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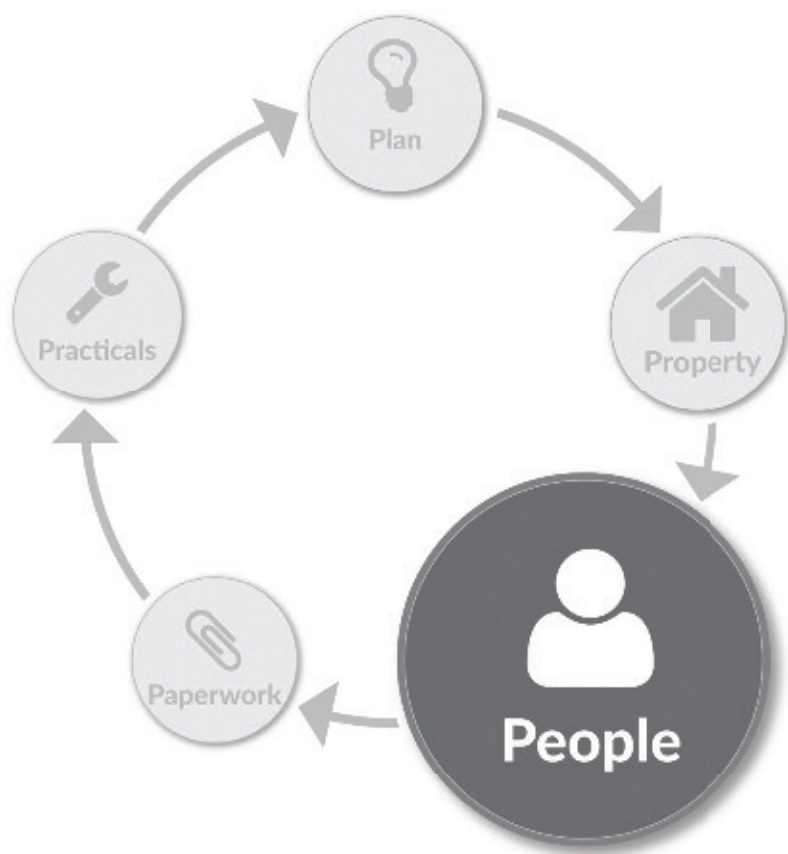
the
accidental
landlord

the keys to letting out your own property
with complete peace of mind

DANIEL LEES & MARTINA LEES

Part 3

People



How to find a good tenant



In this chapter:

- ▶ **Pointers to help you prepare for viewings like a pro**
- ▶ **Questions to screen time wasters and tips on negotiating the best deal**
- ▶ **The art and science of choosing trustworthy tenants through gut feeling and thorough checks.**



As the ruler of your new rental empire, you have two enemies of the (e)state: voids and bad tenants. Voids – when your place sits empty while you still have to pay the mortgage month after month – are, well, best avoided. Bad tenants, however, are much worse: getting rid of them can take eight months or more, some £300 in court costs – plus thousands more if the tenant fights the eviction – and many a sleepless night. And that's not counting the property damage, fallout with angry neighbours and mountain of unpaid utility bills you may have to deal with. Bad tenants are very bad indeed.

The strange case of the humps in the night

In a respectable part of central London a clean-cut young man rented a flat from a well-known high street agent. He agreed to pay a premium rent and signed the year-long contract, to the owners' delight. All went well for a month or two, until the

downstairs neighbours – and their young children – started being woken up by humps in the night. Then strange men, including a rabbi in full regalia, started ringing the buzzer at all hours asking for a massage. The upstairs flat, it was clear, had been turned into a brothel.

Legal threats and a police raid had no effect. Eleven months and £3,500 in costs later, it finally stopped after the building's freeholder, managed by Daniel, hired a security guard to keep out punters. (Warning: do not try this at home. It's illegal for you to harass your tenants, but in this case the muscle was brought in by the freeholder – not the landlord – upon legal advice. The women working in the flat were not the signed tenants, plus the building's lease banned running a business and 'illegal or immoral activity'.)

Police investigation revealed that the original tenant had a criminal record. Tenants are not always what they seem, and although not fool proof, thorough reference checks are highly advised. And that's putting it politely.

The good news for your defence strategy is that the same tactics take out both voids and bad tenants:

- ▶ **Presentation.** The quality of your property is the most important factor. As we've seen earlier, properties attract the tenants they deserve. Preparing your property with needed repairs, the right furnishings and some homely touches (see Chapter 6: 'Prep and promote your property') will make the world of difference.
- ▶ **Flexibility.** The more open you are on things such as start dates, tenancy length, pets, furnishing and pre-tenancy works, the greater your chance of finding a good tenant.

