

2017

Terms of Business
Landlord



Strats

Estates & Lettings

LETTINGS TERMS AND CONDITIONS

This document sets out the terms and conditions upon which we provide letting services. We offer four types of letting service:-

- A. Let only (find a tenant service)**
- B. Rent Collection Service**
- C. Property Management Service**
- D. Guaranteed Rent Service**

1 DEFINITIONS

Fees mean our fees for the services we provide.

HMO means house in multiple occupation as defined in the Housing Act 2004.

HMO Regulations means The Management of Houses in Multiple Occupation (England) Regulations 2006, The Licensing and Management of Houses in Multiple Occupation and Other Houses (Miscellaneous Provisions) (England) Regulations 2006 (as amended) and The Licensing and Management of Houses in Multiple Occupation (Additional Provisions) (England) Regulations 2007 and any similar legislation.

HMRC means Her Majesty's Revenue and Customs.

Initial Letting Period means the original fixed period of the Tenancy.

Property means the property you have instructed us to let or manage.

Renewal means when the Tenant introduced by us remains in occupation after the tenancy ends whether under a new agreement, the agreement being extended or holding over under the existing agreement. If more than one person is the Tenant this applies if one or more persons renew.

Renewal fee means our fee when the Tenant renews a tenancy.

Reserve Fund means the fund we maintain from money provided by you as part of our Fully Managed Service.

Sole Agency means you will be liable to pay fees to us in addition to any other cost or charges agreed if we let the Property for you during this agreement or within six months of the termination of this agreement the Property is let to a tenant introduced by us during the period of our Sole Agency or with whom we had negotiations about the Property during that period or with a tenant introduced by another agent during our Sole Agency period.

Tenant means any tenant of the Property whether or introduced by us.

Tenancy means the entire period during which the Tenant remains in lawful occupation of the Property including the Initial Letting Period, any renewal, period of holding over or new Tenancy.

You, Your or Landlord means you being the person providing the instructions to us in respect of the Property as set out in this Agreement.

We or us means Strats Estates & Lettings Limited (registered in England under company number 046871100). Our registered office is at Southgate Office Village 286c Chase Road London N14 6HF and our branch and contact details are:

11 Harsfield Broadway Hatfield AL10 9TF

Telephone: 01707 262 737

Mobile: 07984 566 566

Email: info@strats-estates.co.uk

Twitter: @stratsstates

Facebook: www.facebook.com/gstrat

2 OUR FEES

2.1 Our annual fees for the main services we provide are:-

Service	Annual Fee (inclusive of VAT)	Payable
Let only (Find a Tenant Service)	6% of the annual rent For example if the annual rent is £12,000 our fee including VAT would be £720.00	On the commencement of the Tenancy and on the renewal of an existing Tenancy.
Rent Collection Service (includes Find a Tenant service)	8.4% of the annual rent For example if the annual rent is £12,000 our fee including VAT would be £1,008.00	Monthly in advance on the commencement of the Tenancy and on the renewal of an existing Tenancy.
Property Management Service (includes Find a Tenant and Rent Collection Services)	10.8% of the annual rent For example if the annual rent is £12,000 our fee including VAT would be £1,296.00	Monthly in advance on the commencement of the Tenancy and on the renewal of an existing Tenancy.
Guaranteed Rent Service	No separate fees are payable as the service we provide are reflected in the rent we pay to you being less than an open market rent	On the commencement of the tenancy and on the renewal of an existing Tenancy.

2.2 We will deduct our Fees and any other expenses properly incurred by us on your behalf prior to making any rent payments to you. Where there are sums due to us that have not been

deducted from rent payments you must settle all payments within 14 days from when we invoice you.

2.3 RENEWAL FEES

Renewal fees are payable to us whether or not any Renewal is negotiated by us, for example if the renewal is arranged by you or another agent.

The Renewal fee will be payable for the first two years of Renewals. Where there is no fixed renewal period the Renewal fee will be calculated on the basis of the Initial Letting Period.

If the Tenant vacates the Property prior to the end of a period charged, we will refund any fees paid for the period after the Tenant leaves within 14 days of proof being supplied that the Tenant has vacated.

