

# **DRUCE**

## **RESIDENTIAL LETTINGS**

**TERMS AND CONDITIONS**

**OF**

**BUSINESS**

## PART 1 - DEFINITIONS

**DRUCE** (known as *Druce & Co Limited*) of **61 Weymouth Street, Marylebone, London W1G 8NR**, its offices, subsidiary companies and franchisees (current or future) and its successors in title or assignees, confirm that in these Terms and Conditions the definitions and expressions below have the following meanings:-

**“We”** and **“Us”** and **“The Agent”** means Druce & Co Limited, their assignees or successors in title.

**“You”** or **“The Landlord”** means any one or more individuals or a corporate entity that has the legal right as Freeholder or Leaseholder to let the property. If there is more than one individual defined as Landlord then each individual will be jointly and severally liable for all obligations in this contract, which means that each individual will be responsible for complying with the obligations and paying all charges and costs under this Agreement, both as an individually and together.

**“The Tenant”** means any one or more individuals or corporate entities named as Tenant in the Tenancy Agreement.

**“The Property”** means any part or parts of the building, boundaries, fences, garden and outbuildings belonging to the Landlord. When the Property is part of a large building, the Property includes the use of common access ways and facilities and also includes any fixtures and furniture belonging to the Landlord.

**“The Tenancy Agreement”** means the written contract between Landlord and the Tenant setting out the terms of the Tenancy.

**“The Tenancy”** means the full period (whether a fixed term or periodic) during which the Tenant rents the Property from the Landlord including any subsequent extensions or renewals, and all periods during which the Tenant shall remain in occupation of the Property.

**“The Term”** means the length of the initial letting period and any subsequent period that the Tenant remains in the Property.

**“Rent”** means any payment made by the Tenant or the Agent(s) of the Tenant for the use of the Property whether expressed to be Rent, a premium or any other form of payment whether paid directly by the Tenant or gained from other means such as deduction from the Deposit.

**“The Deposit”** means the sum of money lodged with the Agent by the Tenant at the start of the Tenancy to cover any damage or loss caused by the Tenant’s failure to comply with his/her obligations during the Tenancy. Any balance after deduction costs must be returned to the Tenant.

**“Stakeholder”** means that the agent must obtain written consent from both parties before it can release any part of the Deposit to either party at the end of the Tenancy.

**“Jointly and severally liable”** means that each person signing the Confirmation of Instruction will be responsible for complying with the obligations of and paying all charges and costs under this Agreement both individually and together.

**“Inventory and Schedule of Condition”** means the document drawn up prior to the commencement of the Tenancy by the independent inventory clerk, which includes the fixtures and fittings in the Property.

**“NCIS”** means the National Criminal Investigation Service.

**“TDS”** means The Dispute Service whose details are shown in the Tenancy Agreement.

**“ICE”** means Independent Case Examiner.

**“Arbitration”** means the hearing and determining of a dispute.

**“DPS”** means the Deposit Protection Scheme.

**“Agreement”** means this Terms of Business signed between DRUCE and the Landlord.

**“Commission”** means the remuneration payable to DRUCE for letting and, if applicable, managing the Property.

In this Agreement the use of the singular includes the plural and the use of the masculine includes the feminine.

Acceptance of the DRUCE Terms and Conditions forms a legal agreement; and this agreement shall be interpreted according to English law. Any dispute arising from or in relation to it shall be subject to the jurisdiction of the courts of England and Wales

## PART 2 - PRE-INSTRUCTION REQUIREMENTS

### 2.1 MONEY LAUNDERING REGULATIONS 2007

DRUCE operates a strict policy of complying at all times with Money Laundering Regulations and in particular the Proceeds of Crime Act 2002. If a prospective Tenant cannot or is not prepared to comply with DRUCE policy and procedures, then DRUCE reserve the right not to process the application.

Individual Landlords will be asked to provide two separate items of identity evidence. One proof of photographic identity (*e.g. copy of driving licence or passport*) and one proof of current residential address (*e.g. copy of a utility bill*) will be required.

