

Guidelines for Preventing Tenant-Landlord Disputes



Tokyo Metropolitan Government

*In the event of any inconsistency or discrepancy between
the Japanese version and the English version,
the Japanese version shall prevail.*

How to Use the Guidelines

The Guidelines, written in Japanese, are intended to prevent trouble related to the leasing of private rental housing.

- I** introduces the background of the formulation of the Ordinance for the Prevention of Residential Rental Disputes in Tokyo and the contents of the ordinance.
- II** shows the basic concepts, such as the responsibility of the landlord or tenant for the cost of the restoration of property to its original condition when it is vacated and maintenance and repairs during the tenancy, which the Ordinance states must be explained to the tenant upon leasing.
- III** describes what needs your attention when you conclude a housing lease contract and while you live in the property.

To make the Guidelines easy-to-use, we used comprehensible expressions, illustrations and lists for each room type in the creation process. In addition, the **Important!** columns summarize the main points.

We hope that the Guidelines will be helpful to everyone involved in rental housing.

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I

Trouble Prevention and TMG's Ordinance

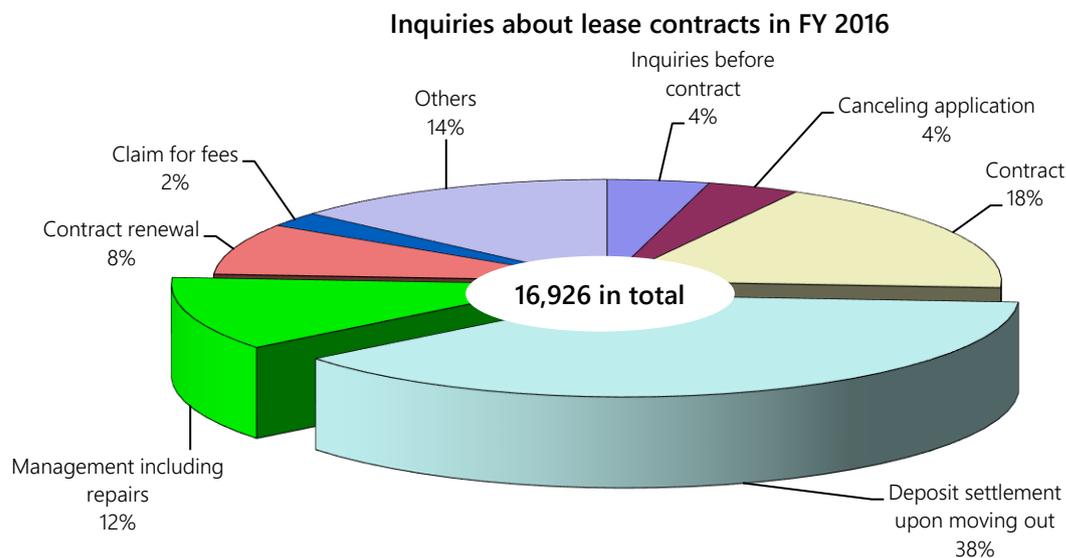
Important!

- The Ordinance for the Prevention of Residential Rental Disputes in Tokyo obliges real estate brokers to explain:
 - ① The basic rules for bearing the cost of the restoration of property to its original condition when it is vacated and maintenance and repairs during the tenancy
 - ② Specific responsibilities of the tenant prescribed in the actual contract
- When you listen to explanations based on the Ordinance, compare the concept of responsibilities in the basic rules and the contents of responsibilities in the contract, and fully understand the difference between them if any, before you decide to conclude the contract.

1. Status quo of trouble consultation

There are approximately 6.5 million households in Tokyo and 40% of them, approximately 2.7 million, reside in private rental housing. It is reasonable to say that private rental housing plays an important role in Tokyo where the population is highly mobile.

Given this situation, it stands to reason that numerous problems have arisen regarding private rental housing and various inquiries have been sent to the Tokyo Metropolitan Government (TMG). TMG formulated the Ordinance for the Prevention of Residential Rental Disputes in Tokyo in 2004 to prevent such problems. However, as shown in the graph below, a number of inquiries have been received even since then, regarding contracts, management, or the settlement of security deposits at the time of moving out.



Source: Inquiries made to the Office for Housing Policy, TMG, by phone or at an office

2. Ordinance for the Prevention of Residential Rental Disputes in Tokyo

Promulgated on March 31, enforced on October 1, 2004
Amended ordinance promulgated and enforced on October 13, 2017

(1) Purpose of the ordinance

- The Ordinance for the Prevention of Residential Rental Disputes in Tokyo was established to prevent trouble with housing leases by defining matters which should be clarified before the lease is finalized.

- The Ordinance obliges real estate brokers ^{*1} to provide a document to a prospective tenant and explain to him/her the legal principles and concepts based on legal precedents concerning the responsibility for the cost of the restoration of property to its original condition when it is vacated and maintenance and repairs during the tenancy. This requirement is based on the facts that:
 - ① As a specialist having knowledge of and experience with real estate transactions, a real estate broker mediates the procedures concerning rental of properties between landlords and tenants and is best suited to the above process.
 - ② The Real Estate Brokerage Act does not require real estate brokers to explain legal principles and concepts based on legal precedents regarding housing leases as important matters ^{*2}.
 - ③ To prevent trouble, the tenant must know the legal principles and concepts based on legal precedents regarding housing leases as well as the contents of an actual contract, and fully understand the difference between them if any before concluding the contract.

(2) Contents of the ordinance

- **Explanations**

The explanations given by real estate brokers include:

- ① Restoration of wear and tear when the tenant vacates the property (restoring rental properties to original condition)
- ② Repairs required to use and derive income from the property (maintenance and repairs during tenancy)
- ③ Responsibilities of the tenant prescribed in the lease contract (e.g. whether the contract includes a special agreement, the content of the special agreement)
- ④ Who to contact for repair, maintenance, and management of the facilities during tenancy
 - * “Matters necessary for the Real Estate Broker to provide proper documents or explanation,” as outlined in Article 2, item (iii) of the Regulations for Enforcement of the Ordinance (see page 3)
 - * Only the document should be provided and such explanation is not required if the prospective tenant is a real estate broker. (Ordinance revised in 2017; promulgated and enforced on October 13, 2017)

- **Contracts covered by the Ordinance**

- ① Lease contracts for residential properties in Tokyo in which a real estate broker acts as a mediator, intermediary, or agent (excluding contracts for business purposes such as offices and shops, or contracts entered into directly between the landlord and tenant)
 - * Real estate brokers outside Tokyo are also obliged to provide explanations when they deal in contracts for properties in Tokyo.
- ② Lease contracts newly concluded on and after October 1, 2004 for which real estate brokers are obliged to explain important matters as set forth in the Real Estate Brokerage Act (excluding renewal of existing contracts)

- **Guidance etc. for non-compliance**

If a real estate broker does not fulfill the mandatory explanation etc., the Governor of Tokyo may issue guidance and a letter of admonishment to the broker or make certain pieces of information public.

*1 Real estate brokers as stipulated in Article 2, item (iii) of the Real Estate Brokerage Act. Real estate brokers obtain a license from the Minister of Land, Infrastructure, Transport and Tourism or Governor for real estate brokerage to represent or mediate the sale, purchase, exchange, and/or lease of residential land and/or buildings.

*2 Article 35 of the Real Estate Brokerage Act requires real estate brokers to explain specific subjects as important matters. Before concluding a contract for the sale, purchase, exchange, or lease of residential land and/or buildings, the broker issues a document indicating the ownership of residential land/building, the situation of drinking water and sewerage, matters concerning transaction conditions and the settlement of a security deposit, etc. and a real estate notary explains the contents of the document.

- **“Matters necessary for the Real Estate Broker to provide proper documents or explanation”**

* As for matters set forth in Article 2 of the Regulations, only the document should be provided and such explanation is not required if the prospective tenant is a real estate broker.

I. Restoration of wear and tear when the tenant vacates the property (restoration obligations)

1. General principles for bearing responsibility for expenses

- (1) The landlord is liable for the restoration of wear and tear that results from aging of the property or from normal use of the property, and the tenant is not liable for such costs.
- (2) The tenant is liable for the restoration of any damage caused intentionally or carelessly, or by the use of the property in a non-standard way, or for any other reason attributable to the tenant.

2. Exceptional special agreements

By mutual consent, the landlord and tenant may conclude a special agreement concerning the restoration of wear and tear when the tenant vacates the property that differs from the basic rules noted in 1 above.

However, a special agreement is not always considered valid and may be ruled invalid depending on its contents.

II. Repairs required to use and derive income from the property (maintenance and repairs during tenancy)

1. General principles for bearing responsibility for expenses

- (1) The landlord is liable for repairs required to use and derive income from the property.
- (2) The tenant is liable for repairs required for any damage during the tenancy caused intentionally or carelessly, or by the use of the property in a non-standard way, or due to any other reason attributable to the tenant.

2. Exceptional special agreements

Regardless of the basic rules noted in 1 above, the tenant and the landlord by mutual consent may conclude a special agreement by which the landlord is absolved of obligation for minor maintenance and repairs during the tenancy, and the tenant may perform such maintenance and repairs at his/her own cost.

III. Responsibilities of the tenant prescribed in the lease contract (to be explained in some cases)

- 1. If the basic rules apply without a special agreement:** The tenant is only liable for the costs based on the basic rules mentioned in I-1-(2) and II-1-(2).
- 2. If there is a special agreement:** The tenant is liable for requirements specific to the provisions in addition to the costs mentioned in 1 above.

IV. Who to contact for repair, maintenance, and management of the facilities during tenancy

1. Repair, maintenance, management, etc. of facilities in common spaces

- (1) Name (or company name) (2) Address (or location of principal office)

2. Repair, maintenance, management, etc. of facilities in individual units

- (1) Name (or company name) (2) Address (or location of principal office)

To help real estate brokers give an explanation and provide the contents in writing, TMG created model explanatory forms that include the “Matters necessary for the Real Estate Broker to provide proper documents or explanation” (see pages 4 and 5).

The ordinance makes the giving of an explanation to a prospective tenant mandatory. For thorough prevention of disputes, however, it might be preferable to give an explanation to the landlord as well to obtain his/her cooperation. Therefore, a note to that effect has been added to the model explanatory forms.

* From the point of view of preventing trouble with rental housing, it would be desirable to give an explanation following the model forms even if the Ordinance is not applicable.

To: Taro Tokyo

Date: Month Day, Year

Explanation is hereby given on the following based on Article 2 of the Ordinance for the Prevention of Residential Rental Disputes in Tokyo. Your full understanding of these very important contents is essential.

This Ordinance requires Real Estate Brokers to explain established concepts based on legal principles and precedents concerning matters such as restoration of property to its original condition, to prospective tenants prior to concluding a rental agreement.

Name of company	XXXX Real Estate Co., Ltd.
Name of representative	Ichiro Shinjuku (Seal)
Principal office	X-X-X Nishishinjuku, Shinjuku-ku
Business license number	Governor of Tokyo (3), No. 12345
License issue date	Date: Month Day, Year
Transaction type	Representative / Intermediary
Explained by	Jiro Shibuya

Name of company	
Name of representative	(Seal)
Principal office	
Business license number	
License issue date	
Transaction type	Representative / Intermediary
Explained by	

* Fill in details for every Real Estate Broker when multiple Real Estate Brokers are involved, and include the name of the person providing the explanation.

Property details

Property address	Rm. XXX Sky Garden Shinjuku, 0-0-0 Nishishinjuku, Shinjuku-ku, Tokyo
Property name and/or room number	Rm. XXX Sky Garden Shinjuku
Name and address of landlord	Ichitaro Nakano 0-0-0 Chuo, Nakano-ku, Tokyo

A-1. Restoration of wear and tear when vacating the premises

1. General principles for bearing responsibility for expenses

- (1) The landlord is responsible for restoration of wear and tear that results from natural aging of the property or from normal use of the property, and the tenant shall not be responsible for such costs.

Example: Marks left on walls by posters or pictures, discoloration of wallpaper due to sunlight or other natural reasons, black marks on walls behind TVs, refrigerators, and other electric devices.

- (2) The tenant is responsible for restoration of any damages caused intentionally or negligently, or by use that goes beyond normal usage of the property, or for any other reason attributable to the tenant.

Example: Damage to pillars, etc. from pets, damage caused by moving in/out of the premises, rotting of walls or floors as a result of not attending to water leaks from air conditioners, etc.

2. Exceptional special agreement

Upon agreement by both parties, the landlord and tenant may conclude a special agreement concerning restoration of the premises that differs from the general principles noted in item 1 above.

This does not mean that all special conditions will be allowed. Some may become invalid depending on the contents.

Reference: According to legal precedents and other rulings, the following three conditions must be satisfied for validity of special agreements that impose a responsibility on tenants exceeding the normal duty of restoring property to the original condition. ① In addition to the necessity of the special agreement, there are objective and rational grounds, such as no excessive pursuit of profit. ② The tenant is fully aware that by concluding the special agreement, he/she will be responsible for repairs beyond those usually required to restore the property to its original condition. ③ The tenant has expressed his/her intent to take on the responsibilities described in the special agreement.

A-2. Responsibilities of the tenant under this agreement

Under this agreement, tenant's responsibilities conform to the basic rules. The tenant does not have to pay for the restoration of damage that results from aging of the property or from normal use of the property, but has to pay for the restoration of any damage caused intentionally or carelessly, or by the use of the property in a non-standard way, or due to any other reason attributable to the tenant.

* If there is no special agreement, clearly state that the tenant is only responsible for costs covered in the general principles of A-1, 1 (2) above. If there is a special agreement, clearly state what specific costs the tenant will be responsible for in addition to those above.

B-1. Repairs required to use and derive income from the dwelling

1. General principles concerning costs:

- (1) Repairs required to use and derive income from the dwelling shall be the responsibility of the landlord.

Examples: Malfunction of air conditioners (landlord-owned), water heating systems due to aging, rain leaks, or problems with building fittings

- (2) The tenant is responsible for repairs required for any damages during the tenancy caused intentionally or negligently, or by use that goes beyond normal usage of the property, or any other reason attributable to the tenant.

Example: Glass broken by children playing, damage caused by heating an empty bath

2. Exceptions by special agreement

Regardless of the general principles noted in 1 above, the tenant and the landlord by mutual agreement may conclude a special agreement by which the landlord is absolved of responsibility for small repairs required during the tenancy, and the tenant may perform such repairs at his/her own cost.

