tax Implications**

### **Income Tax**

You should bear in mind that any rent received is a taxable form of income which will need to be accounted for to the Inland Revenue on an annual basis in your tax return. There are taxable allowances which will reduce your total liability.

### **Going Abroad**

If you are going to be resident abroad while your property is let out you will need to obtain clearance from the Inland Revenue to receive your rent gross (ie without deduction of income tax at the basic rate). If you do not have this clearance either the tenant, or ourselves as letting agents will require to deduct tax from the rental income and pay it across to the Inland Revenue. If you require such clearance please ask us for the contact details of the appropriate department of the Inland Revenue

## **4. Repairing and Tolerable Standards**

### **Repairing Standard**

It is a Landlord's duty to make sure a property meets the Repairing Standard at the start of the lease and at all times during it. The Landlord must inspect the house before the tenancy starts, in order to identify the work necessary to meet the Standard and then notify the tenant of the work required.

Once the tenancy starts, the duty only applies where the Landlord is aware of work requiring to be done, for example, because the tenant has advised him. The Landlord must then carry out the work within a reasonable time.

This applies to almost all private sector tenancies and applies to existing tenancies as well as new ones. The Standard extends previous obligations on private Landlords to repair and maintain a property.

A property meets the Repairing Standard where the property -

- **Is Wind and water tight** - and reasonably fit for human habitation (taking account of the extent to which the property falls short of any building regulations, because of disrepair or sanitary defects)
- **Structure and exterior** - (including drains, gutters and external pipes) are in reasonable repair and property working order (having regard to the property's age, character and prospective life and locality. Where the property forms part of a premises – eg a flat – this criteria includes any part of the premises that the owner is responsible for maintaining, solely or communally but the Repairing Standard only applies if any part of, or anything in, the premises that the tenant is entitled to use is adversely affected.
- **Installations** - for the supply of water, gas and electricity and for sanitation, space heating and heating water are in reasonable repair and working order – including installations outside the property but serving it, which the Landlord is responsible for maintaining, solely or communally.
- **Fixtures, fittings and appliances** - provided under the tenancy are in reasonable repair and proper working order.
- **Furnishings** - provided under the tenancy are capable of being used safely for the purpose for which they are designed
- **Smoke alarms** - satisfactory provision of smoke alarms. As a basic guide to requirements, you will require at least one smoke alarm per floor. If you have more than one smoke alarm they require to be mains wired and interlinked. For properties on one floor and requiring only one alarm this must be mains wired if installed after September 2007 – battery operated smoke detectors only meet the requirements if they were installed pre September 2007.

### **Tolerable Standard**

The Tolerable Standard consists of a set of criteria covering the elements of a property which are fundamental to its functioning as a home. The criteria address issues of public health, comfort and safety. The Tolerable Standard focuses only on the building itself, and does not extend to internal decoration, heating systems or other utilities in the house. The Tolerable Standard applies to houses of all tenures.

A property meets the Tolerable Standard if it -

- Is structurally stable
- Is substantially free from rising or penetrating damp
- Has satisfactory provision for natural and artificial lighting, for ventilation and for heating
- Has satisfactory thermal insulation
- Has an adequate piped supply of wholesome water available within the house
- Has a sink provided with a satisfactory supply of both hot and cold water within the house
- Has a water closet or waterless closet available for the exclusive use of the occupants of the house and suitably located within the house
- Has a fixed bath or shower and a wash-hand basin, each provided with a satisfactory supply of both hot and cold water and suitably located within the house
- Has an effective system for the drainage and disposal of foul and surface water
- In the case of a house having a supply of electricity, complies with the relevant requirements in relation to the electrical installations for the purposes of that supply:-
  - “the electrical installation” is the electrical wiring and associated components and fittings, but excludes equipment and appliances
  - “the relevant requirements” are that the electrical installation is adequate and safe to use
- has satisfactory facilities for the cooking of food within the house; and
- has satisfactory access to all external doors and outbuildings

To meet the Tolerable Standard, a property must comply with **all** the criteria

## 5. Property Safety

To ensure the safety of your tenant, and to avoid any claims being made against you, you should ensure compliance with the following:

- Gas Safety: all gas appliances, including central heating, must be safe and serviced in accordance with "Landlords Gas Safety Regulations". A Landlord's Gas Safety Certificate must be obtained on an annual basis from a Corgi registered plumber or engineer. One copy should be kept in the property. We will require a copy for our own files before we are able to lease out the property for you.
- Energy Performance Certificates: From 4<sup>th</sup> January 2009 all properties being leased out on a new lease require to have an Energy Performance Certificate. The certificate requires to be updated every ten years. A copy of the certificate must be kept in the rented property. We can put you in touch with appropriate providers of these certificates.
- Electrical equipment: Electrical equipment in privately rented houses is now subject to the "Electrical Equipment (Safety) Regulations 1994 and all equipment should bear a British Safety Standard mark (CE mark) to show compliance with the regulations. You may wish to consider having all electrical appliances PAT tested for your own peace of mind.
- Furniture: all furniture and furnishings should comply with "The Furniture and Furnishings (Fire Safety) Regulations 1988 as amended. All settees, armchairs, mattresses and any other upholstered items should carry a label displaying a match and lighted cigarette symbol or reference to the regulations.
- Smoke alarms: these should be fitted and batteries installed with the date of purchase clearly marked on them. You may wish to consider having smoke alarms "hard wired" if they are currently battery operated. Reference is also made to the paragraph on smoke alarms at the end of the Repairing Standard section of paragraph 4 above.

### **Multiple Occupancy**

You will require a House In Multiple Occupancy Licence if you are to let your property to three or more unrelated persons. This may require you to carry out modifications to the property. A Scottish Executive booklet providing further details can be obtained from our offices. Alternatively you can contact your local Council direct to obtain further information and details of costs. In any event, you should note that it is an offence to allow your property to be occupied by three or more unrelated persons without having the appropriate HMO Licence – and committing this offence can result in a large fine.