

# Lettings Glossary

## A

### **Administration fee**

The administration fee is the money a tenant pays to a landlord to cover the cost of processing their application to move into a property. Further administration fees may also be charged when the contract is renewed at the end of the tenancy.

### **Assured Short-hold Tenancy (AST)**

An Assured Short-hold Tenancy is the most common type of tenancy agreement, providing the people you rent your house out to with protections under the Housing Act 1988. If the annual rent for the property is below £100,000 an AST is usually the best tenancy agreement to use.

### **Applicant**

The applicant is the person or group of individuals who want to rent a property.

## B

### **Break clause**

A break clause can be inserted into a tenancy agreement in order for either the landlord or the tenant to bring the AST to an end before the end of the contract. The break clause normally needs to be inferred in writing and two months usually needs to be given by either party.

### **Buildings insurance**

Buildings insurance covers the cost of repairing or rebuilding a property in the event that it is damaged or destroyed. Landlords are advised to ensure they are protected by buildings insurance before letting a property to a tenant.

### **Bull market**

A bull market refers to when prices increase at a great pace, perhaps due to a shortage of available property in an area.

### **Buy to let mortgage**

This is the type of mortgage landlords will use to buy a house if they have the intention of letting it out to tenants.

## C

### **Common areas**

Common areas are the parts of the property that are shared by all of the tenants living

in it. These will typically include bathrooms, dining areas, living rooms and gardens, as well as any residential parking that is included with the property.

### **Company Tenancy**

This is the type of contract used when a company is renting a property rather than an individual.

### **Contents insurance**

Contents insurance covers items such as electrical goods, carpets, furniture and curtains that are included in the rental of a property.

### **Contract**

The contract is the legally-binding document that lays out the agreed terms for the rental of a property from a landlord to a tenant.

### **Converted flat**

A converted flat is a property that has been developed from a larger building.

### **Credit check**

The credit check is one of the most important parts of the reference process, ensuring applicants have the income to cover the rent. Credit checks will also show up the applicant's credit history, including any information on their record about late payments and bankruptcy.

## **D**

### **Dilapidations**

Dilapidations refers to disrepair or damage that is caused to a rented property. The costs involved will usually be deducted from the deposit.

### **Deposit**

The deposit is the money paid by a tenant to secure a property, which the landlord holds until the end of the tenancy agreement before returning it. The deposit is usually equal to around four to six weeks of the rental amount of the property. The landlord is required by law to put the deposit money into a deposit protection scheme.

### **Development**

Development refers to either an older property that is refurbished and modernised to make it ready for rental, or a brand new residence.

## **E**

### **Electrical Equipment (Safety) Regulations 1994**

The Electrical Equipment (Safety) Regulations 1994 mean landlords have to ensure that all of the electrical installation and appliances in a house have been tested to make sure they are safe.

### **Energy Performance Certificate (EPC)**

It is one of the legal requirements of the landlord to ensure the property they are

renting out to a tenant has an Energy Performance Certificate (EPC). The EPC rates a home on its energy efficiency by using a sliding scale with grades that run from A to G.

## F

### **Fixtures and fittings**

Fixtures and fittings are all of the items that are usually included in a tenancy agreement, for example carpets and curtains to cookers and kitchen white goods. In the case of some tenancy agreements further furniture such as sofas, tables, beds and wardrobes may also be included.

### **Freehold**

Freehold refers to when the landlord also owns the land on which their property is built.

### **Furniture and Furnishings (Fire) (Safety) Regulations 1988 and (Amendment) 1993**

The Furniture and Furnishings (Fire) (Safety) Regulations 1988 and (Amendment) 1993 means landlords have to ensure all furnishings such as domestic upholstered furniture are compliant with safety regulations.

## G

### **Gas safety regulations**

Gas safety regulations are another of the important legal requirements for a landlord to adhere to whenever they rent out one of their properties to a tenant. A gas safety check has to be carried out before a house can be let and further checks should be done on an annual basis. The tenant should be given a copy of the gas safety check to keep themselves.

