

Terms of Business

Agreement between the Client and the Manager setting out the terms of appointment for management.

Subject Property:

Client:

Date of Agreement:

Definition of Terms:

“The Client” is

“The Manager” is
Park Lane Block Management Limited
Of
15 London Road, Southampton, SO15 2AE

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1. Definitions

The 'Client' means the resident management company, right to manage company, or landlord or other named in the cover sheet to the agreement.

The 'Manager' is the managing agent named in the cover sheet to this agreement.

The 'Property' is the estate, scheme, or development named in the cover sheet to this agreement.

The 'Management Fee' is the fee set out in the fee agreement in Appendix 1.

The 'Services' mean the services set out and specified in Appendix 2 and 3.

'Additional Charges' are the charges listed for the Additional Services in Appendix 4.

'Additional Services' are listed in Appendix 4 and are those services in addition to those set out and specified in Appendix 2 and 3, for which the charge is not included within the Management Fee.

'Review Date' means the Review Date specified in the fee agreement.

'Term' means the term or period specified in the fee agreement in Appendix 1.

The 'Parties' means the Client and the Manager.

'Office Hours' means Monday to Friday between the hours of 9am – 5pm.

2. Appointment

The Client appoints the Manager to be its managing agent for the Property.

3. Services to be provided by the Manager

The Manager will perform the Services as set out in Appendix 2 and 3 for the Management Fee.

The Manager will provide Additional Services for the Client for Additional Charges as set out in Appendix 4.

Services will generally be provided by the Manager but may, on occasion, be performed by affiliates of the Manager.

4. Conduct of the Manager

The Manager must comply with the terms of the leases of the Property.

The Manager must comply with the Service Charge Residential Management Code of the RICS 3rd Edition (“Code of Practice”).

The Manager must comply with relevant legislation concerning the management of the Property.

The Manager must comply with health and safety, employment and all other relevant laws and regulations relating to the management of the Property.

The Manager must hold professional indemnity insurance including fidelity cover and maintain it during the Term.

5. Conduct of the Client

The Client must not issue any instructions to the Manager that require it to breach the terms of the leases, legislation or the Code of Practice.

The Client must act in a manner that ensures there is no unlawful discrimination in the provision of Services, the sales and lettings of units of the Property, and the employment of any staff or contractors.

The Client must not give instructions to any onsite staff working solely at the Property. Any instructions should be given through the Manager’s nominated representative.

It is advised that the Client should arrange and hold directors and officers insurance for the Term for their own protection. Upon your instruction in writing we will arrange such insurance.

The Client must keep the Manager informed of any notices, sales of leaseholds or freehold, possible formation of resident associations, use of the right to manage and to enfranchisement of which it becomes aware.

We would advise our clients to seek legal advice on the Terms of this contract, and all clients have had the opportunity to do so before signing.

6. Fees and Charges

The fees and charges payable by the Client to the Manager are as set out in Appendix 1 and 4. The Client authorises the Manager to deduct the Management Fee from the Client account and any additional charges when billed. Where the Client does not have sufficient funds in their client account for payment to be made to the Manager on the charging date then the Manager may, at its discretion, transfer funds from any reserve fund accounts held or if there are still insufficient funds, grant a loan to the Client for a similar amount to be repaid, as and when the Client account has sufficient funds. Any such loans will bear interest at the rate of 4% over Bank of England base rate on a daily basis.

The Client may pay the Manager a setting up fee as specified in Appendix 1 and 3 for the work involved in setting up the management arrangements for the Property. If payable, the fee must be paid as soon as this agreement is signed.

The Client agrees to indemnify the Manager against all costs and expenses (including counsel's and solicitors' fees) incurred by the Manager in and incidental to any and every step taken in connection with the enforcement of the rights of the Manager against the Client under this agreement including but without prejudice to the foregoing legal proceedings, and any advice sought in connection therewith, to recover sums due under this agreement.

7. Changes to Management Fee and Additional Charges

The Manager will propose a Management Fee on an annual basis which will be based on a number of factors to include changes in the requirements of the Client, new legislation etc. In the event of the fee or the new Management Agreement not being mutually agreed or not being terminated by either party, then the Management Agreement will be deemed to have been renewed for the next financial year and then subsequent years on the same terms other than that the Management Fee will increase by the last Retail Price Index percentage published as at the renewal dates or 4% per annum, whichever is the higher.

It is a core term of this agreement that the Client agrees to indemnify the Manager against all costs and expenses (including counsel's and solicitors' fees) incurred by the Manager in and incidental to any and every step taken in connection with the enforcement of the rights of the Manager against the Client under this agreement including but without prejudice to the foregoing legal proceedings, and any advice sought in connection therewith, to recover sums due under this agreement.

