

# **LIVING IN THE CZECH REPUBLIC**

## **INFORMATION BROCHURE FOR FOREIGNERS**

This publication was made in co-operation with the Counselling Centre For Integration, the Ministry for Regional Development of the Czech Republic and the Committee of the Minister of the Interior of the Czech Republic for Integration of Foreigners.

Editorial staff: a team of workers from the Advice Bureau for Integration in co-operation with workers of the Ministry for Regional Development.

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## **INTRODUCTION**

Dear reader,

You are holding in your hands an information brochure about living in the Czech Republic (CZ). It is intended particularly as a basic information provider for foreigners, who are looking for a flat in the CZ.

In the brochure you will find a brief summary of legal regulations regarding housing, the possibilities of looking for accommodation, detailed information about rent, occupational lease and sub-lease, procedures for solving certain problems which you may encounter in connection with housing, and lots of other useful information. In order to make the text more understandable, some legal formulations have been simplified and shortened. This brochure has not been written with the purpose of being read from cover to cover. It should serve rather as an answer to questions, which currently interest you.

The particulars published in the brochure are in force in 2002. It is possible that in the future some amendments will appear. At the end of the brochure, there is a list of institutions and organisations, which can inform you about possible amendments.

In the Czech Republic, the housing situation is very complicated and in the case that you are looking for cheap rented accommodation, your task will not be an easy one. The supply of flats in the market in the CZ is influenced by local conditions and in each town or region the situation varies. It usually applies that the larger the town is and the more job opportunities it has, the more expensive and less available accommodation is.

The text of this brochure may be accessed at the Internet address: [www.p-p-i.cz](http://www.p-p-i.cz)

## **I. OWNERS OF FLATS IN THE CZ**

In the Czech Republic, flats may be owned by individuals or legal entities. There are two types of ownership, these are the ownership of flats (pursuant to Act No. 72/1994 of the Collection of Laws, on Flat Ownership) and the ownership of houses (pursuant to Act No. 40/1964 of the Collection of Laws, the Commercial Code as amended by subsequent regulations).

### **a.) Municipalities/towns**

The municipality independently manages the flats, which are in its ownership. The competence of municipalities is governed by the Act on Municipalities, flat renting is regulated by the Civil Code. The municipality itself may set other rules for renting flats.

Municipal flats are always rented flats – people, who live in them, have an occupational lease concluded with the municipality and pay rent. Recently, the number of municipal flats has been steadily falling. Some older buildings were returned to the families of the original owners in the so-called restitution. Other buildings are being privatised – individual flats are sold to tenants or whole buildings are sold to legal entities (for example, associations), which tenants set up. Tenants usually live in municipal flats for many years, even generations, because municipal flats are considered to be the most stable and at the same time cheap accommodation.

The actual rules, set forth by municipalities sometimes disadvantage or exclude foreigners from renting municipal flats, for example they stipulate a condition of long-term permanent residency in the municipality or Czech state citizenship. In some municipalities, a list of applications for flats is not kept at all and flats are rented in the form of a selection procedure.

We recommend that you get acquainted with the actual rules of renting flats at a housing section of the relevant town or municipal authority. Here you can also submit a written application, if the municipality takes applications. In such a case, the reality is that there will be many years of waiting. Since your situation, compared with Czech citizens, is always non-standard, you could also try personal negotiation with a higher representative of the town authority – a member of the town council or the Mayor.

## **b.) Housing Co-operatives**

A housing co-operative (hereinafter referred to only as the co-operative) is a legal entity formed by members of the co-operative, which has its own rules and governing bodies. The co-operative is the owner of the building, flats are rented to members of the co-operative. Renting of flats is governed by the rules of the co-operative and Civil Code. Tenants of individual flats – co-operative members – pay rent for their accommodation .

You may often hear the expression “a sale of a co-operative flat”. In reality, this means only the transfer of the membership in the housing co-operative, not the sale of a flat into one’s ownership. The prices are only a little lower than prices of personally owned flats.

An agreement of membership rights and obligations transfer does not have to be approved by the co-operative, but must be in accordance with the rules. Since co-operatives may have varying rules, there are not standard rules as to whether or not a foreigner may become a member of the co-operative.

In reality you may also encounter offers of “renting a co-operative flat”. Usually, a member of the housing co-operative, not the co-operative itself, wants to let a flat. Since the member of the housing co-operative is a tenant himself, he cannot let the flat to a different person in the form of renting, but he may sublet it. This person – a subtenant – will not become a member of the co-operative.

The issues concerning co-operatives are regulated by Act No. 513/1991 of the Collection of Laws, Commercial Code, particularly part two - “trading companies and co-operatives”.

### **c.) Other Owners**

The term “other owners” in this brochure means individuals and legal entities with the exception of municipalities and housing co-operatives. These owners may own in the Czech Republic family houses, blocks of flats, as well as individual flats.

An individual flat, which is a separate unit, is denoted as “a flat in one’s ownership”. In practice, the term “personally owned flat” is more often used (Czech abbreviation OV). If the flat is located in a larger block (at least five residential or non-residential units, out of which, at least 3 units are owned by 3 different owners), all flat owners form a unit owner community, which is a legal entity. This community deals with matters in connection with the building administration and it also collects payments from all the owners for the building administration, repairs and reconstruction of the building and advanced payments for services in connection with using a flat. Repairs of common parts of the building are covered by the contributions for repairs and reconstruction, repairs in individual flats are paid for by the owners themselves.

A flat in one’s ownership may be bought and sold. After purchasing the flat, a new owner automatically becomes a member of the housing unit owner community and thus assumes rights and obligations connected therewith. An owner of the flat in his ownership may also let the flat to another person on the strength of an occupational lease. Accommodation in flats in one’s ownership is regulated by:

Act No.72/1994 of the Collection of Laws, on Flat Ownership and Government Decree No. 322/2000 of the Collection of Laws, by means of which, model rules of unit owner communities are stipulated.

Apart from blocks divided into flats in one’s ownership, there are also blocks of flats which are in the ownership of an owner as a whole.

In such a building it is not possible to buy or purchase a separate flat. Flats in these buildings are rented flats and the building owner lets them on the basis of occupational leases. Renting of flats is governed by the Civil Code.

## II. PURCHASE OF A FLAT OR A HOUSE

Houses and flats in one's ownership are collectively denoted as real estate (real estate is defined as a building connected with the ground with a solid foundation).

The issues of ownership and acquisition of real estate by foreigners are dealt with in Act No. 219/1995 of the Collection of Laws, Foreign-exchange Act. This act divides individuals and legal entities into two groups – residents and aliens.

A **Resident** is:

- an individual with permanent residence in the territory of the CZ
- a legal entity with its registered office in the CZ
- an individual with asylum status granted (pursuant to the Act on Asylum, persons, who have been granted asylum, are considered to be as persons with permanent residence in the CZ).

A resident may acquire real estate in the Czech Republic (i.e. obtain the real estate in his ownership) in any legal manner.

An **Alien** is:

- an individual without permanent residence in the territory of the CZ
- a legal entity, which does not have its registered office in the CZ.

An alien may acquire real estate in the Czech Republic only in particular ways, listed in Section 17 of the Foreign-exchange Act. For example:

- by inheriting
- if the real estate is acquired as the undivided co-ownership of spouses, and only one of them is an alien
- if an alien is to obtain the real estate from his/her spouse, parents or grandparents.

Generally, it may be said that in the Czech Republic, a flat or a house may be purchased by only Czech nationals and foreigners with a permanent residence permit or those granted asylum or a legal entity with its registered office in the Czech Republic. Participation of foreigners in Czech legal entities is regulated by the Commercial Code.

Foreigners with a different type of residence are not allowed to purchase real estate in the territory of the Czech Republic. They may obtain them only in the manner stipulated by Law (see above).

A written contract of purchase between the seller and the buyer is concluded about the purchase of a house or flat. The buyer does not become the owner of the house or flat at the point of signing the contract of purchase but by official registration of the ownership right resulting from the contract of purchase in the Land Registry. This fact needs to be considered when concluding a contract of purchase, particularly with respect to paying the purchase price. For negotiations concerning a purchase of

a house or a flat, we recommend consultation with a solicitor specialising in the area of real estate.

The Land Registry keeps records of ownership and other property rights of all real estate in the CZ and is administered by the Land Registry Office.

Its branches have seats in all regions. The Land Registry is public and is available for viewing in the presence of the office clerk. Before any purchase, you may check if there is any encumbrance in connection with the real estate. The real estate may perhaps be mortgaged because of a loan. A loan can relate not only to the purchase of this real estate, but also to business activities or purchase of different real estate and could also have been granted to a different person. Thoroughly checking the legal situation of the real estate to be purchased is always necessary!

