

# GUIDE TO TENANTS

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**Anscombe & Ringland, Chancellors and Russell Baldwin & Bright are trading names of the Chancellors Group Of Estate Agents Ltd ("CGEAL") whose registered office is:  
One Station Square, Bracknell RG12 1QB  
Registered in England no. 2345397**

# GUIDE TO TENANTS

## SECTION A: APPLICATION

### TENANCY APPLICATION

When the Tenant has chosen the Property they wish to Rent, the Tenant must formally apply for the Tenancy by completing a Tenancy Application Form and a Declaration of Offer Form. These provide us with the details that we need to submit to our clients for their consideration. If our clients instruct us to proceed, we will need to take up references. When applying for a Tenancy the Tenant/s agree to be bound by the terms contained in this Guide to Tenants which is subject to change without notice.

Any discussions or correspondence with the owner, or our staff; and any offer or acceptance of an offer by the Landlord are expressly deemed to be Subject to Application, Reference and Contract. Please note that an occupier cannot speak on behalf of the Landlord or us.

### DOCUMENTATION CHARGE

Each prospective applicant and each Guarantor is liable to pay a documentation charge of £180.00 inclusive of VAT for the first person and then £150.00 inc Vat for each subsequent person. This charge is for considering the application, taking up references and preparing documentation relating to the Tenancy. The documentation charge is non-returnable in the event that references prove unsatisfactory or the Tenant withdraws the application before completion.

### REFERENCES

References are taken up on all prospective Tenants in order to satisfy Landlords that their Property is likely to be well looked after and that the Rent will be paid on time. These will include a credit check and, as appropriate, references from an employer, an accountant, a solicitor, and a previous Landlord. For company lets we will review the company's trading position.

If insufficient information has been obtained it may be necessary to nominate a Guarantor who will act as security for the term of the Tenancy Agreement. The Guarantor must be a UK based Property owner and will be referenced in the same way as the proposed Tenant. Each prospective Guarantor is liable to pay a documentation charge of £150.00, inclusive of VAT.

In some cases it may be appropriate to ask that all the Rent is paid at the start of the Tenancy.

The Tenant's references will be forwarded to our client – the Landlord. If the references are acceptable to the Landlord we will draw up the Tenancy Agreement.

### COMMITMENT FEES

A Landlord may require the payment of a 'Commitment Fee' by prospective tenants when their application to rent a property is made. You will be advised if this is the case when considering a property. The 'Commitment Fee' if payable will be held by us as stakeholder in a Client Monies account. It will be non-refundable in the event that references prove unsatisfactory or the Tenant withdraws the application before completion.

If the Tenant's Application proceeds successfully to a Tenancy the Commitment Fees will be offset against the initial payment of rent, deposit and other charges.

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### IDENTIFICATION

We will require evidence of the Tenant's identity before proceeding with the application. It is necessary to provide one of each primary and secondary identification as detailed below. One of these documents must be a photo I.D. (primary) and one must show the Tenant's address and be less than three months old (secondary).

#### Primary

- Full Valid Passport.
- Valid HM Forces ID Card.
- Driving Licence (with photo ID).

#### Secondary

- Original utility bill. Or original council tax bill.
- Original mortgage statement for the year just ended.
- Firearm or shotgun certificate.
- Original bank statement for current account.

### IMMIGRATION (HOTEL RECORDS) ORDER 1972

Because we live in security conscious times it is possible that this regulation may be used against Lettings Agents, Landlords or Tenants, in the event of an act of terrorism.

The regulation imposes a duty on any person who receives another person to stay in premises, to ascertain the full name and nationality of the persons staying (i.e. Tenants). If the Tenant is not a British Citizen we must establish their identity by means of a passport or other photographic document, and keep a record of this information. A non-British Citizen must also provide their destination address when they leave the property.

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### SECTION B: GUIDELINES FOR SHARED TENANCIES

#### TENANT RESPONSIBILITIES

When considering applying to take a Tenancy with other sharers it is important to understand the obligations the Tenant and their fellow occupants will be entering into. This guide highlights some of the issues that will need to be considered:

**The Tenancy Agreement will make each sharer jointly and individually responsible for all of the Tenants' conditions set out in the Tenancy Agreement.**

**All parties to the Tenancy Agreement will have these responsibilities even if they leave the property before the end of the Tenancy term.**

**Rent must be paid under one banker's standing order unless otherwise agreed. Any Rent not paid is the responsibility of all sharers.**

**At the end of the Tenancy the Inventory will be checked and all of the Tenants will be responsible for any dilapidations even if they as individuals did not cause the dilapidations.**

**Only when all Rent for the full term and any properly agreed compensation for any dilapidations has been accounted for will any of the deposit monies held be disbursed.**

**The Tenant must supply information about the relationships between each occupant to enable the Landlord to assess whether the Tenancy being created will result in a House in Multiple Occupation (HMO)**

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## SECTION C: HOUSES IN MULTIPLE OCCUPATION

The Housing Act 2004 re-defined Houses in Multiple Occupation (HMOs).