8. Handling of the Client's Money

The Manager will open a client bank account(s) on behalf of and in the name of the Client in relation to the Property for the receipt of all money due to the Client and the payment of expenses relating to the Property.

The Client authorises the Manager to deduct any outstanding Management Fee and Additional Charges after this Management Agreement terminates.

Bank account (The Client authorises the Manager to make payments for the benefit of the Property from the client(s) held for the Property.

The Client authorises the Manager to receive insurance claim proceeds for the benefit of the Property into the client account held for the Property.

The Client has covenanted in respect of the upkeep of the property pursuant to the terms of the Lease. The Client has further obligations in respect of Health and Safety and other current legislation. The Manager shall hereby be deemed as authorised by the Client to administer day to day repairs and other services provided the cost to any one Leaseholder shall not exceed £250. If the repairs/replacement or services are likely to cost in excess of this figure (except in an emergency) we will endeavour to contact you or your representative wherever practical, and supply up to two estimates before commencing the work. In the event that we do not receive instructions within a reasonable period of time from you, we will have full authority to act in your best interests as we see fit. (If there are four or fewer flats in your building the threshold for consultation will be lowered accordingly in line with the prevailing Section 20 Consultation requirements.)

9. Liability

The Client indemnifies the Manager against all costs, expenses and liabilities (including legal costs) properly incurred in performing the Services under this agreement.

Any staff employed by the Client will, in no circumstances be deemed to be employed by the Manager. In the event of any court or tribunal deciding to the contrary then the Client will indemnify the Manager against any award made by the court or tribunal for any reason.

Neither party will be liable to other by reason solely of any delay or failure of its obligations under this agreement beyond its reasonable control provided each party has used all reasonable efforts to mitigate any consequences.

This does not affect the Client's statutory right to take action against the Manager in the event that the Manager does not perform its obligations under the terms of this agreement.

The Parties agree that this agreement shall be governed by the laws of England.

10. Assignment

This agreement may only be assigned by the Manager by written notice to the Client.

11. Ending this Agreement

The Client may terminate the agreement by the serving of a termination letter giving a minimum of three months' notice to take effect on a usual Quarter Day save that the minimum fee as set out in Appendix I will be payable when so ever this Agreement is terminated.

The Manager may give notice by the serving of a termination letter giving a minimum of three months' notice to take effect on a usual Quarter Day.

In the event of either party being in breach of this Agreement and the other party fails to remedy this breach within 21 days of receipt of a warning letter setting out the breach complained of then either Party may terminate this Agreement forthwith.

All warning letters and termination letters issued by the Client must be either posted to the manager for the attention of Joanna Uffendell or emailed to info@plbm.co.uk.

If either party ("the Defaulting Party") becomes unable to pay its debts as they fall due or becomes insolvent or goes into liquidation or has a receiver or Manager, administrator or administrative receiver appointed over any of its assets; then the other party may at any time and by notice to the Defaulting Party and without liability, terminate this Management Agreement with immediate effect, or with effect from such later date as may be specified in the notice.

The Manager will continue its duties as normal during the notice period. Neither the Client, nor the Manager, is permitted to vary any of the clauses in the agreement without the written consent of both parties.

The Client will agree to pay to the Manager prior to the handover date, any Fees or Additional Charges owing to the Manager which are subject to this agreement.

12. Dispute Resolution

Should you have a complaint about the service provided under this agreement you should contact **Karen Bowditch** of the Manager or email info@plbm.co.uk.

The Manager has a written complaints policy available to the Client or any third party on request. The Manager is a member of the Property Ombudsman and complies with their code of practice.

13. Termination

Action on Termination

Once the Agreement has terminated the Manager will forthwith cease carrying out the Services.

Handover

The Manager and the Client will use their best endeavours to ensure that they are ready and able to deal with the handover of the management as near as possible after the termination date. So long as all fees have been paid on handover the Manager will:

- Provide to the Client, or their new Manager, all originals and copies of deeds and documents held in their possession and all other materials relating to the Property together with details of all recurrent maintenance contracts.
- Provide documentation to the Client of all ongoing litigation, disputes and insurance claims.
- Transfer to the Client, all relevant documents held on our computer system.
- The Manager will hand over all original documentation held and will not retain copies.
- The Client or their new Manager must collect all documentation from the Manager's office.
- The Client will be obligated to pay the Managers administrative fees of £500.00 in respect of handover procedures.