The entire process of registration of the ownership right to the real estate in accordance with the contract of purchase may last up to several months depending on local conditions. After you have been registered in the Land Registry as owners, you may apply for an abstract from the Land Registry, which shall serve as proof that you are really the owner of the real estate. You may need the abstract from the Land Registry in proceedings with authorities.

Saving in a building society or acquiring a mortgage can help in financing the purchase of the real estate. More detailed information may be found in Chapter *VIII. Other Useful Information*.

A real estate-transfer tax is paid when selling and buying real estate. This tax is paid by the seller, in this case the buyer is the guarantor. The tax is calculated from the price established by the official estimate or from the real agreed price, depending on which price is higher.

A person, who becomes an owner of real estate on the basis of inheritance or gift, must pay inheritance tax or gift tax.

An owner of real estate must pay real estate tax every year.

More details are to be found in Act No. 357/1992 of the Collection of Laws, on Inheritance, Gift and Real Estate-Transfer Taxes and in Act No. 338/1992 of the Collection of Laws, on Real Estate Tax.

### III. RENTING

It is possible to rent a flat most commonly from a municipality, a town or a different owner. Renting a flat is protected by law. The basic regulation, which regulates renting a flat and various situations in connection with flat renting, is the Civil Code.

#### **a.) Concluding an Occupational Lease**

Renting of a flat commences by concluding a **written occupational lease**. When concluding the occupational lease, pay great attention to its content, we recommend that you consult a solicitor prior to its signing.

In reality you may be offered a contract under a different title. Such a contract, if it is not contradictory to the Civil Code, is valid, but possesses less legal protection. We recommend concluding a standard occupational lease.

In legal terms, the one who rents a flat and will live in it is **the tenant** of the flat, and the owner of a flat or a building is **the landlord**. In accordance with law, an occupational lease must contain the following particulars:

a) **determination of a flat** and its facilities and the scope of their utilisation. This means: an exact address, flat No. in the building, which floor, number of rooms in the flat, facilities (bathroom and WC), other premises which belong to the flat (e.g. balcony, cellar). The scope of utilisation means that some premises may belong to one flat, some may be common and are to be used by more flats.

The method of **calculating the rent and reimbursement for services**, which the tenant and the landlord shall agree on and which relate to using the flat (e.g. heating, warm water, refuse collection – etc.)

It is also important to regulate the following issues:

c) **the method of paying** the rent and reimbursement for services

d) the period, for which the occupational lease is being concluded: if for a **definite period of time** (the date from when till when) or a **indefinite period of time** (the date of the termination is not stipulated, the lease continues to be valid, until it is terminated by an agreement or a notice). In the case of the occupational lease for a definite period of time, it is possible to include in the lease the possibility of its extension upon fulfilling the agreed obligations.

e) any **specific arrangement**, which the tenant and the landlord may agree upon. It may for example, be a way of paying repairs in a flat, cleaning premises outside the flat, possibilities and terms of extending the occupational lease. However, it is not possible to agree anything that is contradictory to the provisions of law. For example, it is not possible to determine in the occupational lease a different notice period than is stipulated

by law, the possibility of termination of renting the flat without the consent of the court, checking of people living in the flat by the owner, ban on inviting visitors - etc.

Other documents are often drawn up as annexes of the occupational lease:

**a. the registration list** is used for the calculation of the rent, and persons who live with the tenant in a flat, are specified in it. In the case of an occupational lease for a definite period of time, it is possible that the registration list is not made.

**b. the report on handing over the flat.** In the report, the date of handing over the flat and the condition of the flat (e.g. the flat equipment, the reading on water meters – etc.) is specified.

When handing over the rented flat, the landlord will give you keys for the flat and it is only you that may have these keys. Nobody has the right to enter the flat without your consent, with the exception of an emergency situation in the flat or in the building (see Chapter VII).

You do not have to ask the landlord for approval concerning other people living in the flat. But you should notify him about how many people will be living with you in the flat. The landlord needs to know the number of persons for calculating fees for services in connection with the accommodation. These persons should be included in the registration list, which usually forms an annex of the occupational lease.

You may have a long-term visitor living in the flat. If your visitor has been staying for more than 3 months, you should notify the landlord about it. These extra persons in the flat will be calculated in the statement for services. If the person, who lives with you, will be paying you for the accommodation, it is a case of sub-tenancy (see Chapter IV.). In this event, the written approval of the landlord is necessary.

## **b.) Rights and Obligations Resulting from Renting a Flat**

### ***Rights and obligations of the tenant***

The tenant has the following basic rights and obligations:

- the right to live in a flat and use the common premises of the building (a cellar, loft, corridors and others) in compliance with the rules stipulated in the occupational lease
- the right to make use of services in connection with using the flat (e.g. a lift, water, heat and electricity supply)
- the obligation to pay the rent at an agreed amount and within the agreed period
- the obligation to use the flat and the common premises of the building properly and respect the rights of other tenants and the landlord
- the obligation to notify the landlord without delay about defects in the flat and necessary repairs and to tolerate restrictions in using the flat during the course of repair implementation

### ***Rights and obligations of the landlord***

The landlord has the following rights and obligations :

- the obligation to hand over the flat to the tenant in a fit state for normal use
- the obligation to secure the tenant with full and uninterrupted performance of the rights in connection with using the flat
- the right to implement constructional adaptations in the flat, with the approval of the tenant
- the right to enter the flat for the purpose of checking the condition of the flat. The tenant is not bound to let the landlord into the flat, however the landlord may ask the court to decide that the tenant must allow him to enter the flat. Not allowing the landlord entry to the flat is only wise in such cases when the landlord behaves evidently inappropriately (e.g. a sudden check at night).

Obligations shared jointly by the tenant and the landlord:

### ***Repairs in the flat***

Small repairs in the flat in connection with its use and costs associated with ordinary maintenance are met by the tenant. The term “small repairs” and “ordinary maintenance” are stipulated in the Decree of the Government No. 258/1995 of the Collection of Laws. Large repairs or the necessary replacement of entire items of the interior equipment of the flat (e.g. a cooker, water boiler) are the responsibility of the landlord. A different method of repair reimbursement may be agreed upon in the occupational lease.

If there are any necessary repairs in the flat, which are to be covered by the landlord, the tenant must inform the landlord about it immediately. If the landlord does not carry out the necessary repair despite being notified, the tenant may implement the repair at the essential scope at his own expense, and then have it refunded by the landlord. This claim must be asserted in writing within 6 months at the latest.

### ***Constructional adaptations in the flat***

If the tenant himself wishes to implement any constructional adaptations, he must obtain the approval of the landlord in advance. Moreover, most constructional adaptations require permission from the Building Control Department.

### **c.) Rent and Connected Fees**

Currently there are several forms of rent:

When renting a flat in the free market, you will encounter only the so-called **agreed rent**. The agreed rent is set by a mutual agreement of the tenant and the landlord.

For older occupational leases, the mechanism of **rent control** is in force in the Czech Republic. In 2002 the controlled rents are regulated by the Price Notification of the Ministry of Finance No.01/2002 and a new bill on rents is expected to be adopted.

In the scope of the rent control there are two types of rent:

**a) a maximum basic monthly rent**, this type of rent is commonly called “**the controlled rent**”. A fixed amount of the rent per square meter is set according to the size of the town and the category of the flat . It is used for occupational leases concluded in the past, which are still in force, for flats in buildings owned by municipalities and other owners’ buildings.

**b) a materially regulated rent**, a specific regulation lists costs, which may be included in the rent. This type of rent is used for new or modernised municipal flats, if the municipality was granted a subsidy from the state. It is also used for privatised municipal buildings.

Members of housing co-operatives also pay rent for living in a co-operative flat. The rent is set in compliance with the Decree of the Ministry of Finance No. 85/1997 of the Collection of Laws, on Rent Payments for Flats Built in Co-operative Flat Developments and Reimbursement for Performance Provided in Connection with Using These Services (in the case of buildings erected after 1958) or in accordance with the Price Notification of the Ministry of Finance No. 01/2002 (in the case of housing co-operative buildings erected before 1958). In both of these cases the rent is set in such a way so that it includes the real costs associated with a flat or building. It is then a materially regulated rent.

Apart from the rent for a flat, the Price Notification of the Ministry of Finance also regulates the rent for items of flat equipment and prices of services provided in connection with using a flat.

The controlled rent and materially regulated rent may increase only in the manner stipulated by legal regulations. The agreed rent may increase only in accordance with the rules arranged in the occupational lease.

Apart from the actual basic rent, the tenant pays rent for the flat equipment (e.g. a cooker, fitted kitchen, water boiler, gas heaters). Rules for payments for the flat equipment are stipulated in the controlled rent notification (see above). In the case of the agreed rent, these rules do not have to be applied.