The purpose of this Guide is to give Tenants a brief explanation of HMOs and how the new legislation may affect their tenancy.

Firstly, The Act is good news for Tenants in that it is concerned with ensuring that properties are fit for occupation and are free from hazards to their health and safety.

A House in Multiple Occupation or HMO is:-

a house or flat which has more than 2 people who form two or more households living in it, (a household is a single person, people of the same family either by blood, marriage, adoption or some other recognised criteria (e.g. fostering) so for example three unrelated occupants are three households

AND

Where the households are sharing basic amenities such as:-

- toilets
- bathroom or washing facilities
- cooking facilities

Even if the individual flat within a property is not an HMO, a building in its entirety can be a House in Multiple Occupation or HMO if:-

The building has been converted into self contained flats where the conversion does not conform to the 1991 Building Regulations or of which less than two thirds of the flats are owner occupied. Owner Occupiers are:-

- Freeholders, and their family;
- Lease holders of more than 21 years and their family.

Note that a Purpose Built Blocks of Flats is not an HMO but an individual flat within a converted block of flats may be an HMO depending upon the occupants.

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### SECTION D: TENANT RESPONSIBILITIES

In 1954, Lord Denning ruled that there is an obligation on every residential Tenant to treat the Property in a “Tenant-like manner”. This means that the Tenant must take proper care of the Property; must, if going away for the winter, turn off all the taps and arrange for the tank to be drained; must clean chimneys when necessary; must unstop the sink when it is blocked; must mend electrical fuses and change electric light bulbs when necessary.

In short, the Tenant must do the little jobs about the Property that the reasonable Tenant would do. In addition, the Tenant must not damage the Property wilfully or negligently, and must see that family or guests do not damage it. If they do the Tenant must bear the cost.

The Tenant’s full responsibilities are set out in the Tenancy Agreement.

#### TENANT RESPONSIBILITIES IN A HMO

Being a Tenant brings with it responsibilities to the Landlord and the Property the Tenant is renting. The Housing Act (2004) specifically states that:-

“Every occupier must conduct himself in a way that will not hinder or frustrate the manager of the HMO.”

This means that:-

- The Tenant must provide information about the relationships between each occupant in the Property to enable the Landlord to assess whether the Tenancy being created will result in an HMO (see “What is an HMO”)
- The Tenant must respect the number of occupants allowed by the Tenancy Agreement and not allow any others to occupy the Property
- The Tenant must co-operate with the Landlord and Local Authority inspectors when they are carrying out an HMO assessment
- The Tenant must co-operate and allow the Landlord at reasonable times to enter the Property to carry out the repairs following any improvement order, or any other HMO duty
- The Tenant must comply with all reasonable instructions regarding the prevention of fire and use of fire equipment

#### WHAT IF TENANTS BREACH THE ACT?

Section 234 of the Act makes it a criminal offence for an occupier to frustrate the manager of an HMO in exercising his duties under these regulations. The offence carries a fine of up to £5,000.

#### FURTHER INFORMATION

If Tenants have concerns about health and safety in the Property they are renting they should initially contact the Landlord’s Managing Agent.

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## SECTION E: DOCUMENTS

### DECLARATION

As Agent for the owner we require the Tenant to provide us with the information requested in the Declaration of Offer Form so that we have a clear and complete understanding of the offer, circumstances and associated matters. This will enable our client to consider the Tenant's offer in its entirety and make an informed decision as to the acceptability of the offer and circumstances. All reference verifications will be made available to the client.

Please see the Lettings Declaration of Offer Form.

### TENANCY AGREEMENTS

It is important that the Tenant reads their Tenancy Agreement carefully and ensures they understand all the clauses in it. Anything the Tenant does not understand can be explained by us or, should the Tenant wish to take independent advice, a Solicitor.

### SIGNING THE TENANCY AGREEMENT & EXCHANGE

The Landlord signs one copy of the Tenancy Agreement and all Tenants and Guarantors sign a duplicate copy. Each page needs to be initialled and dated in the appropriate place by all persons named as Tenants or Guarantors.

To ensure that the Tenancy Agreement is legally enforceable, all dates on the Tenancy Agreement must be no later than the Start Date of the Tenancy.

The Tenancy Agreement refers to a schedule of documents including, as appropriate, mortgage, insurers and head lease requirements for occupancy. In the case of renewals, as these should have been attached to the previous Tenancy Agreement, additional copies will not be sent unless the Tenant's Landlord has advised us of any changes, or if they are provided for the first time.

The signed documents must then be returned to us, before the Start Date, to enable us to execute the Tenancy Agreement. Only when we advise the Tenant that we have "exchanged" the Tenancy Agreement does a binding contract exist between the Tenant and the Landlord.

When the Tenancy Agreements have been exchanged we will send the Tenant's signed Agreement to the Landlord and we will send the Landlord's signed Agreement to the Tenant.

CGEAL is not and cannot be a party to the Tenancy Agreement which is a contract between the Tenant and the Landlord. It must be understood that CGEAL has no responsibility for either party meeting their obligations to the other party.