Corporate Landlords will be asked to provide evidence to verify the legal existence of the company or organisation (*e.g. Memorandum & Articles of Incorporation*) as well as confirmation that the person acting on behalf of the entity is authorised to do so. Copies of these will be held for a period of five years after the completion of *“your business”* with *“us”*. We reserve the right to stop acting for *“you”* if such is not provided as soon as practicable on request. Should *“we”* receive information which gives rise to suspicions of Money Laundering (*including deliberate non-declaration of income to the Inland Revenue*) or similar unlawful activity *“we”* will be required under the Proceeds of Crime Act 2002, and related regulations, to make a report to the NCIS (*National Criminal Investigation Service*) who may then refer it on to the Police. This act overrides *“our”* duty of Client confidentiality

### 2.2 JOINT OWNERS

If you are a *“Joint Owner”*, you must ensure that all the owners are named in the Tenancy Agreement and that you are authorised to give instructions on their behalf which will be in the way of a Power of Attorney created (*as a deed*) by a solicitor

### 2.3 LEASE/TITLE REGISTER

All Landlords are required to provide a copy of their Lease together with an Official Copy of the Title Register. DRUCE will ensure that the Tenant(s) adhere to the Covenants contained therein. If you cannot provide this information upon request, DRUCE can obtain a copy from the Land Registry.

### 2.4 SUB-LETTING

If you are a tenant or a lessee it is essential that

- *The intended letting is permitted by your lease*
- *The intended letting is for a period expiring prior to the end of your lease*
- *Your landlord's written permission is obtained in writing prior to the sub-letting. You may have to pay a fee to obtain permission*
- *You obtain a copy of the conditions in your Head Lease which need to become obligations of the sub-tenant and be attached to the Tenancy agreement. If the obligations are not attached then the tenant does not need to abide by them. This may mean you are in breach of your superior lease and legal action could be taken against you resulting in forfeiture of your lease and you being responsible for all the legal costs of the superior landlord*

### 2.5 MORTGAGES

Where the Property is subject to a mortgage, permission is normally required from the Mortgagee to let or sub-let the property. We require you to confirm that you have obtained your mortgagee's permission in writing to sub-let. ***Failure to obtain permission could prejudice the Tenancy.*** Your lender may impose conditions of the type of tenant or obligations that must be included within the tenancy agreement. It is your obligation to advise us prior to the tenancy starting of any existing conditions or obligations. Obligations cannot be imposed upon a tenant once a tenancy has commenced

### 2.6 INSURANCES

You must ensure that the building and contents insurance cover is adequate and the policy covers furnished lettings as many household policies do not automatically provide such cover. You must inform your insurer that the Property is being let, otherwise your insurance may be void and any claim rejected.

You should also check that your insurance policies include third party liability to protect you in the tenant or a visitor to the Property sues for personal injury. You must give us copies of the relevant sections of the policies to attach to the Tenancy Agreement at the start of the tenancy. We cannot be responsible for the renewal of your insurance cover due to changes in legislation. We strongly recommend you arrange for an insurance policy which covers loss of rent and contents, and legal expenses.

### 2.7 FITTINGS AND EQUIPMENT

You must ensure that all equipment, gas, oil, electrical or otherwise provided with the Property is fully operational, safe and, if possible, recently serviced, prior to the commencement of a Tenancy. Instruction manuals should also be provided for this equipment. Under the Consumer Protection Act 1987 it is your responsibility to ensure that any item supplied with rental premises is safe.

## **2.8 THE FIRE AND FURNISHINGS (FIRE) (SAFETY) REGULATIONS 1988 (AS AMENDED)**

By signing this contract you are confirming to DRUCE that all furniture and furnishings in the property to be let and included in the letting (whether originally provided or added during the Tenancy) fully comply with the Furniture and Furnishings (Fire) (Safety) (Amendment) Regulations 1993. These Regulations state that all upholstered furniture must carry a permanent label showing that the items - including fillings, are match resistant, cigarette resistant and have passed the ignitability test.

By virtue of this contract you permit DRUCE the authority to remove and dispose of, or store any non-compliant furniture at your expense. We will replace any non compliant items, if necessary, for the smooth running of the Tenancy, at your expense.

## **2.9 THE GAS SAFETY (INSTALLATION AND USE) REGULATIONS 1998**

All gas equipment, pipe work and appliances must accord with these Regulations including annual inspections by a Gas Safe registered engineer and records maintained of work undertaken by a Cori registered installer. A safety inspection must be completed annually and a copy of the Gas Safety Record ("GSR") provided to the Tenant at the start of the Tenancy or within 28 days of the renewal of the GSR. You warrant to DRUCE that you have and will continue comply with these Regulations. If you do not provide DRUCE with a copy of the GSR at least 7 days before a tenancy commences DRUCE reserve the right to have the safety check carried out at your expense and deduct the cost from the initial rent payment. **No tenancy can commence until DRUCE are in receipt of a valid GSR.** If you ask us to use your contractor we will require proof of his professional qualification and a copy of his public liability insurance prior to instruction.

