

## 1.0 THE CONTRACT



**DATE** 1 JANUARY 2016

**PROPERTY** ?

**CLIENT** ?

**REGISTERED ADDRESS** ?

**COMPANY NO** ?

**AGENT** CJ INTERNATIONAL PROPERTY AGENCY LTD

**REGISTERED ADDRESS** 418 MUSWELL HILL BROADWAY, LONDON N10 1DJ

**COMPANY NO** 01681617

### THE AGENT

**AGREES TO PROVIDE MANAGEMENT SERVICES TO THE CLIENT IN ACCORDANCE WITH THE TERMS OF THE LEASES, CURRENT APPLICABLE LEGISLATION AND THE CURRENT RICS/ARHM CODE OF CONDUCT FOR THE MANAGEMENT OF LONG LEASEHOLD BLOCKS OF FLATS**

**COMMENCING ON 1 JANUARY 2016**

**FOR A PERIOD OF TWELVE MONTHS**

**ENDING ON 31 DECEMBER 2016**

## **2.00 THE AGENT UNDERTAKES**

### **GUIDANCE and CO-OPERATION**

- 2.01 To provide guidance to the Client in accordance with the principles of good estate management and the applicable code of management practice
- 2.02 To obey the Client's instructions; in the absence of instruction the Agent shall act in the manner most beneficial to the Client
- 2.03 To advise the Client with sufficient time for the Client to take professional advice and appropriate action on leaseholders' requests for landlord's consents under the lease, and on any requests by lease holders/or on notices served by leaseholders to exercise their rights under the Landlord and Tenant Acts.
- 2.04 To co-operate with any other professional advisors instructed by the Client, to permit the Client and Client's professional advisors at all reasonable times to inspect and take copies of all things material to the property and provision of the Services and to supply at the Client's expense all information and documents they may require for due diligence or other purposes

### **FINANCIAL CONDUCT**

- 2.05 To notify the Client in accordance with the lease of all arrears and to advise the Client, where legal action is required, to collect sums due under the lease and, on receiving the Client's instructions, to instruct solicitors
- 2.06 To notify the Client immediately when the Agent is unable to discharge any of the Client's liabilities under the lease due to insufficient funds
- 2.07 To consult the Client where any works of repair or maintenance are estimated to cost more than the agreed expenditure limit (refer to Clause 10.04) and to seek the Client's instructions
- 2.08 To consult the Client where there are any breaches of the lease or where rent and other sums are overdue under the lease before accepting rent or otherwise treating the lease as subsisting
- 2.09 To agree with the Client when arranging any insurances and to comply with the rules of the Financial Conduct Authority
- 2.10 To hold sufficient professional indemnity insurance cover throughout the term

### **CONFIDENTIALITY**

- 2.11 To comply with the provisions of the Data Protection Act 1998 and subsequent legislation and not to divulge Client information to any third party unless required by legislation or court order

### **ASSIGNMENT OR DELEGATION**

- 2.12 Not to assign, charge or otherwise deal with this Contract
- 2.13 Not to delegate or subcontract the carrying out of any of the Services in this Contract without the Client's written consent

### **INDEMNITY**

- 2.14 To indemnify and keep indemnified the Client from and against any and all loss, damage or liability, whether civil or criminal, suffered by the Client as a result of the Agent's breach of this agreement

### **3.00 THE CLIENT UNDERTAKES**

#### **CO-OPERATION**

- 3.01 Not to require the Agent to carry out any instruction that, in the Agent's opinion, would involve a breach of the terms of this Contract
- 3.02 To ratify all acts by the Agent properly carried out in connection with the Contract
- 3.03 To notify the Agent promptly of any relevant correspondence addressed to the Client with reference to the Agent's management of the Property
- 3.04 To notify the Agent in time for the Agent to take advice of any claims by the Lessees of the Property under the Landlord and Tenant Acts
- 3.05 If the Client has not nominated a chartered building surveyor, to permit the Agent to instruct one, after consultation with the Client for any appropriate works in connection with the Property

#### **FINANCIAL CONDUCT**

- 3.06 At the initial set-up to provide the agreed float and to supply all the information which is necessary to establish the agreed Services, and to pay the Agent, at an agreed fee subject to consultation with the Client, for any extra works necessary in the absence of the required information
- 3.07 To pay the Agent any amounts required to maintain the float within thirty days of the request
- 3.08 To reimburse the Agent all expenses, fees and disbursements properly incurred in running the Property within thirty days of the presentation of the invoice
- 3.09 To release the Agent from any liability to provide the agreed Services where the Agent does not hold sufficient funds on behalf of the Property provided they shall have requested any necessary monies in good time

#### **INDEMNITY**

- 3.10 To indemnify the Agent against any liability incurred in the course of providing the Services unless caused by the Agent's breach of terms of this Contract

#### **COMPANY REQUIREMENTS**

- 3.11 Where the Client is a company, to conform with its Articles of Memorandum and Association and all relevant legislation required under the Companies Act 2006 and the current requirements of Companies House
- 3.12 Where the Client is a company, to hold adequate Directors' and Officers' Insurance and maintain it throughout the term of the Contract

#### **4.00 THE AGENT'S AUTHORITY**

- 4.01 The Client authorises the Agent to act in its name for it and on its behalf with reference to all the Services agreed within this Contract
- 4.02 The Client authorises the Agent to perform any other act or thing which the Client could or should do themselves in respect of the management of the Property subject to consultation with the Client where required under the terms of this Contract
- 4.03 In the event of emergency the Agent is authorised to take such reasonable measures as the Agent may consider appropriate
- 4.04 The Client authorises the Agent to expend any sums that are within the agreed expenditure limit specified in this contract without consultation with the Client and to reimburse themselves any fees properly charged or sums properly expended from funds held by the Agent on behalf of the Client

#### **5.00 COMMUNICATIONS BETWEEN CLIENT AND AGENT**

- 5.01 The Agent agrees to accept instructions only from the Client Board of Directors or nominated representatives whose names should be notified in advance
- 5.02 All instructions to the Agent on behalf of the Client will be through these nominated representative/s. The Client agrees to notify the Agent in writing in advance of any change of these representatives
- 5.03 The Client agrees to convey promptly to the Agent any information necessary for the proper performance of the Services
- 5.04 It is agreed that the Client's instruction will be given in writing or if given orally confirmed in writing within seven days
- 5.05 It is agreed that the Agent will respond directly to lessees' reasonable enquiries without consultation with the Client
- 5.06 Where required the Agent will attend the AGM and provide relevant documentation/information as reasonably requested

#### **6.00 DISPUTES PROCEDURE**

- 6.01 Should any dispute arise out of this agreement the Client and the Agent will endeavour to reach a settlement in good faith
- 6.02 If the dispute cannot be resolved it is agreed to refer the dispute to Mediation. If the first choice is not LEASE or other low cost mediation service then the referring party will be responsible for the extra cost
- 6.03 The above procedure is without prejudice to the rights and remedies of either party at a First Tier Tribunal or Court

## **7.00 TERMINATION OF THIS CONTRACT**

7.01 The Contract will terminate immediately on the expiry date (if applicable) or earlier with three months' notice given by either party

### **MUTUAL AGREEMENT**

7.02 The Contract may be terminated by mutual agreement of the parties in writing each giving each party not less than three months' notice

### **BREACH**

7.03 This Contract may be terminated immediately

If either party engages in conduct prejudicial to the Property or provision of Services

If the Client acts in a way that prevents the Agent performing the Services

If either party becomes insolvent

If either party has a warrant threatened or levied against any of its property

If either party is in breach of Company Law Regulations

If either party is in breach of any of the terms and conditions and the breach, if capable of remedy, is not remedied within thirty days of a written notice of failure from either party

If there is a material change in the management or control of either party which the other party does not agree

### **LEASEHOLDERS' RIGHTS UNDER LANDLORD AND TENANT ACTS**

7.04 The Contract may be terminated

By a First Tier Tribunal on Appointment of a Manager or on any other grounds

By leaseholders exercising Right to Manage or Enfranchisement

### **PROCEDURE ON TERMINATION OF THE CONTRACT**

7.05 On termination all documents and records which are the property of the Client and all other items connected with the management shall be available to the Client within thirty days of the termination. This excludes any records which are the intellectual property of the Agent.

7.06 On termination all funds held by the Agent on behalf of the Client shall be passed to the Client within seven days. Funds may be retained by the Agent to cover invoices addressed to the Agent but not yet paid.

7.07 Within two months of the termination of the Contract at the Client's expense a complete statement of account shall be given to the Client as required under the current legislation governing the provision of service charge accounts

### **FEES ON TERMINATION**

7.08 The Agent will be entitled to fees on termination for agreed services up to the date of termination and for work the agent is not able to complete fees will be paid on a quantum meruit basis

7.09 Unless the Contract has been terminated by either party because of a material breach the party terminating the contract shall be liable to pay the other any losses incurred as a result of the termination including any set-up fees where agreed

7.10 Termination is without prejudice to the rights which have accrued to either party to this Contract under the Law

## **8.00 SCHEDULE OF SERVICES**

### **8.01 BASIC SERVICES**

For the basic services the Client will pay the Agent a Leasehold Unit Fee of (Refer to Fees 10.01)

The Client will provide a Float of - N/A

The Client is to approve payments by the Agent of more than (Refer to Expenditure Limit 10.04)

The Basic Services cover property management of a regular nature including, but not limited to, the following

### **8.02 PROPERTY SERVICES**

The Agent will –

Inspect those parts of the Property which may be safely inspected for the purpose of day-to-day maintenance

The number of property checks will be two per year

Instruct/supervise works

Arrange upkeep of any common grounds and parts

Arrange Health and Safety checks in accordance with legislation

Administer contracts for plant/equipment

### **8.03 FINANCIAL SERVICES**

The Agent will –

#### **PAYMENTS IN**

Levy and collect Service Charges due to the Client

#### **PAYMENTS OUT**

Check and approve invoices

Pay contractors, utility bills, insurance etc.