### INVENTORY

Before the Tenancy starts, an inventory will be prepared to provide a detailed schedule of the contents and their condition and the condition of the premises. The inventory is a very important document because it protects both Tenant and Landlord from disagreements about these matters at the end of the Tenancy (See Section L – Deposits).

The costs for the preparation of the Inventory and Schedule of Condition are borne by the Landlord. The Tenant is responsible for the costs of conducting the Check-in and Check-out. If the Tenant chooses not to be present at the Check-in, the inventory clerk will sign the Inventory and Schedule of Condition on the

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Tenants behalf. It will not be possible to subsequently amend the document in any way other than with the agreement of the inventory clerk.

If the Tenant decides not to be present at the Check-out it will not be possible to amend the Check-out report without the agreement of the inventory clerk. In both instances the Tenant will be responsible for the inventories charges. If the Tenant decides not to proceed with the Tenancy at any time after the Check-in appointment has been made with the inventory clerk the Tenant will remain liable for the clerk's cancellation charges.

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### SECTION F: STAMP DUTY LAND TAX (SDLT)

#### WHAT IS SDLT AND HOW IS IT CALCULATED?

From December 2003 residential tenancies have the potential to be liable for Stamp Duty Land Tax (SDLT). The SDLT threshold was raised in March 2005 to £120,000 and in March 2006 to £125,000. SDLT is a tax levied on tenancy transactions, paid by Tenants and is calculated on the amount of gross rent for the term of the tenancy less a pre-set discount (Temporal Discount Rate) (currently 3.5%). This computation produces an amount known as the Net Present Value (NPV).

From 17 March 2006 if the Net Present Value (NPV) is less than £125,000, no Stamp Duty Land Tax is payable.

If the NPV is greater than £125,000, Stamp Duty Land Tax is calculated as 1% of the difference between the NPV and £125,000. E.g. If the NPV is £128,000 the SDLT to be paid is 1% of the difference between the NPV figure and £125,000, ie 1% of £3,000 which is £30. These are example numbers and vary from time to time. You are advised to take legal advice on what your liabilities for SDLT may be.

#### Other Examples:

	Rent per month	Period of Tenancy	Gross rent for the term	Net Present Value	Difference between NPV & £125,000	SDLT Due to be paid by the Tenant
Property 1	£10,000	1 year	£120,000	£116.908	NPV is less than £125,000	Nil
Property 2	£11,000	1 year	£132,000	£127,536	£2,536	£25,36
Property 3	£11,500	1 year	£138,000	£133,333	£8,333	£83.33

#### HOW DOES "TERM OF THE TENANCY" AFFECT SDLT?

SDLT is calculated across the total time a Tenant takes a tenancy for, up to a maximum of seven years. If a Tenant takes a one year tenancy and exercises an option to renew for a further year, this will be considered by the Inland Revenue to be a linked transaction and the NPV calculation will be based on the gross rent paid for both years.

The SDLT will be recalculated at the start of the second year, taking the rent and SDLT paid for the first year into consideration. If the Tenant takes a tenancy for one year, and continues to occupy the property at the end of that term on a monthly basis, the Inland Revenue will presume that this is also a linked transaction and will calculate the SDLT on the presumption that the Tenant will spend another full year in the property. The NPV calculation will be for the full two years.

#### Example 1 – Tenant renews a tenancy for a second year @ £10,000 per month

	Rent per month	Period of tenancy	Gross rent for the term	Net Present Value	Difference between NPV & £125,000	SDLT Due to be paid by the Tenant
Year 1	£10,000	1 year	£120,000	£116.908	NPV is less than £125,000	Nil
Year 2	£10,000	2 <sup>nd</sup> year	£240,000	£227,963	£102,963	£1,029.63

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### Example 2 – Tenant extends a tenancy for 1 month @ £11,000 per month

	Rent per month	Period of tenancy	Gross rent for the term	Net Present Value	Difference between NPV & £125,000	SDLT Due to be paid by the Tenant
<b>Year 1</b>	£11,000	1 year	£132,000	£127,536	£2,536	£25,36
<b>Year 2</b>	£11,000	1 month	£11,000 x 12 = £132,000 + £132,000 = £264,000	£239,557	£114,557	£1,145.57

The SDLT payable at the start of year 2 will be £1,145.57 - £25.36 (paid in year 1) = £1,120.21

#### WHO PAYS SDLT?

SDLT is paid by the Tenant. When SDLT is due the Tenant must complete and submit a declaration form SDLT1 to the Inland Revenue within 30 Days of the date the tenancy commences or the date the lease was executed, whichever is the earlier.

#### WILL SDLT BE REFUNDED IF THE TENANT TERMINATES EARLY?

There are penalties for late submissions. Once SDLT has been paid there will be no refund for early termination for whatever reason.

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### SECTION G: PAYMENTS

#### INITIAL PAYMENT

The first Rent instalment, deposit and Check-in costs must be received in cleared funds no later than our receipt of the signed Tenancy Agreement.

#### CHEQUES

If payment of the initial costs is to be made by cheque, a period of 10 working Days prior to the commencement of the Tenancy is required for clearance.