## **2.10 THE ELECTRICAL EQUIPMENT (SAFETY) REGULATIONS 1994**

All electrical appliances, plugs, sockets and wiring in the Property and the electrical supply is '*safe*'; will not cause '*danger*'; and complies with statutory requirements. All new electrical appliances must carry a 'CE' mark and instruction booklets or clear working instructions must be supplied for all appliances otherwise they must be removed from the Property.

## **2.11 REPAIRS AND STATUTORY OBLIGATIONS**

As the Landlord you have statutory repairing obligations under the Landlord and Tenant Act 1985 section 11 which means you must keep in good repair and good order:

- The structure of the Property including drains, gutters and down pipes;
- Appliances for space heating and water heating;
- Sanitary appliances;
- Installations for the supply of water, gas and electricity

Where DRUCE is the Managing Agent, Clause 2.10 & 2.11 will apply during the whole of the tenancy period. DRUCE have the authority from you to carry out repairs to the Property (including the replacement, maintenance, servicing, or repair of any furniture, furnishings, appliances, equipment, or machinery) up to value of **£1,000.00** plus VAT.

In exception circumstances, DRUCE has the authority to carry out any appropriate action necessary and to incur any reasonable expenditure they deem necessary in an emergency or to comply with Statute and Regulations. In particular, DRUCE may instruct any Corgi registered installer at your expense to carry out any repairs, or works needed to comply with any recommendation or requirement relating to any gas appliance or pipe work in the property.

You agree to fully reimburse and compensate DRUCE against all reasonable costs, claims, damages, expenses and other payments made under this authority or arising out of any breach or non observance or non performance by you of any statutory obligations or Regulations, Rules and Orders, unless it is due to the negligence or breach of contract of DRUCE or their employees.

You agree to endorse all reasonable actions of DRUCE in the performance of their management service and to compensate DRUCE for the reasonable costs, claims, payments and expenses including the payment of Council Tax for any other tax for the Property incurred by DRUCE, unless it is due to the negligence or breach of contract of DRUCE or their employees.

We cannot arrange for any works without holding cleared funds sufficient to meet the liability. We have no liability for any loss or damage suffered if we do not hold funds and we are unable to arrange any necessary work unless the loss or damage is due to our negligence or breach of contract.

## **2.12 DATA PROTECTION ACT 1998**

The Landlord consents to DRUCE processing data, any information, and personal details on, or of the Landlord as defined in the Data Protection Act 1998 and to passing the current and future addresses and other contact details of the Landlord to the Tenant, all utility suppliers, the local authority, contractors, debt collection agencies, and legal advisers, credit reference agencies and any other interested third party.

## **PART 3 - COMMISSION AND FEE EXPLAINED**

### **3.1 COMMISSION**

When we find a Tenant who's accepted by you or whom you have given us authority to accept on your behalf and who completed and signs the Tenancy Agreement, our commission will be charged as follows

### **3.1.1 COMMISSION PAYABLE**

Our fee is 10% plus VAT of the total rent, premium or other monies payable under the terms of the Tenancy Agreement for the duration of the Tenancy; the total amount of the commission falls due at the commencement of each Tenancy and/or Extension and will be deducted from the initial and subsequent rent, premium or other money payment(s) received from the Tenant or payable within 14 days of invoice by DRUCE.

### **3.1.2 EXTENSIONS**

If the Tenancy is extended to the Tenant or Occupier, commission is payable to us at the rate of 10% plus VAT of the total rent, premium or other monies under the terms of that Tenancy, whether or not negotiated by us.

### **3.1.3 FULL MANAGEMENT**

An additional 5% plus VAT of the total rent, premium or other monies payable under the terms of the Tenancy Agreement for the demand of rent **plus** our full management service and accounting to you is payable from the rent, premium or other monies collected. In the event of rent or other monies default, an invoice will be sent to you separately and is payable within 14 days of the invoice by DRUCE. The fee for this will be £100.00 plus VAT

### **3.1.4 LET ONLY**

In cases where we are not required to collect rent or other monies throughout the Tenancy, it is our policy to receive the initial rent, premium or other monetary payment(s), from the Tenant in order to meet our commission.

### **3.1.5 NEW TENANCY**

In all cases an administration charge of £200.00 plus VAT shall be paid by you upon the commencement of the Tenancy, for the preparation of the Tenancy Agreement.

### **3.1.6 ADDITIONAL FEES**

Your attention is drawn to Clauses 6.6 – 6.11 and 7.6 concerning additional fees.

