General Information

for

Rental Period and Move Out

Useful Information for Expatriates during the Tenancy Period and when Leaving Germany

Provided by Dwellworks GmbH Head Office: Dreieichstraße 59, 60594 Frankfurt/Main, Germany Tel. +49 (0) 69 - 61 09 47 0 www.dwellworks.de



Dear Assignee,

This guideline is to assist you during your rental period and when moving out. We would like to give you the following hints and recommendations and would like to make you aware of what needs to be considered. The aim is to avoid misunderstandings and to set the ground for a smooth tenancy period and move-out. We have summarized the most important elements on the basis of our long standing experience in accompanying such processes. However, we also know that each situation is individual. New situations can occur and will be dealt with individually.

Please note that by German law Dwellworks is not allowed to provide legal advice.

We wish you a pleasant stay in Germany and hope you enjoy your time here.

For any questions please do not hesitate to contact us.

With kind regards,

Dwellworks GmbH Your Dwellworks Team



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1. Termination of Rental Contract, Termination Period, form of Cancellation

When an assignment ends, it is necessary to carefully check the rental contract when it can be terminated. The legal cancellation periods are 3 months to the end of a month, however, individually agreed cancellation periods are also possible.

The cancellation must be given in written form, ideally by registered mail. The cancellation letter must be written in German. In case Dwellworks is authorized to support you with that we can help you to write the letter. However, it must be signed by the tenant.

2. Renovation and Cleaning Work

Renovating / Painting the property has become a complex topic in Germany. Landlords can pass on some costs to tenants regarding painting (renovating) the property.

During the lease /so called "Schönheitsreparaturen"

The tenant is required to undertake refurbishing at his own costs (renewal of wallpaper, painting and plastering of walls and ceilings, floor/parquet/carpets, radiators and pipes, the inner doors, windows and outer doors on the inside, skirting boards) in a professional manner when needed, normally at the following intervals:

Bath, kitchen, toilet: every 3 years Living room, dining room etc.: every 5 years All other rooms: every 7 years

The intervals may differ from lease to lease.

If this clause is included with no further referral to other renovation clauses, then this clause is valid.

However, when moving out before a.m. intervals come due the tenant may be expected to pay a percentage of the costs required to renovate the property according to the time he lived in the property.

At the beginning or at the end of the lease

The tenant has to renovate the property either at the beginning or the end of the lease period.

According to a ruling from September 2007 by the German High Court, the landlord is not entitled to require that the tenant has to renovate the property at his costs when the tenant moves out without taking into consideration the rental period and the condition of the property.



It is therefore advisable to try to negotiate this to a renovation clause during the lease (Schönheitsreparaturen). If this is not possible, and the clause for renovating at the beginning or end of the lease period is signed, this could possibly be considered an individual clause, and therefore binding, and the landlord may require the tenant to renovate the property at the beginning or the end of the property.

Please note that the landlord cannot require a tenant to renovate during and also at the beginning / end of the lease period.

Cleaning

This is always required when moving out. This comprises the cleaning of the entire property, i.e. floors, windows, window sills, window frames, radiators, entire kitchen, inside built-in cupboards, shampooing of the carpet etc.

We recommend to have this work (painting and cleaning) carried out by a professional company. In case Dwellworks is authorised to support you with this, we will assist with obtaining cost estimates.

Please note:

It is possible that once the landlord has viewed the property together with the tenant (and / or Dwellworks Consultant) the landlord is still not satisfied with the painting / cleaning. In such a case the painting / cleaning company has to improve some of the painting / cleaning work, which is usually done on a goodwill basis. This is often the case and cannot be fully ruled out.

The landlord may claim additional payments should the property not be ready for take over at the end of the lease period (i.e. additional rental payments, costs for storage of furniture, hotel costs for new tenant etc.).

3. Responsibility for the Property and Damage

As long as you have rented a property you are fully responsible for it according to your duties mentioned in your rental contract, i.e. you are responsible for the property during the entire rental period. This is also valid even when you have left the city or country before the end of your lease contract.

Should anybody damage anything in your property, e.g., door or mirror or in other estate buildings, i.e. garage, belonging to your rented property you will be held responsible.

