



MBM MANAGEMENT LTD

The residential management and specialists



Landlords Brochure

Derby's Premier Property Management and Letting Company



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Why choose MBM Management?

More than 10 years of experience, performance and success. We specialise in the management and lettings of residential property in the Derby area. Our company is totally focused in this effort, we do not sell property.

Since 1996 we have helped and advised many Landlords gain their first and perhaps only property, whilst aiding others to profitably expand and develop large property portfolios. In addition we have successfully helped many tenants find their ideal home. Our services are used by both individual and company clients throughout the area.

Competitive all inclusive fee structure

No setting up fees, no turn around fees, no hidden extras, no small print and no gimmicks. A structure which allows you to plan your expenditure for the future without fear of an additional set up cost or other charge being imposed.

Powerful, effective marketing programme

Website marketing, local press including PR coverage, signboards, regular corporate and customer mailings, local branch presence, tenant follow up. See more under Property Management and Letting process.

A property management company you can trust

MBM are members of three industry regulatory bodies. The National Association of Estate Agents. (NAEA). The National Approved Letting Scheme. (NALS) The first Derby agent to be admitted in 1992. Plus another first when we became the first Derby lettings agency to be admitted into the Ombudsman's scheme in 2006.

The previous year we had joined the Tenancy Deposit Scheme in anticipation of pending government requirements; these requirements became mandatory in April 2007.

These bodies impose codes of conduct upon their membership to which we adhere, all of which provide our landlords with confidence and peace of mind.



The property management and letting process

Property Evaluation

We are always delighted to undertake a property evaluation without obligation. At this appointment, a verbal rental assessment will be provided, all of the landlords' questions will be answered and then, in keeping with our standard practice, we will return to our office, consult our data base of rental prices, and confirm in writing, our proposals to the landlords for the renting of their property. If required our confirmation can be e-mailed to the landlord in order that the process can be completed within the working day.

Marketing

Upon receiving the landlord's written authorisation to proceed, and dependant upon the type of service required, we will commence the marketing of the property.

Local Press Advertising

The property details, including photographs, will be placed in the local press where we can normally expect that PR coverage will be obtained in addition to the advertising. This effort will continue until the property has been let.

Website Marketing

All details can be accessed 24/7 on our own website at www.mbmmanagement.com, comprehensive

text and full colour photographs plus virtual tours added at no extra cost. No other Derby letting agent offers this facility. All properties are featured on 4 other major web sites including the industries biggest at www.rightmove.co.uk

Sign Boards:

Our attention grabbing sign boards provide optimum marketing effect and we recommend them whenever feasible

Regular Mailings

We have compiled an effective list of local companies, who continually move people into and out of the area. We regularly manage their employee's homes whilst they are away and provide accommodation for their employee's moving into the area. These mailings are a very effective part of our marketing programme.

Tenant follow up

Professional clients don't wait! Instead they seek to meet their accommodation needs in the shortest possible time. Our tenant data base changes rapidly and we maintain text contact with all tenant potential until their requirements have been met.



Landlord follow up

We understand the need for Landlords to be kept advised of any interest there is in their property during the initial marketing to secure a suitable tenant. Landlords are always involved in the decision making process should there be more than one tenant application,

Customer Recommendation:

Many of our clients, both landlords and tenants come to our company from recommendation from former clients who have experienced our service.

We are particularly gratified by the number of landlords who were former tenants of ours! Customer leads also originate from non competing estate agents who pass on inquires on a regular basis.

Local Branch Presence

All details of our available properties will also be displayed, not only within our city centre offices but also within the premises of associate companies at Mickleover, Oakwood and West Hallam.

Property Preparation

In addition to the mandatory gas safety checks as appropriate, along with electrical checks and need for smoke detectors, plus recommendations on the installation of carbon monoxide detectors. MBM will advise and assist on all matters in the effort to present the property in a safe and appealing manner in order to attract the right tenant.

Viewings

All of the viewings which we undertake are accompanied by one of our experienced fully employed representatives. Feed back is provided to our landlords, plus every property and it's letting progress, is assessed at our weekly management meetings.

Referencing

When a potential tenant has been agreed with the landlord, then the referencing process will commence. This process is undertaken in tandem with a specialist organization called MARAS with whom we have been working with for a number of years. Please see Page 8 for details of this process.

Conditional reports and inventories

These documents are a vital part of the management process, for once agreed with the tenants, they become the definitive documents which we use when we undertake our inspections and when we finalise our business with the tenants. Our reports are based upon the recommendations of the National Association of Estate Agents

Pre Tenancy Checklist

Before any tenant moves into a property, the landlord will be contacted by MBM and we will ensure that all points relating to the tenants moving into their property will have been covered from both a legal and commercial viewpoint to ensure the landlords satisfaction.

The Property Move-in

In accord with the appropriate service required, when we move tenants into a property then we would ensure that an appropriate conditional report and inventory are prepared before the move in date. The tenancy agreement will have been drawn up and sent to the tenant in addition to our own tenant's notes, which simply explain and emphasise the essential parts of the letting process from a tenant's viewpoint. This will have been done in good time for the tenant to have read and understood the documents.

We will collect the first month's rental, either in cash, bankers draft, credit card or by cleared cheque. A deposit will also be collected and this will be at least £100 more than the rental level, or an amount as agreed with the landlord. Monies owed to the landlord will then be passed over within 4 working days, paid by BACs transfer into a previously agreed landlord's account; this transaction will be supported by the provision of a monthly statement sent to the landlord.

