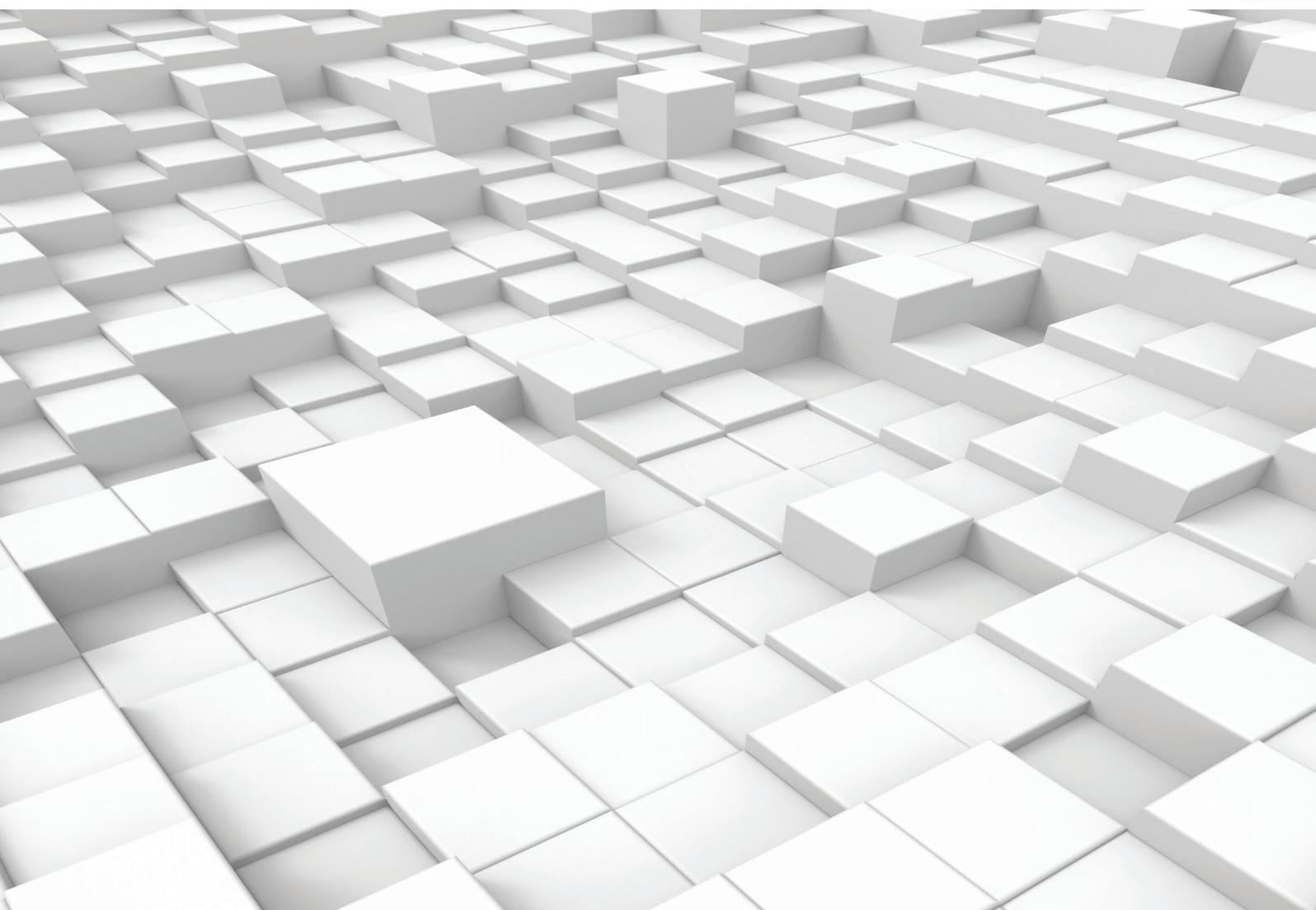




RICS professional standards and guidance, global

Real estate management

3rd edition, October 2016



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RICS professional standards and guidance

International standards

RICS is at the forefront of developing international standards. In addition to RICS Valuation – Professional Standards, other international standards are being developed. Working in coalitions with organisations around the world, acting in the public interest to raise standards and increase transparency within markets, International Property Measurement Standards (IPMS – ipmsc.org), International Construction Measurement Standards (ICMS), International Land Measurement Standards (ILMS), International Ethics Standards (IES) and others will be published and will be mandatory for RICS members. Most RICS professional statements link directly to these standards and underpin them. Where that is the case, RICS members are advised to make themselves aware of the relevant international standard/s (see www.rics.org) and the overarching principles with which the associated professional statement complies. Members of RICS are uniquely placed in the market by being trained, qualified and regulated by working to international standards and complying with professional statements.

RICS professional statements

This is a professional statement, which RICS members must act in accordance with.

Sections within professional statements that set specific mandatory requirements for members use the word ‘must’ and appear in purple boxes. Members must not depart from specific mandatory requirements.

Sections within professional statements that set an expectation or recommend best practice advice use the word ‘should’. Where members depart from these, they should do so only for justifiable good reason. Where, in

the professional judgment of the member, the departure may have a material impact on the surveyor’s advice, the client must be informed in writing of the departure and the reason/s for the departure.

Any content that does not use the word ‘must’ or ‘should’ is information.

RICS considers that professional statements are technical standards for the purposes of Rule 4 of both the *Rules of Conduct for Members 2007* and the *Rules of Conduct for Firms 2007* (as amended from time to time).

Members should note there may be legal and/or disciplinary consequences for departing from professional statements. When an allegation of professional negligence is made against a surveyor, the court is likely to take account of relevant RICS professional statements in deciding whether or not the surveyor acted with reasonable competence. Failure to act in accordance with professional statements may, accordingly, lead to a finding of negligence against a surveyor. In the opinion of RICS, a member acting in accordance with relevant professional statements should have at least a partial defence to an allegation of negligence.

In some cases there may be existing national standards that take precedence over professional statements. These can be defined as professional standards that are prescribed in law or federal/local legislation, or are developed in collaboration with other relevant bodies. It is the duty of members to be aware which standards apply.

Members should be up to date and have knowledge of professional statements within a reasonable time of their coming into effect. It is the member’s responsibility to be aware of changes in case law and legislation since the date of publication.

Document status defined

RICS produces a range of professional standards, guidance and information documents. These have been defined in the table below. This document is a professional statement.

Type of document	Definition	Status
Standard		
International standard	An international high-level principle-based standard developed in collaboration with other relevant bodies.	Mandatory.
Professional statement		
RICS professional statement	A document that provides members with mandatory requirements or a rule that a member or firm is expected to adhere to. This term also encompasses practice statements, Red Book professional standards, global valuation practice statements, regulatory rules, RICS Rules of Conduct and government codes of practice.	Mandatory.
Guidance and information		
RICS code of practice	Document approved by RICS, and endorsed by another professional body/stakeholder, that provides users with recommendations for accepted good practice as followed by conscientious practitioners.	Mandatory or recommended good practice [will be confirmed in the document itself]. Usual principles apply in cases of negligence if best practice is not followed.
RICS guidance note [GN]	Document that provides users with recommendations or approach for accepted good practice as followed by competent and conscientious practitioners.	Recommended best practice. Usual principles apply in cases of negligence if best practice is not followed.
RICS information paper [IP]	Practice-based information that provides users with the latest technical information, knowledge or common findings from regulatory reviews.	Information and/or recommended best practice. Usual principles apply in cases of negligence if technical information is known in the market.
RICS insight	Issues-based input that provides users with the latest information. This term encompasses thought leadership papers, market updates, topical items of interest, white papers, futures, reports and news alerts.	Information only.
RICS economic/market report	A document usually based on a survey of members, or a document highlighting economic trends.	Information only.
RICS consumer guide	A document designed solely for use by consumers, providing some limited technical advice.	Information only.
Research	An independent peer-reviewed arm's-length research document designed to inform members, market professionals, end users and other stakeholders.	Information only.

Glossary of terms

Client: anyone instructing a real estate manager to act on their behalf for the management of real estate.

Clients' money: money received by a firm, in the course of its business activities, that does not wholly belong to it or any principal or principals of the firm.

Companies providing management services: companies undertaking real estate management.

Conflict of interest: where an agent acts for clients who have competing interests, or where an agent's personal interests conflict with those of their client.

Customer: anyone with whom the real estate manager has dealings. This will include clients, landlords, tenants and occupiers.

Interest in real estate: real estate held under any form of tenure.

Landlord: the owner of a property who grants the right to occupy and use property to another by way of a lease agreement. Can also be known as the lessor.

Lease: an agreement whereby the lessor grants to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. Can also be known as a tenancy. NB for the purposes of this professional statement the term lease is intended to include other forms of occupancy agreement and fractional ownership (where relevant).

Lease term: the period of the lease.

Leasehold: possession and use of a property by virtue of a lease.

Lessee: see tenant.

Lessor: see landlord.

Market evidence: details of properties with the same or similar characteristics, in the same or similar location to the client's property, that have been sold within a reasonable timeframe, and the price or rent achieved.

Professional work: formal valuation and/or advice regarding a building, upon which a client relies, and which could lead to a claim of financial loss in the event of being carried out negligently.

Real estate management: any person who, in the course of a business (including a business in which he or she is employed), is instructed to manage an interest in real estate on behalf of the owner of the interest.

Real estate manager: company or individual employed to manage an interest in real estate on behalf of the owner of the interest.

Related party: an employee or principal of the agent's business, or any related party, such as, but not limited to: a spouse, civil partner, parent, child, sibling, uncle, aunt,

nephew, niece, grandparent or grandchild. (This list is not exhaustive.)

Rent: a payment made periodically by a lessee to a lessor for the use of premises.

Rent review: a periodic review of rent under a lease, using a predetermined method.

Reserve fund: a fund which collects regular sums of money to meet recurring expenditure to avoid fluctuations in service charge accounts.

Service charge: a charge levied by a landlord to recover the costs incurred in providing services to a unit of real estate. The way in which the service charge is organised is set out in the lease.