Reference: Small repairs during tenancy can include replacing light bulbs and florescent lights, water taps and sink plugs (packing)

B-2. Responsibilities of the tenant under this agreement

This agreement allows the tenant to repaper shoji screens and sliding doors, replace light bulbs, florescent lights, fuses, water taps (packing) and sink plugs (packing), and perform inexpensive repairs at his/her own cost without the consent of the landlord.

Except for the special agreement, the tenant's responsibilities conform to the basic rules. The landlord is liable for repairs required to use and derive income from the property. The tenant is liable for repairs required for any damage during the tenancy caused intentionally or carelessly, or by the use of the property in a non-standard way, or due to any other reason attributable to the tenant.

* In cases where there is no special agreement, clearly state that the tenant is only responsible for costs covered in the general principles of B-1, 1 (2) above. If there is a special agreement, clearly state what specific costs the tenant will be responsible for in addition to those above.

C. Contacts for the repair, maintenance and management of facilities during the tenancy period

	Name (or company name)	Address (or location of principal office)	Telephone No.
1. Repair, maintenance and management, etc. of facilities of common spaces			
Facilities repair, maintenance, management, etc.	Landlord: Ichitaro Nakano	0-0-0 Chuo, Nakano-ku	03-0000-0000
2. Repair, maintenance and management, etc. of facilities of individual units			
Repair of interior and fixtures, etc.	Landlord: Ichitaro Nakano	0-0-0 Chuo, Nakano-ku	03-0000-0000
Repair of other facilities, etc.	XX Property Management Inc.	0-0-0 Nakano, Nakano-ku	03-1000-0001

* In principle, the contact is the landlord or business designated by the landlord. List separately when contacts differ according to the situation.

I have confirmed that the above explanation will be provided.

Date: Month Day, Year

Landlord Address: 0-0-0 Chuo, Nakano-ku, Tokyo
Name: Ichitaro Nakano (Seal)

I have received the above explanation and this document.

Date: Month Day, Year

Prospective tenant Address: 0-0-0 Izumicho, Nishitokyo, Tokyo
Name: Taro Tokyo (Seal)

* For thorough prevention of disputes, it would be better if an explanation could be provided to not only the tenant but the landlord as well, and to receive his/her confirmation of the contents to be explained. In this case, be sure to obtain the landlord's name, address, date of confirmation, and seal on the explanation document.

* Blue text is an example.



Guidelines for Preventing Tenant-Landlord Disputes

1. Restoration upon moving out

Important!

- Property has to be restored to its original condition when it is vacated. The restoration obligations for a tenant is restoring any wear and tear, scratches, etc. caused by the tenant intentionally or carelessly, or by the use of the property in a non-standard way, or due to any other reason attributable to the tenant. As a rule, the tenant is liable for the cost of the restoration.
- In principle, a landlord restores wear and tear, scratches, etc. that result from aging or normal use. The landlord is liable for the cost of the restoration.
- The landlord and tenant may, by mutual consent, conclude a special agreement that differ from the basic rules above. However, a special agreement is not always considered valid and may be ruled invalid if it imposes greater responsibility on the tenant than the normal restoration obligations.

Therefore, when a contract is concluded, it is important for the landlord and broker to give the tenant an adequate explanation in advance regarding the restoration obligations so that the landlord and tenant both fully understand their responsibilities.

(1) Decrease in the value of buildings

When considering the restoration of property to its original condition at the time of moving out, it is important to understand how much and why building value decreases between a tenant's moving in and out of a building or apartment.

The Guidelines have divided a decrease in the building value into the following three sections to make it easier to understand (see Figure 1 on page 7).

1. Aging: Natural deterioration, wear and tear, etc. of buildings and facilities
2. Normal wear and tear: Wear and tear etc. caused by a tenant's normal use
3. Wear and tear etc. due to reasons other than 1 and 2:
Wear and tear etc. caused by a tenant intentionally or carelessly, violation of due care of a prudent manager, or use in a non-standard way

As for 1 and 2 above in principle, repair costs are deemed to be included in the rent and the tenant has no restoration obligations. As a rule, the landlord is liable for renovation, such as replacement or makeover of facilities, carried out to secure a new tenant and upgrading performed after moving out at the convenience of the landlord.

- * Upgrading refers to repairs that increase the value of a building, such as replacing old facilities with the latest models at the time of moving out.

On the other hand, the tenant has the restoration obligations in the case of 3 above in principle.

Landlord's responsibilities

- ☆ Aging
- ☆ Normal wear and tear

Examples include:

- Marks left on the wall by a poster or picture
- Dents of furniture on carpet
- Color fading on tatami mats and wallpaper due to sunlight etc.

Tenant's responsibilities

- ☆ Dirt or scratches due to reasons attributable to the tenant
- ☆ Dirt or scratches that occurred or worsened due to the tenant's negligence in failing to address any trouble or defect

Examples include:

- Tatami mats charred by cigarettes
- Scratches caused when moving in/out of the property
- Mold or stains that worsened due to the tenant's negligence in failing to address condensation

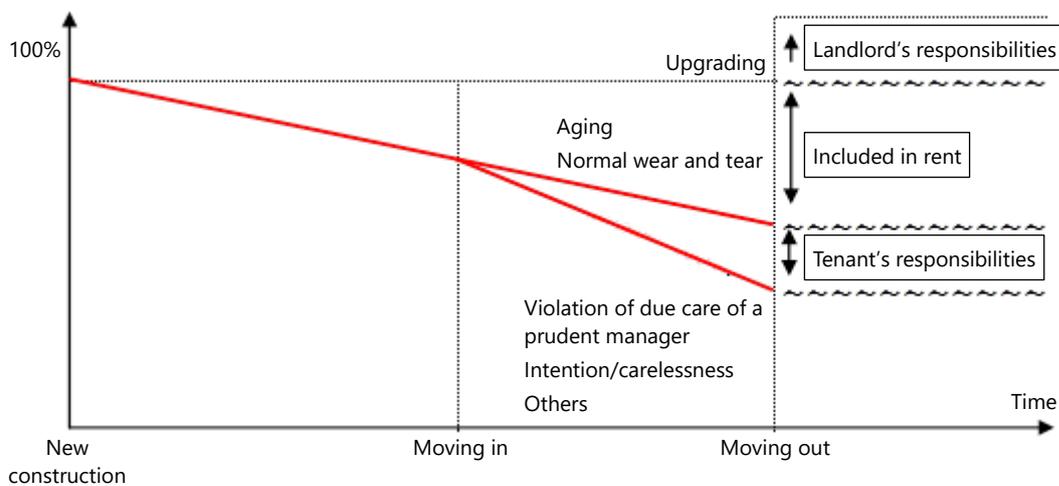


Figure 1: Considerations in legal precedents etc. on the value of rental housing (properties)

Reference: Trouble Regarding Restoration to Original Condition and Related Guidelines (2nd Ed.) (in Japanese), Ministry of Land, Infrastructure, Transport and Tourism

(2) What are restoration obligations?

A building lease contract usually stipulates that the tenant must restore the property to its original condition and vacate it at the end of the contract. "Restore" in this case does not mean that the rented property must be restored to exactly the same condition as when the contract was concluded.

The term "restoration" in a building lease contract means restoring, at the time of moving out, any wear and tear, scratches, etc. caused by the tenant intentionally or carelessly, violation of due care of a prudent manager, use in a non-standard way, or due to any other reason attributable to the tenant, which are part of a decrease in the building value caused by the tenant's residence or use.

Therefore, the costs to be borne are limited to those for the minimum unit of construction required for repairing damaged sections.

As a matter of course, the tenant should not be liable for wear and tear caused by force majeure, such as an earthquake, or a third party unrelated to him/her, such as upstairs residents.

Let's say you rent a car for several months.

The tires will wear down as you drive over the course of several months. However, you will not be charged a restoration fee in addition to the rental fee when you return the car.

On the other hand, if you inadvertently crash the car, you will be charged a restoration fee in addition to the rental fee.

- * On pages 14 to 19, sharing of responsibilities between the landlord and tenant is illustrated and listed according to the level of wear and tear of a property.

(3) What is due care of a prudent manager?

As one of the ways to consider a tenant's responsibilities, including his/her intention or carelessness and the use in a non-standard way, there is Article 400 of the Civil Code.

In brief, Article 400 of the Civil Code provides that the tenant must use and manage the property with due care from the time when a contract is concluded until when the property is vacated to the landlord at the end of the contract. This is called "due care of a prudent manager."

If the property is broken or soiled in violation of this obligation, the tenant will be required to restore it to its original condition.

If the tenant does not attend to normal wear and tear etc. and causes it to worsen due to a lack of proper and regular maintenance, he/she will be considered to have violated the due care of a prudent manager and be made liable for the cost of the restoration.

(4) Number of years elapsed

Even if wear and tear is caused by the tenant's intention or carelessness or violation of the due care of a prudent manager and is supposed to be restored at the expense of the tenant, he/she does not have to pay the entire amount.

For example, if part of the wallpaper is damaged due to the tenant's carelessness, he/she will be liable for the cost of replacing the damaged wallpaper. However, since the damaged area suffers from aging and normal wear and tear in any case and the landlord is liable for the expenses for the area, the tenant should pay the amount resulting from subtracting the expenses from repair costs.

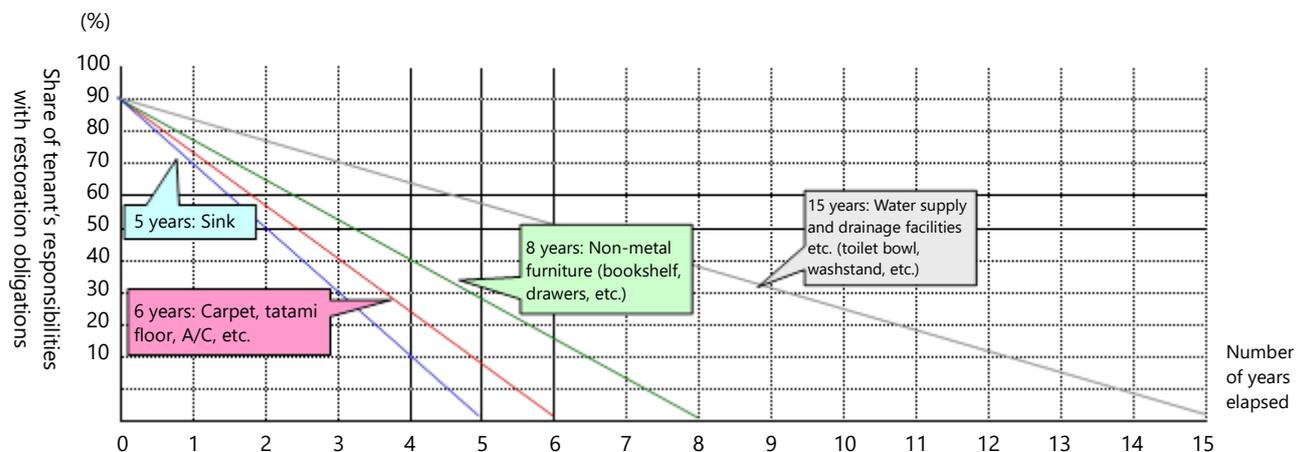


Figure 2: Number of years elapsed of facilities etc. and share of tenant's responsibilities with useful lives of 5, 6, 8, 15 years (straight-line method)

Reference: Example of useful lives of facilities, fixtures, etc.

5-year useful life: Sink

6-year useful life: Tatami floor, carpet, cushion flooring, wall (wallpaper), HVAC equipment (air conditioner, room cooler, stove, etc.), electric refrigerator, gas equipment (gas stove), intercom

8-year useful life: Non-metal furniture (bookshelf, drawers, cabinet, cupboard)

15-year useful life: Water supply and drainage facilities, sanitary facilities (toilet bowl, washstand, etc.), metal instrument and fixings

* As for a unit bath, bathtub, shoe cupboard, etc. fixed to a building and being an integral part of it, the useful life of the building is applied.

Reference: Trouble Regarding Restoration to Original Condition and Related Guidelines (2nd Ed.) (in Japanese), Ministry of Land, Infrastructure, Transport and Tourism
The types of facilities and fixtures are shown as examples.

Repair costs fixed regardless of the length of the tenancy are not fair as the longer the tenancy is, the greater the aging and normal wear and tear naturally become.

With reference to the idea of depreciable assets in the Corporation Tax Act etc., the Trouble Regarding Restoration to Original Condition and Related Guidelines (2nd Ed.) (in Japanese), compiled by the Ministry of Land, Infrastructure, Transport and Tourism in August 2011, says that as buildings or facilities consume their useful lives, the number of years elapsed is taken into account, the share of tenant's responsibilities decreases, and a residual value eventually becomes 1 yen in theory. As a matter of course, the tenant has the due care of a prudent manager and should always handle facilities etc. carefully. If the tenant intentionally or carelessly breaks the facilities etc., he/she may be required to be liable for construction costs etc. to restore their original functionality even though the residual value has decreased to 1 yen.

(5) Share of tenant's responsibilities

The graph shown in Figure 2 for the number of years elapsed of main facilities with their useful lives applies to new housing. In other cases, parties to a contract are required to negotiate the share of tenant's responsibilities at the time of moving in and shift the graph downward before using it.

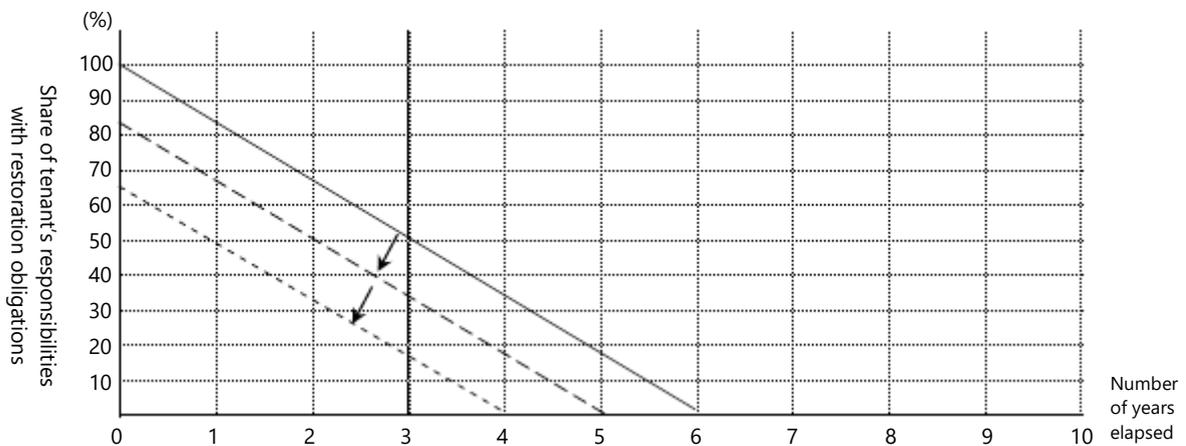


Figure 3: Condition at the time of moving in and share of tenant's responsibilities with a useful life of 6 years (straight-line method)

* Shift the graph to the left according to the condition of facilities etc. at the time of moving in. The starting point will be located at 0 years (number of years elapsed), 100% (share) immediately after new construction or replacement.