The tenancy agreement will be signed and copies exchanged. The meter readings will be taken and the readings along with a notification to the local authority will be passed, all details indicating that a change of occupation has take place at the property. All appliance operating instructions will be provided and any nuances relative to the property explained in order to ensure that the tenant's occupation of the property is undertaken in a safe manner.

Inspections and Maintenance

MBM will inspect the property within 4/6 weeks of the tenancy being signed. Thereafter inspections will be done every 12 weeks. The landlord will receive a typed written report of the findings at the property. Should there be any need for a repair or maintenance work to be undertaken then the agreement of the landlord will be sought before such work is instigated by our company.

Tenancy renewal

Every tenancy agreement is monitored by MBM and at least 2 months before the expiry of all fixed term tenancies the Tenant will be contacted as to their future intentions. The Landlord will be informed accordingly and the appropriate action will be agreed. Should the Tenant require another fixed term and the Landlord agree to granting this then MBM will raise the necessary documentation, without any charge, to either Landlord or Tenant and another fixed term will commence.

Tenancy Termination

When a fixed term has been served and another fixed term has not been signed, either because the Landlord chooses not to grant one or the Tenant prefers to continue the tenancy on a rolling contract, then this contract becomes known as a Statutory Periodic Tenancy or rolling contract. When the Tenant chooses to give notice then he must give this notice in writing, to be received by the Landlord or Agent before the commencement of a rental period and the Tenant may vacate the property at the end of that rental period, thus providing one months notice in writing. The Landlord has similar rights, but must provide the Tenant with two months notice in writing commencing again from a rental period.

MBM will always undertake a penultimate inspection before the final inspection is undertaken. It is at this inspection that agreement is sought from the Tenant to remedy any variations from the Conditional Report and Inventory, if any, before the final inspection is made. Please note we do adhere to the guidelines proposed by the National Association of Estate Agents when undertaking any deposit arbitrations

More Information

For more formal information relating to our agents responsibilities to our Landlords please refer to our Terms and Conditions of Business or please contact us directly.

Deciding upon the type of service for you

Pages 2-5 outline the full management process. Please see the following page to determine which of our services meets your requirements



MBM Management Service Comparison Chart

	Full Management Service	Letting Service	Letting Service Plus
Rental Evaluation	✓	✓	✓
Compliance Management	✓	✓	✓
Marketing and Tenant Find	✓	✓	✓
Accompanied Viewings	✓	✓	✓
Comprehensive Referencing	✓	✓	✓
Insurance Compliance	✓	✓	✓
Tenancy Agreement	✓	✓	✓
Inventory and Conditional Report	✓		✓
Transferring of Utilities	✓		✓
Deposit and Rental Collection	✓		✓
Collection of Rentals	✓		
Monthly Rental Statements	✓		
Rental Payments by BACS	✓		
Inspections and Reports	✓		
Repair Liaison with all Parties	✓		
Instructing Tradesmen	✓		
Penultimate & Final Inspections & Reports	✓		
Advise & Finalise Utilities	✓		
Deposit Management	✓		
Remarketing of Property	✓		



Fee Structure - Full Management Service

No setting up fees applicable to this service

Rental of 0 to £449 12.0% plus VAT

Rental of £450 to £549 11.0% plus VAT

Rental of £550 + 10.0% plus VAT

Overseas Landlords by negotiation

Specially tailored full or part management packages can be arranged by request to suit portfolio landlords or landlords with specific management requests

Letting Service

Where the Landlords do not wish our company to undertake the full management service, we do provide a Tenant find or a Letting service. This fee is **50% of one month's rental + VAT**

Letting Service Plus

The fee for this service has described on page 6 is **75% of one month's rental + VAT**. We would be delighted to discuss the provision of any variation of our services including the provision of a rental collection service in tandem with our Letting services.

All charges attract VAT at the standard rate.

Landlords Overview

At MBM we offer an unbeatable combination of price and service, here's why:

PRICE With MBM we save you money!

With a typical competitors fixed price rental fee, on a rental basis of £450 per calendar month your cost would amount to £667 per year. The MBM fee would be £594 per year!

On a monthly rental of £550 per calendar month, your yearly cost would be £835 per year with the same fixed price competitor, whilst the MBM fee would be £660 per year!

On a monthly rental of £650 per calendar month the competition's yearly charge would be £835, whilst the MBM cost would be £780 per year.

Don't forget with the competition if you have more than one tenant in one year, a turn around charge will be made, the result of which will further increase the price differential.

By using MBM you will save money! and there are no hidden extras,

- No setting up fee's.

- No turn around fee's.

- No renewal of tenancy fee's.

- No conditional reports and / or inventory fees.

SERVICE

Most competitors claim to offer what appears to be a very similar service to ours but upon closer examination that's not always the case.

Please consider the following examples:

All MBM viewings are carried out individually and with our fully employed representatives, these representatives are both trained and experienced and report back the suitability of any potential applicants (Some agents use occasional labour for this purpose).

Landlord involvement in tenancy applications (Some agents make unilateral decisions without consultation with their landlords).

All tenants vetted thoroughly & independently by external specialised organisation which involves a 25 point check (Not simply by the Letting Agent only).

