

# Residential Letting & Property Management

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## Terms Of Agreement

# Residential Letting

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## AGENCY AGREEMENT

This Agreement is made between the Landlord of the Property (as named at the end of this Agreement) and Robsons Estate Agents who agree to act as agent for the Landlord and are hereinafter referred to as "the Agent". The purpose of this document is to set out clearly and concisely the extent of the letting and management service offered and the scale of fees charged.

The terms of the Agreement set out in this document will constitute a binding legal contract. If you are unsure of your obligations under this Agreement, then you are advised to take independent legal advice before signing.

## STANDARD MANAGEMENT SERVICE

Robsons Estate Agents provides a property management service to owners / Landlords wishing to let out their property. The standard fee for the management is taken as a percentage of the gross rents due for the period of the tenancy and a set-up fee will normally be levied at the outset for taking references and arranging the tenancy.

## THE STANDARD MANAGEMENT SERVICE INCLUDES

1. Advising as to the likely rental income.
2. Advertising and generally marketing of the Property including the provision of The Agent's 'TO LET' board.
3. Interviewing prospective tenants and taking up either a detailed credit check via a suitable referencing company or full references including bank and employer or previous landlord character references. Where necessary and applicable additional security may be requested by means of a U.K. based guarantor. In the case of a Company Tenant, a full credit check will be applied for along with any other financial / bank reference information that can be obtained.
4. Preparing the tenancy agreement necessary for the Landlord to gain protection of the relevant Rent and Housing Acts, and renewing the agreement where necessary at the end of the tenancy term.
5. Liaising with a Landlord's mortgagees where necessary with regard to references and tenancy agreement.
6. Taking deposit from the Tenant, dealing with this deposit under the requirements of the chosen deposit protection scheme until the end of the tenancy when the Property and contents have been checked for unfair wear and tear and handling any termination issues with the Tenant and the tenancy deposit scheme provider.
7. Organising a suitable Inventory to be done by an independent clerk, ask for costs etc.
8. Collecting the first month's rent and paying over to the Landlord (normally sent within 15 days of collection) less any fees or expenses due or incurred for the period. Payments will be made by direct bank transfer and a detailed rent statement will be forwarded to the Landlord.
9. Arranging with service companies (principally electricity gas & water) for meter readings and advising them of the transfer of service contracts to the tenant at the beginning of each tenancy.
10. Arranging to collect the ongoing rental payments due by standing order and paying over to the Landlord.
11. Inspections of the Property are normally carried out on a quarterly basis. Responsibility for and management of empty property is not normally included, and will only be carried out by special arrangement agreed in writing between the Landlord and the Agent.
12. Co-ordination of repair or maintenance including arranging for tradesmen to attend the Property and obtaining estimates where necessary, supervising works and settling accounts from rents received. (Contractors can only be instructed to proceed with works where we hold sufficient funds on behalf of the Landlord. We recommend that we need to retain a float of at least £200 (two hundred pounds) for small and legitimate repairs.)
13. Making payment on behalf of the Landlord from rents received for costs in managing the Property.
14. Carrying out a full property inspection and inventory check at the end of the tenancy and, if necessary, preparing and agreeing a schedule of costs relating to any damage or unfair wear and tear prior to releasing the deposit.
15. Collecting and forwarding Landlord's mail.

Additional items and other expenses will be charged according to the schedule of fees detailed below.

## SCALE OF FEES

VAT at the current rate will be added to these fees where appropriate.

If required please ask for a confirmation of the current rate of Value Added Tax.