Reference: Trouble Regarding Restoration to Original Condition and Related Guidelines (2nd Ed.) (in Japanese), Ministry of Land, Infrastructure, Transport and Tourism

However, partial repairs of floors or pillars that are considered the same as the building itself, or fixtures, such as shoji screens and sliding doors, may look patchy and do not help increase overall value. In this case, it may be rational to ignore the number of years elapsed.

Paper of shoji screens and sliding doors and tatami mat surfaces are characterized as consumables for the most part. Therefore, it may be reasonable that the tenant who has caused damage is liable for replacement costs without considering the number of years elapsed.

Then, to what extent should the tenant be responsible?

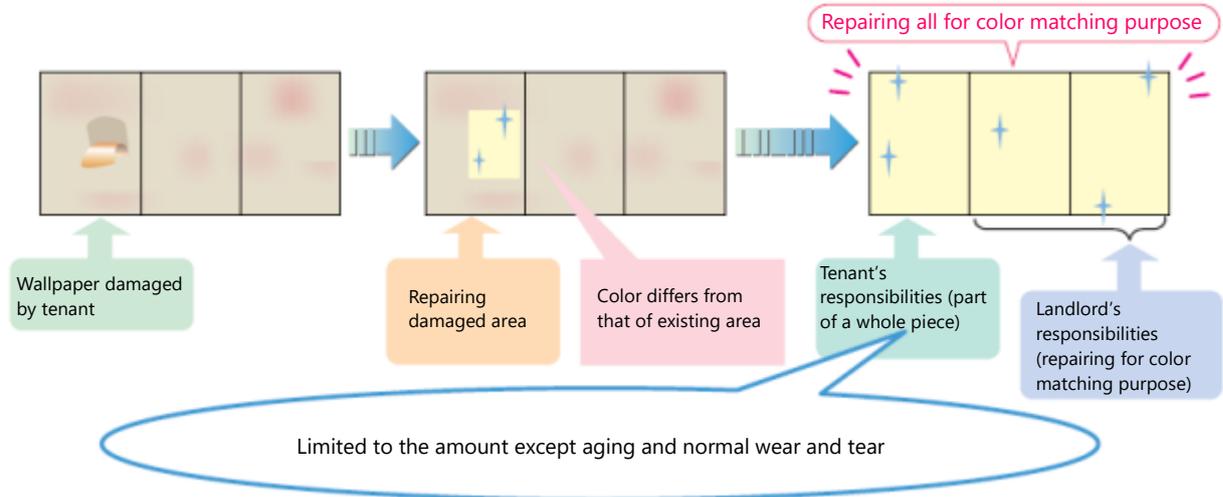
Since the restoration obligations mean restoring damaged sections, such as wear and tear due to reasons attributable to the tenant, to their original condition, the costs to be borne are limited to those for the minimum unit of construction required for repairing the damaged sections.

For example, the tenant will be liable for damage to wallpaper in m² in principle. However, if replacing the damaged area changes its color and causes it to look different from an existing faded area, it is possible to say that the tenant fails to adequately fulfill the restoration obligations. In such a case, the tenant may be made responsible for replacing a whole piece of wallpaper. However, the tenant's financial burden is usually limited to

the amount except aging and normal wear and tear, taking into account the number of years elapsed.

If the landlord repapers the entire room for color matching, he/she will be liable for the cost of replacing the remaining intact area.

Share of responsibilities (in the case of a piece of wallpaper)



Reference: Useful lives (UL) of typical depreciable assets (related to income from real estate) shown in the Ministerial Ordinance Concerning the Useful Life, Etc. of Depreciable Assets (ordinance of the former Finance Ministry of March 31, 1965) * Depreciable assets are limited to buildings.

Structure	Use	UL (yrs.)	Structure	Use	UL (yrs.)	
Wooden/ synthetic resin structure	Office	24	Brick/stone/ block structure	Office	41	
	Store/dwelling	22		Store/dwelling	38	
	Restaurant	20		Restaurant	38	
Wooden- frame mortar structure	Office	22	Metal structure	Office		
	Store/dwelling	20		Thickness of scaffold material is over 4 mm	38	
	Restaurant	19		Thickness of scaffold material is over 3 mm up to 4 mm	30	
Steel- reinforced/ steel-frame reinforced concrete structure	Office	50		Thickness of scaffold material is up to 3 mm	22	
	Dwelling	47		Store/dwelling		
	Restaurant				Thickness of scaffold material is over 4 mm	34
	Wooden interior area in total floor area is over 30%	34		Thickness of scaffold material is over 3 mm up to 4 mm	27	
		Others		41	Thickness of scaffold material is up to 3 mm	19
	Store	39		Restaurant		
			Thickness of scaffold material is over 4 mm	31		
			Thickness of scaffold material is over 3 mm up to 4 mm	25		
			Thickness of scaffold material is up to 3 mm	19		

Reference: Trouble Regarding Restoration to Original Condition and Related Guidelines (2nd Ed.) (in Japanese), Ministry of Land, Infrastructure, Transport and Tourism

Unit of tenant's responsibilities (general concept)

- ◎ The unit is associated with a damaged section alone in principle and usually takes the form of the smallest item or surface that can be repaired.

Responsibilities		Unit of tenant's responsibilities		Consideration of No. of years elapsed
Floor	Repair of damaged section	Tatami	Per mat in principle If multiple mats are damaged, the number of damaged mats is applied. Turn them over or replace their facings depending on extent of damage.	Tatami mat surface: The number of years elapsed is not considered as the surface is similar to consumables.
		Carpet, cushion flooring	Damaged spot with no specific unit If multiple spots are damaged, the entire property shall be covered.	Tatami floor, carpet, cushion flooring: Share of responsibilities is calculated by considering the number of years elapsed.
		Wooden floor	Per m ² in principle If multiple spots are damaged, the entire property shall be covered.	Wooden floor: The number of years elapsed is not considered for partial repairs. When replacing the entirety, share of responsibilities is calculated by considering the number of years elapsed relative to the useful life of the building (see page 10).
Wall/ceiling (wallpaper)	Repair of damaged section	Wall (wallpaper)	Per m ² in principle When wallpaper needs replacement, it may be unavoidable for the tenant to pay for up to a whole piece of wallpaper that includes damaged spots.	Wall/wallpaper: Share of responsibilities is calculated by considering the number of years elapsed. It is appropriate for the tenant to be responsible for color fading or persistent odors on wallpaper etc. throughout the property caused by stains from smoking etc. which are considered to go beyond wear and tear based on normal use.
		Cigarette stains	Cleaning or replacement is required for stains or odors due to smoking (partial repairs are difficult)	
Fixtures/pillar	Repair of damaged section	Sliding door	Per door	Paper of sliding door/shoji screen: The number of years elapsed is not considered as paper is consumables.
		Pillar	Per pillar	Framework of sliding door/shoji screen, pillar: In principle, the number of years elapsed is not considered. Otherwise, share of responsibilities is calculated by considering the number of years elapsed relative to the useful life of the building (see page 10).
Facilities/others	Repair of facilities	Furnished appliances	Repaired section, cost of replacement	Furnished appliances: Share of responsibilities is calculated by considering the number of years elapsed. (Same rule applies to replacement with new item.)
	Return of key	Lock and key	Repaired section Repair includes cylinder replacement if key is lost.	Lock and key: The number of years elapsed is not considered if key is lost. Tenant is liable for cost of replacement.
	Regular cleaning *	Cleaning (When regular cleaning is neglected)	Cleaning of each section or entire property	Cleaning: The number of years elapsed is not considered. Tenant is liable for cost of cleaning each section or the entire residence for which he/she failed to carry out regular cleaning.

* Regular cleaning includes removal of garbage, sweeping and wiping, cleaning of wet area, removal of grease and soot from the range hood, exhaust fans, and the space where a kitchen stove is placed, etc.

Reference: Trouble Regarding Restoration to Original Condition and Related Guidelines (2nd Ed.) (in Japanese), Ministry of Land, Infrastructure, Transport and Tourism

(6) Special agreement (see page 24)

- **What is a special agreement?**

A special agreement means a special accord or promise between parties involved, a promise with special conditions, etc. In a lease contract, greater responsibility than the normal restoration obligations described above may be defined as a special agreement in the contract and imposed on a tenant.

- **Requirements for validity**

A special agreement concluded by parties involved on a voluntary basis is made legally effective in principle. This is because the Civil Code is based on the principle of the freedom of contract and enables the parties involved to freely determine the contents of a contract as a rule.

However, a special agreement is not always considered valid. When brought to court, the special agreement may be ruled invalid. Previous legal cases and other data show that the three elements listed below are required to make the special agreement valid.

Requirements for validity of a special agreement that imposes a special responsibility on tenants

- ① There is necessity for the special agreement, and there are objective and reasonable grounds for it, such as that the obligations are not excessive.
- ② The tenant acknowledges that because of the special agreement, he/she is obliged to make repairs, etc. that exceed ordinary obligations for restoration.
- ③ The tenant has expressed the intention to undertake the obligations set forth by the special agreement.

To prevent trouble, the Ordinance for the Prevention of Residential Rental Disputes in Tokyo of the Tokyo Metropolitan Government (TMG) requires that a tenant should recognize the contents of a contract in advance and real estate brokers should specifically explain the presence of a special agreement in the contract if any and the tenant's responsibilities based on the special agreement. For more information, see pages 1 to 5.

Reference	Examples of Cases Brought to the TMG's Consultation Services
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Case 1

Restoration

Q. My lease contract says "The tenant must restore the property to the original condition when vacating the property." My landlord says that "restoring property to the original condition" means restoring the property to exactly how it was when I moved in. Is that true? Do I have to bear the cost as my landlord claims?

A. "Restoring property to the original condition" does not mean restoring the property to exactly how it was when the tenant moved in; it means restoration of scratches and other damage caused by the tenant, such as damage caused intentionally or carelessly and damage caused due to the tenant's using the property in a non-standard way.

In this case, you are not obliged to abide by your landlord's claim; you don't have to restore the property to the exact state as when you moved in.

Case 2

Upgrading

Q. I lived in a property that seems to be quite old for four years. When I moved out of the property, I was charged 700,000 yen as the cost of replacing the bathroom as its floor was damaged. I can't understand why...

A. The tenant does not have to pay the cost if the floor is damaged due to aging and he/she is not responsible for that. Replacement of facilities to secure a new tenant and such repairs as replacing old facilities with the latest models are considered as renovation or upgrading.

Case 3

Share of responsibilities

Q. I moved out of the apartment I had rented for two years. I was told that one tatami mat was charred during room inspection. Of course, that is my fault and I understand I have to pay for one tatami mat but they said they would replace all tatami mats in the room because changing one mat would cause uneven colors. Am I liable for all of the cost?

A. The tenant's responsibilities are limited to the minimum unit of construction required for repairing wear and tear or scratches caused by the tenant intentionally or carelessly, or by the use of the property in a non-standard way, or due to any other reason attributable to the tenant. After all, the tenant's actual financial burden is the minimum unit minus aging and normal wear and tear borne by the landlord.

However, since paper of shoji screens and sliding doors and tatami mats are characterized as consumables for the most part, it may be reasonable to ignore their number of years elapsed.

In this case, it may be rational to limit the tenant's responsibilities to the one tatami mat charred by his/her carelessness.

Case 4

Special agreement

Q. I am going to vacate the apartment where I have lived for two years. I checked my lease contract and found that its special agreement clause says "The tenant is obliged to restore the property to the original condition regardless of cause." Is this special agreement valid?

A. When a special agreement imposes greater responsibility on the tenant than the normal restoration obligations, certain elements are required for the agreement to be recognized as valid. Even if your contract includes a special agreement, that agreement may be ruled invalid.

Reference	Illustrated explanation of the responsibilities of the landlord and tenant (1/2) (typical examples)
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* The following shows the responsibilities of the landlord and tenant described on pages 6 to 11. The responsibilities listed here are typical examples and may vary depending on the degree of damage to the property and other factors.

