

Edited in collaboration with: Association of Real Estate Owners Zurich („Hauseigentümerverband Zürich, HEV“), Swiss Real Estate Association SVIT Section Zurich („Schweizer Verband der Immobilien-Treuhänder SVIT Sektion Zürich“), Association of Real Estate Companies Zurich („Vereinigung Zürcher Immobilienfirmen, VZI“); 2007 edition. For the sake of simplicity, there will be no use of female terms such as „Landlady“, instead the terms „Landlord“ etc. will be used as a general term.

1. Delivery

At the beginning of the lease („commencement date“), Landlord shall provide Tenant with the Rental Property („Property“) in a clean condition and suitable for the use agreed upon. Tenant is not entitled to a Property in mint condition.

Unless otherwise provided by the Parties, delivery of the Property shall take place at the commencement date from 12 PM on. Should this date fall on a Saturday, Sunday or statutory local or federal holiday, the commencement date shall be the next local working day.

The parties shall record the Property's condition in writing at the time of the delivery. Defects recorded after delivery shall be provided by Tenant to Landlord, with a written notice, **within a notice period of 14 days** since delivery. Should Tenant fail to provide Landlord with such notice, the Property shall be deemed to be delivered in the recorded condition.

Tenant shall bear all costs for the preparation and installation of uniform nameplates at the doorbell, mailbox, elevator, apartment door etc.

2. Record of Keys

The Parties shall make a list of all keys to the Property at its delivery.

Additional keys shall be produced only with Landlord's prior written consent and they shall be returned to Landlord without any compensation at the end of the lease.

Keys lost during the lease term shall be replaced by Tenant at his expense at the latest at the end of the lease. Landlord is entitled to exchange or modify the corresponding locks and keys in case of any loss of keys. Should the Property be secured by a protected lock system, such lock system may be exchanged at Tenant's expense as well.

3. Use of Property

Tenant shall use the Property only for the purpose agreed upon. Any modification, including any increase of persons living in the Property as agreed upon, requires Landlord's written consent.

Tenant is obliged to considerate other tenants, to use the Property with proper care and to keep any damages therefrom. The Property is to be regularly filled with fresh air. At heating periods, the heating shall never be interrupted completely in any room. Tenant is liable for any damage caused by harmful and negligent use of the Property.

4. Maintenance of Property

A Landlord's Duty

Landlord shall maintain the Property in a condition suitable for the contractual use and shall repair defects. Tenant's obligation to repair minor defects (see below para B) is reserved. Tenant has to immediately notify Landlord in writing about defects to be repaired by Landlord. Tenant is liable for any damages caused by failure of such notification.

Tenant is obliged to notify immediately the janitor, Landlord or Landlord's representatives respectively, in the event of suddenly appearing defects which constitute an emergency and whereby immediate action is required; or in the absence of Landlord or his representatives, Tenant himself shall take or have taken, as far as possible and acceptable to Tenant, immediately any measures required to prevent further harm. Tenant is liable for further damages caused by failure to do so.

Tenant shall, at any time, permit repair work to be executed which is required to maintain the property. If Tenant fails to give contractors access to the Property, he shall be liable for eventual additional costs and damages.

B Tenant's Duty

Tenant is obliged to regularly clean the Property, including, but not limited to, the windows, window frames, window blinds, roller shutters, roller blinds and jalousies and also balconies, terraces etc. to the drainages.

Tenant is responsible for the care of plants belonging to the Property and to the patios, balconies and terraces. Tenant shall, in addition, prevent any excessive growth of the plants.

Tenant shall replace any broken windows with windows of the same quality, unless the windows have been broken by third-parties or by cracks in material, as evidenced by Tenant.

Tenant is obliged to clean or completely replace dirty or broken roller blinds caused by exposure to bad weather.

Tenant shall be responsible for repairing minor defects necessary for the normal use of the Property. Such minor repair work shall be executed professionally.

