

ESTATE AGENTS

www.richardgreener.co.uk



IMPORTANT NOTIFICATION TO ALL LANDLORDS

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Dear Landlord

As you are undoubtedly aware, Landlords and Managing Agents have been subject to numerous legislative changes in the past few years including the following

- New tax rules and reduced mortgage interest relief
- Rules on Smoke and CO alarms (we assessed which properties require CO detectors) and ask tenants to periodically check the alarms together with our Inspection clerks double checking they are in situ
- Regulation of Deposit Registration
- Compulsory Client Money Protection
- Compulsory Membership of the Property Ombudsman Scheme
- The Deregulation Bill 2015 to prevent retaliatory eviction
- Changes to HMO licensing regime
- Changes to Section 21 notice requiring possession rules (to safeguard you, we now compile a tenancy agreement to include an Energy Performance Certificate, current gas safety check, how to rent booklet, TDS guidelines, Prescribed Information for deposit legislation
- Minimum standard for Energy Performance (we have arranged for re-assessments where properties have fallen below the legal requirement of Rating E or above)
- New General Data Protection Regulations
- Additional 3% stamp duty levy on purchasing buy to let properties
- Introduction of Right to rent checks
- Introduction of Homes (Fitness for Human Habitation Act) 2018

.... And now, as you may be aware, **The Tenant Fees Act** is coming into force on 1 June 2019 which is banning the majority of fees currently charged to tenants on Assured Shorthold Tenancy Agreements and Licences. To outline the legislation, It will prevent us from charging tenants for referencing, preparing the tenancy agreement (which must include issuing a current gas safety check, How to Rent booklet, valid EPC, Prescribed Information and What is the Tenancy Deposit Scheme advisory leaflet), arranging the professional inventory clerk's check in and check out reports, arranging utility transfers and negotiating renewal/extension of the tenancy beyond the initial fixed term.

It is imperative that we adhere to this new legislation on your behalf as any **breach** of the Tenant Fees Act could result in a civil offence with a financial penalty of up to £5000. Each prohibited fee charged after 1 June 2019 is classed a separate breach so if there were two tenants, this would double the fine. If a further breach was committed within five years, it would be a criminal offence which would be a **banning order** under the Housing and Planning Act 2016 with an unlimited fine. Alternatively, the local housing authority may impose a financial penalty of up to £30,000 as an alternative to prosecution. Guidance on the Tenant Fees Act 2019 in the form of a 59 page document can be viewed on the gov.uk website.

This Act has been introduced as Tenants feedback in surveys said they were unhappy with paying up front fees and other fees during the tenancy. There is no doubt there were unscrupulous agents charging unrealistic fees for all manner of items who have now caused this latest change in legislation which affects all landlords and letting agents. As your Managing Agent we are unable to reduce the amount **of work** we have to protect your interests and, as a consequence, we are unable to absorb the costs incurred.

The re-let arrangement fee has remained unchanged at £200 + VAT since 1999 and we are sure you will appreciate that our workload and the legal minefields surrounding lettings which we have had to research and avoid, have resulted in all my staff having to be trained on various legal aspects and this has been ongoing for a number of years. We have absorbed the additional costs of this but now, **with** the Tenant Fees Act being passed, we have to address this and endeavour to make the amendments **to** our Terms of Business as straightforward as possible.

We therefore propose the following which will apply for any tenancy starting on or after 1 June 2019:-

1. When we receive notice from your current tenant, we will seek confirmation from you to re-market the property. Upon your instruction, there will be a **re-let fee charge of £300 + VAT (£360inc VAT)** which will be deducted from the rent passing.
2. When a prospective tenant wishes to apply to rent your property, we will obtain background information from them and will submit to you for approval if we consider they are viable based on the information provided.
3. The tenant has to provide a payment at this stage of one weeks rent to reserve the property for up to 15 days under the legislation passed. If the tenant fails referencing, they are entitled to their payment being refunded in full but, if they withdraw their application or have provided 'false or misleading information', they receive no refund. If they pass, their reservation money can be allocated towards their first months rental payment.
4. Once they have passed the referencing, we can now request a deposit of only five weeks rent equivalent. To register the deposit with The Dispute Service there **will** be a **charge of £30 inc VAT**. As an alternative to paying this five week deposit, we have an option to offer them 'Reposit' which is an insurance based scheme whereby the tenant pays one weeks non-refundable charge and this provides a landlord with up to eight weeks of end of tenancy **protection**, ie to cover dilapidations, rent owed, etc. The tenants are still liable for the dilapidations and rent arrears so we would still conduct the checkout and chase them for payment but in the **event** that they dispute it, the case would go to Reposit adjudication and, if it was found that the **charges** were fair and payable to the landlord, the tenants would incur a charge of £120. The decision on deposit or Reposit is made by the tenant, not the landlord or agent.
5. Prior to move in, the professional inventory clerk will compile a detailed report with photos, descriptions of interior and exterior and photos of meter readings and keys. **This will continue to be provided free of charge.**