## **PART 4 - DRUCE SERVICES**

### **4.1 LETTING SERVICE (INCLUDING RENT COLLECTION)**

The services included for our commission rate of 10% are

#### **4.1.1 INTRODUCTION**

DRUCE will introduce a prospective tenant for your Property

#### **4.1.2 REFERENCES**

DRUCE will endeavour to take up a status reference (*but not including any charges for Company investigations should these be requested*) and forwarding to you for approval

#### **4.1.3 NEGOTIATIONS**

DRUCE will be responsible for negotiating the terms of the Tenancy between you – the Landlord and the Tenant.

#### **4.1.4 DEPOSIT**

DRUCE will undertake to collect and hold the Deposit (*in a TDS*) payable by the Tenant against rent arrears, damage(s) and any breach of the Tenancy, as stipulated within the Tenancy Agreement. (*See Part 7*)

#### **4.1.5 UTILITIES**

DRUCE will make every effort to notify service companies (*i.e. Telephone, Gas, Electricity and Water*) and the Local Authority at the commencement of the Tenancy. However some suppliers will not take instructions from us and insist you notify them direct.

#### **4.1.6 RENT**

If DRUCE are responsible for the collection of rent from the Tenant on your behalf, this will be done by way of a Standing Order Mandate unless you instruct us to the contrary in writing. DRUCE cannot be held liable for any loss or charges, suffered if the Tenant subsequently cancels the Standing Order Mandate or refuses to sign and chooses to pay by an alternative means.

#### **4.1.7 RENT ARREARS**

If the Tenant fails to meet their obligation concerning the payment of rent, we will pursue the Tenant. This will take the form of a series of letters to the Tenant requesting payment. *Please note that we do not pay rent, premium or other money to you unless we are in receipt of cleared funds.*

#### **4.1.8 LANDLORD STATEMENTS**

DRUCE will be responsible for the preparation and submission of regular income statements for you and/or your Accountant. DRUCE will endeavour to forward the Net Rents, premium and other money within 10 working days by Bank Transfer. **Please note if you have an overseas bank account a charge of £30.00 is levied by the bank for this type of transaction.**

#### **4.2 LETTING (INCLUDING RENT COLLECTION) AND MANAGEMENT**

The services included for our commission rate of 15% are

##### **4.2.1 INCLUSIVE SERVICES**

All services as detailed above in Clause 5.1

##### **4.2.2 OUTGOINGS**

DRUCE will pay out of the rents, premium or other money received any outgoings such as Ground Rent, Council Tax, Insurance Premiums and any Service Charges and/or maintenance charge or similar contribution to shared expenses and account to you regularly – provided you have arranged for the invoices to be sent to DRUCE. We must be placed in sufficient funds at the commencement of the Tenancy and during the term of the management to enable DRUCE to meet all expenditure prior to rent collection dates. DRUCE will not be liable for any losses suffered by you if we do not hold sufficient funds to make payment on your behalf unless due to our negligence or breach of contract.

As the Landlord, you are expected to instruct the Insurance Company, the Local Authority, etc., to send their accounts to us. Although DRUCE will query any obvious discrepancies it must be understood that we are entitled to accept and pay without question demands and accounts which appear to be in order. In particular DRUCE cannot accept responsibility for the inadequacy of any insurance cover or for the verification of service or maintenance charge demands or estimates where applicable. It is important that we receive full written instructions regarding any insurance premiums you wish us to pay.

##### **4.2.3 REPAIRS AND REPLACEMENT**

We shall deal with day to day management matters including minor repairs up to a maximum of £750.00 plus VAT for any one item. Except in an emergency, wherever practical, estimates are obtained and submitted to you for approval of works or redecoration, renewal or repairs likely to cost more than the maximum figure. An additional administration fee of 10% plus VAT of the total cost is charged for this work. We cannot arrange for any works without first holding sufficient cleared funds to meet the liability. DRUCE has no liability for any loss or damage suffered if we do not hold funds and unable to arrange any necessary work unless the loss or damage is due to our negligence or breach of contract.

##### **4.2.4 PROPERTY VISITS AND DEFECTS**

Our Management Service will include non-expert investigation of defects which come to our notice or are clearly and adequately brought to our attention by the Tenant. It is standard for a representative from our Property Management department to inspect the Property approximately every six months. Please note additional visits to the Property will be subject to an additional charge of £80.00 plus VAT. Any visit can extend only to apparent and obvious defects and will not be a survey of the Property. DRUCE cannot accept responsibility for hidden or latent defects.