Part of such **minor repair work**, regardless of its costs, are the following activities:

- Maintaining the installations, devices and apparatuses in kitchen and bathroom (replacement of defective sheet pans and griddles, refrigerator equipment, dishwasher installations, mirrors, shower head and roar, toilet seat and cap, dental glasses and soap trays, closures of bathtub and washbasin, seals on tap, the toilet's elevated cistern, dishwasher, oven, refrigerator, ceramic hobs, cookers and burners for gas stoves, etc.);
- Replacing electrical switches, outlets, fuses, lamps and lamp covers belonging to the Property;

- Replacing roller shutters and straps of roller blinds, winches, ropes and ribbons of jalousies;
- Oiling and maintenance of hinges and locks on doors and cup boards;
- Regular decalcifying of boilers in the apartment, decoking of fireplaces and oven-systems. Unclogging of drains to the main line;
- **And all minor repair and maintenance work which does not, in a single case, exceed 1% of the annual net rent.**

5. Renovation and Structural Modifications by Landlord

Renovations and modification of the Property shall, without the consent of the Tenant, only be permissible if acceptable to Tenant and the lease agreement has not been terminated. Such work is permitted, however, during an eventual extension of the lease without the permit of the Tenant as well. Tenant's claims for a reduction of the rent or for damages are reserved.

Construction work, renovations and new installations, including, but not limited to, significant disturbances which interfere with the use of the Property or which result in a modification of the lease (such as an increase of the rent) shall be announced by Landlord in time.

Tenant has to grant access to the Property to workers and suppliers until the completion of the construction work and afterwards for the repair of defects covered by Landlord's guarantee.

Tenant shall be given due consideration during such construction work. No work shall be executed during Sundays, holidays and generally during the usual rest hours.

6. Modifications by Tenant

Tenant's renovations and modifications in and of the Property require Landlord's prior written consent. The same applies to installations and construction outside the Property (for example shades, outside signs, posters, showcases, antennas, parabolic reflectors) and for the modification of existing installations.

If such modifications of the Property caused and paid for by Tenant, with Landlord's prior written consent, constitute a significant value added, Landlord is entitled to take over such modifications against financial compensation therefor. However, in general, Tenant is not entitled to such compensation. Upon Landlord's request, Tenant shall have the Property reinstalled in the original condition at his own costs.

During the lease term, Tenant is responsible for the maintenance and for replacements of any modifications caused by him. Additional costs caused by Tenant's modifications, including, but not limited to, additional costs of the house insurance, shall be borne by Tenant.

In the event of major modifications of the Property, Tenant shall provide Landlord, before beginning such work, with a security (such as a deposit on a blocked bank account, a bank guarantee etc.) in the amount of the total costs to be expected. Should Tenant fail to provide a security for the total costs and a construction worker should cause a lien to be placed on the Property, Tenant is obliged to immediately provide such security. Tenant's failure to provide such security within one month shall entitle Landlord to terminate the lease extraordinarily regardless of the termination period.

7. Private Installations

Tenant shall use private installations which have a water connection (such as washing machines, tumbler dryer, dish washer etc.) only with Landlord's prior written consent. In addition, such installations shall be done exclusively by workers with a valid statutory professional permit.

The installation of private apparatuses (freezers and other cooling devices) to the general electricity supply in Tenant's part in the basement or in the attic shall only be permissible with Landlord's prior written consent. Such installations shall in addition be done exclusively by workers with a valid statutory professional permit.

In such cases, Landlord is entitled to charge Tenant, in addition to the rent payments agreed upon, with a monthly fee for water resp. electricity.

8. Landlord's Right to Visitation and Access

Landlord and his representatives are entitled, with a **prior notification of 48 hours**, to access the Property required to exercise Landlord's legal rights as owner of the Property and for necessary repairs and renovations. Furthermore, they shall be entitled to visit the Property together for the purpose of sale or rent negotiations from Monday until Friday between 8 AM and 5 PM and Saturday mornings until lunchtime. Such visits shall be limited to the minimum.

Should Tenant intend to leave the Property unused for a longer time period (more than three weeks), he shall appoint a person who is in possession of the Property's keys. In case of short periods of absence, the deposition of the key within the building will be sufficient.

9. Sublease

Tenant shall sublease the Property, complete or part thereof, only with Landlord's prior written consent.

Landlord may refuse such consent if:

- Tenant refuses to inform Landlord of the terms of the sublease;
- The terms of the sublease are grossly disproportionate compared to those in the lease agreement;
- significant disadvantages to Landlord arise from the sublease.

Tenant shall inform Landlord about the intended terms and the personal data of the subtenant **in advance**. Landlord shall receive a copy of the sublease agreement after conclusion thereof. Modification of the sublease terms shall be announced immediately to Landlord.

Tenant shall be liable to Landlord that the subtenant shall use the Property in no other way than permitted to Tenant. Landlord may directly request Subtenant to do so.

In addition, leaving the Property to a third-party without compensation shall require Landlord's written consent.

