

Agency Agreement

This Agreement is made between the Landlord of the Property (as named at the end of this agreement) and CHARLES SINCLAIR & Co, 13 Clapham High Street, London SW4 7TS (www.charlessinclair.com) acting as agent for the Landlord and 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.

STANDARD MANAGEMENT SERVICE

CHARLES SINCLAIR (www.charlessinclair.com) provides a property management service to owners (and superior 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 the Property.**
- 3. Interviewing prospective tenants and taking up full references including bank reference and employer or previous landlord character reference. Where necessary, additional security would be requested by means of a guarantor. In the case of a company, a full bank reference would be taken.**
- 4. Preparing the Tenancy Agreement and corresponding Notice necessary for the Landlord to gain protection of the relevant Rent and Housing Acts, renewing the Agreement where necessary at the end of the Term.**
- 5. Liaising with a Landlord's mortgagees where necessary with regard to references and Tenancy Agreement.**
- 6. Taking a deposit from the tenant to be held by the Agent as stakeholders until the end of the tenancy when the Property and contents have been checked for unfair wear and tear.**
- 7. Collecting the rent monthly and paying it over to the Landlord monthly (normally within 30 days of collection) less any fees or expenses due or incurred for the period.**
- 8. Arranging with the service companies (such as the providers of electricity, gas, and water and Council services) for meter readings to be taken and advising them of the transfer of service contracts to the tenant(s) at the beginning of each tenancy.**
- 9. Carrying out regular inspections of the property on a quarterly basis. Note that responsibility for the management of empty property is not normally included, and will only be carried out by special arrangement.**
- 10. Co-coordinating repair or maintenance including arranging for tradesmen to attend the property and obtaining estimates where necessary, supervising works and settling accounts from rents received.**
- 11. Making payments on behalf of the Landlord, from rents received, for water rates, insurance premiums, Council Tax, electricity, gas, service charges and other necessary expenditure.**

12. Carrying out a full property inspection and inventory check at the end of each tenancy and dealing with matters relating to unfair wear and tear before releasing the tenant's deposit.

13. Collecting and forwarding Landlord's mail.

Additional items and other expenses will be charged according to the scale of fees defined below

Although the aim is to take every care in managing the Property, CHARLES SINCLAIR (www.charlessinclair.com) cannot accept responsibility for non-payment of rent or other default by tenants, or any associated legal costs incurred in their collection. An insurance policy is recommended for this eventuality.

Scale of Fees

Standard Management Fee:	12.5 %	
Tenancy Set-up Fee/Renewal:	£75	(For Let Only Contract)
Short Lets (less than 6 months):	15%	Obtaining estimates and supervision of major works - 15% of cost of work over £250
Short Lets (less than 3 months):	20%	
Inventories:	£25 per page	(For Let Only Contract)
Schedule of Condition:	£25 per page	Administration of tax returns (TMA): £80 per annum
Redirection of mail overseas:	cost of postage	Duplication & testing of extra keys £5
Faxes & overseas telephone calls:	telephone costs	Issuing Notice of Seeking Possession £50

GENERAL AUTHORITY:

The Landlord confirms that he/she is the sole or joint owner of the Property and that he/she 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 duties of property management as detailed 1-13 previously. The Landlord also agrees that the Agent may take and hold deposits on behalf of the Landlord. It is declared that the Agent may earn, from time to time, commissions on insurance policies issued or on other financial transactions.

MAINTENANCE:

The Landlord warrants that the Property is made available 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 minimum expenditure limit (UK landlords: £100, Overseas landlords: £200) 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. It is agreed that in an emergency or for reasons of contractual necessity where reasonable endeavours have been made to contact the Landlord, the Agent may exceed the limits specified. The Agent endeavours to select competent tradesmen at a reasonable price but is unable to personally guarantee the standard of workmanship or any liability arising thereof, although the Landlord retains the right to pursue any claim against appointed tradesmen for substandard work. The landlord will normally be approached for authorization of works exceeding £200 but in emergencies or when the landlord cannot be contacted, the Agent may arrange for such work to be carried out without the landlord's authorization.

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 these out on the Landlord's behalf and administer the necessary inspection and maintenance records.

INDEMNITY:

The Landlord agrees to indemnify the Agent against any 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.

OVERSEAS RESIDENTS:

When letting property and collecting rents for landlords overseas, the Agent is obliged by the Taxes Management Act (TMA) 1970 (or under similar powers of any future tax legislation) to deduct monies (currently equivalent to 22% of the gross rents) to cover any tax liability. In this situation, the Agent also requests that the Landlord appoint an accountant or reserve 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 administration expenses may be charged by the Agent for further work requested by the Landlord, the Landlord's accountant or the Inland Revenue in connection with such tax liabilities. In many cases, landlord's tax liability is minimal when all allowable costs are deducted.

SERVICES:

The Agent will take meter readings whenever possible at each change in occupation of the Property and inform the service companies (such as electricity and gas) of these readings and change in occupation. Please note that in many cases the service companies (such as 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. 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.

INVENTORY:

Should it be necessary, the Agent will prepare an inventory for the Property and a charge will be made for this depending on the size of the inventory? The standard inventory will include all removable items in the Property (except those of negligible value) together with carpets, curtains, mirrors, sanitary ware and other articles, which, 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 does not include a full schedule of condition (condition, colour & decoration of ceilings, walls, doors & fittings etc.) or photography; this can be prepared at the Landlord's request.