##### **4.2.5 TERMS OF MANAGEMENT APPOINTMENT**

Except in cases where you intend to re-occupy the Property and where special arrangements are made, our management appointment is for the initial letting period and thereafter as long as the Tenancy continues subject to three months' written notice to terminate by either party.

We must be placed in sufficient funds at the commencement and, if necessary, during the period of management, to enable DRUCE to meet all expenditure prior to the rent collection dates. It is essential that DRUCE holds a working balance as we cannot undertake to meet any outgoings beyond the available cash in our funds on your account. DRUCE cannot be held responsible for any losses or damage suffered to the Property if we do not hold funds to enable us to carry out work on your behalf, unless due to our negligence or breach of contract.

##### **4.2.6 FURNISHINGS/REFURBISHMENT**

DRUCE has considerable experience in dealing with either partial or total furnishing and/or refurbishment of properties. If we undertake to arrange this work an administration fee of 10% plus VAT of the total cost will be payable by you. No work will commence until DRUCE have a signed copy of our Terms of Business and you have provided sufficient funds to pay the costs of the work. DRUCE will not be liable for any loss suffered if we do not hold cleared funds and written authority from you of our instruction unless due to our negligence or breach of contract.

### **PART 5 - GENERAL INFORMATION**

#### **5.1 THE RENT**

Unless expressly agreed, the rent or premium quoted to the Tenant by DRUCE on your behalf must be inclusive of any outgoings for which “you” are responsible (*i.e. Ground Rent, Service Charges etc*) with the exception of gas, electricity, the telephone service, water charges including sewerage and environmental charges and fuel oil where there is an independent oil fired heating

system. Any rent or premium requested by DRUCE on your behalf will not include Council Tax. This charge will normally be levied separately on the occupants of the Property but in some cases the Local Authority may wish to charge you – the Landlord, if the Property is deemed to be in multiple occupation.

## **5.2 RENT REMITTANCES**

At present, the banking arrangements are such that it is necessary for DRUCE to allow approximately 10 working days before transferring monies to Clients' accounts. Any monies dispatched will be without prejudice to final clearance.

## **5.3 INVENTORY**

DRUCE can, if required, instruct established independent inventory clerks to act on your behalf upon the basis that you bear responsibility for their charges. While care will be taken in giving your instructions to inventory clerks, DRUCE cannot accept liability for any error or omission on their part, since they are not in our employ, unless it is due to the negligence of DRUCE or their employees. If you do not have an inventory and schedule of conditions you will not be able to prove the condition of the Property at the start of the Tenancy and may not be able to obtain compensation from the Tenant either through any Tenancy Deposit Protection Scheme or through the County Court. DRUCE have no liability for any loss suffered if you do not have a fully comprehensive inventory.

## **5.4 TENANCY AGREEMENT**

Unless DRUCE are instructed otherwise, we will use our standard form of Tenancy Agreement. DRUCE reserve the right to charge an increased administration fee of £200.00 plus VAT in the event of you or your Solicitor making substantial amendments to our standard Tenancy Agreement. Landlords instructing their own Solicitors to prepare an Agreement will be responsible for their Solicitors' fees.

## **5.5 INSTRUCTION TO LEGAL DEPARTMENT**

DRUCE will endeavour to inform you of any rent arrears or breaches of the Tenancy brought to our attention. DRUCE has a **"Zero Tolerance"** approach to rent arrears. If legal action is required, we will forward our file onto our Legal Officer alternatively, you can instruct your own Solicitor. Our fee for dealing with rent arrears on your behalf is £100.00 plus VAT.

## **5.6 THE TAXES ACT 1988 AND THE TAXATION OF INCOME FROM LAND (NON RESIDENTS) REGULATIONS 1995**

As the Landlord, you are responsible for notifying the HMRC of the Tenancy as income from arising from Residential Lettings is assessable to UK Tax. There are a number of deductions that can be made before tax is assessed. Further information can be obtained from a tax accountant or from the HMRC website which can be accessed at [www.hmrc.gov.uk](http://www.hmrc.gov.uk). For tax purposes, you must keep all your invoices for six years. You should be aware that DRUCE forward annual statements to HMRC for each Landlord and Property we have let and collected rent regardless of the Country of residence of that Landlord.

Where the Landlord of the Property resides abroad, HMRC will hold DRUCE, as your Agent, responsible for the payment of any tax liability which arises on rents collected by us on your behalf, unless an Approval Certificate is provided by HMRC pursuant to the Finance Act 1995. The Approval Certificate can be obtained by completing the relevant form with HMRC.

