

# Agency Agreement

This Agreement is made between the Landlord of the Property (as named at the end of this agreement) and Options Property Management 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.

## STANDARD MANAGEMENT SERVICE

Options Property Management 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 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 Term.
5. Liaising with a Landlord's mortgagees where necessary with regard to references and Tenancy Agreement (£25+VAT).
6. Taking a deposit from the tenant to be held by the Agent 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 over to the Landlord monthly (normally sent within 10 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.
8. 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.
9. Regular inspections of the Property are 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.
10. 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.
11. Making payments on behalf of the Landlord from rents received for costs in managing the property.
12. Carrying out a full property inspection and inventory check at the end of the tenancy and dealing with matters relating to unfair wear and tear before releasing the tenant's deposit.
13. Collecting and forwarding Landlord's mail.

### **Options Property Management Ltd**

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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, 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.

## SCALE OF FEES

(all fees are plus VAT at the current rate of 20%)

Standard Management Fee:	<b>11 % of rent due</b>
Tenancy Set-up Fee / Renewal	<b>£130 / 90</b>
Minimum Fee (in case of early termination)	<b>£300</b>
Short Lets (less than 6 months)	<b>16% of rent due</b>
(less than 3 months)	<b>20% of rent due</b>
Obtaining estimates and supervision of major works	<b>10% of cost of work over £500</b>
Inventories	<b>INCL.</b>
Schedule of Condition	<b>INCL.</b>
Administration of tax returns (TMA)	<b>£100 per annum</b>
Redirection of mail overseas:	<b>Cost of postage</b>
Duplication & Testing of extra keys	<b>£7</b>
Faxes & overseas telephone calls:	<b>TBA</b>
Issuing Notice of Seeking Possession	<b>£60</b>

### **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 duties of property management as detailed in 1-13 previously. The Landlord also agrees that the Agent may take and hold deposits. It is declared that the Agent may earn and retain commissions on insurance policies issued.

### **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.

### **MAINTENANCE:**

The Landlord agrees to provide the letting 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: £150, overseas landlords: £250) 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 Scale 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.

For expenditure in excess of this, the Agent would normally request authorisation in advance, although 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 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.

### **OVERSEAS RESIDENTS:**

When letting property and collecting rents for landlords overseas, the Agent is obliged by the Taxes Management Act (TMA)1970 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 Inland Revenue to receive rent gross. In this situation, the Agent also requests that the Landlord appoints an accountant or reserves 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 reasonable 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.

### **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.

### **SERVICES:**

The Agent will take meter readings whenever possible at each change of occupation in the Property and 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. 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) plus carpets, paintwork, wall coverings, curtains, mirrors, sanitaryware 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 does not include a full schedule of condition (condition, colour & decoration of ceilings, walls, doors and door fittings etc.) or photography; this can be prepared at the Landlord's request.

### **TENANCY AGREEMENT:**

The Standard Management Service includes the preparation of a tenancy agreement in the Agent's standard form(s) and provision of a copy of this agreement to a designated advisor or building society. Should the Landlord, advisors or mortgagees require amendment of the contract or require the Agent 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). It is agreed that the Agent may sign the tenancy agreement(s) on behalf of the Landlord.

### **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, a final inspection of the Property is carried out by the Agent. 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 together with any recommended deductions or replacement values.

### **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, or insurance undertaken.

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. These deposits, held by the Agent, will be kept in a separate and secure client account ready for refunding (less any charges due) at the end of the tenancy.

### **TERMINATION:**

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.

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.

### **SOLE LETTING RIGHTS:**

It is agreed that only the Agent may let the Property.

### **SAFETY REGULATIONS:**

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

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

The Landlord confirms that they are aware of these obligations and that the Agent has provided sufficient information in the form of explanatory leaflets accompanying this agreement 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. The Agent shall ensure that all relevant equipment is checked at the beginning of the tenancy or during the tenancy as required. The Landlord agrees to repay the Agent 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.

**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.

**VALUE ADDED TAX:**

Our fees are plus VAT at the appropriate rate (currently 20 %).

**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. The Agent would normally be responsible for the administration of any claims arising during the period of management where the property is being managed (i.e. this only applies to properties under the full "Standard Management Service") and subject to an additional charge for major works (see "Maintenance").

**HOUSING BENEFIT:**

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 to six years thereafter, whether or not the Agent continues to be engaged to let or manage the Property under this Agreement.

**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 would 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.

**LETTING ONLY SERVICE / LETTING AND RENT COLLECTION SERVICE:**

Where the Landlord does not wish the Agent to undertake full management, the Agent can provide a Letting Service.

The Letting Service includes only parts 1 to 5 of the Standard Management Service as listed above.

The fee for the Letting Service is a minimum fee of £300 + 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.

Where the Landlord requires collection of rents (items 6 & 7 only of the Standard Management Service as listed above) in addition to the Letting Service, then additional fees of 2.5% will be charged and will be deducted from rents collected.

**ACCEPTANCE & VARIATION**

The terms & conditions of this Agreement may be varied by either party, but only with prior notice.

I wish the Agent to undertake the letting, rent collection and management\*.  
I/we also confirm that we are the sole/joint owners of the Property known as:

*\*delete as applicable*

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

Signed: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Date:

***(IF PROPERTY IS JOINTLY OWNED ALL PARTIES SHOULD SIGN)***

Landlord's Full Name(s):

Signed on behalf of the Agent:

\_\_\_\_\_

Date:

for: **Options Property Management**