10. Animals

Small animals such as hamsters, canaries, and fishes may be kept in the Property as long as Tenant shall limit the number of such animals to a reasonable, normal degree. Tenant shall keep any animals in compliance with the Property's hygiene regulation. Rodents are to be kept constantly in a cage. Keeping rodents outside of cages in the Property is not allowed.

Keeping larger pets such as cats, bunnies, dogs, parrots, reptiles, and setting up aquariums containing more than 300 litre requires the prior written consent of Landlord.

Such consent may be revoked based on important reasons and after two written notices sent by registered mail, taking effect after a time period of three months.

Should Tenant keep animals, he shall have a sufficient insurance covering any damages caused by the corresponding animals. The same applies to damages caused by aquariums.

11. Modifications of the Rent and of Other Rental Terms

A Contracts for an Indefinite Term

Landlord is entitled to unilaterally adjust the lease payments and modify other lease terms, at the expense of Tenant, with effect upon the next possible termination date. Landlord has to inform Tenant of such contractual modification at least ten days before commencement of the termination period in the mandatory form.

B Lease Agreements with a Minimum Term / Fixed-Term Contracts

If the parties have entered into a lease agreement with a minimum term of at least five years or if the lease agreement cannot be terminated for a term of five years by Landlord, the rent is indexed. The rent may be adjusted once a year to the federal index of consumer prices based on the following formula:

$$\text{Adjustment of Rent in \%} = \frac{\text{New Index} - \text{Old Index}}{\text{Old Index}} \times 100$$

Landlord may adjust the rent for his additional performances even under a lease agreement with a fixed-term. The same applies to the introduction of new additional costs and to adjustments of flat-rate additional costs or of retainers paid for such purpose.

Landlord shall notify Tenant of adjustments of the rent or of additional costs with a 30-day notice period taking effect on the first of a calendar month in the legally required form.

12. Additional Costs

A In General

Additional costs are the compensation for taxes and dues and for actual expenses of Landlord or a third-party in connection with the use of the Property, such as heating costs, warm water expenses and operating costs.

Additional costs for which Tenant is charged directly by a public provider such as governmental agencies or by a private supplier (including cable system providers) shall be paid directly by Tenant, even if such costs are not listed explicitly in the lease agreement. Besides, additional costs are only owed if they are explicitly provided for in the lease agreement; else, the costs therefor are part of the net rent.

If Landlord chooses to charge Tenant for additional costs separately, Tenant is entitled to review all relevant documents at Landlord's place (it is specified that no delivery of such documents shall be made to Tenant).

B Fixed Amounts

Fixed amounts (flat fees, lump sums respectively) for additional costs shall correspond to the expected expenses. The parties agree that they will not record the detailed costs and payments and accounting of costs shall not be made.

C Retainer Payments

Tenant shall regularly pay in advance a retainer for the additional costs whose amount shall be agreed upon by both parties and which shall be mutually settled after the calculation period. Any claims for further payments or for refunds shall be paid within 30 days after acknowledgement of the invoice.

D Accounting for Costs

Landlord shall provide Tenant with a record of the effective additional costs at the accounting date agreed upon by the parties.

Such accounting over agreed upon additional costs shall be deemed accepted unless Tenant objects against it in writing within 30 days since receipt. Should Tenant request insight into Landlord's documents within those 30 days, he may do so within the next 30 days ("insight period"). The time period to file Tenant's objection commences at the day at which Tenant has had insight into the relevant documents, at the latest however at the end of the insight period.

If Tenant leaves the Property during the accounting period, he shall not be entitled to a pro-rata record of the additional costs. He will receive a record of additional costs created according to the usual customs after the accounting date.

E Distribution of Additional Costs

Additional costs shall be distributed among several tenants according to a plan which takes into account the specific real estate property ("distribution plan").

Landlord shall bear heating and warm water costs for apartments and offices not rented out. If no instruments to measure the consumption of heat by specific users are installed and if not leased apartments and offices are heated only as much as required to prevent frost damages, Landlord shall only bear a part of the heat costs of apartments and offices as distributed according to the distribution plan. Such part shall generally be $\frac{1}{3}$ for two- and three-family-houses, $\frac{1}{2}$ for four- up to eight-family-houses, $\frac{2}{3}$ for larger buildings and for office buildings.

No reduction of additional costs shall be granted if Tenant reduces his own heating behaviour.

