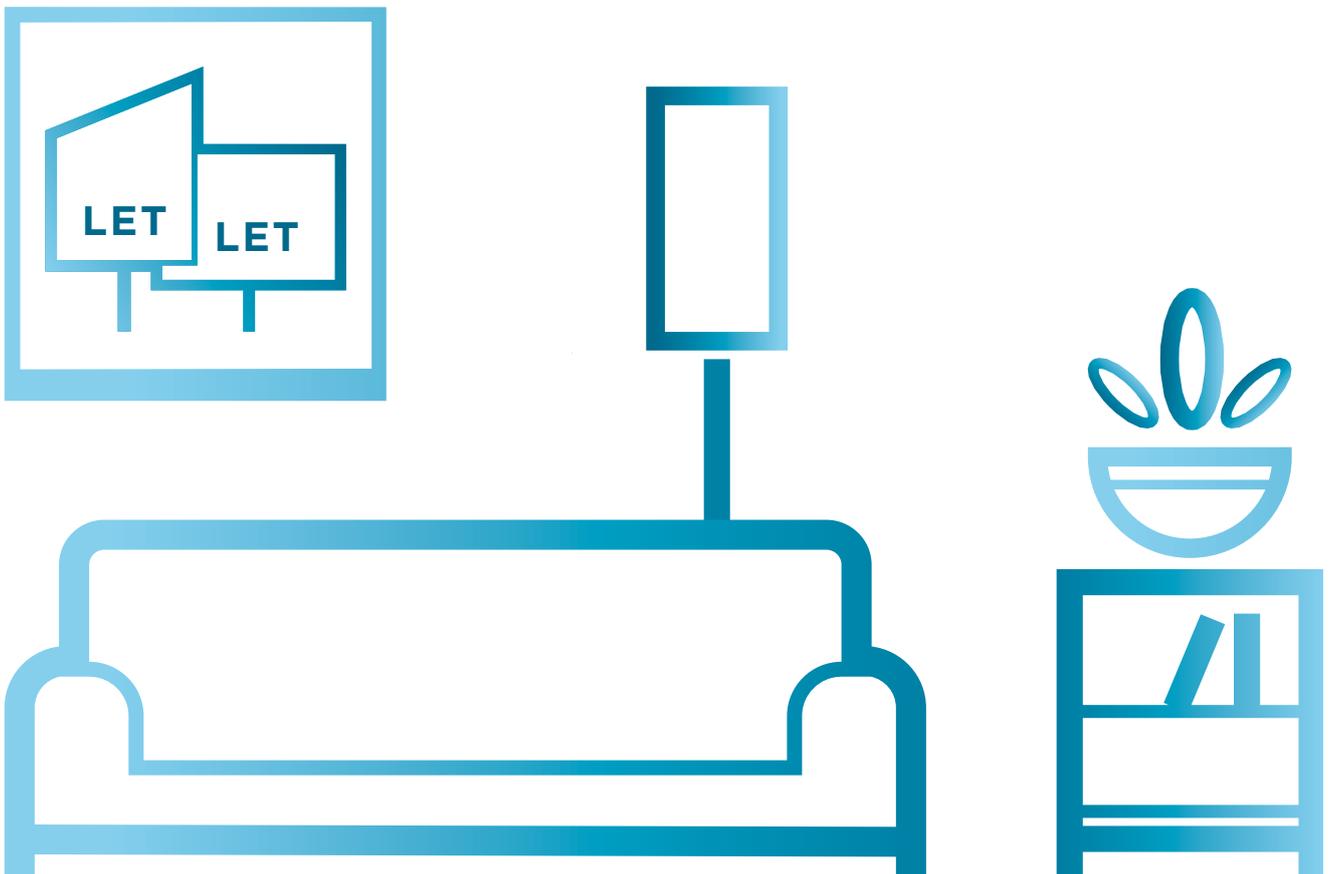


# Guide to Letting Your Property

in Scotland





## Welcome to Martin & Co

**We are the property professionals, a national network of independently owned property agents.** Each of these businesses has been built with pride, on personal service, local knowledge and investment expertise.

With 30 years of experience in residential lettings across the UK, we are the lettings experts. We manage more than 37,000 properties across our network\* and let 450 new properties every week. This is why we are best placed to advise you on the lettings market in general and in your local area, provide the management services best suited to your requirements, and make sure your investment is working for you.

