

General regulations of the lease agreement

2010 edition

1. Handover of the rental property and notice of defects

- 1.1 The rental property must be handed over to the lessee on the day of start of the lease, from 12.00 hrs. onwards. If this start of lease falls on a Saturday, Sunday or local holiday, the lease shall start on the next possible working day at the same time.
- 1.2 At the start of lease, the keys of the rental property and the condition report must be handed over to the lessee with any inventory list. The lessee must order additional building and apartment keys exclusively from the lessor against payment of net costs.
- 1.3 If it is a semi-furnished or fully furnished apartment, an inventory must be prepared about the furniture, must be signed by both parties and enclosed with the lease agreement.
- 1.4 Uniform labelling of all nameplates shall be the lessor's responsibility. The costs shall be borne by the lessee. The fitting of boards, advertisements or other devices shall require the lessor's consent. During the assembly, the applicable provisions of public law must be observed.
- 1.5 The lessor must hand over the rental property in a clean condition that is suitable for the contractual use. When handing over the rental property, a condition report must be prepared and it must be signed by both parties. Both Parties shall each receive a signed copy. Defects determined subsequently could, in spite of a signed condition report, be reprimanded to the lessor within 14 days since the start of lease by means of a registered letter. If a condition report is not prepared at the time of handover of the rental property, the lessee shall be entitled to prepare his/her own report within the same period of 14 days and send it to the lessor by means of a registered letter. If the lessor does not object to subsequently reported defects or to a unilaterally prepared condition report of the lessee within 14 days from the receipt, stating the reasons, the reprimanded defects shall be deemed acknowledged.
- 1.6 If the ordinary repair work can be carried out before the start of lease, the lessee must tolerate it upon an advance notice by the lessor usually without any claim for compensation. The lessor must thereby duly consider the lessee's legitimate interests. If the lessor does not hand over the rental property at the agreed time or hands it over with significant defects, the lessee shall be entitled to the rights pursuant to art. 258/259 et. seqq. OR [Code of Obligations].

2. Use and maintenance of the rental property

2.1 Use of the rental property

- 2.1.1 The rental property shall serve exclusively the agreed purpose. Every full or partial change in the type of use shall require the lessor's written consent.
- 2.1.2 The lessee must exercise utmost care when using the rental property and to keep it clean, to ventilate it and otherwise prevent it from damage irrespective of whether it is used or not. During the heating period, the heater in any of the rooms should not be switched off completely. In order to avoid energy loss and mould formation, the rooms may be ventilated only for a short time, preferably with shock- or cross-ventilation. Pivot-hung windows may not be tilted during the heating period.
- 2.1.3 If the lessee is out of town for more than 5 days, the rental property must remain accessible for the event of possible damage in emergencies. The lessee must keep the necessary keys with a trusted person in the building or in immediate vicinity and communicate this to the lessor. The keys can also be handed over to the lessor in a sealed envelope.
- 2.1.4 In the interest of a good relationship among all building residents, all must observe mutual consideration.
- 2.1.5 At the start of lease, the lessee must prove to the lessor the existence of a personal liability policy for damage caused by lessee; he/she must maintain this policy during the leasing relationship. If the lessee has pets, even these risks must have been insured.
- 2.1.6 Damage to panes, glass, glass ceramic and ceramic sanitary equipment shall be borne by the lessee as long as he/she is at fault.

2.2 Maintenance of and repairs in the rental property

- 2.2.1 During the term of lease, the lessor must maintain the rental property in a condition that is suitable for the contractual use. If this is not the case, the lessee shall be entitled to the rights pursuant to art. 258/259 et. seqq. OR (compare no. 3.5).
- 2.2.2 Within the framework of minor maintenance, all small cleanings and repairs that are necessary for the usual use of the rental property shall be borne by the lessee. This repairing obligation of the lessee shall be applicable for all small defects coming to light during the term of lease, regardless of whether they were caused by him/her or have resulted from age-related wear and tear.
- 2.2.3 Small repairs (so-called minor maintenance within the meaning of 2.2.2) shall include all repairs, whose costs do not exceed the amount of Fr. 190.00. This amount is based on the national consumer price index (December 2005 = 100) of 103.7 points for October 2009. If this index increases by 5 points, the amount of Fr. 190.00 shall increase by Fr. 9.15 in each case.
- 2.2.4 The lessee must properly maintain the garden and plantation, which is provided to him/her for sole use, at own costs.
 - Regular care of the plants, cutting of the shrubs and lawn mowing
 - Maintenance of the plants in the garden seating areas, balconies and terraces that belong to the rental property shall be the lessee's responsibility. He/she must especially prevent excessive plant growth, moss and weeds.Use of a high-pressure cleaner or a similar device shall require the lessor's written consent.

The required work must be executed or commissioned professionally during the term of lease. In the event of default, the lessee shall be liable for any increases in the damage.
- 2.2.5 If the lessee takes over ventilation systems, dish washers, washing machines or tumblers for sole use, he/she must bear the maintenance costs. If there is no service contract during the term of lease, the lessee must bear the costs for a maintenance service by the delivery company when returning the rental property.
- 2.2.6 The lessee shall himself/herself ensure removal of snow/black ice from and to the entrance, the garages/parking lots and the building, except for a direct building access.

2.3 Reporting obligations

Reporting obligation of the lessee

- 2.3.1 The lessee must report arising defects or damage, whose elimination is incumbent on the lessor, immediately to the lessor; he/she shall otherwise be liable for compensation in the event of default. In emergencies, the lessee must take the necessary measures (e.g. in case of water damage) if these can avoid or reduce damage.
- 2.3.2 The lessee must inform changes in his/her personal circumstances such as marriage, separation, divorce, establishment or dissolution of a registered partnership, death of a lessee or partner, etc. to the lessor immediately and in writing. The same obligation shall also apply in case of change of domicile of a lessee, his/her spouse or registered partner. The lessee shall be liable to the lessor for damage resulting from the omission of this reporting obligation. Registration and de-registration with the municipality shall be the lessee's responsibility.

Reporting obligation of the lessor, the management

- 2.3.3 The lessor and its management must maintain the Federal Building Identifier (EGID) and the Federal Apartment Identifier (EWID) and inform the identifiers of the apartment occupied by the lessee to the lessee free of charge.
- 2.3.4 A party that does not meet the reporting and information obligations defined in the law on the settlement and residence as well as on the enforcement measures in the aliens law (SRL no. 5) in spite of a warning, can be punished by the municipality with a penalty of up to Fr. 1,000.00.

2.4 Structural changes to the rental property by the lessor

- 2.4.1 The lessor can carry out renovations and changes to the rental property only if they are reasonable for the lessee and if the leasing relationship has not been terminated. Art. 259 d and e OR shall remain reserved.

- 2.4.2 If the lessor intends to make structural changes to the rental property, which result in a rent increase, it must inform this to the lessee in time so that the lessee has the opportunity, with a respite of 30 days, to terminate the leasing relationship on the next possible termination date.
- 2.4.3 The lessor can carry out structural changes, new installations and renovations, which do not result in a rent increase, even during the term of lease. These must be notified to the lessee in writing at least 30 days before starting the work.
- 2.4.4 Repairs can be carried out at any time.
- 2.4.5 Lessees, who do not keep their apartment accessible for such changes, renovations, repairs or rectification of construction and warranty defects, shall be liable for any resulting damages.

2.5 Structural changes to the rental property by the lessee

- 2.5.1 Structural changes to the rental property shall be allowed only with written consent of the lessor. This written consent must state as to whether and under what conditions such investments should be removed or compensated when the lessee moves out. If the written consent does not state the compensation obligation, and if the installations or structural changes carried out by the lessee at own costs cannot be removed without depreciation, but they represent a useful added value, reasonable compensation must be paid to the lessee. If there is no written consent from the lessor, it can demand restoration of the original condition or handover of the change without compensation at the end of the term of lease.