Sinking fund: a fund which collects regular sums of money to provide for major, infrequent expenditure. The service charge will usually specify what the fund can be used for.

Sublease or sublet: a contract whereby the whole or part of the property is let to another person, the party letting being itself a lessee. The obligations of the lessee to the lessor are not diminished.

Sustainability: meeting present needs without compromising the ability of future generations to meet their needs.

Tenancy: see lease.

Tenant: a person or legal entity who receives the right to occupy and use a property under the terms of a lease. Can also be known as the lessee.

Vulnerable people: people whom agents believe require special treatment as a result of physical, mental, or emotional impairment, or for any other reason.

Introduction

This professional statement outlines the principles that shape the culture of fairness and transparency that underpin all activities undertaken by real estate managers within whichever country they practice. These principles are developed later in this document.

This professional statement supports the RICS ethical standards which can be found at www.rics.org/uk/regulation1/compliance1/ethics--professional-standards/. Behaving ethically is at the heart of what it means to be a professional. It is what distinguishes professionals from others in the marketplace. Having a clear set of professional and ethical standards to guide behaviour gives all those we deal with confidence in the way we do things. It is also a changing landscape. What is acceptable behaviour now may not be in the future. So it is sensible for all professions to review, from time to time, the kinds of behaviour expected of members. This is particularly true for RICS members given the global nature of RICS membership.

This professional statement is mandatory for relevant RICS members but is not prescriptive in that it allows real estate managers flexibility in how they achieve the mandatory outcomes. There is no intention to impose a prescriptive set of rules. Managers may work differently with different clients, and different managers are likely to work in different ways.

This professional statement applies to the management of both commercial and residential real estate. Agents, and companies providing management services, must approach all their activities in accordance with the overarching principles.

A number of the principles apply to managers' conduct towards the public generally, both clients and non-clients. However, while everybody who deals with managers is entitled to be treated properly, it is acknowledged that managers have particular duties and responsibilities towards their clients.

Many real estate managers already belong to professional bodies, which have their own professional standards; this professional statement consolidates existing best practice.

This mandatory professional statement applies to all RICS members involved with the sale, letting, leasing and management of real estate, whatever the form of tenure by which it is held or occupied. Members must:

- 1 Conduct business in an honest, fair, transparent and professional manner.
- 2 Carry out work with due skill, care and diligence, and ensure that any staff employed have the necessary skills to carry out their tasks.
- 3 Ensure that clients are provided with terms of engagement which are fair and clear. These should meet all legal requirements and relevant codes of practice including reference to complaints-handling procedures and, where it exists, an appropriate redress scheme.
- 4 Do the utmost to avoid conflicts of interest and, where they do arise, deal with them openly, fairly and promptly.
- 5 Not discriminate unfairly in any dealings.
- 6 In all dealings with clients, ensure that all communications [both financial and non-financial subject matters] are fair, clear, timely and transparent.
- 7 Ensure that all advertising and marketing material is honest, decent and truthful.
- 8 Ensure that all client money is held separately from other monies in appropriately designated accounts and is covered by adequate insurance.
- 9 Have adequate and appropriate professional indemnity insurance or equivalent in place that complies with the RICS Rules of Conduct. Having proper cover is a key part of managing your risk.
- 10 Ensure that it is made clear to all parties with whom you are dealing the scope of your obligations to each party.
- 11 Where provided as part of the service, give a realistic assessment of the likely selling, buying or rental price, associated cost of occupancy or of the likely financial outcome of any issues, using best professional judgment.
- 12 Ensure that all meetings, inspections and viewings are carried out in accordance with the client's lawful and reasonable wishes, having due regard for the security and personal safety of all parties.

In order for this professional statement to operate effectively, both individual agents and companies who provide real estate agency services must take responsibility for compliance with the core principles. Senior managers of companies that provide agency services should ensure that internal systems and procedures are in place to support these principles.

Chapters 1–8 of this professional statement draw on these 12 principles and provide examples of best practice guidance to ensure that clients receive objective advice, delivered in a professional manner. The examples are not exhaustive but are designed to set a framework for best practice in the execution and delivery of real estate agency management services, subject to specific local legislative requirements and local market specifics.

This professional statement is applicable to commercial, residential and rural transactions, including sales, acquisitions, leasing and letting, the management of both commercial and residential real estate. Agents, and companies providing management services, must approach all their activities in accordance with the overarching principles.

1 Ethics

There are a number of global ethical codes relating to international real estate management. There are also many country-specific codes and codes relevant to particular professional bodies. The formal code that applies to a particular manager will depend upon the country and the sector within which that manager practises. If you are a member of a professional body, you should also refer to the code of practice or conduct for that body.

This section considers the overarching ethical responsibilities of real estate managers, whatever their country of practice, and provides guidance to help you to meet the following mandatory core principles of this professional statement.

- 1 Conduct business in an honest, fair, transparent and professional manner.
- 2 Carry out work with due skill, care and diligence, and ensure that any staff employed have the necessary skills to carry out their tasks.
- 4 Do the utmost to avoid conflicts of interest and, where they do arise, deal with them openly, fairly and promptly.
- 5 Not discriminate unfairly in any dealings.

1.1 Introduction to ethics and professionalism

The real estate manager may have both legal and ethical responsibilities. Any legal responsibilities will be set out within either public or private laws for the respective country.

Ethical obligations impose a higher level of responsibility and may have not just legal, but moral obligations. The resolution of issues often involves a subjective decision based on personal ethical values and those ethical rules set out in professional codes of conduct. Laws may also set out the legal responsibilities regarding conduct.

This professional statement sets out the standards of performance and service your clients can expect to receive from you and aims to ensure that you act professionally at all times. A useful definition of professionalism is as follows:

'Professionalism is the giving of one's best to ensure that clients' interests are properly cared for, but in doing so the wider public interest is also recognised and respected.'

(Source: H Land FRICS, Professional ethics and the rules of conduct of the RICS, CPD Study Pack, College of Estate Management)

1.2 Your general duty of care as a real estate manager

This professional statement requires that managers carry out work with due skill, care and diligence. This means that you should:

- use your best endeavours to achieve the best possible outcome for your client, within the limitations of the market conditions and the observation of ethical codes
- not release any information confidential to your client without their express permission or unless legally required to do so, or use such information in a way not originally intended without their express permission or unless legally required to do so.
- Ensure that all staff are appropriately trained and supervised for the tasks assigned to them
- not accept an instruction which is beyond your field of experience, unless you secure the assistance of a specialist in that particular field.

You **must** always ensure that you carry out all services with reasonable care and skill. What is 'reasonable' is measured by the standards of a reasonably competent and experienced member of the real estate management profession. The duty of care and skill applies to every aspect of your services.

Your duty of care exists throughout the period of your instruction. This includes exercising reasonable care and skill in advising on the financial implications of any negotiations.

1.3 Corporate social responsibility

Corporate social responsibility (CSR) refers, in essence, to an understanding of the total impact of your work. It entails adopting an overall attitude of responsibility, taking into account the nature of your relationship with your employees, customers, suppliers and the wider local community. It involves going beyond the minimum legal and professional requirements and following certain principles to ensure you minimise any potentially negative impact of your work.

When considering your overall impact, you should refer to:

- the suppliers you choose and the way in which you deal with them. Working with suppliers who do not follow good environmental practices could be deemed as irresponsible as doing so yourself
- your employees; for a responsible organisation, good relationships with your employees should go beyond simply complying with legal requirements

- the local community and how your work and the management of your client's properties affects this
- the environment, including with regard to all premises under your control, taking into account the efficient use of resources and efforts to reduce pollution and waste (see section 4.12 on Sustainability).

1.4 Dealing with conflicts of interest

A conflict of interest is anything that impedes your ability to focus on the best interests of your client. This is a matter for your judgment – not the client's. You **must** make every attempt to avoid any such conflict.

This professional statement requires that you mitigate conflicts of interest and deal with them openly and fairly, and immediately as they arise.

You **must** disclose any conflict of interest promptly and in writing taking account of any duty of confidentiality. With informed consent from your client it may be possible for you to continue to act for them but if consent is not forthcoming or you are unable to disclose your interest due to confidentiality you should cease your activities for all clients involved.

In all cases of a conflict of interest, you should consult your client, take their instructions and keep a full note of the discussion and instructions in the file.

1.5 Understanding discrimination

You **must not** discriminate against any party relating to the management of real estate:

- on the basis of gender, age, race, creed, religion, disability, sexual orientation, or national origin or
- favour any party because they are likely to instruct you on other property matters, or use services offered by you or your related parties.

You **must** ensure that you do not discriminate unfairly against any party:

- in the terms you are prepared to agree on a management issue or
- in your treatment of persons in need of real estate for occupation or investment purposes.

1.6 Vulnerable customers

Vulnerability can include anything that may have an impact on a person's ability to make a sound and reasoned decision. You **must** ensure that you do not discriminate against vulnerable customers or clients – either explicitly or implicitly – by your actions.

Assessing the potential vulnerability of a customer can be a sensitive matter and may require you to make a judgment. Staff should understand their obligations in this

area and, if you are a manager, you should have in place appropriate procedures and relevant training to deal with these matters.

If, in your opinion, a customer may be vulnerable, you should take this into account in any information or guidance you give to them, particularly if any decision they make is based solely on that information or advice.

If a customer makes a decision that may have legal connotations, you should explain that they should discuss this with their legal advisers. You might also consider speaking to the customer's legal advisers if you are concerned about any decisions that are being taken.

1.7 Responsibility for others

You may be held legally responsible for the actions of any staff you employ. Best practice recommends that you should:

- train staff initially, and on a continuous basis, keeping records of all training and its recipients
- maintain awareness of legislation and relevant codes of practice
- supervise staff adequately
- be aware of who your related parties are and satisfy yourself that they are aware of any legal and ethical requirements and can be relied upon to comply with them
- ensure that there is documentary evidence showing that all staff have been given proper instructions and training about compliance with relevant laws and these standards.