We offer a wide range of services, so whether it's simply collecting rent each month, or providing a complete day-to-day management service for your property, we can help. We'll work with you every step of the way and navigate you through the complex journey of renting your property.

\*August 2018



# Why Choose Martin & Co?

We are all about real people with the integrity and commitment to do the right thing for you.

We have been building a lettings and property management pedigree since 1986. Our dedicated lettings experts are highly experienced and are often landlords themselves.

We listen and understand what's important to you, and we always keep you informed.

We'll give you professional guidance regarding legal and safety requirements. With our robust approach to compliance and lettings legislation, we ensure that your largest investment is in a safe pair of hands.

Many of our branches offer a complete landlord service, providing state-of-the-art tenant background checks, guaranteed rental income, and no legal bills.

Our agents are skilled not only at finding trustworthy and agreeable tenants for your property, but also in advising the best way to present your property to attract those tenants.

We offer access to government approved tenancy deposit schemes to keep deposit money safe, and client money protection insurance to safeguard tenants' rental money.

We make utility switching hassle-free, using trusted organisations to help find the right deals for your tenants.

We'll promote your property online and offline, using latest technology and marketing techniques, and work with popular property search websites to ensure that we let your property quickly and minimise void periods.

With straightforward and transparent fees, you have the clarity to make informed decisions. Whatever the situation, we are here and happy to help.

# Take the first step

The first step is to meet with a representative from our lettings department. We'll be able to make recommendations to maximise the letting potential of your property and advise on a realistic rental value.

We can help you decide whether letting is for you, and advise on the kind of tenants that will suit your property. This service is provided free of charge and without obligation.

## Things to consider



### Financial considerations

Phased changes from April 2017 until April 2020 mean residential landlords can no longer fully claim tax relief on their mortgage interest payments.

Under the new legislation, rather than fully deducting their mortgage interest on top of allowable expenses in order to calculate their taxable rental income, landlords will only be able to claim tax relief at the basic 20% rate on whichever is the lowest figure from finance costs (including mortgage interest), rental income profit (less allowable expenses) or total income.



### Pets or no pets?

Many pet owners experience difficulty in finding accommodation that accepts pets. Some properties will simply not be suitable for pets, and sometimes landlords may feel that the potential problems that pets can cause are not worth the risk.

However, landlords who do allow pets will typically find that it's considerably easier to fill their properties. They also find that once in, tenants tend to stay for longer periods of time.

If you decide to allow pets, make sure there are no restrictions, especially if it's a leasehold property, and consider what type of pets you will allow. Your local Martin & Co team will be able to provide further advice, based on your individual circumstances, and ensure adequate provisions are in place.



### Furnished or unfurnished

If you choose to let your property furnished, it will need to be fully equipped, so that tenants can move in with only personal belongings. Unfurnished accommodation should include the basics - carpets, curtains, basic kitchen appliances. Generally, furnished properties tend to attract shorter term tenancies.

In our experience, the preference is towards unfurnished accommodation, and we particularly recommend this option for first-time landlords. Good quality, well equipped, furnished properties appeal to certain types of tenants, particularly corporate tenants. Anything included by you will be your responsibility to repair or replace. A full inventory is vital for all properties, particularly when furnished.

Tax changes applicable from April 2016 may affect your decision to furnish or unfurnish your property, as landlords only get tax relief for the cost of directly replacing furniture, furnishings and appliances. This tax relief replaces the traditional "wear and tear" allowance which gave you tax relief proportionate to your rental income. When it comes to deciding whether to furnish your rental property or leave it unfurnished, contact your local Martin & Co branch for more advice.

# First impressions count

Tenants today are sophisticated, and look for a rental property that reflects their lifestyle. To achieve a competitive rent and ensure your property is let quickly to a preferred tenant, remember that first impressions count.