Furthermore, the tenant pays for services, which the landlord provides to him together with using the flat: heating (if it is central heating), water, removal of waste water, refuse collection, a lift, cleaning and lighting of common premises. The tenant pays advanced payments for these services every month. In some buildings, water consumption meters and thermal energy consumption meters are installed in each flat. In buildings where there are only common meters, the amount of the payment for services is set by dividing the costs of the entire building according to the number of people living in the flat or according to the floor area of the flat. Once a year, the landlord

will supply a statement of these payments based on the real costs, and either reimburse the tenant for overpayment or require from him an extra payment. Rules on payments for services provided are stipulated in the controlled rent notification (see above).

Reimbursement for electricity and gas are usually paid by the tenant directly to the supplying organisation after he has registered himself with this organisation. Details about registering are in Chapter *VI. Registration for Energy Consumption*.

It may also be arranged so that the flat owner is registered as an electricity and gas consumer and then the tenant pays the landlord for his energy consumption. This is often used when renting a flat in a family house.

#### **d.) Termination of Flat Renting**

The termination of flat renting is regulated by the Civil Code. Renting of a flat may cease in the following ways:

By expiration of the set period in the case that the occupational lease was concluded for a definite period of time. In this event the tenant is not entitled to a substitute flat or substitute accommodation .

On the basis of an agreement between the landlord and the tenant. The agreement should be made in writing. The date of the occupational lease termination and the date of handing over the flat should be specified in the agreement.

On the basis of a written notice of termination of the occupational lease on the part of the tenant or the landlord. The tenant may repudiate the occupational lease without stating a reason. The notice must be in writing and must contain the date on which the lease is to be terminated, which must be a 3-month period at least under the rule of law. The landlord may repudiate the occupational lease only for reasons provided by law and the court must give consent to the termination. These reasons are particularly: failure to pay rent, repeatedly violating the co-existence of people in the building, not using a flat without serious reasons, should the landlord need the flat for his own family – etc.

In certain cases prescribed by law, the tenant, in the event of termination of the lease by the landlord's notice, is entitled to a substitute flat or substitute accommodation. If the notice is given for reasons not caused by the tenant, a substitute flat must be provided. In such a case the tenant may still live in the flat, for which he received the notice, until the time when the landlord has provided him with a substitute flat.

Furthermore, the flat lease will cease, for example, by the death of the tenant (unless the lease passes over to another member of his household – see below) and also by the destruction of the flat.

Upon termination of renting and handing over the flat it is advisable to draw up the **Handing over Report**, where both of the parties confirm handing over of the flat and its condition. It is also necessary to record in the report the readings of heat and water meters, if they have been installed in the flat, along with a statement of accounting and possible debts.

When renting does not cease:

Renting does not cease by leaving the flat. If the tenant wishes to move out of the flat before the occupational lease validity termination he must terminate the occupational lease pursuant to the above-stipulated rules, the best way is by agreement with the landlord. Failure to do so means the occupational lease still remains valid.

Renting does not cease if there is a change in the ownership of the flat. A new owner assumes the legal position of the former owner and he, himself, cannot modify or repudiate the occupational lease.

#### **e.) Other Statutory Provisions concerning Renting a Flat**

##### ***Flat Exchanging***

The tenant may exchange his flat for another flat with another tenant. In both flats, the same terms of renting should be maintained. It is necessary for both of the landlords to agree in writing to the exchange of the flats (it is not essential, if the landlord is a municipality or a different owner). Should any of the landlords disagree with the exchange, the tenant may appeal to a court and the affirmative decision of the court will replace the consent of the landlord about the exchange.

##### ***Transition of Flat Renting***

When the flat tenant dies or permanently leaves the common household, under certain conditions, flat renting will pass over to persons stipulated by law. In such cases it is not necessary to conclude a new occupational lease. These persons are: a husband or wife, children, grandchildren, parents, siblings, son-in-law and daughter-in-law, if they prove that they were living with the tenant in a common household and do not have their own flat. Other persons (not related), if they prove that they were looking after the common household of the tenant and were living with him in a common household for at least 3 years and do not have their own flat.

##### ***Joint Flat Renting***

Joint flat renting by spouses is established by operation of law (and it is not decisive when the occupational lease was concluded or when the marriage was entered into). For other persons, joint flat renting may be established by means of an agreement among the existing tenant, another person and the landlord.

For joint flat renting by spouses, law regulates the event of a divorce. If spouses do not agree regarding the flat renting at divorce proceedings, the court will decide about the flat renting on the basis of a petition filed by one of them. The one, whose right of the common renting was extinguished, will be entitled to a substitute flat or substitute accommodation. Until he/she acquires a substitute flat, he/she may live in his/her former flat.

#### **f.) Special Characteristics of Renting a Flat in the Free Market**

Renting a flat on the strength of a proper occupational lease provides the tenant with a greater legal safeguard for his accommodation. The longer the period of renting is, the better it is (the most advantageous is renting for an indefinite period of time, however this method is now quite rarely used for new occupational leases). The majority of Czech citizens, who live in rented flats, live in them on the basis of occupational leases concluded in the past for an indefinite period of time with controlled rent. Only very few Czech citizens look for a rented flat in the free market, because compared with the controlled rent, this type of accommodation is very expensive. However, for foreigners, renting a flat in the free market is often the only option. Renting flats in the free market follows the principles of supply and demand and prices demanded vary widely depending on the locality.

Since the law exactly stipulates terms and conditions of the occupational lease and its termination, it is common practice in the free market to conclude occupational leases for a short period. Thereby landlords want to protect themselves against possible problems with a tenant, because giving notice to the tenant is very complicated. You may be offered the chance to extend the occupational lease later on by the landlord, provided there have been no problems. However if such an agreement is not explicitly stipulated in the occupational lease, it is not guaranteed in any way and the extension of the occupational lease is reliant on the good will of the landlord.

Also common is the landlord requiring the paying of the rent in advance (e.g. for six months). Or demanding the depositing of security, which after the rent termination, the landlord will return to you or use to pay possible debts of rent or for damages inflicted to the flat. A written contract on security must be drawn up about depositing the security.

#### **g.) Assignment of a Rented Flat for Compensation**

In advertisements and offers of some estate agencies in large cities, you may encounter an offer of assigning a rented flat for compensation. The compensation is a financial sum usually at the amount of several hundred thousands crowns. For this sum you will get an occupational lease in your name with a low controlled rent. The occupational lease is usually concluded for an indefinite period of time. With these

two conditions being fulfilled, paying the compensation is a financially advantageous possibility of how to get secure accommodation.

If the owner of the building intends to conclude an occupational lease with you under these terms and conditions, it is dependent only on your mutual agreement.

However, if you are offered a flat in this manner by its tenant, it means he does not need it any more and the right thing for him to do would be to return it to the landlord. Such a transaction is then denoted as the so-called “fictitious exchange of a flat” or “fictitious transition of flat renting”. If the landlord (a municipality or a private owner of the flat) has a suspicion that the transaction is not in order, he will refuse to give his consent to the exchange. Such a transaction is illegal and by going through with it you run the risk of losing your money and still not becoming a flat tenant.

In advertisements you may also see the word “decree” (a licence to occupy a flat). In the past the decree used be a document entitling the usage of a flat. This term is not used any more and some people confuse it with an occupational lease.

## IV. SUB-TENANCY, HOSTELS AND NON-RESIDENTIAL PREMISES

### **a.) Sub-tenancy**

Sub-tenancy is a temporary accommodation in a flat, which somebody else rents and does not need at that moment. It is possible to sub-rent the whole of a flat or just its part. The flat tenant, who wishes to sublet the flat or its part, must have the written approval of the owner of the flat. If the owner of the flat does not give his approval, the contract of sublease will be invalid. Subletting a co-operative flat is regulated by the rules of individual co-operatives (in compliance with the text of the rules, it is possible that the approval of the co-operative will not be required).

The sublease contract should be concluded in writing for the sake of clarity and certainty. The payment for sub-tenancy is entirely by agreement of the sub-tenant and the tenant. It normally includes all fees in connection with housing.

The sublease contract may be concluded for a definite period of time or without a time restriction. The contract regulates the terms and conditions of the sub-tenancy termination. If these terms and conditions are not stipulated in the contract, it is possible to give notice to quit without stating a reason with a notice period of three months. The contract of sublease concluded for a definite period of time shall cease by the expiration of this period. The contract of sublease will also cease at the point when the occupational lease, which the sub-tenancy is tied to, is terminated.

