

AGENCY AGREEMENT

This Agreement is made between the Landlord of the Property (as named at the end of this Agreement) and *Folklands* 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 services offered and the scale of fees charged.

The terms of the Agreement set out in this document will constitute a binding legal contract. If you are unsure of your obligations under this Agreement, then you are advised to take independent legal advice before signing. This Agreement is set out to comply with the requirements of the Provision of Services Regulations 2009 SI 2999.

STANDARD MANAGEMENT SERVICE

Folklands provide a property management service to owners 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.
5. Liaising with a Landlord's mortgagees where necessary with regard to references and tenancy agreement.
6. Collecting the Rent monthly and paying over to the Landlord monthly (normally sent within 15 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.
7. Taking a deposit from the Tenant, dealing with this deposit under the requirements of the chosen deposit protection scheme (until the end of the tenancy when the Property and contents have been checked for unfair wear and tear and handling any termination issues with the Tenant and the tenancy deposit scheme provider.
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. Inspections of the Property are carried out one to two times each calendar year (Where required). Responsibility for and management of empty property is not normally included and will only be carried out by special arrangement agreed in writing between the Landlord and the Agent.
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. The arrangement of a full property inspection and inventory check at the end of the tenancy and, if necessary, preparing and agreeing a schedule of costs relating to any damage or unfair wear and tear prior to releasing the Deposit.
13. Collecting and forwarding Landlord's mail.

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

SCALE OF FEES

(All fees are inclusive of VAT)

Standard Management Fee (Items 1 to 13 above):	12% of rent due (10% + vat)
Letting and Rent Collection Fee: (Items 1 to 6 above):	8.4% of rent due (7% + vat) subject to a Minimum Fee of £900.
Letting Only Service Fee: (Items 1 to 5 above):	6% of rent due (5% + vat) subject to a Minimum Fee of £900.

Additional Charges:

Immigration Checking Fee: **Included in all services**
Tenancy Set-Up Fee*: **£60**
Tenancy Renewal Fee: **See Clause 26**
Inventory/Schedule of Condition: **From £120**
Administration of NRL tax returns: **£72 per quarter**
Redirection of mail overseas: **Cost of postage**
Arranging & Facilitating gas safety check: **From £84**

Tenancy Deposit Service Fee*: **£36**
Duplication and testing of extra keys: **£18 per key**
Issuing Notice of Seeking Possession*: **£60**
Maintenance Repair Limit UK Landlords (see clause 4.1): **£200**
Maintenance Repair Limit Overseas Landlords (see clause 4.1): **£300**
Obtaining estimates and supervision of major works: **10% of cost of work over £3,500**

*** These fees are included in the Standard Management Fee**

TERMS OF BUSINESS

1. 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 usual duties of property management including those listed in items 1-13 of the Standard Management Service – detailed previously. The Landlord also agrees that the Agent may take and hold deposits and comply with the requirements of any tenancy deposit scheme that may apply to that deposit. It is declared that the Agent may earn and retain commissions on insurance policies issued. The Agent declares that fees may be charged to either the Landlord or the Tenant for ancillary services (e.g. duplication of keys) and that such fees will include a profit element to cover the Agent's administrative and business costs.

2. LIABILITY FOR TENANT DEFAULT:

2.1 Although our aim is to take care in managing the Property according to the terms of our client's instructions, the Agent has the right to be reimbursed for all expenses and indemnified against all costs, claims and liabilities incurred by the Agent while acting within the scope of this authority.

2.2 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.

3. REASONABLE COSTS AND EXPENSES:

3.1 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 their duties effectively, the Landlord agrees to respond promptly with instructions where necessary to any correspondence or requests from the Agent.

3.2 Where the agreement is cancelled under the Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013 (or previous consumer contract legislation) the Landlord agrees to repay any reasonable costs incurred by the Agent in carrying out his duties before the cancellation of the contract (see clause 15.3).

4. MAINTENANCE:

4.1 The Landlord agrees to provide the 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 (Maintenance Repair Limit) 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.