F Additional Costs to be Charged to Tenant

F1 Heating and Warm Water

Part of the costs for heating and warm water are (not limited to):

- fuels and energy consumed;
- electricity for the use of burners and pumps;
- operating costs for alternative energies;
- cleaning of heating system and of chimney, scraping, burning and oiling of the boiler and removal of waste and slag;
- periodical maintenance of heating system including the oil container and decalcifying of warm water installation, boiler and pipe system;
- measuring of consumption and service for charging tenants for the heating costs based on their consumption, as well as for the maintenance of the necessary installations;
- maintenance,
- insurance costs covering exclusively heating and tank systems;
- administrative services (cp. F3).

If Landlord receives heating energy or warm water from a source outside of the real estate property, he may charge Tenant for the effective costs.

17. Insurance

Tenant is recommended to conclude a liability insurance covering, inter alia, damages by Tenant during the whole lease term.

Such insurance shall cover the risk of breaking any mirrors, windows, glass/ceramic/stone installations such as, cooking surfaces, kitchen counter tops, sinks, toilets, bathtubs and specific risks pertaining to the Tenant.

Tenant is responsible for the security (burglary, theft and others) of the Property. Landlord refuses any liability for conversions and extensions of the Property executed by Tenant. Tenant shall be solely responsible for the corresponding insurance.

18. Correspondence Address

The place of the rental Property shall be deemed the rightful address for all correspondence by Landlord towards Tenant and the Tenant's spouse/partner, unless Landlord was provided with another address in writing.

19. Changes of Marital Status / Registered Partnership: Duty to Notify

Tenant shall inform Landlord in writing, within 30 days, of any marriage, separation, divorce, death of a spouse, beginning and termination of the household between spouses, including any new relevant changes of name and addresses.

The same applies to changes of registered partnerships and to changes of communes and roommates.

In case of non-compliance, the Tenants shall be liable for eventual damages and they acknowledge Landlord's right to offset such claim with Tenants's deposit.

20. Authorization to Inquiries

Tenant authorizes Landlord to request information about Tenant's marital status or the registration of the partnership. All competent institutions are hereby authorized to provide Landlord with the requested information.

21. Breach of Lease Agreement / House Rules

In case these general conditions are supplemented with house rules in the specific Property, such rules shall be deemed part of these general conditions. In case of serious and repeated breach of the lease agreement and/or the house rules and if such violation is not removed within 30 days after receiving Landlord's written notice, Landlord shall be entitled to terminate the lease agreement with a termination period of 30 days with effect at the end of the month based on Article 257f para. 3 Code of Obligations.

22. Applicable Law / Jurisdiction

Unless provided otherwise by the parties in this agreement, the provisions of the Swiss Code of Obligations (Art. 253 ff. CO) shall apply. The ordinary court at the place of the Property shall have exclusive jurisdiction for all disputes arising from this agreement.

Please note:

The Parties agree that the German version of the Lease Agreement and of the General Terms and Conditions shall be exclusively applicable to all matters, including interpretation of such documents. In case of contradictions between the German and the English translated version, the German documents shall prevail. Only the German version of the Lease Agreement and of the General Terms and Conditions has to be signed and has binding effect.

In the case of heaters placed on each floor, all costs in connection with the operation thereof shall be borne by Tenant. Tenant is responsible for the maintenance of such systems and for the supply of fuel.

F2 Operation Costs

Separately listed costs recorded under the title "operation costs" shall be accounted based on the effective expenses.

F3 Administrative Costs for Heating, Warm Water and Operation Costs

Landlord is entitled to charge Tenant for his administrative services (e.g., purchase, supervision, accounting, invoicing etc.) in connection with the costs for heating, warm water and operation based on a percentage of the total sum invoiced to Tenant or based on hours effectively spent.

13. Termination

The lease agreement may be terminated in the form provided for by law and by the lease agreement and in compliance with the termination period and termination dates. The termination shall be explained upon request. The requirement of the termination period is met if the termination notice (i) has arrived with the other party, or (ii) is deposited with the postal service ready to be picked up, at the last day before the end of the termination period.

If the lease agreement is entered into for a definite period of time, the lease term ends automatically when the period expires, and no notice needs to be given. If the lease is extended over the specified term without any termination, the lease agreement converts to a lease agreement with an indefinite term.

A Particular Provisions for Family Residences

If the Property is used by spouses or partners registered under the Federal Act on Partnerships, the Landlord has to file a termination notice separately to both spouses, respectively partners, in the mandatory form. Tenant's termination notice needs to be co-signed by his spouse, respectively by his partner.