Landlords, i.e. municipalities and private owners of blocks of flats, often perceive subletting flats and their parts as unjustified enrichment of the tenant, particularly if it concerns a flat with controlled rent. Therefore, the landlord will not give his approval to the sub-tenancy. That is why you may be offered sub-tenancy without the landlord giving his approval. However, in such an event, the contract of sublease will not be valid and your using the flat or its part does not enjoy any legal protection.

Sub-tenancy of a flat is regulated by Section 719 of the Civil Code. Legal regulations of sub-tenancy are very brief and therefore it is necessary to clearly provide for all details, terms and conditions of sub-tenancy in the sublease contract.

### **b.) Hostels**

In the Czech Republic there are two types of hostels, which are governed by different provisions of the Civil Code.

- hostels denoted as *facilities intended for permanent housing*. In these hostels, renting commences by concluding an occupational lease. These facilities are spoken about in Sections 717 – 718 of the Civil Code and the rent in these premises is governed by the Price Notification of the Ministry of Finance No.1/2002. You may report this address as your place of residence. However, hostels like these are hard to find.

- *hostels used for temporary accommodation.* This type of hostel is much more common. Here, you conclude a contract of accommodation with a statutory representative of the hostel. The contract of accommodation is governed by Sections 754 - 759 of the Civil Code. Actual terms and conditions and payments for the accommodation are stipulated in the contract of accommodation.

Furthermore, in each hostel the so-called House Rules, which must be observed, are in force. In the event of a gross violation of the House Rules or upon failing to meet payments on time, the accommodation may be terminated immediately. The House Rules set the conditions, under which the accommodation is provided (e.g. concerning visits, pets, living with children and families), and the rights and obligations for using common premises of the hostel and co-existence with other accommodated persons.

Living in hostels can be on a variety of levels. Somewhere you may rent the entire room, somewhere else only a bed in a room, which you share with other people. In this case each person has a separate contract concluded. Hostels are equipped with furniture and bedding and there is the possibility of cooking in a shared kitchen.

Information about hostels is not officially gathered anywhere. You may get some information in certain estate agencies, the telephone directory, town authorities or in information centres, which operate in some towns.

### **c.) Living in Places which Are not Intended for Habitation**

When looking for a flat to rent, you may be offered a place, which is physically suitable for habitation, but officially is not intended for habitation. This can include non-residential premises (an office, shop, workshop) or recreational facilities (a cottage). Determination of the character of each construction is dependent on the plan and the approval of a building for use – i.e. the decision of the Building Control Department.

Should you wish to live in such a place, you will have to enter into a written contract with the owner of the building. However, this contract will not be a contract of renting a flat but a contract of non-residential premises lease (Act No. 116/1990 of the Collection of Laws, on Lease and Sublease of Non-residential Premises) or a contract of renting a cottage (Section 663 of the Civil Code). Legal protection for this kind of contract is lesser than it is for a contract of renting a flat. For example, no regulations concerning the rent apply in this case and termination of the lease by a notice of termination on the part of the owner is much simpler. Another disadvantage of this accommodation is the fact that your contract will not be recognised by the authorities as proof of accommodation (e.g. Alien Police Department, State Social Security Department).

Another thing that may happen is that the owner concludes a contract of renting a flat with you, although the place is not officially a flat. In such a case, the occupational lease is not valid. If you have any doubts about whether the place on offer is really intended for habitation, ask the owner to show you the decision on the approval of the building for use.

## **V. REPORTING THE PLACE OF RESIDENCE**

In the place, where you live, you must go to the Alien Police Department to report the address of your residence. Depending on the form of your accommodation, the document, by which a foreigner proves that he has accommodation secured, is usually considered to be:

- a verified copy of the occupational lease
- a verified copy of the contract of sublease and at the same time the written approval of the flat owner
- the original of the confirmation of the accommodation facility, from which, it is obvious, that the accommodation facility will provide the foreigner with accommodation, also stating the period from – to
- the statutory declaration with the verified signature of the owner of the real estate on providing the accommodation and a document proving the ownership of the real estate (an abstract from the Land Register)

In the case that you wish to register at the address of a person, who is in a tenancy relationship to the flat, you will need approval from this flat tenant as well as the owner (landlord) concerning your habitation.

If you wish to register at the address of a family member, who has an occupational lease, it will be sufficient to present this occupational lease and prove the relationship to the flat tenant.

However, the form of the document is not exactly stipulated in the Act on Residency of Aliens No. 326/1999 of the Collection of Laws, so it depends on the consideration of the Alien Police Department if it recognises the submitted document as relevant. If in doubt, the Alien Police Department may request you supplement it with other documents.

Another important fact is the duration of the period for which the document proving the accommodation, is valid. If you are staying in the Czech Republic on the basis of a visa for a stay exceeding 90 days and you have a document proving accommodation for a period shorter than 1 year, you will obtain a visa only for the duration of the validity of this document proving accommodation.

## VI. REGISTRATION FOR ENERGY CONSUMPTION AND FOR OTHER SERVICES IN THE FLAT

Prior to moving into a flat, it is necessary to arrange registration for energy consumption. Sorting out the issue of gas and electricity consumption can last several days and in some cases weeks. Therefore, before moving, it is necessary to deal with everything well in advance or you have to take into account that for some days you will be in the flat without electricity and gas.

### **a.) Registration for Electric Energy Consumption**

Registration for electricity consumption can be arranged in the service office of regional distributors of electricity (they usually cover the area of a certain region, or sometimes more regions – Energy Company of Prague, of Central Bohemia, North Moravia and so on) depending on the address of your flat. When registering for consumption, you will pay an administrative fee and arrange the amount of advance payments for electric energy. After this a technician will call round to connect an electrometer. Periods for connecting electricity vary in different energy supply companies.

For the registration you will need: a completed electric energy consumption registration application, the occupational lease (or a document proving the ownership of the flat), the approval of the owner of the real estate, validated by his signature. Furthermore, for a new flat or a flat, where the electrometer was disconnected for more than 6 months, the technical overhaul of the power supply must be carried out before the actual connection of the electrometer. For other flats, firstly the former consumer has to be de-registered. If your type of residence is other than permanent residence or asylum, you will also need a **guarantor**, i.e. a person, who will guarantee that if there were outstanding electricity bills left behind after your departure from the country, he himself would pay the sums owed. The guarantor must be of Czech citizenship and must be personally present when you sign your contract with the local energy company.

Prices of electricity for households are set by the government of the CZ. You can choose from several price bands, which vary depending on the volume of electricity consumption, some are intended only for households where all of the equipment runs on electricity. Workers of the energy company will advise you. Electric energy is paid for by advance payments every month (sometimes once in two months). Accounting of your consumption takes place 3 times a year, when the energy company sends you a balance of your account with particulars concerning the electricity used along with a paying-in slip to reimburse any possible remaining balance and the new amount of the advance payment required for the following 4 months.

## **b.) Registration for Gas Consumption**

For gas consumption you will need to register with the gas company, in each region there is a separate company (e.g. Central Bohemia Gas Company – etc.). In order to register you will need the occupational lease for the flat and you will also pay a fee for connection to a gas meter.

Prices of gas for households are set by the government of the CZ. Gas is paid for by advance payments every month and accounting of the gas consumption usually takes place once a year.

## **c.) Other Services**

*Registration for water consumption* needs to be arranged only for habitation in one's own family house. The registration is arranged at the Water and Sewerage Company (these exist in each region).

*Refuse collection* (dustbins, sacks) also needs to be arranged only by those living in their own family house and may be arranged at the municipal authority. Currently, each municipality sets a certain annual amount per person for refuse collection and depending on the practice in your block of flats this sum is either paid by you or it is paid on your behalf by the landlord. From 2003 a return to the previous system may occur, when payments for refuse collection were counted on the basis of the amount of emptied dustbins and number of people in the building.

In the case of living in rented or co-operative flats, payments for water and refuse collection are usually a part of services supplied and charged for by the landlord.

## **d.) Telephone Line**

You can get a telephone line installed from Czech Telecom at a fee of CZK 3,500. When submitting an application, it is necessary to present the occupational lease.

If you are a tenant or subtenant in a flat, where a telephone line has already been installed, you can transfer it to yourself with the approval of the owner (a fee of CZK 170). Then the line will be in your name, bills will be sent to you and you will be listed in the telephone directory. If the landlord does not agree to transfer the telephone line (even if only temporarily) to your name, it is possible to agree at least on requesting a service called “**a change of payer**”, i.e. a service, where the telephone line is still registered in the name of the telephone line owner, but bills are in your name. This has an advantage, particularly when you carry out your business activities directly in the flat, which you rent.

If a telephone line was at some point installed in the flat and if there is any debt tied to it, then Czech Telecom, prior to its re-connection, will demand the settling of this debt regardless of the fact of who caused it. This is a situation that owners fear when renting a flat to anybody. Therefore, always discuss the usage of the telephone line and the method of payment with the owner in advance.