Standard Management Fee	15 % of rent due plus VAT
Letting Only Service	10% of rent due plus VAT
Let only and rent collection	12.5% of rent plus VAT
Tenancy Set-up Fee / Renewal:	£100.00 incl VAT
Minimum Fee (in case of early termination):	£500.00 plus VAT
Obtaining estimates and supervision of major works:	10% of cost of work over £500 plus VAT
Administration of NRL tax returns:	£150.00 per annum plus VAT
Tenancy Deposit Scheme admin charge:	£20.00 incl VAT
Redirection of mail overseas:	Cost of postage
Duplication & testing of extra keys:	£10.00 plus costs of keys
Faxes & overseas telephone calls:	Telephone costs
Issuing Notice of Seeking Possession:	£100.00 incl VAT
Arranging gas safety check	£15.00 fee incl VAT plus the cost of the inspection as charged
Arranging Energy Performance Certificate	Varies according to size of property. We only use qualified independent technicians.
Inventories / Schedule of Condition:	Varies according to size of property and property contents. We only use independent inventory clerks. Please ask for a list of these charges.

## PAYMENT

All fees due are to be paid in full before the start of the Tenancy, but where possible we are willing to deduct our fee from the first rental payment. If our fee exceeds the rental payment, the balance must be paid before the start of the Tenancy. In the event that the whole of our fee is not paid within 7 days of the start of the Tenancy, (unless otherwise agreed in writing) Robsons Estate Agents shall be entitled to deduct the outstanding amount from the next rental payment, together with interest at 4% per calendar month from the date of the commencement of the tenancy to the date of actual payment.

## REFUNDS

Robsons Estate Agents do not give refunds on fees paid or those due for payment. However, if the Tenant applies to terminate their tenancy before the end of the agreed term, and the Landlord agrees to the early surrender of the property, upon the Landlord's instructions, we will market the property to attempt to secure a new tenancy covering the remaining period, Robsons Estate Agents will ensure charges for the second letting will be as above, less the proportionate part of our earlier fee relating to the overlap period, so in effect the Landlord does not pay twice for the same period.

## EARLY TERMINATION OF AGREEMENT

Should the Tenant as per the tenancy agreement exercise an agreed break clause, our fee will be payable up to and including the last lawfully due rental payment, but will cease to be applicable thereafter. However, should the Landlord exercise a release clause on his behalf, our fee for the remainder of the term originally agreed will continue to be due and payable and we reserve the right to deduct this from the final rental payment in a situation where we collect the rent.

## RENEWALS

Where, with the consent of the Landlord, the tenancy is renewed or extended to the same Tenant (or any person associated with the Tenant) originally introduced by the Agent, a renewal fee equivalent to 7.5% of the gross rental for the term shall be payable on the renewal date. The Agent shall prepare the tenancy agreement, if required, for the new or extended tenancy and the Terms of this Agreement shall continue until the Tenant leaves, or this Agreement is terminated.

## TERMS OF AGREEMENT

### 1. GENERAL AUTHORITY

The Landlord confirms that he/she is the sole or joint owner of the Property and has the right to rent out the Property under the terms of the mortgage or head lease. Where necessary, the Landlord confirms that permission to let has been granted by the mortgagee. The Landlord authorises the Agent to carry out the various usual duties of property management including those listed in items 1-15 of the Standard Management Service – detailed previously. The Landlord also agrees that the Agent may take and hold deposits and comply with the requirements of any tenancy deposit scheme that may apply to that deposit. It is declared that the Agent may earn and retain commissions on insurance policies issued.

### 2. LIABILITY FOR TENANT DEFAULT

Although the aim is to take every care in managing the Property, the Agent cannot accept responsibility for non-payment of rent, damage or other default by tenants, or any associated legal costs incurred in their collection where the Agent has acted correctly in terms of this Agreement, or on the Landlord's instructions. An insurance policy is recommended for this eventuality. Please ask for further information.

### 3. REASONABLE COSTS AND EXPENSES

The Landlord agrees to repay the Agent for any reasonable costs, expenses or liabilities incurred or imposed on the Agent provided that they were incurred on behalf of the Landlord in pursuit of the Agent's normal duties. To assist the Agent in carrying out his duties effectively, the Landlord agrees to respond promptly with instructions where necessary to any correspondence or requests from the Agent.

