



Prickett & Ellis Lettings Limited

GENERAL TERMS OF BUSINESS

DEFINITIONS

“you” “your” “client” “Landlord” means the person or persons by whom Prickett & Ellis is retained pursuant to these terms of business.

“we” “us” “our” “Agent” means Prickett & Ellis Lettings Limited;

“Tenant” means the person or persons or other legal entity who enters into a Tenancy Agreement with the Landlord.

1. LETTINGS SERVICES

a) When we receive your instructions to act as your Agent, for the purposes of arranging the letting of your residential property, we shall seek to secure prospective Tenants, arrange for them to view your property and negotiate with them terms for their occupation of the property which are acceptable to you as Landlord.

b) We shall prepare full particulars of your property with room measurements and photographs. Your property is offered to rent through all five of our own branches as well as all the other Agents on the Team inter-agent multi-listing service. Our clients' properties are shown on our own Internet websites www.prickettandellis.com and www.teamprop.co.uk as well as a large number of other affiliated websites i.e. www.rightmove.co.uk Your property would also be advertised in our weekly property list, which is circulated throughout all our branches.

c) When agreement in principle is reached on a letting of your property we shall apply for references and a credit check for you to review and satisfy yourself as to the suitability of the proposed Tenant. We can also offer a Rent Guarantee upon request.

d) When we locate a Tenant acceptable to you and immediately upon such Tenant signing a Tenancy Agreement, our fees will be due and payable by you on the following basis:

- (i) The Lettings Fee of 10% excl. VAT (12% Inc. VAT) of the rent payable under the Tenancy Agreement will be payable in full.
- (ii) On any extension of a Tenancy Agreement 8% excl. VAT (9.6% inc. VAT) of the annual rent for any extension thereto.
- (iii) The Agent shall give no refund to the Landlord in the event that either the Landlord or the Tenant terminates the term of the Tenancy Agreement for any reason. However, if the Tenant terminates in accordance with the contract, we will allow a pro-rata refund against the commission charged for finding a subsequent Tenant.

e) In the event that the property is purchased by any person introduced by us to you whether in the character of a potential purchaser or Tenant or Licensee, a sale commission of 2% excl. VAT (2.4% Inc. VAT) plus vat of the purchase price becomes due and payable by you

to us.

f) It is the Landlord's responsibility to ensure that both the property and contents are adequately insured against all risks and that said insurance policy(s) cover furnished lettings. We will inform Tenants of the benefits of effecting insurance of their own contents and possessions. As the Landlord and Tenant are not covered under each others policies, it is imperative that the insurer is informed that the cover is for a Let property.

2. RENT COLLECTION SERVICE

Where this service is required we will charge (in addition to our basic letting commission) a rent collection commission of 2% excl. VAT (2.4% Inc. VAT) of the annual rent throughout the duration of the tenancy and any extension and this will be deducted from the rent received each calendar month.

a) We will collect the rent in accordance with the terms of the Tenancy Agreement. In cases of persistent late or non payment, we will endeavour to notify you at the earliest opportunity and offer advice towards legal steps for the recovery of the rent and repossession of the property.

b) We shall use reasonable endeavours to transfer the monies due under the terms of the Tenancy Agreement to your bank account within five working days of collection by us.

3. MANAGEMENT SERVICE

Where this service is required we will charge (in addition to our basic rental commission) a management commission of 6% excl. VAT (7.2% Inc. VAT) of the gross rent payable throughout the duration of the tenancy and any extension. This will be deducted from the rent received.

a) We will collect, account for and pay over to you or as you may direct, the rent payable by the Tenant.

b) We will, within fourteen days, register the deposit payable by the Tenant as security against dilapidations and unpaid bills in accordance with the Tenancy Agreement.

c) Out of rent received we will pay and account to you for:

- (i) any final accounts for which you may be responsible in respect of gas, electricity, telephone, water, ground rent and service charges; and
- (ii) we will also create and operate a reserve for Landlord's repairs and contingencies; between £200.00 and £300.00 will be retained.