2 Securing instructions

Prior to accepting an instruction to commence work, you should clarify for whom you will be working and how you will be paid, thereby spelling out unequivocally whose interests you will be representing.

You will act with partiality, usually to represent the interests of a particular party.

This section gives advice on the securing of instructions from lessors and lessees. Its guidance aims to help you meet the following principles in this professional statement:

- 1 Conduct business in an honest, fair, transparent and professional manner.
- 3 Ensure that clients are provided with terms of engagement which are fair and clear. These should meet all legal requirements and relevant codes of practice including reference to complaints-handling procedures and, where it exists, an appropriate redress scheme.
- 4 Do the utmost to avoid conflicts of interest and, where they do arise, deal with them openly, fairly and promptly.
- 10 Ensure that it is made clear to all parties with whom you are dealing the scope of your obligations to each party.

2.1 Introduction

The relationship between you and your client will be based on terms of engagement or a contract, which will determine the rights and duties of both parties. If the contract does not set out specific terms, these may, in some countries, be implied by law.

2.2 Types of client

As a real estate manager, you may be acting for a number of different types of client, including a:

- landlord
- tenant
- investor
- business
- individual.

This list is not, of course, exclusive.

It is important that you understand your client and their objectives before entering into terms of engagement.

2.3 Before taking instructions

2.3.1 Conflict of interest checks

Before taking instructions from a client, you **must** check that there are no existing conflicts of interest (see section 1.4). You should declare any other possible conflict of interest and gain the potential client's written permission for you to continue to act for them.

2.3.2 Confirming the identity of your client

Money laundering is an international concern. Individual countries have implemented regional and international regulations in slightly different ways and you should therefore refer to the specific legislation for your country. As general guidance, you should make every reasonable effort to confirm the identity of your client before accepting instructions. Refer to RICS' *Money laundering guidance* (2011) for further information.

2.4 Sharing information with your potential client

2.4.1 Terms of engagement

Before confirming terms, you should communicate with the client and discuss their requirements and the reasons for these in reasonable detail. You should act within the limit of your experience, knowledge and competence to meet your client's requirements. Agree with your client the level of feedback and reporting they wish to receive and how you will present information to them.

You should give written confirmation to your client of their instructions for you to manage real estate on their behalf. This should include details of your fees and expenses, clearly setting out any base or additional fees, your business terms and the duration of your instructions. You should give your client these details before they are committed or have any liability towards you. Terms of engagement should clearly state the scope of the management activities you will carry out, and specify what activities are not included, for example, formal valuations, building surveys or technical surveys. The terms should also include a governing law and jurisdiction provision setting out with which country's laws the terms will be governed by and interpreted and to which jurisdiction any unresolved dispute or difference arising in connection with the terms of engagement will be subject. Terms of engagement can include a single document or a number of documents, which are to be read in conjunction with each other. You should ensure that your terms are fair and that the documentation is written in plain, intelligible language. You should also have regard to sections 1.5 and 1.6 of this guidance to ensure you do not discriminate and that you recognise the needs of vulnerable customers.

If you use standard terms of engagement, you should ensure that you give clients an opportunity to negotiate individual terms.

Your terms of engagement should also state that a copy of your complaints-handling procedure is available on request.

You should sign and date your terms of engagement before they are given to your client. Ask your client to sign a copy as well and provide them with a copy for their records. You should take all reasonable steps to satisfy yourself that your client is entitled to instruct you. Any future changes to your terms of engagement should be agreed with your client, promptly confirmed in writing and signed by yourself and your client.

Prior to commencement, the length of your appointment should be agreed and clearly detailed within the terms of engagement, together with any process for renewal, review of fees and termination.

Your terms of engagement should also define who is the employer of any onsite staff; this will usually be the landlord or the manager under the lease, rather than the managing agent.

2.4.2 Fees, charges and taxes

You should provide full and clear written details of your fees and expenses to your potential client, as stated in section 2.4.1. These should include:

- details of the circumstances in which the client will become liable to pay you a fee or commission
- details of the amount of your fee
- particulars of any payments which do not form part of your payment for carrying out management work, but which will, or may, in certain circumstances, be payable by the client to you or any other person, and particulars of the circumstances in which these payments will become payable
- particulars of the amount of any payments falling within the point made above or, if you do not know the amount at the time the information is given, an estimate of that amount, together with details of how it will be calculated.

You should make clear reference to whether your fee or any expenses are exclusive or inclusive of any relevant taxes.

Where fees are ultimately to be paid by or recovered from a third party, for example, a tenant under a service charge arrangement, you should ensure that there is absolute transparency and that fees relate only to the work done and for which the third party is strictly liable.

2.4.3 Timings

Specify in your terms of engagement the point at which your entitlement to your fee is to be triggered; for example, on completion of the rent review, at lease renewal, or on a particular date for a regular payment on a retained agreement.

2.4.4 Penalties

You may have a legal right to interest on late payment. You should check the relevant legislation to determine this and include such information in your terms of engagement.

Section 2.5 provides more information about the requirements relating to providing services to other parties.

2.4.5 Finalising terms of engagement

As stated in section 2.4.1, your terms of engagement should be signed by both yourself and your client. You may choose to include matters such as any agreed expenditure in a separate letter.

It is your decision which individual clauses are included in your terms of engagement, other than those prescribed by relevant legislation.

2.5 Commissioning other documentation or other parties

When managing a property, there may be specific requirements regarding the documentation that should be provided during the management process, or contracts that need to be procured. There may not be any defined form of procurement for these, but you should make it clear how these will be dealt with within your terms of engagement. You should, of course, satisfy yourself of the ability of any external provider or contractor to meet the necessary timescales. The way in which payment should be made for these activities should also be clearly set out.

You should disclose to your client any commission or fee-sharing arrangement you may have for the provision of any other documentation.

2.6 Offering services to other parties

Advise your client in writing if you intend to offer services to other parties, and note what these services would be. You should be mindful of any specific legislation regarding offering services to other parties.

2.7 Instructing a sub-agent

If you wish to appoint a sub-agent to undertake certain specialist management activities, you should first obtain your client's authorisation. The appointment of a sub-agent without authorisation may be considered a breach of your duty to your client.

Even where a real estate manager appoints a sub-agent with the specific authorisation of the client, there may be no direct legal relationship between the client and sub-agent. You could therefore find that you are responsible for the sub-agent's actions and for payment of their fees. You should check relevant legislation regarding this.

In all instances, you should ensure that any sub-agent holds adequate and relevant insurances.

3 New lettings and lease renewals

This section gives advice on new lettings and lease renewals and should be read in conjunction with the mandatory requirements for this professional statement, which provide guidance for agents dealing with the letting of real estate. This section builds on these general agency principles and provides further guidance relating to specific lease terms that will have an effect on the management of the property. This section aims to help you meet the following mandatory requirements:

- 1 Conduct business in an honest, fair, transparent and professional manner.
- 2 Carry out work with due skill, care and diligence, and ensure that any staff employed have the necessary skills to carry out their tasks.
- 6 In all dealings with clients, ensure that all communications [both financial and non-financial subject matters] are fair, clear, timely and transparent.
- 10 Ensure that it is made clear to all parties with whom you are dealing the scope of your obligations to each party.
- 11 Where provided as part of the service, give a realistic assessment of the likely selling, buying or rental price, associated cost of occupancy or of the likely financial outcome of any issues, using best professional judgment.

3.1 New lettings

3.1.1 General principles of negotiating lease terms and agreeing heads of terms

You should always ensure that you negotiate lease terms openly and constructively, with the views of the tenant clearly in mind. You should ensure that any third party consents have been provided. Offers are to be made in writing and should clearly state:

- the rent
- the service charge (if relevant)
- the length of the term and any break rights and related terms
- whether or not tenants will have security of tenure
- agreed use
- the rent review and/or indexation arrangements
- rights to assign, sublet and share the premises
- repairing obligations

- agreed guarantee arrangements
- insurance provisions
- any relevant taxation status of the premises
- the terms of any options.

You should seek to promote flexibility, stating whether alternative lease terms are available and proposing rents for different lease terms if requested by prospective tenants. If alternative lease terms are offered, the rent should be appropriately priced for each set of terms.

The terms offered will reflect the type, location and condition of the property and the state of the property market. In an effort to ensure access to market data, you should, wherever possible, avoid unnecessary secrecy as to the final agreed transaction, while recognising the confidentiality requirements of the parties or those imposed by legislation.

You should assess the tenant's ability to pay relevant costs, particularly rent and any service charge. This should be assessed in a manner and to a level of detail that is appropriate to the accepted principles in your world region. This may include requesting written references from appropriate parties: accountants, trade suppliers, and the previous landlord. If the tenant is a limited company, you should consider reviewing the audited accounts for the last three years of trading. If this information does not provide sufficient comfort you should seek a guarantee from a relevant guarantor for the rent and other liabilities under the lease. Any information provided by the tenant should be kept confidential, unless already publicly available. Where you feel your assessment does not give an appropriate degree of confidence you should advise your client accordingly.

You should provide estimates of the likely service charges, and any other outgoings to the tenant.

You should also provide a copy of your planned maintenance programme, an energy assessment and any report relating to hazardous materials.

3.1.2 Length of lease

The length of lease is usually subject to negotiation between the parties, but there may be situations where the length is set by law. This may particularly be the case in countries where tenants have security of tenure at the end of a lease, involving a lease renewal in this situation. The length of lease available, and any choices of length, should be made clear to the tenant, together with details of any rights to break the lease before the end of the contractual term. You should consider appropriate lease lengths for the market conditions, type of property and type of tenant taking account of any legislative requirements.

3.1.3 Rent

You should determine an appropriate level of rent based on:

- market evidence
- the state of the property market
- the location
- type of property
- age of property
- character of property
- size of property
- condition of the property
- terms of the lease to be granted.

