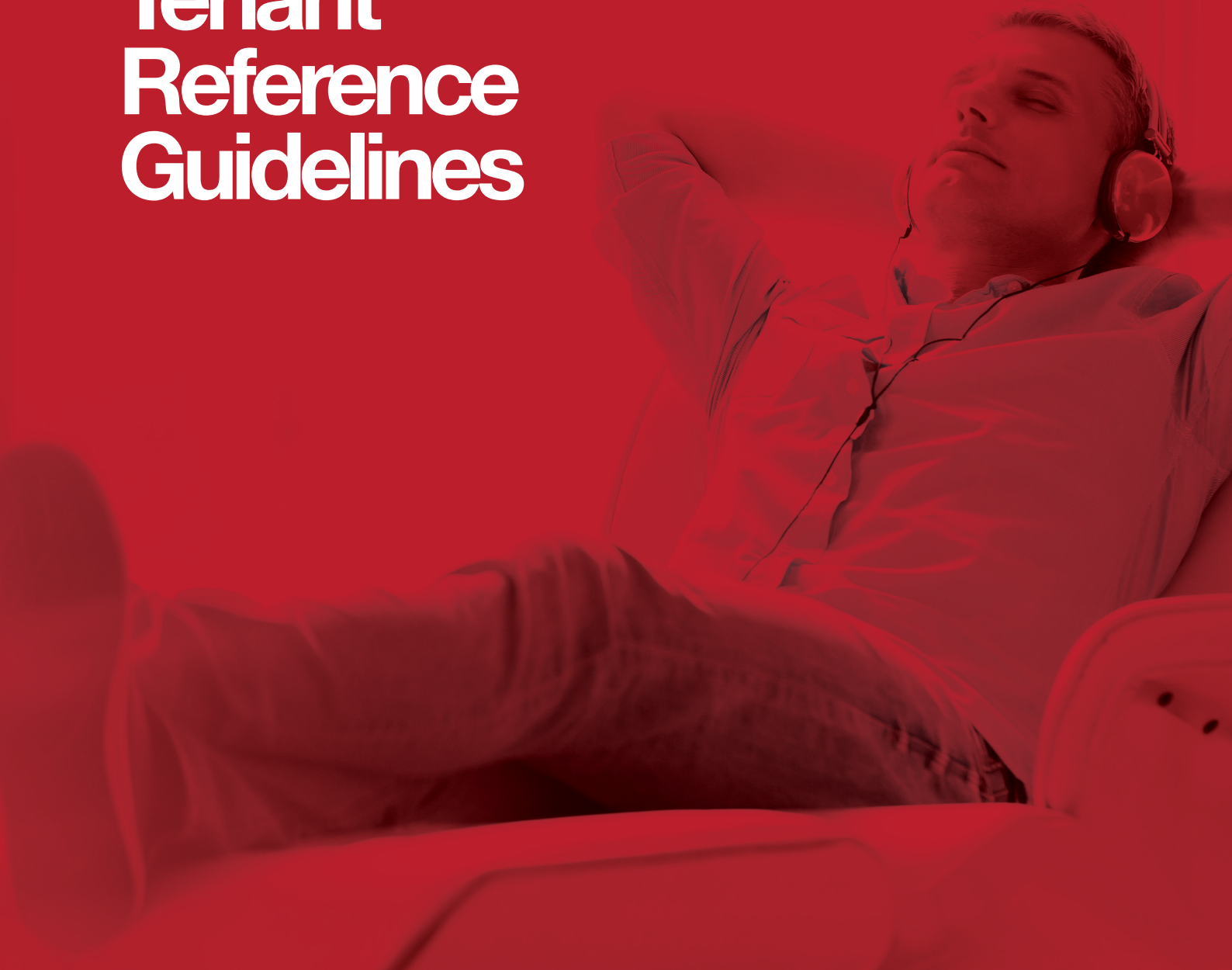


Tenant Reference Guidelines



Introduction

Here at LegalforLandlords we understand that you need a service you can rely on so we have all of your bases covered within our Award Winning Tenant Referencing, Insurance and Legal teams. From the offset we will be on hand to help and answer any questions you have. We have devised this guide to give you a quick overview of Referencing and Insurance procedures. You will be appointed a dedicated account manager who will be there to answer any queries you have.

Our team is available Monday – Thursday 9am to 5:30pm, and Friday 9am – 5pm.