- **Lock and key**
 - Changing locks (when the tenant did not damage the lock or key, or lose the key): **Landlord**
 - Changing locks (when the tenant damaged/mishandled the lock or key, or lost the key): **Tenant**

- **Appointments and equipment**
 - Damage to an appointment caused due to the tenant's lack of proper or regular maintenance or use in a non-standard way (tenant does not exercise "due care"): **Tenant**

- **Appointments and equipment**
 - Replacement of bathtubs and water heaters (to secure a new tenant, although the screen is not damaged or dirty): **Landlord**

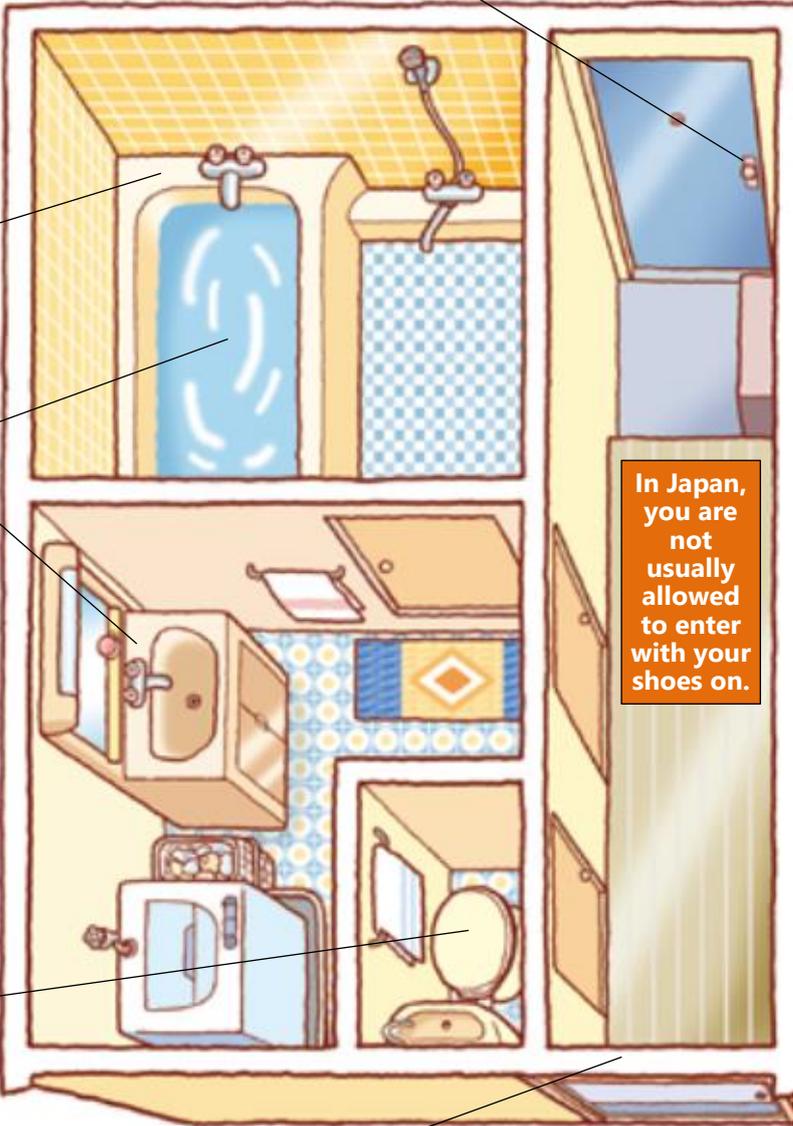
- **Bathroom, etc.**
 - Scale, rust, and other contaminants in the bathroom, toilet, or on the washstand (when such contaminants occurred because the tenant failed to sufficiently clean and maintain the areas during the tenancy) (tenant does not exercise "due care"): **Tenant**

- **Entire property**
 - Professional cleaning in preparation for the next tenant (when the tenant performed proper and regular cleaning during tenancy): **Landlord**

- **Bathroom, etc.**
 - Disinfecting the toilet: **Landlord**

- **Yard**
 - Weeding a yard of a single-family rental housing: **Tenant**

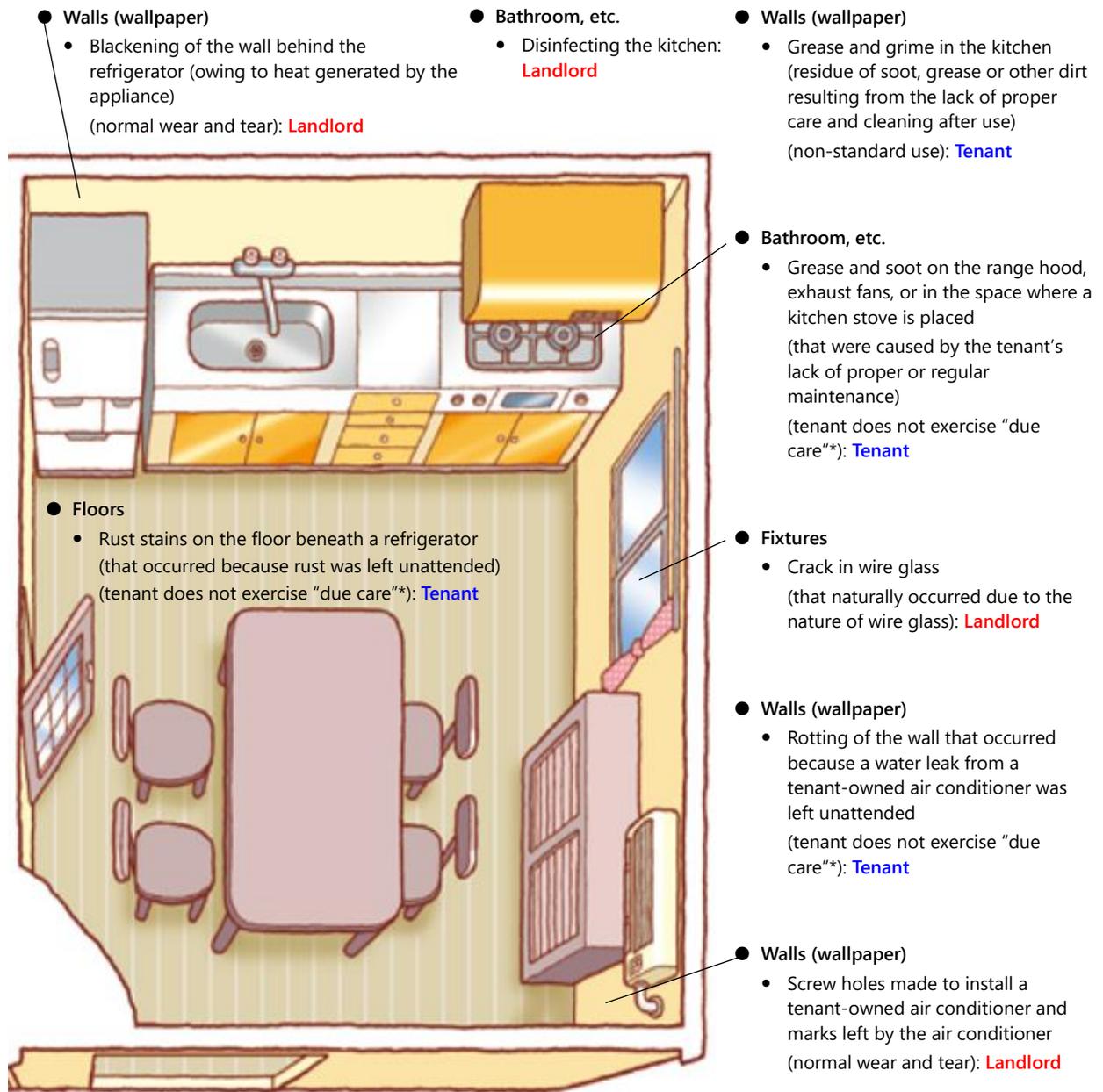
- **Ceiling**
 - Marks left by a lighting fixture that was directly fixed to the ceiling (non-standard use): **Tenant**



Basic rules on who is responsible

Landlord: "Normal wear and tear" and "Aging"

Tenant: "Scratches and other damage caused by the tenant (e.g. damage caused intentionally or carelessly, damage caused due to the tenant's using the property in a non-standard way)" and "Scratches and other damage that occurred or worsened due to the tenant's negligence in failing to address any trouble or defect or the tenant's lack of proper and regular maintenance"



● **Floors (wooden floors)**

- Waxing the floor: **Landlord**

● **Floors (wooden floors)**

- Color fading (that occurred because rain blew into the room, or for other reasons, due to the tenant's carelessness)
(tenant does not exercise "due care*"): **Tenant**

Reference

Illustrated explanation of the responsibilities of the landlord and tenant (2/2) (typical examples)

* The following shows the responsibilities of the landlord and tenant described on pages 6 to 11. The responsibilities listed here are typical examples and may vary depending on the degree of damage to the property and other factors.

● Walls (wallpaper)

- Color fading (as a result of exposure to sunlight or other natural elements) (normal wear and tear): **Landlord**

● Walls (wallpaper)

- Cigarette stains (1) Color fading or persistent odors caused by stains from smoking etc. which are considered to go beyond soiling based on normal use: **Tenant**
- (2) When smoking is prohibited: **Tenant (use in a non-standard way)**

● Walls (wallpaper)

- Holes left by pins and tacks (holes that do not require replacement of wall paneling) (normal wear and tear): **Landlord**

● Walls (wallpaper)

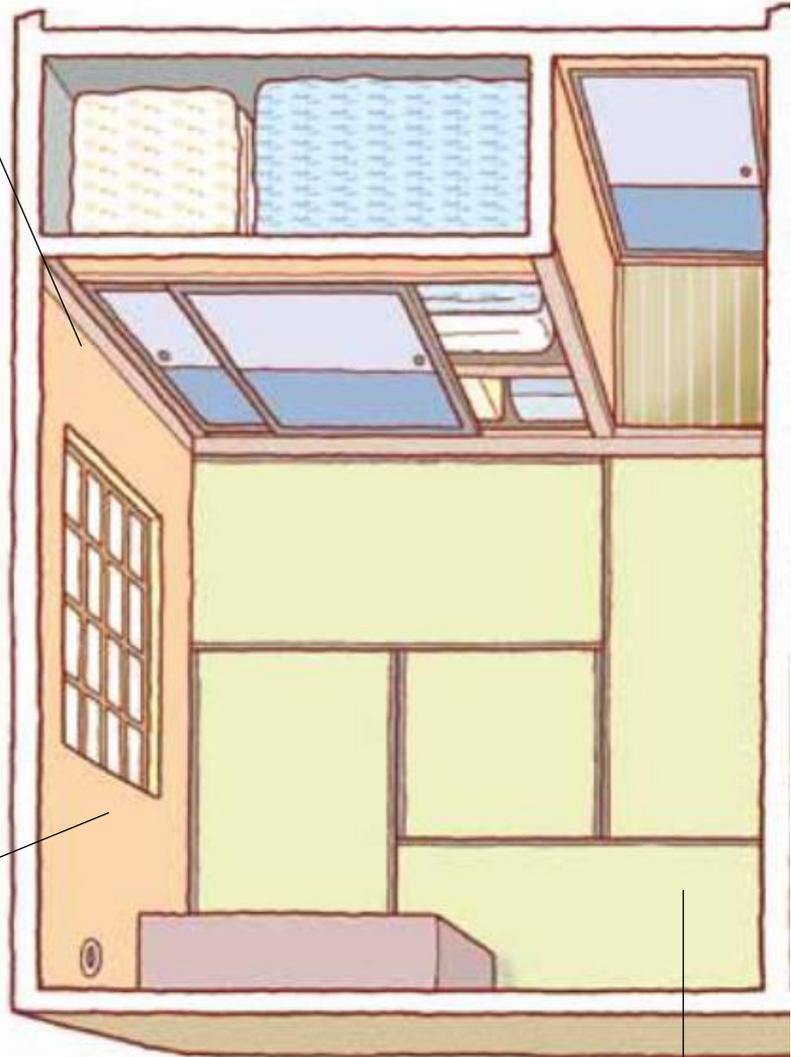
- Holes left by nails and screws (holes that require replacement of wall paneling) (non-standard use): **Tenant**
- Damage due to furniture fall prevention measures with the prior consent of the landlord: **Landlord**

● Walls (wallpaper)

- Mold and stains that spread because condensation was left unattended (non-standard use): **Tenant**

● Fixtures

- (1) Scratches and other damage on apartment interior surfaces by a pet (tenant does not exercise "due care"): **Tenant**
- (2) (1) caused when keeping pets is prohibited: **Tenant (use in a non-standard way)**



● Floors, walls, ceilings, fixtures

- Intentional damage such as graffiti: **Tenant**

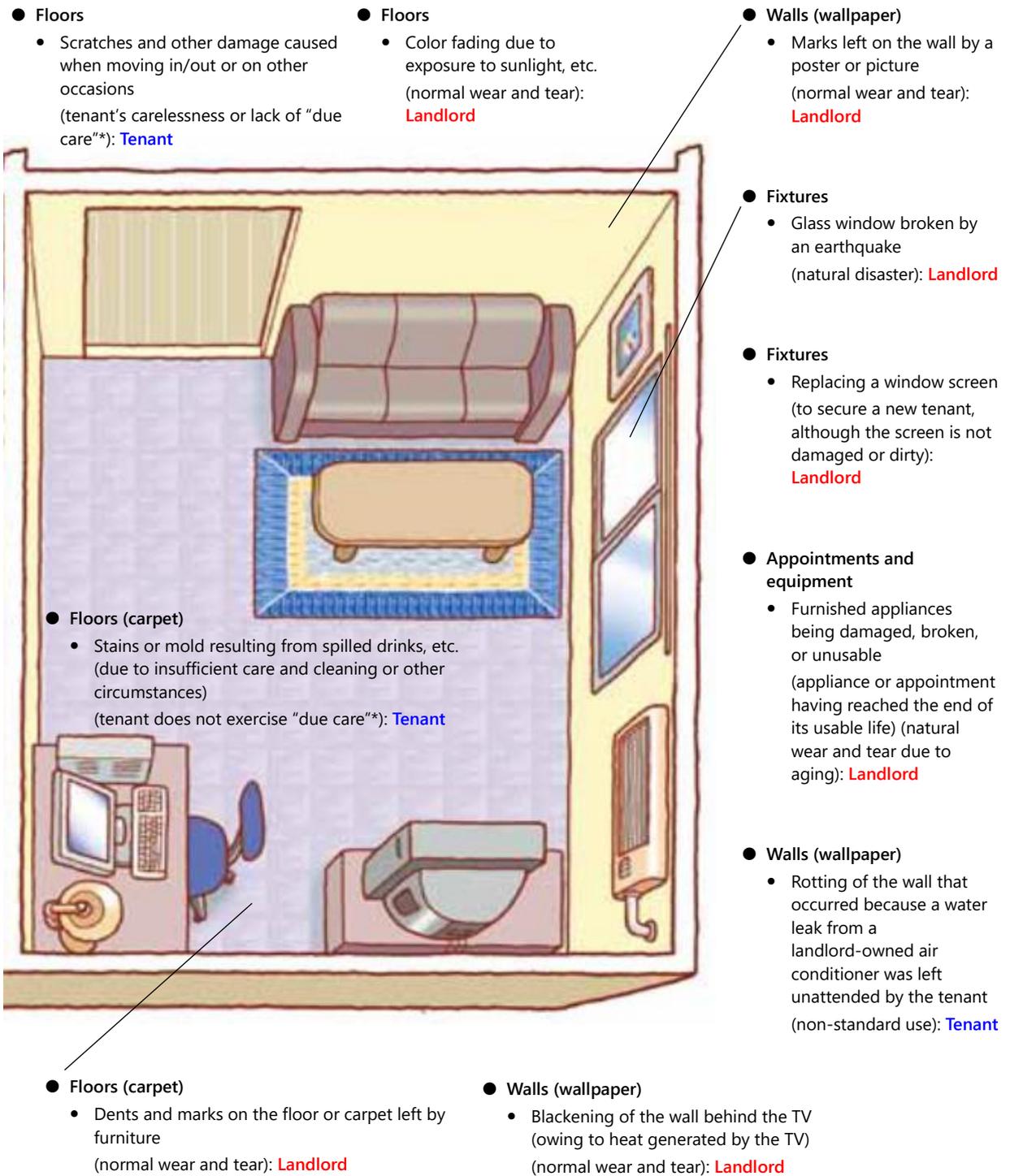
● Floors (tatami mat floors)

- Turning over or replacing the facings of tatami mats (to secure a new tenant, although the mats are not damaged or dirty): **Landlord**

Basic rules on who is responsible

Landlord: "Normal wear and tear" and "Aging"

Tenant: "Scratches and other damage caused by the tenant (e.g. damage caused intentionally or carelessly, damage caused due to the tenant's using the property in a non-standard way)" and "Scratches and other damage that occurred or worsened due to the tenant's negligence in failing to address any trouble or defect or the tenant's lack of proper and regular maintenance"



Reference	List of the responsibilities of the landlord and tenant (typical examples)
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* The following shows the responsibilities of the landlord and tenant described on pages 6 to 11. The responsibilities listed here are typical examples and may vary depending on the degree of damage to the property and other factors.

