



Raising Champions,  
Taking Territories

## Featuring

**This is Your  
Season! Part 4**

**Brain Teaser  
Entrepreneur  
Word Search**

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# CBN Newsletter

## Business 2 Business – OVERFLOW !!!!



### Conference Delegates

Dear Reader,

You are welcome to the last edition of our newsletter for 2012. Indeed, the year has been a “Year of Overflow” for us. I am sure you too can attest to this in your various lives.

As most will agree, the highlight of events this year for us at CBN was our Summer Business Seminar held in conjunction with the Launch of our building – THE OPEN DOOR – at 25 Church Road, Crystal palace, SE19 2TE. We were indeed blessed with notable speakers from across the globe and they educate us on “Achieving Business Success despite Recessionary Economic Conditions” with a special emphasis on Opportunities in Africa’s

Emerging Markets. The distinguished panel of speakers were Ben Akabueze, (Commissioner for Economic Planning and Budget, Lagos State, Nigeria), Richard Flemming (Chief Executive Officer, TBN Europe), Supa Mandiwanzira ( Chief Executive , Mighty Movies) and Peter Osalor ( Chief Executive Officer, Peter Osalor & Co). A lot of important nuggets and “well kept secrets” were shared at the seminar. I will advise as many as were not present on the day to get the CD of the event. We also had a lot of exhibitors showcasing their products and services at the event. It was indeed a befitting opening of “The Open Door. If you are interested in knowing more about Christian Business Network (CBN) then send us an e-mail at [kiccs@kicc.org](mailto:kiccs@kicc.org) or indeed come along to one of our meetings which holds every third Sunday of the month after the second service at our current place of worship – Open Door Community Centre, Keevil Drive, Wimbledon. SW19 8BN. It will be our pleasure to welcome you to any of our meetings.

God bless you as you read.

## What is Involved in Property Letting Part 2

### Part 4 - Is your Agreement a Tenancy or a License?



**A tenancy:** is where the tenant actually owns the land or property for a slice of time. It is a different type of ownership from owning the freehold of the land, but it is nevertheless ownership. This is why the landlord is not entitled to go into the

rented property without the tenant's permission. It's not his anymore. He has given it away in exchange for the right to receive rent, together with the right to get it back once the tenancy has ended.

**A license:** is where the occupier is not a trespasser because he has permission to live in the property.

An occupation would be a tenancy if the occupier:

- Has exclusive possession of the property
- Pays rent (which does not have to be a market rent - for example it can be a 'peppercorn rent'), and is for a term (i.e. a specified period of time. The term can be a rolling 'periodic' term, i.e. it can run from week to week or from month to month)

An occupier is not a tenant :

If there is no legal relations for example: family type situations where you allow a member of your family to stay in a property and do not sign any form of legal agreement.

Where services like cleaning, and meals are provided as in the case of hotel occupancy.

Provision of services also often means that the occupier does not have 'exclusive occupation' as the landlord has the right to go in, for example to deliver the clean sheets, or do the cleaning.

**Licenses** will also be created in the following situations:

- When an employee is required to live in the property as part of his employment when someone rents ac-

commodation on a boat and (sometimes) where the occupier is living in property as a beneficiary under a charity (for example in an almshouse)

### Part 5 - Tenancy Types

In this country (i.e. England and Wales UK) we have what is known as the 'common law'. This is the underlying law which was built up over centuries by Judges hearing cases.

However often this underlying common law is changed by an act of Parliament which imposes a different set of rules, which apply either in all circumstances or sometimes just in some circumstances.

This is the case with tenancies. There are still 'common law' tenancies, but in most cases, a tenancy will be regulated by one of the two main 'statutory codes' which have been set up by Parliament.

The first of these is the Rent Act 1977. This applies to all tenancies created before 15 January 1989. The second is the Housing Act 1988 which applies to all tenancies created after that date. The 15 January 1989 is therefore an important watershed date in housing law.

Rent Act tenancies are often known as protected or (after a notice to quit has been served on the tenant) statutory tenancies.

Housing Act tenancies are generally either assured or assured short hold tenancies (often called ASTs for short).