Should you need us out of hours, we have an online chat service available to support with any queries.



myNative Overview

myNative is our online system which will keep you up to speed on all of your referencing. You can track the progress from submitting the application to your potential tenants, right up to the final stages. If your tenants have passed you can even use myNative to take out our insurance products for that extra peace of mind. Within myNative you will find the My Details section. Here you can update your contact details and select how you want to track your references. You can choose to receive updates from us daily. We'll pop an email over between 8am & 9am, to show you what references have been completed on the previous day and where your on-going references are up to. If this isn't frequent enough for you, you can receive progress updates which will send you an email each time a section of the reference has been completed.

Alternatively you can log in 24/7 and view your current applications and any attachments added to the references. Here you can also log a call to us or upload any documents that the applicants have passed on to you. To turn on your daily or progress updates simply visit the My Details section and select Morning Meeting Updates or Referencing Progress Updates. Another key feature that we offer is Tenant Pre Screening. This will let you see what your potential tenants have completed on the application form before it is submitted for referencing. You can then decide whether to proceed with the tenants and submit the application or decline the tenant. This will remove them from your myNative system and you will not be charged for the references.

Once the reference is completed we will forward you a report advising of our recommendation. Should the tenant not be a straight forward accept, we will let you know the reasons for our decision. We will apply Rent Protection on Conditional Accepts if the tenants/guarantor can afford the entire rents share. We aim to get your references completed within 2-3 working days however sometimes this will go over due to employers, landlords, accountants and even tenants not providing the required information.





Submitting a reference

There are two ways to submit a reference, you can either input some basic details for your potential applicants and we will send a form via an email link for them to complete or you can complete the application form yourself.

Email submission

This is our most popular submission type and is used by over 98% of our clients. All you need to do is simply enter details of the property along with the applicants name, email address and phone number and the link is automatically sent. If the applicants don't complete the link after 72 hours we send a reminder email advising them to complete the form within the next 24 hours or the link will be removed from our system. Once the link has been completed, you will receive notification via email along with an interim report showing all of the information provided by the applicants.

Online submission

This is where you will fully complete the application on behalf of your tenants. You will need to either have the applicant with you to gain all information required or you can download an application form and give it to the tenants to complete. We would recommend that this submission type is only used when you have the full details to complete the form as any inaccuracies or discrepancies will cause delays to the referencing process.

Updates to your Tenant Reference applications

myNative allows you to track the progress of all submitted references via the "Current Applications" tab. This will show you all active references and the progress bar will show you how far the reference has progressed since submission. Once we have made our decision the progress bar will then show the result.





Potential applicants



Tenants

Each person must be referenced and a fee will apply to each tenant. The full rental amount must be covered by the applicants. If one person is covering the full rental amount we recommend that you still reference all other occupants. Please note that Rent Protection Insurance is not available on initial references



Self-employed

If an applicant has been self-employed for less than 12 months, they will require a guarantor if sufficient proof of savings or payment up front is not available. For applicants who have been self-employed for over 12 months we will require one of the following in order to verify income.

- 6 months full personal bank statements
- Most recent tax return/SA302
- Reference from accountant confirming the previous financial years income



Students

The majority of students will require a guarantor and must be submitted as a complete reference. Some students may pass without a guarantor subject to satisfactory savings/income being received. We will accept sponsored students providing proof of sponsorship is received and covers the required income amount. If your applicant is in receipt of a bursary or stipend, this can be accepted subject to the bursary meeting our affordability requirements.



Pensioners and retired individuals

All applicants who are retired or receiving pensions will be required to provide evidence of their pension/s in the form of their annual pension statement, award letter, payslips or 3 months bank statements. We can also accept a P60 as evidence of pension payments.



Living on independent means

If the applicant has independent means to cover the rental amount for the tenancy term a complete reference will be required. We will require evidence of savings/funds to cover the full rental period and these funds must have been available for the last 30 days.



Companies

All companies must be referenced using our Company Credit Check facility, which is available via myNative. We can only reference a company which is a Limited company, PLC or LLP. If the company is registered outside the UK then our Overseas Company Credit Check must be used.



Types of reference checks

We offer a unique pre-screening option which will allow you to see the information provided by the tenant prior to the application being submitted. This is available on all Complete, Complete Plus, Initial or Fast-Track references.