### 4. MAINTENANCE

4.1 The Landlord agrees to provide the Property in good and lettable condition and that the Property, beds, sofas and all other soft furnishings conform to the current fire safety regulations. The Landlord agrees to make the Agent aware of any ongoing maintenance problems. Subject to a retained maximum expenditure limit (UK landlords: £200, overseas landlords: £300) on any single item or repair, and any other requirements or limits specified by the Landlord, the Agent will administer any miscellaneous maintenance work that needs to be carried out on the Property (although the administration of major works or refurbishment will incur an additional charge - see Schedule of fees above). 'Retained maximum expenditure limit' means that the Agent has authority to spend up to this amount (or other amount as individually agreed) on reasonable improvements or repairs in any single monthly accounting period without prior reference to the Landlord.

4.2 For expenditure in excess of the agreed expenditure limits, the Agent would normally request authorisation in advance, although it is agreed that in an emergency or for reasons of contractual or legal necessity where reasonable endeavours have been made to contact the Landlord, the Agent may reasonably exceed the limits specified. By law, it is necessary to carry out an annual inspection and service for the central heating and any gas appliances. The Agent will carry this out on the Landlord's behalf and expense and administer the necessary inspection and maintenance records. The reasonable costs involved will be debited to the Landlord's account.

4.3 Where the Agent is required to co-ordinate repair and maintenance work on behalf of the Landlord, the Agent will not be responsible for any negligence, damage, or breach of contract by any contractor employed in this way.

### 5. OVERSEAS AND NON-RESIDENT LANDLORDS

When letting property and collecting rents for non-UK resident landlords (NRL) i.e. landlords living overseas, the Agent is obliged by the Income and Corporation Taxes Act 1988 and the Taxation of Income from Land (Non-Residents) Regulations 1995 to deduct tax (at the basic tax rate) to cover any tax liability, unless the Landlord has been authorised in writing by HM Revenue and Customs (HMRC) (visit [www.HMRC.gov.uk](http://www.HMRC.gov.uk)) to receive rent gross.

In this situation, the Agent also requests that the Landlord appoints an accountant or reserves to the Agent the right to employ a suitably qualified accountant in order to manage correspondence with the Inland Revenue. A standard annual charge will be made for this work and the Agent may charge reasonable administration expenses for further work requested by the Landlord, the Landlord's accountant or the HMRC in connection with such tax liabilities. In many cases, a landlord's tax liability is minimal when all allowable costs are deducted.

## 6. COUNCIL TAX

Payment of Council tax will normally be the responsibility of the Tenants in the Property. However, Landlords should be aware that where a property is empty, or let as a house in multiple occupation (HMO) responsibility for payment of council tax then rests with the owner of the property. (please check with the relevant Local Authority)

## 7. SERVICES

The Agent will take meter readings whenever possible at each change of occupation in the Property and, where necessary, inform the service companies (electricity, gas and water) of these readings and change of occupation. In many cases, the service companies (e.g. BT) require that the new occupiers formally request and authorise the service and it is not possible for the Agent to do this on the Tenant's or Landlord's behalf. (if you are letting your home and have a BT/phone service you need to cancel your agreement to allow the tenant to take over the service or take up a new service) Regarding mail, Landlords should take care to inform all parties (e.g. Banks, clubs, societies etc.) of their new address; it is not always possible to rely on tenants to forward mail.

## 8. INVENTORY

The deposit protection schemes established under the terms of the Housing Act 2004 require that all Landlords need to be protected by good inventory and condition reports from the outset. The Agent will prepare an inventory for the Property and a charge will be made for this depending on the size of the inventory and the Property. The standard inventory will include all removable items in the Property (except those of negligible value) plus carpets, paintwork, wall coverings, curtains, mirrors, sanitary ware and other articles that, in the opinion of the Agent, need regular checking. Landlords should not leave any articles of exceptional value in the Property without prior arrangement with the Agent. The standard inventory service will include a full schedule of condition (condition, colour & decoration of ceilings, walls, doors & door fittings etc.). As detailed Robsons Estate Agents use independent Inventory Clerks and costs vary please confirm charges.

