

The HMO Rent to Rent essential checklist

Whether you are just thinking about investing in an HMO or have a huge portfolio, I've put together a 10-point essential checklist for you to ensure that your HMOs and your company are fully compliant, and you are operating your shared houses as safely as possible.



additional regulations which will often change or be added too. The endless list of repercussions and potential costs of not doing this is extremely long – so make sure you do this every single time.

“You should always renew your fire risk assessments annually”

2. Fire Risk Assessments

As a Rent to Rent company, you are responsible for the safety of your tenants. We use a professional local fire company to go through every property we take on, to ensure that all fire & safety regulations are being met. You should always renew your fire risk assessments annually, and carry out fire alarm and emergency light testing every week/month (depending on the type of property etc), logging it in a fire book which should be kept in a fireproof locked box within the property.

3. Building Insurance (including contents insurance)

The landlord should always have building insurance in place. Ensure you have a copy of this for your records and that it hasn't expired. With contents insurance, landlords can usually add this to their policy for approx. £20 - £40 extra per year. The tenants are then responsible for their own personal contents insurance.

All our Rent to Rent academy graduates, and the staff at Kendall Bailey, will go through this checklist with a fine-tooth comb **every time they take on a new Rent to Rent property**. As a business owner or managing agent, the following areas are your responsibility – so please make sure you do the following 10 things every time you invest in an HMO.

1. Licencing & Planning

No matter what type of property

you are taking on as a Rent to Rent (existing HMO or residential) it is crucial that you call the local council and double check with both the Planning department and the Licencing department to find out exactly what regulations need to be met. Remember – planning and licencing are two separate departments, and it's always important to get their response via email and file it for future reference. The penalty for managing a licensable HMO without a licence can be up to £20,000, and some councils have

If the landlord isn't willing to add contents insurance to their policy, you can either pay for it on their behalf (as it will be worth it) or take it out yourself.

4. Landlord's Mortgage Implications

If you are taking on a fully licensed HMO, it is usually the case that the property would have been purchased on the correct type of mortgage for the property. However, we always double check and recommend that you do too. If you are taking on a property that is being converted from a residential property to an HMO it's essential you make sure the property is on the correct mortgage product before you continue.

You can also credit-check your landlord to check they have never missed any mortgage payments, and/or agree with the landlord to pay the mortgage directly to the mortgage company, to ensure a payment default never occurs.

5. HMO Licence, Gas and Electrical Safety Certs and PAT Testing

Always ensure you have up-to-date copies of the current HMO licence (if required), the gas safety certificate, electrical safety certificate and PAT testing certificate. A copy of the EPC is also needed for each property.

6. Putting by More Than Enough for Voids Periods and Tax.

This is self-explanatory; it is always a smart idea to put by more money than necessary for voids periods and tax. It is a wonderful feeling at the end of the year when you have more than enough money left over because you've been sensible throughout the year.

7. Professional Indemnity & Public Liability Insurance

You will need cover of around £2m for Professional Indemnity and

Public Liability insurance for your Rent to Rent company; however, feel free to take advice from your own professional mortgage broker. This should cost you around £20 - £40 per month as a company.

8. Join the PRS Scheme

You can be fined up to £5,000 if you are a landlord or Rent to Rent managing agent and have not registered to become part of the

Property Redress Scheme. More information can be found at www.theprs.co.uk

9. ALWAYS register your deposits within 28 days!

I recommend a deposit scheme whereby the deposits you lodge cannot be touched by anyone other than the Government Approved Deposit Scheme.

This ensures all deposits are secure until you or the tenant claims it back. If you do not register a tenant's deposit within 30 days, you are liable to be fined.

10. ALWAYS be conservative with your profit and cashflow!

When calculating your figures on a Rent to Rent deal, always base them on a conservative rent to begin with to ensure the deal stacks up and then do your best to help your potential tenants spend their budget. Don't base your initial figures on the highest rents you hope to receive, as you will be leaving yourself no wiggle room at all.

To find out more about Katrina, her Rent to Rent training or to watch a free online introduction to Rent to Rent & receive further information, tips and updates, please visit: www.katrinajones.uk.