ADDITIONAL FEES FOR HMO PROPERTIES

2.4 Additional annual management fees are payable if the Property is a HMO as follows:-

- (a) If the Property has 3 or 4 bedrooms - £120.00 including VAT;
- (b) If the Property has 5 or more bedrooms - £144.00 including VAT.

These fees must be paid at the commencement of the Tenancy.

2.5 We are entitled to recover all reasonable expenses incurred in obtaining payment from you where any payment due to us is overdue.

2.6 You agree to pay interest on all late payments at the rate of 5% per annum above the base lending rate of the Bank of England.

2.7 Our fees are reviewed annually and any changes will be notified to you in writing. We will also charge you a reasonable fee for any additional services you require not provided for elsewhere in this agreement.

Selling the Property during a tenancy

2.8 In the event that you sell the Property during a period in which we have agreed to provide a service to you, you will remain liable to pay us all fees due and payable at the relevant rate for the whole of the duration of the Tenancy period unless you arrange, to our reasonable satisfaction, that the purchaser of the property enters into an agreement with us on similar to terms to this agreement.

SALE OF THE PROPERTY TO A TENANT

2.9 In the event that the Tenant or a buyer introduced by us, purchases the Property as a result of our introduction you agree to pay us a commission of 1% of the sale price plus VAT on exchange of contracts for such sale. For example, if the Property is sold for £200,000 our fee would be £2,400.00 including VAT.

3. PRE-LETTINGS REQUIREMENTS

Matters in this section 3 apply to all lettings irrespective of the service being provided.

3.1 Money Laundering Regulations

(a) Money Laundering and other laws require us to obtain and retain information about the people we deal with. If this is not provided we may have to stop acting but we may charge you for the services we have provided.

(b) You will be asked to provide proof of identity, a separate proof of residence and proof of your connection to the Property to be let.

(c) We are required to report to the Serious Organised Crime Agency circumstances where we know or suspect that a client is involved in money laundering or terrorist financing, We may not be able to tell you what we have done or seek your consent. If we make a disclosure, we may also have to stop working for you for a period of time and may not be able to tell you why.

3.2 Energy Performance Certificate (EPC)

We must by law provide a copy of an EPC to any prospective tenant. This must be supplied or commissioned for the marketing of your property to begin. If an EPC is not available we are able to arrange one on your behalf at a cost of £72.00 including VAT.

3.3 Sub-letting

If you are yourself a tenant or you have a lease of the Property it is essential that:

(a) The intended letting is permitted by your lease, or if not, that you have your landlord's written permission; and

(b) The intended letting will end before your lease ends.

Unless you tell us of any restrictions or requirements, we will assume that any permission is in place and there are no special restrictions to bring to the tenant's attention.

We can, if you wish, seek permission for you to sub-let (see our Property Management Service).

3.4 Mortgage

Where the Property is mortgaged, your lender's permission to let is normally required. We will assume you have this and the proposed tenancy meets their requirements. Please inform us if your lender has any special requirements.

3.5 Insurance

You must ensure that you have suitable insurance for both the Property and your contents and that the policy covers lettings. Please note that many household policies do not automatically provide such cover. We cannot advise on insurance matters and we recommend that you contact your insurance company or broker direct.

3.6 **Utility Services**

You must ensure that all equipment, gas, electrical or other services provided to the Property are fully operational and safe at all times and we recommend are recently serviced, prior to letting.

3.7 **Fire safety**

You are responsible to ensure that all furniture and furnishings in the Property comply with the laws relating to fire and health and safety matters. You confirm to us that you have and will continue to comply with these requirements.

3.8 **Gas Safety**

Before your tenants can move in and annually each year afterwards, the law requires a valid gas safety certificate to be provided to your tenant. You are responsible for this and you confirm to us that these Regulations have and will continue to be fully complied with by you. We can, if you wish, obtain at your cost the necessary report for you (see our Property Management Service).

3.9 **Electrical safety**

You confirm that all electrical appliances, plugs sockets and wiring in the Property and the electrical supply are safe, will not cause danger and comply with all legal requirements. We can, if you wish, and at your cost, obtain the necessary safety certificate (see our Property Management Service).