4.2 For expenditure in excess of the agreed expenditure limits, the Agent would normally request authorisation in advance, although it is agreed that in an emergency or for reasons of contractual or legal 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.

4.3 Where the Agent is required to co-ordinate repair and maintenance work on behalf of the Landlord, the Agent will not be responsible for any negligence, damage, or breach of contract by any contractor employed in this way.

5. OVERSEAS RESIDENTS:

When letting property and collecting rents for non-UK resident landlords (NRL) i.e. landlords living overseas, the Agent is obliged by the Income and Corporation Taxes Act 1988 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 HM Revenue and Customs (HMRC) to receive rent gross. In this situation, the Agent also requests that the Landlord appoints an accountant or reserves 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 the Agent may charge reasonable administration expenses for further work requested by the Landlord, the Landlord's accountant or the HMRC in connection with such tax liabilities. In many cases, a landlord's tax liability is minimal when all allowable costs are deducted.

6. 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.

7. SERVICES:

The Agent will take meter readings whenever possible at each change of occupation in the Property and, where necessary, 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.

8. INVENTORY:

The deposit protection schemes established under the terms of the Housing Act 2004 require that all landlords need to be protected by good inventory and condition reports from the outset. The Agent will prepare an inventory for the Property and a charge will be made for this depending on the size of the inventory and the Property. The standard inventory will include all removable items in the Property (except those of negligible value) plus carpets, paintwork, wall coverings, curtains, mirrors, sanitary ware 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 will include a full schedule of condition (condition, colour & decoration of ceilings, walls, doors & door fittings etc.). Evidence of condition or damage (i.e. photography) will be prepared as required, or at the Landlord's request, and will be charged accordingly.

9. 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.

10. NOTICES:

The Agent will, as necessary, serve the usual legal notices on the Tenant(s) in order to terminate the tenancy, increase the Rent, or for any other purpose that supports the good management of the Property, or the timely return of the Deposit at the end of the tenancy.

11. RESERVATION FEES:

A reservation 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 reservation 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 to be carried to protect against loss of rents, or insurance undertaken. This fee is not a deposit until it is transferred on the establishment of the tenancy.

12. TENANCY DEPOSITS:

12.1 Deposits 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. This Deposit will be kept in a separate and secure client account ready for refunding (less any charges due) at the end of the tenancy, or forwarded to one of the Government-regulated deposit schemes listed below.

12.2 Statutory Tenancy Deposit Protection. Where the tenancy is an assured shorthold tenancy, the Landlord or Agent is legally required to ensure that any tenancy deposit taken under the tenancy is protected within one of three statutory tenancy deposit schemes within 30 days of receipt. The schemes are:

- (1) The Deposit Protection Service (DPS)
- (2) My Deposits
- (3) Tenancy Deposit Scheme (TDS)

12.3 Tenancy Deposit Information. Where statutory tenancy deposit protection applies to a tenancy deposit, the Agent will provide to the Tenant within 30 days the following information required from the Landlord by the Housing Act 2004:

- (a) information on the particular scheme under which the tenancy deposit is protected;
- (b) compliance by the Landlord with his obligations under the Act and
- (c) prescribed information for the Tenant.

More information on the requirements of the deposit protection schemes are available on the following web site(s) and landlords are strongly urged to familiarize themselves with their legal responsibilities: <http://www.direct.gov.uk>

13. INSPECTIONS:

13.1 Under the Standard Management Service, the Agent will normally carry out inspections once or twice a year. Such inspections do not constitute a formal survey of the Property, and 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.

13.2 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 (and, if appropriate, to the relevant tenancy deposit scheme administrator) together with any recommended deductions or replacement values.

14. TENANCY DEPOSIT DISPUTES:

14.1 The Agent will attempt, by negotiation, to resolve any deposit disputes between the Landlord and the Tenant. Where the Deposit is subject to statutory tenancy deposit protection, and a dispute cannot be resolved between the parties, then it will be necessary to submit the claim to the tenancy deposit administrators for adjudication under an alternative dispute resolution (ADR) process or to take Small Claims action in the County Court. An estimate of the likely costs of preparing and submitting the claim to adjudication or for Small Claims will be submitted to the Landlord before any case is started.