d) We will deal with all necessary and normal correspondence with your Tenant and also with third parties on matters relating to the proper management and internal maintenance of the property. It will not include the active prosecution on the Landlord's behalf of any issue which for whatever reason has developed beyond a mere difference of opinion into which we regard as a dispute with the Tenant or any third party.

e) We will arrange for any repairs or reinstatements which are necessary either to the property itself or to its fixtures, fittings and contents during the tenancy subject to the following:

- (i) We have absolute discretion to spend up to £200.00 from the Landlord's account on any repairs or reinstatements we regard as necessary. For any works exceeding the cost of £200 we will obtain quotes and await your instruction.
- (ii) The words "repairs and reinstatements" shall be construed as those items, which we consider reasonably necessary to maintain the property and your fixtures, fittings and contents in good habitable condition as at the commencement of the tenancy. Unless previously agreed, those words do not cover improvements to the property or its contents or structural alteration.
- (iii) Repairs and reinstatements will be carried out subject to the availability of suitable contractors. We shall be happy to use contractors recommended by you subject to their immediate availability otherwise we will use our own team of qualified contractors.
- (iv) While all reasonable steps will be taken to procure the services of competent contractors, we do not accept any liability whatsoever for any loss or damage of any kind caused by those contractors howsoever it arises.

f) We can provide, upon request, an annual management Statement of Account for the purpose of the Landlord's Tax return.

4. **ADDITIONAL SERVICES**

Tenancy Agreement

You will require a written Tenancy Agreement to record the terms of each letting. Lettings to individuals are undertaken against an Assured Shorthold Tenancy Agreement covered by Part 1 of the Housing Act of 1988. Unless specifically instructed otherwise by the Landlord, we use a standard form of Tenancy Agreement, with additional clauses, in respect of all lettings and this will be charged at £100.00 plus VAT. Landlords instructing their own Solicitors to prepare a Tenancy Agreement will be responsible for their Solicitors fees.

Dilapidations Deposit

We will undertake to collect – as your Agent – the deposit paid by the Tenant against dilapidations and unpaid bills and, in accordance with the relevant legislation relating to deposit protection, will register the deposit with The Deposit Protection Service (details can be found at www.depositprotection.com) There will be a charge of £25 plus VAT for this service. Should you require Prickett & Ellis to administer any dispute claim at the end of the tenancy, an administration fee of £100 plus VAT will be charged.

Inventory

We can organise a professional inventory clerk who will prepare a full detailed inventory with ancillary benefits and who will make a separate charge to you for this service.

Energy Performance Certificate

It is mandatory for Landlords to have an **Energy Performance Certificate (EPC)** available to NEW tenants as part of the lettings process. Each EPC will last for 10 years. The Energy Performance Certificate is broadly similar to the certificates found on many domestic appliances. The EPC will give the building a rating from A to G. An A rating shows the building is very efficient, meaning lower fuel bills, while a G rating is inefficient, meaning higher fuel bills. The EPC will also show the building's environmental impact by indicating its carbon dioxide emissions. We can arrange for an EPC to be carried out at a cost of £75 (plus VAT).

Gas Safety Certificate

You have a duty under the Gas Safety (Installation and Use) Regulations 1998 to arrange maintenance by a GAS SAFE registered installer for all pipe work, appliances and flues, which you own and have provided for your Tenant's use. You must also arrange for an annual **GAS Safety Check** to be carried out every 12 months by a GAS SAFE registered installer. You must keep a record of the safety check for 2 years and issue a copy to each existing Tenant within 28 days of the check being completed and issue a copy to any new Tenants before they move in. We can arrange for a Landlord's Gas Safety check to be carried out at a cost of £71.50 inc VAT.

