



# Appraisal and Residential Property Letting Practice (ARPLP)

## Sample Questions and Answers

**propertymark**  
QUALIFICATIONS

# APPRAISAL AND RESIDENTIAL PROPERTY LETTING PRACTICE (ARPLP) SAMPLE QUESTIONS AND ANSWERS

This unit provides a practical emphasis on matters related to the appraisal of residential property available to let. It covers those considerations of which residential letting agents need to be aware of when advising a potential client and acting on behalf of existing clients. Candidates must be aware that consumer and business protection legislation is an important feature of this unit and questions involving such legislation may appear in more than one element.

Questions, and answers where provided, are correct as at time of publishing.

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## ASSESSMENT INFORMATION

Assessment Method	Short essay style exams 2 hours
Availability of assessment	Set times of the year as identified within the qualification page on the <a href="#">Propertymark Qualifications website</a>

Examinations are manually marked by an examiner and moderated by an experienced and qualified moderator.

The pass mark for each unit is **45%**.

The successful achievement of all units will result in either a final certificate showing a Pass or Distinction Grade.

In order to obtain an overall grade of Distinction, you need to achieve an **overall average mark of 70% across all examinations**.

# SCENARIO 1

A landlord has decided to appoint an agent to handle the letting of their own home, however they are undecided as to which service offered by the agent would best meet their needs. The landlord will be travelling abroad for up to two years but has friends and family who live locally.

## Question 1

Explain to the landlord the main types of service packages and identify the most appropriate one to meet the landlord's needs.

### Answers may include:

- Identifying and describing the three services:
  - Let only
  - Let and rent collection
  - Fully managed
- Making comparisons between the services as to suitability based on the scenario (there is no one right service – the candidate should recognise the benefits of each)
- Mentioning that the landlord has friends and family who could manage the tenancy on his behalf therefore let only or rent collection may be best.
- Mentioning that with rent collection the landlord will have the benefit of a third party (the agent) chasing late rental payments
- Noting that:
  - the agent could take out rent protection and legal fees warranty under rent collection and fully managed
  - the most profitable service package for the agent is the rent collection

**Credit can be given by markers for any other valid answer(s).**

# SCENARIO 1 (CONTD.)

## Question 2

You leave a copy of your Terms of Business with the landlord at the end of the appraisal. Three days later, the landlord telephones your office to advise you that they have decided on the service package they wish to use. Describe the process you should now follow before placing the property onto the market.

### Answers may include:

- Identifying and describing the need for signed Terms of Business
- Describing a cooling off period, and how and when a landlord has the right to cancel the contract. Noting that as the Terms of Business were left with the landlord, no cooling off period applies to this scenario
- Identify the need to check that the landlord legally owns the property and obtain ID and proof of address for landlord in line with anti-money laundering regulations
- Indicating:
  - their agreement on a rental value
  - additional services such as rent protection insurance and legal insurance
- Need to agree any further fees that may be incurred should the agent undertake additional services
- Need to instruct an Energy Performance Certificate (EPC) and an Electrical Installation Condition Report (EICR)
- Requirement for a Gas Safety Certificate to be in place
- Any restrictions and special restrictions on the property (restrictions) i.e., no pets, smokers, (special restrictions) no commercial vehicles
- Need to pay tax on the rental to HMRC and how to apply with a NRL1 form
- Need to ensure the agent obtains all contact details for the landlord or agree access arrangements for viewings

**Credit can be given by markers for any other valid answer(s).**



# SCENARIO 2

You are approached by a potential client who has recently inherited a large sum of money and is considering their investment options. The client has disclosed that they are also considering the purchase of a property overseas where they intend to live for most of the year.

## Question 1

What on-site factors should your client consider when choosing a property and thereafter, to maximise their investment?

### Answers may include:

Include factors from the list below:

- New bathroom
- Modern kitchen
- Fences in secure and good condition
- Proximity to good schools
- Good transport links

Identify the need to keep properties in good structural and decorative order e.g.:

- external and internal redecoration
- maintenance and improvement of glazing, energy efficiency, hard surfaces such as paths and driveways
- replacement of carpets and flooring

Provide examples of changes in the local area that may affect value, such as:

- changes to local transport
- changes to local schools
- new housing developments either affecting enjoyment of property or providing newer and better-quality accommodation

Mention undertaking regular performance comparisons to ensure the portfolio contains the correct type of housing.

**Credit can be given by markers for any other valid answer(s).**

# SCENARIO 2 (CONTD.)

## Question 2

What advice should you give the client regarding their potential tax status?

### Answers may include:

- Explaining Specific Approval: i.e., the agent will be required to deduct tax at standard rate from net rent and pay to HMRC in the absence of a specific approval number
- Identifying that the landlord will need to complete a NRL1 form and submit to HMRC in order for agent to receive an approval number
- Explaining that without Specific Approval the agent will need to account to HMRC and pay over any tax collected from the rent on a quarterly basis, and also make annual returns to HMRC giving agency number; details of gross rent collected, expenses which can be offset, tax deducted and paid to HMRC
- Explaining that the agent will need to register with HMRC
- Explaining that if the landlord does not employ an agent then the landlord must advise the tenant before they commit to the tenancy that he intends to reside overseas as the same process of Specific and Without Specific Approval falls on the tenant.

**Credit can be given by markers for any other valid answer(s).**

# SCENARIO 3

A new client landlord wants to grant a 12 month tenancy of a mortgaged residential property. The landlord has never rented out property before and has no idea regarding what type of tenancy agreement they should use.