Initial inspection undertaken within 6 weeks of tenancy commencement and 12 weekly thereafter (Not 16 weeks as with some competitors).

Any maintenance work undertaken only after consultation with landlord (Some agents take unilateral action without landlord reference).

We make all landlords' payments within 4/5 working days of due date (No chasing for rental payments, some agents make payment on one day of the month only!).

All tenants contacted within initial 6 months re their future intentions, enabling us to remarket the property if necessary (Most agents do not undertake this proactive approach with existing tenants).

Penultimate inspections undertaken in addition to the final inspection at the end of all tenancies. A great aid in the prevention of many deposit disputes! (Most agents undertake final inspection only).

A property management company you can trust

We were the first Derby based company to become members of the National Approved Letting Scheme (NALS) and later, the Ombudsman's scheme for Letting Agents.

We are long term members of the National Association of Estate Agents (NAEA) with our membership of the Association of Residential Letting Agents (ARLA) pending. We are comfortable in our company's ability to comply with the various requirements of these organisations and believe that such memberships give our company credence and our Landlords confidence in their use of our services. (Some agents do not subscribe to any of the above organisations whatsoever)

For your Free Landlords Check up, to find out if your getting the best value from the management of your property investment, please contact our offices on 01332 728292 and ask for either Helen or Michael and quote Free Landlords Checkup.

Property presentation and technicalities

Tenants have become more discerning over the years as properties available to rent have become more plentiful. The lettings market is growing year on year but some of the basics relating to a successful let remain constant.

One of the most important things relative to a successful let must be the presentation of the property. Whilst this might appear to be an obvious statement; it's surprising how many landlords still ignore the basics.

If a property is presented to the tenant in a good condition, this is a big incentive to the tenants to maintain that situation and to hand the property back in a similar fashion at the end of their tenancy - a simple philosophy perhaps but still very relative.

The following points are well worth remembering ;

- All carpets to be clean and without marks or stains, all other floor surfaces to be washed or polished as appropriate. All paintwork to be washed down and repainted as required.
- All walls to be decorated in a neutral colour. Whilst "Any colour you like provided its Magnolia" is maybe a little rigid or even dated, application of that philosophy would not be far wrong.
- Sparkling appliances including ovens is very important, as are cupboard interiors and work surfaces, whilst this as an obvious application in the kitchen, the cupboard or more specifically wardrobe interiors must attract equal attention.
- Bathrooms are very emotive and cleanliness and presentation are essential. Any lime scale should be removed and bath edges and tiles re-grouted appropriately, with new shower curtains being provided if necessary. Incidentally, a showering facility is very important provision within a rented property.
- Tenants have the same responsibility to maintain the garden as they do the interior of the property. Consequently, this means that all borders, shrubs, hedges and lawns will require attention, with the same emphasis being placed on the "Present it properly and receive it back in a similar state" philosophy.



Furnished or unfurnished

80% of all our properties are let unfurnished. The generally accepted industry understanding of what the various options mean are as follows:

Unfurnished

This will comprise of carpets, curtains and cooker, although there is a growing expectation that a washing machine and fridge freezer will also be supplied. If you did not anticipate equipping the property with white goods, but would do so for the right tenant, then delay the decision until the right tenant comes along and this may help you make up your mind based upon their requirements. Please bear in mind though, that there might be an alternate property competing for your tenants business who will provide white goods if you don't.

Part furnished

This will comprise of carpets, curtains, cooker and white goods, plus hard furnishings, as in kitchen or dining tables and chairs, occasional tables and bookcases. Such hard furnishings are objective in the eyes of most people and invariably would prove to be useful.

Fully furnished

This property will have carpets, curtains, cooker, white goods, hard furnishings and soft furnishings, as in beds and mattresses, and 3 piece suites. Such soft furnishings can be subjective in the eyes of some

potential clients and despite their insistence that they do require a fully furnished home they can often request that such soft furnishings be removed. If the landlord can be flexible in what they are prepared to leave in the property then this can be a major factor in achieving a quick let.

Comprehensively furnished

With all of the items referred to in the fully furnished option, but in addition, all of the things you would expect to find in a holiday home. We do have a few such properties on our books but generally we find that there is not a big demand for such accommodation. Certainly from a landlords viewpoint the fewer the items left in the property the better. We find that most tenants prefer to bring or buy their own house ware items as they are of a personal nature. Any documentation relating to the property, for example, existing servicing agreements, operating instructions or valid guarantees for alarm systems, domestic appliances or boilers, should be collated together in order that they can be made available to the incoming tenant. If there are any items within the property of intrinsic or sentimental value we strongly recommend that these should be removed. The forgoing points are just an indication has to what should be considered to attract that suitable professional tenant, the list is by no means exhaustive and we would of course be delighted to discuss and advise upon your individual property concerns on a personal basis.



Legal safety requirements

Recent legislation has served to emphasise the importance placed by Government on safety in the home. Various regulations covering furniture, gas and electrical apparatus have been introduced which place obligations on Landlords as set out below.

It is important that you are aware of your potential liability under the various pieces of legislation, which are now in force. We cannot over-emphasise the importance of ensuring that the premises you are letting together with any furniture and equipment supplied as part of the letting comply fully with the law.

The purpose of these notes is to outline the main points of the legislation and Landlords obligations there under. If you are in any doubt as to your liability, MBM staff would be happy to provide additional information on request.