If one of your guests damages anything you are responsible for the repair of the damage. Of course, your guest can try to cover this via his liability insurance. However, should your guest claim that this damage was not caused by him, you will be held responsible and could cover the damage via your liability insurance (if



possible). Even if there is damage already existing when moving in (caused by the former tenant or the landlord) you will be held responsible for it if this damage was not stated in the walk-through protocol when you moved in or if you did not inform your landlord in writing after your move-in.

This also applies to any possible damage done by the painting company or cleaning company during the final renovation as long as you cannot clearly prove that the damage was caused by the painting company. Therefore, we strongly recommend arranging for your private liability insurance to expire only on the date your lease contract officially ends.

It is usually not possible to supervise the complete renovation and cleaning work throughout the entire renovation period. Thus, it might happen in some extraordinary cases that damage is caused during the renovation period.

Please note:

If you have left before your lease contract officially ends you need to arrange for certain maintenance in your property. Following please see some examples:

- + Arranging for the ongoing maintenance of the garden
- + Watering of flowers
- + Cleaning of the pavement
- + Snow and ice removal
- + Protection of water pipes from freezing in winter
- + Regular heating and airing of your property in order to avoid mould
- + Emptying of your letterbox
- + Paying bills for utility costs, monthly rent

Please be aware that the negligence of your tenant's duties might cause inconveniences and additional costs for you if any damage occurs in consequence. This also applies for longer absence during the tenancy (e.g., business trips and vacation).

There are indeed landlords who furnish their properties with antique furniture, bathroom fittings especially imported from abroad or extremely sensitive flooring. Should you rent a property like that you must be aware that any damage will have to be replaced by you (if caused by you or your family, guests, tradesmen etc.) and that any damage can occur considerably more easily to sensitive furniture than to solid furniture. Any damage to expensive furniture will be substantially more expensive to remove or replace than any damage to less expensive furniture even if it is an obviously minor damage.

Should carpets be used above normal wear and tear or if they are damaged (e.g., stains or holes) the tenant may be required to pay for the replacement or make a part-payment for replacing the carpets.



Should parquet floors be damaged above normal wear and tear the tenant may be requested to pay for sanding and sealing of the parquet floor.

4. Heating and Airing in Germany

Please note that energy prices in Germany are often considerably higher than in many other countries. Furthermore, Germans are environmentally friendly, therefore, we recommend an environmentally friendly approach and efficiency.

Heating

The landlord is normally obliged to ensure that the following minimum temperature can be reached in the property:

Living room, bedroom, kitchen:
 Bathroom, shower:
 Hallway etc.:
 20 degrees Celsius
 22 degrees Celsius
 15 degrees Celsius

During the night (from approx. midnight until 6 a.m.) the temperature may fall by 3 degrees Celsius.

The room temperature should not be too high, i.e. the radiators should not be constantly turned up to the maximum. A constantly very high room temperature might lead to a high air moisture and mould build-up. Furthermore, it leads to very high heating costs.

It is recommendable to turn down the heating when leaving the property. However, on the other side, the rooms should not be cooled down too much. Every room should be heated individually with the appropriate radiator.

Airing – Even in Winter

In order to have a good air circulation in the rooms and in order to avoid mould buildup, it is necessary to air the rooms regularly.

It is important to widely open all windows and doors of the room to be aired. It is not recommendable to keep the windows tilted in the winter. It is advisable to widely open all windows for five to ten minutes at least twice a day. The radiators should be turned down during airing in order to save energy.

After bathing, showering, drying laundry or cooking, please open the windows widely in order to avoid humidity. Any mould in the property caused by inappropriate heating and airing will have to be removed by the tenant at his own cost.



5. Lost Items

It is a difficult situation if your landlord claims something to be missing that you claim was not there when you moved in.

Nobody can prove the contrary. The only proof is that the walk-through protocol or inventory list states that this particular thing was missing when you moved in. There is no real legal situation that clarifies this. It often ends in a compromise or that the tenant has to pay for the missing part if he cannot prove otherwise.

Please make sure that the movers do not pack any items that belong with the apartment / house (e.g., baking trays, fire tongs, keys, remote controls, manuals, gardening tools) for shipment as you will be held responsible for their loss.