14.2 The Landlord authorises the Agent to make appropriate deductions from the rental income in the last two months of the tenancy to provide a maintenance fund from which any cleaning, repair or other costs can be disbursed at the end of the tenancy.

15. TERMINATION:

15.1 Termination of Agency Agreement. 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.

15.2 Tenancy 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.

15.3 Agreements signed away from the Agents office. Where this Agency Agreement is signed away from the office the Landlord has a right to cancel under consumer protection legislation within 14 days ('a cooling off period') of the date of this Agreement. A cancellation notice is available at the end of this Agreement. Where the Landlord waives his right to cancellation (see paragraph 28) by agreeing to the Agent carrying out works immediately following the date of this Agreement he will be responsible for any reasonable costs incurred by the Agent in carrying out their duties if the Landlord cancels this contract during the 'cooling off' period.

16. SOLE LETTING RIGHTS:

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

17. INSTRUCTIONS:

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

18. VALUE ADDED TAX:

All fees stated are inclusive of VAT.

19. SAFETY REGULATIONS:

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

19.1 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

19.2 The Landlord confirms that they are aware of these obligations and that the Agent has provided sufficient information 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. Under the Standard Management Service, the Agent shall ensure that all relevant equipment is checked at the beginning of the tenancy and maintained during the tenancy as required, and that appropriate records are kept. The Landlord agrees to repay the Agent's reasonable costs incurred including any reasonable expenses or penalties that may be suffered as a result of non-compliance of the Property to fire and safety appliance standards.

19.3 Where the Landlord has duties in regard to the prevention of legionella and the inspection of domestic-type water systems, it is agreed that the Landlord shall be responsible for the maintenance of the water system and any associated safety checks under these duties.

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").

21. HOUSING BENEFIT:

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

22. 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 may 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.

23. LETTING ONLY SERVICE:

Where the Landlord does not wish the Agent to undertake full management (the Standard Management Service), the Agent can provide a Letting Only Service. The Letting Only Service includes only items 1 to 5 of the Standard Management Service as listed above. The Landlord would remain responsible for all other aspects of the letting including the maintenance of the Property and any gas and electrical appliances. The Landlord would remain responsible for complying with the Deposit protection requirements of the Housing Act 2004 and must provide the Agent with written confirmation of this together with a receipt for the Deposit monies received by the Agent on his behalf. The Letting Only Service Fee is 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.

24. LETTING ONLY SERVICE PLUS DEPOSIT PROTECTION:

Where the Landlord requires the Agent to deal with his legal responsibilities for the protection of tenancy deposits under the Housing Act 2004 (item 6 of the Standard Management Service) then the Tenancy Deposit Service Fee will be charged in addition to the Letting Only Service Fee.

25. LETTING AND RENT COLLECTION SERVICE:

Where the Landlord requires the collection of rents (item 6 of the Standard Management Service as listed above) in addition to the Letting Only Service, then the Letting and Rent Collection Fee will be charged and will be deducted from rents collected.

26. RENEWALS:

Where, with the consent of the Landlord, the tenancy as set out in clauses 23-25 is renewed or extended to the same tenant (or any person associated with the Tenant) originally introduced by the Agent, a Tenancy Renewal Fee shall be payable on the renewal date. The Agent shall prepare the tenancy agreement, if required, for the new or extended tenancy and the terms of this Agreement shall continue until the Tenant leaves, or this Agreement is terminated. Such fee will be included within the Standard Management & Rent Collection Service, and in the case of Let Only, the fee charged will equate to 50% of the original Let Only Fee.

27. IMMIGRATION CHECKS:

It is agreed that the Agent will carry out any checks required under the Immigration Act and the Agent will be responsible for taking the steps necessary to build a case against any potential penalty. The Landlord agrees to pay the Immigration Checking Fee for carrying out the necessary checks as set out in the Scale of Fees above. The Agent's responsibilities for such checks will only extend to the duration of this Agreement and at the termination of this Agreement the Agent will transfer the status evidence to the Landlord and the responsibility for maintaining immigration status checks will return to the Landlord.