Accordingly, if you are resident abroad it will be necessary for DRUCE to deduct monies at the appropriate rate and hold such an amount until either an Approval Certificate has been received or until these monies are forwarded to HMRC which we are now obliged to do on a quarterly basis.

Similarly, if at present you live within the UK but subsequently move abroad it will be necessary for DRUCE to commence this deduction from the time you leave this country. The monies deducted will be held until the quarterly returns are made to HMRC and will not earn interest on your behalf.

The eventual liability for tax may be less than the amount forwarded to the HMRC. In this event you will have to liaise with the Inspector of Taxes directly and DRUCE will not be liable for any refunds. We regret the necessity to make such deductions but you will appreciate that DRUCE have no alternative in view of our legal responsibility to meet the tax liability on your behalf. We therefore ask you to let us know as soon as possible who will be dealing with your tax affairs in this country.

Should you at present reside within the UK but subsequently move abroad, please let us know the name of your Accounts or Tax Advisor at that time.

## **5.7 COURTS AND TRIBUNALS**

Applications for fair rent or appearances before the Rent Officer, Rent Assessment Committee or any other court or tribunal will be by special arrangement only and will form the subject of an additional charge of £150.00 plus VAT per hour and expenses.

## **5.8 WAITING AT PROPERTIES**

If you instruct a contractor to attend the Property who is unable to collect the keys from our offices or give a specific date and time of call, we will charge waiting time at the Property of £80.00 plus VAT per hour.

## **5.9 LANDLORD AND TENANT ACT 1985**

If your address is outside of 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 department for this purpose during such period as we manage the Property.

If DRUCE do not manage the Property you must make alternative arrangements to provide an address for service within the England and Wales. Although we will endeavour to forward any notices to you promptly, we cannot accept liability for any loss or damage incurred either directly or indirectly from our actions unless it is due to our negligence or misuse or of our employees.

## **5.10 INTEREST AND COMMISSION**

Any interest and commission earned by us on any monies held on your behalf such as working funds or monies in transit will not be credited to your account. It should be noted however that no charges will be raised for banking costs incurred by DRUCE in operating the account.

## **5.11 INSTRUCTIONS**

Instructions are accepted by DRUCE upon these Terms and Conditions. Any variation must be agreed in writing with DRUCE and annexed to these Terms and Conditions.

## **5.12 ACTS OF THIRD PARTIES**

DRUCE will not be responsible for any loss or damage that you suffer through the act, default or negligence of any third party which may arise otherwise than the through the negligence, omission or failure on the part of DRUCE Residential .

## **5.13 DATA PROTECTION ACT 1998**

In order to comply with the Date Protection Act 1998 to prevent any unauthorised access to or use of personal data DRUCE has the responsibility to keep information confidential and will only use it if fees are not paid and we wish to refer the matter to our Legal department; or if we are specifically required to do so by law or to pass it to a government agency by law; when instructing solicitors; to change account details for utility suppliers and the council tax into or out of your name; when a contractor's invoice has not been settled by you.

## **5.14 SERVICE OF NOTICES**

On your instruction, DRUCE will arrange for the serving of the appropriate notice on the Tenant(s) with the intention of delivering vacant possession of the Property. Such notices will only be served in accordance with the terms of the Tenancy Agreement and on occasion independent legal advice may be required at the Landlord's expense. The fee for the serving of such notices is £100.00 plus VAT which is payable in advance prior to the Notice being served.

## **5.15 CHARGES FOR OVERDUE FEES OR COMMISSION(S)**

Interest at the rate of 4% above the base rate of HSBC Bank PLC, in force from time to time (*or 10% if greater*) will be payable on all fees, commissions and other monies due which are not paid within 14 days of the due date for payment.

## **5.16 MISCELLANEOUS DUTIES**

If we have to prepare documentation in the form of photocopies or other relevant publishing material, we will charge a fee of £100.00 plus VAT for this service. If we have to attend Court on your behalf as a witness we will charge £80.00 per hour plus VAT.

## **5.17 PURCHASE OF THE PROPERTY BY A TENANT INTRODUCED BY DRUCE**

In the event that the Tenant or any other person or body corporate associated with the Tenant, introduced by us purchases the Property, or an interest in it (*either after entering into a Tenancy Agreement or otherwise*) then commission of 2% plus VAT shall be payable to DRUCE on completion of such sale, such commission to be based on the sale price.