Any cheque that has to be re-presented is subject to a charge of £75 inclusive of VAT.

#### CREDIT / DEBIT CARDS

If payment of the initial costs is to be made by credit / debit card a period of 5 working days prior to the commencement of the Tenancy is required for clearance.

The handling charge levied by the card organization will be payable by the Tenant. These charges are currently: Visa and MasterCard 1.5% of transaction amount; Maestro and Delta no charge but are subject to change from time to time. We DO NOT accept American Express.

If payment is made by debit or credit card, the card company's administration charge will be added to the total.

#### BACS/CHAPS TRANSFERS

If payment is by BACS transfer, allow four working Days for clearance.

If payment is by CHAPS/EFT/Fastpay transfer, allow two working Days for clearance. CHAPS transfers also incur extra costs.

Any bank charges on money transfers will be added to the total.

#### BANKERS DRAFT

Payment by banker's draft to us is preferable and is essential where an agreement has to be completed within a short period of time.

#### CASH PAYMENTS

We do not accept any payments in cash.

Keys will not be released until either cleared funds are showing in our bank account or the Tenant presents a valid Bankers Draft.

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### SECTION H: ONCE THE TENANCY HAS STARTED

#### RENT PAYMENTS

After the initial payment, Rent must be paid by one standing order for each payment period. The appropriate form will be given to the Tenant upon signing the Tenancy Agreement. It is the Tenants responsibility to submit the completed form to their bank in good time and to provide us with a copy as proof that payment arrangements have been put in place with their bank. **We require this proof before access can be allowed to the property at the commencement of the tenancy.** To ensure that the Tenant's Rent arrives on the correct day, it is important to date the standing order at least three Days before the Rent is due.

An administration charge, where Rent is paid by means other than as stated in this agreement, is £34.50 inclusive of VAT for each occasion. If Rent payments are more than 14 Days late, they will attract interest at 3% above the Bank of England Bank Rate.

#### UTILITIES

The Tenancy Agreement makes the Tenant responsible for the payment of gas, electricity, telephone and water charges. It is important that the Tenant registers with each of the local utility companies directly in order to ensure continuity of service, and billing in the Tenants name. The Television License, burglar alarm, cable TV charges and any local parking permits are also the Tenants responsibility.

#### COUNCIL TAX

The Tenant is liable for paying Council Tax whilst Tenants are occupying the property so it is important that Tenants register with the Local Authority.

#### INSURANCE

The Landlord is responsible for providing buildings insurance, and contents insurance for his own belongings, but he is not responsible for the Tenant's possessions. Tenants are strongly advised to make arrangements to insure their own contents and valuables.

The Tenant is also responsible for any injury or death at the property caused by the Tenant or the Tenant's guests' fault, Tenants are strongly advised to take out insurance to cover this. We have a range of Tenant Insurances available.

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### **SECTION I: PROPERTY MANAGEMENT**

The Tenant will be informed by letter when they move in whether we, the Landlord, or the Landlord's other representative will be managing the Property during the Tenancy. The lettings staff will have no further involvement with The Tenancy from this point.

#### **PERIODIC INSPECTIONS**

If we are managing the Property, we will wish to ensure that it is being kept in good order. For this reason it will be necessary to arrange periodic inspections under the terms of the Tenancy Agreement. It is important that these visits are organised in advance in order that Tenants are put to the minimum inconvenience.

We will write to inform Tenants when we will be visiting. We hope that the Tenant will be present during the visit. However, if Tenants are unable to attend, we will use our security key. For information on the areas we will check during an inspection, please see our website for the Inspection Checklist.

As part of our reporting process to Landlords, Tenants should be aware we will be taking photographs of the property.

#### **GAS AND ELECTRIC SAFETY INSPECTIONS**

During the Tenancy it may be necessary for us to arrange Gas and/or Electrical Safety inspections. If Tenants occupy a Property with British Gas 3 star cover on the Gas boiler, the Tenant or a representative will be required be present at the Property for inspections, to facilitate access. British Gas will not collect keys to visit a property.

Appointments are notified by British Gas for a.m. or p.m. on a weekday with no fixed time. CGEAL are able to attend these appointments on the Tenants behalf. If CGEAL are requested to attend these appointments our charge will be £90 inclusive of VAT per hour.

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## SECTION J: RENEWAL OF A TENANCY

### NOTICES

Any Notice will only be deemed to have been served by the Tenant if sent by registered post to Chancellors Renewals Department, PO Box 4213, Bracknell, RG42 9PD. If Notice is served by the Tenant via e-mail it will only be deemed to have been served if the Tenant receives confirmation of the receipt of the said Notice whether by post or by e-mail.

### OPTION TO RENEW

If the Tenants current Tenancy Agreement includes an "Option to Renew" clause we now need to know whether they intend to exercise that Option. If Tenants do, provided they advise us in writing within the time limits stated in the Tenancy Agreement, we will seek to agree on the Landlords behalf the terms for the new agreement and prepare the new Tenancy Agreement and associated documents.

