

Building licensing agreement for the use of a private building for a limited period of time

As part of the Association's "Wächterhaus" project

(Name and address)
represented by _____
(if there is more than one owner)
hereinafter known as "Owner"

and

HausHalten e.V.
Lützner Straße 39 , 04177 Leipzig
represented by the member of the board _____
hereinafter known as "Association"

are entering into the following

Agreement

Preamble

1. Like many other local authorities (in Eastern Germany)¹, Leipzig has also been struggling for a long time with the consequences of an excess supply of housing, in particular in older buildings. At the same time, areas particularly affected by vacant and decaying buildings are the dominant feature of the townscape. Such buildings are in many cases outstanding rows of houses and individual buildings of architectural note and therefore worthy of being listed as such, especially along important traffic arteries. In autumn 2004 the HausHalten e.V. Association was established with the aim of reviving Wilhelminian buildings and which are susceptible to particular threat at sites absolutely essential to the townscape with new uses by entering into so-called licensing agreements with their owners. In doing so, users such as associations, artists, entrepreneurs starting up businesses are offered an opportunity to apply their own initiative to use or convert the building for purposes other than residential and thereby maintain the building, or at least afford the substance and fabric of the building a temporary respite from further decay, and thereby act as a watchman. The role of the Association in the above scenario is to act as the mediator between the owners of the buildings and third parties willing to use the buildings as well as the civic authorities.
2. The building sited on the owner's site

(Exact designation, if at all possible with the designation used in the land register and plot section quoted)

is vacant at present. In this agreement the owner is allowing the Association to use by way of loan his property and the building(s) located on it for a specific period of time

¹ Translator's addition for the sake of clarity

free of charge and in turn to hand over rooms in the building to third parties willing to use it temporarily as provided for under Point 1 of this preamble.

2. The parties are aware that the owner intends to make the building safe with the assistance of a grant intended by the Leipzig Civic Office for Urban Renewal and Promotion of Residential Building.

In this meaning the parties agree the following:

§ 1 Handling over the property for a limited period of time / Handing over the property to third parties

1. The owner allows the Association to use the site and the building on it (hereinafter known as the Property) described in detail in the preamble temporarily and free of charge and hands over the Property to him for this purpose. The owner and user relationship shall be entered into for a specific period. It may however be terminated by the Owner observing the arrangements named in § 6 by serving six months' notice to the end of the month, provided that the building is to be refurbished thereafter or is to continue to be used.
It shall begin on _____ and shall end on _____. It shall be extended by one year at a time once this period has expired provided that written notice of termination is not served by the parties to the contract three months prior to expiry.
2. The agreement may be terminated at any time by the Association serving three months' notice to the end of a month.
3. The right of both parties to serve extraordinary notice for an important reason shall not be affected as a result. The decision to liquidate the Association in particular shall constitute an important reason.
4. For its part, the Association is entitled to hand over the property or parts thereof, in particular individual or adjacent rooms in the building, to third parties which the Association may select at its own discretion taking into consideration the preamble to this agreement, after entering into corresponding fixed-term agreements for temporary use – but not however, as residential accommodation until the end in accordance with § 1 Section 1 – 3 of this agreement. With the exception of intent and gross negligence, the Association, including the conduct of third parties which it has permitted to use the building or parts thereof, its representatives and assistants shall not be liable on account of a breach of contractual or other obligations as well as illegal acts.
5. A detailed joint hand-over report is to be prepared when handing over the property. It is agreed between the parties that the property may only be used in accordance with the contract and in full once the building work named in § 3 Section 4 has been completed.
6. The Association is entitled to demand that the owner continue this agreement with a third party, provided that this third party takes assumes all the rights and duties in the agreement and it offers a warranty that it will continue the agreement properly. In this case the Association shall leave the contract when it is taken over by the third party without more ado.

7. The Association shall undertake to treat the property handed over to him carefully and with consideration and during the term of this agreement notify the owner straight away of any additional manifest damage which may possibly be noted. It may assign this obligation to the user to whom the property is partially or completely handed over.

§ 2 Conversion work by the Association or third party

1. The Association or user to whom the Owner handed over part or all of the property is entitled in accordance with the proviso of Section 3 to arrange the rooms used for the purposes of using them at their own expense.
2. Fittings and fixtures brought in and work contributed serving the long-term maintenance of the building or which improve its long-term fitness for use shall be valued at€. The actual expenditure shall be recorded by the Association in a list and notified to the owner no later than twelve months after this agreement has been signed. This list shall then become part of this agreement as **Appendix 1**, and constitute the binding basis of compensation by the owner to the Association in the event that the owner and user relationship is terminated prematurely in accordance with § 6 Section 1. The owner is to be notified of important discrepancies from the cost estimate straight away.
3. Valuable historical prefabricated compound units, in particular paintings, doors and banisters in the stairwell as well as stucco, valuable wooden flooring and internal doors shall be left as they are unchanged. Significant modifications to these prefabricated compound units shall be subject to the owner's prior written consent.

§ 3 Specific duties of the owner

1. The Association, or third parties entitled to use the building or parts thereof or their visitors are to be allowed full access at any time for the purposes of using the property in accordance with the agreement.
2. The owner alone is responsible and answers for compliance with the legal duty to maintain safety applicable in connection with his property. It is also the responsibility of the owner alone to clear snow and ice and if necessary to ensure that the pavement along the road as well as the paths to the property and its entrances are gritted.
3. He shall have to take out sufficient property and liability insurance cover for the property.
4. Advertising by the Association and / or third party users on or in the building are to be tolerated by the owner. The Association and / or the user alone shall be responsible, at their own expense, for obtaining any official permits which may possibly be necessary.
5. *The owner shall carry out the following basic installations / building work at his own expense:*
by _____.