28. COMPLAINTS:

Where the Landlord is unsatisfied with any service provided by the Agent they should contact the Agent in the first instance to try to resolve matters. The Agent has an in-house complaints policy which must be followed, a copy of which has been provided with or prior to entering into this Agreement. The Agent is a member of *The Property Ombudsman* and where the Landlord is unsatisfied with the way the complaint has been handled he may refer the matter to the scheme for a further decision, details of which are available upon request from the Agent.

29. KEEPING RECORDS:

The Agent agrees to keep copies of all forms, agreements and other correspondence in relation to the tenancy for the period of the tenancy and for a year from the date of expiry of the tenancy. The Agent will keep copies of all financial information for seven years.

30. ACCEPTANCE & VARIATION:

The terms and conditions of this Agreement may be varied by either party, but only with two months' prior written notice.

CONSENT AND AGREEMENT TYPE

☐ I/we consent to the Agent carrying out marketing work immediately (prior to any right of cancellation period). See paragraph 15.3 above. Tick box if this applies.

I/we wish the Agent to undertake the following service:

☐ Standard Management Service*

☐ Letting Only Service – see clauses 23 and 26*

☐ Letting and Rent Collection Service – see clauses 25 and 26*

**Tick as applicable*

I/we also confirm that we are the sole/joint owner/s of the Property known as:

.....
(Property to be let)

AGENTS DETAILS

(Provision of Services Regulations 2009)

Name of business: **Folklands Limited**
Address: **362 Brighton Road**
South Croydon
Postcode: **CR2 6AL**
Telephone no.: **02086860002**
Email Address: **info@folklands.com**

Trade/Professional membership

Details of any code of conduct, trade association adjudication or professional body non judicial dispute resolution procedure:

The Property Ombudsman

VAT number: **244 5550 11**

Details of Professional Liability Insurance: **Ace European Group Limited**

SIGNATURE FOR COMMENCEMENT OF AGREEMENT

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

(IF PROPERTY IS JOINTLY OWNED ALL PARTIES SHOULD SIGN)

Landlords Full Name: Signed: Date:

Landlords Full Name: Signed: Date:

Landlords Full Name: Signed: Date:

Correspondence Address: Postcode:

Signed on Behalf of 'The Agent':

Full Name: Signed: Date:

NOTICE OF THE RIGHT TO CANCEL

The consumer has a right to cancel the contract if they wish and that this right can be exercised by delivering, or sending (including by electronic mail) a cancellation notice to the person mentioned in the next paragraph at any time within the period of 14 days starting with the day of receipt of a notice in writing of the right to cancel the contract.

[The Consumer Contracts (Information, Cancellation and Additional Charges) Regs 2013]

Date Agent's name: **FOLKLANDS** Reference No. or Property Address:

The address of a person to whom a cancellation notice may be given.

David Priestley or Richard Marsh at 362 Brighton Road, South Croydon, CR2 6AL – info@folklands.com

Notice of cancellation is deemed to be served as soon as it is posted or sent to the Agent or in the case of an electronic communication from the day it is sent to the Agent.

The form below may be used if you wish to cancel this contract.

Cancellation Notice to be Included in Notice of the Right to Cancel

If you wish to cancel the contract you **MUST DO SO IN WRITING** and deliver personally or send (which may be by electronic mail) this to the person named above. You may use this form if you want to but you do not have to.

Complete, detach and return this form **ONLY IF YOU WISH TO CANCEL THE CONTRACT**.

----- cut here -----

CANCELLATION NOTICE

To: [Agent's name] I/We (delete as appropriate) hereby give notice that I/we (delete as appropriate) wish to cancel my/our (delete as appropriate) contract [Agent to insert reference number, property address or other details to enable the contract to be identified. They may also insert the name and address of the consumer.]

Signed..... Date..... Full Name.....

Property Address