

## **ABACUS ESTATES RESIDENTIAL LETTINGS TERMS OF BUSINESS**

### **Definitions:**

In these terms of business each of the expressions “Abacus Estates”, “we” and “us” shall mean and include Abacus Estates International Limited.

The expression “the Landlord” “you” and “your” shall mean the person or persons named in any accompanying letter of instruction or its/his/her successors in title or assigns or any person claiming through or under the Landlord. Where a landlord comprises two or more persons any agreement with us shall be deemed made by all such persons individually and collectively.

When the property is owned by a Company, the client is the Company. in addition to accepting liability on behalf of the Company, each person signing the letter personally guarantees payment by the Company of our fees.

“Rent” shall include any sum taken as a premium or consideration for the grant, extension or renewal of the Tenancy.

“Tenant” shall mean any person or persons deriving under the title as “tenant” and named in the Tenancy Agreement during the term.

“Tenancy Agreement” means the written contract between the Landlord and the Tenant setting out the terms of the Tenancy including the rent and includes any extension or renewal of the original agreement.

“Tenancy means the period during which the Tenant rents the property from the Landlord.

“the Property” means any property in respect of which the Landlord has appointed Abacus Estates to provide its Lettings and/or Rent Collection and/or Management Services.

These terms of business should be read together with any accompanying confirmatory letter and our guide for landlords which together with these terms set out the terms upon which we act. They should be read carefully as they contain all our Terms of Instruction, together with guide notes for both Lettings and Management. For the sake of good order, we would ask you to kindly sign one copy of the accompanying letter and return it as confirmation of your instructions, which will enable us to start marketing the property. If you do not understand any of these terms and conditions please discuss them with us before signing. If you do require any changes please ask them to be put into writing. In that way we can avoid any problems surrounding what Abacus Estates and you are expected to do. If we do not receive a signed copy of our accompanying letter confirming our instructions from you, or you do not contact us with any proposed changes within seven days of the date of our accompanying letter, we shall take it as confirmation that you have agreed with all our terms of business and we shall rely upon them as setting out our the terms of our agreement with you.

### **SCALE OF CHARGES**

#### **1. REMUNERATION FOR LETTING ONLY**

1.1 Subject to our minimum letting fee, and provided we are appointed as your sole lettings agents, our remuneration for introducing a tenant will be 8% plus VAT of the total gross rent reserved by the tenancy agreement for the first 12 month period of the Tenancy which is payable in advance upon the signing of the Tenancy Agreement for your property and ignoring any

options for either party to terminate earlier. If we are not appointed as your sole lettings agents our remuneration for introducing a tenant will be 10% plus VAT.

1.2 If we are your sole lettings agent but at any time in the future you wish to use another agency or agencies in addition to ourselves, then our remuneration will revert to the rate which we charge for being appointed on a multiple agency basis being 10% plus VAT.

1.3 Our remuneration will be payable upon the signing of the Tenancy Agreement and be deducted from the first (and if necessary any subsequent) instalment of rent received from the tenant or if the rent is not received directly by us then our remuneration will be payable by you within 14 days of invoice by Abacus Estates.

1.4 You should be aware that if we are your sole lettings agent and you enter into an agreement to let your property to a tenant introduced by another agent you will be liable to us for our remuneration of 10% plus VAT of the gross rent reserved by any such agreement.

1.5.1 If the tenant renews or extends the Tenancy Agreement for any further period after the initial 12 months, you agree that Abacus Estates will be entitled to a fee of 8% plus VAT of the gross rent payable for the renewed or extended term. If, at the end of the tenancy the tenant introduced by us finds someone to enter into a tenancy agreement with you who is acceptable to you and a new agreement entered into, Abacus Estates will be entitled to renewal remuneration as above. If, however, the original tenant leaves after one year and does not renew or extend the tenancy and a new tenant is found by us, our remuneration of 8% plus VAT will be payable if we are your sole lettings agents or 10% if we are or were instructed with other agents.