1. THE FURNITURE AND FURNISHINGS (FIRE) (SAFETY) REGULATIONS 1988 (AS AMENDED IN 1989 AND 1993)

The government first introduced regulations in 1988 requiring filling material used in furniture, furnishings and reupholstered items to be fire resistant. Subsequent amendments to the original legislation now make it a requirement for any furniture and furnishings supplied in a property let for the first time since 1st March 1993 to meet such standards and to carry the

appropriate label as evidence of compliance.

Furniture manufactured prior to 1950 is exempt from the regulations on the basis that combustible materials were not in use prior to that date. As a general guide only, it is considered that most items purchased after 1st March 1990 from a reputable company will comply.

Items covered under the regulations include all covers on upholstery, upholstered furnishings, loose fittings, permanent or loose covers, beds, headboards, mattresses, pillows and cushions. It excludes such items as carpets, curtains and duvets. Sprays offering fire resistance do not circumvent the regulations and are therefore not recommended.

It is important that you ensure that your property complies with the regulations. Failure to comply is a criminal offence, and could result in a fine or imprisonment. If you are in any doubt as to the composition of furniture and furnishings at your property you should seek the opinion of an expert or arrange for the replacement or removal of such items.

You may seek guidance direct from your local Trading Standards Officer, in booklet form from the Consumer Safety Unit, or obtain a copy of the regulations in full through Her Majesty's Stationary Office.

Legal safety requirements

2. The gas safety (installation and use) Regulations 1994

These regulations place a duty on Landlords to maintain all gas appliances in their property through annual inspections and safety checks, which must be carried out by a registered CORGI engineer.

If a fault is found, the installer must inform both Landlord and Tenant in writing. Continued use is an offence. If no remedial action is taken the engineer is required to use their statutory powers to switch off the apparatus.

The regulations define appliances to include gas pipe work valves, meters, fittings, apparatus and appliances. Tenants entering into any agreement have a right to see the appropriate annual certifications of safety. As with the Fire Regulations, non-compliance with the Gas Safety Regulations could result in a fine or imprisonment. Due to recent concerns raised by the media regarding carbon monoxide poisoning, we have asked our Corgi registered engineers, for their comments.

They are as follows:

Carbon monoxide poisoning occurs after the inhalation of carbon monoxide gas. It is caused by the incomplete combustion of any fossil fuels, one of which is gas.

Carbon monoxide is colourless, odourless, tasteless and non irritating, making it difficult for people to detect. When carbon monoxide is inhaled, it takes the place of oxygen in haemoglobin (the red blood

pigment that normally carries oxygen to the body). The effects of carbon monoxide in parts per million are as follows:

1. 35ppm - (0.0035%)

Headaches and dizziness within 6 to 8 hour

2. 400ppm - (0.04%)

Frontal Headache 2 to 3 hour

3. 800ppm - (0.08%)

Dizziness, nausea and convulsions within 45 minutes

4. 3200ppm - (0.32%)

Headache, nausea, dizziness in 5 to 10 minutes. Death within 30 minutes

5. 6400ppm - (0.64%)

Headache, dizziness in 1 to 2 minutes. Death in less than 20 minutes

6. 12800ppm - (1.28%)

Death in less than 3 minutes

Legal safety requirements

Prevention

The basic Gas Safety Inspection ensures that the appliance is installed to current standards and that it is functioning correctly. This is all that legislation requires at the moment, and in most cases should ensure the safety of the tenant. However, the inspection can only assess the performance of the appliance on the day that it was inspected. Outside influences such as weather conditions and effectiveness of the ventilation can alter matters.

Solution

The installation of an electronic Carbon Monoxide detector would ensure that the tenant is aware of any possible problems with the safety of gas appliances. The type of device most favoured, which gives both audible and visual warnings, is a sealed unit that can not be tampered with. It is battery powered and has a minimum life span of five years. It has an audible warning of a battery low situation, at which time the unit should be replaced.

MBM can arrange for appropriate Carbon Monoxide detectors to be fitted within your property at your request.

Please advise our office if you require us to arrange installation. The cost would be £50.52p inclusive of VAT per unit.

2. The electrical equipment (safety) regulations 1994 and the low voltage electrical equipment (safety) regulations 1989

These regulations apply to any electrical equipment between 50 and 1,000 volts of alternating current or 75 to 1,000 volts of direct current and require that the apparatus must be safe and tested regularly. Safety should be established by a qualified electrician using the appropriate portable appliance testing equipment.

The regulations do not stipulate how regularly testing of electrical equipment should be carried out. Much will depend upon the age of the appliance and the extent of its use. As a general guideline we would recommend that tests be carried out annually.

We would also recommend the removal and replacement of old or suspect appliances prior to letting, imported goods from non-EC Countries should also be removed if untested by a UK registered electrician.

Items covered by the regulations include any electrical equipment from fixed appliances such as cookers and immersion heaters down to medium and smaller portable items such as television sets, kettles, electric blankets, etc. Each item should be tested and carry details of the tester and all appliances should either have instructions shown on them or be supplied with an instruction book.



Legal safety requirements

Failure to comply with any of the regulations described overleaf constitutes a criminal offence, punishable by fine and/or imprisonment.

