HOUSING IN THE CZECH REPUBLIC

Information Brochure for Foreigners

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Introduction

Dear Reader,

This information brochure provides information about housing in the Czech Republic. It is intended predominantly as a basic orientation for foreigners seeking a flat in the Czech Republic.

The brochure contains a brief overview of legal regulations concerning housing, options available when seeking accommodation, detailed information and procedures regarding renting, occupational leases, and subleases, in order to solve selected problems you may encounter in connection with housing. Other useful information is also included. For the purpose of better comprehension of the text, some legal statements have been simplified and shortened. The brochure should answer the majority of questions you have.

The legal data stated in the brochure applies to the year 2008. Amendments may occur in the future regarding accuracy of the data. At the end of the brochure you will find a list of institutions and organizations, which you may contact regarding any amendments.

In the Czech Republic the housing situation is very complicated and if you are searching for relatively cheap rented accommodation, your task is not an easy one. The accommodation market in the Czech Republic is affected by local conditions, and the situation differs in each town and region. Usually, the bigger the town and the more job opportunities, the more expensive and less accessible the accommodation.

I. OWNERSHIP OF BUILDINGS AND FLATS IN THE CZECH REPUBLIC

In the Czech Republic there are two types of ownership: the ownership of buildings (pursuant to Act 40/1964 Coll., the Civil Code, as amended) and ownership of flats (in compliance with Act 72/1994 Coll., the Civil Code, as amended, regarding Ownership of Flats).

Buildings and flats may be owned by individuals (citizens) or legal and business entities including Municipalities and residential co-operatives.

1. Municipalities - towns

Municipalities independently manage the flats in their ownership. The competence of municipalities is governed by the Municipalities Act, flat renting is regulated by the Civil Code. The municipality may set down other rules regarding renting flats.

Municipal flats are always rented flats — people who live in them have an occupational lease completed with the municipality, and pay rent to them. Recently, the number of municipal flats has been steadily dropping. Some older buildings were returned to the families of the original owner within "restitution". Other buildings are privatized individual — flats may be sold to Tenants or whole buildings are sold to legal entities set up by the Tenants (for instance Co-operatives). 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 create disadvantage to or exclude foreigners from renting municipal flats. For example there may be a condition that there must be long-term permanent residency in the municipality or alternatively a condition that the Tenant must hold Czech state citizenship. In other municipalities, a list of applications for flats is not maintained and flats are rented pursuant to a selection procedure.

We recommend that you become acquainted with the actual rules of renting flats at the housing section of the relevant town or municipal authority. Here you can also submit a written application, if the municipality accepts applications. However, in such a case, you will have to wait for a long time. You may not receive the same priority as Czech citizens, and therefore you may wish to undertake personal negotiations with a higher representative of the town authority — a member of the town council or the Mayor.

2. Residential Co-operatives

The residential co-operative (hereinafter referred to as "co-operative") is a legal person 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 by the Civil Code. Tenants of individual flats (co-operative members) pay rent for their accommodation. The rent includes the management, maintenance, and repair costs and together with a proportionate part of the loan provided to the co-operative to build the building (unless this has previously been re-paid).

You may often hear the expression "a sale of a co-operative flat". In fact, this involves only the transfer of the membership within the residential co-operative, not the sale of a flat into one's ownership. The price for a transfer of membership rights is lower than prices of privately owned flats.

An agreement to transfer the membership rights and obligations 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 no unified rules stating whether or not a foreigner may become a member of the co-operative.

You may also be offered "to rent a co-operative flat". Usually, a member of the residential co-operative, not the co-operative itself, may wish to let the flat. However, the member of the residential co-operative is a Tenant themselves and therefore they may not let the flat to another person, but they may sublet. This person — a subtenant — does not become a member of the co-operative.

The issues concerning co-operatives are regulated by Act. 513/1991 Coll., Commercial Code, particularly part two — "trading companies and co-operatives" — Article 221 to 260.

3. Privately Owned Flats

An individual flat, which is a separate unit, is defined as "a privately owned flat".

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 exists as a legal entity. This community deals with matters in connection with the building administration and also collects contributions from all the unit owners in respect of the building administration, repairs and reconstruction and also advanced payments for services provided to a flat. Repairs of common parts of the building are covered by the contributions for repairs and reconstruction. Repairs to individually owned flats are financed by the owners themselves.

A privately owned flat may be bought and sold. After purchasing a flat, the new owner automatically becomes a member of the unit owner community and thus becomes responsible for the rights and obligations connected therewith. A person owning a flat may also let the flat to another person based on an occupational lease. Agreement of the unit owner community is not required.

4. Other Buildings

Apart from the municipal buildings and buildings divided into privately owned flats, there are also buildings that are owned as a whole by a private owner (private legal or natural entities). Renting of flats in these buildings is governed by the Civil Code, similarly to the buildings owned by municipalities or by other legal persons. If a building is owned by several owners, it is an ideal, not real co-ownership. Co-owners may agree to occupational leases for particular flats. Should the co-owners fail to agree, the relevant court will decide upon the dispute. In the case of co-owned buildings you pay the rent and payments for services related to the use of the flat to the co-owner with whom you have completed the occupational lease.

II. PURCHASE OF A BUILDING OR A FLAT

Privately owned buildings and flats are collectively denoted as real estates; real estate is defined as a building connected to the ground with a solid foundation.

The issues of ownership and acquisition of real estate by foreigners are governed by Act. 219/1995 Coll., Foreign-exchange Act. This act divides natural and legal persons into two groups — residents and aliens.

A resident is:

- an individual person with a permanent residence in the Czech Republic
- a legal entity with its registered office in the Czech Republic
- an asylum seeker (in compliance with the respective Asylum Act. Persons who have been granted asylum are considered persons with permanent residence in the Czech Republic).

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

An alien is:

- a natural person without a permanent residence in the Czech Republic
- a legal entity, which does not have its registered office in the Czech Republic

An alien may acquire real estate in the Czech Republic in several ways as specified in Article 17 of the Foreign-exchange Act.

For example:

- by inheritance
- $\boldsymbol{-}$ if the real estate is held as the shared assets by spouses, out of which only one is an alien
- if an alien holds the real estate from their spouse, parents, or grandparents.

In conclusion, we may say that in the Czech Republic a flat or a building may be purchased only by a Czech citizen or a foreigner with a permanent residence permit or with granted asylum, by an alien with a residence permit card for a state citizen of a member state of the European Communities, or by a legal entity with its registered office in the Czech Republic. Participation of foreigners in Czech legal entities is governed by the Commercial Code.