1.5.2 Our remuneration in respect of a renewal or extension will be payable in full as soon as the renewal or extension document has been signed and the first installment of rent for the renewed or extended period has been paid from which we may deduct it. If the rent is not received directly by us then our remuneration will be payable by you within 14 days of invoice by Abacus Estates.

1.6 Save as set out in 1.7 below our remuneration as set out above is payable if we are instrumental, either directly or indirectly in introducing a tenant who subsequently enters into an agreement to take the property on terms acceptable to you and regardless of whether the original tenancy or renewal is negotiated or arranged by us. An indirect introduction will include the situation where the contractual tenant is a nominee, associate (for example but not limited to a friend, partner or business partner) associated company, employer, relative or representative of the person introduced by us. This would also include someone introduced by Abacus Estates through our appointed sub-agent.

1.7 In circumstances where the tenant renews or extends the tenancy beyond the original 12 month period and we have no involvement in such extension whatsoever i.e. you deal with all aspects of such renewal and/or extension and we are not required to advise, negotiate or prepare or conclude any documentation in respect of the same, our remuneration on any such renewal or extension will be 5% if we were instructed as your sole letting agent and 7% if we were instructed with other agents.

**1.8 For short term tenancies of 6 months or less and subject to our minimum remuneration as set out in clause 5 hereof, our remuneration is 15% plus VAT of the total rent payable ignoring any options for either party to terminate the Tenancy and the same rate is payable for any renewal or extension thereof until the tenants vacate the property**

## **2. REMUNERATION FOR LETTING & RENT COLLECTION**

2.1 If you wish Abacus Estates to collect the rent, our remuneration will be 3% plus VAT of the gross annual rent in addition to our letting remuneration. Therefore our letting and rent collection remuneration will be 11% plus VAT of the gross annual rent if we were your sole letting agents and 13% if you had additionally appointed other agents to find a tenant for you. You agree that

Abacus Estates may deduct its remuneration from the first instalment of rent paid by the tenant. If there is any shortfall, the balance of our remuneration will be immediately payable by you. This remuneration is payable whether or not the rent is in fact paid.

### **3. REMUNERATION FOR LETTING, RENT COLLECTION & MANAGEMENT**

3.1 If you wish Abacus Estates to manage the property on your behalf (which will include rent collection), our remuneration will be 6% plus VAT of the gross annual rent in addition to our letting fee. Accordingly our letting, rent collection and management remuneration will be 14% plus VAT of the gross annual rent if we were your sole letting agents and 16% if you had additionally appointed other agents to find a tenant for you. The management remuneration is payable on a monthly basis and you agree that Abacus Estates may deduct its remuneration (and where appropriate any expenses) from the rent as and when each installment is paid. This remuneration is payable whether or not the rent is in fact paid.

### **4. EARLY TERMINATION OF TENANCY**

4.1 If a tenant leaves during the period of a tenancy agreement, you must notify us in writing within 7 days of being notified or becoming aware of the same.

4.2 If the tenant terminates their Tenancy early, Abacus Estates will, subject to the provisions of Clauses 4.3 and 4.4 below, refund its lettings remuneration on a pro rata basis up to a maximum refund of remuneration equivalent to 6 months remuneration provided that in no case shall Abacus Estates be liable to refund any sum that would mean that we would otherwise have earned less than the Minimum Remuneration set out in clause 5 herein.

4.3 Before Abacus Estates shall have any liability to refund any lettings remuneration pursuant to this clause you will allow Abacus Estates a four (4) week period from the date of the tenant leaving the property, to seek to relet the property to a new tenant at the same rent as the Tenancy which has been terminated early. Should Abacus Estates successfully relet the property within such time, Abacus Estates shall not be obliged to refund any sum other than remuneration pro rata for the period in which the property was untenanted. If Abacus Estates successfully relets the property at a rent higher than that under the terminated tenancy, Abacus Estates shall be entitled to its remuneration in full in respect of the new tenancy

4.4 Should Abacus Estates successfully relet the property but at a rent lower than that of the terminated tenancy, Abacus Estates will refund the pro-rata difference in its letting remuneration between the remuneration payable pursuant to the new tenancy and the remuneration payable pursuant to the terminated tenancy but subject to the limits set out in Clause 4.2.