3.10 **Planning**

You confirm that the Property has any required planning permission and local licensing permissions (where relevant) to enable it to be let.

3.11 **Houses in Multiple Occupation (HMO)**

If the Property is an HMO you confirm that you have obtained all permissions, licences and consent from the appropriate local authority to enable the Property to be let.

4. **PREPARING THE PROPERTY**

In order to maximise the rental return, it is essential that the Property is well presented for prospective tenants. Our Property Management team can provide the following additional services (additional fees may be payable):

4.1 **Presentation Service**

After an initial visit **FREE OF CHARGE** we can advise you as to the cosmetic changes that might make the Property more attractive. After consultation and once we have funds in place, your advisor will then organise for the fitting and delivery of the items.

4.2 **Refurbishment Service**

We can provide our refurbishment service for larger projects such as a new kitchen, bathrooms, redecoration or new carpets. After obtaining more than one quotation from our

nominated, specialist contractors and upon receipt of your written instructions as to the specifications and funds, we will administer any project from start to finish.

3.2 Furnishing Service

We can arrange to equip and furnish properties for you upon receipt of your written instructions and funds.

4.3 Vacant Management Service

If the Property is vacant between tenancies, we check the Property every two weeks, keep a record of this and (at your expense), deal with any minor maintenance issues and pay utility bills on your behalf.

The management fee payable for this service is £144.00 including VAT per month.

This service is available before a Property is let, at the end of a Tenancy or between tenancies. If you require this service please contact us for further information.

5 LET-ONLY (FIND A TENANT SERVICE)

5.1 Marketing

When you place your Property on the market with us we will:-

- (a) Visit the Property and provide information and advice about the letting service.
- (b) Place the Property on our website within 24 hours of confirmation of your instruction.
- (c) Proactively contact all prospective tenants on our database to arrange appropriate viewings.
- (d) Erect a "To Let" board outside the Property (where you agree and the law allows this).
- (e) Discuss and arrange advertising as agreed with you at your expense,
- (f) Provide regular feedback on the agreed marketing plan and all viewings.

5.2 Letting

- (a) We will act as your Sole Agent (unless agreed otherwise) for any agreed period. We shall continue to act as your Sole Agent on the termination of any agreed period until you or we provide at least 2 weeks' written notice. This means that during a period in which we are a Sole Agent you will be responsible for our fees if at any time during this period a tenancy is agreed in respect of the Property with a tenant introduced by us, introduced by another agent or yourself or with a tenant with whom we have had negotiations.
- (b) We will seek to introduce prospective tenants and negotiate terms (including an acceptable rent and the length of then tenancy).
- (c) We can, if requested, provide a solicitor drafted tenancy agreement.
- (d) We will undertake a tenant reference check based upon the information supplied by the Tenant and report to you. We will not undertake any reference checks involving the payment of further charges unless you agree.

- (e) We will obtain from the proposed tenant and from any intended adult occupier of the Property the information and documentation required in order to carry out "right to rent" checks on them;
- (f) We will carry out "right to rent" checks in accordance with all relevant Home Office Codes of Practice and guidance and report the outcome of those checks to you.
- (g) We will collect and hold any tenancy deposit paid unless you provide us with proof that you will be holding and registering the deposit in accordance with the rules relating to the protection of tenancy deposits. Please note that we are only allowed to release deposit monies to you or the Tenant in accordance with the terms of the tenancy.
- (h) We will collect the first instalment of rent on or before the tenancy starts and pay this to your nominated bank account after we have deducted our fees and any other agreed charges.
- (i) You must provide us with sufficient sets of keys for all locks at the Property (generally one set for each adult occupier plus one set for us where we manage the Property). If we require any additional keys to be cut you will pay us the cost and we shall be entitled to deduct such cost from rent received.