## Tips to consider when preparing your property for viewings:

- ✓ Keep colours neutral
- ✓ Kitchens and bathrooms should be well equipped
- ✓ Less is more in terms of decoration
- ✓ Rooms should be light and bright
- ✓ Where possible, use earth tones on floors
- ✓ Gardens should be neat and tidy
- ✓ Contemporary lighting is particularly important in modern apartments
- ✓ Everything should be sparkling clean, including the windows

## There are also practical considerations, including:

- ✓ Windows and doors need to be secure and in good working order
- ✓ Roofs should have no broken tiles
- ✓ Outside patios, walls, fences and paved areas should be well maintained
- ✓ The heating system needs to be functioning properly
- ✓ Stairs and rails should be secure and safe
- ✓ Seals around showers, sinks and baths should be in good repair and drainage fully functioning
- ✓ Electrical appliances should be PAT tested
- ✓ Gas appliances, fittings and flues need to have a yearly Gas Safety Check
- ✓ Smoke alarms must be fitted on each floor of the property
- ✓ Carbon Monoxide alarms must be fitted in rooms where there is a solid fuel burning appliance

# Moving forward

When we receive your instructions and signed terms of business, we'll visit the property to take internal and external photographs.

We'll finalise your tenant requirements with you, so that we can match your property to the potential tenants we have on our database. Our multiple office network gives us a real advantage, as we have access to a large number of potential tenants.

Whether it's through existing contacts or from advertising enquiries, we aim to find the right tenant to suit both you and your property.

To protect your investment and show the property to its best advantage, all potential tenants are accompanied during viewings by a Martin & Co member of staff, who will be familiar with the property and able to deal with questions.

## Getting Checked

Once a tenant has been found, references are taken up by an independent referencing agency. On our Manage & Protect\* service we'll obtain an Elite reference, which (subject to an Accept result) will qualify the landlord for substantial legal and rental cover.

## The Elite reference includes:

- Tenant Risk Score, which measures the likelihood of the tenant defaulting on rent
- Affordability Check, to check if the tenant can afford to pay their rent
- Previous Landlord Reference, to check if the applicant paid their rent in former tenancies
- Eviction Service, if your tenant doesn't pay their rent
- Tenant Credit Monitoring, so we can take regular snapshots of a tenant's financial situation

References are used to provide verification of the information supplied by the tenants. The agency will verify that each tenant is credit worthy by checking for CCJs and arrears, as well as obtaining employer and landlord references. Once references have been received, we'll contact you to confirm the result and a moving-in date.

\*At participating branches.



# Getting agreement

## Tenancy Agreements

Martin & Co use an approved tenancy agreement which has been carefully designed to protect the landlord's rights to possession, help control the tenant's activities and comply with standard mortgage lender requirements.

The Private Housing (Tenancies) (Scotland) Act 2016 commenced on 1 December 2017 and introduced the new 'Private Residential Tenancy'. New tenancy agreements starting on or after 1st December 2017 will now usually be in the form of a Private Residential Tenancy (PRT), without a fixed end date. There are some very limited exceptions to this, so please ask us for specific advice.

The Scottish Government say the purpose of the PRT regime is to improve security, stability and predictability for tenants and provide safeguards for landlords, lenders and investors.

These new tenancies will last until a tenant wishes to leave the let property or a landlord uses one (or more) of 18 grounds for recovery of possession.

Tenancies existing before the advent of the PRT can remain a Short Assured Tenancy or Assured Tenancy, subject to the appropriate renewal process.

The law is complicated and the correct advice is vital, so please contact us for advice specific to your individual needs and circumstances.

## Taking Note

Whether you are letting furnished or unfurnished, an inventory/schedule of condition is essential. We arrange this using local independent inventory companies. At the end of a tenancy the property is checked against the inventory and any damage or deterioration is noted. The tenant is responsible for the cost of rectifying any damage, over and above what is considered to be fair wear and tear. It is necessary to provide a properly prepared and accurate inventory/schedule of condition to protect the landlord's interests.

# Tenancy Deposit Scheme in Scotland

## Deposit Protection

All deposits must be registered with a Scheme approved by the Scottish Government, of which there are currently three: **MyDeposits Scotland**, **Safe Deposits Scotland** and the **Letting Protection Service Scotland**.

At the end of a tenancy the landlord and tenant attempt to agree the basis for repayment of the deposit. In the case of a dispute the case is sent to the respective scheme for their adjudication. We can assist clients with this process where necessary, in accordance with the terms of our appointment.

## Cashing In

When the tenant signs the tenancy agreement we take the initial rental payment and the security deposit. The level of deposit is generally the equivalent of 4 to 6 weeks' rent.

We ensure funds are cleared before the tenant is allowed to move in and a payment method is agreed for on-going rent.



## A fully managed service

If you choose to have your property fully managed, we'll ensure your property is cared for. We'll deal with maintenance issues and arrange essential repairs and payments to contractors if required.