### **5. MINIMUM REMUNERATION**

Abacus Estates minimum letting fee is £750-00 plus VAT.

Abacus Estates minimum management fee is £500-00 per annum plus VAT.

### **6. OTHER CHARGES**

We will charge a rate of £35-00 per hour plus VAT if we are required to attend at your property to wait for or permit access to contractors attending to carry out work upon your property.

### **7. SUB AGENCY**

Abacus Estates may at its discretion sub-instruct or multi list your property to other selected estate agents or intermediaries where we consider this may assist in introducing a suitable tenant to your property. This will not incur any additional costs and all viewings and negotiations will be coordinated through Abacus Estates.

## **8. SALE OF PROPERTY**

In the event that a sale of the property is agreed with either a tenant or any party connected with or associated with the tenant either before, during or after a Tenancy, leading to the exchange of contracts, Abacus Estates will be entitled to commission of 2% plus VAT of the sale price of the property. The commission will be payable upon completion of the sale.

## **9. SALE OF PROPERTY SUBJECT TO THE TENANCY**

If you sell the property subject to the tenancy, you will continue to be liable to us for our remuneration in respect of all renewals and/or extensions of the tenancy whether or not the extension or renewal is negotiated or arranged by us. You may assign your obligations to us in this regard to your purchaser but you must obtain the purchaser's agreement in writing before you complete the sale. If the purchaser agrees to take over your obligations to us, you must send us the purchaser's signed agreement in which he/she undertakes to be responsible for our remuneration. In addition the purchaser must provide us with his/her full name and address. If we do not receive the purchaser's agreement and name and address you will continue to remain liable to us for our remuneration up until such time as the Tenant (or any person or company connected or associated with this tenant) vacates the property.

## **10. MOVING THE TENANT TO AN ALTERNATIVE PROPERTY**

If you agree that your tenant may move to another property owned by you or by a person or company connected or associated with you, then you will remain liable to us for our remuneration whether or not the tenant enters into a new agreement with you, on the same basis as if the tenant had remained in then original property.

## **11 CONSENT TO LETTING**

You agree that in instructing us, you have obtained the necessary consent to let your property from any relevant superior or head lessor and from any relevant mortgagee or from any other party from whom consent to let would be required in respect of your property.

## **12 INSURANCE**

You agree that you will ensure that that you have in place adequate insurance in respect of the building and contents (including public liability insurance) for the full period of the tenancy and any extension thereof and for any period during which the property may be vacant.

## **13 CONDITION OF THE PROPERTY**

As a Landlord, it is your responsibility to supply the tenant at the commencement of a tenancy with a valid 'Gas Safety' Certificate issued by a Corgi registered installer, to comply with The Gas Safety (Installation and Use) Regulations 1998. You must ensure that annual safety checks are carried out on all gas appliances, where applicable and their flues. Records of these checks must be kept and must be supplied to tenants upon entry to the property and within 28 days of the inspection to an existing tenant. We will require a copy of the Gas safety certificate at the commencement of the tenancy.

If we are managing your Property, we will be required to arrange your gas safety record once a year. The cost of such inspection and certification will be your responsibility. [At the commencement of our management we will arrange for a carbon monoxide monitor to be installed as an additional safety measure. We insist on the installation of such a monitor as a condition of agreeing to manage your property on your behalf. The cost of installation will be charged to the you.

It is your responsibility to ensure the furniture and furnishings (including mattresses, chair seats etc) conform to the furniture and furnishings (FIRE) (SAFETY) Regulations 1988 as amended in 1993 and any subsequent amendments or re-enactments thereof.

