

STANDARD FORM LEASE FOR A RESERVOIR SAILING CLUB

Please find enclosed a copy of the of the proposed standard form lease.

The purpose of this lease is to provide a modern document, in plain English, providing as far as possible a fair basis for a sailing club and a water company (or other Landlord) for the letting of premises and the right to sail on a reservoir.

This is not intended to take into account the precise details of each club, each site, and each landlord; these will vary from on place to another, but the draft will provide an almost complete framework for most situations.

The structure of the lease is loosely modelled on the 1991 Law Society's standard form lease for business premises, but with the benefit of the RYA legal staffs' combined 20 years' experience of advising on club leases, and access to numerous files on landlord and tenant problems that have arisen in the past. Clearly we cannot guarantee that the terms of this lease will exclude every potential problem in the future, but we believe it will go a long way towards that end.

I would like to draw particular attention to the following points: -

1. Constitution of club

Since an unincorporated club cannot, in law, hold property, club leases are taken in the name of three Trustees. It can sometimes be difficult to find three Trustees ready, willing and able to take on the position. Although they may never have to do anything except sign the occasional document, there is always a remote risk that they may become liable to pay out of their own pockets if the club neglects to pay the rent or maintain the premises as required.

The attached gets over this problem by providing

- (I) that the Trustees are entitled to be indemnified out of assets of the club (which should be a club rule anyway) and
- (II) that the liability of the Trustees to the Landlords will in no case exceed the amount by which they are able to be indemnified out of club funds.

This clause has been included in some recent leases at our suggestion, and most Landlords will accept it as reasonable even if, in theory, it reduces their security.

2. Rent

I attach a summary of the RYA 1999 Inland Waters Rent Review; this should be kept confidential and not circulated or copied widely. It gives an indication of the sort of rent you should expect to pay.

3. Non-exclusive use of water

During the 1960's and 70's when many new reservoir leases were being negotiated, the policy of the RYA and the clubs was to take exclusive control of the water, and to allow access to other users only under the direct control of the club.

For the following reasons, that is not longer regarded as so necessary or desirable:-

- (i) It has been shown that there is in practice only limited demand for casual (i.e. non club) use of reservoirs by dinghy sailors or windsurfers, and the flood of casual sailors feared in the 1960's/70's never actually materialised.
- (ii) Non exclusive use will command a considerable lower rate.
- (iii) Non exclusive use will also exclude any liability to business rates for the water which could, in some cases, be up to 40% of the total rates bill.
- (iv) Any concerns about incompatible uses being permitted by the Landlord can be met by the wording in Clause 10.3. In any event Water Companies have provided to be realistic in their proposals, since they are under a quasi-statutory duty to comply with the Water Acts and their Codes of Practice in making the best use of the water for recreational purposes. That best use includes consulting with national governing bodies and the Sports Council.

4. Use as a non-profit making members' sailing club

Although this may appear to limit the club's ability to become entrepreneurial, in practice it is an important factor in limiting future rent reviews. In 1986 the London Corinthian Sailing Club case heard in the Hammersmith County Court, resulting in the Landlord's rent demand of £20,000 (based on commercial use) was reduced to £3500 (based on non profit making use) by the court.

5. Period of Lease

You should bear in mind that the minimum period for obtaining capital grants for development of facilities is 21 years, and current practice with major landlords (e.g. Water Supply Plcs) is now up to 50 year leases.

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