## **PART 6 - DEPOSIT & DISPUTES**

### **6.1 THE DEPOSIT**

DRUCE will collect a Deposit from the Tenant against any unpaid rent or bills, dilapidations and any other costs or losses incurred as a result of any breach of the Tenancy Agreement by the Tenant. DRUCE Residential is a member of the Tenancy Deposit Scheme and as such is compliant with the Housing Act 2004 and the provisions included therein regarding holding of the Tenant's Deposit in an approved scheme.

### **6.2 TENANCY DEPOSIT SCHEME**

DRUCE is a member of the Tenancy Deposit Scheme which is administered by *The Dispute Service Limited of PO Box 1255, Hemel Hempstead, Hertfordshire HP1 9GN*. The cost of registering the deposit with the Tenancy Deposit Scheme is £75.00 plus VAT. DRUCE will hold Tenancy Deposits as Stakeholder throughout the Tenancy and will place these in an interest earning account or accounts with their UK bank from time to time. All interest earned on the deposit will belong to DRUCE.



### **6.3 INVENTORY CLERK**

Our Standard Tenancy Agreement provides that upon the end of the Tenancy, an Independent Inventory Clerk appointed by DRUCE will determine whether or not there is any damage, or cleaning needed but not the cost of the damage, or breach of the Tenancy including cleaning. If DRUCE manage the Property then we will arrange for those items to be valued and with the consent of both parties, the appropriate amount taken from the Deposit. We will then pay out this sum to you and pay any balance to the Tenant.

### **6.4 END OF TENANCY**

If DRUCE do not manage the Property then you will need to instruct an Inventory Clerk at the end of the Tenancy. You will then agree directly with the Tenant the total costs to be deducted from the Deposit based upon the Inventory Check-Out report. DRUCE are unable to release deposit monies to you or the Tenant without the prior agreement of both parties in writing of the amount to be paid out.

### **6.5 UNDISPUTED DEPOSITS**

If there is no dispute we will keep any amounts agreed as deductions where expenditure has been incurred on behalf of the Landlord, or repay the whole or the balance of the Deposit according to the conditions of the Tenancy Agreement with the Landlord and the Tenant. Payment of the Deposit will be made within 10 working days of written consent from both parties.

### **6.6 NOTIFICATION OF DISPUTE**

If, after 10 working days following notification of a dispute to DRUCE Residential and reasonable attempts have been made in that time to resolve any differences of opinion, there remains an unresolved dispute between the Landlord and the Tenant over the allocation of the Deposit it will (*subject to the clause below*) be submitted to the *Independent Case Examiner* ("ICE") for adjudication. All parties agree to co-operate with any adjudication.

### **6.7 ARBITRATION**

When the amount in dispute is over £5,000.00, the Landlord and the Tenant will agree by signing the Tenancy Agreement to submit the dispute to formal arbitration through the engagement of an arbitrator appointed by the ICE, although with the written consent of both parties, the ICE may at his discretion accept the dispute for adjudication.

The appointment of an arbitrator will incur an administrator fee, to be fixed by the Board of *The Dispute Service Limited* from time to time, shared equally between the Landlord and the Tenant. The liability for any subsequent costs will be dependent upon the award made by the arbitrator.

### **6.8 INDEPENDENT CASE EXAMINER**

It is not compulsory for the parties to refer the dispute to the ICE for adjudication. The parties may, if either party chooses to do so, seek the decision of the Court. However, this process may take longer and may incur further costs. It is a condition of the Tenancy Agreement signed by both parties the judge may refer the dispute back to the ICE for adjudication. If the parties do agree that the dispute should be resolved by the ICE, they must accept the decision of the ICE as final and binding.

### **6.9 DISPUTE PROCEDURE**

In the event of a dispute arising at the end of a Tenancy, where appropriate, the Tenancy Deposit Scheme will be instructed to arbitrate. DRUCE will charge the Landlord £100.00 plus VAT to prepare paperwork under these circumstances. And remit to *The Dispute Service Limited* - the full deposit, less any amounts already agreed by the parties and paid over to them. This must be done within 10 working days of being told that a dispute has been registered whether or not you or we want to contest it. Failure to do so will not delay the adjudication but The Dispute Service Limited will take appropriate action to recover the deposit and discipline us.

### **6.10 ADJUDICATION**

We must co-operate with the ICE in the adjudication of the dispute and follow any recommendations concerning the method of the resolution of the dispute.

### **6.11 STATUTORY RIGHTS**

The statutory rights of the Landlord or the Tenant(s) to take legal action against the other party remain unaffected.