## 9. TENANCY AGREEMENT

The Standard Management Service includes the preparation of a tenancy agreement in the Agent's standard form(s) and we can provide a copy of this as a draft agreement to a designated advisor or mortgagee as required. Should the Landlord, advisors or mortgagee require amendment of the contract or require the Agent to enter into further work or correspondence, a fee for this extra work may be requested (or you may have the tenancy agreement amended by your own adviser at your own expense). If the Agent is required to sign the Client's tenancy agreement(s) on behalf of the Client/Landlord, suitable power of authority will need to be given to the Agent in writing.

## 10. NOTICES

The Agent will, as necessary, serve the usual legal notices on the tenant(s) in order to terminate the tenancy, increase the rent, or for any other purpose that supports the good management of the Property, or the timely return of the deposit at the end of the tenancy.

## 11. HOLDING DEPOSIT

A holding deposit is generally taken from a tenant applying to rent a property. The purpose of this fee is to verify the tenant's serious intent to proceed, and to protect the Agent against any administrative expenses (taking out bank references, conducting viewings, re-advertising) that may be incurred should the tenant decide to withdraw the application. The holding deposit fee does not protect the Landlord against loss of rent due to the tenant deciding to withdraw, or references proving unsuitable although early acceptance of rent from the applicant would not be advisable until satisfactory references have been received. Landlords should notify the Agent where they wish a larger security fee to be carried to protect against loss of rents, or insurance undertaken. This fee is not a deposit until it is transferred on the establishment of the tenancy.

## 12. TENANCY DEPOSITS

### 12.1 Deposits

Upon signing the tenancy agreement, the Agent will take a dilapidations deposit from the tenant(s) in addition to any rents due. The purpose of the dilapidations deposit is to protect the Landlord against loss of rent or damage to the Property during the tenancy itself. This deposit will be kept in a separate and secure client account ready for refunding (less any charges due) at the end of the tenancy.

### 12.2 Statutory Tenancy Deposit Protection

Where the tenancy is an assured shorthold tenancy, the Landlord or Agent is legally required to ensure that any tenancy deposit taken under the tenancy is protected within one of three statutory tenancy deposit schemes within 14 days of receipt.

The schemes are:

- (1) The Deposit Protection Service (DPS)
- (2) Tenancy Deposit Solutions Ltd. (TDSL)
- (3) The Dispute Service (TDS)

### 12.3 Tenancy Deposit Information

Where statutory tenancy deposit protection applies to a tenancy deposit, the Agent will provide to the tenant within 14 days the following information required from the Landlord by the Housing Act 2004:

- (a) information on the particular scheme under which the Tenancy deposit is protected;
- (b) compliance by the Landlord with his obligations under the Act and
- (c) prescribed information for the Tenant.

Robsons Estate Agents are members of The Tenancy Deposit Scheme (The Dispute Service) (TDS). Full details of this scheme can be obtained by accessing the web site at: [www.thedisputeservice.co.uk](http://www.thedisputeservice.co.uk).

**PLEASE NOTE:** If you/the Landlord decide(s) to hold the Deposit yourself, you are strongly urged to familiarise themselves with their legal responsibilities. [www.direct.gov.uk](http://www.direct.gov.uk)

## 13. INSPECTIONS

**13.1** Under the Standard Management Service, the Agent will normally carry out inspections quarterly starting after the first month. Such inspections do not constitute a formal survey of the Property, and it is not the intention to check every item of the inventory at this stage. The inspection is concerned with verifying the good order of the tenancy (i.e. house being used in a 'tenant-like' manner) and the general condition of the Property. This would normally include inspecting visually the main items (carpets, walls, cooker, main living areas and gardens.)