4. Smoke Detectors

The Department of Environment introduced new regulations which require any new building (built after June 1992) to have smoke detectors installed. If your property was built after this date, mains operated smoke detectors must be fitted on each floor. There are as yet no regulations requiring smoke detectors in older properties, but the recommendation of fire safety officers is that at least battery operated devices should be installed on each floor. MBM therefore recommends that smoke detectors are installed in your property prior to letting and are checked regularly.

Safety in the home is very important and no less so when your home is occupied by Tenants. In signing and returning our Terms and Conditions of Business, we would point out to you that you are

confirming to us that you are aware of your various obligations under the regulations outlined above, that you are satisfied that we have drawn your attention to them and that your premises and any relevant contents supplied by you comply. We will be offering the property and contents to prospective Tenant's in good faith on that basis. We should stress once more that these notes are intended to appraise you of your potential liability. Whilst we have provided as much information as we consider relevant, we cannot accept any liability whatsoever, in respect of you're failing to comply with the regulations.

We appreciate you may feel that the regulations referred to in this note are onerous. However, when considered carefully, compliance with the regulations is a small price to pay for safety and peace of mind.



Landlords Checklist

This check-list is intended to aid landlords prior to the tenancy start date.

1. Notify mortgage company of intention to let.
2. Ensure all furnishings where appropriate (including curtains and other soft furnishings) comply with the 1988 Fire and Safety Regulations.
3. Ensure you have an up to date "Landlords Gas Safety Record" by a Corgi Registered gas engineer plus any carbon monoxide detectors which may be appropriate.
4. Ensure that you have an up to date PAT test (Portable Appliance Test) relating to electrical appliances.
5. Ensure all your smoke alarms have working batteries in them.
6. Leave all instructions for appliances and any other items left at the property.
7. Arrange for a mail re-direction for yourself.
8. If applicable organise MARAS "Rent Guarantee and Legal Expenses Insurance"- a quote will be automatically raised if your Tenant passes their references.
9. Organise buildings and contents insurance through MARAS or notify current building and contents insurance companies of intention to let.
10. Ensure you have dropped off enough keys with MBM – One set of keys per tenant and one management set for MBM if applicable.
11. Leave details with MBM if applicable, regarding all your utility providers so that they may be able to pass them along to the Tenant. If MBM are managing the property then we undertake to contact all utility providers with the initial and final readings relating to the tenancy. Please note however that the connection and termination of telephone lines can only be undertaken by the bill payer.
12. Arrange for the property to be professionally cleaned if necessary, retaining the receipt.
13. Please ensure that you have signed the "Authorisation to Proceed" document and this has been passed to MBM Management.
14. Please note at time of printing, the government indicates that Energy Performance Certificates are to become a mandatory requirement in 2008. Please do not hesitate to contact MBM for an update.
15. Finally, please provide all contact details, addresses, numbers, personal and business of all landlords plus "back up" details of any trusted friends or relatives which can be used in the event of emergency.

Please rest assured that MBM Management can assist and advise on all of the items indicated.

Referencing and Insurance Products

Referencing is an extremely important part of the letting process. This is why we do not leave it to chance. MBM use the services of an established company called MARAS as they have access to tenants' details.

We have listed the benefits of their services below. In addition to referencing, MARAS also offers insurance products for landlords which are specifically designed for rented properties.

Verification Checks

MARAS have the largest database of fully referenced applicants holding unique default information. MARAS reduces the risk by processing up to 25 verification checks on applicants and guarantors as listed below;

1. All applications automatically cross-checked with the MARAS database.
2. Verification of the current home address as supplied by the applicant.
3. Confirmation of the reason for departure.
4. Verification of home addresses for the last three years.
5. Current Managing Agent/Landlord reference.
6. Verification as to the existence of the applicants' employment.
7. Confirmation that the company where the applicant is employed is financially sound.
8. Confirmation of the position held by the applicant.
9. Confirmation of the commencement date of the applicants' employment.

10. Confirmation as to whether the applicant is employed on a full time or part time basis and whether this is temporary or permanent.
11. Confirmation of the applicants' salary.
12. Verification of previous employers as listed by the applicant.
13. Clarification regarding the reason for departure from previous employers.
14. Verification of the applicants' date of birth.
15. County Court Judgment searches.
16. Bankruptcy/Sequestration searches.
17. Voluntary Arrangement search.
18. Bank and Finance House checks.
19. Limited company searches with balance sheet and profit and loss analysis.
20. Directorship searches combined with Company searches.
21. Accountant/Auditor reference.
22. Local authority reference.
23. Verification of Overseas Nationals.
24. Searches with various professional bodies.
25. Company searches on registered charities.

Should verification not be obtained, discreet investigations are made to establish "hidden" information.

Please note that in addition to the above MBM Management also request a photograph of all potential tenants as used on passports or driving licences, plus undertake an affordability check on the tenants ability to pay the required monthly rental.

Rental guarantee

MARASplus: A 6 month policy

In the event of a valid claim, Landlords can expect to receive the normal monthly rental within 7 working days of the due date, with the first months rent claimed being excluded. In the event of non-payment or legal dispute covered by the policy insurers will agree to pay up to £15,000 in total. Should the Tenants be referenced for less than 6 months, the policy cover will be reduced accordingly. The policy can be applied to all residential properties regardless of the rental amount, with the maximum benefit being £2,500pcm.

Cost £30.95 inc of tax, per policy.