SMART references with Open Banking

A SMART reference utilises Open Banking to provide a thorough credit check* and reference via our high-tech system. Using real-time data as well as six unique algorithms, a SMART reference provides a true and accurate understanding of an applicant's income, including a specific income figure and confidence rating. Accessing raw data from the bank, it creates a seamless and straightforward onboarding experience for an applicant as well as more accurate figures calculated specifically for each applicant. Plus, providing you submit the application by our 4 p.m. deadline, the SMART reference can be completed that same day. Tenants must opt-in to Open Banking.

**powered by Equifax.*

RentalPassport™

RentalPassport™, is the easier way to find suitable tenants. It speeds up the process, reduces voids and means fewer problems during the tenancy. When an applicant chooses a RentalPassport™, they kick-start the screening process. Before you arrange a viewing you'll know that preliminary reference checks are positive. Information is already collected, checked and ready for further scrutiny should the viewing go well. Even better, there are no set-up costs for agents to 'go live'. Like a job applicant with a great CV, a tenant with a RentalPassport™ shows you they're serious.

Initial

An initial reference will check your prospective tenant's credit history and will also check if they are registered on the Electoral Roll. Any adverse credit such as CCJ's, Bankruptcies or Individual Voluntary Agreements (IVA'S) will be highlighted. Please note that adverse credit will remain on an applicant's credit file for a minimum of 6 years. Dependant on the circumstances, adverse credit may be held for up to 10 years. The decision for an Initial Credit Check will be either Accept or Decline. Open Banking can be opted in to by the tenant at no additional charge. This is not dependent on the reference being completed, unlike a SMART Reference where opt-in is mandatory.

Complete

A Complete Reference incorporates the Initial Reference credit and background check along with an employment/income reference and landlord reference if applicable. An Initial Reference may be upgraded to a Complete Reference. For all referencing where an

employment reference is obtained, our standard practice is to verify the employment and income to give you peace of mind that the reference has been obtained from a registered business where it has been confirmed either verbally or written that both the referee and applicant are employed. Open Banking can be opted in to by the tenant at no additional charge. This is not dependent on the reference being completed, unlike a SMART Reference where opt-in is mandatory.

Complete Plus

This is our most popular product and includes the Initial and Complete reference with the added security of an 18 month Legal Protection Policy. Some landlords are reassured by a satisfactory reference/guarantor on upfront payment and may decide they don't want or need Rent Protection. If they stop paying our Complete Plus provides legal expenses cover including eviction notices regaining possession of the property court and bailiff fees. Open Banking can be opted in to by the tenant at no additional charge. This is not dependent on the reference being completed, unlike a SMART Reference where opt-in is mandatory.

Fast track

A Fast Track Reference is a Complete Reference which we aim to return to you within 4 hours. All referee's will be contacted several times within the 4 hour timescale in order to process the reference for you as quickly as possible. Unfortunately, we cannot guarantee that references will be completed within this timescale. Open Banking can be opted in to by the tenant at no additional charge. This is not dependent on the reference being completed, unlike a SMART Reference where opt-in is mandatory.

Company Credit

Check Our Company Credit Checks will give you an overview of any UK Registered company including the current status, credit worthiness and if applicable, 3 years filing history. We cannot credit check Charities, Churches and Voluntary Organisations. All UK Company Credit Checks will be returned within 3 working days. Open Banking can be opted in to by the tenant at no additional charge. This is not dependent on the reference being completed, unlike a SMART Reference where opt-in is mandatory.

Overseas company credit check

This reference will gain the same information as the UK Company Credit Check however the timescale is up to 10 working days. A quotation will be provided upon submission of this reference.

Our tenant referencing system

myNative is a unique and advanced tenant referencing system to help and support letting agents with the submission and tracking of all references. The platform is based on Salesforce, the world's leading online CRM system.

Your Partnership Development Manager will have provided you with your personal log in details. Please note that you will need to confirm your Password to our Team when calling in to the office to discuss any files.