Once you get these two points right, you're ready to start booking appointments. In the rest of this section we'll talk you through the finer points of viewings, negotiation and vetting tenants.

Why not to let to friends

Some 'friends of friends' turn out to be your worst enemy. Kevin and Nadia – a colleague of Martina's – had bought and done up a three-bedroom house in Leytonstone, east London, but weren't quite ready to move in themselves. So when a friend of a friend said she'd like to rent it, it seemed like a no-brainer. She was a single mother with twin teenage daughters moving from Germany, claimed to have a job offer and promised a month's deposit and three months' rent upfront – meaning Kevin and Nadia could pay off their builders.

She seemed like someone who would look after the place they'd just done up, but looking back, Nadia can't believe they took her on. 'Neither of us had a good feeling about her and she didn't actually have a job. But for some reason, possibly laziness after several months of renovations, and the thought of not having to advertise the place and show people round, we did.'

Once they had signed the six-month contract, the tenant never paid rent again. Because Kevin and Nadia had forgotten to protect the deposit in time, they lost their automatic right to take their property back at the end of the six-month term. Sixteen months, £25,000 in rent arrears and £4,000 in legal costs later, she was still there and it looked like it would take another eight months before they'd get her out.

'Obviously, the whole thing has been enormously stressful and upsetting,' Nadia says. 'We have both taken on extra work to pay our own rent as well as the mortgage, but have to borrow to pay for legal fees. (Unlike her, we don't get legal aid!) We feel as though we are in limbo. We don't know when we will be able to move in or whether we'll have enough money for holidays.'

Her advice? 'Trust your instincts and never take on a friend, or friend of a friend. But if you do, treat it as seriously as if it were a stranger.'



What about letting to people you know well? That old adage about not mixing business and pleasure is never truer than in lettings: your friends will probably not see the relationship as business. You'll feel bad for charging a deposit or raising the rent, and they won't like you for it either. If you want to stay friends, stay just that. Don't let to them in the first place.

How to screen tenants before viewings

If you plan to do your own viewings, it helps to ask the prospective tenant a few screening questions over the phone before they view. This will not only give you a better feel for the tenant, but it will also save your time and theirs: you can avoid wasted viewings by highlighting any deal breakers early on.

Some good screening questions to ask your prospective tenants are:

- ▶ Why are they moving, and why are they interested in viewing your property in particular?
- ▶ Are they already familiar with the area or is it completely new to them?
- ▶ How long a rental contract are they looking for, and what sort of break clause would they be comfortable with?
- ▶ Are they sharers, a couple or a family unit? Will there be children living at the property?
- ▶ What kind of job stability do they have?
- ▶ Do they earn sufficiently to cover the rent themselves? Do they receive benefits, or help from a guarantor?
- ▶ Do they have pets? If so, what type of pet? (A goldfish might cause ever so slightly less damage than a pit-bull terrier.)
- ▶ Do they smoke?

It's unlikely that you will be able to cover all these points in your initial conversation, but you can at least ask the ones that are most important to you and then leave any remaining questions for



the viewing. Even this initial conversation can give you a good gut feeling for the type of tenant they might be.

If there is something obvious about the location that could put tenants off, for example, if it's far from public transport, it sometimes helps to set their expectations with a light remark. However, if the flat is lovely inside yet there's a power station next door, you're better off saying nothing and leaving them to weigh up the pros and cons for themselves.

How to do viewings like a pro

Now that you have those professional couples and sharers lining up for your penthouse, bunch viewings together to create a buzz. If one set of applicants brushes past another on their way in or out, they'll know a cheeky offer won't cut it.

Scheduling viewings in clusters will also save you time. In Daniel's experience, one in ten people won't turn up and won't bother letting you know – even after you've confirmed the appointment by text on the day (which is advisable to do to avoid even more no-shows).

The woman in the wardrobe

You never quite know what you'll find on a viewing. When Daniel first arrived in London more than 20 years ago, he went to see a four-bedroom split-level flat he intended to share with friends. The agent led them inside and showed them the downstairs living areas and kitchen. About five minutes into the viewing, a handyman came downstairs – much to the surprise of the agent, who was unaware of his presence in the property. A few minutes later, while viewing one of the bedrooms upstairs, Daniel opened a built-in wardrobe to find a (fully-clothed) woman hiding inside.

'Shhhh,' she whispered, putting her finger to her pursed lips. One can only wonder what the two of them were up to.

Even if you are quite sure tenants are out during a viewing, do knock and wait a good minute or two before entering.