6. Rent protection will **continue to be provided free of charge for the first 12 months**. After the first 12 months, this will then be continued at a charge to you of **£9.80 inc VAT per month**. This covers for rent arrears whilst the tenants remain in occupation, serving of legal notices, court attendance and eviction with bailiffs if required. There is no excess on the policy so dilapidations would potentially be covered by the deposit/Reposit.
7. Once your tenant moves in, there will be a further **charge of £250 + VAT (£300 inc VAT)** to cover the move in process.
8. With regard to extending beyond the fixed term, we will negotiate with tenants on your behalf with the option being either for the tenants to remain on a rolling statutory periodic tenancy (two months contractual notice required by tenants, two months statutory notice required from the landlord) or a further fixed term to give you security of income and the tenants security of tenure. Please be aware that if we renew any tenancy on a fixed term after 1 June 2019 we would be legally obliged to refund the deposit held in excess of the five weeks, de-register and re-register their new deposit amount. If the fixed term ends and the tenants continue on a statutory periodic, ie rolling contract, their deposit remains the same. **The charge for fixed term or statutory period renewal will be £175 + VAT (£210 inc VAT).**

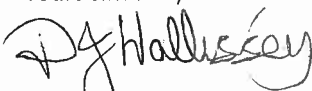
To counter-act these increases in charges to landlords, we propose levying a sensible rent increase after gaining your authority. This would either be incorporated within the offer of a new fixed term tenancy or, if the tenancy becomes periodic we would serve the required Section 13 notifying of a rent increase which has to be accompanied by the current gas safety check, Prescribed Information, Energy Performance Certificate and How to Rent Booklet at **no extra charge**.

9. During the tenancy, if a tenant asks to leave and/or be replaced, we will be permitted to **charge the tenant a maximum of £50 inc VAT**. This will not be sufficient to cover our administration time, referencing of new person, de-registering and re-registering the deposit, drawing up a new tenancy agreement, prescribed information, etc . We would therefore make a **charge to you of £250 + VAT (£300 inc VAT)**. If you did not agree to this charge when the time arose, we would have to inform the tenant that they remain on the tenancy until all occupants leave and the tenancy terminates.
10. If a tenant asks to break their fixed term tenancy early, the new legislation will permit costs not exceeding the loss by the landlord, ie rent up until the day a new tenant moves in, referencing and marketing costs, utilities including council tax. To terminate a tenancy early, we would clearly set out in writing what the costs to the tenant would be and gain their agreement in writing. **There would be no charge to you for early termination.**
11. We are in the process of arranging for all future tenancy documentation to be made available online for electronic signing which will simplify the process and avoid the need for initialling each page and having the document witnessed.

Attached are details of our current charges and new charges which are effective for any move in on or after 1 June 2019.

We would like to take this opportunity to thank you for your valued business in the past and we hope we can rely on your continued support throughout this transition period.

Yours sincerely



Dawn Hallissey

Director for and on behalf of Greener Rentals & Property Management

CURRENT CHARGES (plus VAT) – up to 31 May 2019**LANDLORD**

1st Arrangement Fee (when tenant moves in)	£295 min	Arrangement Fee incl re-let (when instructed)	£300
Re-let fee (when tenant moves in)	£200	Move in fee	£250
Referencing of tenant(s) and guarantor	Free	Referencing of tenant(s) and guarantor	Free
12 months rent protection	Free	12 months rent protection	Free
Rent Protection renewal per annum	£130	Rent protection after initial 12 months	£9.80/month
Professional inventory check in	Free	Professional inventory check in	Free
Tenancy Renewal Fee-fixed term	£83.33	Tenancy renewal fee-fixed term	£175
Tenancy continuation-periodic	Free	Tenancy continuation- periodic (one off fee)	£175
Tenancy Deposit Scheme Fee	£20	Tenancy Deposit Scheme Fee	£25
Professional inventory checkout	Free	Professional inventory check out	Free
Change of tenant	Free	Change of tenant incl new fixed term	£250

TENANT

Holding/Admin Fee for up to two adults	£250	Holding/admin fee * – 1st weeks rent	Free if referencing passed
Holding/admin fee third + adult	£125	Holding/admin fee third + adult *	Free
Company holding/admin fee	£333.33	Company	£333.33
Guarantor Referencing Fee	£125	Guarantor Referencing Fee *	Free
If referencing above fails	Non refundable	If referencing fails	Refundable unless false/misleading info given & proved
Tenancy Amendment Fee	£50	Tenancy Amendment Fee	£41.67
Change of tenant mid term	£250	Change of tenant mid term	£41.67
Inventory Re-check where tenant returns to rectify	£35	Inventory re-check where tenant returns to rectify	Not permitted
Tenancy renewal fee-fixed term	£83.33	Tenancy renewal fee-fixed term	Not permitted
Tenancy continuation-periodic	£83.33	Tenancy continuation-periodic	Not permitted
Termination during fixed term	One months rent	Termination during fixed term	Rent/utilities until new tenancy/marketing/referencing
Security deposit (no pets)	1.5 x monthly rent	Security deposit * – capped pets or not	5 weeks rent
Security deposit (pet/s)	2 x monthly rent	* Reposit – insurance alternative	One weeks rent
6 months rent in advance additional deposit	1 x monthly rent	6 months rent in advance additional deposit	Not permitted – Guarantor recommended
Lost rental property key	Locksmith charge	Lost rental property key	Tenant arranges lock change or locksmith appointed at tenants cost inc spare office key
Late Rental Payment	2% over base rate	Late Rental Payment	3% above Bank of England base rate after 14 days