B Termination Outside of the Termination Period

Should Tenant wish to terminate the lease agreement without fulfilling the requirements of the termination period and/or the termination date, he must present Landlord an acceptable, solvent replacement as tenant. Such replacement needs to be conform with the type of other tenants and needs to accept the current lease agreement at the existing terms. Otherwise, Tenant shall remain liable for all rent payments until the date when the lease agreement could be terminated in compliance with the contractual terms. It is Landlord's exclusive right to conclude the new lease agreement. If it is definite that Tenant shall not find a replacement in the sense of the applicable law, Landlord has to endeavor to rent out the Property in order to comply with his duty to minimize damages. Any additional necessary costs incurred by Landlord shall be borne by Tenant (e.g., costs for ads).

Termination of the lease agreement not in compliance with the termination period and with the termination date shall only be possible with effect at the end of the month. Tenant's written notice to Landlord shall be filed at least 30 days before the Property's intended return. Tenant shall remain liable for all obligations arising from the lease agreement until the date when the Property may be leased to a third-party (commencement of such lease), at most until the next possible termination date.

14. Return of Property

The Property shall be returned in good condition in consideration of wear and tear resulting from the contractual use and in consideration of the Property's condition at the beginning of the lease. The Property shall be returned completely cleared, cleaned and with all keys according to the local customs, at the latest however on the day after the end of the lease at 12 PM. Should this day be a Saturday, Sunday or a local or federal holiday, the Property shall be returned on the next following working day until 12 PM at the latest. Tenant's renovation and maintenance work shall be executed properly and professionally and finished by the end of the lease term. Carpets and carpet-like floors belonging to the Property shall be professionally cleaned.

After termination of the lease term, Tenant shall not be entitled neither to stay in the Property nor to dispose thereof.

At the date of the Property's return, Tenant and Landlord shall record in writing the Property's condition.

Should Tenant refuse to cooperate in recording the Property's condition, Landlord's record shall be deemed complete and accurate. In any case, Landlord shall be entitled to have the Property's condition recorded by the competent official body at Tenant's costs.

Landlord has to immediately notify Tenant of any defects for which Tenant is liable. Defects which could not be recognized in an ordinary examination may be claimed by Landlord against Tenant afterwards. Landlord has to notify Tenant immediately after their discovery.

15. Process for Deposition / Offsetting Claims

Tenant shall not be entitled to unilaterally reduce the rent. Any set off of claims is excluded in cases where a deposition is permissible and for claims not arising from the lease relationship. Should Landlord not comply with the rules of his duty to maintain the Property according to Section 4A, Tenant has to set Landlord in writing a reasonable deadline and may threaten to deposit future rent payments or parts thereof at the place designated by state law.

Tenant has to notify in writing Landlord as well about the execution of the deposition.

Deposited rent payments shall be transferred to Landlord if Tenant does not pursue his claims against the Landlord with a motion to the Conciliation Authority ("Schlichtungsbehörde") within 30 days after the first deposited rent payment has become due.

Landlord may claim at the Conciliation Authority the transfer of any rent payments deposited not in compliance with the applicable law as soon as Tenant has notified him of the deposition.

16. Change of Use

Tenant is not allowed, without written permission by Landlord and by the competent authorities, to use the Property or part thereof for commercial purposes or to give music lessons therein.

Landlord may revoke his permission based on important reasons and after two written warnings sent by registered mail with a time limit of 3 months.

Laundry room regulations

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1. The laundry room and all drying rooms, ironing rooms etc. as well as the laundry hanging area are for the exclusive use of the entitled tenant for the time specified in the laundry schedule.

The tenant specified in the laundry schedule is responsible for compliance with the laundry room regulations throughout this time.

2. If a tenant wishes to arrange unscheduled use of the laundry room, drying rooms, ironing room etc., the consent of the scheduled user must be obtained. Note that the responsibility for compliance with the laundry room regulations remains with the scheduled party.
3. Washing machine, tumbler etc. may only be used between 06.00 and 22.00.
4. Laundry room, drying rooms, ironing room and laundry hanging area, and in particular all belonging appliances and facilities, shall be passed on to the next user on the schedule, cleaned and tidied, by handing over the laundry room key.
5. In handing over the key the tenant also hands over responsibility for the laundry room to the following user. The previous user and, if appropriate, the house management shall be notified of any defects.

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