Small things make a big difference to showing your property in the best light. Try the following directly before a viewing:

- ▶ Open all curtains and blinds fully to maximise natural light
- ▶ Switch on all lights at night; ditto on a dull day or in rooms with little sunlight
- ▶ Open the windows to air the property well
- ▶ Switch on the heating if it's cold. You don't want your visitors to shiver through the viewing
- ▶ Make the beds – an unmade bed really makes a room look untidy
- ▶ Discreetly hide drying laundry or clothes lying on the floor. (Under the duvet makes a great emergency hideout)
- ▶ Hang towels tidily in the bathrooms
- ▶ If it's your own home and you are still living there, an open fire and soft music won't seem like overkill. You're just relaxing after a long day, right?



How to do viewings with tenants in situ

Include a clause in your contract to allow viewings in the final two months. Try to schedule them for when the tenants are out, always give tenants at least 24 hours' notice, and take the correct key (unlike one agent from a certain chain who broke in to do a viewing, changed the locks and failed to give the tenants a new key).

If the tenants are very messy, arrive early to tidy up without being too intrusive. Just remember to mess everything up again before you leave – taking a photo beforehand helps. You could offer the tenants a cash bonus if they keep things spick and span and the flat is let with less than a week's void. For a real pigsty, though, you might have to wait until they've left.



Besides taking the right key, it's also helpful to have the key facts to hand. This may sound obvious but you'd be surprised at how often agents come up blank. Better still, hand a printout to prospective tenants to mull over. This will also avoid misunderstandings. Key facts include:

- ▶ The rent expressed both per week and per month (that's 4.33 times the weekly rate)
- ▶ The exact date when the property becomes available
- ▶ Tenancy length and whether there's a break clause
- ▶ Very importantly, exactly what furniture will be provided. This can cause whole deals to fall through
- ▶ The annual council tax; water bill and whether this is metered; the average monthly gas and electricity bills
- ▶ A copy of the energy performance certificate. (By law you have to give this to prospective tenants, as explained in the previous chapter)
- ▶ What deposit and fees are payable to the agent and inventory clerk. All costs should be clear
- ▶ Which way the property faces and how much direct sunlight it gets as a result
- ▶ Where the nearest shops, pubs and restaurants are
- ▶ Whether the nearby schools are good and what age ranges they cater for
- ▶ The nearest transport links, including the distance there, the frequency and journey times
- ▶ Whether parking is available and if there are any restrictions
- ▶ Any other restrictions, for example on pets, or tenant obligations, such as maintaining the garden.

Let the tenants enter rooms first so you don't take up space and make it feel cramped. If you're a woman doing a viewing alone, it's safer to be the person closest to the exit. Prop the front door open just to be sure.

The art of negotiation in lettings

To achieve the highest possible rent, good negotiation is key. Here knowledge truly is power: the best lettings negotiators give nothing away while trying to establish as many key facts from the tenant as possible.

Don't reveal any of your main drivers. Where an agent is letting your property, don't disclose any personal facts to them – they may not be able to resist whispering them to the tenant. If you conduct your own viewings, don't volunteer any information on yourself. Letting it slip that you are moving countries in a month (and are desperate to find a tenant who will move in straight away to help cover your many costs) will not help your cause.

Some of the facts to glean from prospective tenants are:

- ▶ How sold they are on your particular property judging by their body language and conversation: talking about where their furniture would fit indicates a strong like, while asking if you have any other similar properties for rent reveals ambivalence or dislike
- ▶ What time pressure they are under and how long it is before they have to move
- ▶ How many similar properties they've seen, to gauge your competition. A disarming question helps, such as: 'You are the experts on two-bedroom flats in this area right now. How does this one compare?'
- ▶ If they seem quite price sensitive or if it's more about finding the right property
- ▶ Whether they are clear on the location they want. If not, they are time wasters
- ▶ If there is a particular sticking point for them. If so, leverage this as a point of negotiation.

As a landlord, you need to decide what are your non-negotiables. The primary non-negotiable is to find the right type of tenant for your property. But be realistic: the shoe should fit – a top lawyer



is unlikely to take your ex-council flat. Overall, the highest rent is secondary to the right tenant, as the wrong tenant can cost you a lot more.

Apart from these non-negotiables, on what are you prepared to back down? Consider:

- ▶ Do you have strong preferences on the number of tenants? Children? Pets? Smoking? Try not to be too descriptive
- ▶ Is the rental level critical to you: do you have a mortgage payment or other cost to cover?
- ▶ Are the contract length and break clause timing important to you? Are you working within a fixed window?
- ▶ Are you prepared to spend any money on furniture or tenant requests?