Our prime concern is to ensure the property is maintained in good condition. We'll advise you of any improvements that may be required and work with proven contractors, of your choosing if you wish, ensuring prompt service at a reasonable cost.

The accounts team will ensure that your tenants' rental payments are passed on to you quickly. Statements of rental income and expenditure are provided every month to ensure you have full information for tax purposes. The tenant pays rent directly to us, and commission is collected on the basis agreed in our Terms of Business.

If you have a full management service, we'll commit to regular visits during the tenancy. We'll also assist with extending the tenancy (Not needed on a PRT) or in completing the tenancy. We will review your rent annually and seek to negotiate rent increases and will draw up an Addendum for the new term (Not needed on a PRT).

In cases where you seek to end a tenancy, we can advise and / or prepare and serve the appropriate notice, or can instruct a solicitor on your behalf to do this work. On Short Assured Tenancies and Assured Tenancies, if notice is not served on the tenant, the tenancy agreement can automatically continue on a statutory periodic basis though we normally advise you to renew the tenancy for a further fixed term, keeping you within your current tenancy basis.

## We are here to help

The new tenancy rules for Scotland are complicated. An increasing legislative and compliance burden on landlords means more and more clients, who were managing their own portfolio, seek our help.

New clients often find that our management service not only lifts their burden, but also adds value to the point at which our involvement is self-financing or profitable for them in the initial period and/or going forward.

Martin & Co are here to help. Please contact us to find out how we could assist and add value for you in your specific circumstances.

## Responsibilities

### Being a Landlord

The landlord is responsible for keeping the property in good repair as defined by the Housing (Scotland) Act 2006. This includes ensuring the property is wind and watertight and in all other respects fit for human habitation and that the structure and exterior of the property, as well as the installation for the supply of water, gas, electricity, sanitation, heating and water heating, are in good repair. The landlord is also responsible to ensure that the risk of exposure to Legionnaires' Disease in the premises is properly controlled.

### Energy Performance Certificate (EPC)

An EPC is required by law when a property is offered for sale or rent. It gives homeowners and tenants information on the energy efficiency of a property. An EPC is valid for 10 years. If tenants would like to carry out energy efficiency improvements in the property, they should request consent from their landlords. Tenants are responsible for securing funds for any improvements. From 1st April 2018, rented properties need to be brought up to a minimum EPC E rating.

### Being Insured

Landlords should ensure they have adequate building and contents insurance cover in place for all fixtures, fittings and white goods (or plumbing and heating installations). Consider including public liability in your insurance, to ensure you are protected in the event of an accident in the property. Tenants are responsible for insuring their own personal belongings.

### Being a Tenant

The tenant has the responsibility of taking care of the rented property and using it in a responsible way, paying the rent and keeping to the terms of the tenancy agreement. If tenants cause damage to the property, they are responsible for a contribution towards the cost of repair beyond fair wear and tear.



# We know about safety

Safety regulations are extensive, and there are heavy penalties for non-compliance. Some things to consider include:

## Gas Safety (Installation And Use) Regulations 1998

These require landlords to arrange an inspection, carried out by a 'Gas Safe' registered engineer. A Landlords' Gas Safety Certificate must be issued, a copy of which must be held by us and given to the tenant before they move in. This certificate must be renewed annually. It is advisable to arrange the inspection before a tenant is found. We can make these arrangements on your behalf. Landlords are also responsible for ensuring that either the operating instructions are shown on the appliance, or an instruction booklet is supplied.

## Furniture And Furnishings (Fire) (Safety) Regulations 1988 (Amended 1989 And 1993)

This Act covers all upholstery and upholstered furniture supplied by the landlord, including beds, pillows, headboards, mattresses, cushions, sofa beds, futons and so on. New compliant furniture will always carry the correct safety label. Any non-compliant furniture items must be removed.

## Electrical Safety

In Scotland there is also a requirement to have an Electrical Installation Condition Report (EICR) prepared for the property at intervals of not less than five years and records kept for not less than six years. An EICR must also include a portable appliance test (PAT).



## Smoke Alarms

In accordance with the Repairing Standard set out in the Housing (Scotland) Act 2006, there must be functioning interlinked smoke alarms in the rooms frequently used for general daytime living purposes, in every circulation space (e.g. halls and landings) as well as a heat alarm in every kitchen. Any existing battery operated systems must be replaced with a hard-wired interlinked system.