Section	Item	Description	Responsibility	Reason	
Floor	Tatami	Turning over or replacing the facings of tatami mats (to secure a new tenant, although the mats are not damaged or dirty)	Landlord	It may be reasonable that the landlord is responsible for this issue as it is related to the maintenance and management of the property upon the change of occupants.	
		Color fading (as a result of exposure to sunlight or rain leaks due to defects in building structure)	Landlord	Sunlight is unavoidable in normal life and the tenant would not be liable for structural defects. (Except for the case where the tenant neglects the duty of notification)	
	Wooden floor	Waxing the floor	Landlord	It may be reasonable that the landlord is responsible for waxing since it is not always required in normal life and is more related to the maintenance and management of the property.	
		Color fading (as a result of exposure to sunlight or rain leaks due to defects in building structure)	Landlord	Sunlight is unavoidable in normal life and the tenant would not be liable for structural defects. (Except for the case where the tenant neglects the duty of notification)	
		Color fading (that occurred because rain blew into the room, or for other reasons, due to the tenant's carelessness)	Tenant	Many cases would be attributable to the tenant's violation of due care of a prudent manager.	
		Scratches or dents made by a chair or other equipment on casters	Tenant	The tenant needs to pay full attention to the use of rolling casters as they can be expected to cause scratches etc. If scratches occur, many of them would be attributable to the tenant's violation of due care of a prudent manager.	
	Carpet, others	Dents and marks left by furniture	Landlord	In view of the fact that a large number of furniture is owned in Japan and installation of furniture is inevitable, it may be reasonable to consider that dents and marks as a result of the installation alone are wear and tear due to normal use.	
		Stains or mold resulting from spilled drinks, etc.	Tenant	Spilling drinks etc. will fall in the range of normal life, but it may be reasonable that the tenant pays for the removal of stains or mold caused by insufficient maintenance after the spillage.	
		Rust stains beneath a refrigerator (The same applies to tatami and wooden floors)	Tenant	If rust generated on the refrigerator and adhering to the floor can be wiped off, it will fall in the range of normal life. However, if the rust is left as it is to cause damage to the floor, including soiling, much of it would be attributable to the tenant's violation of due care of a prudent manager.	
		Scratches caused when moving in/out (The same applies to tatami and wooden floors)	Tenant	Many cases would be attributable to the tenant's carelessness or violation of due care of a prudent manager.	
	Wall/ ceiling	Wall/ wallpaper	Blackening of the wall behind TV, refrigerator, etc. (owing to heat generated by the appliance)	Landlord	Since televisions and refrigerators are usually indispensable to lead a normal life, it may be reasonable to consider that the blackening as a result of using them is wear and tear due to normal use.
			Screw holes made to install a tenant-owned air conditioner and marks left by the air conditioner	Landlord	As air conditioners have become indispensable to lead a normal life in the same manner as televisions etc., screw holes etc. due to their installation will be normal wear and tear.
Color fading (as a result of exposure to sunlight or other natural elements)			Landlord	As with color fading on tatami mats etc., sunlight would be unavoidable in normal life.	
Marks left by posters or pictures			Landlord	Color fading on wallpaper caused by putting posters etc. on the wall is mainly due to sunlight or other natural elements and will fall in the range of wear and tear during normal life.	
Holes left by pins and tacks (holes that do not require replacement of wall paneling)			Landlord	Putting up posters, calendars, etc. falls in the range of normal life and holes due to pins and tacks used for that purpose will be normal wear and tear.	
Holes left by nails and screws to hold heavy things (holes that require replacement of wall paneling)			Tenant	Since nail and screw holes to put up heavy things etc. are deeper and wider than those for tacks etc., many of them would be judged to go beyond wear and tear based on normal use.	
Cigarette stains			Landlord	If smoking does not represent use in a non-standard way or the violation of due care of a prudent manager, dirt on the wallpaper not deemed color fading or having persistent odors caused by cigarette stains will fall in the range of normal wear and tear.	
	Tenant	Color fading or persistent odors on wallpaper etc. throughout the property caused by cigarette stains are judged to go beyond soiling based on normal use. Such flaws are considered to have occurred or worsened by the tenant's insufficient maintenance after the fact.			

Section	Item	Description	Responsibility	Reason
Wall/ ceiling	Wall/ wallpaper	Rotting of the wall that occurred because a water leak from a tenant-owned air conditioner was left unattended	Tenant	If the owner (the tenant in this case) of the air conditioner fails to maintain it even though he/she should, and the wall etc. has rotted as a result, he/she will usually be judged to have violated the due care of a prudent manager.
		Rotting of the wall that occurred because a water leak from a landlord-owned air conditioner was left unattended by the tenant	Tenant	If the tenant leaves water leaks unattended or does not maintain the air conditioner afterwards, the rotting will usually be judged to have gone beyond wear and tear based on normal use, even though the owner (the landlord in this case) of the air conditioner should maintain it.
		Mold and stains that spread because condensation was left unattended	Tenant	If the tenant does not notify the landlord of the occurrence of condensation, fails to wipe it off, and the wall etc. has become rotted, the mold or stains will usually be judged to have gone beyond wear and tear based on normal use even though condensation is often a structural problem of a building.
		Grease and grime in the kitchen	Tenant	Residue of soot, grease or other dirt resulting from the lack of proper care and cleaning after use will usually be judged to have gone beyond wear and tear based on normal use.
	Ceiling	Marks left by a lighting fixture that was directly fixed to the ceiling	Tenant	If an existing outlet for lighting fixtures is not used, the marks will usually be judged to have gone beyond wear and tear based on normal use.
Fixtures/ pillar	Glass	Glass window broken by an earthquake	Landlord	It is damage caused by a natural disaster for which the tenant will not be responsible.
		Crack in wire glass (that naturally occurred due to the nature of wire glass)	Landlord	The tenant will not be responsible for a crack naturally caused due to problems with the processing of glass.
	Pillar, etc.	Scratches and other damage on apartment interior surfaces by a pet	Tenant	The tenant will usually be responsible for these issues, including discipline of pets or cleanup of pets' urine, as the violation of the due care of a prudent manager since keeping pets in multi-family housing in particular is still not common.
	Others	Replacing a window screen (to secure a new tenant, although the screen is not damaged or dirty)	Landlord	It may be reasonable that the landlord is responsible for this issue as it is related to the maintenance and management of the property upon the change of occupants.
Facilities/ others	Facilities	Furnished appliances being damaged, broken, or unusable (appliance or appointment having reached the end of its usable life)	Landlord	It is natural wear and tear due to aging for which the tenant will not be responsible.
		Replacement of bathtubs and water heaters (to secure a new tenant, although the item is not damaged or broken)	Landlord	It may be reasonable that the landlord is responsible for this issue as it is related to the maintenance and management of the property.
		Damage to an appointment caused due to the tenant's lack of proper or regular maintenance or use in a non-standard way	Tenant	The tenant will usually be judged to have violated the due care of a prudent manager.
	Lock and key	Changing locks (when the tenant did not damage the lock or key, or lose the key)	Landlord	It may be reasonable that the landlord is responsible for this issue as it is related to the management of the property upon the change of occupants.
		Changing locks (when the tenant damaged/mishandled the lock or key, or lost the key)	Tenant	The tenant will usually be judged to have violated the due care of a prudent manager.
	Bathroom, etc.	Disinfecting the kitchen and toilet	Landlord	It may be reasonable that the landlord pays for disinfection as it is beyond the control of the tenant unlike daily cleaning.
		Grease and soot on the range hood, exhaust fans, or in the space where a kitchen stove is placed	Tenant	The tenant will usually be judged to have violated the due care of a prudent manager if the soiling results from failure to carry out cleaning or a lack of proper and regular maintenance during tenancy.
		Scale, rust, and other contaminants in the bathroom, toilet, or on the washstand	Tenant	The tenant will usually be judged to have violated the due care of a prudent manager if the soiling results from failure to carry out cleaning or a lack of proper and regular maintenance during tenancy.
	Entire property	Professional cleaning in preparation for the next tenant	Landlord	If the tenant carries out regular cleaning, including removal of garbage, sweeping and wiping, cleaning of wet area, removal of grease and soot from the range hood, exhaust fans, and the space where a kitchen stove is placed, etc., it may be reasonable that the landlord pays for the professional cleaning performed to secure a new tenant.

Reference: Trouble Regarding Restoration to Original Condition and Related Guidelines (2nd Ed.) (in Japanese), Ministry of Land, Infrastructure, Transport and Tourism; categories of wear and tear and damage by section shown in Attached List 1

2. Maintenance and repairs during tenancy

Important!

- The landlord is obliged to make necessary maintenance and repairs so that the tenant can use and occupy the property.
However, the tenant is liable for repairs required for any damage caused by the tenant intentionally or carelessly, or by the use of the property in a non-standard way, or due to any other reason attributable to the tenant.
- The landlord and tenant may conclude a special agreement by which the landlord is absolved of obligation for minor maintenance and repairs, and the tenant may perform such maintenance and repairs at his/her own cost.

(1) Landlord's obligations and tenant's responsibilities

- **Landlord's obligations for maintenance and repairs**

The landlord is obliged to make necessary maintenance and repairs so that the tenant can use and occupy the property.

However, the landlord may be exceptionally absolved of obligation for maintenance and repairs if, for example, cost of maintenance and repair is high in spite of extremely low rent.

What are required repairs?

Certain repairs are required to allow the normal use by the tenant.

Whether repair is required or not is judged on a case-by-case basis, by comprehensively considering various factors, including the amount of the rent, the structure, age, and environment of the rental property as well as checking against the levels of wear and tear etc.

- **Tenant's responsibilities**

The tenant is liable for repairs of scratches, faulty fixtures, etc. caused by the tenant intentionally or carelessly, or by the use of the property in a non-standard way, or due to any other reason attributable to the tenant.

(2) Special agreement for minor maintenance and repairs

- **What is a special agreement for minor maintenance and repairs?**

The landlord and tenant may, by mutual consent, conclude a special agreement that has the tenant pay for minor maintenance and repairs.

It would be convenient for the tenant to make minor repairs, such as replacement of light bulbs, fluorescent lights, water taps (packing), and sink plugs (packing), which do not cost much or damage the building, without obtaining the consent of the landlord each time such repairs are made. Therefore, legal precedents have made a special agreement that has the tenant pay for minor maintenance and repairs effective.

- **Interpretation of a special agreement for minor maintenance and repairs**

It is said that a special agreement for minor maintenance and repairs grants the tenant the right to carry out minor maintenance and repairs at his/her own cost while absolving the landlord of obligation for it. It is up to the tenant as to whether or not to make the maintenance and repairs; the tenant has no obligation to make the maintenance and repairs.

Therefore, the special agreement does not authorize the landlord to charge the tenant for the cost of minor maintenance and repairs that the tenant did not make during the tenancy, as part of restoration costs.

(3) Contacts for repairs etc.

In principle, the landlord performs maintenance and repairs during the tenancy. The provisions for explanations of important matters under the Real Estate Brokerage Act require explanations for a trustee if management is entrusted but do not require explanations if the landlord manages his/her property directly without entrustment.

However, a real estate broker who mediated the contract may deal with repairs at the request of the landlord who cannot always be contacted immediately when repairs etc. are necessary. In such a case, the responsible party may be unclear and this may cause trouble.

Therefore, the Ordinance for the Prevention of Residential Rental Disputes in Tokyo of the Tokyo Metropolitan Government (TMG) requires real estate brokers to show and explain contacts for the repair, maintenance, management, etc. for each facility in common spaces and individual units to prospective tenants in advance.

As for repairs, the Ordinance for the Prevention of Residential Rental Disputes in Tokyo of TMG requires real estate brokers to explain:

- ① The contents of a special agreement for minor maintenance and repairs in the contract (if any)
- ② Contacts for repairs etc.

Residential fire alarm

With the revision of the Fire Services Act and Fire Prevention Ordinance, all properties in Tokyo have been obliged to install residential fire alarms since April 1, 2010 (the date of enforcement may vary by municipality). Residential fire alarms must be installed in all rooms, kitchens, and staircases.

If fire alarms are not installed, damage may spread in the case of a fire. When concluding a lease contract, the landlord and tenant should talk to each other clearly and check the installation status. Both of them are encouraged to ensure proper maintenance and management after moving in.

For more information on residential fire alarms, please contact fire stations, fire station divisions, fire station branches, or the Life Safety Education Section, Disaster Preparedness Division, Tokyo Fire Department (03-3212-2111) (available in Japanese only).

III

Lease Contract and Lifestyle at Rental Housing

Contract to moving in

Room hunting, preview, application
Important Points Explanation of Property to be Leased p 46
Explanation Based on the Ordinance for the Prevention of Residential Rental Disputes in Tokyo p 4



Concluding contract Regular Rental Housing Contract - Standard Type p 56

Before moving in
Checking property condition pp 26, 28

Tenancy

Due care of a prudent manager during tenancy
Maintenance and repairs during tenancy



Moving out

Advance notice of moving out
Checking property condition pp 27, 29
Checking for restoration obligations
Vacating the property



After moving out

Checking and determining restoration costs
Deposit settlement/refunding



1. Contract to moving in

Important!

- Make sure to completely understand explanations in advance of a lease contract. When you are given explanations based on the Ordinance, be sure you understand the basic rules on restoration obligations and other matters and confirm whether the contract is in line with the basic rules before you decide to conclude the contract.
- Pay attention to a special agreement as it often causes trouble. Listen to the explanation based on the Ordinance. Do not conclude the lease contract until you are convinced.
- Use a checklist to carefully check property before moving in.