3.1.4 Rent reviews

Leases should contain provisions for review or indexation on a periodic basis and according to local market practice. Rent reviews should be clear, with headline rent review clauses avoided. The mechanism for determining the rent at review should be clearly defined. If there is a market rental value provision, it should specifically exclude (or disregard) any improvements made by the tenant, other than as part of an explicit obligation.

You should also offer alternative mechanisms for rent review adjusted to reflect any associated risk. Such alternatives could include:

- upwards and downwards rent reviews
- index-linked rent reviews
- base rent plus a turnover rent, determined on an annual basis, based on turnover reported in accounts.

Where you cannot give options, you should advise the tenant of the reason for this.

The lease should allow both landlord and tenant to start the rent review process. You should also make sure there are controls in the event of disagreement that will be referred to an independent expert or arbitrator to settle.

3.1.5 Insurance

Insurance provisions should accord with market practice in each world region. You should agree who will insure the buildings and who will pay the premiums. Generally, the tenant will pay the premiums; for multi-occupied buildings this may be through the service charge, or could be charged separately as a contribution towards the total premium.

You should ensure that the lease includes provisions dealing with a situation where damage occurs to an uninsured risk or where there is a large excess. Rent suspension should apply if the premises are damaged by an insured risk or uninsured risk, other than where caused by a deliberate act of the tenant. It may be appropriate to agree that the tenant may terminate the lease in the event of uninsured damage, or for the landlord to choose to rebuild at their own cost, so that the lease remains in

operation. You should also consider engineering insurance cover and property owners' liability cover.

Where the landlord is to insure, the policy terms should be fair and reasonable and represent value for money. Where the tenant leases the entire building, you should give them the opportunity to choose the insurer, who should be reputable.

You should disclose any potential conflict of interest regarding in-house insurers or third parties.

3.1.6 Assignment

You should agree to allow assignment (sale) of the whole premises, but may wish to restrict this to require prior landlord's consent, which is not to be unreasonably withheld. You may also wish to consider requesting a guarantee from the existing tenant for any future tenant taking an assignment of the lease, where the assignee is of lower financial standing than the assigning tenant

3.1.7 Alterations and changes of use

You should not seek for your client to exert more restrictive controls over alterations and changes of use than are necessary to protect the value of the property or of any adjoining or neighbouring properties owned by your landlord client. In addition, you should consider whether the tenant will be required to remove and make good permitted alterations. You should also include an obligation that all statutory consents should be obtained before any work commences. You should also recommend that your client engages external consultants to review any alterations.

3.1.8 Repairs

Tenants' repairing obligations should be appropriate to the length of term and the condition of the premises and should accord with local market practice. It is common for structural and external repairs to be excluded. Tenants should be obliged to give the premises back at the end of their lease in the same condition they were in at its grant although a fair wear and tear exception may be appropriate. Consideration should be given to any incentives provided to the tenant to improve the property.

3.1.9 Service charges

The basis and method of apportionment of service charges should be demonstrably fair and reasonable, to ensure that individual occupiers bear an appropriate proportion of the total service charge expenditure, reflecting the availability, benefit and use of services. The method of apportionment should be clearly agreed within the lease provisions. Examples include:

- floor area apportionment
- value apportionment
- weighting.

In many cases, particularly buildings with a variety of different users, not all the occupiers will benefit from the

services to the same extent. In such circumstances, you should divide the service charges into separate parts to reflect the availability, benefit and use of services, with each part being individually apportioned between occupiers according to the core principles.

3.1.10 Rent deposits

Where a rent deposit is required and paid by a tenant you should give a formal notification of this (in some countries this may be in the form of a deed). If necessary, this should refer to an inventory and state the time and circumstances when that deposit will be repayable, if at all. It should also clearly state what the arrangements are for arbitration in the event of dispute as to whether the deposit is to be repaid, as well as noting if interest is to accrue. The deposit should be held in a separate account until such time as it is no longer repayable to the tenant.

3.2 Lease renewals

Where a lease is to be renewed, all the necessary consents should be obtained. If there is a mortgage on the property, the lender's consent is likely to be necessary. If there is a superior lease, the consent of the freeholder or superior landlord may be required.

In some jurisdictions, in the absence of a new lease being granted by the landlord, a new lease may automatically come into existence by operation of law or simply by implication from the parties' actions. This will then continue until terminated. Where leases are to be renewed by contract, a procedure should be put in place for consulting the landlord well in advance of serving statutory notices.

Some leases may effectively provide automatic renewal on a period basis unless terminated by the tenants.

4 Managing real estate

When providing a real estate management service for clients there are a range of activities you will be required to undertake as agreed within your terms of engagement. This section gives advice on the activities undertaken by real estate managers. Following this guidance will help you to meet the following principles in this professional statement:

- 1 Conduct business in an honest, fair, transparent and professional manner.
- 2 Carry out work with due skill, care and diligence, and ensure that any staff employed have the necessary skills to carry out their tasks.
- 6 In all dealings with clients, ensure that all communications [both financial and non-financial subject matters] are fair, clear, timely and transparent.
- 10 Ensure that it is made clear to all parties with whom you are dealing the scope of your obligations to each party.
- 11 Where provided as part of the service, give a realistic assessment of the likely selling, buying or rental price, associated cost of occupancy or of the likely financial outcome of any issues, using best professional judgment.

- meet tenants
- inspect the property at reasonable times and intervals (out-of-hours meetings and inspections requested by tenants may be the subject of an additional charge to the client, depending upon your terms of engagement)
- that you provide 24-hour contact arrangements
- so far as is reasonably practicable, and consistent with statutory and contractual obligations, that you do not disclose personal information about tenants or landlords without their consent
- that you deal with written applications for permissions expeditiously and, when an application is refused, give reasons
- that you levy rents and other charges in accordance with the law, and manage the property in accordance with the law, the clauses of the relevant lease and your terms of engagement
- that you maintain efficient records relating to the building and decide for how long to keep records during any period of statutory limitation of action
- that you take out and maintain sufficient indemnity insurance cover or equivalent to protect your client's money
- that you take steps to keep yourself informed as to developments in any law affecting real estate management, to enable you to act wholly within the law.

4.1 General principles

Overall, real estate managers should manage property on an open and transparent basis, subject to maintaining confidentiality in respect of personal information. You should always deal with tenants constructively, courteously, openly and honestly throughout the term of the lease and the term of your instruction.

As a basis, you should ensure:

- that you do not do anything likely to interfere with the peace or comfort of tenants, or withdraw or withhold services reasonably required for the occupation of the premises with the intent of causing the tenants to give up possession
- that you have policies and procedures for responding to incidents of harassment from any parties
- that you have effective and fair policies and procedures for dealing responsibly with management matters
- that you are available to:
 - be contacted by telephone during normal working hours

The terms of engagement should specify the frequency of inspections and any reporting requirements. The frequency of inspections should be proportionate to the size and complexity of the scheme and the numbers of onsite personnel. You should also ensure that the tenant is aware of the address for the service of notices; this address should be within the same legal jurisdiction as the property, and could be your client's own address.

You should routinely monitor the quality and cost effectiveness of all services under your control. You should advise your clients and customers of your monitoring procedures and provide details of how they can bring any shortcomings to your attention. Any service delivery issues should be addressed without delay, with the client and customers kept informed of your actions. You should not act outside the scope of your authority and should take your client's instruction where necessary.

4.2 Rent

4.2.1 Rent demands

Where required you should submit rent demands in a timely manner and ensure that these are clear and will be

easily understandable by tenants. Any relevant taxation should be included in the demand.

4.2.2 Review of rent

You should follow the required procedure for any review of rent, whether that is a statutory procedure or the procedure set out in the lease. You should discuss the review with your client prior to service of any notice, in order that you are clear about their objectives and concerns; for example, they may prefer to keep a reliable tenant at a lower rent, rather than risk losing them. You should prepare full valuations to determine the appropriate rent for the rent review taking account of the provisions set out in the lease.

4.2.3 Rent arrears

You should ensure that you have an efficient system to monitor rents collected and those that go into arrears, with standard letters chasing payments not received. You should monitor closely whether rents are received when due and, if not, communicate promptly with the tenant.

Keep your client informed in writing of any significant arrears situation as soon as practicable; advise legal protection insurers of the situation, if cover has been arranged.

4.3 Inventory

While a property is within your management, and where appropriate to do so, you should hold an accurate and detailed inventory and schedule of condition, which have been formally agreed between the parties. Maintain a record of all agreed amendments that occur during the course of the lease.

4.4 Repairs

You and your client have an ongoing responsibility to ensure that the property is maintained to a safe standard. You should also have regard to the terms of the lease relating to the repair obligations of the parties.

When deciding on the appropriate level of repair, you should consider the age, character and prospective life of the property (or the relevant part), and the locality within which it is situated. You should be careful not to force the landlord to carry out repairs for which they are not liable, but in all instances bear in mind the need to ensure a safe environment for the tenants and those working on site.

4.4.1 Responsibilities

The extent of your authority to deal with repairs should be clearly defined in your terms of engagement.

You should notify tenants how and to whom repairs are to be reported, with an established procedure for dealing with urgent requests for repair work, particularly out of office hours. It is best practice to have a procedure in place for dealing with after hours' emergencies.

You should deal promptly with tenants' reports of disrepair, the remedying of which is the landlord's responsibility, in a manner appropriate to their urgency.

Where your client is responsible under the terms of the lease, or by law, for repairs, the lease may stipulate the procedure for you to inspect the property and view its condition. If this is stated in the agreement, then you should comply with it. If not, you should inspect the condition and state of repair of the property at reasonable times of the day, provided that reasonable notice in writing (at least 24 hours) has been given to the tenant.

4.4.2 Undertaking repairs

You should have regard to the lease and any appropriate laws in determining the respective repairing obligations of landlord and tenant.

You should ensure that a planned maintenance programme is put in place. While not all repairs can be predicted or pre-planned, and reactive works will be necessary on some occasions, the requirement for this can be minimised by good inspection and planning regimes. You should have adequate servicing contracts in place for any plant and machinery.