5.3 Additional Optional Services

We can arrange for the following services to be provided at an additional cost if requested:-

- (a) Annual Gas Safety Report
- (b) An Electrical Safety Report.
- (c) Permission to sub-let the Property (although no guarantee can be given that such permission will be obtained).
- (d) A professional Inventory and Schedule of Condition to be prepared at the commencement of the Tenancy and arrange a Tenant check-out.
- (e) The Property to be professionally cleaned.

6. RENT COLLECTION SERVICE

- 6.1 In addition to the services set out in our Let-Only service we can receive the rents payable in respect of the Property and account to you in accordance with client accounting regulations for the National Approved Letting Scheme (details available at www.nalscheme.co.uk).
- 6.2 We will take reasonable steps to obtain prompt payment of rent by the Tenant in accordance with the tenancy.
- 6.3 We will notify you and the Tenant in a timely manner if any rent has become appreciably overdue. This will generally take the form of a series of letters to the Tenant requesting payment.
- 6.4 We will account to you for all net rents received and make such payment to your nominated bank account less our Fees. Please note that we can only account to you such net rents once we are in receipt of cleared funds and all rents must be paid to an account in your name.
- 6.5 We will provide you with regular rent statements.

6.6. Our Rent Collection Service will continue for the Initial Letting Period and shall continue Indefinitely until terminated by you or us giving at least three months' prior written notice to expire on or after the expiry date of the Initial Letting Period.

7. PROPERTY MANAGEMENT SERVICE

7.1 In addition to the Let-Only and Rent Collection Service we also can provide a Property Management Service. Provided that we hold sufficient funds you authorise us to arrange for and pay on demand the following:-

- (a) Annual Gas Safety Certificate;
- (b) An Electrical Safety Report;
- (c) Ground rent and service charges (or any other maintenance or communal charge) payable in respect of the Property;
- (d) Council tax, utilities (if payable by you) and insurance premiums; and
- (e) Cleaning the Property before any Tenancy;

7.2 **PLEASE NOTE** that in order to settle any invoices or charges set out above you must arrange for such invoices and demands to be sent to us. Whilst we shall use reasonable endeavours to query any obvious discrepancies with such invoices and demands it is agreed that we are entitled to accept and pay all amounts without question. We do not accept responsibility for any inadequacy of any insurance cover or for the verification of any invoices and/or demands payable by us.

7.3 You must provide an independent professional Inventory and Schedule of Condition for the Property at the commencement of the Tenancy. We can arrange for this on your behalf but do not accept any responsibility for any error or omission of their part. An additional charge is payable for the preparation of an Inventory and Schedule of Condition.

7.4 All appliances including central heating, burglar and smoke and carbon monoxide alarms must be checked and serviced before the Tenant occupies the Property. Any maintenance contracts in respect of such items must be provided to us at the commencement of the tenancy.

7.5 We will inform all utility suppliers of the change of account details provided that you provide us with all information we require in respect of such utilities.

7.6 You agree to provide us with a Reserve Fund prior to the commencement of the Tenancy and, if necessary, during the period during which we provide the Property Management Service, to enable us to meet all expenditure for repairs to the Property or its contents and the payment of all money payable by us. We must hold a minimum float balance of not less than £100 (unless otherwise agreed) as we do not agree to meet any outgoings beyond the amount we hold in your Reserve Fund.

7.7 You authorise us to carry out routine or emergency repairs to the Property or contents belonging to you which we reasonably consider necessary up to the limit of the Reserve Fund held. When such repairs are required we shall pay for these out of the Reserve Fund. We will then deduct from rents received such sums to restore the Reserve Fund to the agreed amount or will request additional funds from you. No repairs other than emergency repairs will be carried out until there are sufficient funds in the Reserve Fund

required to meet the costs of the repairs. All repairs and work required to prevent any breach of any law will be deemed to be an emergency repair.

7.8 In the event of any repair costing more than the sum we hold in your Reserve Fund we will contact you and seek your instruction before having any work carried out (except in the case of emergencies or as set out in clause 7.9 below).

7.9 The following clauses applies to all properties classified as a HMO:-

(a) In the event of the Property being a HMO you authorise us to undertake any repair to the Property or the contents (irrespective of the cost of such repair) that we deem necessary to prevent a breach of the HMO Regulations or any Statute or Regulation.