It is your responsibility to comply with the Electrical Equipment (Safety) Regulations 1994 and the Plug & Socket Regulations 1994

These Regulations require that any person supplying electrical equipment must ensure that it is safe and will not cause danger and that it satisfies the safety requirements of the 1994 Regulations. There is no mandatory requirement for the equipment to undergo any safety testing nor for testing to be by an approved contractor, but best practice indicates that it would be sensible to do so. All new and second-hand appliances, which are supplied, including appliances supplied in rented accommodation, to be fitted with an appropriately fitted and fixed plug. The plug must be fitted with the correct fuse. There is no mandatory requirement to test plugs and sockets, but best practice dictates that it would be prudent to do so.

You agree to ensure that before the tenancy begins the property is thoroughly cleaned throughout and that such cleaning includes both the interior and exterior of the windows..

If requested by you Abacus Estates will at your cost arrange for a registered NICEIC electrician to inspect the Property and to provide a report as to whether or not the Property complies with the Electrical Equipment (Safety) Regulations 1994 and the Plug and Socket Regulations 1994. We will advise you in advance of the cost of such an inspection (which will vary from property to property) if you ask us to arrange one.

Please note that Abacus Estates are obliged to refuse to take on a property where the furniture, gas installations or electrical equipment do not comply with current legislation.

#### **14. SECTION 11 OF THE LANDLORD AND TENANT ACT 1985**

This Act imposes important obligations upon Landlords. In particular, the Landlord must keep in repair the structure and exterior of the Property including drains, gutters and external pipes: the Landlord is obliged to keep in repair and proper working order the installations in the Property for the supply of water, gas and electricity for sanitation. This includes basins, sinks, baths and lavatories but does not include fixtures and fittings and appliances for making use of the supply of water, gas or electricity services. The Landlord is required to keep installations in the Property for space heating and heating water in repair and proper working order.

#### **15. SMOKE DETECTORS**

All new homes built after June 1992 must be fitted with mains operated smoke detectors. We would strongly recommend that smoke detectors are fitted in all properties and that they are regularly checked, especially battery-operated devices.

We would also recommend that carbon monoxide detectors are installed in all properties and as already stated above insist upon this if we are to manage the Property.

#### **16. IMPORTANT NOTICE - INDEMNITY**

In instructing Abacus Estates you undertake to comply with the statutory regulations or requirements that are imposed upon landlords and any amendments or re-enactments thereof including in particular but not limited to the requirements imposed by The Furniture and Furnishings (Fire)(Safety) Regulations 1988, The Gas Safety (Installation and Use) Regulations 1998 and The Electrical Equipment (Safety) Regulations 1994 and that before any tenancy begins all machines, equipment, furniture and apparatus are in fully working order and in compliance with all and any such regulations.

You further undertake and agree that you will pay to Abacus Estates its employees or agents any sums for which Abacus Estates may be held liable in respect of any claim, demand, liability, costs, reasonable expenses or prosecution which might arise as a result of your failure to comply with any such regulations or requirements.

#### **17. UTILITY ACCOUNTS**

You agree to ensure that at the commencement of the Tenancy all accounts and in particular telephone, gas, electricity, fuel oil, water and council tax bills are paid up to date.

#### **18. COMMUNICATION WITH TENANT**

Unless we are instructed to collect rent or manage the property on your behalf or arrange the renewal or extension of the tenancy all communication with the tenant after the commencement of the tenancy is direct between the Tenant and you

#### **19. EXCLUSIONS**

It is agreed that Abacus Estates will not be liable for:

- (i) the rent or any other liabilities outgoings or expenses payable by the tenant.
- (ii) any expenditure payable on your behalf if Abacus Estates holds insufficient funds or insufficient authority to make any payment for you.
- (iii) any costs, expenses or liabilities incurred by you arising from the Property being vacant or by reason of any damage caused to the Property by reason on any acts or omission of the tenant or his family or licensees.
- (iv) any loss, costs, expenses or liabilities whatsoever arising from your failure to seek any necessary consents from any mortgages insurers lenders or landlords or owners of the property.

#### **20. TERMINATION OF AGENCY OR SERVICE**

- (i) Letting Service

In the absence of any specified agency period our appointment as your lettings agent may be terminated by either side giving to the other 7 days' written notice. In such event all and any outstanding expenses and/or fees or remuneration are payable immediately. For the avoidance of doubt, unless your termination of our appointment was justified by a serious breach of contract on the part of Abacus Estates, we shall continue to be entitled to be paid our letting fees in respect of any Tenancy or in respect of any renewal or extensions of any Tenancy for which a letting fee is payable.

- (ii) Rent Collection or Management Service

If we are instructed to provide our rent collection or management service, you may terminate such instruction on giving us one month's written notice. In such circumstances any outstanding expenses and/or fees or remuneration are payable immediately. Our lettings fees continue to be payable on all renewals and extensions of the Tenancy and in any case in accordance with these terms and conditions.

We may terminate the provision of either or both of these services to you on giving to you one month's written notice.

## **21. LAW AND JURISDICTION**

- (i) These Terms of Business and any accompanying letter shall be governed by and construed in all respects in accordance with the laws of England and Wales and the English courts shall have jurisdiction to hear and determine any action or proceedings.
- (ii) Any notice and/or correspondence and/or document required to be served upon you may be sent by us by ordinary first class post addressed to you at your last known address in England and Wales or to the Property (as defined in (iii)below). Service of any proceedings issued out of a Court shall be deemed good service for the purpose of the Civil Procedure Rules 1998 or any amendment or re-enactment thereof
- (iii) For the purpose of paragraph (b) above "the Property" means any property in respect of which you have appointed us to provide a letting, and/or rent collection and/or management service.

## **OUR SERVICES**

### **OUR LETTING SERVICE**

We shall:

1. advertise and bear all the costs of our advertising your property
2. seek to find a suitable tenant for your property at a rent acceptable to you. For the avoidance of doubt, any rent that we are asked by you to obtain must be inclusive of all outgoings for which you are ordinarily responsible such as but not limited to ground rent and service charges payable to a superior landlord
3. arrange for prospective tenants to view the property and thereafter seek to negotiate and agree the terms of any tenancy
4. on the introduction of a suitable tenant, seek to ensure that there is execution of an assured shorthold tenancy agreement or other rental agreement as instructed by you and that any statutory notices required by you to be given at the commencement of the tenancy are duly served [may want separate s48 etc notice clause]
5. Arrange to apply for up to three references for the prospective tenant if you require us so to do. Please be aware that we cannot approve references on your behalf.
6. Collect a deposit from the incoming tenant to be held during the duration of the tenancy as security for the due performance by the tenant of the tenant's obligations.
7. If you so instruct us, arrange for an inventory and schedule of condition to be prepared by a specialist firm prior to the commencement of any tenancy. Any such firm is entirely independent from us. The charge made by the Inventory firm for its preparation of the inventory and its checking in of the tenant will be your responsibility, will be charged to you and will be deducted from the first instalment of rent. If it is your intention to prepare the Inventory we suggest that it should also include a Schedule of Condition. In that case it will also be necessary for the you to "check-out" the Inventory with the Tenant at the end of the Tenancy.

The "check-out" costs will usually be borne by the Tenant provided this is agreed at the commencement of the tenancy. Abacus Estates do not accept any liability for any act error or omission on the part of the independent inventory company.

8. arrange to have paid by the tenant the first instalment of rent in advance and once in receipt of cleared funds and after deducting our remuneration and any other charges as appropriate, to account to you
9. If you are non resident in the United Kingdom or being a company you are not a company registered in the United Kingdom, we will retain funds calculated at a standard rate from any rents received for the purpose of United Kingdom taxation and account to and pay such money to the Inland Revenue unless you hold an Exemption Certificate from the Inland Revenue. We strongly advise that you appoint a firm of accountants or tax advisers to deal with your tax liability in this regard. Please note that if the tenant is to pay rent directly to you and you are non resident the Tenant may be entitled to deduct tax at the standard rate.

***OUR LETTINGS AND RENT COLLECTION SERVICE***

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***OUR MANAGEMENT SERVICE***

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