LETTING AGREEMENT

The Standard Management Service includes the preparation of a letting agreement in the Agent's standard format and provision of a copy of this agreement to a designated advisor or building society, if required. Should the Landlord or his advisors or mortgages require amendment of the contract or require the Agent enter into further work or correspondence, a further fee for this work may be requested. It is agreed that the Agent may sign the tenancy agreement(s) on behalf of the Landlord.

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, let as holiday accommodation, or let as a house in multiple occupation (HMO) responsibility for payment of Council Tax then rests with the owner of the property.

INSPECTIONS:

Under the Standard Management Service, the Agent will normally carry out inspections quarterly starting after the first month. 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 the main items (carpets, walls, cooker, main living areas and gardens.) Where these were felt to be unsatisfactory, a more detailed inspection would generally be made. Following the departure of tenants, the Agent carries out a final inspection of the Property. 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 the Landlord require it. Details of any major deficiencies or dilapidations would normally be submitted to the Landlord together with any recommended deductions or replacement values. It is agreed that the Agent's judgment will be final in this matter. Should it be necessary, the case will be referred to arbitration with the Royal Institute of Chartered Surveyors, any costs being shared between Landlord and tenant, or as directed by the arbitrators.

HOLDING FEES & DEPOSITS:

A holding fee 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 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 or deposit to be carried to protect against loss of rents.

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

TERMINATION:

Either party by way of three months' written notice may terminate this agreement. The minimum fee applies if on termination the total fees due are less than the minimum fee. A placement fee equivalent to one month's rent will be payable where the Landlord intends to continue letting to tenants introduced by the Agent after the termination of this 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 tenancies 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.

SAFETY REGULATIONS:

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 type of any furniture and soft furnishings that are also provided. The following regulations apply:

- Furniture and Furnishings (Fire)(Safety) Regulations 1988

- Gas Safety (Installation and Use) Regulations 1994

- Electrical Equipment (Safety) Regulations 1994

The Landlord confirms that he/she is aware of these obligations and that the Agent has provided sufficient information (via explanatory leaflets available on request) 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 the above regulations.

The Agent shall ensure that all electrical equipment is checked at the beginning of the tenancy and every year thereafter at the cost of the landlord. The Landlord agrees to indemnify the Agent against any expenses or penalties that may be suffered as a result of non-compliance of the Property with fire and appliance safety standards.

INSTRUCTIONS:

It is agreed that any instructions to the Agent from the Landlord regarding termination, proceedings, major repairs, payment details or other significant details regarding the letting be confirmed to the Agent in writing.

SALE OF PROPERTY:

In the event of a party introduced by the Agent (or any person or body corporate associated with that party) subsequently purchasing the Property, whether before or after entering into a Tenancy Agreement, commission shall be payable by the Landlord to the Agent on completion of the sale at the rate of 1% of the sale price, plus VAT (if applicable).

VALUE ADDED TAX:

VAT is currently added to our management charges.

INSURANCE

The Landlord shall be responsible for the Property being adequately insured and for ensuring that the insurance policy covers the provision that the Property is being let.

LEGAL PROCEEDINGS:

The Agent will act on any delays of payment or other defaults 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 would then be appointed and instructed by the Landlord (except where the Agent is unable to contact the Landlord, in which case the Agent is authorized to instruct a solicitor on the Landlord's behalf). The Landlord is responsible for payment of all legal fees and any related costs.

SHORT LETS:

For Short Lets (i.e. less than six months) the administrative overhead (and therefore the management charges) are proportionally higher. There are also some aspects of the management services, which are different, or which cannot be provided in the case of short lets:

- (a) The Agent will not always be able to interview tenants and take up references for short lets (including holiday lets) especially for visitors arriving from abroad.
- (b) In many short lets (e.g. holiday lets) deposits may have to be returned without prior consultation with the landlord.
- (c) It may not always be possible to make regular monthly payments but the Agent shall aim to pass on any rents within 30 days of receipt.

(d) Services (electricity, gas, Water Rates, etc.) will often be left connected during a holiday let and will be included in the rent quoted as will Council Tax. In case of uncertainty, the Landlord should contact the local Council Tax collection office.

LETTING ONLY SERVICE:

Where the Landlord does not wish the Agent to undertake full management, the Agent can provide a Letting Only Service. The Letting Only Service includes parts 1 to 5 of the Standard Management Service as listed above. The fee for the Letting Service is 10% of gross rental for the term of the tenancy (subject to a minimum fee of £250). Deposits taken will not be held by Charles Sinclair & Co but transferred to the Landlord's account.

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, the Landlord shall not be entitled to reimbursement of any fees paid. However, the Agent will endeavor to let the property for the remaining period without charge to the landlord.

RENEWALS: Where the tenancy is renewed or extended to the same tenant (or any person associated with that tenant), a renewal fee of 7.5% of 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 the extended tenancy.

Where the Landlord requires collection of rents (items 6 & 7 of the Standard Management Service) in addition to the Letting Service, additional fees of 4% will be charged and deducted from rents collected.

ACCEPTANCE & VARIATION

The Agent may vary the terms & conditions of this Agreement at any time or times, but only with prior written notification.

I/We confirm that I/we have read the attached Agreement and wish the Agent to undertake the letting, rent collection and management*.

* Delete as applicable

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

Property to be let _____

Signed: _____

Date: _____

(If property is jointly owned all parties should sign)

Landlord's Full Name(s): _____

Landlords Address: _____

Contact/Email details: _____

Bank/Building Soc details: _____

Signed on behalf of the Agent: _____ Date: _____

For CHARLES SINCLAIR & Co (www.charlessinclair.com)

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