## Legionnaires' Disease

Landlords are responsible for ensuring that the risk of exposure to Legionnaires' disease is properly controlled. A risk assessment must be carried out by the Landlord or a competent third party. If a risk is identified, appropriate steps must be taken to remove or minimise the risk. We can arrange the Risk Assessment on your behalf.

## Energy Performance Certificates (EPC)

EPCs have been introduced to improve the energy efficiency of buildings. The EPC is required by law when a property is offered for sale or rent. It gives home-owners and tenants information on the energy efficiency of the property. The report lists possible improvements and how this would affect the energy and carbon emission rating of the property. You do not have to act on the recommendations contained in the report. Landlords need to provide an EPC to prospective tenants the first time the property is let or when re-let. The EPC is valid for 10 years.

## Carbon Monoxide Detectors

Where there is a fixed combustion appliance (e.g. boiler, stove, heater, etc) fuelled by solid fuels, oil or gas the property must have a working carbon monoxide detection system which complies with current building standards.

# The Letting Agent Code of Practice

The Scottish Government has introduced a Letting Agent Code of Practice with effect from 31st January 2018.

The Code requires that any Agents who undertake letting agency work in Scotland must deliver their services in a way that complies with the Letting Agent Code of Practice. The Code sets out the standards of practice that must be met, including provisions for training and professional

qualifications being required of letting agents, along with specific requirements around how clients' money should be handled. It also makes it compulsory for businesses to have Client Money Protection and Professional Indemnity Insurance, both long a part of our brand requirements.

## Compulsory Registration

Alongside the Code, letting agents are required to join a mandatory register of letting agents.

# We set high standards

Martin & Co has an established reputation to protect. We ensure our branches meet and exceed the highest professional standards.

All Martin & Co franchised offices are members of The Property Ombudsman (TPO) and many offices and staff are members of the Association of Residential Letting Agents (ARLA) or the UK Association of Letting Agents (UKALA). In addition, all our Scottish offices belong to the Council of Letting Agents (CLA) which sits alongside The Scottish Association of Landlords (SAL). This means you can be rest assured that you'll receive professional, unbiased advice at all times.

Commitment to the highest standards is developed within our team through the Martin & Co training academy's unique mix of on-the-job training and external professional development courses.



# Promoting your property

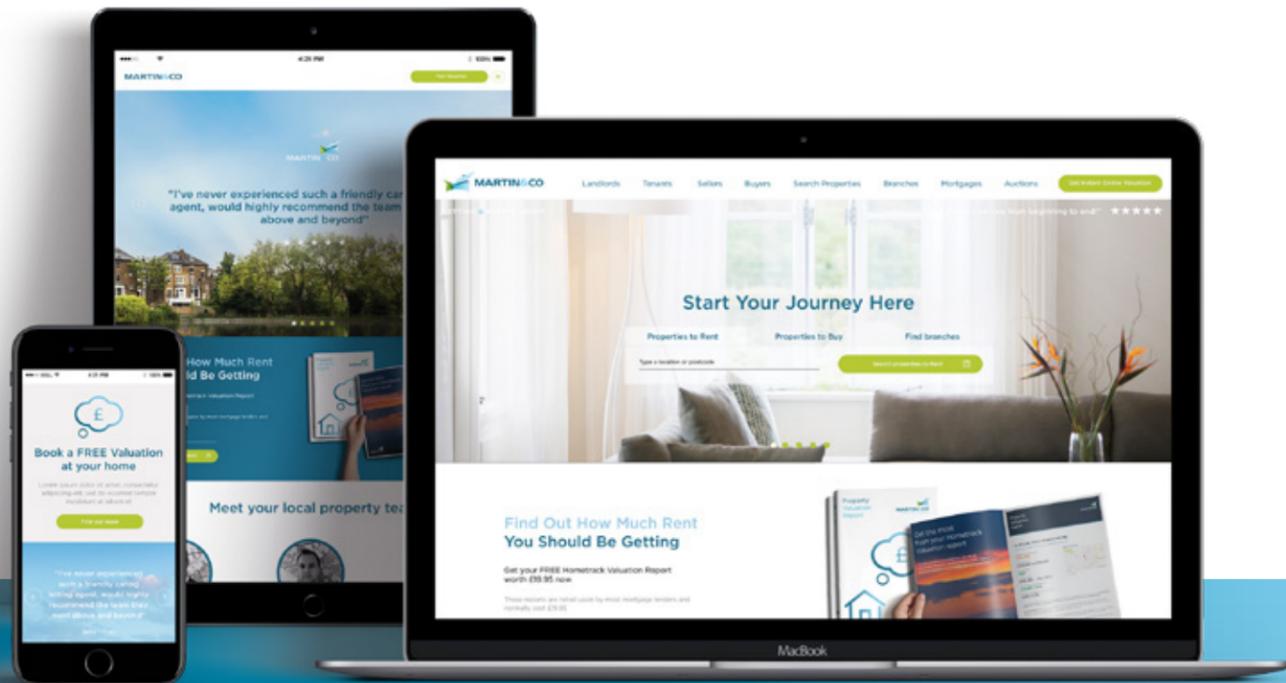
We recognise that the majority of tenants start their search for a property online, and that is why we made a serious investment in online technology for promoting, letting and selling property.