MARASprotect: A 12 month policy

Benefits and cover are the same as under MARAS plus, with an increased period of insurance and an enhancement of the rental guarantee components. Rent arrears occurring during the 12 month policy are covered to a maximum of 6 months rent. Should the tenants be referenced for less than 12 months, the policy cover will be reduced accordingly. The policy can be applied to all residential properties regardless of the rental amount, with the maximum benefit being £2,500pcm.

Cost £62.46 inc tax, per policy.

MARASproVision:

An enhanced 12 month policy

This policy has enhancements over MARAS plus and MARAS protect. In the event of non-payment or legal dispute by the policy, insurers will agree to pay up to £50,000 in total, with the first months rent claimed being excluded. The policy can be applied on all residential properties regardless of the rental amount, with the maximum benefit being increased from £2,500 pcm to £4,000 pcm. Should the tenants be referenced for less than 12 months, the policy cover will be reduced accordingly. Where insurers gain vacant possession during the policy term, and the property is in a condition to let and remains vacant, the landlord receives 100% of the rental in the first month, and 50% of the rental in the second month.

Cost 3.2% of the annualised rent, per policy



Legal expenses

Despite every care with the selection of a tenant and the management of your property, the unexpected can happen. Tenants may be unable to pay the rent due to redundancy, accident, sickness, separation, divorce or even death.

The advantage of MARAS Rental Guarantee & Legal Expenses Insurance is that legal experts can be brought in at the onset of a problem. This means that matters can be resolved quickly; if necessary, the property can be swiftly relet and in the meantime, you will have had the benefit of free legal advice, legal action and rental guarantee.

Low cost packages

MARAS are able to offer the rent guarantee and legal expenses insurances at extremely competitive rates because of the proven referencing and buying power. Professional standards are maintained by their nationwide network of letting agents.

Professional Service

MARAS experienced staff will apply the usual rigorous criteria to compile their reference on your tenants. With all enquiries subject to over 25 possible checks and cross referenced with the MARAS database containing hundreds of thousands of records, you can rest assured that comprehensive reports will guarantee your peace of mind.

How to obtain cover

Simply express your interest in MARAS rental guarantee and once the tenants application or your property has been approved you will receive a quote and information from MARAS that allows you to select the policy that best suits your needs.



Building and contents cover

Contents Insurance

Cover on a new for old basis for loss or damage caused by fire, lightning, explosion, earthquake, aircraft, smoke, malicious persons, theft (by forcible means), storm, flood, escape of water or oil leakage, impact by vehicle or animal, subsidence, landslip, falling trees, telegraph poles or lampposts.

Cost of providing alternative accommodation if the buildings are rendered uninhabitable by any of the perils covered by this policy up to 10% of the sum insured.

Legal Liability as owner of the property

Limit of Liability £2,000,000.

Main policy terms and conditions

- The policy excess is £100, except for subsidence claims where the excess is £1,000.
- Your own personal possessions, clothing and valuables such as jewellery, gold and silver, pictures and works of art are not covered by this insurance.

- Wear and tear and gradual deterioration is excluded.
- Damage caused by pests or vermin or any animal is excluded.
- Maximum contents sum insured £30,000.

Landlord's Household Insurance

MARAS offers buildings and contents insurance to Landlords of let property. Designed with landlords in mind, the policy offers comprehensive cover at extremely competitive rates.

Building Insurance

Covers the rebuilding or repair of your property following loss or damage caused by fire, lightning, explosion, earthquake, aircraft, smoke, malicious persons, theft (by forcible means), storm, flood, escape of water or oil leakage, impact by vehicle or animal, subsidence, landslip, falling trees, telegraph poles or lampposts.

Building and contents cover

...also included in the policy:

- Accidental damage to bathroom fixtures and fittings, glass and double glazing, solar panels and ceramic hobs.
- Accidental damage to domestic oil pipes, underground water pipes, sewers, drains, underground gas pipes, underground electricity and telephone cables for which you are legally responsible.
- Loss of rent up to 20% of the sum insured following damage.
- Increased metered water charges resulting from escape of water up to £750.
- Maximum buildings sum insured £1,000,000.
- No restriction on type of tenant - MARAS accept properties let to professional people, students, retired people and unemployed people.
- MARAS do not accept bed-sit properties.
- You must inform MARAS if the property is to be unoccupied for 30 days or more as underwriters may wish to restrict cover.

Arranging Cover

There is no need to complete a proposal form, simply call MARAS. Please ensure that you have the full postcode of the property to be insured, plus the rebuilding costs of your property and the full replacement value of the contents you wish to insure. MARAS is directly authorised and regulated by the Financial Services Authority for insurance activities.

MBM Management is an introducer appointed representative of MARAS and you should use agent number 2486 when contacting MARAS.

Taxation Issues

Tax Consequences

The tax implication of property letting can be confusing. A Landlord has two main taxes to consider: income tax and capital gains tax.

Income Tax

1. Income tax is payable on the net income from property letting irrespective of where you live. It is your responsibility to inform the Inland Revenue of your letting income whether you are a resident or a non-resident Landlord. It is important to note that the Inland Revenue do have the right to ask the Agent to disclose the names and addresses of all Landlords for whom they act.
2. The letting income on which you are subject to tax is the gross income less certain allowable expenses. The allowable expenses are diverse and usually include:
 - Loan interest (subject to certain conditions).
 - Insurance, ground rent and service charges.
 - Costs of providing services included in the rent (electricity, cleaning etc.).
 - Legal and accounting charges.
 - Costs of repairs, redecoration and renovation.
 - Agents fee including VAT.