(1) Make sure to completely understand explanations in advance

If a lease contract, in which a real estate broker acts as a mediator, intermediary, or agent, is concluded, you will be given by the real estate broker in advance an explanation of important matters (see the second note on page 2) based on the Real Estate Brokerage Act and explanations based on the Ordinance for the Prevention of Residential Rental Disputes in Tokyo of the Tokyo Metropolitan Government (TMG). The contents of these explanations are very important to conclude the contract.

The Ordinance for the Prevention of Residential Rental Disputes in Tokyo of TMG requires real estate brokers to explain: "Matters necessary for the Real Estate Broker to provide proper documents or explanation," as outlined in Article 2, item (iii) of the Regulations for Enforcement of the Ordinance (see page 3).

Explanations based on the Ordinance:

- ① Restoration of wear and tear when the tenant vacates the property (restoring rental properties to original condition)
- ② Repairs required to use and derive income from the property (maintenance and repairs during tenancy)
- ③ Responsibilities of the tenant prescribed in the lease contract (e.g. whether the contract includes a special agreement, the content of the special agreement)
- ④ Who to contact for repair, maintenance, and management, etc. of the facilities during tenancy

When you are given explanations based on the Ordinance, be sure you understand the concept of responsibilities for restoration obligations in the basic rules, confirm whether the responsibilities in the contract to be concluded are in line with the basic rules, and check for any exceptional responsibilities before you decide to conclude the contract.

Do not hesitate to ask questions and make clear what you do not understand or something not mentioned in the explanations or causing you concern.

If you are not convinced at that moment, you should put the contract on hold, take it home, and consider it carefully. You can also consult with the Realty Section or Comprehensive Consumer Center of TMG.

It would be even better if the landlord and tenant negotiate in advance methods or forms for settlement upon moving out in terms of the restoration obligations.

(2) Pay attention to a special agreement (see page 12)

Since a special agreement in the contract often causes trouble, the Ordinance for the Prevention of Residential Rental Disputes in Tokyo requires an explanation in advance of the conclusion of the contract regarding a special agreement that imposes a responsibility on the tenant.

A special agreement concluded with the consent of both parties is basically effective even if it is disadvantageous to the tenant. This is why you should pay attention to a special agreement. If you have any questions or are not convinced, talk with the landlord, ask for changes if necessary, understand the contents of the contract properly, and conclude the contract only when you are convinced.

If a special agreement causes trouble, it will be eventually ruled as valid or invalid at a trial.

As for contractual matters promised during the negotiation process, such as “piano allowed” and “pet allowed,” be sure to have them entered in the contract to prevent them from causing trouble later as a result of being left as a verbal promise.

In Japan, there is generally no custom of putting on shoes indoors, which may cause troubles. Check with the landlord in advance whether you can put on shoes indoors, and have it entered in the contract if it is allowed.



There have been some “no security deposit (see page 25)” properties in rental housing advertisements. However, even if there is no security deposit, the tenant will still have to pay restoration costs supposed to be borne by him/her.

If a security deposit has been paid, the cost will be deducted from it. In the case with no security deposit paid, the tenant will have to pay for the cost.

A certain contract may require payment for a specific purpose, such as renovation costs. Please note that unlike a security deposit the payment will not be refunded upon moving out in principle.

(3) Carefully check property when moving in

To prevent trouble related to the restoration of property to its original condition, be sure to check for scratches and dirt when you first move into the property. To enable the comparison of the property at the time of moving in and out, the tenant and landlord should jointly check where scratches or dirt is located and create a Checklist for Property Condition upon Moving in (see pages 26 and 28) and Checklist for Property Condition upon Moving in/out and Restoration of Property (see pages 44 and 45).

If the landlord cannot be present, the tenant should create the Checklist for Property Condition upon Moving in and take photographs with a date, which can be used as evidence for inspection and deposit settlement at the time of moving out.

To prevent trouble upon moving out, it is effective to clearly state in the contract that the property condition will be checked. The following is an example of special agreements added to the contract that state the creation of the Checklists for Property Condition in the presence of the landlord and tenant at the time of moving in and out.

Example of contract provisions

Checking Property Condition When Moving In

The Landlord and Tenant must create a Checklist for Property Condition upon Moving in prior to moving in in the presence of both parties and keep it until moving out.

Checking Property Condition When Moving Out

Upon moving out, the Landlord and Tenant must create a Checklist for Property Condition upon Moving out in the presence of both parties and compare it with the condition upon moving in.

Based on the comparison above, the Tenant will be responsible for the restoration of any damage caused intentionally or carelessly, or by use in a non-standard way, or for any other reason attributable to the Tenant.

Points to check

- Dirt or scratches on the floor (tatami, wooden, carpet)
- Dirt or scratches on the wall (wallpaper), shoji screen, sliding door, pillar
- Facility condition (operating correctly)
- Condition of water supply and drainage (free of defects including clogging)



Security deposit: Money paid to the landlord by the tenant when a lease contract is signed. The money is used for offsetting unpaid rent, repairing damage caused by the tenant, and covering the tenant's share of restoring costs when the tenant moves out. Upon the termination of the lease, the landlord must return the security deposit to the tenant if no violations of the lease occurred.

Key money: A one-off payment made by the tenant to the landlord at the closing of a real estate lease contract. It is a type of non-refundable deposits.

Lease renewal fee: Money paid to the landlord when a lease contract is renewed.

Source: "International Business Practice Manual for Real Estate Companies (Japanese Version)," Ministry of Land, Infrastructure, Transport and Tourism

■ Checklist for Property Condition upon Moving in (entry example for western room)

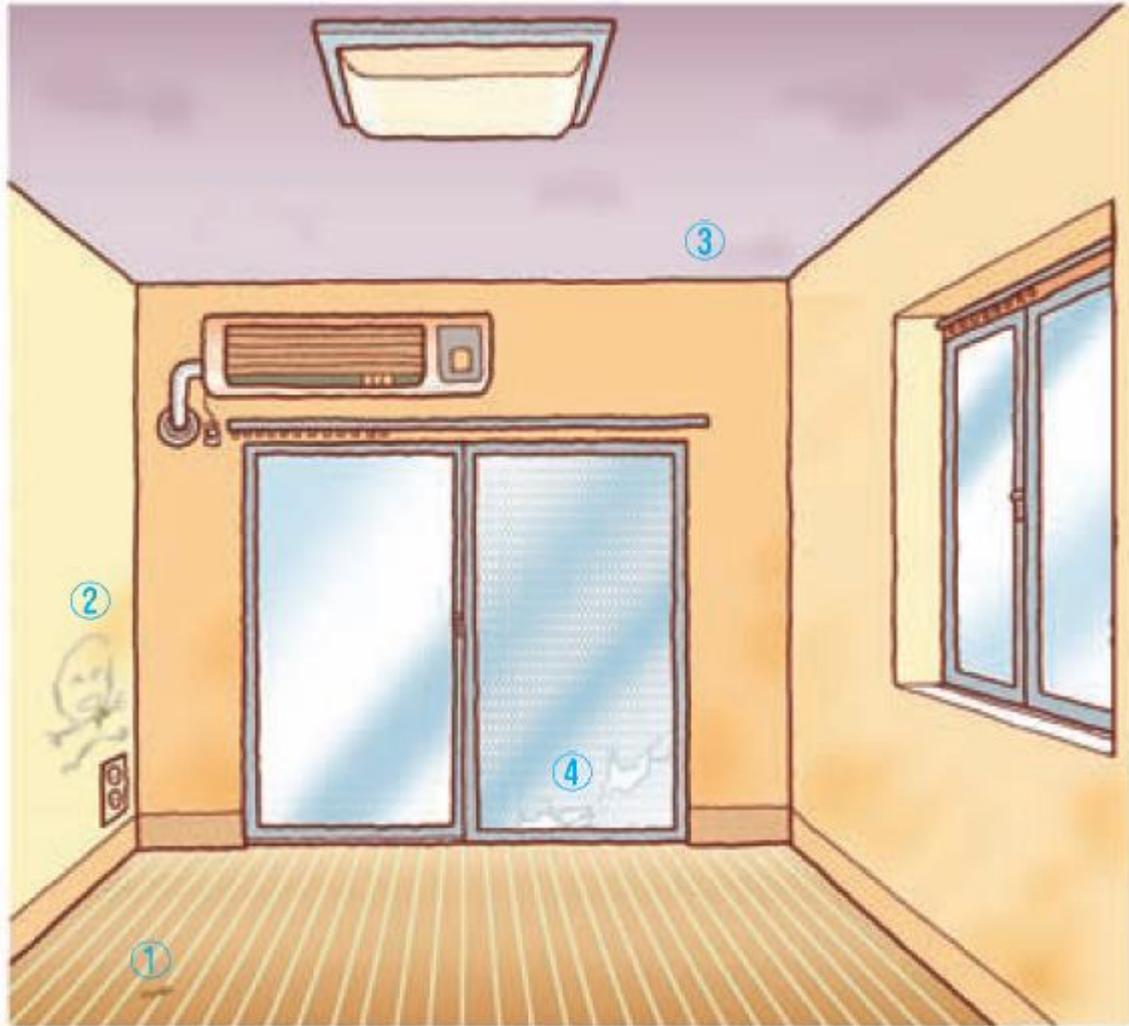


Points to check

* Enter photo numbers of applicable sections in the illustration.

Section	Moving in		Moving out					
	Condition	Photo	Condition	Photo	Responsibilities			
					Landlord (%)	Tenant (%)	Cause	Handling
Wooden floor	Scratched	No. 1						
Wall (wallpaper)	Repapered/no scratches	2						
Ceiling (wallpaper)	Repapered/no scratches	3						
Window glass	No cracks/scratches	4						
Window screen	Not torn	5						
Shutter	No defects	6						
Sash	No defects	7						
Curtain rail	No defects	8						
Outlet	No defects	9						

■ Checklist for Property Condition upon Moving out (entry example for western room)

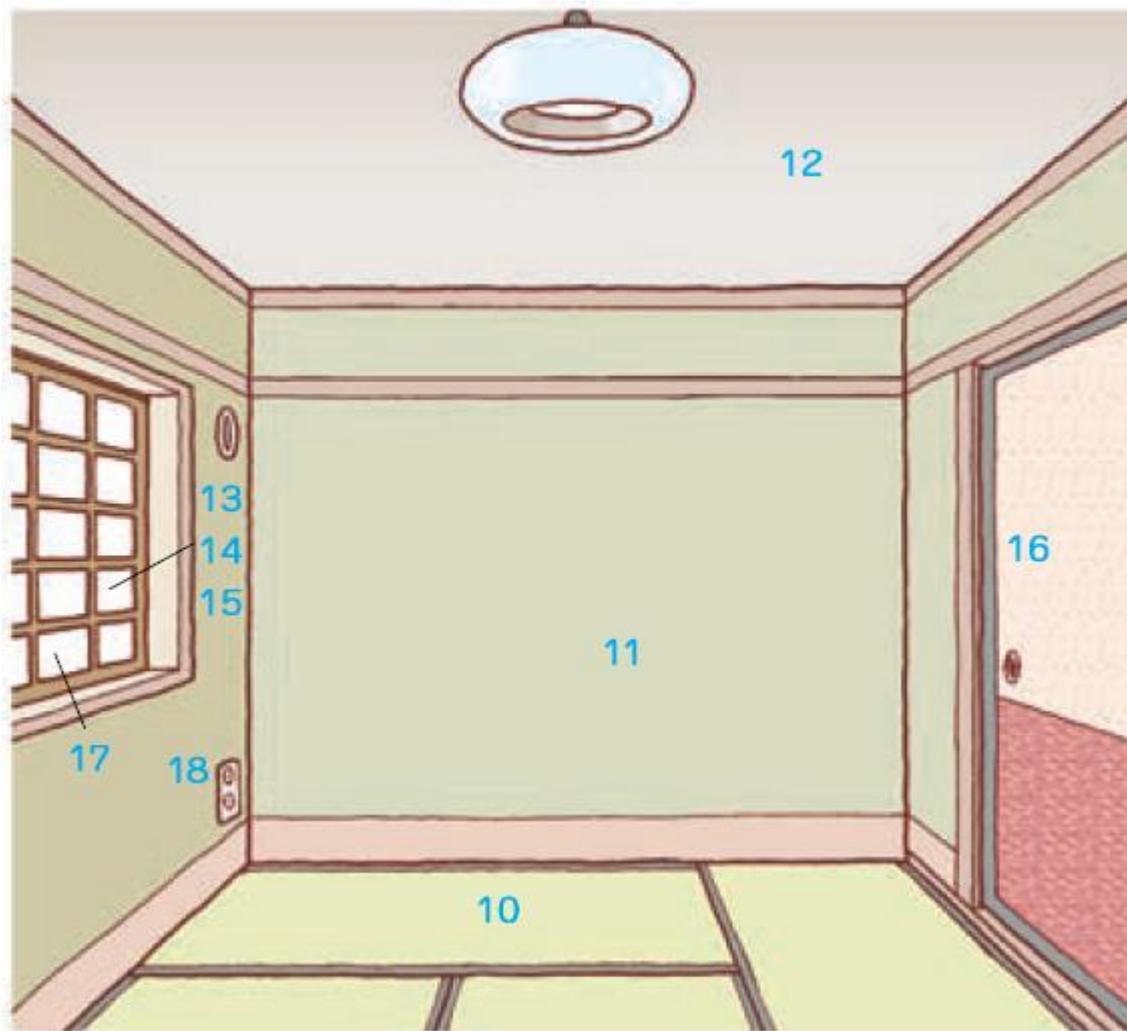


Points to check

* Enter photo numbers of applicable sections in the illustration.