### **Gazumping**

Gazumping refers to an offer being made above the asking price after a deal has already been agreed. It is more common with property sales than rentals. Gazundering is when the proposed tenant or buyer lowers their offer after it has been accepted.

### **Ground rent**

Ground rent is the amount that is paid when a freeholder lets land to a leaseholder and then builds on it.

## H

### **Holding deposit**

This is not the same as the deposit a tenant pays that is held in a tenancy deposit protection scheme by the landlord. Instead, a holding deposit is the fee paid by a potential tenant to secure the property. This fee is used to pay for costs such as the referencing a tenant must have before they can be cleared to move into a rented house.

### **Houses in Multiple Occupancy (HMO)**

The rules regarding HMO properties varies from borough to borough, best advice is to confirm with your agent and the local council regarding specific stipulations.

## **I**

### **Inventory**

The inventory is one of the most important documents a landlord can have whenever they are renting out a property. The inventory is a list of everything included in the property, as well as the condition the house is in. For instance, the inventory would record whether there are any existing scratches to furniture or floors and if there are any places where the paintwork has been chipped.

## **J**

### **Joint and several liability**

Joint and several liability refers to when there are to be more than one adults living in a property and they are each to be responsible for the safety and the upkeep of the house or apartment. Under the terms of this type of agreement, tenants are all jointly responsible for the payment of the total rent.

### **Joint agency**

This refers to when more than one lettings agent is instructed to find a tenant for a property, though this type of agreement is much more common when houses are up for sale. Joint agency is also sometimes called multiple agency.

## **L**

### **Landlord**

The landlord is the owner of the property being rented out. They are typically held responsible for the maintenance and upkeep of the property, unless the tenancy agreement says otherwise.

### **Lease**

Not to be confused with a tenancy agreement, the lease usually refers to a long agreement on an apartment. The lease is a legal agreement by which the freehold or leasehold owner of a property can rent it out to another party for a set period of time. After this time is up - and the period is usually 12 months at least - the lease would be returned to the freeholder or superior leaseholder of the building.

### **Lessor**

The lessor refers to the person who grants a lease on a building - typically the landlord of the property.

### **Long let**

The period classed as a long let can differ but it usually refers to longer than six months.

## M

### **Maintenance charge**

A landlord may request that a maintenance charge is paid in order to cover any costs involved in maintaining the property. Details of any maintenance charges - sometimes known as service charges - should be set out in the lease.

### **Maisonette**

A property is described as a maisonette if it is an apartment with its own access that is laid out over two or more levels. Maisonettes are often self-contained, with their own access, bathrooms and kitchens, in larger properties.

### **Meter readings**

A meter reading of the gas and electricity meters should be taken on the first day that a tenant is living in a property, and then another reading should be taken on the day that they move out. In some cases, the water usage in a property may also be measured through meter readings.

## N

### **National Approved Letting Scheme**

The National Approved Letting Scheme (NALS) provides tenants and landlords with peace of mind that the lettings agency they are dealing with is properly regulated. The accreditation scheme is for lettings and management agents and anyone in the programme has to meet defined standards of customer service in order to stay in the scheme.

## O

### **Offer**

An offer is how much a tenant is willing to pay to rent out a property from a landlord. Usually a tenant will agree to pay the asking price but in some cases they may try to knock down this amount. If this happens, it is up to the landlord to decide whether or not they are happy to accept the offer to reject it and hope another tenant offers the full asking price at a later date.

### **Office copy entry**

The office copy entry is an official document that is issued by the land registry that confirms the up-to-date ownership of a property.

## P

### **Peppercorn rent**

Peppercorn rent is the term used to describe when there is an amount of ground rent to pay on a property that is very small and insignificant.

### **Portable Appliance Testing (PAT)**

Portable Appliance Testing (PAT) is another of the important requirements a landlord

must abide by before they are ready to rent out a property to a tenant. Tests should ideally be carried out by a registered electrician and items such as microwaves, lamps and kettles should all be checked to make sure they are in a safe condition for a tenant to use. Courses are available for landlords who want to learn how to carry out PAT checks throughout their properties themselves.

### **Premium lease**

When a premium lease is being issued for a property, the full rent for the period is paid up front. This is usually used for rentals to companies.