#### **BUDGETING**

Prepare annual service charge and reserve fund estimates and agree with the Client

Circulate annual budget to lessees with explanatory notes where required

#### **BANKING**

Open and run bank accounts in the name of the Property/Client

If required by Client copies of bank statements can be provided

Administer reserve funds where required under the terms of the lease

#### **FINANCIAL REPORTING**

Prepare accounts for accountant for audit or certification

Supply supporting documents to accountants, lessees and Client as required by law

**8.04 LEGAL SERVICES**

Instruct solicitors in routine arrears in agreement with the Client

Forward all statutory notices to lessees and Client as required by law

Where the Agent is covered by FCA regulations arrange insurance and administer routine insurance claims

Enter into maintenance and utility contracts on behalf of and as agreed by the Client

Offer reasonable guidance to the Client on responsibilities under the lease and any applicable legislation

Assist in the enforcement of Covenants where and as the lease permits

**8.05 COMMUNICATION AND CORRESPONDENCE**

Reply to reasonable requests for information from leaseholders and lessee's association

Liaise with nominated representatives of the Client and lessee's associations

Consult with the Client on management matters as required by the Client

Maintain files and records which are to be accessible to the Client

Supply a reasonable number of copies of documents on request without charge

**9.00 ADDITIONAL SERVICES**

Additional services are those which the Agent is instructed by the Client to undertake of a non-regular or non-recurring nature

Charges for additional services must be notified to, and agreed with the Client, and may be on a time or percentage basis as follows

#### **9.01 PROPERTY SERVICES**

After-hours emergency service subscription	N/A
Preparation of specification, tenders and contract administration for any one project	10% of cost of works or a minimum of £350 – whichever is greater
As above but in conjunction with external surveyor management. For administration and management.	5% of cost of works or £350- whichever is greater
Section 20 Notice preparation and administration (without works supervision)	5% of cost of works or £350- whichever is greater
PLEASE NOTE THAT A CHARGE OF £250 & VAT IS LEVIED FOR ANY SECTION 20 NOTICES ISSUED BUT WHERE THE PROJECT IS SUBSEQUENTLY TERMINATED	
Dealing with Insurance Claims	Dependent on time involved (but usually 10% of settlement figure)
Reinstatement Cost Assessment	By individual arrangement

#### **9.02 LEGAL SERVICES**

Court appearances	To be agreed at time
Responding to statutory notices	To be agreed at time
Liaise with Client's professional advisors	To be agreed at time

#### **9.03 SERVICES TO CLIENT**

Collection of ground rent	N/A
Issuing of share certificates	N/A
Attending AGM	N/A
Disbursements i.e. postage, photocopying	At current rate of postage and photocopying
Any other service required not included in the contract or set out above	By individual arrangement

#### **9.04 SERVICES CHARGED TO INDIVIDUAL LESSEES**

Legal enquiries re. sale of leasehold units	Depending on length of enquiries
Consent to alterations	From £75.00 & VAT
Consents under the lease	From £75.00 & VAT



**10.00 FEES**

- 10.01 Total annual fee for Basic Services  
(? flats X £ ? & VAT @20%) £
  
- The fee is to be paid Monthly  
(? per month)
  
- The fee is paid in arrears On the last working day of the month
  
- 10.02 Fees for administration costs in setting up the Basic Services N/A
  
- 10.03 VAT at applicable/current rate will be added to all costs/fees

**EXPENDITURE LIMIT**

- 10.04 The Client is to approve payments by the Agent in excess of £?

**11.00 EXECUTION OF CONTRACT**

SIGNED BY OR ON BEHALF OF:

**11.01 THE CLIENT**

Name .....

Signature .....

In the presence of:

Name of witness .....

Signature of witness .....

Address of witness.....

.....

**11.02 THE AGENT**

Name .....

Signature .....

In the presence of:

Name of witness .....

Signature of witness .....

Address of witness.....

.....

NOTE: EACH PARTY IS TO RETAIN A COPY OF THIS CONTRACT

**11.03 CONSULTATION REQUIREMENTS**

SIGN EITHER:

It is agreed that this contract is limited to one year and is not subject to consultation with lessees as a Qualifying Long-Term Agreement

Signed ..... (Agent)

Name ..... (Agent)

OR:

It is agreed that this contract is a rolling agreement, or for a period exceeding one year and exceeding the contribution level of £100 (inclusive of VAT) per year from any one lessee. It is a Qualifying Long-Term Agreement and the Client is responsible for consultation under the Commonhold and Leasehold Reform Act 2002.

Signed ..... (Client)

Name ..... (Client)

**12.00 JURISDICTION**

These terms are subject to English Law and any dispute shall be determined exclusively by English Courts

Nothing in this agreement confers on any third party any right to enforce or any right to benefit from any term of this agreement under the Contracts (Rights of Third Parties) Act 1999