Other telecommunication companies operate in the market (e.g. Contactel, Etel or GTS), and currently install telephone lines only for legal entities. It is expected that from 2003 they will also be allowed to install telephone lines for households.

## **VII. EXCEPTIONAL SITUATIONS**

### **a.) Disputes between the Tenant and the Landlord**

If the occupational lease is not observed on the part of the landlord or the tenant, the best scenario is to settle problems informally by an agreement. If an agreement is not reached, you may appeal to a court. In the case of contracts for a definite period of time, court proceedings do not usually solve the current situation for reasons of time.

### **b.) Unwarranted Entry of the Flat by the Owner and Preventing of the Tenant Using the Flat**

If a very serious conflict arises between yourself and the landlord then a situation where the owner starts acting unlawfully may occur and his conduct against you may constitute an offence of unlawful infringement of your right to the house, flat or non-residential premises. In this event you can turn to the police or take it to court. The police are bound to accept your statement and to initiate an investigation, because it is a case of an offence. Specifically, two types of unlawful situations are possible:

#### ***Unwarranted entry of the flat by the owner***

The owner enters the flat in your absence, seizes your things and exchanges the lock. If you ask a locksmith for help, before opening the flat, he may demand to see a document proving you have the right to use the flat (the occupational lease or the contract of sublease). In the event that you cannot substantiate your relation to the flat and the locksmith refuses to open the flat, it is necessary to approach the relevant Municipal Authority asking for provision of the protection against infringing on peaceful status (pursuant to Section 5 of the Civil Code).

If you live in a flat without an occupational lease or a contract of sublease, this situation has for you much more serious consequences.

#### ***Preventing the tenant from using the flat***

The landlord will disconnect the tenant from the services, which he supplies to the flat (e.g. water), or will carry out such constructional adaptations in the building, which prevent the flat from being used.

### **c.) Fire or Emergency Situations concerning Water and Gas**

If an emergency situation occurs in the flat you live in and it is not possible to contact you, the landlord is allowed to open the flat for the purpose of dealing with the emergency situation. He is bound to inform you about this fact immediately and a report on the flat opening signed by all the parties involved should be made.

### **d.) Loss of Accommodation**

If you suddenly lose your accommodation and you cannot turn to your friends, there are unfortunately only a few options of where to find help. The first is to go to commercially run hostels. If there is a vacancy in the hostel, you can get accommodation immediately. If you have small children, you can also try to ask for accommodation in a hostel for mothers with children. These hostels usually go under the network of town social services and therefore the prerequisite for living there is a permit for permanent residence in the Czech Republic.

Another option is to approach charity organisations, which do not have these strict conditions. In the CZ charity hostels are operated in various towns and cities, particularly by the Czech Catholic Charity, the Diaconia of the Evangelical Church of Czech Brethren, Salvation Army and Hope. Charity hostels only provide short-term accommodation to people without homes in an emergency. They are often called shelters.

However, for any hostel it applies that your personal papers must be in order.

## **VIII. OTHER USEFUL INFORMATION**

### **a.) Flat Category**

Depending on their quality, flats in the Czech Republic are divided into four categories I-IV. The important factor for inclusion into a category is the fact of if the basic facilities (a bathroom and WC) are in the flat or outside the flat and what type of heating is in the flat. At present, most of the flats in the CZ are of the first category. The flat category is important for the amount of rent, if is controlled by the state. In the case of the agreed rent it is up to an agreement of the parties and the flat category is more like added information about the quality of the flat.

### **b.) Saving in a Building Society**

Saving in a building society is one of the most widespread forms of housing financing in the CZ. The principle of this type of saving is that the state provides the client of a building society with a state subsidy at the amount of 25% of the annually saved sum under the condition that the period of the agreement of saving with the building society lasts five years. After the termination of this period it is possible to withdraw the saved amount together with the interest and the state subsidy as well as the possibility of making use of an advantageous loan. This loan may be used for the purchase of a house or flat into one's ownership, for the transfer of membership of a housing co-operative or the reconstruction of a flat. An agreement on saving with a building society may be concluded by an individual, who has permanent residence in the Czech Republic and has been allocated with a birth (personal) number (see the Birth Number section) or a legal entity with its registered office in the CZ and identification number allocated by the authorities of the CZ.

Currently, there are 6 building societies in the Czech Republic. Terms and conditions of saving with a building society and loans granted by building societies are regulated by Act No. 96/1993 of the Collection of Laws, on Saving in a Building Society and State Subsidy of This Type of Saving.

### **c.) Mortgages and Loans**

A mortgage is a loan intended for the purchase of a flat or a house for one's own habitation. Mortgages are granted by banks in compliance with their own criteria and usually require security – either the real estate under construction or a different real estate in the territory of the Czech Republic. The state provides a state contribution for mortgages, however these contributions are provided only to persons with Czech citizenship.

### **d.) SIPO**

SIPO is a Czech abbreviation for Joint Collection of Payments from Inhabitants. You can set up SIPO at a post-office. Here you will be given a SIPO number and you

can state this number to the Energy Company, Gas Company, a landlord or a post-office if you wish to subscribe to newspapers – etc. Then all your payments concerning your flat will be banded together and the SIPO centre will send you one paying-in slip each month, which will contain payments for everything.

But watch out! You can use SIPO for paying the rent only if the landlord uses this service.

The SIPO system was established at a time, when people did not commonly have bank accounts. Nowadays, it is quite possible to simply use bank orders for various payments if you wish.

#### **e.) Birth (Personal) Number**

When dealing with the majority of formalities in the Czech Republic, people are identified by a birth number. Therefore we recommend that you apply for a birth number. It is useful when arranging things with authorities, but there is no obligation to have it. Any foreigner with a residence permit or visa exceeding 90 days may apply for a birth number. The application must be submitted to the Czech Statistic Office in Brno (persons born in 1969 and after), or at the Czech Administration of Social Security (persons born before 1969).

For the application you will need the following personal documents:

- a residence permit card
- a certified translation of a birth certificate (if you cannot submit it for various reasons, a statutory declaration will be sufficient)

#### **f.) Housing Allowance**

The housing allowance comes under Social Security benefits, which you are entitled to, if you are a foreigner with permanent residence, an individual with asylum status granted or a foreigner with a visa exceeding 90 days (and your stay in the Czech Republic is longer than 365 days). The application is submitted at a Social Security contact office appropriate to the address of your residence. In order to be granted this allowance you must substantiate:

- that you are registered as having residence in this flat. You must have a due occupational lease or have this flat in your own (or co-operative) ownership. The housing allowance is not granted to those living as subtenants or at hostels. The exceptions are the hostels – the so-called facilities intended for permanent living, where an occupational lease is concluded

- that the income of all persons living in the flat during the last calendar quarter was lower than 1.6 multiple of the subsistence minimum. All persons, registered as having residence in this flat, are included in the application for the allowance and their income is also counted, even if they are not members of your family.

The amount of the allowance is not connected with the amount of payments for the flat. The housing allowance is regulated by Act No.117/1995 of the Collection of Laws, on State Social Security.

### **g.) Flat Insurance**

The following generally applies for flat insurance:

If you own a house or a flat, this is a case of **real estate insurance** (or insurance of buildings). Thereby you will insure the building itself. If you want to also insure your property inside the house or the flat – i.e. internal furnishings and equipment, such as furniture, electrical goods, etc., you will have to add to the real estate insurance – the **contents insurance**.

If you rent a flat, you can only arrange **contents insurance**. Thereby your property inside the flat is insured: furniture and other equipment, electrical goods, valuables... Furthermore, you may extend the insurance for the case of liability for damages, which you may inflict on neighbours in the block of flats or in any other way. For each type of insurance you need to consider two things well:

- First – which events the insurance covers. A common type of insurance is the insurance against natural hazards (fire, wind, water) and insurance against theft and burglary. However, you should always watch out for details and small print when concluding an insurance agreement.

- Second- what sum the insurance is arranged for – the so-called insured value. This determines at what amount the insurance company will indemnify you for damages. It is advantageous, when you have “insurance for a new price”, where the sum for damaged items paid, corresponds with the price of new items at the present time.

Obviously it applies that the better you are insured, the higher the insurance premiums will be. Furthermore, it is necessary to have a better than normal secured flat entrance. The so-called safety lock is a minimum.

### **h.) State Integration Program for Individuals with Asylum Status Granted**

In the Czech Republic there exists a programme of housing support for individuals with asylum status granted, the so-called State Integration Programme. This programme is amended by the Ministry of the Interior every year and its terms and conditions are published in the Government Bulletin. A foreigner, who has been granted the refugee status (asylum) in the Czech Republic and agrees in writing to be included in this programme, may participate in this programme. This programme does not apply to any other foreigners.