Foreigners with a different type of residence in the Czech Republic may not purchase real estate as yet. They may make the acquisition only in the manner stipulated by Law (see above). At present, preparations of an amendment to the law in order to enable foreigners to freely acquire real estate in future are in progress.

A written contract of sale is completed between the seller and the purchaser for the purchase of a building or a flat. The purchaser does not become the owner of the building or flat at the point of signing the contract of sale but only upon entering the right of ownership in the Land Register. This fact needs to be born in mind when completing the contract of sale, especially with respect to paying the purchase price. For negotiations related to purchasing a building or a flat we recommend consulting a solicitor specializing in real estate.

The Land Register keeps records of ownership and other property rights concerning all real estate in the Czech Republic and is managed by the Land Registry Office. Its branches are located in all regions.

The Land Office Registry is public and available on the following website: www.cuzk.cz. Prior to the purchase, you can use it to check whether the real estate is burdened in any way. The real estate may be encumbered with a right of lien, e.g. for a granted loan. The loan may relate not only to the purchase of this real estate but also to business activities or a purchase of different real estate, and may be provided also to another person. It is absolutely necessary to check diligently the legal status of the real estate in question. An abstract from the Land Register may be obtained at the Land Registry or at places denoted as Czech Point (e.g. post offices, municipal authorities, etc.).

The entire process of entering the ownership right of the real estate in compliance with the contract of sale may take several months, dependent upon the volume of Land Office Registry administration at that time. After you are registered in the Land Registry as owners, you can request an abstract from the Land Registry, which shall serve as proof you are the owners of the real estate. You may need the abstract from the Land Registry while negotiating with the authorities.

Saving in a building society or a mortgage may help you with financing the purchase of the real estate.

We provide further detailed information hereinafter.

When purchasing and selling real estate a real-estate transfer tax is paid. The seller pays this tax, the purchaser is the guarantor in this case. The tax is calculated from the price established by the official estimate or from the actual agreed price, depending on which price is higher.

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

Every owner of real estate (including owners of a BUILDING or a flat) must pay annual real estate tax. Generally, the tax is paid once a year. For more details, see Act. 338/1992 Coll., on Real Estate Tax.

III. RENTING

Most frequently, a flat may be rented from the municipality or town or from another owner.

Renting a flat is protected by law. The basic regulation governing the renting of a flat and various requirements connected to flat renting are set down in the Civil Code.

1. Concluding an Occupational Lease

Renting of a flat commences by completion of a written occupational lease. When completing an occupational lease, please pay great attention to its contents. We recommend consulting a solicitor prior to signing the lease.

In practice you may encounter an offer of a contract under a different title. Such a contract, unless in conflict with the Civil Code, is valid but is less legally protected.

We recommend you always enter into and complete a standard occupational lease.

In legal terms, the one who rents and occupies a flat will be the Tenant, and the owner of a building or flat is the Landlord. According to the Law, an occupational lease must contain the following particulars:

- a) determination of a flat and its facilities and the scope of their utilization. This means: exact address, number of the flat in the BUILDING, the floor, number of rooms, facilities (bathroom and toilet), other areas belonging to the flat (e.g. balcony, cellar). The scope of utilization means that some areas may belong to a single flat and some may be shared by several flats;
- b) method of calculating the rent and payments for services related to the use of the flat, which the Tenant and the Landlord agree upon and which are connected to the use of the flat (e.g. heating, warm water, refuse collection, use of the lift, removal of waste water, etc.);
- c) It is also important to regulate the following issues:
- the method of paying the rent and payments for services related to the use of the flat,
- the period for which a contract is concluded: whether for a definite period of time (the standard end date) or for an indefinite period of time (the end date is not specified, the contract is valid until terminated upon agreement by the parties or a notice served by one party upon the other).

In the case of a contract for a definite period of time, it is possible to incorporate into the contract the possibility of its extension provided the agreed obligations are fulfilled.

The occupational lease may also be completed for the period of time for which the Tenant works for the Landlord.

The occupational lease includes a provision on the deposit amount (see further below in the text).

- any specific arrangement, which the Landlord and Tenant may agree upon.

This may involve for example paying repairs in the flat, cleaning areas outside of the flat, possibilities and terms for extending the occupational lease. However, it is not possible to agree upon anything that would be in conflict with the provisions of the law. For instance, the occupational lease may not state a different notice period than is set down by law, neither is there the possibility of terminating the Tenancy or placing a ban on visitors etc. without the consent of the court.

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

- 1. the registration list, which is used to calculate the rent; it states the persons who live with the Tenant in the flat. In the case of an occupational lease for a definite period of time, it is possible that the registration list is not compiled.
- 2. the report on handing over the flat, stating the date of handing over the flat and including its condition (e.g. the flat equipment, the reading on water, heat meters, etc.) and the repairs the Landlord is to pay for.

A standard occupational lease is contained in the annex.

When handing over the rented flat, the Landlord will give you 2 keys – 1 from the flat and 1 from the main entrance door, 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 the building.

You are not obliged to ask the Landlord for approval concerning other people who will live with you in common in the flat. But you must 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 are allowed to have a long-term visitor living in the flat. If your visitor stays for a period exceeding 3 months, you should notify the Landlord accordingly. These extra persons in the flat will be included in the calculation of the billing of services. If the person living with you in your flat pays you for the accommodation, it is a case of subtenancy. In this event, the written approval of the Landlord is necessary.

2. Security Deposit Agreement

The law allows for the Landlord to (at completion of the occupational lease) require the Tenant to pay a deposit. A deposit is a payment for securing the rent and reimbursement for services related to using the flat and also for payment of the Tenant's other obligations related to renting the flat.

The law limits the deposit amount: it may not exceed the triple of the monthly rent and the deposit for the payment of services related to the use of the flat.

The Landlord may not use the cash provided as deposit for any other purposes than to pay the receivables in rent, to pay the services related to the use of the flat, or to pay other obligations of the Tenant, if the court adjudicated them or the Tenant acknowledged them in writing. This concerns mainly the payment of small repairs and costs related to ordinary maintenance of the flat in accordance with the Government Regulation 258/1995 Coll., by means of which the Civil Code is administered. The Tenant

of the flat is obliged to pay these costs, while using the flat as well as after the Tenancy has terminated, provided the need for these repairs has arisen before the termination.

As soon as the flat lease terminates, the Landlord must return the cash handed over to them as deposit not later than within 1 month from the day upon which the Tenant vacated the flat and handed it over to the Landlord.

Some advertisements contain the term "sale of the occupational lease". These offers are advertised by owners of buildings who require a payment in return for letting the flat based on an occupational lease with controlled rent. The required payment usually is between CZK 300,000 to 1,000,000, depending on the size and quality of the offered flat. A party interested in a flat, who accepts this offer, does not become the owner of such a flat but rents the flat usually for an indefinite period of time, and the rent increases gradually in accordance the rules stipulated in Act 107/2006 Coll.