You should keep tenants informed of any actions or proposed actions and, where necessary, make convenient appointments for contractors to attend. Most repairs will be required to communal parts or services and should not therefore require individual access arrangements. You should notify tenants of target timescales for response to repairs, which may vary depending upon urgency. They should also be given details of contractors, start dates and any contact details prior to works being commenced. You should have control systems in place to ensure that works have been completed to an acceptable standard prior to authorising payment of any invoice.

You should use scheme inspections to inform a programme of planned and cyclical works. This can be used to influence budget calculations and ascertain reserve fund contributions.

You should arrange for repairs to be undertaken to completion in a reasonable time and, if necessary, to a pre-agreed programme. Works should be carried out so as not to cause undue inconvenience to tenants. In the unlikely event that works require tenants to be rehoused while they are undertaken (for example, for urgent, unplanned major works, or works required due to health and safety reasons), this should be negotiated with the tenants. You should consult tenants before a programme of works is commenced, unless urgency or the lease dictates otherwise. Works should be carried out to a reasonable minimum standard, so that unless they are of a temporary nature, they do not need to be repeated within a short period of time relative to their nature and reasonable expectations of them. Repair work should be cost-effective, taking into account its durability and expense. In certain circumstances, work that is considered not to be of a reasonable standard can be the subject of court action on the basis of a breach of contract.

When engaging contractors, you should work within your client's instructions, and should have due regard to issues of economy, efficiency, quality of service and speed. Initial quotes or estimates should have a sufficiently detailed breakdown, clearly setting out what is to be carried out and at what cost. Multiple quotes should generally be obtained particularly for larger contracts and you should consider seeking a warranty from contractors. You should also ensure that contractors have appropriate insurances in place.

You should ensure that you have sufficient funds available from your client prior to instructing a contractor, or that the method of payment has been agreed, prior to works commencing, between all parties. Contractors should issue itemised invoices for all works carried out, however minor, stating clearly for what the charges are made.

You should discuss with your client a programme of cyclical maintenance for parts of the buildings, including plant and services, which require regular maintenance. The programme should reflect realistically the cost of maintenance, including periodic redecoration work.

You should comply with statutory codes of practice to ensure safety to occupiers and the workforce and for the efficiency of repairs.

When arranging construction works, be aware that tenants are entitled to the 'quiet enjoyment' of their property. You should seek to minimise disruption and should consult tenants on the details and programme for carrying out any works. Reasonable allowance should be made in the programme for tenants' absence, for example, when they are away from the property when the works are being undertaken and access is required.

When repairs are the tenant's responsibility, you should ensure you have a proactive programme of inspection to ensure that these are adhered to. Where they are not, follow up promptly with a request for action.

4.4.3 Authorisation limits and client instructions

Your terms of engagement should specify the level of your authority to instruct contractors and commit to expenditure. The level of financial authorisation should be specified; this may vary according to the urgency of the works required. You should not exceed your authority to instruct contractors or exceed your financial authorisation without your client's instructions.

Any onsite staff should be aware of the (limited) extent of their authority to order urgent repair work.

4.5 Access

The lease should contain provision for entry in emergencies. In the event that you hold a spare key, entry should only be with the express consent of the tenant or in the case of a genuine emergency. Only consider forcing entry if the tenant is unavailable or does not answer in an emergency event, such as a fire, earthquake, or problems with gas, electrics or escape of

water, that pose real risk of injury or significant damage to the property.

Where the landlord is responsible under the terms of the lease or by statute for repairs, the lease may stipulate the procedure for you to inspect the property and view its condition. If this is stated in the agreement, then the landlord should comply with it. If not, you should inspect the condition and state of repair of the property at reasonable times of the day, provided that reasonable notice in writing (at least 24 hours) has been given to the tenant. You should, however, give tenants as much notice as possible that you require access and have due regard to any valid difficulties in providing access.

The tenant is entitled to quiet enjoyment of the property. Tenants should be reasonable in allowing access to the premises in order to fulfil obligations under the lease. If access is denied, you should write to the tenant advising that if access continues to be obstructed, and further damage occurs, the tenant may be liable.

4.6 Insurance

Usually, the insurance obligations of the parties will be set out in the lease. You should make both your client and the tenant aware of their responsibilities and the desirability of insurance and provide a copy of any relevant insurance policies to the tenant.

Where the obligations are not set out in the lease, it is best practice to:

- draw your client's attention to the risks against which the property and all its facilities should be insured
- ensure that the landlord has appropriate insurance for a let property, particularly where they are letting a former owner-occupied property for the first time; and, when so instructed, arrange the various insurances in accordance with your client's instructions and in compliance with the lease
- periodically review the extent of cover and the level of premiums
- consider insuring for the provision of alternative accommodation, if necessary, over and above that provided for in a standard policy; and, where appropriate, for the employers' liability, legal fees, fidelity, engineering, public liability and communal contents so as to protect the parties as far as reasonably possible from unexpected liabilities
- make clear who is responsible for public liability insurance
- have regard to your experience of specific insurance companies' handling of claims and general terms, as well as the premium being charged, when selecting an insurance company
- recommend an independent insurance broker in appropriate cases.

You should have sufficient detail of the building insurance available to enable a claim to be made if necessary. When a claim arises, make sure you process it promptly. You

may make a charge for this, depending upon your terms of engagement. You should ask the tenant or your client to sign the claim form. You should keep your client informed as to the progress of a claim or provide them with sufficient details to enable them to pursue the matter themselves if they are not satisfied.

You should notify insurers of claims at the earliest opportunity and should be aware that tenants have a right to notify insurers of possible claims.

When a claim has to be made for an insured risk on a buildings policy, it is increasingly common for the claim to be the subject of excess imposed by the insurance company. In these circumstances, you should consider whether the terms of the lease contain a provision that you are entitled to recover the excess from the tenant. Alternatively, where the tenant has paid a deposit, consider whether you are entitled to deduct the excess from the deposit. This should be clearly set out in the lease.

You should avoid making recommendations regarding insurance as some jurisdictions impose separate regulation on the provision of insurance advice.

4.7 Service charges

This section assumes that properties are let on leases that permit recovery of service charges on an open book fully reconciled basis, such as in the UK 'full repairing and insuring terms' or in the US 'Triple Net terms'. In other instances, service charges may be based on estimated costs or a fixed additional charge with no reconciliation. Similarly, certain costs may not be recoverable from service charges in particular markets, such as external or structural repairs or replacement of major items of plant and machinery.

Tenants may also have differing lease terms which could restrict the recovery of specific cost items or place a cap on the total costs recovered. However, in each case you should account clearly to your client for income and costs included within the service charges or any shortfall and the position in relation to non-recoverable costs to give your client an accurate assessment of projected and actual net income.

4.7.1 Service charge budgeting

You should calculate a service charge budget using due care and diligence to make an educated estimate of the expenditure required to maintain the development and services for the forthcoming period, typically a year, and beyond. The purpose of the estimated budget is to provide a robust benchmark for the monitoring of service costs throughout the period. You should use the best information available to estimate costs as accurately as possible: you should not purposefully underestimate costs or provide tenants with misleading estimates of future contributions required. The best information available is likely to include, in descending order:

- actual costs where contracts are already in place or where the actual costs for the following period have already been agreed. These should include any known

or anticipated major works or cyclical costs to be incurred during the year

- estimates based on the likely outturn of the current year, together with actual accounts for the last completed financial year and any known or likely variations or increases for the future year
- comparable evidence from similar schemes, which is often the best information available for some costs on new developments.

The budget should be approved by the client prior to the demand of any service charges. Where regulation does not set out how prepayments are to be calculated, initial service charge demands should be accompanied by a copy of the approved budget, with sufficient detail to enable tenants to understand the nature of the charges being levied and the rationale behind the level of estimated expenditure. You should be able to justify the reasonableness of any item of expenditure and the level of the charge, which should be in accordance with the terms of the lease.

Service charge reconciliations should be delivered to the tenant in accordance with local jurisdiction, regulations or in accordance with the lease terms.

4.7.2 Sinking and reserve funds

It is good practice to hold reserve and sinking funds where appropriate. If you are managing properties with no, or inadequate, reserve or sinking funds, and the lease permits, you should recommend future adequate provision to your clients.

4.7.3 Service costs

Services should be procured on an appropriate value-for-money basis. Competitive quotations should be obtained or the cost benchmarked. Your client should not profit from the provision or supply of services, although a reasonable commercial management fee may be agreed. The amount recoverable by an owner is limited only to the proper and actual cost incurred in the provision or supply of services. Any management fee should be on a fixed-price basis with no hidden mark-ups.

All costs are to be transparent, so that all parties – owners, occupiers and managers – are aware of how the costs are made up.

You should have regard to specific lease terms to identify what costs are recoverable as service charges and when they are due for payment.

4.7.4 Accounting for service charges

Service charge accounts should be prepared, and copies made available to all those contributing to them, in accordance with the terms of the lease. Copies should be made available to all those contributing to the costs as soon as possible following the end of the financial year and in accordance with local jurisdiction and regulation.

Service charge accounts should:

- only include expenditure reasonably recoverable as a service charge under the lease
- not include any income or expenditure directly attributable to the landlord
- be prepared on a pre-payments and accrual basis
- indicate clearly all items of expenditure and income receivable during the period.

4.7.5 Allocation and apportionments

Costs should be allocated to the relevant expenditure category. Where reasonable and appropriate, costs should be allocated to separate schedules and the costs apportioned to those who benefit from those services. This apportionment should ensure that individual occupiers bear an appropriate proportion of the total service charge expenditure, reflecting the availability, benefit and use of services. You should make a full apportionment matrix available to all occupiers, clearly showing the basis of calculation and the total apportionment per schedule for each unit within the property or complex.

4.7.6 Communication and consultation

Although landlords have the right to set the standard to which their investment will be managed, and have a duty to manage, you should consult with occupiers with regard to the standard and quality of service charge provision required. You should also communicate with occupiers to ensure that services are delivered effectively for the benefit of all and to be certain that occupiers understand what they can expect to receive and how much they are required to pay.