The programme’s principle is a state financial allowance provided to owners of flats, who conclude an occupational lease with a person with asylum status.

If you have been granted asylum in the CZ, officials of the Ministry of Interior may include you in the State Integration Programme (by filling in the Declaration) after receiving the decision on granting asylum. The Advice Bureau for Integration can give you more information about the State Integration Programme.

## **IX. FREQUENTLY ASKED QUESTIONS**

### ***Who will help me find a flat in the Czech Republic?***

In the Czech Republic there are estate agencies, which will help you find a flat to rent or to purchase. For a flat purchase, estate agencies usually do not require a fee (or rather, they require it from the seller). However, when arranging renting, estate agencies demand either a payment in the form of a fixed sum for mediation or at the amount of one agreed rental payment, or possible a 2-3 multiple of the monthly rent. Moreover, renting a flat arranged through an estate agency is usually more expensive. However there is one advantage – the estate agency will prepare an occupational lease. But even in this situation we recommend that you consult an independent solicitor about this occupational lease.

You can also be assisted through advertisements, notice boards and the Internet. You can rent a flat with any type of residence permit. But you can purchase a flat only if you have a permit for permanent residence or you have been granted asylum status.

### ***Must I have a written contract concerning the flat, which I live in?***

We always recommend having a written contract concluded, whether it is an occupational lease or a differently named contract. If you find somebody, who lets you live in a flat for a consideration and without a written contract, it is always very risky for you. You will also need a written contract for dealings at various offices.

### ***What shall I do, when the landlord demands that I should pay the rent for several months in advance?***

It is possible that a payment of the rent for a certain period will be demanded in advance. This is not contradictory to law. You may also be asked to deposit a security, which will be returned to you after the termination of the rent. However, it is necessary to make a written agreement thereabout, in which the landlord will confirm by his signature the handing over of the money.

### ***How do I pay the rent?***

The amount of the rent and the method of paying the rent are specified in the occupational lease. It may be for example in cash or by transfer to a bank account. The rent is usually paid once a month.

### ***How often and by what amount could my rent be increased?***

The rent increase is based on the terms and conditions of the occupational lease. For flats with a controlled rent it is based on legal regulations, in 2002 these are specified in the Price Notification of the Ministry of Finance.

### ***How do I pay for services and how is their accounting implemented?***

You pay for services provided in connection with habitation in the form of advance payments jointly with the rent payment. Advance payments on the services are set by the landlord according to the number of persons registered in the flat and estimated consumption. For some services, the amount of the reimbursement is set according to the floor area. Once a year, accounting of advance payments based on the actual consumption is carried out. If the balance after the accounting shows an over payment, this sum will be returned to you. If it shows an outstanding balance, you are bound to pay it. Advance payments for the next year may be adjusted with respect to the result of the service accounting. If you disagree with the accounting balance, you are entitled to make a complaint.

### ***What shall I do, when my occupational lease has ceased?***

On the day, when the occupational lease ceases, you must move out of the flat. By operation of law you do not have any further right to this flat. You either have to find a new flat, or try to reach an agreement with the landlord about if you can still live in the flat. However, in this case it is necessary to conclude a new occupational lease.

When moving out it is necessary to personally hand over the flat and the keys to the owner and it is advisable to write up the Report on Handing over the Flat.

### ***How can I terminate the flat rent before the period arranged in the occupational lease expires?***

You must ask the flat owner for the termination of the flat rent by agreement. The rent termination agreement should be drawn up in writing and stipulate the date, on which the renting ceases. This could be any date.

If the owner does not want to come to an agreement with you over the flat rent termination, you may terminate renting without his approval by giving him a written notice of the flat renting termination. Pursuant to law, for this case of rent termination, a three-month notice period, which cannot be shortened, is in force. The notice period starts its course on the first day of the following month from when the notice was delivered to the owner.

### ***How to register a flatmate's residence with the police?***

If you are the owner of a flat (a house), for registration of your flatmate, the Alien Police Department will require only a filled in statutory declaration and an abstract from the Land Register confirming you are the owner of the house (flat). If the real estate has more joint owners named on the abstract from the Land Register, the approval in the form of a statutory declaration will be required from all of them.

In the case that you have an occupational lease of a flat, you can give to your flatmate – foreigner a statutory declaration for the Alien Police Department stating that you are going to allow him to live in your rented flat and simultaneously you will

submit your occupational lease for the flat. You must also produce the approval of the landlord. The Alien Police Department requires that all these documents be in the form of officially verified copies.

***What to do if neighbours behave inappropriately?***

If the problematic behaviour of a neighbour cannot be solved by agreement, you may ask the Police to take action against him. You may also inform the landlord in writing about the neighbour's inappropriate behaviour. Repeated and serious cases of inappropriate behaviour can be a reason for the landlord giving your neighbour notice to quit.

***What constructional adaptations may be carried out in the flat?***

All constructional adaptations in the flat must be carried out with the written approval of the owner and permission of the Building Control Department. It is not dependent on who finances the adaptations. Adaptations, which do not require planning permission, are listed in the Construction Act. However, the approval of the owner is always necessary. If you implement some constructional adaptations without his approval, this constitutes a reason for giving notice of the flat renting termination (the court must approve the termination).

***Who shall I approach if the owner violates legal regulations and does not observe the occupational lease?***

First of all try to settle the situation by talking it over with the owner. If this does not help, you may appeal to the court. It is necessary to have written documents concerning the points of issue (e.g. to send the owner a written notification of the problem and keep a copy).

It is useful to consult a solicitor and possibly ask him to accompany you when negotiating with the owner.

## **X. EXPERIENCE OF AN ESTATE AGENT**

The following information was provided by a director of an estate agency in Prague.

### ***How often do flat owners lay down conditions concerning the nationality of tenants?***

This issue – whether to rent a flat to a foreigner and of which nationality – is discussed with each owner, who offers a flat to let. Many owners would say right away that they do not want foreigners. Then it is up to the skill of the broker, who deals with them, to discuss this issue with them and possibly persuade them. Based on my experience, I would divide owners into three categories:

In the first category there are those who refuse to deal with any foreigner whatsoever as a matter of principle.

In the second there are owners, who have already had some bad experience when renting a flat to a foreigner.

Those from the third category refuse it from mere unfamiliarity or because it is commonly said that renting to foreigners is risky.

It is possible to negotiate with these last two categories of owners and in the end they may agree with renting to foreigners. Obviously, owners have a bigger distrust of people from the ex-Soviet Union and Asia. But people from these countries – Russia, Ukraine, Vietnam, China – are our most usual foreign clients. Based on my experience, it is not true that people from western countries are always better tenants.

A foreigner, who rented a flat in the Czech Republic in the past and has a reference from previous owners, has a big advantage, when he wants to rent a flat. Owners are strongly influenced by such a reference.

### ***Are the foreigners' requirements and ideas different from common practice in the CZ?***

They do not have bigger requirements. Au contraire, they are aware of the fact that their position in searching for a flat is worse and they themselves often offer more – e.g. a higher rent, they are willing to pay for a longer period in advance – etc.

I am now talking about people with an average income who want to rent an ordinary flat and not luxurious apartments, where ideas may vary greatly. We are mostly involved with ordinary flats. Foreigners account for less than 10% of all clients – people interested in accommodation. However, we cannot satisfy all, particularly due to the opinions of some owners that I mentioned above.

### ***Is it necessary to deal with any issues differently than is usual, when drawing up an occupational lease, because it involves a foreigner?***

The occupational lease is standard, there is nothing different in it than when renting to a Czech national. Our estate agency prepares an occupational lease and assists during negotiations between an owner and a tenant and on signing the occupational lease.

The only thing different in these cases is the language difference. Foreigners usually bring with them a person, who interprets for them. We were also arranging a translation of an occupational lease text into Russian. Discussing the occupational lease with foreigners usually takes a bit longer, not only because of the language, but also because they are very careful. Sometimes they themselves have already had bad experiences with the conduct of Czech people towards them.

***Do owners have bigger requirements with respect to the amount of rent, method of payment or guarantees?***

Sometimes, yes. But the difference is not great. For example it is quite common for a client to deposit to the owner a sum at the amount of one months rent as security. Foreigners sometimes deposit the owner security at the amount of two months rents.

The rent amount is comparable, it may be by some CZK 500-1000 higher per month than rent for a similar flat paid by a Czech national.

Paying the rent for the entire period in advance –is a method that is used minimally. Owners do not require this, it is more the case that sometimes an interested party offers to pay for the entire period in advance so the owner rents the flat to him.