Good negotiation is about give and take. Ideally you want to give in on issues that are important to the tenant but less so to you, without compromising on your own non-negotiables.



Teaspoons seal the deal

Here's how to find a happy medium. Media salesman Rupert and PR manager Joanne, both in their late twenties, were a perfect fit for their north London landlord, even offering close to the asking rent. However, they could only move in a month after the two-bedroom flat became vacant, which would have meant a £1,900 void period. They also had very few belongings, so asked for a new mattress, a second double bed plus a fully equipped kitchen – down to the teaspoons. The owner agreed to their requests, on condition that they move in three weeks earlier. Buying all they asked for came to less than £800, leaving the owner £700 better off than he'd have been with the full month's void. And he had his ideal tenants.

How to vet tenants thoroughly

The importance of gut feeling

The truism that leopards don't change their spots is all too apt in lettings: the impression that prospective tenants give when you first meet them is likely to be how they'll continue to behave once they live in your house. Though you can't judge by appearance, their behaviour can tell you a lot. Small things like arriving on time and respecting you as a landlord can indicate their attitude towards the rental.

If they keep changing their mind, make lots of demands or ask for special treatment – for example, if they want to reserve the flat without paying a holding deposit – it spells trouble. You'll be better off risking a void until you find the right tenant than going with Mr Tricky just because you have no other options.

Gut feeling won't show up on any reference checks and is a big plus of doing viewings yourself. If you use an agent, ask them for their first impressions of any prospective tenant: would they let to them if it were their own property? It's not the only factor to consider – you still need to check that they earn enough, but gut feeling is often an underestimated ingredient in choosing tenants.

What a reference check is, isn't and should be

Even if you have a good feeling about tenants, don't skip doing a thorough reference check on each person. This is one of the most important steps for you as a landlord – remember that brothel flat? Beware the sharply dressed charlatans who absolutely *have* to move in this very day, with promises of above-asking rent but no time for checks or deposits. They seem too good to be true because that's exactly what they are.

If you use an agent, check what they check. Ask them to send you the results of the reference check. You are entitled to see this under data protection law, as long as the agent made it clear to the tenant and referee that this would happen.



Most agents use a referencing company to do the checks, usually paid for by the tenants as a non-refundable fee. If you self-manage, you can do the same: for £20–£30 these companies will do the legwork for you, saving you hours of phoning around. Search ‘tenant referencing’ to find a provider.

So what should be included? The purpose of a reference check is to confirm that the tenants are who they say they are, that they can afford the rent and that they have honoured past commitments.

Nevertheless, it’s *not* a character check. Good references won’t guarantee that they will make good tenants. They are not fool proof: some tenants have been known to play the system with false employers and accommodation references. Plus previous evictions won’t even show up on a reference check unless the landlord pushed it all the way to a county court judgement for unpaid rent. Now there’s a sobering thought.

A standard reference check should include:

- ▶ **Employment reference.** Details of the employer, job title, salary, how long the tenant has worked there and that they are not under notice to leave. The referencing company (or you) need to double-check this: call the employer’s switchboard, check the tenant’s job title and ask to be put through. That way you’ll know if he got his mate Gary to vouch for him.
- ▶ **Landlord reference.** The start and end date of the tenants’ current tenancy, the rent, whether it was paid on time and their conduct as tenants. Again, call the landlord to double-check. They might be nervous to give negative feedback in writing, but more open over the phone.
- ▶ **Proof of address.** Current and previous addresses verified with utility bills, bank statements and the voters’ roll.
- ▶ **Credit report.** Most importantly, this checks for bankruptcy and County Court Judgements (CCJs) – that is unpaid debts. (If the tenant has any, they should tell you before the reference check. There might be a good reason, for example a business failure. Weigh this up against all the other information.) The report also flags up if they are in serious debt

or have a history of missed payments. However, people like students or those who are new to Britain will have a low score simply because there is almost nothing on their credit report. This is not necessarily a bad thing, but you may then want extra evidence.

- ▶ **Bank account check** – that they have a valid UK bank account.
- ▶ **Right to Rent check** – that they have the right to live and work in the UK (more about this shortly).

Based on all this, the reference report will suggest a maximum affordable rent of 25–35% of the tenant's gross income.

To play it safe, you can then do additional checks. This is essential when you are dealing with anyone outside the box, such as the self-employed, business owners, retirees, students or people who moved to Britain recently. Some extra checks are:

- ▶ Search for them on Google or LinkedIn to verify their employment. This is a great way to cross-reference anything they've said in passing. If things don't add up, gently prod the tenants for answers. And if they can't explain it, don't let to them
- ▶ If they are self-employed or have their own company, ask for six months' bank statements or two years' accounts
- ▶ Get a reference from the landlord *before the last one*, as their current landlord might say anything to get rid of terrible tenants. Also, check the Land Registry for whether the named landlord actually owns the property rented by the tenant (£3, [eservices.landregistry.gov.uk](https://www.eservices.landregistry.gov.uk)).