4.7.7 Duty of care

Those managing service charges have both a duty to manage the property and a duty of care to the occupiers (who entrust the spending of their own business overheads and cash flow by funding the services) and to the owners (whose investment they are servicing). There should therefore be clear policies as to how the service charge will be managed.

4.7.8 Financial competence

In incurring costs in the provision of services, you should be mindful that it is the occupier's money that you are spending. You should therefore demonstrate a high degree of competence, professionalism, integrity, diligence, objectivity and transparency in dealing with the service charge accounts.

Statements of accounts and the certification of expenditure should be issued and undertaken in a non-partisan spirit, as an expert. You should ensure that all costs have been incurred and are properly recoverable in accordance with the leases.

Service charge monies should be held in one or more discrete bank accounts. All interest earned will be credited to the service charge account, after appropriate deductions have been made, for example, for bank charges and tax. Where separate accounts per property

are not operated, a proper and reasonable amount of interest, calculated on normal commercial rates, may be credited to the account.

4.7.9 Right to challenge and dispute resolution

All new leases (including renewals) should make provision for either party to require the resolution of disagreements through the use of alternative dispute resolution (ADR), as a cost-effective alternative to legal action. If the parties cannot agree upon a mediator or independent expert to determine the dispute, the president of RICS may (on request) nominate a suitable person.

4.7.10 Timeliness

Communication and consultation between managers and occupiers need to be timely and regular, to encourage and promote good working relationships and a firm understanding of the provision, relevance, cost and quality of services. You should issue budgets to occupiers at least one month prior to the start of the service charge year. Detailed statements of actual expenditure, together with accounting policies should ideally be issued within four months of the service charge year end. If accounts are delayed those contributing to the service charge costs should be notified of the reasons for the delay and the delay should be no more than 12 months.

4.7.11 Transparency

Transparency is essential to achieving good communication and preventing disputes. It should be promoted in the accounts, explanatory notes and policies and in day-to-day management. Prompt notification of material variances to plans or forecasts ensures better relationships between owners, managers and occupiers.

4.7.12 Value for money

Service quality is to be appropriate to the location, use and character of the property. You should procure quality service standards to ensure that value for money is achieved at all times. The aim is to achieve value for money and effective service, rather than lowest price.

4.7.13 Service charge arrears

You should ensure that you have an efficient system in place to monitor service charges received when due and those that go into arrears. You should issue tenants with timely reminders and the terms of engagement should specify the extent of your services with regard to recovering outstanding service charges, noting any fees payable for those services. You should provide regular statements of service charge payments to all those who are making payments.

You should keep your client informed in writing of any significant arrears, as soon as practicable. Your client's instructions should be taken as to the appropriate next steps. If a solicitor needs to be appointed, this should be with your client's authority; it should be confirmed that

your client will be responsible for the costs until or unless recovered from the tenant.

4.7.14 Surpluses and deficits

The lease will often dictate how any surpluses or deficits arising at the end of the financial year should be dealt with. Regard should be given to the specific lease terms.

Unless the lease provides otherwise, you should not use any reserve fund as a 'float' for the credit of surpluses and the debit of any deficits.

4.8 Alterations and improvements

You should have procedures in place for responding to requests from tenants for permission for alterations and improvements required under the lease.

You should have regard to the lease terms, seek relevant information from the tenant and advise your client accordingly; do not try to impose any restrictions that are not provided for within the lease. Unless you have your client's express authorisation to deal with requests directly, you should seek instructions in a timely manner.

Where practicable, you should give tenants an estimate of the costs involved. It is usual to request any additional information required from tenants within five working days of receiving an application. Consider at an early stage what other consents will be required (for example, from a superior landlord or funders) and seek these. In consultation with your client, you should make decisions on consents for alterations within a reasonable period of time. You should also consider using external consultants to review the alterations.

Any investigations and fees should be appropriate to the complexity and level of work involved. It is likely that such fees will be administration charges, which are only recoverable to the extent that they are reasonable. Any demand should be accompanied by a summary of rights and obligations.

You should ensure that any guarantor will be liable for any alterations as with other lease terms.

4.9 Assignment and underletting

You should have procedures in place to deal with permissions for assignment and underletting. You should have regard to the lease terms, your client's instructions and permissions should not be unreasonably withheld. You should seek all relevant information from the tenant and ascertain instructions in a timely manner.

If your client is not the superior landlord, you should be aware that the superior landlord's consent may be required. The request should be passed on promptly to the superior landlord. Consent should also be sought from any existing lender.

You should assess the proposed new tenant's ability to pay relevant costs, particularly rent and any service charge. You should request written references from appropriate parties, such as accountants, trade suppliers and the previous landlord. If the tenant is a limited company, you should review the audited accounts for the last three years of trading. If this information does not give you sufficient comfort, or if the incoming tenant is of lower financial credibility than the original tenant, you should seek a guarantee from the outgoing tenant. This guarantee should be for the rent and other liabilities under the lease. Any information provided by the tenant should be kept confidential unless already publicly available.

4.10 Breach of covenant, enforcement and forfeiture proceedings

You should monitor compliance with lease covenants on an ongoing basis. Any breach of covenant should be brought to your client's attention without delay and instructions sought as to any enforcement action required. You should be aware of the doctrine of waiver and ensure that you do not compromise your client's position to take forfeiture action. You should take legal advice on this point where necessary.

You should be aware of any legal limitations on forfeiture.

4.11 Lease restructuring or changes to lease terms

Any requests from tenants for a restructuring of their lease or changes to lease terms should be promptly advised to your client. You should advise your client of the advantages and disadvantages of any proposal, taking account of prevailing market conditions and the desire to maintain a good working relationship between the landlord and the tenant.

A market appraisal should be undertaken to support any request and to provide full advice to your client.

4.12 Sustainability

You should have an environmental policy in place, ensuring that your management activities are undertaken in the best interests of the environment, with all possible steps taken to minimise environmental impact. You should also advise your client of opportunities to ensure sustainable practices.

When letting properties or renewing leases, you should pursue opportunities to introduce covenants that improve the environmental performance of a building. Covenants could require the sharing of data regarding energy consumption, waste sent to landfill and the recycling of waste and use of water.

You should aim to set joint targets between landlords and tenants regarding the minimising of energy consumption, and recycling, ensuring that a waste strategy is in place for multi-let buildings. Any such targets should recognise that variations may occur due to changes in the occupancy or

use of the building.

Decisions regarding alterations and changes to the building should be considered in the context of their effect on the environmental performance of the property.

Guidance regarding sustainability can be obtained from the United Nations Environment Programme at www.unep.org/dtie/.

4.13 Information management

You should use a system that will allow you to manage your client's property portfolios proactively and efficiently. Any such system should provide accounting facilities for rent and service charge collection, together with a property database to enable effective management and reporting. You should also use an information management system to record time and expenses for each of your clients.

4.14 Disputes

4.14.1 Disputes between occupiers

It is recommended that you have written policies and procedures for handling disputes between occupiers and complaints of nuisance from neighbours. The procedures you adopt for handling disputes should be made available and their existence made known, and should include response times for their various stages.

You should deal fairly with all parties. At times it may be appropriate to remind complainants that those they complain about may be able to produce counter-arguments in their defence, or counter-allegations to the complainant's grievances. It may occasionally be necessary to remind a complainant of the need for objectivity and confidence as to the grounds for the complaint. Consider whether, if you fail to act, there may be an action for breach of 'quiet enjoyment', although bear in mind that, in general terms, landlords have very limited obligations to intervene in complaints of nuisance or harassment by or about tenants.

On receipt of a complaint in writing, you should investigate and, if under your control, enforce the conditions of occupancy on other tenants in the building, subject to consideration of cost implications. If not under your control, you should advise the tenant to notify an appropriate authority. Take into account the requirements of the lease and the possibility of an action for breach of quiet enjoyment if you do not act.

In considering enforcement action, have regard to the availability of supporting evidence and the willingness of others to attend any hearing that may be necessary. You should also consider other methods of dispute resolution, such as mediation.

4.14.2 Complaints

You should always respond promptly to complaints about your work. To assist with compliance you should have a formal written complaints-handling procedure in place (see section 8.2.1).

4.14.3 Disputes between landlord and tenant

In resolving a dispute between a landlord and tenant, resort to the lease may involve extra costs. You should therefore try to resolve any dispute by informal means before turning to any formal provision in the lease.

Where not provided for in the lease, you should consider suggesting arbitration, or mediation by agreement, rather than litigation, as a means of settling particular disputes, and advise the tenant to seek legal advice on any such suggestion.

4.15 Termination of a lease

To terminate a lease, any prescribed legal notice should be served and, where necessary, legal action taken to obtain possession. If necessary, you should advise your client that they cannot obtain possession of the property either until the lease comes to an end and the tenant has vacated, or until a legal order is obtained and enforced. You should be aware of circumstances where a tenant will have security of tenure. All matters should be dealt with in accordance with the lease, fairly and promptly.

You should have a system in place to monitor the response from a tenant regarding the vacation of a property when notice has been served.

You should provide a schedule of dilapidations prior to the expiry of the lease to enable tenants to carry out any works. Any dilapidations that occur after that date should be notified as soon as practicable.

In obtaining estimates for restoring the property and contents you should keep all parties fully apprised of the situation and ensure that all your actions are duly recorded. You should endeavour to bring all parties to an agreed settlement or advise on other ways of resolving any outstanding issues.

Any vacated property should be thoroughly inspected within 24 hours following the vacation, or on the next working day, to establish whether it has been returned to the landlord in the condition specified in the lease.

A tenant's deposit should not be refunded until the final inspection has taken place and you are satisfied that the deposit is refundable. Partial or total non-return should be in accordance with the initial agreement in this respect. Make sure the grounds for any retention are provided to the former tenant in writing if requested. You should aim to refund the deposit within a maximum of ten working days.

If the tenant fails to vacate on the due date, this should be immediately investigated, with legal advice taken if necessary, with the landlord's approval. The landlord's legal protection insurers should be advised if a policy is in existence in this respect.