Martin & Co's website uses cutting edge technology and is updated the instant a property's status changes. With links to popular property search websites, it offers a sophisticated but simple-to-use method of accessing property details and ensuring these details are available to a broad audience of potential tenants.

Landlords and tenants are both served by our online systems. We will make sure your property is immediately visible, and with a single entry the details are instantly distributed throughout the network.

Our website achieves around 250,000 views per month, the majority of which come from new visitors – another great way of demonstrating how our brand power attracts new people to search out our rental properties every day.

Martin & Co also communicates with tenant applicants across social media platforms, such as Twitter, Facebook and Instagram, to ensure your property gets the maximum exposure. We also keep property investors immediately informed of new properties, as well as provide local and national market updates.



# Providing answers

We recognise that landlords have questions. Here are the answers to some of the most common ones.

## What should I do if my tenant doesn't pay the rent?

If you have a rental protection product in place with us, it will be invoked as specified. Martin & Co will demand the rent from the tenant, if a rent collection service is in place. There are set procedures for dealing with rent arrears, and we can give guidance on the process for gaining possession of the property if needed.

## Who will oversee any repairs?

Depending on the service, our staff will determine who is liable and arrange for the work to be carried out by a qualified contractor, usually one who does regular work for Martin & Co.

## What is management?

Martin & Co provide a management service to maintain a property to the standard it was at the beginning of the tenancy, excluding fair wear and tear. This includes arranging all maintenance and running repairs, except for items that are clearly the tenant's responsibility.

## What is an inventory?

An Inventory and Schedule of Condition is a list detailing every item contained within a rental property, including its condition. An inventory check-in and check-out will be signed by the tenant(s) when moving in and moving out respectively. This goes a long way in resolving issues relating to property damage throughout the tenancy.

## How should I arrange insurance when I let out a property?

It is a good idea for landlords to insure the property and its contents, including furniture and white goods. Tenants will insure their own possessions (but you can avoid complications by putting this in the tenancy agreement).

## How will you find me a tenant?

Once we have established your requirements, these will be carefully matched against our database of potential tenants. We will advertise properties using traditional media, as well as our website and popular property search websites. We also display 'To Let' boards next to your property to attract maximum attention. Once a suitable tenant has been found, we carry out stringent checks to ensure nothing is left to chance.

## How do I know I'm getting a good tenant?

We conduct identity and residency checks on all applicants. Depending on your level of service, we will provide regular tenant credit checks to ensure they will be able to meet their rent obligations during their tenancy.

## Should I inform anyone that I intend to let my property?

Yes, you will need consent from your mortgage lender if you have a mortgage and, if applicable, consent will need to be obtained from your Freeholder/Head Leaseholder.

## When and how will I receive my rent?

With our Full Management and Rental Receipt Service, we will arrange for payments to be made directly into your account within approximately five to seven days of the rent clearing into our account. If you are on our Tenant Find Service, you will receive rent from the tenant directly by standing order.

## Who pays the bills?

In addition to the rent, tenants are responsible for paying water charges, council tax, gas, electricity and telephone bills.

Visit us at [martinco.com](https://martinco.com)  
to find your nearest branch



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**13 offices**  
across Scotland

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More than  
**170 offices**  
across the UK

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We let a property every  
**6.5 minutes**

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In the last year we let over  
**23,000 properties**

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