To log in please visit www.legalforlandlords.co.uk and select myNative Login



Service time and features

Feature	Initial	SMART	Complete	Complete Plus	Fast Track
Turn Around Time	Instant	Same Day**	1-3 Working Days*	1-3 Working Days*	4 Working Hours***
Preliminary Right to Rent Checks	No	No	Yes	Yes	Yes
Valid Bank Account Check	Yes	Yes	Yes	Yes	Yes
Credit Check	Yes	Yes	Yes	Yes	Yes
AML Checks	No	Yes	Yes	Yes	Yes
Risk Score	Yes	Yes	Yes	Yes	Yes
Credit Insight	Yes	Yes	Yes	Yes	Yes
Confidence Score	No	Yes	Yes	Yes	Yes
Affordability Check	No	Yes	Yes	Yes	Yes
Employment Reference	No	No	Yes	Yes	Yes
Employment Verification	No	No	Yes	Yes	Yes
Company Check	No	No	Yes	Yes	Yes
Additional Income Checks	No	Yes	Yes	Yes	Yes
Landlord / Agent Reference	No	No	Yes	Yes	Yes
12 Months Rental Payment Checks	No	Yes	Yes	Yes	Yes
Rent Protection Eligible	No	Yes	Yes	Yes	Yes
Lifetime Legal Expenses Cover for the AST <i>T&Cs apply</i>	No	No	No	Yes	No

* Unless custom criteria set by the agent.

** SMART same day if submitted by 4pm M-F

*** FastTrack dependent upon employers verification

****All references are dependent on third parties providing the best, accurate and most up to date information on any given applicant in a timely manner. Over 90% of our references are back within 2 working days.



Rent & legal protection

We know landlords want packages which represent value for money. With a policy from LegalforLandlords you can feel assured that 100% of your monthly rent will be paid alongside legal expenses to gain possession back of the property. Nil and one month excess options available.

Includes:

- Covers 6 monthly payments
- Covers up to £2,500 rental payments per month
- Covers up to £15,000 rent in any one claim
- £25,000 to £100,000 for legals costs
- Fixed competitive rates inc IPT at 12% (not charged as a % of rent)
- Nil excess and 1 month excess options
- 24-hour legal advice line
- 90 no claims period for existing tenancies
- Policy length must match the AST (6 or 12) – if periodic, then a 12 month policy must apply
- In-house and experienced claims team to resolve all matters as quickly as possible

Insurance Requirements

- LegalforLandlords Complete or Guarantor (with deed of guarantee) reference must be accepted
- A deposit equivalent of 1 months' rent must be taken in advance and registered correctly
- Rental Payments must be taken in advance and recorded
- The missing payment must be chased within the first 7 days of the due day
- Claims must be registered within 60 days of the missed payment
- The policy start date must be within 14 days of the tenancy start date
- A policy can be incepted after 14 days but within 90 days of a reference report, however it will incur a 90 days no claim clause.
- External references subject to a 10% uplift payment

*See T&C's on the LegalforLandlords website



Frequently asked questions

Q How do you work out affordability for tenants and guarantors?

A A tenant needs to earn 2.5 x the annual rent and a guarantor needs to earn 3 x the annual rent.

Q What happens if there is a shortfall in the applicants' income & monthly rental?

A If there is a shortfall there are a number of options available. If the tenant has savings that will cover the shortfall, evidence of this can be provided. Please note that the savings must be in the individuals name and have been available for the last 30 days. The tenants can also pay the shortfall upfront which will then reduce the monthly rental to match the affordability or a guarantor can be added to the application.

Q Do all tenants need to be referenced?

A All named tenants are jointly & severable liable for payment of the rent. Each Tenant/Guarantor who signs the AST assuming responsibility for this will need to be fully referenced. This is regardless of the rent share they have been apportioned for referencing purposes. You cannot reference or name anyone under 18 as a tenant on the AST.

Q Do we need to reference permitted occupiers?

A We recommend that all permitted occupiers over the age of 18 are referenced. The reference check validates address & credit history, verifies bank details and forms part of the right to rent guidance. It also provides insight into previous rental history. All of which is valuable to landlords and agents when letting a property. It also helps to support any claims the landlord may make on their insurance policies and will also aid the eviction process.

Q Can you confirm employment using payslips?

A No, we need to verify employment but can use payslips to confirm the applicants income once employment has been confirmed.

Q Can we reference overseas tenants and guarantors?

A Yes, if an applicant is new to the UK they will not have a UK Credit Score. The reference will be based on other factors. If a guarantor is overseas, providing we can obtain all relevant information, we can complete a reference check. Please note that Rent Protection Insurance will not be available with an overseas Guarantor.

Q Does a guarantor need to be a homeowner?

A No, we do not require guarantors to be homeowner.

Q How many guarantors can we put through?