It may also be the case that a lease is surrendered early by negotiation, often involving a compensation payment.

5 Portfolio and asset management

As a real estate manager you may be involved in managing a single property asset or a portfolio of properties for a client. This section gives advice on ensuring maximum performance of individual real estate assets and the overarching planning, performance management and monitoring of a real estate portfolio. Following the guidance within this section will help you meet the following mandatory requirements:

- 1 Conduct business in an honest, fair, transparent and professional manner.
- 2 Carry out work with due skill, care and diligence, and ensure that any staff employed have the necessary skills to carry out their tasks.
- 6 In all dealings with clients, ensure that all communications [both financial and non-financial subject matters] are fair, clear, timely and transparent.
- 11 Where provided as part of the service, give a realistic assessment of the likely selling, buying or rental price, associated cost of occupancy or of the likely financial outcome of any issues, using best professional judgment.

5.1 Asset management

This section considers the management of individual assets to ensure maximum performance; it will also be of interest to the real estate manager managing a portfolio of properties where the individual performance of assets remains important.

5.1.1 Performance measurement

It is important to understand and measure the performance of individual real estate assets in terms of financial performance, which can include:

- rental growth
- capital growth
- return on capital employed
- operational costs.

'Softer' measures can also be taken into account, such as:

- occupier satisfaction
- employee satisfaction (of those working within the building)
- accurate and timely actions.

Other measures might include:

- environmental performance
- service charges.

All these measures should be benchmarked to comparative data.

5.1.2 Security of capital

Capital value in both nominal and real terms is one of the most important considerations for the real estate manager. It is, of course, acknowledged that leasehold interests are effectively wasting assets: at some point in the future they will come to an end and thus have no capital value. For these interests, it is necessary to ensure that your client receives sufficient returns to compensate for the ultimate loss in capital. This can be achieved by way of a sinking fund.

Capital values should be reviewed regularly and opportunities to increase them should be considered. Such opportunities may include:

- development
- redevelopment
- extension of the building
- lease restructures.

5.1.3 Security of income or indexation

It is vital to ensure the real value of future incomes and this may involve some capital investment. To ensure security of income, the following should be undertaken:

- regular rent reviews, at least in line with inflation
- lease restructures, following negotiations with tenants
- planned maintenance programmes
- environmental management
- an active disposal and acquisition programme.

5.2 Portfolio management

5.2.1 Introduction to portfolio management

Portfolio management seeks to ensure the optimal performance of a real estate portfolio. The concepts can be applied equally to occupier and investment portfolios and should aim to:

- develop the portfolio strategy
- determine the optimal portfolio composition
- undertake portfolio analysis, comprising both a retrospective analysis of performance and an assessment of potential future performance in terms of both returns and risk
- undertake portfolio rationalisation and adjustment based on the results of the portfolio analysis

review the strategic and tactical investment, or occupier objectives and decision criteria.

Portfolio management is a specialist area of practice requiring specific skills and experience. Not all property managers will provide this for their clients.

5.2.2 Portfolio strategy

Prior to developing a portfolio strategy for your client you should agree their ultimate vision for their portfolio. You should:

- understand clearly what your client wants to achieve
- understand the culture of your client's organisation
- ensure that your client is prepared to prioritise and take decisions
- ensure that your client is equipped to learn lessons from past projects and programmes
- understand your client's attitude to risk.

The vision should set a clear direction and goal, and should be challenging but achievable. From the vision, you can then agree key objectives with your client in terms of the performance of the portfolio over time. It is against these objectives that performance will be measured, so you should ensure that these are:

SMART:

Specific
Measurable
Attainable
Relevant
Timely

SMARTER:

They should also be capable of
Evaluation
Revaluation

These objectives can be set out as key performance indicators and should give a required rate of return for the portfolio or the individual assets within it.

The strategy itself should comprise three stages:

- selection: the selection of the particular type of portfolio that appears to be the most appropriate to achieving the client's objectives, and the selection of individual assets for this portfolio
- allocation: a decision as to the appropriate level of capital to be expended on the portfolio as a whole and on its individual sectors and assets
- timing: a decision on the timescales for the acquisition, disposal and any restructuring of the portfolio and its individual assets.

The implementation of the portfolio strategy may then involve acquisition, management and disposal of the individual properties within the portfolio.

5.2.3 Portfolio composition

The key objective of any portfolio should be to maximise returns for an appropriate and agreed level of risk. You should agree the required level of return and acceptable

level of risk with your client and include this within the portfolio strategy. The investments should be pursued through a strategy of diversification on three levels:

- among different investment media
- among different sectors
- among different assets.

5.2.4 Measurement and analysis of performance

Performance is about achievement against targets and objectives: the degree of achievement should be expressed in quantitative terms. The following sections give some examples of what this may be.

5.2.4.1 Measurement of performance of investment portfolios

For this type of portfolio, your client's required rate of return should be used as a key measure of performance; this return can be either time-weighted or money-weighted. In addition, you should assess the risk associated with the portfolio. This includes the following factors:

- variability of return on individual assets, groups of assets or sectors of the portfolio, and of the portfolio as a whole
- volatility of the rate of return on the portfolio – this will indicate the sensitivity of the rate of return on the market
- diversification of the portfolio
- downside risk of the portfolio: the probability that the specified rate of return will not be achieved.

If it is found that the portfolio has not performed to the targets set, or met the objectives, you should not automatically consider this as a failure of the portfolio. You should consider unforeseeable changes that occurred during the period and any external circumstances that could have had an effect.

Performance should be measured not just against internal targets, but with regard to external benchmarks. There are a range of market indices available and you should benchmark performance to those that are appropriate to your client's portfolio. When considering an appropriate index or indices to adopt you should take into account:

- the size of the underpinning database – this should be sufficiently large to allow reliable samples to be drawn
- data obtained from a representative sample of competent valuers, ensuring that this is sufficiently wide
- the independence of the sources of data.

There are three main types of index:

- whole fund
- derived from special index portfolios
- based on data drawn from special locations.

5.2.4.2 Measurement of performance of corporate real estate portfolios

For the measurement of performance of corporate real estate, it is unlikely that you will be able to use one single measure. A 'balanced scorecard' approach should be used that encompasses wider performance measures in addition to financial measures. The measure of performance should be linked to the corporate strategy. An example of a balanced scorecard approach is shown below:

<p>Financial perspective</p> <p>How does the portfolio look to the shareholders or financial stakeholders?</p> <p>Measured by affordability ratio (total occupancy costs as a percentage of gross income).</p>	<p>Customer perspective</p> <p>How do customers view the portfolio?</p> <p>Measured by an assessment of the perception of the service or experience provided.</p>
<p>Internal business perspective</p> <p>What should the portfolio excel at?</p> <p>Measuring how the physical environment influences business performance.</p>	<p>Innovation and learning perspective</p> <p>Can the portfolio continue to improve and create value?</p> <p>Measured by the flexibility of assets and how quickly change can be accommodated.</p>

(Source: Kaplan and Norton (1992))

An alternative approach is to adopt a 'performance matrix' focusing on measures for the key organisational stakeholders. These could include:

- employees
- facilities management and real estate teams
- business units
- corporate stakeholders.

5.2.5 Action planning and prioritising

Following an appraisal of portfolio performance, the next stage should be to establish an 'action plan' to focus on important areas of improvement, rationalisation requirements, and restructuring of the portfolio, and to maintain progress that has been made.

The plan should set out clear actions, identifying who will take responsibility for each, with a timetable for progress and achievement. This should be agreed with the client.

5.2.6 Communication

The appraisal and measurement of the portfolio's performance should be communicated to the primary stakeholders, with a process for this agreed with your client. It is vital that all parties identified in the action plan have the opportunity for input into this process.

Good communication should ensure that progress against objectives is clearly reported. There will be a need to ensure communication to different stakeholders with different messages and reporting structures simultaneously.

6 Ending the instruction

This section provides guidance on ending the instruction with your client. The instruction may be ended by either yourself or your client. It may be at the natural end of your work such as a sale of the property you have been managing or as a result of a decision taken by yourself or your client.

Following this guidance will help you to meet the following mandatory requirements in this professional statement:

- 1 Conduct business in an honest, fair, transparent and professional manner.
- 2 Carry out work with due skill, care and diligence, and ensure that any staff employed have the necessary skills to carry out their tasks.
- 6 In all dealings with clients, ensure that all communications [both financial and non-financial subject matters] are fair, clear, timely and transparent.

6.1 Written confirmation

If you receive instructions from your client that they wish to terminate your instruction, or if you decide that you wish to cease to act for them, you should confirm in writing that you are no longer acting for them, noting the actual date of termination and details of any fee or charges the client owes you or may owe you. You should also explain any outstanding liability the client may have in terms of fees. An invoice should then be issued in accordance with the relevant local legislation (see section 6.2).

Your terms of engagement should provide clear means of termination if either party breach its obligations. It should also provide for a clear period of notice and means of termination, on behalf of both parties, irrespective of any fault (for example, that both parties should be free to terminate after the expiry of a specified period of time).

You should deal with any handover in a professional, competent and efficient manner, within agreed timescales. All relevant information should be handed over with the minimum of delay to your client or the new real estate manager.

Your terms of engagement should contain comprehensive details of the services to be undertaken, and information to be provided to the client, or any other agent appointed, following termination.

6.2 Invoice

Whether your instructions come to an end when you complete the work for your client, or because either you or your client wish to terminate the instructions, your client may owe monies to you. You should submit an invoice clearly

setting out all costs owing, itemising the fee owing and any expenses (in accordance with your terms of engagement) and taxes. This should be sent to your client within a reasonable time of your instructions coming to an end.

If you intend to charge your client a fee for terminating the instruction, this should have been made clear in the written terms of engagement you agreed with them.

The terms should specify the amount of the fee and its purpose.

A final receipt should be sent to your client when the invoice is paid, confirming the final amount received.

6.3 Handover of documentation

For the sake of future clarity, your terms of engagement should confirm which information belongs to the client and which remains your property. The majority of documents held by you will belong to your client, having only been held by you on their behalf during the term of your instruction.