The law (unlike in the case of making a deposit) does not regulate this method of selling the occupational lease. It depends whether the person looking for a flat accepts this offer or not. Should the required payment be inadequately high, this could mean that the owner of the building is attempting to enrich themselves unreasonably.

3. Rights and obligations resulting from Renting a Flat

a) 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. water, heat and water supply, removal of waste water, refuse collection, a lift, etc.),
- 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 regarding defects in the flat and necessary repairs to be paid by the Landlord, and to tolerate restrictions in using the flat while the repairs are carried out.

b) 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 condition fit 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 modifications in the flat, with the approval of the $\mbox{\it Tenant}$
- $\boldsymbol{-}$ the right to enter the flat for the purpose of checking the condition of the flat.

c) Repairs implementation and payment

The law differentiates between which repairs are the Landlord's responsibility and which are the Tenant's. Large repairs, reconstructions, and renovations of the flats and buildings are met by the Landlord. 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 essential repairs at their own expense, and demand the Landlord refund the repair costs. This claim must be made in writing within 6 months of conclusion of the repairs. Apart from this, the Tenant may apply his claim for discounted rent, until the repair has been implemented. Details follow in the section concerning the rent.

The law also enables the Landlord to hand over a flat unfit for use to the Tenant. The Tenant himself carries out the required repairs to the flat handed over. However, a written agreement must be entered into confirming the above, and incorporated into the occupational lease. The costs of the flat repairs are either paid additionally by the Landlord, or the Tenant pays a lower rent until the costs have been paid off.

Some repairs in the flat connected to its use are considered small repairs and are the responsibility of the Tenant. The term "small repairs" is stipulated in the Government Regulation No. 258/1995 Coll., by means of which the Civil Code is administered. Small repairs include repairs to the flat and its equipment, based on material definition or on the amount of the cost. Material definition includes for example repairs of the floors, doors, replacement of the locks, sockets, circuit breakers, repairs of closing valves, replacements of siphons, sealing, blinds, water system, repairs of stoves and water boilers, floor heating, etc. From the repairs not listed, small repairs are repairs whose costs does not exceed CZK 300.

Apart from small repairs the above Government Regulation also stipulates costs to be met by the Tenant in respect of ordinary maintenance of the flat. This involves for example decorating including the plaster repairs and indoor coatings of windows and doors.

d) Constructional modifications or major changes in the flat

The Tenant may implement constructional modifications or other major changes in the flat only with approval of the Landlord, even if they carry out such modifications at their own expense. Some modifications also require an approval from the Building Office. This would involve for example modifications to the water, electric, or gas pipes, building or walling-in windows, doors, and partition walls.

The Landlord has the right to implement constructional modifications or other major changes in the flat with the approval of the Tenant. The Tenant may not refuse these repairs providing the Landlord carries them out pursuant to an order by the Building Office. If, during the construction works, the use of the flat or common premises deteriorates, the Tenant is entitled to an adequate discount to the rent in relation to the payment for services for use of the flat.

4. Rent and payments for services related to using the flat and the methods of payment

In the Czech Republic, there are several methods of determining the rent of a flat:

a) Agreed rent

The agreed rent is set by a mutual agreement of the Tenant and the Landlord. This rent is not treated by any regulation and may be set at any amount. The agreed rent is paid mainly for flats for a new occupational lease with a new Tenant. The agreed rent may be increased in accordance with rules stipulated in an agreement between the Tenant and the Landlord.

b) Controlled rent

It is used for flats for which an occupational lease was previously completed — mainly for flats rented on earlier (older) occupational leases.

The controlled rent consists of the maximum basic monthly rent, which is a fixed amount of the rent per 1 m² of the floor area of the flat, depending on the size category of the flat, the scope of accessories, and the heating method.

The Landlord may not increase the controlled rent at random but only in compliance with rules stipulated in Act. 107/2006 Coll., on unilateral increase of rent and upon amendment to Act 40/1964 Coll., Civil Code, as amended. According to this Act the Landlord has a right to unilaterally increase the rent once a year, starting on January 1, 2007 and subsequently on January 1 of the next year, but not retrospectively. The unilateral increase in rent must not be higher than the maximum growth of the monthly rent set out per 1 m² of the floor area of the flat. A special legal regulation, issued annually by the Ministry of Regional Development in the form of a communication published in the Collection of Laws, stipulate the details. The Landlord's notification regarding the unilateral increase in rent must be in writing and must be delivered to the Tenant not later than 3 calendar months in advance. Should the Tenant not agree with the rental increase, he may appeal to the court with a claim for invalidity of this increase.

In the buildings of residential co-operatives, the rent is set differently, in compliance with the 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.

The rent for co-operative flats is set in such a way so that it includes the real costs associated with a flat or building, especially repair costs. This rent also includes an instalment of a loan the state has granted to the co-operative for building co-operative buildings. It is then a controlled rent.

Apart from the basic rent for 1 m² of the floor area the Tenant pays also for the flat equipment (for example for a cooker, fitted kitchen, water boiler, gas heaters).

c) Payments for services related to using the flat

Apart from the rent the Tenant pays for services related to using the flat. Among others, these services include heating, water, removal of waste water through public sewage system (water and sewage charges), refuse collection, a lift, cleaning and lighting of common premises and cleaning of chimneys. In lower-quality flats this also involves removal of waste water and sump cleaning.

The Tenant pays advanced payments for these services every month. Once a year, the advanced payments for services related to using the flat are billed based on the real

costs and the number of persons living with the Tenant. The Tenant shall pay any outstanding payment; in case of an overpayment the Landlord returns the relevant amount to the Tenant.

If there are water consumption meters and thermal energy consumption meters installed in the flat, the service payment is calculated based on values detected on these meters.

d) Discounts on the rent and on the payments for services related to using the flat

In some cases the using of the flat deteriorates, mainly because a necessary repair, which is the Landlord's responsibility, was not carried out. For these cases the Civil Code stipulates the possibility of a discount of the rent, until the repair has been implemented. The Tenant is also entitled to an adequate discount on the rent when services related to using the flat were not provided properly and as a result the use of the flat deteriorated. The law does not set out the exact amount of the discount; the discount should be adequate and correspond to the scope of deteriorated use of the flat. The Tenant has also a right to a discount when the construction modifications that are in progress in the building or flat have significantly or for a longer period of time resulted in deterioration of the conditions for using the flat or building.