Section	Moving in		Moving out					
	Condition	Photo	Condition	Photo	Responsibilities			
					Landlord (%)	Tenant (%)	Cause	Handling
Wooden floor	Scratched	No. 1	Scratched	①	100	0	Normal wear/tear	Landlord's responsibilities
Wall (wallpaper)	Repapered/no scratches	2	Graffiti	②	20	80	Intention	Repapered and charged by landlord (considering No. of years elapsed)
Ceiling (wallpaper)	Repapered/no scratches	3	Color faded	③	100	0	Aging	Landlord's responsibilities
Window glass	No cracks/scratches	4	No cracks/scratches					
Window screen	Not torn	5	Torn	④	0	100	Carelessness	Screen replaced by tenant
Shutter	No defects	6	No defects					
Sash	No defects	7	No defects					
Curtain rail	No defects	8	No defects					
Outlet	No defects	9	No defects					

■ Checklist for Property Condition upon Moving in (entry example for Japanese room)

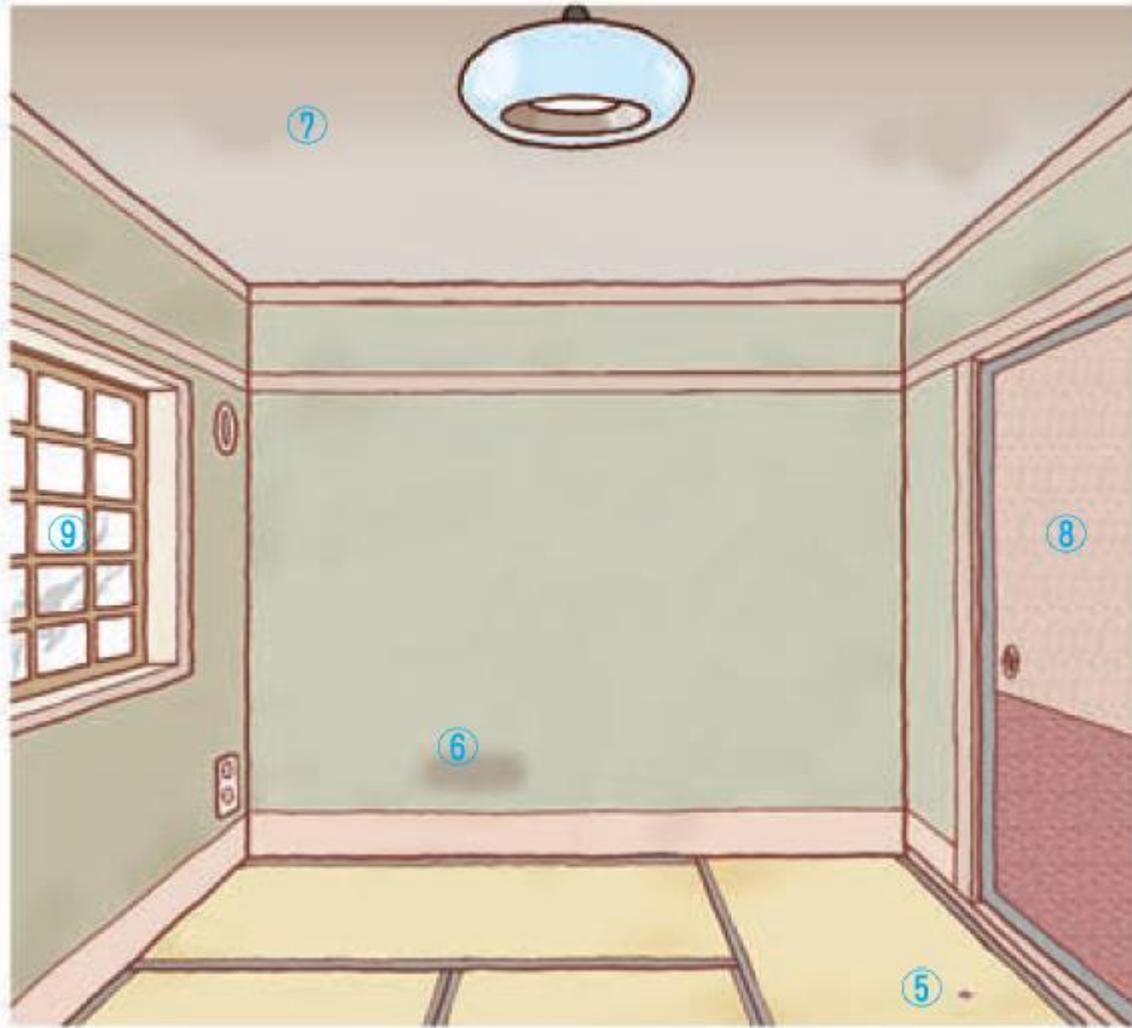


Points to check

* Enter photo numbers of applicable sections in the illustration.

Section	Moving in		Moving out					
	Condition	Photo	Condition	Photo	Responsibilities			
					Landlord (%)	Tenant (%)	Cause	Handling
Tatami	Scratched	10						
Wall (wallpaper)	Repapered/no scratches	11						
Ceiling (wallpaper)	Repapered/no scratches	12						
Window glass	No cracks/scratches	13						
Window screen	Not torn	14						
Sash	No defects	15						
Sliding door	Not torn/soiled	16						
Shoji screen	Repapered	17						
Outlet	No defects	18						

■ Checklist for Property Condition upon Moving out (entry example for Japanese room)



Points to check

* Enter photo numbers of applicable sections in the illustration.

Section	Moving in		Moving out					
	Condition	Photo	Condition	Photo	Responsibilities			
					Landlord (%)	Tenant (%)	Cause	Handling
Tatami	Scratched	10	Charred	⑤	0	100	Carelessness	Tenant's responsibilities
Wall (wallpaper)	Repapered/no scratches	11	Blackening behind TV	⑥	100	0	Normal wear/tear	Landlord's responsibilities
Ceiling (wallpaper)	Repapered/no scratches	12	Color faded	⑦	100	0	Aging	Landlord's responsibilities
Window glass	No cracks/scratches	13	No cracks/scratches					
Window screen	Not torn	14	Not torn					
Sash	No defects	15	No defects					
Sliding door	Not torn/soiled	16	Color faded	⑧	100	0	Aging	Landlord's responsibilities
Shoji screen	Repapered	17	Torn	⑨	0	100	Carelessness	Tenant's responsibilities
Outlet	No defects	18	No defects					

2. Tenancy

Important!

- Report on necessary repairs quickly and promptly
- Mind your manners to prevent trouble with the restoration of property to its original condition when it is vacated

(1) Report on necessary repairs quickly and promptly

When you find something that needs repair or maintenance, promptly contact the landlord or the management company to consult them about how to deal with it. If contact is delayed, it will be difficult to determine the cause of repairs, such as aging, normal use, or other reasons attributable to the tenant. Act quickly when a problem arises.

Please note that the landlord is not obliged to repair things not listed in the contract as ancillary facilities, such as an air conditioner left by a previous tenant. Read the written explanation of important matters or contract to check if the facilities in question belong to the rental property.

(2) Mind your manners for a comfortable tenancy

To prevent trouble with the restoration of property to its original condition when it is vacated, mind your manners as a tenant to avoid soiling or damaging the property.

Case example 1: The contract says "No pets allowed" but I keep a cat in secret.



Since this is clearly in violation of the contract, your contract may be rescinded and/or you may be required to vacate the property.

Of course, you will be held responsible for the conduct when moving out of the property. If animal-specific odors need to be removed or the property has to be disinfected, you may be required to pay a large amount of restoration costs.

Case example 2: I didn't like the color of the walls and painted them my favorite color instead.



This is a case where joinery or facilities in the property are changed without the consent of the landlord. You will be required to cover expenses for the restoration of the property when you move out as it is not acceptable to repaint the walls without contacting the landlord. If you want to remodel the room or upgrade facilities, be sure to obtain the consent of the landlord in advance and check the details of restoration obligations.

Case example 3: I don't care if my room gets dirty as I don't like cleaning. I can't help it if it gets moldy.



Leaving the dirt may cause an unexpected trouble. Depending on how you used the property and the level of cleaning or maintenance, you may be held responsible for the violation of the due care of a prudent manager and have a large amount of restoration costs deducted from your security deposit.

Case example 4: I paid two months' security deposit. So can I delay the payment of the rent by one month or so?



Late-payment of rent is a breach of contract.

A security deposit is entrusted to the landlord in security for all obligations, including unpaid rent and other damages under the lease contract. Late-payment of rent is not allowed just because a security deposit has been entrusted.

The following cases are not directly related to trouble with the restoration obligations, but tenants are encouraged to ensure a comfortable tenancy by maintaining good relationships with the neighbors and landlord.

Case example 5: Playing the stereo loud in the middle of the night, using a washing machine early in the morning, etc.



Noise could develop into a serious issue for your neighbors. Use sound-generating appliances, such as a stereo or washing machine, during reasonable hours. Living hours vary for each person.

Avoid bothering your neighbors by paying attention to the volume of a stereo, for example.

Case example 6: If garbage is taken out regardless of collection date and time, your neighbors may be annoyed by noxious odors and crows scattering garbage.



Make sure to follow the rules for garbage collection, such as date and time and separation method. As the rules differ between municipalities, check the rules in your community.

To help residents live comfortably with each other, always observe social rules.

Mind your manners as a tenant

Some landlords are distressed by badly-behaved tenants. Even when a property is heavily soiled, the situation is generally not known until it is vacated. Even if the cost required for the restoration exceeds the amount of the deposit, the shortfall may not be paid. Furthermore, when an occupant suddenly disappears, the landlord cannot immediately rescind the contract, has to go through legal procedures, and may be liable for the cost for disposing of what has been left.

These days, problems involving smoking are increasingly common. Mind your manners and be considerate of other residents when you smoke at home. You may not share your residence or have roommates if your lease contract stipulates that you live alone. Don't put things in common spaces, such as stairs and corridors.

3. Moving out

Important!

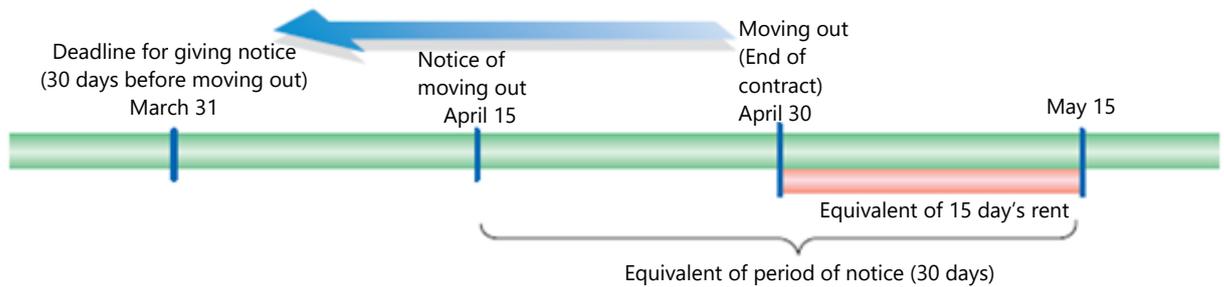
- Vacate the property cleanly to avoid causing trouble to the landlord
- Carefully check the property when moving out

(1) Read the contract to check the deadline for giving notice of moving out

The notice of moving out is required by the contract. Give notice of moving out to the landlord by the deadline indicated in the contract.

Please note that if you give notice after the deadline, the rent from the date of the notice to the final day of the equivalent of the period of notice will be charged.

Example: If you are to give at least 30 day's notice



(2) Vacate the property cleanly to avoid causing trouble to the landlord

When moving out, take out all the possessions you brought into the property. Carefully clean the property before vacating it. Never leave bulky waste, such as unnecessary furniture, behind you. Otherwise, the landlord will be responsible for the disposal, probably causing you to have the cost of removal, prorated rent during the corresponding period, etc. deducted from the security deposit.

If you do not properly perform daily cleaning or cleaning at the time of moving out, you may be charged fees for professional cleaning.

Points to check

- Vacuum the floor
- Wipe the floor
- Wipe the glass
- Clean exhaust fans, wet area, sink plugs, air conditioner filters



(3) Carefully check property when moving out

As a general rule, the landlord is liable for aging and wear and tear based on normal use. However, the tenant may be liable for them if a special agreement is included in the contract.

Be sure to check the share of responsibilities. In order to have the security deposit refunded after cleaning, confirm the state of the property at the time of moving out in the presence of the landlord or someone from the property management firm. Check the locations and levels of wear and tear etc. against the Checklist for Property Condition upon Moving in (see pages 26 and 28) created upon moving in. Check for any wear and tear etc. caused by the tenant intentionally or carelessly, by use in a non-standard way, or due to any other reason attributable to the tenant, and any repairs according to the special agreement. Create a Checklist for Property Condition upon Moving out (see pages 27 and 29). You might want to use the Checklist for Property Condition upon Moving in/out and Restoration of Property (see pages 44 and 45).

If the other parties involved cannot be present, the tenant should by himself/herself create the Checklist for Property Condition upon Moving out and take photographs with a date, which will help prevent trouble.

Points to check

Check against the condition upon moving in:

- Dirt or scratches on the floor (tatami, wooden, carpet)
- Dirt or scratches on the wall (wallpaper)
- Scale or rust in wet area
- Grease and grime in kitchen or on the exhaust fan
- Other damage



(4) Talk about what you are not satisfied with

In most cases, the restoration costs of the property to be actually borne will be made clear through an estimate from an interior decorator etc. issued after the property is vacated. When you are contacted, get a statement and carefully check if it matches the result of the room inspection.

If you are not satisfied with the contents of the statement, contact the landlord or management company to ask for an explanation. The restoration obligations of a tenant are restoring any wear and tear, scratches, etc. caused by the tenant intentionally or carelessly, or by the use of the property in a non-standard way, or due to any other reason attributable to the tenant. In principle, the tenant is not liable for aging or wear and tear based on normal use.

The Civil Code stipulates basic rules regarding contracts, including those for rental housing. Provisions for claims (contracts etc.) in the Civil Code have been significantly revised for the first time in approximately 120 years since its establishment in 1896.

Act for Partial Revision of the Civil Code (Act No. 44 of 2017)

- Established on May 26, 2017
- Promulgated on June 2, 2017
- Enforced on April 1, 2020 (scheduled)

As for housing lease, the Civil Code now stipulates the following basic rules regarding the refund of a security deposit and the restoration of property to its original condition at the end of rental. (Note: there is a provisional translation in English of the revised Civil Code.)

- A security deposit minus outstanding debt, such as rent, must be refunded when rental is completed and a rental property is returned (Article 622-2).
- The tenant will not be obliged to restore normal wear and tear (that caused by normal use of rental property) or aging (Article 621).

These basic rules for the deposit refund and restoration obligations have been stipulated in the Civil Code due to the revision, but they are the same as those already established by legal precedents.

In addition, the Civil Code now stipulates that a guarantee agreement for real estate rental (which guarantees the tenant's obligations for rent or damages) with an individual being a guarantor becomes invalid unless the limit of guarantee is determined (Article 465-2, paragraph (2)) and the limit of guarantee becomes invalid unless it is determined in writing (Article 465-2, paragraph (3)).