Everything is settled on the basis of an agreement between the owner and the client. If owners had considerably higher requirements on foreigners than on Czech nationals, what could happen is that they would have an empty flat. Currently, flats to rent are plentiful.

***Based on your experience, do problems – breaching of the occupational lease, occur in the duration of the rent relation?***

We register few problems. But if any problem arises, we always learn about it, because the party, which feels he is the injured party, telephones us. We feel a certain responsibility regarding the issue, so we try to discuss matters with both parties and find a solution.

I think problems can often be avoided by drawing up a good-quality occupational lease. Moreover, our estate agency has been well established for a long time so we are approached mainly by reputable owners and clients.

When problems occur, it is usually on the part of foreigners, who rented the flat, and it concerns two areas: A) a delay in paying the rent or failure to pay electricity, telephone – etc. In the case of electricity, currently it is most common to transfer the registration of electricity consumption directly to the flat tenant, for the telephone it may be agreed that the owner will be passing the bills to the tenant to be paid, or that the telephone will be re-registered in the name of the tenant. But even if it is registered in their names and they do not pay it, it causes problems for the owner when the renting is terminated. B) sometimes it happens that a foreigner wants to move out immediately, regardless of the period arranged in the occupational lease.

## XI. GLOSSARY OF ABBREVIATIONS AND TERMS

nemovitost	<b>“real estate”</b> - land or a building connected to the ground with a solid foundation
OV	<b>“a flat in one’s ownership”</b>
DR or DV	<b>a flat in co-operative ownership</b>
RD	<b>a family house</b> (for a family to live in, but in it could be up to 3 flats)
umakartové jádro	<b>“Formica bathroom unit”</b> - an old type of a bathroom and a toilet in prefab blocks of flats. The bathroom and the toilet are like a big plastic box. This means the flat has not recently been reconstructed.
zděné jádro	<b>“brick bathroom unit”</b> - walls of a bathroom and a toilet in prefab blocks of flats are made of brick and are tiled. The flat is of a better quality than those with a Formica bathroom unit.
RK	<b>an estate agency</b>
gars.	<b>a bed-sit</b> – a one room flat without a kitchen, but with only a small fitted kitchen or a hot plate.
k.k.	<b>a kitchenette</b> - a tiny kitchen without a window.
B	<b>a balcony</b>
L	<b>a loggia</b> - The same as a balcony, but protected from the sides and above by walls of the building.
T	<b>a terrace</b>
G	<b>a garage</b>
mezonet	<b>“maisonette”</b> - a flat on two stores, with stairs inside the flat
velikost bytu	<b>“flat size”</b> - the first figure means the number of rooms, the second means a kitchen. Behind the slash there could be another area belonging to the flat. For example: 2+1/B = two rooms and a kitchen with a balcony, 3+k.k. = three rooms and a kitchenette, 1+0 = one room without a kitchen (a bed-sit), 4+1/T,G = four rooms, kitchen, terrace and garage
podlahová plocha	<b>“floor area”</b> - the area of the entire flat in square meters
nájem bez poplatků	<b>“rent without fees”</b> - only the rent, fees for services, electricity, gas, need to be paid separately
nájem s poplatky	<b>“rent with fees”</b> - this rent includes fees for services and energy
anuita	<b>“annuity”</b> - in the case of co-operative flats this term is used for repaying the loan, which the co-operative used for the construction of the block of flats. The sum, which the co-operative member still has to repay, is commonly called “annuity”. When the annuity is zero, the loan has already been paid off.

## **XII. LEGAL REGULATIONS RELATING TO HOUSING**

### **a.) Flat Renting**

Act No. 40/1964 of the Collection of Laws, the Civil Code, as amended by subsequent regulations, Particularly:

Sections 663-684 on the occupational lease

Sections 685-719 – special provisions on flat renting

Section 719 – sub-tenancy

some provisions from the general part of the Civil Code

### **b.) Ownership of a Flat and a House, Purchase of a Flat and a House**

Act No. 72/1994 of the Collection of Laws (Coll.) on Ownership of Flats, as amended by subsequent regulations.

Government Decree No. 322/2000 (Coll.), by means of which model Rules of unit owner communities are stipulated.

Act No. 265/1992 (Coll.), on Registration of Ownership and Other Rights to Real Estate .

Act No. 344/1992 (Coll.), Land Register Act No. 513/1991 (Coll.), Commercial Code, as amended by subsequent regulations.

Act No. 455/1991 (Coll.), Trade Act, as amended by subsequent regulations.

Act No. 326/1999 (Coll.), on Residence of Aliens in the territory of the CZ.

Act No. 96/1993 (Coll.), on Saving in a Building Society and State Subsidy of This Type of Saving.

Act No. 586/1992 (Coll.), on Income Tax.

Government Decree No. 244/1995 (Coll.), by means of which the terms and conditions of the state financial support of mortgage loans for housing development are set.

Act No. 219/1995 (Coll.), Foreign Exchange Act.

Act No. 338/1992 (Coll.), on Real Estate Tax.

Act No. 357/1992 (Coll.), on Inheritance, Gift and Real Estate-Transfer Taxes.

### **c.) Co-operative Flats**

Act No. 513/1991 (Coll.), Civil Code: Part Two “trading companies and co-operatives”.

Decree of the Ministry of Finance No. 85/1997 (Coll.), on Rent Payments for Flats Built in Co-operative Flat Developments and Reimbursement for Performance Provided in Connection with Using These Flats.

### **d.) Rent Payments and Other Fees in connection with Accommodation**

The Price Notification of the Ministry of Finance No. 01/2002 (Coll.), by means of which a list of goods with controlled prices is issued .

Government Decree No.258/1995 (Coll.).

Act No. 117/1995 (Coll.), on State Social Security.

The Order of the Ministry of Trade and Industry No. 245/1995 (Coll.), by means of which rules for heating and hot service water supply are set as well as for the division of costs.

### **XIII. LIST OF ORGANISATIONS AND INSTITUTIONS**

#### ***Ministry for Regional Development***

Staroměstské nám. 6  
110 15 Prague 1  
tel. 2 2486 1111  
[www.mmr.cz](http://www.mmr.cz)

#### ***Ministry of the Interior***

Department for Asylum and Migration Policy  
P.O. BOX 21/OAMP  
170 34 Prague 7  
tel. 2 6142 1115  
[www.mvcr.cz](http://www.mvcr.cz)

#### ***Advice Bureau for Integration***

Senovážná 2  
110 00 Prague 1  
tel.2 2421 6758, 2 2423 3034  
fax.2 2421 3426  
[www.p-p-i.cz](http://www.p-p-i.cz)

#### ***Association of Tenants of the CZ***

Winstona Churchilla 2  
130 00 Prague 3  
tel.2 2446 3343  
[www.son.cz](http://www.son.cz)

#### ***Czech Statistic Office***

Jezuitská 2  
602 00 Brno  
tel. 5 4252 8111  
[www.czso.cz](http://www.czso.cz)

#### ***Czech Administration of Social Security***

Křížová 25  
225 08 Prague 5  
tel.2 5706 1111, 2 5706 2860  
[WWW.CSSZ.CZ](http://WWW.CSSZ.CZ)

**Energy Companies** – the connection and payments for electricity. An independent company in each region: Energy Company of Prague, of Central Bohemia, of North Bohemia etc. Each company has branches in various towns in its region.

**Gas** – the connection and payments for gas. An independent company in each region: Prague Gas Company, Central Bohemia Gas Company, North Bohemia Gas Company – etc. Each company has branches in various towns in its region.

**Land Register Offices** – the Land Register. The possibility of viewing, registering in the land Register when purchasing real estate, issuing of an abstract from the Land Register as proof of ownership.

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## **XV. APPENDIXES**

### **a.) Standard Occupational Lease**

#### ***Occupational Lease***

*Concluded pursuant to Sections 685 and 686 of the Civil Code*

*By and between*

.....  
(denoting of the landlord

- individual person: name and surname, birth number, place of residence
- legal entity: name, registered office, Company Registration No., account no., the name of the authorised person that acts on behalf of this legal entity).

Hereinafter referred to only as the “Landlord” )

and

.....  
(denoting of the tenant

- individual person: name and surname, birth number, place of residence. If it is a joint tenancy of more persons, it is necessary to state particulars of all joint tenants
- legal entity: name, registered office, Company Registration No., account no., the name of the authorised person.

Hereinafter referred to only as the “Tenant”)

### **Article 1 Subject Matter of the Lease**

The Landlord lets to the Tenant:

The flat No. .... on .... floor of the building No. .... Street .....,  
Comp. No. .... in ..... (municipality).