### CREDIT CHECK AT RENEWAL

Before we draw up any documents a new credit check may be required if rent payment frequencies and amounts or deposit terms are, in our opinion, to change significantly, and/or there have been significant changes in the circumstances of the Tenants or occupiers.

### COSTS

It is at this point that the Documentation Charge for documenting the new Tenancy Agreement becomes due for immediate payment. Where we produced the original Tenancy Agreement the fee will be £99.96 inclusive of VAT. Where we did not produce the original Tenancy Agreement the administration charge will be £154.98, inclusive of VAT. If we have to re-issue documentation because the first draft contains mistakes which were the result of the Tenant providing inaccurate information, or failing to check the data supplied, or changing their requirements we will charge the Tenant an additional £75, inclusive of VAT to reproduce the appropriate documents.

Where the Tenant(s) confirms that they are prepared to renew an existing Tenancy of a Property but occupation of the Property continues as a Periodic Tenancy (for any reason) then Chancellors standard Administration Charge will still be payable in full by the Tenant(s) unless a Renewal Tenancy Agreement has not been issued to the Tenant(s) for signature in which case only 50% of the standard Administration Charge will be payable until such time as the Renewal Tenancy Agreement is issued at which time the balance of the standard Renewal Administration Charge will become payable.

If due to any actions or inaction of the Tenant, Chancellors is required to issue amended Renewal Tenancy Agreements at any time then as compensation for the additional work required by Chancellors, an additional Standard Renewal Administration Charge will be payable in full by the Tenant.

### LATE PAYMENT

Failure to pay this charge will incur interest at a rate of 3% above the Bank of England Bank Rate and will be calculated from the date the administration charge is due until the date it is paid in full.

### WITHOUT AN OPTION TO RENEW

If the Tenancy Agreement does not contain an automatic Option to Renew we will have written to the Landlord to ask for instructions as to whether they are willing to agree to the granting of a new tenancy agreement from the expiry of the current term. If the Tenant and the Landlord both wish for a new Tenancy Agreement to be granted we will act on the Landlords behalf and seek to agree the terms subject to contract and prepare the new Tenancy Agreement and associated documents.

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### SECTION K: TERMINATIONS

#### NATURAL END OF A TENANCY

During the last two months of the period of the Tenancy the Tenancy Agreement allows for access by the Landlord and/or the Landlord's Agent, to show the Property to prospective new Tenants.

#### EARLY TERMINATION (EXCEPT THOSE EXERCISED UNDER THE TERMS OF THE TENANCY AGREEMENT)

#### TENANT RESPONSIBILITIES

When considering applying for an early termination of a Tenancy, Tenants should bear in mind the obligations they have. This section highlights some of the issues that will need to be considered by Tenants.

- The Tenancy Agreement makes the Tenant responsible for all of the Tenant's conditions set out in the Agreement until the Tenancy is formally brought to an end.
- Unless the Tenancy Agreement contains a break clause there is not an obligation upon the Landlord to agree to the Tenancy ending earlier than the end date in the Tenancy Agreement.
- Only when a replacement Tenant has been found, who meets the requirements of the Landlord, can a surrender of the existing agreement take place. Only when the surrender has taken place will the Tenant's obligations under the Tenancy Agreement end.
- With the Landlord's written agreement the Tenant can instruct us to seek a replacement Tenant.
- To action Tenants instructions to seek a replacement Tenant we will require the Tenant's written confirmation.
- Our fees for acting for Tenants to find a new Tenant are equal to three weeks rent, plus VAT. Alternatively Tenant(s) can make their own marketing arrangements.
- Tenants will also be required to pay £159.96 inc VAT towards the Landlord's documentation costs of setting up the new Tenancy. In addition Tenants will be required to pay for a new inventory to be created (this cost varies with different Inventory Clerks and should be clarified with the negotiator they are dealing with).
- Only when these sums have been received can we begin marketing.
- All negotiations with the prospective replacement Tenants must be handled by us.
- The consideration of an application will be handled like any other Tenancy application, with the usual full referencing.
- All applications received will be presented to the Landlord, whose formal written instructions to proceed will be required to enable a replacement Tenancy to be created and the existing Tenancy to be surrendered.
- The Tenant(s) will be required to vacate the Property five working Days before the start of the replacement Tenancy. The Tenant will be responsible for all costs as per the Tenancy Agreement until the start date of this new Tenancy.
- The standard vacation costs and arrangements will apply as per The Guide To Tenants

#### TENANCY SWAPS

In the event that an individual or individuals wish to vacate the Property early and have arranged for another to take their place, this can be arranged subject to the following.

#### VACATING TENANTS

Vacating Tenants must provide a minimum of one months written notice of the proposed date of vacation (this date must be one day preceding a rental due date). The letter must also include the following:

- Amount of deposit the vacating Tenant(s) paid at the beginning of Tenancy (this must be counter signed by all Tenants)

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- Forwarding address details and contact telephone numbers of all vacating Tenant(s)
- Bank details where deposit should be remitted, if applicable.

All Tenants remain responsible for the Tenant obligations in the Tenancy Agreement until the end date of the Tenancy.