So when I say 'common law tenancies' I mean tenancies where neither of these two statutory codes apply.

This will be mostly in the following circumstances:

- First, where the tenant is a limited company. This is because the statutory codes were set up to protect individuals, not businesses
- Second, where the tenant occupies self contained accommodation in the same building where the landlord lives. The landlord must have lived there from before the tenancy started though and throughout the tenancy as his main home. Also it does not apply where the building is a purpose built block of flats where the landlord lives in one flat and the tenant in another.

## Property Letting Part 2 Cont'd

- Third - where the rent is either higher or lower than the levels set out in the legislation. The lower rent level is currently under £250 pa (£1,000 pa in Greater London) and the higher rent level is £100,000. It used to be £25,000, pa. but this changed, for tenancies in England on 1 October 2010. For Wales the changeover day is 1 December 2011.
- Fourth - where the tenant is a student who is going to study a course provided by his landlord, where the landlord is "a specified educational institution" - this includes most colleges and universities
- Finally Holiday lets. Note however that if you know that the purpose of the tenancy is not a holiday but, for example, is for a businessman to live in for a months posting, this will not be a holiday let. You should not use a holiday let form just because the tenant is only going to be there for a short time



Note also that there will also be a common law tenancy if the tenant has lost the protection of the act. This will normally be because they have moved out and sub let it to someone else.

**So why is all this important?** Why do you need to know the tenancy type? The reason is so you can select the correct type of tenancy agreement. Which is rather important.

So, for example, if you use a standard AST agreement for a common law tenancy, this will not mean that somehow you have no tenancy at all.

However it will be misleading, as some of the terms will be irrelevant. Also some things, such as eviction and the treatment of tenancy deposits, vary according to the tenancy type, so it is important for everyone to know what tenancy type they are dealing with. It is good practice to make this clear in the tenancy agreement.

For example if a tenant with a resident landlord is served a notice to quit and takes legal advice on it, the tenant may not tell the legal adviser that the landlord lives in the same building. The adviser, not realizing that this is a common law tenancy, particularly if the tenancy agreement appears to be for an ordinary AST, may then advise the tenant that the notice served is incorrect and tell him to defend the proceedings for possession.

Although the tenant will not succeed in his defence (assuming the landlord has got things right) it will cause delay and additional work for the landlord, and will probably cost him extra in legal fees. However if the tenancy agreement states clearly that the tenancy is not an AST because there is a resident landlord, the adviser will pick up on this and give the correct advice to the tenant i.e. that he does not have any defence. The tenant will then

more likely concentrate his energies on finding somewhere else to live.

### Part 6 - Shared Houses

This section looks at the renting out a room in a shared house There are two ways you can rent out a property where more than one person or household will be living there:

- First, you can get all the occupiers to sign the same tenancy agreement as 'joint tenants', or
- You can let out the rooms on individual contracts with shared use of the common parts.

Which tenancy type should you use?

Let's look at the joint tenants option first This is the most common arrangement. The tenants will all sign the same tenancy agreement together as 'joint tenants' and will have what is called 'joint and several liability'. This means that they are all liable, 'jointly' or together, and individually.

So let's say that four tenants, Matthew, Mark, Luke and John all share a flat as joint tenants. If they fall into arrears of rent, then the landlord can sue them all. Even though they may each have agreed to pay

## Property Letting Part 2 Cont'd

a quarter of the rent each, and it is only Luke who has not paid.

So far as the landlord is concerned, it does not matter who is responsible for the arrears. Legally they are \*all\* responsible, and he can claim the money from each of them or all of them.

This is because collectively all four are 'the tenant', and are all in it together. This is why a landlord cannot evict just one of joint tenants (no matter how much his co-tenants would like this!) – he can only evict all of them or none of them.

There are a number of advantages for landlords with the standard joint tenant agreement.

The joint and several liability is a plus of course. It means that the landlord has more people he can claim against for the rent of the property.

Also, as the whole house or flat is let, the landlord can require the tenants to have the utilities put into their own name, which will mean that he will not be responsible if they don't pay.

Where the joint and several agreement falls down is when one of the joint tenants wants to leave and a new person has to be found to take his place. Here either a new tenancy agreement needs to be signed, or the outgoing tenant remains liable for the rent and any damage to the property, even though he is not living there any more, and the new person living there as a lodger.