The Inland Revenue also allows a deduction for wear and tear of furniture, fixtures and fittings. This is when the property is let furnished and where no claim is made for the cost of replacing existing furniture, fixtures and fittings. The wear and tear allowance is currently 10% of the gross annual rent. For many tax payers, these expenses and the wear and tear allowance can exceed their income, extinguishing any tax liability.

Expenses not allowed by the Inland Revenue:

- Cost of preparing a property for letting.
- Expenditure on initially furnishing or improving the property.
- Capital repayment elements of mortgages.



Non-Residents

Even if you are a non-resident (which means you live abroad permanently, or go to work abroad for a lengthy period) then, like a UK resident, the excess of income over allowable expenses is subject to UK income tax. However, there are specific procedures for collecting income tax from non-resident Landlords. The following general points may be of interest.

- The Agent who collects rent for the non-resident Landlord must deduct tax at source from his income and pay the tax deducted to the Inland Revenue unless specifically exempt by written authority from the Inland Revenue.
- It is possible to apply to the Inland Revenue for the Agent to be exempt from withholding income tax at source. This exemption is, however, granted at the Inland Revenue's discretion. The best place to get more information on this subject is the Inland Revenue's website www.hmrc.gov.uk.
- At the end of each tax year, your tax position must be resolved with the Inland Revenue. As with a resident Landlord, this usually involves submission of a UK tax return showing your letting income and expenses. If you have

approval to receive rents gross and do not submit annual tax returns to the Inland Revenue you may be infringing tax regulations and, furthermore, any exemption that has been granted may be withdrawn.

- It is normal for non-resident Landlords to appoint an accountant to act for them whilst they are abroad.

Capital Gains Tax

As a Landlord, you should be aware that there is a risk that you might be exposed to Capital Gains Tax. Always take professional advice, but as a word of comfort, the following are unlikely to incur this tax:

- Non-resident Landlords.
- Those letting a former home for no more than three years.
- Those letting a former home when obliged to work elsewhere in the UK.



Premium Lease & Tax Implications

Sometimes a Tenant proposes a “premium lease” where an up-front rental payment known as a “premium” is offered to the Landlord. We always recommend that Clients take careful legal and financial advice in these circumstances in order to establish whether this type of arrangement is beneficial.

Tax Tips

Our advice is simple:

- Under no circumstances should you conceal property income from the Inland Revenue, this is illegal and can result in fines and penalties.
- If you are not a UK resident, ensure you apply to the Inland Revenue for rents to be received gross as early as possible. There is no advantage in delaying.
- Take steps to mitigate your tax liabilities by seeking professional advice from a reputable firm of accountants who will advise on Income Tax and Capital Gains Tax issues.

- Retain all invoices for sundry expenses such as ground rents, repairs, etc. and ensure that the nature of the work is clearly stipulated on the invoice.
- A good detailed inventory and record of damages must be drawn up at the beginning and end of each tenancy. This may well avert a potential dispute over “replacement costs” which are allowable if no “wear and tear” allowance is claimed.

If in doubt, seek professional advice.

MBM Management use and recommend the service of Accountants Smith Cooper.

Should you require further information on the tax implications of letting your property please contact without obligation,

Smith Cooper partner, Paul Duffin on (01773) 83 66 66.

Please mention MBM Management.

Telling it as it is!

(frequently asked questions)

The following questions are those most frequently asked by potential landlords. The answers provided are based upon the hard experiences gained since we commenced our business within the Derby area in 1996. The responses are not plucked from an industry text book.

Do you have a list of professional clients waiting?

We do have many potential tenants who will contact us way ahead of their intended moving date with quite specific details as to their accommodation needs. In most instances we are able to satisfy their requirements. Generally, however, we find that professional clients do not wait!

To have a roof over your head, is a basic and fundamental need, therefore, when any tenant makes an immediate enquiry or undertakes a viewing at any one of our properties its clear that they are looking to move and soon! Consequently, we maintain contact with all potential clients until we are confident that their requirements have been met, we know that their search will usually last a matter of days before they find what they are seeking.

How long will it take to let my property?

We once had the experience of introducing a new tenant to a new landlord within 30 minutes of meeting both parties! But in honesty this is not a regular occurrence. We never consider a property to be truly let until the appropriate tenancy agreement has been signed, so beware of claims of companies who claim to let properties within hours if not minutes. Generally, we find that if the property is presented in the best possible way and is realistically priced, then if we are not at least

taking references from potential tenants within 3 or 4 weeks then there is something amiss. On many occasions however properties are let within this time scale.

Should my property be let furnished or unfurnished?

80% of all our properties are let unfurnished. Please see the section, Property Presentation and Technicalities for details as to what the meanings of Unfurnished, Part Furnished and Fully Furnished, mean. Although the greater majority of our properties are unfurnished we have little difficulty in letting properties containing furniture. If in doubt do please seek the advice of the MBM representative who undertakes your properties initial viewing or contact our offices directly

What happens if the tenants refuse to or cannot pay their rental?