**13.2** Following the departure of tenants, a final inspection of the Property is carried out by the Independent Inventory Clerk. Testing of all the electrical appliances, heating system and plumbing is not feasible during this inspection; a qualified contractor should be appointed for this purpose should it be required by the Landlord. Any deficiencies or dilapidations would normally be submitted to the Landlord (and, if appropriate, to the relevant tenancy deposit scheme administrator) together with any recommended deductions or replacement values.

## 14. TENANCY DEPOSIT DISPUTES

**14.1** The Agent will attempt, by negotiation, to resolve any deposit disputes between the Landlord and the tenant. Where the deposit is subject to statutory tenancy deposit protection, and a dispute cannot be resolved between the parties, then it will be necessary to submit the claim to the tenancy deposit administrators for adjudication under an alternative dispute resolution.

**14.2** The Landlord authorises the Agent to make appropriate deductions from the rental income in the last two months of the tenancy to provide a maintenance fund from which any cleaning, repair or other costs can be disbursed at the end of the tenancy.

## 15. TERMINATION

**15.1** **Termination of Agency Agreement** This Agreement may be terminated by either party by way of two months' written notice. The Minimum Fee applies if on termination the total fees due are less than the Minimum Fee. Where cancellation of this Agreement is unavoidable due to circumstances beyond the control of either party, the Minimum fee will not apply and any pre-payments will be returned to the person entitled to them, less any expenses reasonably incurred to the date of cancellation.

**15.2** **Tenancy Agreement.** The Landlord shall provide the Agent with any requirements for return and repossession of the Property at the earliest opportunity. Landlords should be aware that any Tenancy Agreement entered into on the Landlord's behalf is a binding legal agreement for the term agreed. Details of any Tenancy Agreement being entered into will be communicated to the Landlord as soon as possible. Landlords should be aware that the legal minimum notice period to Tenants under Assured Shorthold Tenancies (AST) is generally two months (should the contract allow for early termination) and this needs to be given even in the case of a Fixed Term Tenancy which is due to expire.

## 16. SOLE LETTING RIGHTS

It is agreed that only the Agent may let the Property. Please inform Robsons Estate Agents if the property is to be offered on a multiple agency basis.

## 17. SAFETY REGULATIONS

**WARNING:** You should read and understand these obligations before signing overleaf.

**17.1** The letting of property is now closely regulated with respect to consumer safety. The law makes particular demands regarding the safety, servicing and inspection of the gas and electric appliances and installations within a property, and with respect to the safety of furniture and soft furnishings provided. The following regulations apply:

- Furniture and Furnishings (Fire)(Safety) Regulations 1988
- General Product Safety Regulations 1994
- Gas Safety (Installation and Use) Regulations 1998
- Electrical Equipment (Safety) Regulations 1994
- Plugs and Sockets (Safety) Regulations 1994
- Please note that from the 1st October 2008 it will be necessary for a Landlord to provide an Energy Performance Certificate (EPC)

**17.2** The Landlord confirms that they are aware of these obligations and that the Agent has offered sufficient information to assist with compliance. It is agreed that the Landlord shall ensure that the Property is made available for letting in a safe condition and in compliance with above regulations. Under the Standard Management Service, the Agent shall ensure that all relevant equipment is checked at the beginning of the tenancy and maintained during the tenancy as required, and that appropriate records are kept. The Landlord agrees to repay the Agent's costs in incurring any reasonable expenses or penalties that may be suffered as a result of non-compliance of the Property to fire and appliance safety standards.

## 18. INSTRUCTIONS

It is agreed that any instructions to the Agent from the Landlord regarding termination, proceedings, major repairs, payment, or other significant details regarding the letting are to be confirmed to the Agent in writing. It is also agreed between the Landlord and the Agent that if a Tenant introduced by the Agent enters into negotiations to purchase the rental property that this introduction and the subsequent negotiations will be subject to the Agent's normal terms of 2% of the purchase price agreed plus VAT at the current rate.