The flat has .... kitchen(s), ..... room(s) and these following additional rooms .....  
(e.g. a hall, hallway) and these facilities: ..... (e.g. a bathroom, a toilet, pantry, cellar,  
box-room). The facilities are individual and located inside the flat  
(or: *the facilities are shared with flat No.....*)

Furthermore, ..... (a balcony, terrace, garage – etc.) belongs to the flat.

The premises intended for common use together with other flats: .....

The floor area of rooms for rent calculation:

Kitchen .....	Hallway .....	Other Rooms .....
Room .....	Hall .....	Balcony .....
Room.....	Bathroom .....	Room.....
Toilet .....		

The technical condition of the flat and the scope of flat furnishings and equipment are stipulated in the Flat Handing over Report.

The flat is of the first category.

Renting of the flat is being arranged for the period of time:

**for the definite period of time** from ..... to ..... (The definite period of time could be denoted differently. For example for the period of .. ... months from the date of .... )

for an indefinite period of time from .....

## Article 2

### Tenant's Household Members

The following persons are moving into the flat with the Tenant:

.....

.....

(This Article shall be used in the case when household members are not included in the registration list or if there is not a registration list at all)

## Article 3

### Rent Payments and Reimbursement for Services in connection with Using the Flat

The rent payment is being set :

a) *1<sup>st</sup> Option*: at the amount of CZK ..... per month.

It shall always be increased as of July 1<sup>st</sup> by means of a coefficient, which will be published by the Ministry of Finance (MF) in the Price Bulletin after being approved by the government.

b) *2<sup>nd</sup> Option*: in compliance with the price regulations in force, i.e. the Notification of the MF No. 01/2002 (this option shall apply for controlled or materially regulated rents).

Advance payments for the reimbursement of services in connection with using the flat (hereinafter referred to only as the "reimbursement for services") are set pursuant to the price regulations in force (the Notification of the MF No. 01/2002).

The actual amount of the reimbursement for services shall be accounted together with the paid advance payments according to individual services by..... (e.g. June 30<sup>th</sup> of each following year).

The Tenant undertakes to pay the Landlord the rent and advance payments for the reimbursement of services by.... day of each month, for which the rent is paid. Should the Tenant fail to pay the rent and advance payments for the reimbursement of services within five days after this date, he shall be bound to pay the Landlord the default charges at the rate of 2.5 per mille of the sum owed per each day of delay, however at least CZK 25 per each month of delay including the started month.

The Tenant shall be bound to notify the Landlord about all facts decisive for setting the rent and the advance payments for the reimbursement of services (e.g. concerning changes of persons living with him in the common household), within the period of one month at the latest, after this change occurring.

#### **Article 4.**

### **Rights and Obligations in connection with Renting the Flat**

Rights and obligations in connection with renting a flat are governed by the relevant provisions of the Civil Code.

The extent of the financial participation of the Tenant in reimbursing costs of repair and maintenance of the flat are stipulated in Article 4 of the Special Stipulations. If the extent has not been arranged, the Tenant shall reimburse small repairs in the flat in connection with its use and costs in connection with ordinary maintenance of the flat, which are defined in Sections 5 and 6 of Government Decree No. 258/1995 of the Collection of Laws, by means of which the Civil Code is administered.

#### **Article 5**

### **Special Stipulations**

*This part of the Occupational Lease shall include stipulations, which are not included in the Civil Code, if they do not contradict it, evade the law or are not immoral. For example:*

1. In addition to costs of small repairs and those in connection with ordinary maintenance of the flat, the Tenant undertakes to also pay these following costs:

- of these following repairs: .....
- of all repairs.
- Of all repairs and replacement of the following items of the internal flat equipment ..... including the costs in connection with their delivery and installation.

2. The Tenant undertakes to leave the items in question in the flat in the case of the rent termination (this applies for separable items, such as cookers, washbasins, fitted kitchens –etc.)

The Tenant takes into account that the items built-in in the flat become a permanent part and when the flat renting finishes, he cannot remove them (this applies for the items and equipment built-in in the flat, e.g. central heating, built-in bath).

- The Tenant undertakes to give the items to the Landlord, which he acquired at his own expense, free of charge.
- In the case of rent termination, the Landlord undertakes to provide the Tenant with adequate compensation for the items, which the Tenant acquired at his own expense and shall leave in the flat.

3. The Landlord takes into account that he is not entitled to the rent for the flat equipment, which was acquired by the Tenant at his own expense.

4. The Landlord and the Tenant have agreed that if the Tenant observes all the provisions of the Occupational Lease and uses the rented flat even after the expiration of the agreed definite rent period, the Landlord shall not file a petition for vacating the flat within the 5 years following the expiration of the agreed period and thus in accordance with Sub-section 2 of Section 676 of the Civil Code the Occupational Lease shall be renewed always for another year under the same conditions, under which it was originally concluded.

### Article 5

This Contract has been drawn up in .... counterparts, of which the Tenant shall receive one counterpart. Amendments and supplements to this Occupational Lease may be implemented only by means of a written supplement agreed by both of the parties, always with effect from the first day of the following calendar month.

In ..... on .....

Signatures:

.....  
(on behalf of the Landlord)

.....  
(Tenant)

**b.) Standard Contract of Sublease**

***Contract of Sublease***

.....

(denoting of the Tenant

- individual person: name and surname, birth number, place of residence

- legal entity: name, registered office, Company Registration No., account no., the name of the authorised person.

Hereinafter referred to only as the “Tenant”.)

and

.....

(denoting of the Subtenant - name and surname, birth number, existing place of residence.)

Hereinafter referred to only as the “Subtenant”

**Are concluding this Contract of Sublease:**

**1. Subject Matter of the Sublease**

Mr. .... and Mrs. .... are in compliance with the occupational lease concluded on..... joint tenants of the flat in No.. .... , ..... Street, Comp. No. .... in .....

This concerns flat No. .... on .... storey, the flat has ..... rooms and a kitchen with facilities - ..... and other areas -.....

The owner of the flat in question (the landlord ) is .....

The landlord gave his approval for the sublease of the flat in question – a copy of the landlord’s approval forms an integral part of this Contract.

The subject matter of the Sublease is the entire flat.

Or: The subject matter of the Sublease is a part of the flat comprising of.....

On the day of ..... the Subtenant shall take over the subject matter of the Sublease from the Tenants, about which the Handing over Report shall be drawn up.

## 2. Period of the Sublease

### *Option I*

The Sublease is being concluded for a definite period of time from.....  
to .....

### *Option II*

The Contract of Sublease is being concluded for an indefinite period of time. The Sublease relation shall start on the day of ..... The Sublease relation shall cease in connection with the rent relation termination at the latest.

## 3. Reimbursements for Sublease and for Services in connection with Using the Flat

The reimbursement for the Sublease has been agreed at the amount of CZK ..... per month including the services rendered. This sum shall be annually adjusted pursuant to the officially published inflation rate coefficient.

The Subtenant undertakes to pay the Tenant the reimbursement for the Sublease by the ..... day of each month, for which the reimbursement is paid, into the account of the Tenant with the bank ....., Account No.....

## 4. Termination of Sublease

### *Option I*

The Sublease arranged for a definite period of time shall cease by the expiration of this period. The Sublease arranged for a definite period of time may be terminated by the Tenant before the expiration of this period for the following reasons:

- the Subtenant has been in delay in paying the agreed reimbursement for the Sublease for more than a month
- the Subtenant or those living with him violate peace and morals in the building
- the Subtenant uses the flat contrary to its purpose or sublets to other persons
- the flat cannot be used for reasons resulting from its constructional-technical condition

The notice period is .....(one month). The notice period shall start its course on the first day of the month following the delivery of the notice.

### *Option II*

The Sublease arranged for an indefinite period of time may be repudiated by either of the parties without giving a reason. The notice period is one month. It shall start its course on the first day of the month following the delivery of the notice.

## 5. Special Stipulations

1. Repairs in the flat in connection with its use and costs in connection with the ordinary maintenance of the flat are met by the Subtenant.
2. On the day of the Sublease termination, the Subtenant shall be bound to vacate his belongings from the flat in question and hand over to the Tenant the subject matter of the Sublease in the condition, in which he took it over, about which a Handing over Report shall be made .
3. After the Sublease termination, the Subtenants shall not be entitled to a substitute flat, substitute accommodation or a shelter.
4. The relations of the parties not regulated by this Contract shall be governed by the relevant provisions of the Civil Code.
5. This Contract has been drawn up on .....pages, in two counterparts, out of which each Contracting Party shall receive one counterpart. .... The owner of the real estate shall receive a copy of this Contract. The Contract shall become valid on the day of its signing.
6. The parties declare that they have acquainted themselves with the content of the Contract and declare that the Contract expresses their clear and free will, which they confirm hereunder by their signatures.

The approval of the real estate owner:

In ..... on .....

Tenants: .....

Subtenant: .....





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