You should agree arrangements for handing over all your client's documents in a timely manner. Keep a copy of your clients' letters to you and your file copies of letters or reports to them. These are your records of contract.

You should be aware of any legal transfer of undertakings that may apply in your jurisdiction. This may apply to individuals employed by sub-contractors as well as managing agents themselves.

6.4 Accounting for clients' monies and service charge funds upon termination

This can be an area of dispute between real estate managers and their former clients. Your terms of engagement should give clear provision for how and when clients' monies and uncommitted service charge monies are to be calculated and handed over to your client or their appointed agents.

You should have regard to section 8.3.2 on holding and remitting client funds. Ensure that you can account immediately for any money that you hold directly on behalf of a client.

Service charge monies will usually be handed over in two stages. At handover, the outgoing manager should produce the balance of funds held that are not required to meet commitments already made, with the remaining balance being handed over at an agreed later date, along with the statement of accounts made up until the date of handover. It is important that this procedure and timescale is detailed within your terms of engagement to avoid unnecessary disputes.

It is recommended that independent certification of the final statement of accounts and the balance of monies to be remitted to your client is arranged.

7 Safety and security

This section provides guidance on safety and security, including health and safety at work, personal safety, looking after the safety of others, and the security of data.

Following this guidance will help you to meet the following mandatory requirements in this professional statement:

- 1 Conduct business in an honest, fair, transparent and professional manner.
- 2 Carry out work with due skill, care and diligence, and ensure that any staff employed have the necessary skills to carry out their tasks.
- 12 Ensure that all meetings, inspections and viewings are carried out in accordance with the client's lawful and reasonable wishes, having due regard for the security and personal safety of all parties.

7.1 Confidentiality

You should maintain the confidentiality of matters with which you become acquainted during your instruction.

7.2 Data protection

You should be aware of the local legislative requirements regarding the holding and handling of information and data in your country of practice. As an overall guide, you should ensure that any personal information is:

- fairly and lawfully processed
- processed for a defined purpose only
- adequate, relevant and not excessive
- accurate and up to date
- not kept for longer than is necessary
- processed in line with an individual's rights
- secure
- not transferred to other countries without adequate protection.

As a real estate manager, you should bear in mind the potential damage that could be caused to clients by the careless or unauthorised disclosure of their personal data and information. Note that issues of client confidentiality may apply to particular types of personal data, including those provided by a client. Not everyone within a particular firm may be entitled to access the data and it should not be made available to other parties.

7.3 Health and safety

Health and safety requirements refer to sensible, proportionate actions to protect people. You should at

all times respect the local legal requirements concerning health and safety that are valid in your country of practice. Not taking the necessary actions to protect people from avoidable dangers in the workplace could be a legal offence.

Employers and employees also owe a duty of care to anyone who may be affected by their actions, where effects of their actions are reasonably foreseeable.

7.4 Personal safety

Work as a real estate manager exposes you to a range of potential areas of risk to personal safety: you will be visiting properties, meeting people you may not know, travelling between visits and keeping your own personal diary of meetings and arrangements. It is critical that you take all necessary precautions to ensure both your own personal safety and the personal safety of anyone in your charge.

As with general health and safety at work, you should undertake a risk assessment when you are going to be working away from the office – either at a different office, your home, or visiting properties or undertaking inspections.

8 Business management

This section provides guidance on issues relating to the management of your business that are relevant to any size of real estate management business – from sole practitioner to large multinational practice.

Following this guidance will help you to meet the following mandatory requirements in this professional statement:

- 1 Conduct business in an honest, fair, transparent and professional manner.
- 2 Carry out work with due skill, care and diligence, and ensure that any staff employed have the necessary skills to carry out their tasks.
- 8 Ensure that all client money is held separately from other monies in appropriately designated accounts and is covered by adequate insurance.
- 9 Have adequate and appropriate professional indemnity insurance or equivalent in place that complies with the RICS Rules of Conduct. Having proper cover is a key part of managing your risk.

8.1 Advertising and marketing your services

Any marketing material should be honest and professional and you should not seek business by improper means. All advertisements should meet the standard of fairness, decency, accuracy and honesty, as required by relevant legislation.

8.2 Handling complaints

This section considers the way in which you should handle any complaints that are made to you or your organisation.

8.2.1 Complaints-handling procedure

Real estate managers should operate a complaints-handling procedure and make this available to all clients. This procedure should be in writing and should explain how to complain to your organisation (for example, to a senior member of the firm or to the firm's designated complaints handler) and what to do if the client feels the complaint has not been dealt with adequately.

Whenever you issue terms of engagement, these should make clear to the client that you operate a complaints-handling procedure.

8.2.2 Acknowledging a complaint

Some complaints may initially be made verbally. You should draw the complainant's attention to your

complaints-handling procedure, which should firstly require formal complaints to be made in writing (by email, letter or fax). You should acknowledge all complaints in a timely manner, generally within three working days.

8.2.3 Investigating a complaint

You should try to resolve any complaint internally through your complaints-handling procedure, providing a formal written outcome of your investigation to the complainant in a timely manner, generally within 15 working days. If the complainant remains dissatisfied, you should explain how they can pursue their complaint within your organisation. Ensure that the complaint is dealt with by a member of staff who was not involved with the original transaction, or ideally, by your designated complaints handler. Following their investigation, you should send the complainant a formal written statement expressing your final view and including any offer made. This statement should also tell the complainant how they can take the complaint to your redress scheme and any deadline for doing this.

8.2.4 Keeping records of complaints

You should record all complaints, whether verbal or written, at the time they are made.

8.3 Handling clients' money

There may be instances when you are asked to hold a client's money for them. This section provides guidance on safeguarding against money laundering and how to account for clients' money. You should ensure you have robust financial management systems in order to safeguard against the potential for fraud.

8.3.1 Safeguarding against money laundering

Money laundering is the way criminals conceal the origin and true ownership of the proceeds of their criminal activities, so that they appear to have come from a legitimate source, thereby changing the proceeds from 'dirty' money to 'clean'.

It is extremely important that you have procedures in place to prevent and identify money laundering within your company. You should put in place anti-money laundering controls to anticipate and prevent your business being used by criminals to launder money or to fund terrorism.

Refer to RICS' *Money laundering guidance* (2011) for further information.

8.3.2 Clients' accounts

If you receive clients' money in the course of real estate management work, you should keep sufficient accounts and records to show that you have paid that money into

a formal client account and be able to show and explain readily at any time all dealings with that money.

Clients' money should be held separately from other monies and agents should be able to account immediately for all the funds held. No deductions should be made from clients' money without written permission from the client. You should also ensure that you obtain your client's consent at the time of any deduction or that you give your client sufficient notice prior to the deduction to object to it. You should be able to account immediately for any money that you hold on behalf of a client.

In addition, you should advise your clients in writing that you will not be liable to repay lost money through bank failure.

Money should only be withdrawn from a client's account in the following cases:

- where it is properly required for payment to, or on behalf of, the person entitled to ask for it
- for payment of any remuneration or reimbursement of expenses in carrying out estate agency services to which the estate agent is entitled, with the agreement of the client. Such agreement should be evidenced in writing
- in the exercise of any lien to which the agent is entitled
- for transfer to another client account
- when non-client money has been used to open or maintain the account.

Bank charges should not be debited from a client account, but from your office account.

In the case of a dedicated client bank account, it is common practice to debit bank charges; however, it is advisable to obtain the written permission of the client in advance and to take steps to ensure that the account does not go overdrawn as a result of the charges.

A client account should at all times be in credit. There should not be any 'borrowing' from one client's fund to pay another client or those entitled to receive money from the latter's account.

8.4 Recovering outstanding debts

Direct deduction of fees from a client account or from sale proceeds by a lawyer is the easiest way to avoid problems over payment. However, this should not be done without the prior authority of the client

If you do not receive payment of a client's invoice within the time period specified in your terms of engagement (and on the invoice), your first step should be to write to the client to remind them that this is outstanding, giving them a further reasonable period in which to pay. If you intend to charge interest, you should refer to this in your letter.

If you still do not receive payment, this step should be followed up with a telephone call to ensure that the client has received the invoice and to agree when this will be

paid. If payment is still withheld, you could take legal advice. Alternatively, you could consider:

- negotiation – this might involve agreeing a phasing of the payment, if your client is experiencing financial difficulties
- mediation
- conciliation
- arbitration.

Whichever method you use to recover outstanding debts, you should continue to seek payment by way of telephone follow-up and to maintain contact with your client. If you are aware that they are in financial difficulties, you should try to negotiate a payment plan with them.

Before taking any legal action, you should seek advice from your legal advisers.

8.5 Insurance

You should ensure that you have all the necessary insurances in place for your business. The insurances you should consider will depend upon the country within which you practise, with some insurances being mandatory in certain countries.

8.5.1 Professional indemnity and errors and omissions insurance

If you are self-employed, or a senior manager of a company providing real estate management services, you should ensure that all your professional work and that of your professional staff is covered by adequate and appropriate professional indemnity insurance. This will protect you from the consequences of a liability to pay damages to a third party in respect of breaches of professional duty committed in the course of professional activities. It will also protect your clients from suffering financial loss that you or your company are not able to meet.

8.6 Training and keeping up to date

In order to maintain your skills and expertise in your sphere of activity and in the real estate market you should keep up to date regarding all issues that may affect your work. These may include:

- legislation
- regulation
- policies
- the state of the real estate market
- general economic conditions
- property values
- interest and lending rates, where applicable.

This could include reading relevant publications, internet and other research, attending training and conferences

and reading RICS guidance material. Where you are managing other real estate managers, you should ensure that support is provided to allow them to keep up to date as well, and to attend relevant training events. Ensure that arrangements are in place to mentor junior staff and to enable new members of staff to be introduced to the international and local standards applicable to their work.

The continued development of your expertise and that of your staff will ensure that real estate management is conducted with skill and professionalism and within all legislative requirements as well as within the requirements of this professional statement.