The joint and several tenancy agreement model is best for couples and families (where both partners will normally sign the agreement), and groups of people sharing, who are friends and who expect to be living at the property for the same length of time. For example, a group of students renting a house for the academic year.

The joint and several model is less satisfactory where people are moving in and out at different times. Here the room in a shared house is best.

Let's take a look now at this.

Here each tenant will have his own tenancy agreement, which will be for exclusive use of his own room (or rooms) and shared use of the rest of the property.

It means that there are no problems if one tenant has to move out before the others. The other tenants are unaf-

ected (other than by the prospect of having a new person living in the house). However this type of arrangement is less popular than the joint tenant arrangement. There are a number of disadvantages for the landlord. For example:

- they do not get the benefit of joint and several liability – when one of the tenants moves out here is no rent for that room until a new tenant is signed up,
- it is highly unlikely that any of the tenants will want to take over responsibility for the utilities (as they will not have any control over who lives in the house) so the landlord will have to remain named on the accounts.

However there are a few advantages:

- the tenants will not be able to keep the landlord out of the common areas in the same way that they can if they are renting the whole property, and
- landlords may get more rent for the property overall from letting individual rooms than from renting it out as a whole.

Whichever option you choose however, it is important that you use the right type of tenancy agreement. A standard AST document is not suitable for letting out a room in a shared house, and specific tenancy agreements for these are less common.

Just a quick point on tenancy agreements and Houses in Multiple Occupation - or HMOs

It's important to note that whether a property is an HMO, does not depend on the type of tenancy agreement used. A property is an HMO if it falls within the definition as set out in the Housing Act 2004.

**Edited by Jeff Chambers**

## Wisdom of the Rich

The rich learn about money themselves and never depend upon large institutions for advice. They pay professionals to give them impartial advice, but there is no doubt as to who the professional is working for.

Success in any form requires: dedication, knowledge and/or talent and to hone these skills requires practice and diligence. The best financial future can only be achieved with dedication of time, knowledge accumulation, passion and ambition. Financial freedom requires effort and knowledge.

Define financial goal/ target in order to put a plan in place. The difference between truly successful people and the rest is they have a burning desire to achieve their ambitions.

The rich know that they need to work at managing their money, and they know how much they want to have at a particular time. Deal with a firm that have varied expertise , rather than a one man band.

If and when you need an adviser, look for one that can deal confidently with the following;

- **Tax (both personal and corporate to cover both income and capital)**
- **Investments both on-shore and off shore**
- **Risk evaluation**
- **Mortgages and other loans (personal and corporate)**
- **Retirement schemes (both private and off the shelf version)**
- **Pensions**
- **Life and health (all types) insurance**
- **Legal issues**
- **Succession planning and wills**
- **Property (residential, commercial and retail)**

Look after the pennies and the pound will look after itself.

Do not ignore small amounts because they do accumulate and can cost you big time if not looked after.

Creating financial freedom is like filling a leaking barrel with water. If you do not fix the leaks you cannot maintain the water in the barrel. So fix the small stuff quickly and always.

Avoid borrowing your own money and paying for the privilege. For example, when you borrow at 8% and then you put a large chunk of money in your savings account for a 3% return that is not wise. Service your loan quickly and then start saving.

Change your beliefs about finance, but most importantly change the way you act too.

If you get your consumer debt under control, your route to financial freedom will be far easier.

Always ask for the true cost of a product, compare them to the benefits and then make a fully informed decision. The true costs are the costs, the benefits and the risks. Ask questions that ensure you get the numbers before you make decisions. Until Good debt such as buying a property has a major role to play in your future attempts to create wealth.

By introducing debt as a tool to accelerate the rewards for example buying property for investment, you can massively increase your return.

A financial freedom asset produces income such as investment property, while a financial freedom liability for example our home, and consumes our income. Financial freedom and thinking like the rich is about having enough income producing assets to replace your life style without the necessity to work. Risk is an essential part of becoming financially free. The rich know this and you need to learn to take risks.