2.6 Sublease, assignment of the lease agreement, keeping of pets, etc.

- 2.6.1 The lessee can sublease the rental property completely or partially with the lessor's consent. The lessee shall be liable to the lessor to ensure that the sub-lessee does not use the rental property for purposes other than those allowed to the lessee himself/herself. The lessor can directly urge the sub-lessee for the same. The lessor can deny the consent to subleasing only if:
- the lessee refuses to disclose the sublease conditions to the lessor;
 - the sublease conditions are inappropriate as compared to those of the main lease agreement.
 - the lessor incurs significant disadvantages from the subleasing.
- 2.6.2 When leasing business premises, the lessor can refuse the consent to the assignment of the lease only for a compelling reason, especially if the concrete nature of the leasing relationship speaks against an assignment, if there is a risk that the third party makes changes to the rental property or if the third party does not appear to be creditworthy.
- 2.6.3 The following shall be prohibited to the lessee without written consent of the lessor:
- longer accommodation of adults, who do not belong to the family community. Accommodation of a person for forming an informal marriage shall be allowed. In this case however, the lessor must be notified about the accommodation in advance with specification of the personal data of the person to be accommodated.
 - keeping of pets.
 - giving music lessons.
- If one or the other is tolerated implicitly, this permission shall only be valid until revoked. The lessor shall be entitled to prohibit this at any time at a month end with a 30-day notice period.

2.7 House rules

- 2.7.1 The house rules have the purpose of making the living comfortable for all residents. In the relationship with the fellow residents, mutual regard and tolerance shall be the supreme principle.
- 2.7.2 For safety reasons, the building must remain closed from 20.00 hrs. onwards (special regulations shall remain reserved).
- 2.7.3 The residents must exercise mutual regard and avoid disturbances of all kinds, especially at night. Music may be played only between 08.00 – 12.00 and 14.00 – 20.00 hrs.
- 2.7.4 The lessor shall adopt mandatory cleaning rules. Causers of extraordinary contaminations must remove these by themselves.
- 2.7.5 Disposal bags and containers must always be properly closed and must be deposited at the designated place on the collection day. Foul-smelling items may not be stored in commonly used rooms, in balconies or in open cellar or attic sections.
- 2.7.6 Mopeds, bicycles, prams and children's vehicles may, except in one's own cellar section, be parked only in the spaces provided for this purpose. Other objects may not be parked or stored in these spaces. Motorcycles over 50 ccm may be parked neither in the said spaces nor in the cellar compartments.
- 2.7.7 Feeding of birds from windows and balconies shall be prohibited. Flower boxes in balconies must be installed on the inside of the parapets.

- 2.7.8 Awnings must be retracted if rain is expected or in the event of a strong wind. Cellar windows and windows in commonly used spaces must be kept closed in freezing weather. If the lessee is allowed to use the civil defence room for storage or other purposes, he/she must ensure that the room can, if necessary, be used for its intended purpose. No changes may be made to the installations existing in the defence room.

2.8 Laundry room rules

- 2.8.1 The lessee shall be entitled to use the washing facilities that are available for general use against payment of the actual energy and maintenance costs on weekdays between 07.00 – 22.00 hrs. After the end of the laundry, he/she must clean the space and the equipment.
- 2.8.2 If the lessor prepares a plan for the laundry room use, the lessee shall be allowed to assign the washing days allocated to him/her to the fellow lessees or to exchange the same with them. But the lessee listed in the plan shall be responsible for the correct payment.

2.9 Right to inspection

- 2.9.1 The lessor shall be entitled to inspect the rental property in justified cases for control purposes. It must agree upon the date with the lessee.
- 2.9.2 If the leasing relationship has been terminated, the lessee must facilitate the visit of the rental property by potential lessees, with or without being accompanied by the lessor. The lessor must agree upon the date with the lessee. The following times shall usually be applicable: on working days 13.00 - 19.00 hrs., Saturdays 10.00 - 12.00 hrs.

3. Rent, additional costs, security deposit

3.1 Break-down

- 3.1.1 The rent shall be the full consideration for the transfer of the rental property.
- 3.1.2 Additional costs shall refer to the compensations for heating, hot water and other operating costs. They must correspond to the actual expenses.
- 3.1.3 Rent and additional costs must be broken down according to the list on the cover sheet. Non-listed additional costs shall not be owed.

3.2 Change of rent

- 3.2.1 In case of agreements with an indefinite term, rent, additional costs as well as all other changes in the agreement may be asserted only on one of the agreed termination dates while adhering to the deadlines agreed on the cover sheet. The corresponding notification to the lessee must take place with an official form and without a threat of termination. It must have been served to the lessee at least 10 days before the commencement of the notice period. The change in the agreement shall be deemed served if it is collected at the post, but at the latest on the last day of the collection period.
- 3.2.2 In case of agreements with a fixed term, rent and additional costs may not be changed during the fixed term of agreement, except in the following two cases:

Index rent:

If the lease agreement has been made for a fixed period of at least **5 years**, the lessor shall, in case of a change in the national consumer price index by 5 points during the fixed term of lease, be entitled to adjust the rent according to the index since the last rent fixing. The index clause must be agreed upon by indicating on the cover sheet or separately. Such a rent adjustment must be indicated with a one-month advance notice period on the next interest payment date. An adjusted rent may not be re-adjusted by the same contracting party before expiry of one year since the last amendment. If the lease agreement is not extended after the expiry of the fixed term by at least 5 more years, the regulation according to no. 3.2.1 shall apply for rent changes.

Graduated rent:

In case of a term of agreement of at least **3 years**, the parties shall be entitled to agree upon a graduated rent. An adjustment shall be possible only once a year. The increase must thereby be indicated in the same manner as that in case of agreements with an indefinite term.

3.3 Additional costs

- 3.3.1 The heating costs must be distributed among the lessees according to the heating cost allocator. If there is no such allocator, the distribution shall take place according to the cubic content of the heated rooms. The same shall apply for hot water treatment costs unless individual counters have been installed. In case of change of lessees during the billing period, heating and hot water costs must be divided among the individual calendar months according to the acknowledged empirical values regarding heating intensity.
- 3.3.2 The heating cost allocator must be used for the distribution of the other operating costs, unless a different allocator has been agreed upon when concluding

ing the lease agreement. In case of change of lessees during the billing period, the operating costs must be divided by the number of months. The subscription fees for television connections must, in any case, be distributed according to the number of connections.

- 3.3.3 The additional costs must be billed in detail every year. The lessor must serve the invoice to the lessee within six months from the invoicing deadline agreed upon on the cover sheet. If it does not meet this obligation within 18 months from the agreed invoicing deadline, all additional claims against the lessee for the billing period in question shall be forfeited.
- 3.3.4 A lessee moving out during the billing period shall have no entitlement to preparation of a separate, early additional costs invoice. Undisputed additional claims or refunds must be paid within 30 days from the invoicing.
- 3.3.5 The lessee or his/her authorised representative shall have the right to check the detailed invoice and the relevant documents including cost allocators in original. Any objections to the invoice must be filed with the arbitration authority within 30 days from the receipt.
- 3.3.6 If lump-sum payments have been agreed upon fully or partially for additional costs, no invoice shall be prepared; refunds or subsequent payments shall be omitted. The right to check the documents shall however also apply exclusively if lump-sum payments have been agreed upon.

3.4 Offsetting and security deposit

- 3.4.1 The lessee's claims as a result of defects in the rental property cannot be offset with the rent. If necessary, the lessee must proceed in accordance with art. 259b OR and can deposit the rent in accordance with art. 259g OR. The same shall apply if the lessee wants to assert a rent reduction. Offsetting shall be admissible if the lessee has had a defect in the rental property rectified at the costs of the lessor after providing an unsuccessful written deadline to the lessor (art. 125 b lit. b OR).
- 3.4.2 The lessor shall be entitled to demand a security deposit from the lessee in the form of money or securities. The lessor must deposit the security deposit in a bank in a savings account or a securities account that is held in the name of the lessee. The bank may return the security deposit only with consent of both parties or based on a legally valid payment order or a legal verdict. If the lessor has not legally asserted any claim against the lessee within one year after the end of the leasing relationship, the lessee can demand refund of the security deposit from the bank. When leasing living spaces, the lessor may demand a maximum of three monthly rents as security deposit.
- 3.4.3 The lessee shall be entitled to offset his/her deposit with the rent or other claims of the lessor.
- 3.4.4 The lessor must render account of the received security deposit at the latest within 4 months after the lessee moves out. The deposit may not be offset with claims that are disputed by the lessee.
- 3.4.5 If the lessor does not issue an invoice within a period of 4 months or if it does not legally file a suit within 6 months from the invoice date for claims that are disputed by the lessee, the paid security deposit may no longer be retained and must be reimbursed.

3.5 Depositing the rent

In case of a defect, which is not to be rectified by the lessee, he/she can deposit the rent only if the following requirements are fulfilled:

- he/she must set a reasonable period, which shall mainly be based on the extent of the repairs to be carried out, for the lessor in writing to rectify the defect. With this deadline, he/she must link the threat that he/she shall, after an unsuccessful expiry of the period, deposit the rents due in the future with the arbitration authority;
- the lessee must indicate the actual deposit of the rent itself to the lessor again in writing.

The deposited rents shall fall to the lessor if the lessee does not assert his/her claims against the lessor with the arbitration authority within 30 days from the due date of the first deposited rent. The lessor can demand release of the unjustly deposited rents with the arbitration authority as soon as the lessee informs it about the deposit.

4. Termination and return of the rental property

4.1 Termination

- 4.1.1 The indefinite leasing relationship can be terminated by each party with the notice periods and deadlines listed on the cover sheet. If a minimum term of lease has been agreed upon, the lease agreement can be terminated with the agreed notice period for the first time at the end of the minimum term of lease. If a termination remains undone, the lease shall continue for an indefinite period until a termination within the meaning of para. 1 takes place. A leasing relationship with a fixed term shall end without termination.

- 4.1.2 The lessee must terminate by means of a registered letter; the lessor must terminate with an official form. The termination shall be deemed to have been served in time if it is in possession of the other contracting party at the latest on the day before the commencement of the notice period. In case of family homes, the lease agreement can be ended by the lessee only with written consent of the spouse. The lessor must direct the termination separately at the lessee and his/her spouse. It shall be deemed properly served if it goes to the last reported address. If a termination is not pronounced in time, it shall be deemed to have been pronounced on the next possible date. The party affected by the termination should immediately inform this next possible date to the terminating party in writing.
- 4.1.3 The regulations of the Code of Obligations about the immediate or premature withdrawal from the agreement and about the premature termination of the lease agreement (art. 257 d, 257 f, 258, 259 b, 261, 266 g – 1 OR) shall remain reserved. In case of a family home, the lessor's declaration, which aims at ending the leasing relationship, must be directed at the lessee and his/her spouse with a separate official form. If the lessee is giving the declaration, it shall be valid only with written consent of the spouse.
- 4.1.4 The leasing relationship shall end at 12:00 noon after the last day of the month, in which the termination has taken place. If this day falls on a Saturday, Sunday or local holiday, the return shall take place on the next working day.
- 4.1.5 In case of a terminated leasing relationship, new structural installations, structural changes and renovations shall not be allowed in view of a new lease.

4.2 Premature move-out

If the lessee wants to leave the rental property before the termination date stipulated in the lease agreement, the following rights and obligations shall apply:

- 4.2.1 The lessee shall basically be liable for the rent along with additional costs and the remaining lease obligations up to the next contractual termination date, unless the lessor has the rental property prematurely at its disposal in a manner that restricts the usability.
- 4.2.2 The lessee moving out prematurely must inform the desired move-out date to the lessor by means of a registered letter, with an advance notice of at least 30 days. The move-out date shall be applicable only at the end of the month.
- 4.2.3 The lessee can relieve himself/herself from his/her contractual obligations vis-à-vis the lessor by introducing a reasonable substitute lessee, who is able to pay and is willing to take over the lease agreement at the customary conditions.
- 4.2.4 The lessee must inform about potential lessees to the lessor in writing with specification of the personal data and the time of start of lease as well as with an up-to-date extract from the debt collection register. If the lessor accepts the new lessee introduced, the lessee moving out prematurely shall be free from the rent payment obligation from the time of lease take-over by the new lessee.
- 4.2.5 If it is certain that the lessee moving out prematurely does not find a reasonable new lessee, even the lessor must make efforts for the premature re-letting within the framework of its duty to mitigate damages.
- 4.2.6 The conclusion of a new lease agreement shall exclusively be the lessor's responsibility. If the lessor refuses a solvent lessee, who corresponds to the structure of the building's residents and the rental property and is willing to take over the lease agreement at the same conditions, the lessee shall be free from his/her obligations under the lease agreement. If the lessor does not want to accept a potential lessee, it must inform this to the lessee moving out by means of a registered letter within 30 days from the notification about the potential lessee, stating the reasons. If the lessor does not give its view on the offered potential lessees in time or if it refuses them without cause, the lessee moving out prematurely shall be deemed released from the agreement at the time, when the potential lessee would have entered the lease.
- 4.2.7 The lessor must offer the new lessee a lease agreement at essentially the same conditions (such a rental property, rent, notice periods). Otherwise, the rent payment obligation shall expire at the time and on the next possible move-out date according to 4.2.2, unless the lessor can assert important reasons for changed conditions.
- 4.2.8 The lessor must carry out the normal re-letting activities without any entitlement to compensation. Further expenses, such as the advertising costs that become necessary due to the premature move-out, shall be borne by the lessee. Costs and compensation asserted must correspond to the actual expenses and must be proven.

4.2.9 The parties can make deviating written agreements about the consequences of the premature move-out. Such agreements may however be made only after the notification about the premature move-out date.

4.3 Return of the rental property

4.3.1 The parties must agree about the time of return in due time.

4.3.2 The rental property must be returned to the lessor or its representative in a fully vacated and properly cleaned condition with all keys and inventory items. The necessary maintenance work to be borne by the lessee moving out within the meaning of no. 2.2.2 to 2.2.6 must have been carried out by the return date. At the time of return, a condition report must be prepared, which must be signed by the contracting parties or their representatives. If possible, the adjustment must be agreed upon on the premises.

Fitted carpets and textile floor coverings that belong to the rental property must be professionally cleaned or removed by the lessee at the time of moving out.

Nail, plug and screw holes shall be professionally closed by the lessor. For every hole, a lump-sum of Fr. 5.00 shall be charged and recorded in the condition report; this shall be owed in any case. This amount is based on the national consumer price index (December 2005 = 100) of 103.7 points for October 2009. If this index increases by 5 points, the amount of Fr. 5.00 shall increase by Fr. 0.25 in each case.

At the time of return, a **condition report** must be prepared, which must be signed by the contracting parties or their representatives. If possible, the adjustment must be agreed upon on the premises.

4.3.3 The lessor must notify latent defects to the lessee moving out immediately upon their detection, at the latest in 30 days from the return.

4.3.4 If the rental property is returned before the expiry of the termination date, the lessor shall be entitled to have renovation work carried out. The parties shall agree upon any rent reductions before the commencement of the renovation work. The lessee shall however not be entitled to a rent reduction if such work is started within 10 days before the expiry of the termination date.

4.3.5 Missing keys must be replaced to the lessor. In case of a protected locking plan, the lock and keys can be replaced at the lessee's costs.

5. Mandatory form

Unilateral changes to the lease agreement pursuant to OR 269d and terminations by the lessor pursuant to OR 266 I must be notified using a form approved by the canton; they shall otherwise be void.

6. The lessor's right of disposal

If the lessee leaves furniture or inventory items behind in the rental property, the lessor shall be entitled to freely dispose of the objects left behind by the lessee moving out in the rental property. Any proceeds can be offset with its claims.

7. Legal domicile

The place of the property shall be considered as the legal domicile for disputes arising from this agreement. This legal domicile clause shall apply irrevocably even after the expiry of the term of agreement.

8. Special regulations

(Special regulations must be signed by both parties)

The lessor and the lessee herewith confirm that they have received, read and understood the general regulations of the lease agreement (2010 edition).