## 19. INSURANCE

The Landlord shall be responsible for the Property being adequately insured and that the insurance policy covers the situation where the Property is let. Please be aware that even on managed properties Robsons Estate Agents are not authorised to manage any claims on your behalf. Any works managed as a result of a claim would be subject to an additional charge for major works (see "Maintenance")

## 20. HOUSING BENEFIT

In the event that the Tenants apply for Housing Benefits the Landlord undertakes to re-imburse the Agent for any claims arising from overpayment which may be made by the local authority in respect of housing benefit, or other benefit scheme, paid to or on behalf of the tenant(s) as rent. This undertaking shall remain in force during the currency of the tenancy and up six years thereafter, whether or not the Agent continues to be engaged to let or manage the Property under this Agreement.

## 21. LEGAL PROCEEDINGS

Any delays of payment or other defaults will be acted on by the Agent in the first instance. Where the Agent has been unsuccessful in these initial actions, or there are significant rent arrears or breaches of the tenancy agreement, the Landlord will be advised accordingly. A solicitor may then be appointed and instructed by the Landlord (except where the Agent is unable, after taking reasonable efforts, to contact the Landlord. In that event the Agent is authorised to instruct a solicitor on the Landlord's behalf). The Landlord is responsible for payment of all legal fees and any related costs.

## 22. LETTING ONLY SERVICE

Where the Landlord does not wish the Agent to undertake full management (the Standard Management Service), the Agent can provide a Letting Only Service. The Letting Only Service includes only items 1 to 9 of the Standard Management Service as listed above. The Landlord would remain responsible for all other aspects of the letting including the maintenance of the property and any gas and electrical appliances. The Landlord would remain responsible for complying with the deposit protection requirements of the Housing Act 2004 and must provide the Agent with written confirmation of this together with a receipt for the deposit monies received by the Agent on his behalf.

The fee for the Letting Service is detailed in our schedule of Fees of the gross rental for the term of the tenancy subject to a minimum fee of £500 plus VAT. The fees are payable at the commencement of the tenancy and will be deducted from monies received by the Agent on the Landlord's behalf. If the tenant leaves prior to the end of the term of the tenancy, through no fault of the Agent, the Landlord shall not be entitled to reimbursement of any fees paid.

## 23. LETTING ONLY SERVICE PLUS DEPOSIT PROTECTION

Where the Landlord requires the Agent to deal with his legal responsibilities for the protection of tenancy deposits under the Housing Act 2004 (item 6 of the Standard Management Service) then this will be charged in addition to the above Letting Only Service.

## 24. LETTING AND RENT COLLECTION SERVICE:

Where the Landlord requires the collection of rents and the deposit service (items 6 & 7 only of the Standard Management Service as listed above) in addition to the Letting Only Service, then total fees of 12.5% (of the gross rental income for the term of the tenancy) will be charged and will be deducted from rents collected.

## 26. ACCEPTANCE & VARIATION

The Terms and Conditions of this Agreement may be varied by either party, but only with two months' prior written notice. I wish the Agent to undertake the following service:

Standard Management Service\*  
 [Letting Only Service – see clause 22]\*  
 [Letting Only plus Deposit Protection – see clause 23]  
 [Letting and Rent Collection – see clause 24]\*

\*Delete as applicable

I/we also confirm that we are the sole/joint owners of the Property known as:

.....  
 (Property to be let)

**IMPORTANT NOTICE:** Clients should carefully read and understand the above terms of business before signing.

Signed: ..... Date: .....

Signed: ..... Date: .....

(IF PROPERTY IS JOINTLY OWNED ALL PARTIES SHOULD SIGN)

Landlord's Full Name(s): .....

Signed on behalf of the Agent: ..... Date: .....