EXAMPLES:

- *A working sanitary system with 2 riser pipes and one riser pipe per WC and one hand basin per storey*

- *Reconnection of an electrical distribution terminal per storey, if necessary by fitting a socket and if necessary rewiring the connection to the mains (if required by the municipal utility services).*
- *Reconnection of the water mains to the building*
- *Repair of the roof window and the ridge*
- *Cleaning and checking and / or repair of the existing coal-fired stoves so that they are in proper working order.*

§ 4 Specific duties of the Association

1. The Association and / or the third parties entitled to use the building shall have to tolerate the owner's building work planned in the preamble without receiving compensation for it. However at least four weeks' notice must be given prior to the beginning of the work.
2. The Association shall inspect the building on the site on a regular basis, but at least once a month however for manifest damage by walking through all the rooms in the building and notify the owner straight away of newly identified additional damage.
3. The Association shall undertake to impose upon the third parties which he allows to use the building to take out a personal liability insurance policy with cover of at least 100,000.00 € to cover damage incurred from use.
4. The owner or a representative authorised by him shall be entitled to inspect the property at any time having given advance notice of at least one week. Irrespective of this, the owner or his representative shall be entitled to enter the property at any time in cases of imminent danger (For example fire, pipe burst or similar).
5. The Association shall undertake to hand over the rooms used by it or by third parties when it is no longer allowed to use them in a swept clean condition. Any conversion work within the meaning of § 2 will not have to be removed however.

§ 5 Running costs

1. Costs within the meaning of § 1 and § 2 of the German Running Costs Ordinance shall be regarded as the running costs of the property. In so far as they are incurred, they are to be kept as low as possible by the owner. He shall be entitled to pass over the running costs which can be passed on in accordance with the following regulations to the individual third parties entitled to use the building. Provided that agreements on use have been entered into with third party users, a corresponding apportionment of running costs to the third party users as well as quarterly advance payments towards them shall be agreed in them. However, under no circumstances shall running costs be apportioned to the Association.

This means that any running costs which may be incurred shall be charged and settled only between the owner and the third party / parties entitled to use the property to whom individual or several rooms in the property have been handed over on a temporary basis. The Association shall pass over their names and addresses as well as the beginning and end of the respective use by the third parties to the owner without having to be asked to do so. The third parties entitled to use the property shall pay to the employer direct quarterly advance payments

towards the running costs amounting to a total of ----- Euro to the following account:

Account number _____
Bank _____
Bank sort code _____

Since the condition of the property requires refurbishment so that it can be used, the running costs shall be taken over by the third parties entitled to use the property not from the beginning of the owner and user relationship (See § 1 No 1) but from

2. The proportion of the running costs shall be passed on in accordance with the ratio of the user's usable area in accordance with § 1 Section 1 of this agreement to the entire space used in the property. The settlement period shall be the calendar year. The owner shall settle up by no later than 31.06 of the following year. Pay-outs from credit or subsequent demands based on the invoice for the running costs shall be payable within four weeks of the receipt of settlement advice.
3. Final payments or subsequent demands based on the running costs settlement shall be payable within four weeks from the presentation of settlement advice.
4. Costs for water, waste-water and heating shall be recorded by metering the units consumed by each separate user in accordance with the statutory provisions, and settled by the individual users.
5. In so far as running costs cannot be passed onto the users, the owner shall bear these costs himself. Under no circumstances may these costs be passed on to the Association.

§ 6 Compensation in the event of premature termination of the contract

1. If this contract is ended prematurely as a result of circumstances for which the owner is to blame, he shall consequently undertake to pay compensation to a user entitled to compensation for any work he may have carried out himself and fixtures and fittings installed by the user in accordance with § 2 Section 2 Appendix 1 but not yet worn out by the end of the relationship between owner and user. The amount of compensation shall be measured in accordance with the following formula:

Amount of expenditure divided by the number of months of the fixed length period of time for which part of the property is handed over multiplied by the months remaining after the relationship between owner and user has ended.

2. The compensation shall be asserted by the Association against the owner in writing.

§ 7 Other agreements

1. The parties shall undertake to notify the other party without being called upon to do so of all changes in their respective address or the address of their representative or change in their agency set-up or ownership status. The addresses and

information about agency arrangements when handing in declarations of any content listed in this agreement shall apply until such notification is received.

2. If the property is sold the owner shall place the buyer under an obligation to continue this agreement.

§ 8 Partial validity clause

1. There are no verbal side agreements to this agreement.
2. If one or more provisions of the above agreement are invalid or impractical this shall not affect the validity of the remaining provisions. The invalid provisions are to be replaced retrospectively with an arrangement the content of which is as close as possible to the arrangement being replaced and which takes the interests of the parties into reasonable consideration and which comes closest to the objective of the intended arrangement and takes note of the principles of fairness.
3. In so far as and as long as a provision in this agreement contradicts compulsory statutory regulations the statutory regulation shall replace the provision in this agreement as long as it is law.
4. Amendments to this agreement must be made in writing.

Leipzig, _____

Leipzig _____

Owner

Association