(b) You agree to meet all expenditure for any repairs we deem necessary to prevent a breach of the HMO Regulations or any Statute or Regulation. We shall, where possible, first utilise the Reserve Fund to pay for such repairs but shall not be under any obligation to seek your instructions prior to having any such repair carried out.

(c) We shall act in your best interests and make decisions based on the HMO Regulations and applicable laws.

(d) We shall undertake monthly inspections of the Property.

(e) You agree to provide us with all information we reasonably require in connection with the Property as soon as reasonable practicable (usually within 48 hours of request).

(f) You are responsible for any losses, expenses or other costs we reasonably incur if you fail to act in accordance with HMO requirements.

(g) We may deduct any Fees or charges due to us from rents received in respect of the Property.

(h) We do not supervise any contractors who may carry out work at the Property. We will instruct all contractors as your agents and we will not be a party to any contract with them. If you wish us to instruct a specified contractor you must provide us with their details and ensure they are appropriately qualified to carry out the work. If your contractor is not available to carry out the work within a reasonable period we reserve the right to instruct an alternative contractor on your behalf.

(i) We are not liable to you for any failure or delay by a contractor.

(j) Our Property Management Service will only continue for the fixed term of a Tenancy and not beyond the end of a Tenancy. If you require our Property Management Service on the renewal of a Tenancy we shall seek your instructions.

8. FURTHER PROPERTY TERMS

The following terms and conditions in this clause 8 apply to our Rent Collection and Property Management Services.

8.1 Unless otherwise agreed, the rent quoted to a Tenant by us on your behalf must be inclusive of all outgoings for which you are responsible (including ground rent, service charges or other communal charges) other than the costs of utilities such as gas, water, sewerage, electricity, oil (or other fuel where there is an independent heating system) and telephone

services. Any rent quoted will also not include Council Tax (or any replacement similar tax) which will normally be charged separately on the occupants of the Property.

- 8.2 Where we hold the deposit in respect of any Tenancy as stakeholder we have obligations to you and the Tenant to ensure the deposit is paid out correctly after any claims are assessed. The deposit will only be released upon receipt by us of a signed authority from both you and the Tenant detailing the deductions (if any). Deposits are repaid without interest.

9 TAX

- 9.1 You are responsible to notify HMRC of the letting of the Property and for any tax liabilities arising. We also have a legal obligation to notify HMRC of the letting of your Property.
- 9.2 If you are resident abroad we are also required to deduct the basic rate of income tax on the rental income we receive for you and to pay this to HMRC quarterly, unless you provide us with a written authority from HMRC that we can pay you without making any tax deduction. We will make an administration charge of £105.00 including VAT every quarter for dealing with this.

10. TENANCY PROBLEMS

- 10.1 We will inform you of any breaches of the tenancy brought to our attention but you are responsible for taking legal advice and any legal action that is required, for instructing your own solicitor and all such costs, fees and third party payments that arise.
- 10.2 If we agree or are required to attend any rent officer, rent assessment committee, any court or tribunal or similar you agree to pay us an hourly fee of £200 including VAT and reasonable expenses for the time we are engaged doing so (including travelling time).
- 10.3 If we are required to carry out any other duties other than those specified in these terms and conditions you agree to pay us an hourly fee of £72 including VAT.
- 10.4 If your address is outside England and Wales, then we must provide the Tenant with an address within England and Wales to which notices (including notices in proceedings) may be served on you. Unless otherwise instructed, if your address is outside England and Wales, we will use the address of our Property Management Centre for this purpose during such period as we collect rent or manage the Property. We will use our best endeavours to forward any notices to you promptly but we cannot accept liability for any loss or expense incurred either directly or indirectly.
- 10.5 You agree to our retaining any interest earned on any money we hold on your behalf in lieu of any banking charges we incur.

11 RENT GUARANTEE SERVICE

- 11.1 We reserve the right to offer such service to only those properties we deem appropriate.
- 11.2 You must enter into a Tenancy Agreement in the form provided by us. We will let the Property in our name for a term of 3 years (subject to a right to early determination in some cases) with your authority to underlet. The rent we will pay you will be less than if you let the Property directly.