Accounts

After termination of the agreement, the Manager will pay over any funds to the Client or their new manager. Funds will only be paid into a designated Trust account.

If after the termination, the last set of year end accounts have not been audited, the Manager will be under no obligation to audit these accounts.

The expiry or ending of this agreement shall be without prejudice to any rights which have already accrued to either of the parties under this agreement.

14. Registered Office

Registered Address for the purposes of S47 & S48 of Landlord and Tenant Act 1987

A) If the instructing Client is a Limited Company, the Manager will use the Registered Address that is lodged with Companies House as the address for service. If the Limited Company has a Registered Address that is not within England & Wales, the Client must provide the Manager with an alternative address within England & Wales that can be used to satisfy the aforementioned legislation.

B) If the instructing Client is an individual named person(s), the Manager will use the address that is detailed on the Land Registry, Freehold Title Register, Part B, Proprietorship Register, Title Absolute as the address for service. If the Land Registry contains a Registered Address that is not within England & Wales, the Client must provide the Manager with an alternative address within England & Wales that can be used to satisfy the aforementioned legislation.

Should the Client change their address for service at any time, they must formally notify the Manager of this change so that any demands issued by the Manager are valid. Notification must be sent to Joanna Uffendell or emailed to info@plbm.co.uk. Failure to comply with this covenant could lead to invalid demands being issued which the Manager cannot be held responsible or liable for.

15. General Conditions

The Parties undertake to comply with the provisions of the Data Protection Act 1998 and any related legislation in so far as it relates to the provisions and obligations under this Agreement.

As provided in this Agreement the Client authorises the Manager to enter into contracts on behalf of the Client.

The Client authorises the Manager to seek such independent professional advice as is reasonably necessary in connection with the management of the Property subject to any financial limits imposed in clause 8 to include any fees incurred in connection with appointing a surveyor, solicitor or barrister.

APPENDIX 1: FEE AGREEMENT

- The Term of this Agreement is 1 year less 1 day commencing on
- The Management Fee, in respect of the Services in Appendix 2, shall be as per the below table for each Building/Property/Demise the year charged quarterly in advance on the usual Quarter Days

Property	Fee (ExclVAT)	Fee (InclVAT)
	£250	£300

- The review date for the Management Fee and additional charges is each anniversary of this agreement (See clause 7).

Signed on behalf of

Signed on behalf of the Manager

Dated

APPENDIX 2: STANDARD SERVICES COVERED UNDER MANAGEMENT FEE

DEPARTMENT	SERVICE
PROPERTY MANAGEMENT	<p>Preparing an annual draft budget, agreeing this with the Client and then submitting demands and collecting service charges, rent charges and other charges at appropriate intervals in accordance with the lease, deed of rent charge or other legal documentation relevant to the property.</p> <p>Note: This provides for posting to each property a demand.</p>
	<p>Operating a client bank account to be utilised for all incoming and outgoing financial transactions.</p>
	<p>Making payments to suppliers, contractors, insurers, superior Lessor and others as may be appropriate.</p>
	<p>Administering buildings and other insurances. The Manager will endeavour to ensure that any insurance policy arranged is placed at the best possible terms for the Client (irrespective of whether commission is received and the commission rate).</p> <p>The Manager will disclose any commissions received, if requested, and these will be credited to the Client. The Manager will not unless instructed and authorised by the Client undertake an insurance valuation and the cost of the same will be an additional cost.</p> <p>Park Lane Block Management Ltd is an appointed representative of Arthur J. Gallagher Insurance Brokers Limited which is authorised and regulated by the Financial Conduct Authority. Registered Office: Spectrum Building 7th Floor 55 Blythwood Street, Glasgow G2 7AT. Registered in Scotland. Company Number: SCI08909.</p>
	<p>Producing year-end financial reports, passing them to the Client's accountants/auditors. Answering enquiries from accountants/ auditors.</p> <p>Once company and/or service charge accounts are produced by the accountants/auditors, circulating service charge or rent charge accounts and supplying such information and details to which the lessees /owners are entitled.</p> <p>Note: Any accountants and/or auditors fees or other disbursements will be charged in addition.</p>

APPENDIX 2: continued

PROPERTY MANAGEMENT	<p>Liaising with, and monitoring any on-site staff employed directly by the Client. NB:These does not include any matters relating to employment contracts, pensions or payroll.</p>
	<p>Arranging and monitoring maintenance contracts for all plant and equipment.</p>
	<p>Engaging required contractors and effecting necessary subsequent monitoring. Attending to normal routine enquiries from lessees/owners.</p>
	<p>Making visits to the Property, as necessary, to ensure proper day-to-day running and to inspect as to general condition.</p>
	<p>Attending one meeting of leaseholders per annum, if requested. Attendance at further meetings by agreement and subject to additional fees unless otherwise agreed.</p>
	<p>Dealing with day-to-day repairs to structure, plant, fixtures, fittings and equipment.</p>
	<p>Keeping records in relation to tenancies and other relevant matters relating to the Property/properties including copies of all invoices and records for not less than 6 years.</p>
	<p>Advising generally on management policy.</p>
	<p>All correspondence is sent by Second Class post or email.</p>
	<p>Preparing and sending out service charge demands</p>
ACCOUNTS	<p>Issue one reminder/final Notice for unpaid service charges/ ground rent/rent charges (charged)</p>
	<p>Accounting for Service Charges</p>
	<p>Providing information to accountants for certification</p>
	<p>Bank Reconciliations</p>
	<p>Financial reporting to the Board</p>
	<p>Answering Lessee Account Queries</p>
	<p>Opening Client accounts</p>

APPENDIX 3: continued

APPENDIX 3: ADDITIONAL CHARGES

SERVICES FOR WHICH ADDITIONAL FEES MAY BE CHARGED FROM TIME TO TIME TO THE CLIENT IF THE SPECIFIC SERVICES ARE PROVIDED			
DEPARTMENT	ADDITIONAL SERVICE	FEE	FREQUENCY
SET UP FEES	Should the following be applicable, Set Up Fees will be charged: <ul style="list-style-type: none"> • Establishing Accounts • Examining the Lease • On going disputes • On going Claims • On going arrears 	£500 VAT (£600 incl VAT) In some instances, set up fees may be waived by agreement Copy documents and Land Registry fees will be charged at cost	On take on
PROPERTY MANAGEMENT	Dealing with insurance claims relating to the Property including handling of paperwork and liaising between interested parties.	10% plus VAT of the sum claimed with a minimum of £50.00 plus VAT (£60.00 incl VAT)	As required
	Providing copy documents including insurance policies, copies of invoices and receipts which may be chargeable	included in our annual fee but subject to reasonable requests otherwise £5.00 + VAT (£6.00 incl VAT) per document	As required
	Where, directly employed by the Client, engaging replacement staff.	Based upon the time taken at the appropriate rate for the personnel involved plus disbursements.	As required
	All other matters	By arrangement	As required.
ACCOUNTS	Providing payroll services for Client's staff.	Price dependent on Staff number and pay frequency.	As required.
	Where Ground Rent is collected on behalf of a Client: For maintaining separate Client facilities including a separate bank account.	10% plus VAT of amount of Ground Rent collected	As required.
	Production of non-trading/dormant accounts	Included in company secretarial fee otherwise outsourced	Annually
	Completion of Tax Return	This is outsourced and recharged at cost	Annually

APPENDIX 3: continued

SERVICES FOR WHICH ADDITIONAL FEES MAY BE CHARGED FROM TIME TO TIME TO THE CLIENT IF THE SPECIFIC SERVICES ARE PROVIDED			
DEPARTMENT	ADDITIONAL SERVICE	FEE	FREQUENCY
SURVEYING SERVICES: - if the Manager's Surveyor is appointed to oversee a works project.	Inspection of Property, preparation of specifications, obtaining competitive tenders, tender analysis, contract administration, response to enquiries, dealing with correspondence, site inspections, preparation of snagging list and authorisation of payments:	Charged at an agreed rate with a third party on a project by project basis	When necessary
	CDM CO-ORDINATOR Some Section 20 qualifying works contracts will be notifiable to the Health & Safety Executive under the Construction, Design and Management Regulations. This may be outsourced to an external surveyor.	Charged at an agreed rate with a third party on a project by project basis	
	OTHER Fees for additional services such as planning matters, general building/condition surveys and reports, party wall legislation or attendance at tribunal hearings, will be charged at a rate to be agreed with the third party appointed.	Charged at an agreed rate with a third party on a project by project basis	
MAJOR WORKS ADMINISTRATION: for those works that are subject to Section 20 procedures	<p>A) Qualifying Works</p> <p>'Qualifying works' covers any repairs, maintenance or improvement project where any one leaseholder's contribution exceeds £250.00.</p> <p>Advising Client on statutory regulations, appointment of and co-ordination with the surveyor; advising the lessees, sending out Section 20 notices, demands (if appropriate) and the collection of monies and payment of the contractors as directed by the surveyor.</p> <p>Specifying supervising and managing major works contracts</p>	<p>£35 plus VAT (£42 inc VAT) per leaseholder with a minimum charge of £500 VAT (£600 inc VAT) for managing the section 20 process including all stages of notices</p> <p>10% + VAT (12% incl VAT) of the works value subject to a minimum charge of £400.00 + VAT (£480.00 incl VAT).</p>	

APPENDIX 3: continued

SERVICES FOR WHICH ADDITIONAL FEES MAY BE CHARGED FROM TIME TO TIME TO THE CLIENT IF THE SPECIFIC SERVICES ARE PROVIDED			
DEPARTMENT	ADDITIONAL SERVICE	FEE	FREQUENCY
MAJOR WORKS ADMINISTRATION: for those works that are subject to Section 20 procedures	B) Qualifying Long-Term Agreements A 'qualifying long-term agreement' is any contract or agreement for a term of more than 12 months where any one leaseholder's contribution exceeds £100 in any year. (Note, this does not apply for recruitment of staff). Advising Client on statutory regulations, appointment of and co-ordination of the contract, advising the lessees, sending out Section 20 notices, demands (if appropriate) and the collection of monies and payment of the contractors.	£ 500 VAT (£600 VAT) per Leaseholder	
COMPANY SECRETARIAL	Fee for compiling presenting and if necessary filing year end accounts (dormant only) and Annual returns, attending to appointment and resignation of Directors, calling an Annual General Meeting and giving notice of the same.	£250 plus VAT (£300 including VAT) per annum.	As required
FACILITIES MANAGEMENT	Engaging specialist contractors to deal with Health & Safety and associated inspections.	Charged at an agreed rate with a third party on a project by project basis	As required
PROPERTY MANAGEMENT & ACCOUNTS	Attendance at & preparation for court or FTT etc	£75 VAT (£90 inc VAT) per hour	As required

APPENDIX 3: continued

SERVICES FOR WHICH ADDITIONAL FEES MAY BE CHARGED FROM TIME TO TIME TO THE CLIENT BUT MAY BE RECOVERED FROM INDIVIDUAL PROPERTY OWNERS			
DEPARTMENT	ADDITIONAL SERVICE	FEE	FREQUENCY
PROPERTY MANAGEMENT	Availability to residents, lessees, owners and Clients outside normal business hours.	£75 plus VAT per hour (£90 incl VAT) and reasonable travel expenses.	As required
ACCOUNTS	Dealing with the collection of overdue rent, service charges and breaches of the lease.	<p>Fee charged to leaseholder for chasing overdue payments or advising of a lease breach £30 plus VAT (£36 incl VAT) per letter and additional costs incurred in instructing solicitors and dealing with their enquiries, attendance at hearings charged at £75 plus VAT (£90 incl VAT) per hour and reasonable travel expenses.</p> <p>In the event of a county court or tribunal claim being necessary or a claim being disputed the Manager will generally engage solicitors on behalf of the Client to deal with the dispute. All solicitors' costs will be recovered from the individual property owner if possible but if not, all costs will be recovered from the Client.</p> <p>In the event of a lessee referring a case to the First tier Tribunal (Property Chamber) the Manager will instruct solicitors. If the Manager is required to attend the hearing or provide documentation a fee will be charged based on the time taken</p>	

APPENDIX 3: continued

SERVICES FOR WHICH ADDITIONAL FEES MAY BE CHARGED FROM TIME TO TIME TO INDIVIDUAL PROPERTY OWNERS			
DEPARTMENT	ADDITIONAL SERVICE	FEE	FREQUENCY
PROPERTY MANAGEMENT	Dealing with Solicitor's pre-sale or pre-mortgage enquiries.	£250 plus VAT (£300 incl VAT)	As required
	Dealing with Notice of Assignment and/or Charge	£75 plus VAT per notice (£90 incl VAT)	As required
	Preparation and processing of share certificates or certificates of membership, or production of duplicate certificates.	£30 plus VAT (£36 incl VAT)	As required
	Preparation of a Licence to Sub-Let	£250 plus VAT (£300 incl VAT)	As required
	Preparation of Pet Licences	£250 plus VAT (£300 incl VAT)	As required
	Facilitating Lease Variations	£75 per hour plus VAT (£90 per hour incl VAT)	As required
	Facilitating the production of a Licence for Alterations	£75 per hour plus VAT (£90 per hour incl VAT)	As required
	Issuing Keys for the communal areas.	£30 plus VAT (£36 incl VAT)	As required
	Any other work outside of this agreement instructed by the Leaseholder/ Freeholder	£75 per hour plus VAT (£90 per hour incl VAT)	As required