The Tenant is obliged to exercise his claim for discount against the Landlord without any undue delay. This right ceases unless exercised within 6 months from the removal of the impediments.

e) The method of paying the rent and the payments for services related to using the flat

The rent and advanced payments for services in relation to using the flat are paid on a monthly basis, usually not later than the end of the month for which the rent is due. The rent maturity should be set by mutual agreement between the Tenant and the Landlord.

Should the Tenant fail to pay the rent and advanced payments for services related to using the flat within 5 days from the maturity date, the Tenant is obliged to pay the Landlord a delay fee.

f) Payment for electricity and gas

Reimbursement for electricity and gas are usually paid by the Tenant directly to the utility provider after he has registered himself with this organization. Details about registering are in Chapter VI. Registration for Energy Consumption.

It may also be arranged for the flat owner to be registered as the 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 BUILDING.

5. Termination of Flat Renting

Renting of a flat may cease in the following ways and under the following terms:

a) By expiration of the set period, in the case that the occupational lease was completed for a definite period of time and the parties did not agree on its extension. In this event the Tenant is not entitled to a substitute flat or substitute accommodation.

b) By termination of the work of the Tenant, in the case that the occupational lease was completed for the period of time for which the Tenant worked for the Landlord. The rent terminates the last day of the calendar month following the month in which the Tenant ceased to work for the Landlord, without any valid reason on their part. If the Tenant ceased to execute works for the Landlord due to a valid reason, the Tenancy does not terminate but is transformed into a Tenancy for an indefinite period of time.

c) On the basis of a written agreement of termination of the occupational lease made between the Landlord and the Tenant, at any time.

d) On the basis of a written notice of termination of the occupational lease on the part the Tenant

The notice must contain the date on which the lease is to be terminated. The notice period must not be less than 3 months and must terminate at the end of the calendar month. The notice period begins on the first day of the calendar month following the month in which the notice was served to the other respective Party. The notice submitted by the Tenant does not have to state a reason.

e) On the basis of a written notice of termination of the occupational lease on the part the Landlord

The Landlord may repudiate the occupational lease only for reasons stated in the Civil Code. In Article 711a the Civil Code sets out in which cases the Landlord is entitled to repudiate the lease only with a consent granted by the court. These include:

- a) the Landlord needs the flat for himself, spouse, his children, grandchildren, son or daughter-in-law, his parents or siblings,
- b) the Tenant ceased to work for the Landlord and the Landlord needs the staff flat for another Tenant, who will work for him,
- c) due to public interest it is necessary to utilize the flat or building so that the flat may not be used any longer or the flat or building require repairs,
- d) it is a flat architecturally related to commercial premises and the Tenant or owner of these commercial premises wish to use the flat.

In the above cases the Tenant has a right to a substitute flat.

In the other following cases the Landlord is entitled to repudiate the lease without a consent granted by the court:

- a) if the Tenant or persons living with him grossly violate sound practices in the building, despite having been warned in writing,
- b) if the Tenant grossly violates his obligations pursuant to the terms of the Lease, predominantly because he failed to pay the rent and reimbursement for services related to using the flat resulting to the amount corresponding with a triple of monthly payment and the reimbursement for services,
- c) if the Tenant has two or more flats,
- d) If the Tenant does not use the flat without any valid reason or only rarely,
- e) if it is a flat or building designed for accommodating disabled persons and the Tenant is not disabled.

In the above cases the Tenant does not have a right to a substitute flat.

The law permits the Tenant to file a complaint in his defence at the court for invalidity of the notice received from the Landlord. In this case the Tenant may not vacate the flat, provided he files the above complaint within 60 days from the day the notice was delivered, and provided the court has not made a final decision yet.

f) Furthermore, the flat lease **may 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 the Tenancy 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, providing they have been installed in the flat, along with the billing and possible debts.

g) When renting does not terminate:

- 1. The lease does not terminate upon vacating the flat. If the Tenant wishes to move out of the flat before the occupational lease validity expires, he must terminate the occupational lease pursuant to the above rules, preferably by agreement with the Landlord. Failure to do so means the occupational lease remains valid.
- 2. The Tenancy does not cease if there is a change in the Landlord (flat or building owner). A new owner assumes the legal position of the former owner they cannot modify or repudiate the occupational lease.

6. Other Statutory Provisions concerning Flat Rental

a) Joint Flat Rental

Predominantly spouses establish a joint flat rental. Law stipulates that joint flat renting of spouses is established if, while the marriage is in force, both spouses or one spouse become the flat Tenant(s).

It is of no consequence when the occupational lease was concluded or when the marriage was entered into. A spouse that "married into" the flat, i.e. moved into the flat to be with the spouse, who had been living in the flat on the grounds of an occupational lease, also becomes co-Tenant.

In the case of divorce, the former spouses should agree on the further use of the flat. Should no agreement be reached, the court will decide on the basis of a petition filed by one of them. The court cancels the joint flat Tenancy and decides which of the spouses shall use the flat as the sole Tenant. The spouse, who does not become the Tenant of the flat, shall vacate the flat only after substitute accommodation has been provided.

A special regulation applies to co-operative flats. If only one of the spouses obtains the cooperative flat while the marriage is in force, both spouses share membership in the co-operative and establish joint flat renting. If one of the spouses had acquired the co-operative flat prior to contracting the marriage, joint flat renting by both spouses is established upon contracting the marriage.

In case of divorce, the divorced spouses should agree on the further use of the flat. Should no agreement be reached, the matter shall be resolved by the court. If one of the divorced spouses had acquired the co-operative flat prior to entering into the marriage, the joint Tenancy of the co-operative flat is cancelled upon divorce. The spouse, who had acquired the flat prior to marriage, shall retain the right to use the co-operative flat. If the matter is resolved at the court, the interests of minor children are considered and the statement of the co-operative is requested.

Flats Used by Partners

Persons who have entered into a registered partnership have the right to use the flat which is rented by the other partner while this partnership is in force. However,

the registered partnership does not establish a joint Tenancy, not even in the case of a co-operative flat.

By cancelling a registered partnership, the partner who is not a Tenant of the flat loses the right to use the flat.

b) Flat Exchanging

The Tenant may exchange their 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. The affirmative decision of the court will replace the consent of the Landlord to the exchange.

c) Transition of Flat Renting

If the Tenant dies or permanently leaves the common household, the flat lease does not terminate, provided persons as permitted by law lived with them in the flat. If the surviving Party stays in the flat, which used to be jointly rented by the spouses, they become the sole Tenant. The following individuals may become joint Tenants: children, parents, siblings, son and daughter-in-law. These individuals must prove they were living with the deceased Tenant the day they died in a shared household and do not have their own flat.