11.3 We will pay you the agreed rent on the due date regardless of whether we have been able to sublet the Property or whether it is vacant.

12. GENERAL

12.1 Our liability to you under this contract is limited (where the law permits this) to £250,000.

12.2 Should keys be made available to us prior to a letting, they will be kept secure and given a code number so third parties will not be able to identify which property they belong to. Therefore in the event the keys becomes unaccounted for, our liability is strictly limited to the cost of cutting new keys.

12.3 We are members of **The Property Ombudsman Scheme** and subscribe to their code of practice; as such we have an established complaints procedure, a copy of is available upon request. More information is also available at www.tpos.co.uk

12.4 Property Details

(a) It is your responsibility to check the description of the Property in this Agreement and all marketing material and notify us of any amendments required.

(b) Consumer protection laws also mean that neither you nor us must mislead prospective tenants either by providing incorrect or ambiguous information or by omitting to provide material information. A prospective tenant may have rights of redress which could be costly. Please inform us as soon as possible of any such information that may be relevant. If you are in any doubt please discuss this with us.

12.5 Referral Services

We may, on your request, introduce you to other companies who provide a range of insurance, taxation and mortgage products. These companies may make a payment to us for the provision of information and advice in relation to property matters. You agree to our retaining such payments.

12.6 Protecting us

You are responsible for any losses, expenses or other costs we reasonably incur which are caused by an untrue statement made deliberately or if you fail to act in accordance with the law.

12.7 Matters outside our control

We will not be liable for any delay or failure to perform any of our obligations if the delay or failure results from events or circumstances outside our reasonable control.

12.8 Third Party Rights

Nothing in these terms and condition intend to or confer any rights on a third party.

12.9 Unenforceability

If a court says that something in this agreement is unenforceable this will not affect the rest of this agreement.

12.10 **Governing Law**

The laws of England govern this contract.

13. **CANCELLATION FEES**

13.1 In the event that you seek to cancel any agreement for services with us you will be responsible to pay us a cancellation fee as follows:-

- (a) (in respect of our Let-only Service) if you cancel during any period during which we are the Sole Agent you will pay us a as set out in the attached fee sheet;
- (b) if you cancel any agreement with us once an offer for letting the Property has been accepted by both parties but before any Tenancy Agreement has be signed you will pay us a fee of £600 including VAT;
- (c) if you cancel any agreement with us once a Tenancy Agreement has been signed you will pay us a fee equal to the equivalent of the agency fees for the Initial Letting Period.

14. **RIGHT TO CANCEL**

Your Right to Cancel – this does not apply where you sign this contract in our offices.

11.1 If you sign this contract other than at our office the law allows you 14 days to change your mind and cancel. If, however, you want us to begin marketing your property immediately, you must confirm you are happy for us to proceed now and not wait for the 14 day cancellation period to end before we start marketing.

11.2 If you wish us to proceed immediately you do not lose your right to cancel within the 14 day period. However if you do exercise your right to cancel within this time you will be liable for the costs of services provided up to the point of cancellation.

These costs will ONLY apply if you cancel this agreement within the 14 day cooling off period and are set out in the attached fee sheet.

By signing this section you are agreeing for us to commence marketing your property immediately.

On signing the right to cancel this contract remains for 14 days. Should you exercise this right you agree to reimburse our reasonable costs providing our services up to the day of cancelation.

We wish you to commence marketing our property immediately and not wait until our 14 day cancellation period ends.

Signed..... Date.....

(The 14 day cooling off period begins from this date).

To cancel with the 14 day period

If you wish to cancel the contract between us within the 14 day cooling off period you must notify us. We recommend this is done in writing (you may wish to use the form below and return to us) but you can choose whatever method you wish to inform us.

Cancellation of Contract

To: Strats Estates and Lettings Limited 11 Harpsfield Broadway Hatfield AL10 9FT

Email: info@strats-estates.co.uk

Re: (property address)

We hereby give notice that we wish to cancel our contract with you.

Signature:

Date:

Name: