

Dear Andrew

Re: Tenants Fee Act 2019

I am writing to make you aware of new legislation coming into effect on the 1 June 2019 that will affect both Landlords and Letting Agents called the 'Tenant Fees Act 2019'.

The Act restricts the ability of Landlords and Letting Agents to charge certain fees to tenants and prospective tenants of assured shorthold tenancies (excluding social housing and long leases) and student accommodation in England. It also applies to residential licences (with limited exceptions). The relevant provisions will come into force on 1 June 2019 for new and renewal leases and licences (excluding periodic tenancies). From 1 June 2020, they will apply to existing leases and licences.

For security deposits, if the annual rent is less than £50,000, the deposit cannot exceed five weeks' rent. If the annual rent is £50,000 or more, the cap will be six weeks' rent. Landlords may not set a rent at a higher level for the first part of the tenancy and then reduce it later, in an attempt to recoup costs indirectly. Holding deposits must not exceed one week's rent and must (except in limited circumstances) be fully repaid.

Other permitted charges (aside from rent) are limited to payments for loss of keys and late payment of rent, for variation, assignment or novation of tenancies, for early termination by the tenant, and for council tax, utilities, TV licences, and communication services. In some cases, there are restrictions on the amounts that may be charged but they are mainly limited to the reasonable costs incurred by the Landlord or Letting Agent.

For more information this new legislation please visit www.gov.uk/government/collections/tenant-fees-act.

The largest impact we will face from of the 'Tenant Fees Act' is we can no longer charge tenants an administration and reference fee. This is a fee that we charge tenants at the beginning of the tenancy to cover the cost of their referencing and to contribute towards the cost of drawing up the tenancy. By previously being able to charge tenants this fee, it enabled us to offer the competitive rates we currently offer you, the Landlord.

On average, Tenant Fees currently account for 30-40% of a Lettings Agent income which means that this new legislation is going to have a huge impact on the small independent Estate Agents such as ourselves. In light of this, we therefore need to implement some changes to how we charge Landlords. These changes are crucial in

ensuring that we can maintain a high level of service and due diligence, including thorough referencing of all named tenants and any relevant guarantors.

After 1st June 2019 the following changes will apply to new tenancy set up fees and tenancy renewal fees to Landlords;

TENANCY SET UP FEE

Professional/Family Let

Fully managed & rent collect service: £500 + vat (£600)

HMO Tenancies*:

Fully managed & rent collect service: £1000+VAT (£1200)

*HMO tenancies defined as 3 or more unrelated individuals in one household

RENEWAL FEE

All tenancies: £100+VAT (£120)

Despite the changes in our tenancy set up fees, we are very pleased to say that we have been able to keep our monthly management fee at the current agreed rate.

Although we would rather not be restructuring our fees to Landlords, we hope you understand our need too. We have made our increased fees as minimal as possible without having a detrimental impact on our Lettings business. Please be advised we will also be reviewing all rents before the start of each new tenancy going forward, with the aim of increasing rents where possible and maximising your investment.

If you would like to discuss in any more detail the new legislation coming into play or have any concerns over the changes we have outlined in this letter please do feel to contact me or the team at Dybles. In the mean time I would like to take this opportunity to thank you in advance for your business and ongoing support; we look forward to continuing to work with you.

Yours sincerely,

Daniel Bapty

Lettings Director