Other persons – grandchildren and those individuals looking after the common household of the Tenant or were dependent on them, become the Tenants of the deceased individual's flat if they prove they were living with them in a common household for at least 3 years prior to the death of the Tenant and do not have their own flat. The Law largely favours the grandchildren of the Tenant. They do not have to fulfil the condition of sharing the household for 3 years, if they appeal to the court with a request that the court decide upon the transition of the Tenancy due to special reasons.

7. Special Characteristics of Renting a Flat in the Free Market

Renting a flat on the grounds of a proper occupational lease provides the Tenant with a legal safeguard for his accommodation. The longer the period of the Tenancy, the better for the Tenant. The most advantageous is a lease for an indefinite period of time, however this is 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 completed in the past for an indefinite period of time with controlled rent. Very few Czech citizens search for a rented flat in the free market, because in comparison 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 the rental prices differ substantially depending on the locality.

Since the law exactly stipulates terms and conditions to be incorporated into occupational lease (and termination thereof), it is common practice in the free market to complete 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 depends solely on the goodwill of the Landlord. Also common is the Landlord requiring payment of the rent in advance (e.g. for six months).

Assignment of a Rented Flat for Compensation

In advertisements of some estate agencies in large cities, you may encounter an offer for assignment of a rented flat for compensation. The compensation demanded may reach several hundred thousand crowns. For this sum you will get an occupational lease in your name with a controlled rent. The occupational lease is usually concluded for an indefinite period of time. Provided these two conditions are fulfilled, paying the compensation acts as a financial advantage to securing accommodation.

If the owner of the building may intend to complete an occupational lease with you under these terms and conditions, but it will be depend solely upon your mutual agreement with them.

However, if you are offered a flat in this manner by its Tenant, it may mean they no longer have a requirement for it and therefore in essence they should surrender the flat (and Lease) 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 being conducted in a proper manner, he may refuse to give his consent to the exchange. In advertisements you may also see the word "decree". In the past the decree used be a document entitling one to use the flat. This term is no longer used and some individuals confuse it with an occupational lease.

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

1. Sub-tenancy

A Sub-tenancy is temporary accommodation in a flat, which is rented by the Tenant but does not require it at that moment. It is possible to sub-rent the whole of a flat or just part. The flat Tenant, who wishes to sublet the flat or 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 for the sublease is invalid.

Subletting a co-operative flat is regulated by the rules of individual co-operatives (dependent upon the rules, it is possible that the approval of the co-operative may not be required).

For certainty, the sublease contract should be completed in writing. The payment for a sub-tenancy depends entirely on agreement of the sub-tenant and the Tenant. It normally includes all fees in connection with renting the flat.

The sublease contract may be completed 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 without stating a reason. The contract for a sublease completed for a definite period of time shall cease by the expiry of this period. The contract for sublease will also cease at the date where the occupational lease terminates. A standard sublease contract is contained in the annex.

Landlords, i.e. municipalities and private owners of buildings, often perceive subletting flats and their parts as unjustified enrichment of the Tenant, particularly where there is a flat with controlled rent. Therefore, the Landlord may not give their approval to the sub-tenancy. That is why you may be offered a sub-tenancy without the consent of the Landlord. However, in such an event, the contract for sublease is invalid and the fact that you are using the flat or part thereof is not subject to any legal protection.

2. 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 completion of an occupational lease. The Tenancy is governed by Articles 717 718 of the Civil Code. You may report this address as your place of residence. However, such hostels are rare.
- Hostels used for temporary accommodation. This type of hostel is much more common.
 Here, you conclude a contract for accommodation with a statutory representative of the hostel.

Each hostel has Building Rules, which must be observed. Upon a gross violation of the Building Rules or otherwise failing to meet payments on time, the occupation may be terminated immediately. The BUILDING Rules set out 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.

The quality of living in hostels may vary widely. In some you may rent the entire room, whilst in others only a bed in a room which you share with other individuals. In this case each individual completes a separate contract. Hostels are equipped with furniture and bedding and there is the possibility of use of a shared kitchen.

Information regarding hostels is not officially gathered anywhere. You may obtain information in certain estate agencies, town authorities or in information centres, which operate in some towns.

3. Living in Places which Are not Intended for Habitation

When looking for a flat to rent, you may be offered a place that 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 Office.

If 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 to rent a flat, but a contract for a non-residential premises lease (Act 116/1990 Coll., on Lease and Sublease of Non-residential Premises) or a contract for renting a cottage (Section 663 of the Civil Code). Legal protection for this type of contract is not as extensive as a contract for 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 the contract will not be recognized by the authorities as proof of residency (e.g. Foreign Police Department, State Social Security Department).

Another thing that may happen is that the owner completes a contract for renting a flat with you, although the property is not officially considered to be a flat. In such a case, the occupational lease is not valid. When in doubt regarding whether the property on offer is intended for habitation, ask the owner to show you the written approval for the use of the building.

V. REPORTING THE PLACE OF RESIDENCE

In the town or city, where you live, you must go to the Foreign Police Department to report the address of your residence.

Dependent on the type of accommodation, the document, by which a foreigner proves that they have secured accommodation, is usually considered to be:

- a verified copy of the occupational lease
- $\boldsymbol{-}$ a verified copy of the contract for sublease together with the written approval of the flat owner
- the original document from the accommodation provider which confirms that the accommodation provider will provide the foreigner with accommodation. It must also state the period from to
- a statutory declaration at the time the accommodation is provided bearing the verified signature of the owner of the real estate together with 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 an individual, who holds a tenancy of the respective flat, you will need approval from them together with that of the owner (Landlord) regarding your accommodation.

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 together with evidence of proof of the relationship to the actual Tenant to the flat.

However, the form of the document required is not exactly stipulated in the Act regarding Residency; it is dependent upon the consideration of the Foreign Police Department as to whether it recognizes the submitted document as relevant. If in doubt, the Foreign Police Department may request you to provide other supplementary documents of proof.

Another important factor is the duration of the period for which the document proving the residency 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 residency for a period shorter than 1 year, you will obtain a visa only for the duration of the validity of this document proving residency.

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. Dealing with the issue of gas and electricity consumption can last several days and in some cases weeks. Therefore, before moving in, it is necessary to deal with everything in sufficient advance or be prepared to live in the flat for some days without electricity and gas.

1. Registration for Electric Energy Consumption

Registration for electricity consumption can be arranged in the service office of regional distributors of electricity (they usually cover a region, or sometimes more regions — Energy Company of Prague, Central Bohemia, North Moravia, etc.) dependent upon 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. Following which, a technician will arrange an appointment 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 their 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, the previous consumer is required to cancel their registration. If your type of residence is other than a permanent residence or asylum, you will also need a guarantor, i.e. a person who will guarantee that if there were outstanding electricity bills remaining following your departure from the country, they themselves would pay the sums owed. The guarantor must be a Czech citizen 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 Czech Republic. 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. The respective energy company will advise you accordingly. Electric energy is paid by means of advance payments every month (sometimes once in two months or once in a quarter). Billing of your consumption is administered as follows: 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 months.

2. 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 Czech Republic. Gas is paid for by advance payments every month and accounting of the gas consumption usually takes place once a year.

3. Other Services

Registration for water consumption needs to be arranged only where you are living in a building owned by either yourself or family. The registration is arranged at the Water and Sewerage Company (these exist in each region).

Refuse collection (refuse containers) also needs to be arranged only by those living in their own family building and may be arranged at the municipal authority. Currently, each municipality sets a certain annual amount of cost per person or per the number of refuse containers – dustbins for refuse collection. This sum is either paid by you or on your behalf by the Landlord.

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.

4. Telephone Line

You can have a fixed telephone line installed from e.g. Telefónica O2 Czech Republic, a.s. The application must be submitted in person at the company branch together with the occupational lease for the flat.

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. 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 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 will be in your name. This has an advantage, particularly when you carry out your business activities directly in the flat which you rent.

Where a telephone line has been installed in the flat and any debt tied to it, then the service supplier, prior to its re-connection, will demand the settling of this debt regardless of who should be responsible. 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.

VII. EXCEPTIONAL SITUATIONS

1. Disputes between the Tenant and the Landlord

If the obligations of the occupational lease are not observed by either the Landlord or the Tenant, then it is advisable to settle any issues informally by written agreement. If an agreement is not reached, you may appeal to a court.

2. Entry of the Flat by the Owner and Preventing of the Tenant Using the Flat

Should there be a particularly serious conflict between yourself and the Landlord, (for example, where the owner / Landlord acts unlawfully and their conduct may constitute an offence of unlawful infringement of your rights in accordance with the terms of Lease to the building, flat or non-residential premises), then you can refer the matter to the police, the court or to the relevant municipal authority. The police are bound to accept your statement and to initiate an investigation. 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 changes the lock to the door. If you ask a locksmith for help, they may demand to see a document proving you have the right to occupy the flat (the occupational lease or the contract of sublease). In the event that you cannot substantiate your right to occupy the flat and the locksmith refuses to open the flat, you will need to contact the relevant Municipal Authority asking for provision of the protection against infringing on peaceful status (pursuant to Section 5 of the Civil Code).

- 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 use of the flat. If the Landlord does not have consent from the relevant Building Office to carry out the constructional adaptations, then this will amount to unlawful restricting of the rights of the Tenant's use of the flat. In such a case, you should refer the matter to the relevant municipal authority or to the court.

3. 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 permitted to enter the flat for the purpose of dealing with the emergency situation. They are bound to inform you of this immediately. A report signed by all the respective parties involved should be made.

4. Loss of Accommodation

If you suddenly lose your accommodation, there are unfortunately only a few options available to you. 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 fall 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 organizations, which do not have these strict conditions. In the Czech Republic, 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.

To obtain accommodation in such a facility you must have your personal papers in order.

VIII. OTHER HELPFUL INFORMATION

1. Saving in a Building Society

Saving in a building society is one of the most widespread forms of housing financing in the Czech Republic. The principle of this type of saving is that the state provides the client of a building society with a state subsidy to the amount of 15% of the annually saved sum (up to CZK 3,000) subject to the condition that the period of saving with the building society lasts six years. After the termination of this period it is possible to withdraw the saved amount together with the interest, the state subsidy, and also to exercise the benefit of a loan. This loan may be used for the purchase of a building or flat, for the transfer of membership of a residential co-operative or the reconstruction of a flat. An agreement on saving with a building society may be completed by an individual, who has permanent residence in the Czech Republic and has been allocated with a birth (personal) number or a legal entity with its registered office in the CZ and identification number allocated by the authorities of the CZ. State subsidy may be granted to a EU citizen, who possesses a card or permit validating their residence in the Czech Republic and have been allocated with a birth (personal) number or an individual, who has permanent residence in the Czech Republic and has been allocated with a birth (personal) number.

Interest payments on the deposits and the state subsidy are exempt from income tax.

2. Mortgage Loans

Mortgages are made out by the debtor or a third party standing surety for the debtor, for the benefit of the loaning bank. It is an obligation of the debtor or his guarantor, which gives the bank a right to realise its receivables from the debtor in case they fail to meet them from the mortgaged real estate.

A mortgage is a loan intended for the purchase of a flat or a building for habitation by an individual(s) or for large repairs and reconstructions. Mortgages are granted by banks in compliance with their own criteria and usually require security — either the real estate under construction or different real estate in the territory of the Czech Republic.

3. 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 give this number to the Energy Company, Gas Company, a Landlord or a post-office should you wish to subscribe to newspapers, etc. All your payments concerning your flat will then be banded together and the SIPO centre will send you one paying-in slip each month, containing payments for everything.

You can use SIPO for paying the rent, only if the Landlord uses this service.

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

4. Birth (Personal) Number

When dealing with the majority of formalities in the Czech Republic, individuals are identified by a birth number. Therefore we recommend that you apply for a birth number. It is useful when making formal arrangements 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 Statistical Office.

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)

5. Housing Allowance

The housing allowance falls 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 hold a current valid occupational lease or you own this flat. The housing allowance is not granted to those living as subtenants or at hostels. Exceptions are the hostels facilities intended for permanent living, where an occupational lease is completed;
- that your living costs exceed an amount calculated against the decisive income in the family and a coefficient 0.30 (in Prague 0.35) and that the calculation does not result in a figure higher than the amount of normal expected living costs.

The amount of the allowance is not connected with the amount of payments for the flat. The housing allowance is regulated by Act 117/1995 Coll., on State Social Security, as amended.

6. Flat Insurance

The following generally applies for flat insurance:

If you own a BUILDING or a flat, real estate insurance (or insurance of buildings) applies.

You will thus insure the building itself. If you want to also insure the contents of the building or the flat – i.e. internal furnishings and equipment, such as furniture, electrical goods, etc., then this will need to be added to the real estate insurance.

If you rent a flat, you can only arrange contents insurance. Your property inside the flat is insured: furniture and other equipment, electrical goods, valuables. Furthermore, you may extend the insurance in the event of liability for damages to neighbours property in the block of flats or in any other way. A common type of insurance is the insurance against natural hazards (fire, wind, water) and insurance against theft and burglary.

However, when completing an insurance contract, always pay attention to the insured sum (insured value). This determines the amount the insurance company will indemnify you against for damages. It is advisable to have "insurance for a new price", where the sum for damaged items paid, corresponds with the price of new items at the time any claim is made. The greater the extent of insurance cover, the higher the insurance premiums will be. Furthermore, it is advisable to ensure there is an above normal secured flat entrance (a 'safety lock' is a minimum requirement).

7. State Integration Program for Individuals with Asylum Status Granted

In the Czech Republic there is a program of housing support for individuals with asylum status granted, the so-called State Integration Program. This program is amended by the Ministry of the Interior every year. A foreigner, who has been granted international protection in the form of asylum status in the Czech Republic and agrees in writing to be included in this program, may participate in this program. This program does not apply to any other foreigners.

The program's principle is a state financial allowance provided to owners of flats, who complete an occupational lease with an individual with asylum status.

If you have been granted international protection in the form of asylum status in the CZ, officials of the Ministry of Interior may include you in the State Integration Program following your written application.

IX. QUESTION AND ANSWERS

1. Who will help me find accommodation 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 a one or more multiple agreed rental payments. Moreover, renting a flat arranged through an estate agency is usually more expensive. However, there is one advantage – the estate agency will provide legal services and prepare an occupational lease although you are advised to consult an independent solicitor in this regard.

You can also consult or post advertisements on 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.

2. Must I have a written contract concerning the flat I live in?

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

3. What shall I do, when the Landlord demands that I should pay the rent for several months in advance?

A payment of the rent for a certain period may be demanded in advance. This is not contrary to the law. However, it is necessary formulate and complete an appropriate written agreement, in which the Landlord will confirm by their signature that money has exchanged hands.

4. 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, by the end of the calendar month.

5. 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 rights to the flat. You either have to find a new flat, or try to reach an agreement with the owner (Landlord) in order to still live in the flat. However, in this case it is necessary to complete a new occupational lease.

When moving out it is necessary to personally hand over the flat and the keys to the building and the flat to the Landlord. At the same time, it is advisable produce Report on Handing over the Flat stating in what condition the flat is handed over and that the defects in the flat have been satisfactorily dealt with.

6. How can I terminate the Tenancy before the period arranged in the occupational lease expires?

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

If the owner does not want to come to an agreement with you regarding termination, you may terminate the Tenancy without his approval by giving him written notice of the Tenancy termination. However, the law states there shall be an irrevocable three-month notice of termination period. The notice period commences on the first day of the following month from when the notice was delivered to the owner.

7. How to register a flat mate's residence with the police?

If you are the owner of a flat (a building), for registration of your flat mate, the Foreign Police Department will require only a filled in statutory declaration and an abstract from the Land Register confirming you are the owner of the building (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 where you have an occupational lease of a flat and you wish your foreign flat mate to reside there, you can give them a statutory declaration for the Foreign Police Department stating that you consent to them living in your rented flat. You will also need to submit your occupational lease for the flat together with the written approval of the Landlord. The Foreign Police Department requires that all these documents be in the form of officially verified copies.

8. 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 them. 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. In such a case there is no need for consent of the court, furthermore the Tenant does not have a right to a substitute flat.

9. 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 Landlord. If this does not help, you may appeal to a court. It is necessary to have written documents concerning the points of issue, especially a written notification of the problem that you have sent to the Landlord. Always keep a copy. It is useful to consult a solicitor and possibly ask them to accompany you when negotiating with the Landlord.

10. In which cases do I have to allow the Landlord in the flat I am using?

You must allow the Landlord or his authorized representative to enter your flat in the following cases:

a) an inspection carried out by the Landlord to ensure the flat is used in the appropriate manner,

- c) installation and maintenance of the heat and water meters and the readings of measured values, $\,$
- d) in case of an inspection of the flat by a party interested in renting the flat, if the notice of termination has been submitted or prior to termination of the Tenancy and handing over the flat.

X. LEGAL REGULATIONS RELATING TO HOUSING

1. Flat Renting

- Act 40/1964 Coll., the Civil Code, as amended, particularly
- Sections 685 716 special provisions on flat renting
- § 717 718 renting residential rooms in facilities intended for permanent housing
- § 719 sub-tenancy

Government Regulation 258/1995 Coll., by means of which the Civil Code is administered (small repairs and costs related to ordinary maintenance of the flat)

2. Ownership of a Flat

- Act 72/1994 Coll., on Ownership of Flats, as amended, Particularly of Act 103/2000 Coll., and of Act 171/2005 Coll.)
- Government Regulation 371/2004 Coll., laying down standard rules of unit owner community, as amended by Government Regulation 151/2006 Coll.
- Act 265/1992 Coll., on Registration of Ownership and Other Rights to Real Estate, as amended
- Act 344/1992 Coll., on Land Register of the Czech Republic (Cadastral Act), as amended

3. Co-operative Flats

- Act 513/1991 Coll., Commercial Code, Part Two trading companies and co-operatives, Particularly Sections 221 to 260
- 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

4. Rent and Reimbursement for Services Related to the Renting

- Act 107/2006 Coll., on Unilateral Increase of Rent and on Altering Act 40/1964 Coll., Civil Code, as amended
- Decree of the Ministry for Regional Development No 372/2001 Coll., laying down rules for dividing the costs for heating and hot service water supply among the end users
- Government Regulation 142/1994 Coll., laying down the amount of accrued interest in compliance with the Civil Code, in the wording of Government Regulation 163/2005

5. Other Legal Regulations

 Act 183/2006 Coll., on Town Planning And The Construction Code (the Construction Act)

- Decree No 526/2006 Coll. implementing several provisions of the Construction Act in matters concerning the Construction Code
- Act 563/1991 Coll., on Trades Licensing (Trades Licensing Act), as amended
- Act 116/1990 Coll., on Lease and Sub-lease of Non-residential Premises, as amended
- Act 117/1995 Coll., on State Social Security, as amended
- Act 110/2006 Coll., on Subsistence Level, as amended
- $-\mathop{\rm Act}\nolimits$ 96/1993 Coll., on Building Saving and State Subsidy for Building Saving, as amended
- Act 586/1992 Coll., on Income Tax, as amended
- Act 219/1995 Coll., Foreign Exchange Act, as amended
- Act 326/1999 Coll., on Residence of Foreigners in the territory of the Czech Republic and on amendments to some acts, as amended
- Act 338/1992 Coll., on Real Estate Tax, as amended
- Act 357/1992 Coll., on Inheritance, Gift and Real Estate-Transfer Taxes, as amended.