All of our tenants sign an undertaking to pay their rental by means of a standing order mandate. In addition, their details are listed on our computer soft ware and every month a dual check is made to monitor all rental payments. In the event of a non payment, an automatic process will be triggered which includes verbal, personal and written attempts to remind the tenant of their oversight. The written efforts in this respect are 7 and then 14 day letters which are sent and are in fact the commencement of the property re-possession process. Given these circumstances, the landlord will be advised within 3/4 working days of any payment default. Fortunately, very nearly 100% of payment difficulties are resolved without court action. Please see the following question.

Have you ever had the need to go to court to seek possession of a property?

Marveen Smith is a renowned lecturer and solicitor who specialises in the lettings industry. Her legal practice, Pain Smith, provide a legal hot line service to the trade to which we subscribe. She quotes that "in all of the tenancies which are entered into in recent times in England and Wales, 3% will end in tears with the need for a possession order to be served for the landlord to reposes their property". In our years of trading we have raised literally 1000's of tenancy agreements and we have been to the County Court on a few occasions accompanied by our landlords, and have gained possession on each occasion! Under such circumstances, possession of a property can only be gained legally by resorting to court action. From the foregoing information it's clear that the likelihood of resorting to court action for possession is relatively small and with our company and the safeguards which we employ, the risk is much less than the national average figures. However, there are insurance products, called Rental Guarantees, which are available to landlords which represent excellent value for money and do provide additional piece of mind. Please see the section on insurance products within our brochure and on our web site.

How long a fixed term tenancy agreement do you recommend?

We advocate a 6 monthly tenancy in most cases. At the end of this term, if the tenant wants to remain in the property and the landlord is in agreement, then it is not necessary for another fixed period agreement be entered into. The tenancy may simply roll foreword from month to month, thissituation is perfectly normal and legal and the tenancy becomes known as a statutory periodic tenancy, with most of the terms and conditions of the original fixed term being carried foreword. During this roll over period, the tenant must provide one months notice in accord with the tenancy period and the landlord may also secure possession of his property by giving the tenant two months notice, again in writing and again to coincide with the tenancy period. Some tenants might wish to enter into a further fixed term agreement however, and thus secure further security of tenancy. If the landlord is in agreement with such a situation then we draw up the appropriate agreement and we do not make a charge to either the landlord or the tenant for this service. Please note that many agents will make an extra charge for this service.

What happens if, having entered a fixed term tenancy agreement, the tenant wishes to vacate?

We have had the experience of newly installed tenants suddenly receiving a job offer from overseas that they could not afford to ignore and how could we assist in releasing them from their tenancy? There is no ambiguity in this situation. All tenants sign a legally enforceable tenancy



agreement which commits them to a fixed term usually of initial 6 months duration. During this period they must abide with the terms and conditions of the agreement which includes the payment of the agreed rental amount. When the tenant requests assistance we contact the landlord and explain the circumstances. The landlord can insist that fixed term rental be paid in full. However we generally recommend that with the landlords consent, we re-market the property and find an alternate tenant, terminate one tenancy and instigate a replacement one with no loss of income for the landlord and at no cost to him.

MBM Management does make a charge to the tenant for undertaking this work.

What happens to my deposit?

When accepting deposits all agents or private landlords must make provision for those deposits to be held by utilising one of the three government approved schemes.

The schemes are as follows:

1. The Dispute Service Limited. Sponsored by the RICS, ARLA and NAEA, and is the scheme to which MBM Management belong. Most member agents will belong to this scheme.
2. Tenancy Deposits Solutions is sponsored by the National Landlords Association and is administered by Hamilton Frazer Limited. It is generally accepted that most private landlords will join this scheme. The two schemes referred to above are known as insurance schemes, whilst the following is custodial.
3. The Custodial Scheme is administered by Computer Investor Services plc. This scheme is for every other agent or landlord who does not choose to, or cannot, join one of the two insured schemes. All such deposits are now protected by an alternative deposit resolution scheme allowing disputes about protected deposits to be resolved without the need for court action.

For further details of the schemes, please visit our web site at www.mbmmanagement.com If you have any further questions or queries do please contact our offices directly.



Acknowledgements

Is a member of the National Association of Estate Agents.

Is a member of the National Approved Letting scheme (NALS). The first Derby based property Management Company to gain approval.

Recent member of the Ombudsman scheme relating to property management and lettings

Registered with the Data Protection Agency.

Registered with the Centre for Non Residents (CNR)

USE AND RECOMMEND THE LEGAL SERVICES OF

Pinders, St Mary's Gate, Derby DE1 3JJ. Contact Mr Tom Hoyle. Subscribe to the Legal Hotline operated by Legal specialists Pain Smith Solicitors.

USE AND RECOMMEND THE ACCOUNTANCY SERVICES OF

Chartered Accountants. Smith Cooper, 57 Mansfield Rd, Alfreton, Derby DE55 7JJ

THE NEXT STEP

When you instruct MBM Management Ltd to care for your property, you can be safe in the knowledge that you have local expertise supported by the strength of a well-established company.

Please read the Terms and Conditions carefully, and then return the appropriate Instruction Forms attached to the inside of the back cover of our brochure. Please remember that the legal, financial and peace of mind benefits of using MBM Management Ltd far outweigh the modest cost of our services.

This brochure is produced by MBM management Ltd and whilst the particulars are believed to be correct and are given in good faith, they are not warranted and any interested parties may satisfy themselves, taking alternative professional advice or otherwise, as to the correctness of this brochure. This brochure in itself does not constitute an offer or contract or part thereof.

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