### **Property management**

Property management refers to when a letting agent handles all maintenance issues with a house or apartment rather than the landlord.

### **Purpose built flats**

Purpose built flats refers to when the building the homes are located in is new and has been constructed for that purpose, rather than when an older building such as an unused mill has been converted into apartments.

## **R**

### **References**

A landlord will usually want references to be carried out against potential tenants before giving the green light for contracts to be signed and for them to be able to move in to a property. Checks include looking into whether or not a tenant has the financial ability to meet the rent each month, while their track record in previous rentals may also be assessed as part of the checks.

### **Renewal of contracts**

This is when contracts that are due to expire are renewed. Tenants will often have to pay letting agents a fee for their contracts to be renewed on a rented property.

### **Right of way**

The right of way of a property refers to the legal right of an individual living in a home to use a particular part of a property to gain access to any particular part of their own property.

## **S**

### **Short let**

A short let typically refers to when a property is rented for a period of time shorter than six months. Utility bills tend to be included in a short let, which may run from month to month in some cases.

### **Studio flat**

A studio flat usually refers to a property that consists of one main living space, including sleeping and cooking facilities. There will typically be a separate bathroom or toilet also in the property, or in some cases the tenant may share these facilities with other tenants in the building.

### **Superior lease**

A superior lease refers to when the owner has the leasehold interest on a property, but someone else owns its freehold. The superior lease - also sometimes known as the head lease - is the lease held by the landlord.

## **T**

### **Tenancy Deposit Protection Scheme (TDPS)**

Any deposits that are paid as part of an Assured Short-hold Tenancy should be put into a Tenancy Deposit Protection Scheme (TDPS). This should happen within 14 days of the contracts being signed by the tenant and the landlord. In England and Wales, the options for landlords looking for a TDPS include Deposit Protection Service (Custodial and Insured), My Deposits and the Tenancy Deposit Scheme. Deposits should be returned in full by the landlord as long as the tenant has met the terms of their tenancy agreement, paid rent and bills on time and made sure they have not damaged the property in any way.

### **Tenant**

The tenant is the person or group of individuals who are renting the property from the landlord.

### **Tenure**

This term refers to whether a property is classed as freehold or leasehold.

### **The Property Ombudsman (TPO)**

The aim of TPO is to ensure landlords and tenants get the highest level of customer service possible.

## **U**

### **Under offer**

This is when a bid has been put in to rent out a property, but contracts are yet to be signed, meaning someone else could potentially still move in and become the tenant.

### **Utilities**

Utilities refer to services such as water, gas and electricity that are provided to a property. Water will be supplied to the house by a local operator, while the gas and electricity may be supplied by the same company. In the vast majority of tenancy agreements, the tenant is responsible for paying for the utilities provided to a property, although some landlords prefer to handle this themselves and offer their homes out at an all bills included rental price.

## **V**

### **Valuation**

The valuation is the recommended rental price for a property. Letting agents and

surveyors will be able to help landlords to set the price they ask in rent for their homes by using the valuations of other similar properties.

### **Void period**

Void period refers to the amount of time that a property is empty, between the previous tenants moving out of the house and the new tenants moving in. It is natural for there to be a small void period between tenants, which may allow for a property to be cleaned or to be fitted with new furnishings. However, landlords want to avoid the void period stretching out for too long as this is a time during which they are not receiving any rent for their properties.

## **W**

### **Wayleaves**

Wayleaves are the rights of way that a landlord should ensure are maintained in order for utilities providers such as the electricity board, telephone companies and broadband suppliers to maintain the pipelines and cables that serve a property.

Wayleaves are not necessary when the owner of a property is the person requiring a service to be installed, but when a property is being rented out they must be adhered to.

## **Y**

### **Yield**

Yield refers to the return on investment that a landlord receives for renting out their property to a tenant. When referring to a rented house, the yield is the income from a property that is calculated as a percentage of its value. For instance, if a house is valued at £250,000 and is rented out to tenants for a total annual cost of £12,500, the landlord's yield on the investment would be five per cent for each year they rent out the property.