### KEYS

All vacating Tenants must return their keys directly to Chancellors as soon as they vacate the Property. Chancellors will then release the keys to the new Tenant once all paperwork is complete and correct monies are paid in cleared funds.

### NEW APPLICANTS

Each proposed new Tenant needs to complete a Tenancy Application form and submit this to Chancellors with a Documentation Charge of £150.00 inclusive of VAT per Tenant a minimum of one month before the proposed vacated date.

If the Application is approved a surrender of the old Tenancy Agreement will be accepted, subject to contract and references, and a new Tenancy Agreement will be drawn up. This will not be executed until the funds and charges have been paid.

The first month's rental and full deposit must be paid and be in cleared funds before the new tenancy can commence.

### EXISTING TENANTS APPLYING FOR NEW TENANCY

The existing tenants who are applying to remain in the property will be subject to a documentation charge of £99.96 including VAT per person should the landlord wish to re-reference them or £49.98 including VAT per person without re-referencing.

### LANDLORD'S COST

Should the proposed date of the swap of Tenants be mid-tenancy, the Landlord documentation charge of £99.96 inclusive of VAT must also be borne by the Tenant(s) and new applicant.

### OFFER STAGE

Only once we are in receipt of the Declaration of Offer Form and the administration charge has been paid will we discuss the proposed application with the Landlord, and if the offer is accepted, proceed with the application subject to references and contract.

### INVENTORY AND CHECK-OUT

It is important to understand that an inventory check out cannot be conducted unless all Tenants vacate the Property including the removal of all personal belongings. Therefore in signing the Tenancy Agreement the new Tenants agree to accept the Property in accordance with the Inventory & Schedule of Condition which was agreed at the beginning of the initial Tenancy. When vacant possession of the Property is returned to the Landlord at the end of the Tenancy, an inventory check out report will be conducted and the deposit handled as stated in our deposit disbursement procedure.

All remaining Tenants must abide by the agreed Check In Report at the start of the Tenancy.

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### VACATION AT END OF TENANCY AND DEPOSIT DISBURSAL

#### INVENTORY CHECK-OUT

Tenants are responsible for the costs of an inventory clerk conducting the Check-out. Whilst costs vary from time to time the current indicative cost of a checkout for a 2 bedroom apartment is £140.00 (inc VAT) inside of the M25 and £100.00 (inc VAT) for other areas. If Tenants choose not to be present at the Check-out, the inventory clerk will sign the Inventory and Schedule of Condition on their behalf.

Keys must be handed to the Inventory Clerk at this appointment, if Tenants are not present at the Check Out they must ensure that all keys are delivered to Chancellors before the appointment.

Deposit disbursement will be carried out in accordance with our standard procedures. See Deposit Guidelines.

#### RESPONSIBILITIES WHEN VACATING THE PROPERTY

Failure to comply with these requirements could seriously delay the return of the deposit and result in deductions being made from it. The Tenancy Agreement makes Tenants liable to pay the Agent's reasonable fees and disbursements for arranging the making good of any breach or non-compliance by the Tenant.

At the end of a tenancy it is important to cancel the standing order for payments of rent. This is the responsibility of the Tenant. Where payments are received from ex Tenants after the tenancy has ended, they have vacated and there are no outstanding monies due, an administration charge of £34.50 inclusive of VAT will be made to cover the costs of administering a refund. This charge will be taken directly from any refunds due.

## GUIDE TO TENANTS

### SECTION L: VACATION AT END OF TENANCY AND DEPOSIT RELEASE

#### INVENTORY CHECK-OUT

Tenants are responsible for the costs of an inventory clerk conducting the Check-out. Whilst costs vary from time to time the current indicative cost of a checkout for a 2 bedroom apartment is £140.00 (inc VAT) inside of the M25 and £100.00 (inc VAT) for other areas. If Tenants choose not to be present at the Check-out, the inventory clerk will sign the Inventory and Schedule of Condition on their behalf.

Keys must be handed to the Inventory Clerk at this appointment, if Tenants are not present at the Check Out they must ensure that all keys are delivered to Chancellors before the appointment.

Deposit disbursement will be carried out in accordance with our standard procedures. See Deposit Guidelines.

#### RESPONSIBILITIES WHEN VACATING THE PROPERTY

Failure to comply with these requirements could seriously delay the return of the deposit and result in deductions being made from it. The Tenancy Agreement makes Tenants liable to pay the Agent's reasonable fees and disbursements for arranging the making good of any breach or non-compliance by the Tenant.

At the end of a tenancy it is important to cancel the standing order for payments of rent. This is the responsibility of the Tenant. Where payments are received from ex Tenants after the tenancy has ended, they have vacated and there are no outstanding monies due, an administration charge of £34.50 inclusive of VAT will be made to cover the costs of administering a refund. This charge will be taken directly from any refunds due.

#### DEPOSIT GUIDELINES

##### DEPOSIT

A deposit equivalent to at least one and a half months rent is held for the duration of the Tenancy to offset any costs required to remedy the failure of the Tenant to fulfil the conditions of the Tenancy Agreement.