6. Left Items

We advise you not to leave any of your belongings behind even if this is done to your best intention. In Germany, it is not allowed to throw certain items, e.g.,, a used TV-set or vacuum cleaner, into usual garbage containers. These are items which have to be disposed of at special garbage collection centres or which will be picked up by the city government, if arranged. Please do not leave them in the property if the landlord or the new tenant did not buy these items from you. It is an additional effort for the landlord or the new tenant to dispose of these items. The landlord can ask you to pay any expense caused.

Please ensure you return all keys (for the individual room doors, as well), remote controls etc. Please do not leave any keys, remote controls etc. in a kitchen drawer for example. They might be forgotten or lost. Everything has to be handed back to the landlord officially. Since the landlord has the right to exchange the locks at the tenant's expense when keys are missing, this could become a considerable cost factor. This particularly applies if a central locking system has been installed. In this case, the landlord has the right to exchange all locks in the entire house if keys are missing.

7. Utilities

The utilities are mostly paid as a pre-payment every month. Some utilities are paid to the landlord together with the rent, some are paid directly to the supplier. The amount paid is an estimated amount.

There are two different kinds of utilities:



Fixed utilities

e.g., insurance for the property, caretaker, real estate tax, communal lighting

Variable utilities

e.g., heating, electricity (if not paid directly to the supplier). Variable utilities are according to your consumption and / or according to the size of the property.

In general, once a year the landlord conducts an overall calculation of the utilities. If you used (consumed) more than the estimated amount you are asked for an additional payment. If you used (consumed) less than the estimated amount you receive money back. The same applies to payments directly to the supplier.

Please keep in mind that all utility costs (e.g., electricity, heating, water) used by the renovation and cleaning company will be at your expense and thus, the utilities cannot be closed down before the property has officially handed back to the landlord i.e. at the official end of your lease.

Utilities are paid as an estimated pre-payment in addition to the monthly rent. The utilities are those mentioned in the rental agreement. The landlord has to present a final invoice after one year and inform the tenant if the pre-paid amount has been sufficient to cover the actual maintenance costs. If the landlord does not get back to you we recommend asking him every year to conduct the invoice of maintenance costs for the previous year. The tenant either receives money back or has to pay the difference of what has not been covered by his monthly payments.

Please note:

In Germany, energy prices may be considerably higher than in other countries.

8. Garden Maintenance

If the tenant is responsible for garden maintenance the garden has to be maintained continuously and properly throughout the rental period and has to be returned in the same condition. Should you not have maintained the garden properly (up to the landlord's standard) this will have to be done at the tenant's expense when he moves out. Replanting and restoring a garden can be expensive.

Please note:

In legal terms, it is difficult to determine if and when a garden is in good condition. Even if you consider the garden to be in a sufficient condition, the landlord can be of a different opinion. E.g., it is important to cut the grass and hedges regularly, to free the flowerbeds from weeds and to water the plants regularly.



9. Pets

Should your pet cause any damage, e.g., scratches on furniture, floor, carpets, curtains, garden, walls, doors etc. you are fully responsible for it. Please note that the landlord's approval of keeping a pet does not prevent you from being responsible for any damage.

10. Wear and Tear

The definition of normal wear and tear is very difficult. The question of what is normal wear and tear might lead to discussions with your landlord. The result of this might be a compromise or even an expert ("Gutachter") might need to be asked for an assessment / written opinion. This causes additional costs.

If you are in a dispute with your landlord we advise you to consult a local tenant's union or a lawyer.

11. Security Deposit

The security deposit will be paid back to the tenant once all renovation / cleaning work and the final calculation (utilities) have been completed. This can take up to 6 months after the termination of the rental agreement — sometimes even longer. Should there be any outstanding payments from the tenant, the landlord is entitled to deduct them from the security deposit.

It is not allowed to balance any open rental payments with the security deposit. You have to continue to make rental payments until the official end of the contract even if you have left earlier.

12. Mail and Mail Forwarding

If you receive any letters that you do not understand, we propose to ask for advice as these might be bills or important documents. Some utility providers use envelopes that resemble "junk mail". Thus, please check all contents before throwing away. Before move out please make sure that all mail is forwarded directly to your new address. We also recommend to leave your bank account open and to have enough balance on your account for at least 3-4 months so that invoices can still be debited to your German bank account. It is also advisable to ask your doctor(s) and other providers / suppliers to bill you immediately before leaving Germany.