Electrical Safety Test

There are two main Acts of Parliament that impose a statutory duty on Landlords with respect to the safety of electrical equipment – The Consumer Protection Act 1987 and the Health and Safety at Work etc. Act 1974. The Consumer Protection Act affects all persons who let property in the course of their business because it defines them as "suppliers", i.e. they are supplying goods to the Tenant. There are several items of secondary legislation under the umbrella of the Consumer Protection Act, which are directly relevant to the supply of electrical goods, including:

1. The Low Voltage Electrical Equipment Regulations 1989
2. The Electrical Equipment (Safety) Regulations 1994
3. The General Product Safety Regulations 1994
4. The Plugs and Sockets etc. (Safety) Regulations 1994

In essence, these regulations (which are not an exhaustive list) impose a duty on Landlords to ensure that all electrical equipment supplied by them is safe for use by the Tenant. The Consumer Protection Act provides a defence of 'due diligence', i.e. a Landlord can defend a contravention of the Act if he can demonstrate that he took reasonable steps to avoid committing the offence. We therefore strongly recommend having an Electrical Safety Test carried out and we can arrange this at a cost of £200 (plus VAT).

Key Cutting

A sufficient number of sets of keys should be supplied prior to the commencement of the Tenancy. Should the Landlord not be able to provide these the Agent reserves the right to have additional sets cut which the Agent will charge at the cost of obtaining such additional sets of keys together with an added administration charge of £20 (plus VAT).

Notices

Should the Landlord instruct the Agent to serve any notice on the Tenants at the property, our administration charge will be £30 (plus VAT).

Postal Redirection

We recommend that postal redirection be put in place prior to the commencement of the Tenancy Agreement however should the Agent receive any post, we will forward this with an administration charge.

Vacant Property Management

During void periods (which we will endeavour to minimise) we charge a fee of £30 (plus VAT) to include weekly inspections. The Agent will continue to manage the Landlord's property during this period, however we cannot be held liable for any loss and/or damage arising. Should the Landlord require supplies to be turned off or disconnected during this period they should provide written instruction and the Agent will arrange for a plumber to attend at the Landlord's expense. The Landlord is further advised to contact his insurance company should the property be empty for longer than thirty (30) days.

Short Term Letting

For a letting of a period of less than six months an increased rental figure will be achieved and our fee at 15% (plus VAT) of the rental income will be charged for the introduction of a Tenant.

Furnishing/Refurbishment

We are able to undertake supervision of furnishing and/or refurbishment of properties at the request of a Landlord. If we undertake such work a fee of 10% (plus VAT) will be levied calculated against the overall cost of the work involved. For works under £250 the rate will be 20% (plus VAT).

5. TAX

Although our Management Department will be happy to outline the main tax implications of entering into a letting arrangement, we are not tax advisers. We strongly recommend all potential Landlords to seek specialist advice on this subject, either from an accountant, solicitor or other professional adviser. As a general rule, if the Landlord is resident abroad, the Tenant must either deduct basic rate income tax from gross rent collected and account for it to Her Majesty's Revenue and Customs (HMRC) or pay the gross rent to a rent collection agent. If we act as the Landlord's rent collection agent, we are assessable to tax in his place on the rent he receives. We will liaise with your accountants, solicitors or other professional representatives in the event of the application by HMRC of the provisions of Section 78 of the Taxes Management Act 1970(as amended) due to our acting as rent collection agents.

6. INSURANCE

It is the obligation of the Landlord to make certain that the property, and its fixtures, fittings and contents, are at all times properly and adequately insured. We can, on request, assist in this process but in doing so will rely on valuations and specifications as to the extent of cover required by the Landlord. We are not insurance brokers and pretend to no special expertise in this area. We therefore give no warranties whatsoever to the adequacy or suitability of any coverage which we assist the Landlord in obtaining. The responsibility of ensuring that the coverage is adequate and suitable lies exclusively with the Landlord who should check, before entering into any letting of his property, that any insurance cover in place is not affected by the act that the property is either unoccupied or Tenanted.

7. MORTGAGE AND FREEHOLD CONSENTS

Should there be a mortgage on the property we are instructed to let, it is the Landlord's responsibility and lawful duty to seek permission from their lender to let the property. Failure to do so could lead to a breach of the terms of your mortgage agreement and such consent must be provided to the Agent in writing prior to the signing of a Tenancy Agreement. Failure to do so could result in a delay to the start of the tenancy.

a) Should the Landlord own the property outright, proof of ownership will be required prior to the signing of a Tenancy agreement. Failure to do so could result in a delay to the start of the tenancy.

b) If the property we are instructed to let is a leasehold tenure, it is the Landlord's responsibility to obtain permission from the Freeholder in writing and provide a copy of that consent to the Agent prior to the signing of a Tenancy Agreement. Failure to do so could result in a delay to the start of the tenancy.