## This is Your Season (PART 4)



Welcome to the fourth leg of our journey through the seasons. For those on board this special carriage, you will remember that we have established the inevitability of the changing seasons you cannot wish away your WINTER season, the best way to handle this difficult season is to use it to become Stronger, Wiser and Better. Do not allow your winter season to define the eventual outcome of your life.

After WINTER comes SPRINGTIME – a season of opportunities. Learn to take advantage of your season of opportunities. Get out of your comfort zone and stretch yourself because this season is typically brief, there are only a handful of springs available to each one of us – do not waste yours.

In this episode we will briefly consider another season. This is SUMMERTIME. Summer is a season most people look forward to. It is a season when everything seems to be going well. In summer, the days become both warmer and longer, the sun shines and there is generally a lot of fun in the air. People take advantage of the warmer temperatures by spending more time outdoors during the summer. In fact, for those of us in UK, we really had a great summer with the Olympics – London 2012.

Beloved, in summer there is a tendency to get complacent or get carried away with all the “razzmatazz” or enjoyment. Summer time for the wise and savvy is a time to protect your goods and your values. Please know that all goods will be attacked because the intruders will always want to strike. Remember, the bible even warns us that our adversary the devil

prowls around like a roaring lion looking for whom it may devour. The good news is that (if we stay watchful and on our guard) as he comes in one way he will flee in seven different ways. In summertime, you have to protect your garden. If you do not, the weeds are always there to take over. Let reality be your beginning.

My brothers and sisters please get ready to defend all your values – economic, social, friendship, political, spiritual etc. A major skill to develop is to prevent the intruder from taking over or plundering your investments. If you are not observant or circumspect, all the opportunities / advantages developed in spring might be unduly exposed in summer

The summer of life is a time to protect, it is a time for constant daily effort to guard against the busy bugs and noxious weeds. The spring is a time for the creation of things of value, and those things require the season of summer for rowing and gaining strength that they might yield their result in the autumn.

The dog days of summer are a time when we must defend what we planted in the spring. It is where we work to preserve our faith, ideals, and dreams when they are attacked (and they are likely to be attacked). Fertilise your new habits so that they continue to develop. Pull out the weeds of bad habits. Be patient and the result will surely follow.

Until we connect again at the next episode - remember **WE ARE DOING BUSINESS GOD’S WAY.**

*Femi Oguntunde*

Until we connect again at the next episode -

remember

**WE ARE DOING BUSINESS GOD’S WAY!**

## Brain Teaser — Entrepreneur Word Search

### BIG BUSINESS WORD SEARCH PUZZLE

T	C	O	R	P	O	R	A	T	I	O	N	A	C	I	Y	M
R	T	I	W	M	O	N	O	P	O	L	Y	D	U	W	N	L
A	X	Q	F	I	N	A	N	C	E	W	N	V	S	A	I	M
D	P	H	D	G	M	I	E	H	O	U	H	E	T	L	U	A
E	C	W	A	A	P	T	W	H	F	U	C	R	O	L	U	N
S	O	R	Y	R	X	M	A	E	S	L	O	T	M	S	S	A
E	M	S	C	M	U	I	G	Q	Y	Q	N	I	E	T	W	G
C	P	B	T	P	A	D	N	U	A	J	T	S	R	R	I	E
R	E	H	Z	O	E	R	L	V	M	I	R	I	S	E	R	M
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T	I	A	P	G	S	K	T	E	A	N	C	G	G	T	A	N
S	T	O	B	O	V	H	H	T	C	T	R	P	L	S	T	
V	I	E	N	F	S	V	J	O	P	I	E	O	O	Z	D	F
K	O	J	C	A	P	I	T	A	L	M	N	Q	R	C	A	N
I	N	V	E	S	T	M	E	N	T	D	C	G	Q	Y	Q	I
D	F	H	E	A	D	Q	U	A	R	T	E	R	S	H	W	W
W	R	E	A	L	E	S	T	A	T	E	A	R	L	X	O	I

ADVERTISING  
CAPITAL  
COMPETITION  
CONTRACT  
CORPORATION

CUSTOMERS  
FINANCE  
HEADQUARTERS  
HEDGE FUND  
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