If we the Agent, CGEAL are instructed by the Landlord to hold the Deposit, the Agent shall do so under the terms of the Tenancy Deposit Scheme where the Tenancy is an Assured Shorthold Tenancy.

##### THE TENANCY DEPOSIT

The Chancellors Group Of Estate Agents Ltd is a member of the Tenancy Deposit Scheme, which is administered by:

**Tenancy Deposit Scheme - The Dispute Service Ltd**  
PO Box 1255  
Hemel Hempstead  
Herts HP1 9GN

Phone 0845 226 7837      Fax 01442 253193  
Web [www.tds.gb.com](http://www.tds.gb.com)      Email [deposits@tds.gb.com](mailto:deposits@tds.gb.com)

TDS means The Dispute Service Ltd

ICE means the Independent Case Examiner of The Dispute Service Ltd.

Agent means a person who is authorized to act on behalf of another, in this instance the Landlord.

Member means the Landlord's agent who is also a member of the Tenancy Deposit Scheme.

## GUIDE TO TENANTS

Stakeholder means that the person holding the tenancy deposit during the tenancy between the parties (landlord and tenant) should obtain the agreement of both sides before making any deductions for damage, cleaning etc.

### GUIDELINES

We hold tenancy deposits as Stakeholder. These Deposits will be disbursed in accordance with our standard procedures as documented in this guide and where the tenancy is an Assured Shorthold Tenancy the requirements of the Tenancy Deposit Scheme.

At the end of the Tenancy CGEAL will arrange a Check-out and an Inventory/Schedule of Condition/ Check-out Report will be produced by an independent inventory company. The Inventory/Schedule of Condition/Check-out Report will be returned to CGEAL Property Management. The cost will be borne by the party stated in the Tenancy Agreement.

When there is no dispute or a dispute has been settled between parties CGEAL 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.

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

### AT THE END OF A TENANCY COVERED BY THE TENANCY DEPOSIT SCHEME

If there is no dispute CGEAL 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 Tenant. Payment of the deposit will be made within 10 working days of written consent from both parties

At the end of the tenancy covered by the Tenancy Deposit Scheme where there is a dispute:

If, after 20 working days following notification of a dispute to CGEAL 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 can be submitted by either the Landlord or Tenant to the Independent Case Examiner of the TDS (ICE) for adjudication. All parties agree to co-operate with any adjudication.

All parties agree to co-operate with any adjudication. Any of the parties can instigate a dispute by completing the Notification of Deposit Dispute form (TDS.2) and submitting it to TDS.

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

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. Judges may, because it is a condition of the Tenancy Agreement signed by both parties, 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.

If there is a dispute CGEAL must remit to The Dispute Service Ltd 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 by the TDS 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 Ltd will take appropriate action to recover the deposit and discipline CGEAL.

## GUIDE TO TENANTS

CGEAL 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.

Dealing with disputes from non-ASTs: The Independent Case Examiner may agree to resolve any disputes over the allocation for these deposits, by arrangement. If he does:

- The ICE will propose what he considers the most effective method of resolving the dispute.
- Landlord, Tenant and Agent must consent in writing to his proposal.
- Disputes will be subject to a fee of £500 plus VAT, or 10% of the deposit plus VAT, whichever is the greater.
- The resolution process will not start until the parties' consent, the disputed amount and the fee have been submitted.

CGEAL do not make any charge to landlords or tenants for access to this dispute resolution facility. Other than above, there are no costs for the actual adjudication process.

When the amount in dispute is over £5,000 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 administration fee, to be fixed by the Board of The Dispute Service Ltd 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.

### TENANT'S FORWARDING ADDRESSES

Failures by all Tenants to provide forwarding addresses and email addresses may delay if not prevent the return of deposit monies. See attached "Deposit Release Department- Forwarding Address Slip".

### DEPOSIT DISBURSAL GUIDELINES

At the end of the Tenancy CGEAL will arrange a Check-out and an Inventory/Schedule of Condition/ Check-out Report will be produced by an independent inventory company. The Inventory/Schedule of Condition/Check-out Report will be returned to CGEAL Property Management. The cost will be borne by the party stated in the Tenancy Agreement.

If there is no dispute or a dispute has been settled between parties CGEAL 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.

### DEPOSIT RELEASE PROCEDURE FOR PROPERTIES NOT MANAGED BY CGEAL

- a) Where it is available to us, we will send a copy of the Check-out report to both Landlord and Tenant with a letter stating that they should discuss any dilapidations with each other and come to an agreement as to dilapidation costs.
- b) Where CGEAL hold the Deposit:  
When Landlord & Tenant reach agreement we need written confirmation from both parties that this is so before we arrange deposit disbursement. When written agreement is received we will arrange deposit release.
- c) Where CGEAL hold the Deposit under the rules of the TDS:

## GUIDE TO TENANTS

If after 20 days of receiving the check-out report Landlord and Tenant have failed to agree on the disbursement of the deposit either party can refer the dispute to the TDS, where the deposit is protected by the TDS.

If the TDS, Landlord and Tenant want to refer the case to the Courts or other external adjudication body, they must inform us in writing of their intention.

Either Landlord or Tenant can independently submit the dispute to the TDS for resolution. Details and Application Forms are on [www.thedisputeservice.co.uk](http://www.thedisputeservice.co.uk)

### DEPOSIT RELEASE PROCEDURE FOR PROPERTIES MANAGED BY CGEAL

- a) Where it is available to us, we will send a copy of the Check-out report to the Landlord and Tenant asking for their comments in writing. If dilapidations have been costed these may be included with the Check-out Report.
- b) The Landlord's/Tenant's comments, when received, will be sent to the other party.
- c) When the Tenant's comments on any Landlord's comments are received and if there are no issues CGEAL will distribute the deposit in line with the Check-out Report findings. When written agreement is received from both parties we will arrange deposit release
- d) If there are differences between the Landlord's & Tenant's comments, we will write to both requesting further observations. If, when the respective comments are received the Landlord and Tenant are now in agreement, CGEAL will disperse the deposit accordingly.
- e) Where the Deposit is held under the rules of the TDS:  
If 20 days after receiving the check-out report the Landlord and Tenant have failed to agree on the disbursement of the deposit either the Landlord or the Tenant can independently submit the dispute to the TDS for resolution. Details and Application Forms are on [www.thedisputeservice.co.uk](http://www.thedisputeservice.co.uk)
- f) Where the Deposit is NOT held under the rules of the TDS:  
If, when the respective comments are received the Landlord and Tenant are still not in agreement CGEAL may acting as Stakeholder make a professional judgement and propose a settlement based on the known facts. This proposal will be sent to Landlord and Tenant and if they agree to the professional judgement the deposit will be dispersed accordingly. If the parties do not agree to the settlement the matter can be referred to the TDS for adjudication by either party.

### MONIES PROPERLY OWED TO CGEAL

Any monies properly owed to CGEAL by the Landlord will be deducted from the deposit amount due to the Landlord. The Tenant agrees that any monies properly owed to CGEAL (and/or any unpaid costs to third parties incurred on the Tenant's behalf by the Landlord or Agent) by the Tenant will be deducted from the deposit amount due to the Tenant and/or deposit monies being paid to the Landlord.

### STATUTORY INSTRUMENT 2007 NO. 797

The Housing (Tenancy Deposits) (Prescribed Information) Order 2007 can be found at:  
<http://www.opsi.gov.uk/si/si2007/20070797.htm>

## **GUIDE TO TENANTS**

### **SECTION M: ENERGY PERFORMANCE CERTIFICATES (EPC'S)**

Legislation has introduced an obligation on persons letting certain types of residential property to provide an EPC to the Tenant of the property prior to the exchange of contracts for the rental of the property.

If, in our opinion, the property requires an EPC we will provide Tenants with this no later than exchange of contracts or at the Tenants request once it has been provided to us by the Landlord or his EPC provider unless we have been specifically instructed not to do so by the Landlord.

#### **LEGISLATION**

This term includes any legislation relating to EPC's including without limitation the Housing Act 2004, Home Information Packs (No 2) Regulations 2007, Home Information Packs (No 2) Redress Regulations 2007 all as amended from time to time.

#### **EPC OWNERSHIP**

Ownership of the EPC does not pass to the Tenant(s) at any time. It remains the property of the Landlord.

## GUIDE TO TENANTS

### SECTION N: TAXATION ON NON-RESIDENT LANDLORDS

Non-resident landlords are persons:

- who have rental income, and
- whose 'usual place of abode' is outside the UK
- This includes anyone who leaves the UK for more than 6 months even though their local tax office may continue to treat them as a resident in the UK following their departure.

Members of HM Armed Forces and other Crown Servants including Diplomats are treated no differently from any other non-resident landlord. So if they receive UK rental income and have a usual place of abode outside the UK the NRL Scheme applies to them.

When rent is paid to the Landlord via Chancellors we ensure all of the tax matters relating to the landlord are dealt with correctly and that the tenant has no liability. If the Tenant pays the rent directly to an Overseas Landlord (as defined above) and the Landlord does not pay the correct tax to HMRC it is possible that HMRC will issue a tax demand to the tenant.

This problem is avoided if the Landlord has an Approval Notice issued by HMRC for rents to be paid without deduction.

## GUIDE TO TENANTS

### SECTION O: DEFINITIONS

**“Deposit”** The Deposit is a sum of money paid by the Tenant and held against any damages, or dilapidations to the property caused by the Tenant, or for rent arrears or other breaches of the Tenancy Agreement by the Tenant. The Tenant will pay a deposit at the commencement of the initial term. We will hold the deposit as stakeholders pending the satisfactory termination of the Tenancy.

**“Guarantor”** A Guarantor is someone who guarantees all the obligations of another person. A Tenant’s Guarantor, is liable for all the Tenant’s obligations under the Tenancy Agreement.

**“Ice”** The Independent Case Examiner of the Dispute Service.

**“Offer”** An offer is the price and attendant conditions made by a prospective Tenant who wants to rent a property.

**“Stakeholder”** The term stakeholder, in law is a third party who temporarily holds money while its owner is still being determined.