8. COMMISSION

a) Extensions of the Tenancy:-

Our commission is payable on all extensions to, or arrangements derived from, any tenancy first arranged through us – whether agreed by the Landlord with the same Tenant or with an associate (personal or corporate) of that Tenant, or with a party (personal or corporate) introduced by the Tenant, or with an occupier or licensee of the Tenants, or with any fellow employee

or associate of the company or group of companies or other body of which the Tenant is an employee or an associate, or with any company or body from which the Tenant makes his livelihood.

This condition applies equally to cases where the Landlord provides alternative accommodation to the Tenant or any person associated with him as above as it does to the provision of accommodation in the original property.

b) Disputes with the Tenant:-

Our commission is also payable on all rent recovered or recoverable in arrears from the Tenant following failure or refusal to pay for any reason. We will provide the Landlord with all reasonable assistance in resolving a dispute with the Tenant or recovering arrears of rent, but the Landlord, in giving us our original instructions to arrange the letting of the property, expressly undertakes to indemnify us in full for all reasonable costs and expenses we may incur in providing such assistance.

c) Disposal of Tenanted Property:-

The Landlord should ensure, in the event that he sells the property with the benefit of a tenancy arranged by us, that he secures from the purchaser an indemnity against his continuing obligation to pay our commission until the end of the tenancy or any form of occupation derived from it.

9. **EXCLUSION OF LIABILITY AND INDEMNITY**

a) We accept no liability or responsibility whatsoever for any damage to any property, its fixtures, or contents, during those periods when the property is un-let, and it is the duty of the Landlord to ensure that adequate insurance coverage is maintained on the property, its fixtures, fittings and contents, at all such times.

b) When the property is let to a Tenant the Landlord's duty to insure continues and the only responsibilities we accept are: (i) for the proper performance of any agreement we enter into with the Landlord for the management of the property or for a specific service relating to the property and (ii) for physical damage directly resulting from an act or omission of one of our employees on or near the premises which is demonstrably negligent. All Landlords or potential Landlords who instruct us in relation to their property expressly accept that it is no part of our duties actively to inspect or supervise the property or the activities of the Tenant or other occupier other than on those occasions when one of our employees has a specific cause to visit the property and then only in the event that is immediately apparent that some hitherto unreported damage or illicit activity has taken place.

c) In the event that the Landlord gives us instructions which we follow in good faith and which turn out to be themselves unlawful or to result in an unlawful act or otherwise give rise to any kind of claim the Landlord expressly agrees that he will provide us with a full and immediate indemnity for all penalties, damages, costs and expenses whatsoever which we may incur as the result of following those instructions.

d) The Landlord also specifically undertakes to provide us with a full indemnity on the same basis as above in respect of any claim or action brought against us, whether alone or jointly with the Landlord's property or anyone claiming through the Tenant or any third party in respect of anything we are alleged to have done or not done in relation to the property which we discharge on the Landlord's behalf as his Agent.

e) The Agent will not be responsible for any part or area outside the property, shared common parts or neighboring properties.

10. **LANDLORD'S LIABILITIES**

a) You are responsible for the payment of any ground rent; service charges; council tax (while the property is untenanted) and all utilities (again while the property is untenanted).

b) All and any soft furnishings at the property must comply with Fire and Furnishing (Fire Safety) Regulations 1988.

11. **TERMINATION**

Unless the Client gives written notice to terminate the Agreement at least 14 days before expiry of the minimum period, the Agreement remains in force beyond the minimum period stipulated on the Confirmation of Instructions.

The Client may terminate the Agreement at any time thereafter by giving no less than 14 days written notice, you have the right to cancel a contract signed off our premises.

I/We [*] hereby give notice that I/We [*] cancel my/our [*] contract / agreement [*] / for the supply of the following service(s):-

Estate Agency Lettings Services.

Ordered on [*] / received on [*]

Name of consumer(s)/Client

Address of consumer(s)/Client

Signature of consumer(s)/Client

Date

[*] Delete as appropriate.]