## Question 1

Describe which types of tenancy may apply and which you would recommend as being the most suitable for this landlord. Give reasons for your recommendation.

### Answers may include:

- Identifying and explaining all the three types of tenancies available to the landlord:
  - Assured tenancy
  - Assured shorthold tenancy
  - Common law (non-Housing Act 1988) which would be used in the event of, e.g., a company let
- The most likely tenancy will be a Housing Act 1988 tenancy of which the assured shorthold gives the landlord the most flexibility and guarantees possession at the end of the term, but also will be the most appropriate form of tenancy given that there is a mortgage
- The implication of a mortgage and the lenders' requirements with regards to length of term
- Section 8, Ground 2 and indication of its relevance.

**Credit can be given by markers for any other valid answer(s).**



# SCENARIO 3 (CONTD.)

## Question 2

Two months into the 12 month term the tenant seeks consent to move in their partner and their dog. What advice would you give the landlord?

### Answers may include:

- The need to gain landlord consent
- Whether the partner should be treated as a permitted occupier or be added to the tenancy agreement as a tenant
- Need for Right to Rent check on permitted occupier/additional tenant
- Explanation in relation to the dog:
  - need for addendum to cover permitted occupier and dog
  - landlord consents and relevance of not being unreasonably withheld
  - that the landlord can no longer require a deposit for pets
- That the performance and control of the permitted occupier and the dog become the responsibility of the tenant

**Credit can be given by markers for any other valid answer(s).**

# SCENARIO 4

You have been asked to give a presentation to a group of prospective clients on the economic benefits of investing in property and the safeguards available to landlords to ensure the internal quality of the property is maintained.

## Question 1

One of the attendees has asked how similar properties in different areas can achieve such different prices. Using appropriate situations and examples to qualify your answer, explain the theory of supply and demand and how this affects rental prices.

### Answers may include:

- Outline supply and demand theory
- State equilibrium price
- Explain how demand affects price
- Explain how supply affects price
- Give situations/scenarios/examples that might influence demand
- Give situations/scenarios/examples that might influence supply
- Explain the effect of short term v long term agreements on rental value

**Credit can be given by markers for any other valid answer(s).**

# SCENARIO 4 (CONTD.)

## Question 2

One of the group mentions that rental properties can be left in very poor conditions, with the landlord having to pay for refurbishments after a short period of time. Explain the safeguards available to help ensure that tenants fulfil their obligations when handing back properties.

### Answers may include:

- The need to have in place a robust inventory and schedule of condition
- The inventory and schedule of condition should be agreed with and signed by the tenant
- That a copy of the tenancy agreement with specific cleaning and tenant obligation clauses, together with a signed copy of the inventory and schedule of condition, should be handed to the tenant at the start of the tenancy and that a copy should be handed to the landlord for their records
- It is best practice to hand over the property to the tenant in a clean and well-maintained condition at the start of the tenancy, and the tenant should agree the condition at the check-in appointment
- That it is best practice to undertake periodic property visits
- That the tenant will have lodged a deposit to cover dilapidation

**Credit can be given by markers for any other valid answer(s).**

# SCENARIO 5

You have an established practice as a residential lettings agency and are faced with the following circumstances.

## Property 1

You have arranged and conducted a viewing and have now received an offer to rent from the applicant.

## Property 2

As stakeholder, the DPS custodial scheme holds a deposit of £1,000 at the end of the tenancy within an account in your agency's name. The property requires some minor repair work to damage caused by the tenant.

## Question 1

**Property 1** — Explain the process you will follow to handle the offer and qualify the applicant's suitability.

### Answers may include:

- Explaining the process for handling an offer:
  - Supply tenant with a copy of full Energy Performance Certificate (EPC)
  - Identify agent's duty to negotiate the best and most suitable offer on behalf of the landlord
  - Offers are subject to contract
  - How the holding deposit is calculated, that it can be retained for up to 15 days and the circumstances under which it may be retained by the agent or landlord
  - Need to gain landlord approval for the offer
  - Confirm offer in writing to landlord
- Explaining the process for qualifying suitability:
  - Need to reference
  - All of credit check/bank reference, landlord reference, employer/income reference
  - Right to Rent checks
  - Tenant must meet the landlord's mortgagee's and insurer's requirements
- The need to obtain landlord approval in respect of reference reports before moving to contracts stage

**Credit can be given by markers for any other valid answer(s).**

# SCENARIO 5 (CONTD.)

## Question 2

**Property 2** — What actions should you take and what information would you need to gain agreement to the deductions and final distribution of the deposit?

### Answers may include:

- Identify the term 'stakeholder'
- Demonstration of an understanding of a custodial account
- Explanation of the importance of inventory and schedule of condition and check-out report  
Indicate that:
  - Dilapidations are the difference between move in and move out condition
  - Any claim must reflect 'fair wear and tear'
  - Fair estimates for repair of dilapidations must be obtained
  - The proposed deductions must be put to both landlord and tenant and negotiate between them
  - Amounts agreed should be paid out within 10 days
- Distribution of deposit:
  - If parties cannot agree then the alternative dispute resolution (ADR) process is available
  - Describe the ADR process to include a recognition that only the disputed amount should be placed into ADR and that the agent should authorise the release of the balance back to the tenant

**Credit can be given by markers for any other valid answer(s).**