IX. GLOSSARY OF ABBREVIATIONS AND TERMS

 $\label{eq:connected} \mbox{nemovitost} - \mbox{``real estate''} - \mbox{land or a building connected to the ground with a solid foundation}$

OV – a personally owned flat

DR or **DV** — a flat in co-operative ownership

RD - family BUILDING (for a family to live in, but in it could be up to three flats)

umakartové jádro — "Formica bathroom unit" — an old type of a bathroom and a toilet in prefab blocks of flats. This means the flat has not recently been reconstructed.

zděné jádro — "brick bathroom unit" — 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 – estate agency

gars. - a bed-sit - a one room flat without a kitchen, but with only a small fitted kitchen or a hot plate, bathroom and toilet.

k.k. - kitchenette; a tiny kitchen incorporated into another room

B - balcony

L - loggia - similar to a balcony

T – terrace

G – garage

mezonet - maisonette, a flat on two storeys, with stairs inside the flat

velikost bytu — flat size, 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. (E.g. 2+1/B = two rooms with a kitchen and a balcony, 3+k.k. = three rooms and a kitchenette, 1+0 = tooms one room without a kitchen (a bed-sit), 4+1/T,G = tooms, kitchen, terrace and garage)

podlahová plocha – floor area of the entire flat in square meters

nájem bez poplatků – "rent without fees" – only the rent, fees for services related to using the flat need to be paid separately

nájem s poplatky — "rent with fees" — this rent includes fees for services related with using the flat (services/SIPO/collection of payments — payments for the consumption of electricity, gas, water, refuse collection, telephone)

anuita — "annuity" — in the case of co-operative flats this term is used for repaying the loan, which the residential co-operative (SBD) 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. APPENDIXES

1. Standard Occupational Lease

Occupational Lease

Completed pursuant to Sections 685 and 686 of the Civil Code

By and between
(the Landlord)
 individual person: first name, surname, place of residence legal entity: name, registered office, Company Registration No., account no., the name of the authorized person that acts on behalf of this legal entity)
Hereinafter referred to only as the "Landlord"
and
(the Tenant): — individual person: first name, surname, 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 authorized person)
hereinafter referred to only as the "Tenant"
Article I Subject Matter of the Lease
The Landlord hereby enables the Tenant to use: The flat No on floor of the building No Street, Comp. No in
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. \dots)
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
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 equipped with
The Tenancy is contracted for the following period of time:
a) for a definite period of time from to (definite period of time may be denoted in a different way, e.g. the period of time for which the Tenant works for the Landlord)
b) for an indefinite period of time from
Article II Rent Payments and Reimbursement for Services Related to Using the Flat
The rent payment is being set: a) 1 st Option: at the amount of CZK per month. It shall always be increased as of (this option applies to contractual rent)
b) 2 nd Option: in compliance with the price regulations in force, i.e. Act 107/2006 Coll., on Unilateral Increase of Flat Rent (this option applies to controlled rent).
Advance payments for the reimbursement of services in connection with using the flat

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 actual amount of the reimbursement for services shall be accounted for together with the paid advance payments according to individual services by...... (e.g. June 30th 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 due. Should the Tenant fail to pay the rent and advanced payments for the reimbursement of services within five days following this date, they 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 them in the common household), within the period of one month at the latest, after this change occurring.

Article III

Rights and obligations in connection with Renting a 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 Coll., by means of which the Civil Code is administered.

Article IV Special Provisions

This part of the Occupational Lease shall include stipulations, which are not included in the Civil Code, if they do not conflict, contradict, or 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:
- a) of these following repairs:.....
- b) of all repairs.
- c) 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 hereby acknowledges 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.

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

3. 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 every year up to a total of 5 years from the date hereof under the same terms and conditions as contained herein.

Article V Provision concerning Deposit

As of the day of the agreed occupational lease, the Tenant shall provide for the benefit of the Landlord cash to secure the rent and reimbursement for the related services. The cash amount is calculated as a triple of the monthly rent and advance payments for services.

When the flat renting terminates, the Landlord must return the cash plus accessories handed over to him as deposit to the Tenant, not later than within 1 month from the day upon which the Tenant vacates the flat and hands it over to the Landlord.

Article VI

This Contract is executed in counterparts, one of which shall be retained by the Tenant and one of which shall be retained by the Landlord. 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.

This Contract becomes valid and In on	effective on the day it is signed.
Signatures:	
Landlord	Tenant

2. Standard Contract of Sublease

Contract of Sublease (denoting of the Tenant: - individual person: first name, surname, place of residence - legal entity: name, registered office, Company Registration No., account no., the name of the authorized person) hereinafter referred to only as the "Tenant" and (denoting of the SubTenant: – first name, surname, existing place of residence) hereinafter referred to only as the "SubTenant" Are concluding this Contract of Sublease: Art. I. Subject Matter of the Sublease $\mbox{Mr.}$ 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 (first name, surname, place of residence). 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 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.

Art. IV

Termination of Sublease

Option I:

The Sublease completed for a definite period of time shall cease by the expiration of this period.

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

- a) the Subtenant has been in delay in paying the agreed reimbursement for the Sublease for more than a month
- b) the Subtenant or those living with him violate peace and morals in the building
- c) the SubTenant uses the flat contrary to its purpose or sublets to other persons without the consent of the Tenant $\,$
- d) the flat cannot be used for reasons resulting from its constructional-technical condition

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

Option II

The Sublease concluded 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.

The Sublease shall terminate contemporaneously with the Lease.

Art. V Special Provisions

- 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 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.
- 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.

Art. VI

This Contract is executed in duplicate, each Party shall obtain one copy hereof. The owner of the real estate (Landlord) shall receive a copy of this Contract. This Contract becomes valid and effective on the day of its signing.

The approval of the real estate owne	r – Landlord:
In on	
Tenant	SubTenant

XIII. LIST OF ORGANIZATIONS AND INSTITUTIONS

Ministry for Regional Development Department for Housing Policy Staroměstské nám. 6 110 15 Prague I tel. 224 861 111 www. mmr.cz

State Fund for Housing Development Dlouhá 13 110 00 Prague 1 tel. 221 771 611 www.sfrb.cz

Ministry of the Interior Department for Asylum and Migration Policy P.O.BOX 21/OAMP 170 34 Prague 7 tel. 974 832 495 www. mvcr.cz

Advice Bureau for Integration Senovážná 2 110 00 Prague 1 tel. 224 216 758 www.p-p-i.cz

Association of Tenants of the Czech Republic Winstona Churchilla 2 113 59 Prague 3 tel. 234 463 343 www.son.cz

Unincorporated Association of Owners of Buildings Mánesova 69 box 120 21 Prague 2 tel. 233 344 573

Czech Statistical Office Jezuitská 2 601 59 Brno tel. 542 528 111 www.czso.cz Czech Social Security Administration Křížová 25 225 08 Prague 5 tel. 257 061 111 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. www.cuzk.cz

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