A This is up to you, however we would recommend no more than 1 guarantor per tenant as you may struggle trying to get hold of all guarantors if multiple are used and are required to pay the tenants rent.

Q When will I be invoiced?

A You will be invoiced the following month for all references and managed Rent Protection policies processed in the previous month.

Q Will I be charged if I cancel a reference?

A If work has been carried out on the file then a charge will apply for the reference.

Q Can an applicant still be referenced if their employer doesn't have a business landline number?

A Yes, providing the applicant can supply alternative contact details and sufficient proof of income, the applicant can still be referenced, and the affordability can be verified.

 **RentalPassport™ FAQs****Q How do I setup RentalPassport™?****A We have 4 simple ways to do this for the best results:**

1. Embed your unique link on all property listings to let, which can be found in the “My Details” section of myNative. You’ll need to include some information on what RentalPassport™ is and what it means to prospective tenants on your website. We can provide you with copy for this.
2. Your Lettings Consultants can send this link directly to any prospective applicants and it will link directly with your system.
3. Display a unique QR code in your shop window. We can supply you with a bespoke QR code to use for rapid tenant sign up.
4. You can setup auto reply rules for all viewings leads received from the major portals. We can also provide copy for this with examples.

Q What is RentalCommunity?

A RentalCommunity is a free online hub for tenants. Once signed up, tenants are rewarded with incentives, high street discounts and fantastic deals on insurance, deposit replacement schemes and much more.

You can also create your own RentalCommunity for all of your renters and engage with them in a white labelled portal. Speak to your Account Manager for further information on this option.

Q What is Deposit Replacement?

A By purchasing a deposit replacement tenants save on upfront costs by paying a service charge equal to one week’s rent rather than paying a traditional deposit. Like a traditional deposit, tenants will remain liable for any unreasonable damage or rent arrears at the end of tenancy. All parties have to agree on this method before it can be taken, and the agent must go through a brief training session.

Q What income should be included in the annual income figure?**A Include:**

Guaranteed employed/self-employed income, tax credits (minus childcare element), bursary/stipend, student sponsorship, ESA, DLA, CA, PIP, child maintenance (if supported by CSA), pension, pension credit, premium bonds (if funds have been in the account >30 days), ISA (instant access), statutory maternity pay, maternity allowance.

Do not include:

Loans, stocks/shares, ISA’s (not instantly accessible), student loans, universal credit including housing benefit, income support and job seeker’s allowance, child benefits.

Q Is RentalPassport™ linked with myNative?

A Yes, you can view all RentalPassport™ applications within myNative as they happen. You’ll be sent a copy of all reports via email too with the specific viewing information.

Q Can rent protection be taken on the back of a RentalPassport™ check?

A No, RentalPassport™ is a preliminary reference check based on information provided by an applicant. In order to obtain rent protection you would need to proceed with a smart/complete reference check.

Q Do tenants have to go through a letting agent to complete a RentalPassport™?

A No, they can visit www.rentalpassport.co.uk and get a tenant’s direct rental passport free of charge.

 **RentalPassport™ FAQs****Q Can a tenant use RentalPassport™ for more than one property?**

A Yes, a RentalPassport™ is valid for 90 days and can be used for any and multiple properties within that time period.

Q What happens after I receive the RentalPassport™ report?

A You can decide whether to reject or approve and proceed to referencing the prospective tenant.

Q What information does the tenant need to complete the RentalPassport™ form?

A They will need a copy of their ID, figures of their annual income and current savings. They will also be asked about any adverse credit history, their right to reside in the UK and rental history, details of the property they are interested in and when they are available for a viewing.

Q How long will it take to complete?

A The form can be completed by tenants in as little as two minutes.

Q Will it affect a tenant's credit score?

A No, a RentalPassport™ check leaves no footprint on a tenant's credit file.

Q How much is it?

A This service is free of charge for both agents and tenants direct.

Q Who will see the report?

A Tenants are emailed a copy of their report and you will also receive a copy (unless tenant direct). LegalforLandlords will hold a copy of the report for 90 days unless there's a legitimate interest to retain this further.

Q Is this the same as pre-screening?

A No, tenant pre-screening allows you to view the information a tenant has provided before proceeding to referencing. A RentalPassport™ provides a preliminary decision based on the information a tenant has provided and our tenant referencing criteria, giving you insight to their affordability, rental and credit history.



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