### **6.12 DEPOSIT RELEASE**

DRUCE will charge an administration fee of £75.00 plus VAT to cover the costs of holding the Deposit. The Deposit will be released when we receive written confirmation from both parties.

### **6.13 DEPOSIT HELD BY LANDLORD**

If you decide to hold the Deposit and the Tenancy is an Assured Shorthold Tenancy you must specify to us prior to the start of the Tenancy under which Tenancy Deposit Protection Scheme the Deposit will be covered. If the Deposit is covered by Tenancy Deposit Protection you must provide proof of membership, together with a copy of the insurance policy before the Deposit can be released. If the Deposit is to be sent to the custodial scheme known as the *Deposit Protection Scheme* (DPS), DRUCE will

forward the Deposit to the DPS. In either of the above occurrences, the Landlord is responsible for the registering the details of the Tenancy.

#### **6.14 INCORRECT INFORMATION**

The Landlord warrants that all the information provided to DRUCE is correct to the best of his knowledge and belief. In the event that the Landlord provides incorrect information to DRUCE which cause loss or legal proceedings to be taken, the Landlord agrees to reimburse and compensate DRUCE for all losses suffered.

### **PART 7 - DRUCE COMMISSION AND FEE**

**7.1.1 LETTING (inclusive of Rent Collection) = 10%** of the total rent, premium or other monies payable during the Tenancy plus VAT

**7.2 LETTING AND MANAGEMENT = 15%** of total rent, premium or other monies payable during the Tenancy plus VAT

**3.1 FURNISHING/REFURBISHMENT = 10%** of the total expenditure plus VAT

**3.2 SHORT LETTING (inclusive of Rent Collection) = 20%** of the total rent, premium or other monies payable during the Tenancy plus VAT for a Short Let Tenancy of less than 6 months.

**3.3 PROPERTY MANAGEMENT ONLY = 5%** of the total rent, premium or other monies payable during the Tenancy, plus VAT

#### **3.4 VACANT MANAGEMENT**

Where a Property remains vacant, DRUCE will ensure that the Property is maintained and regular inspected until such time it becomes occupied. Our fee is £150.00 plus VAT, per month

#### **3.5 TENANCY AGREEMENT**

Our fee is £200.00 plus VAT, per party for preparing a Tenancy Agreement, negotiating clauses, exchanging both Landlord and Tenants' documents.

#### **3.6 TENANCY RENEWAL**

Our fee is £150.00 plus VAT for preparing a Memorandum of Agreement, negotiating clauses, exchanging both Landlord and Tenants' documents.

#### **3.7 DEPOSIT HOLDING FEE**

Our fee is £50.00 plus VAT for the length of the Tenancy.

#### **3.8 NON-RESIDENTIAL LANDLORD TAX**

Our fee is £75.00 plus VAT for collection and submission of tax to the Inland Revenue for overseas Landlords who do not have an exemption certificate. Overseas Landlord's are strictly advised to obtain an exemption certificate by completing the NRL1 form for Individuals, NRL2 form for Companies and NRL3 form for Trustees and could be found on the Inland Revenue website.

#### **3.9 CONSENT TO SUBLET**

Our fee is £175.00 plus VAT for applying to the Freeholder and/or Mortgage Company for consent to sublet.

#### **3.10 COPY STATEMENT**

Our fee is £25.00 plus VAT per copy for collection and distribution of copy statements for the previous 12 months.

#### **3.11 KEY CUTTING**

Our fee is £10.00 plus VAT (per standard key) and £25.00 plus VAT (per security key) for collection, cutting and delivery of extra sets of key.

#### **3.12 FORWARDING OF POST**

Our fee is £2.50 plus standard postage costs for bulk forwarding of post by the Property Management department

#### **3.13 LEGAL ADVICE, ACTION, ARBITRATION**

Our fee is £150.00 plus VAT, per hour for seeking legal advice or action on the Landlord's behalf, arbitration, liaising with Counsel, attending Court, Rent Assessment Committee or Tribunal attendances.

**SERVICE LEVEL AGREEMENT**

I/We\* wish to undertake the following services from DRUCE

**Tier 1**

*Letting only (including Rent Collection)*

**Tier 2**

*Letting (including Rent Collection) and Management*

**Tier 3**

*Short Letting Service*

**Tier 4**

*Property Management Service Only*

*Commencement Date*

**Landlord Name**

**Signed**

**Date**

**Name**

*(On Behalf of DRUCE & Co Limited)*

**Signed**

**Date**