The clearer the picture, the better. However, if you've done all this and there is still insufficient evidence that the rent will be paid, there are two further options. Ask for all or some of the rent to be paid in advance. But be suspicious of willy-nilly offers of six months' rent upfront – that's a classic ruse to set up cannabis farms. Some serial defaulters also offer generous advances, but then refuse to pay any more once they're in the property.



Have a working homeowner (for instance, a student's parents) guarantee the tenancy, or play it even safer with two guarantors. Do all the reference checks listed above on the guarantor(s) as well.

Still in doubt? Then don't let to them. Your property is one of your biggest assets – it's not worth risking it on people you can't trust. That said, 98% of tenants are honest. The cheats and con-artists make up a small fraction and, if you do everything listed above, they'll look elsewhere for an easier target.

Yuck! Why a bad tenant quite literally stinks

Viewing the shoebox studio that was to become her first buy-to-let, Martina got an inkling of just how much a bad tenant stinks. She gagged at the stench as the agent opened the door: the bedding was soiled, the sink caked in bodily fluids, and inside the bar fridge an unidentifiable object – a decomposing potato, she hoped, not something worse – floating in a sea of grey sludge. The previous tenant had been a drug addict who trashed the place.

An Ikea makeover got rid of all that, but the subsequent tenant did once leave the window open before going on a four-week trip. On his return, a pigeon and its eggs had to be evicted from his bed – but thankfully, no addicts.



Right to Rent checks

Blame the migrant crisis in Europe, but landlords are now on the frontline of this fight. Since 2015, new laws require you to check that tenants have the right to live in Britain before letting a property to them – or face a penalty of up to £3,000 per adult illegal immigrant living there, even if they are not named in the lease.

Lettings agents usually do these checks as part of their standard referencing, but double check that they are done since you have ultimate responsibility. To avoid discrimination, you must

check all tenants, including those who seem British. You (or your agent) have to check their original papers with them present, make copies and record the date (gov.uk/check-tenant-right-to-rent-documents). If their permission to stay is limited, you need to do further checks before it runs out.



Is meeting your tenant a good idea?

Meeting your tenants can put your mind to rest. When Catherine, one of Swift's clients, let her one-bedroom flat for the first time, she didn't want to let to just anyone. This was the bay-windowed picture-railed home that she had saved up for, had painted in cosy shades of claret and lime, and had decorated with velvet accent chairs and quirky finds. Seeing her tenant in person, a single professional woman like herself, made all the difference.

However, be wary of scaring tenants off: like you, they are protective of their privacy and an over-zealous landlord is all too much. They want a place to live, not a new best friend.

So, you've done your screened viewings? You've negotiated a win-win deal? And you've vetted your tenants through gut feeling, thorough referencing and Right to Rent checks? Tick, tick, tick? Now you just have to keep them and you'll be safe as houses. In the next chapter, we'll tell you how.



PEOPLE

Who can you trust to look after your property? How can you have peace of mind when letting it out for the first time – especially if it's been your own home?

The Accidental Landlord takes the worry out of letting. It gives you the knowhow to navigate the post-Brexit world of jittery prices, tax changes and 140-plus landlord laws. And it shows you how to succeed, even using your property as your first step to financial freedom.

Packed with toe-curling but true stories to learn from, this easy reference guide breaks down the lettings process into five Ps:

- Plan** Straight-talking advice on financing, tax and estate agents
- Property** Market like a pro – plus, all the legal musts
- People** How to find – and keep – good tenants
- Paperwork** The essentials on contracts, deposits and notices
- Practicals** Your 10 most common maintenance problems solved

This book covers all the boxes you have to tick, summarised in one handy checklist. When the time comes, it tells you how to buy – and sell – more property, with a dash of wit throughout.

“A must read for any landlord wanting a step-by-step guide on how to rent out and manage a property yourself. Full of practical advice, tips and some humour along the way.”

Jo Eccles, managing director of Sourcing Property and weekly property columnist for *The Metro* newspaper



Daniel Lees and **Martina Lees** became accidental landlords when they got married – and now they can't stop talking about property. Daniel founded the lettings specialist Swift Property, which looks after the London homes of accidental landlords living on five continents. Martina is an award-winning property writer for *The Sunday Times*.

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