- A guarantee agreement that covers unspecified obligations in a continuous manner is called an agreement for revolving guarantee.
Examples include a guarantee agreement for obligations such as loans or that covering a tenant's obligations in a real estate rental.
- The revision of the Civil Code in 2004 added a provision that invalidates an agreement for revolving guarantee with an individual being a guarantor, which covers obligations such as loans, unless the limit of guarantee is determined.
- The revision requires the limit of guarantee to be determined in not only a guarantee of obligations such as loans but also all agreements for revolving guarantee including a guarantee for real estate rental.

The Ministry of Justice has published an outline of the act for partial revision and a cross reference list of old and new provisions. For more information, visit their website:

http://www.moj.go.jp/MINJI/minji06_001070000.html (in Japanese)

A DIY-type lease stands for a lease contract or property that allows refurbishment as a tenant (occupant) likes regardless of who will pay for the refurbishment.

DIY is an abbreviation for “do it yourself” and generally means carrying out refurbishment or assembly by oneself without relying on professional services. Model contract forms of the Ministry of Land, Infrastructure, Transport and Tourism define the DIY-type lease as a lease contract that allows the refurbishment of housing (including replacement or installation of facilities or joinery; hereinafter the same applies) as a tenant likes regardless of who will bear the cost. (Construction by professional service firms is also included.)

The features of DIY-type lease include:

- The tenant obtains the consent of the landlord and refurbishes the property as he/she likes. (Basically, the tenant is liable for the cost.)
Examples include installation of joinery shelves, changing the material of the floor, wall, or ceiling.
- A consent form or agreement between the landlord and tenant determines how to handle the repair of the altered parts of the property or their restoration upon vacating.
Examples include the exemption of a tenant from the restoration obligations for a joinery shelf when moving out.

Model contract forms and other related information (in Japanese) can be found at the Ministry of Land, Infrastructure, Transport and Tourism’s website below:

http://www.mlit.go.jp/report/press/house03_hh_000104.html (in Japanese)

IV

In Case of Trouble

Available in
Japanese only

1. TMG's consultation services

The Tokyo Metropolitan Government (TMG) offers consultation services to give advice for problem solving, raise awareness and provide information for preventing trouble. You will find collecting information using such services is a step towards finding effective solutions (see page 81 for contact information).

Please note that since restoration obligations and rental housing management are part of a contract based on the principle of the freedom of contract under the Civil Code, TMG can offer advice on solutions but cannot render an award or enforce it to the concerned parties after hearing circumstances from them and coordinating their interests.

- **Realty Section, Housing Planning Department, Office for Housing Policy:** Consultation on real estate transactions
 - Rental Housing Hotline accepts trouble with management during the tenancy, restoration of property when it is vacated, etc.
 - Guidance and Consultation Team accepts disputes with agents in real estate transactions or mediation, trouble with an explanation for lease contracts, etc.
- **Special Consultation Office for Real Estate Transactions:** Legal consultation with a lawyer
Accepts inquiries about the contents or rescission of real-estate transaction contracts
- **Comprehensive Consumer Center:** Consultation for consumers (including real estate)
 - * Municipalities' consultation services are also available.

2. Legal proceedings

If a dispute cannot be resolved via dialogue, you may pursue legal proceedings.

A tenant may sometimes negotiate with a management company about trouble with the refund of security deposits, but the opposing party is always the landlord specified in the contract as far as legal proceedings are concerned.

(1) Civil conciliation proceedings

Civil conciliation proceedings are mainly conducted at a summary court and intended to reach a solution through dialogue with the other party with the mediation of a conciliation committee. The conciliation committee is composed of a judge and two or more committee members selected from the private sector. On the day of conciliation, the committee hears from both parties to a dispute, considers the most appropriate solution, and recommends it to the parties.

- **Features of civil conciliation proceedings**
 - ① The civil conciliation proceedings are simpler than a lawsuit. In principle, both parties are allowed to talk until they are satisfied, likely reaching a solution that matches the reality.
 - ② The fee paid to a summary court at the time of filing is lower than that for a lawsuit.
 - ③ Since the proceedings are not made public, the parties involved can feel safe to talk about things they may want to keep secret.
 - ④ Nearly 70% of cases settled through conciliation etc. are closed within three months, demonstrating quicker resolution at the summary court.
 - ⑤ A conciliation record that contains the contents of agreement has the same effect as a court ruling.

(2) Small claims action

A small claims action is a system to quickly solve problems with the payment of a small amount of money (up to 600,000 yen) among civil actions. In addition to a filing fee of 1,000 yen for every 100,000 yen claimed, the postage for mailing a letter of complaint etc. is required. However, a small claims action already filed may be

changed to a regular lawsuit if an accused party makes a request or the court decides that way.

- **Features of a small claims action**

- ① The small claims action can be filed only for trouble with payments of up to 600,000 yen.
- ② The court gives a ruling within one day as a general rule by hearing from both parties and examining evidence without requiring them to appear many times.
- ③ Documentary evidence and witnesses are limited to those that can be immediately examined on the spot on the day of the hearing.
- ④ If the court approves the claim of the plaintiff, the court can give a ruling that allows installment payment, postponement of payment, or exemption from late payment charges.
- ⑤ A complaint against a ruling on a small claims action can be filed as a motion of objection with the court that made the ruling.

* Since a small claims action is still an action essentially, be sure to confirm the amount of money to be claimed and the facts to be insisted, ensure that the claim has a strong logical composition, and prepare sufficient evidence before filing the action.

(3) Petition for demand for payment

A petition for demand for payment allows you to obtain a document that has the same effect as the final ruling through a document examination without holding a hearing, provided that a debtor does not file a motion of objection. This procedure is suitable for a case where a debtor has accepted all the claims from a creditor and the creditor wants to have the compulsory execution carried out promptly.

- **Features of petition for demand for payment**

- ① The court receives a written petition from a creditor and conducts a document examination. If there is no problem, the court sends a written demand for payment to a debtor. There is no limit on the amount claimed.
- ② The procedure is quick because no debtor is summoned and no evidence is examined.
- ③ It can be used to claim the payment of money.
- ④ The petition needs to be filed with a summary court having jurisdiction over the debtor's address (mailing is also accepted).
- ⑤ If the debtor files a motion of objection, the petition will be changed to a regular lawsuit at a district or summary court.

◎ Contact a summary court for more information on civil conciliation proceedings, small claims actions, and petitions for demand for payment. For more information, visit the "Courts in Japan" website <http://www.courts.go.jp/> (in Japanese). There are deposit refund request forms that can be downloaded.

- Summary court jurisdictions

Summary courts in Tokyo	Jurisdictions
Tokyo Summary Court (03-3581-5411) 1-1-2 Kasumigaseki, Chiyoda-ku (excluding civil conciliation and demand for payment)	Tokyo's 23 wards, Miyake-mura, Mikurajima-mura, Ogasawara-mura
Sumida Branch (03-5819-0267) 4-16-7 Kinshi, Sumida-ku (only civil conciliation and demand for payment)	
Hachijojima Summary Court (04996-2-0037) 1485-1 Okago, Hachijo-machi	Hachijo-machi, Aogashima-mura
Izu Oshima Summary Court (04992-2-1165) 445-10 Aza-Ienoue, Motomachi, Oshima-machi	Oshima-machi, Toshima-mura
Nijima Summary Court (04992-5-1210) 3-2-2 Honson, Nijima-mura	Nijima-mura, Kozushima-mura
Hachioji Summary Court (042-642-7020) 4-21-1 Myojin-cho, Hachioji-shi	Hachioji-shi, Hino-shi, Akiruno-shi, Hinode-machi, Hinohara-mura

Summary courts in Tokyo	Jurisdictions
Tachikawa Summary Court (042-845-0281) 10-4 Midori-cho, Tachikawa-shi	Tachikawa-shi, Fuchu-shi, Akishima-shi, Chofu-shi, Kokubunji-shi, Kunitachi-shi, Komae-shi, Higashiyamato-shi, Musashimurayama-shi
Musashino Summary Court (0422-52-2692) 2-4-12 Naka-cho, Musashino-shi	Musashino-shi, Mitaka-shi, Koganei-shi, Kodaira-shi, Higashimurayama-shi, Nishitokyo-shi, Kiyose-shi, Higashikurume-shi
Ome Summary Court (0428-22-2459) 1-1300-1 Morooka-cho, Ome-shi	Ome-shi, Fussa-shi, Hamura-shi, Mizuho-machi, Okutama-machi
Machida Summary Court (042-727-5011) 2-28-11 Morino, Machida-shi	Machida-shi, Tama-shi, Inagi-shi

Reference: “Do You Know Small Claims at a Summary Court?” leaflet (in Japanese) issued by General Secretariat, Supreme Court

3. Others

Apart from the conciliation held in court, mediation, arbitration, and conciliation are carried out in private, permanent dispute resolution institutions.

(1) Mediation and arbitration

Mediation is a dispute resolution method similar to conciliation, in which a third party (mediator) weighs in between the parties involved to help resolve a dispute through the settlement between the parties. Cases related to unpaid rent, vacating of buildings, restoration obligations, claims for the refund of deposits, etc. are also brought to dispute resolution institutions set up by bar associations.

Arbitration is a dispute resolution method based on an agreement that leaves the handling of a dispute concerning certain legal matters to the judgment of a third party (arbitrator) who is a private person, instead of that of a court. Dispute resolution by arbitration is also carried out at dispute resolution institutions set up by bar associations.

(2) Conciliation by conciliation institutions based on ADR Law

At dispute resolution institutions set up by the Shiho-Shoshi Lawyer’s Associations or Certified Administrative Procedures Legal Specialists Associations, the lawyers or specialists weigh in between parties involved in a dispute to conduct conciliation for resolution through amicable dialogue or settlement between the parties. Cases related to unpaid rent, vacating of buildings, restoration obligations, claims for the refund of deposits, etc. are brought to the former institutions and those related to restoration obligations and claims for the refund of deposits are brought to the latter institutions. Under the ADR Law (formally called Act on Promotion of Use of Alternative Dispute Resolution), conciliation by these institutions is granted three legal consequences: effect of interruption of prescription, suspension of legal proceedings, and a special agreement for cases requiring conciliation before a trial.

◎ Examples of conciliation or arbitration institutions

	Institution/contact	Opening hours etc.
Mediation/ arbitration institutions	Alternative Dispute Resolution Center, Tokyo Bar Associations (03-3581-0031) 6F Bar Association Bldg., 1-1-3 Kasumigaseki, Chiyoda-ku	Monday - Friday 9:30 - 12:00, 13:00 - 15:00 (except public, year-end, New Year holidays)
	Arbitration Center, Dai-Ichi Tokyo Bar Association (03-3595-8588) 11F Bar Association Bldg., 1-1-3 Kasumigaseki, Chiyoda-ku	Monday - Friday 10:00 - 12:00, 13:00 - 16:00 (except public, year-end, New Year holidays)
	Arbitration Center, Dai-Ni Tokyo Bar Association (03-3581-2249) 9F Bar Association Bldg., 1-1-3 Kasumigaseki, Chiyoda-ku	Monday - Friday 9:30 - 12:00, 13:00 - 17:00 (except public, year-end, New Year holidays)
Conciliation institutions	“Sutekki” Mediation Center, Tokyo Shiho-Shoshi Lawyer’s Association (03-3353-8844) 2F Shiho-Shoshi Lawyer’s Association Kaikan, 4-37 Yotsuyahonshio-cho, Shinjuku-ku	Monday - Friday 9:00 - 12:00, 13:00 - 17:00 (except public, year-end, New Year holidays) (Conciliation available from 9:00 to 20:00 with Saturday, Sunday, holidays included)
	Gyoseishoshi ADR Center - Tokyo (03-5489-7441) 4F Gyoseishoshi Kaikan, 3-1-6 Aobadai, Meguro-ku	Tuesday, Thursday, Saturday 10:00 - 16:00 (except public, year-end, New Year holidays)

(3) Other legal consultation services

As problems with the restoration obligations or rental housing management are handled with legal procedures such as lawsuits, conciliation, and arbitration, consult with a lawyer and other legal experts to obtain advice in advance.

Primary consultation services include:

1. Legal counseling centers (Tokyo Bar Association, Dai-Ichi Tokyo Bar Association, and Dai-Ni Tokyo Bar Association)

Free telephone consultation at 0570-200-050 (only in Tokyo) (Monday - Friday 10:00 - 16:00)

Institution/contact	Opening hours etc.
Shinjuku Legal Counseling Center (03-5312-5850) (Reservation required) 5F NSO Bldg., 3-1-22 Shinjuku, Shinjuku-ku	Accept reservations Monday - Saturday 9:30 - 16:30 Counseling fee: 5,000 yen for 30 min. excluding tax
Kasumigaseki Legal Counseling Center (03-3581-1511) (Priority given to reservations) 3F Bar Association Bldg., 1-1-3 Kasumigaseki, Chiyoda-ku	Accept inquiries Monday - Friday 9:30 - 16:30 Counseling fee: 5,000 yen for 30 min. excluding tax
Kamata Legal Counseling Center (03-5714-0081) (Reservation required) 6F Kamata-Tsukimura Bldg., 5-15-8 Kamata, Ota-ku	Accept reservations on weekdays 9:30 - 19:30, weekends 13:30 - 16:30 Counseling fee: 5,000 yen for 30 min. excluding tax

2. Japan Legal Support Center (JLSC) (Information provision and civil legal aid)

JLSC Help Desk: 0570-078374 (PHS supported)

Telephone No. for IP phone: 03-6745-5600 (Weekdays 9:00 - 21:00, Saturday 9:00 - 17:00, except public, year-end, New Year holidays)

Notes:

- Free legal consultation through civil legal aid is available for those whose income and assets are below a certain level.
- Reservation is required.
- Business hours: Weekdays 9:00 - 17:00 except holidays.

JLSC Tokyo accepts inquiries on Saturday as well for those who make reservations the day before.

Name	Telephone No.	Name	Telephone No.	Name	Telephone No.
JLSC Tokyo	050-3383-5300	JLSC Ikebukuro	050-3383-5321	JLSC Hachioji	050-3383-5310
JLSC Ueno	050-3383-5320	JLSC Tama	050-3383-5327	-	-

3. General consultation centers (Tokyo Shiho-Shoshi Lawyer's Association)

Shiho-Shoshi Lawyer's Hotline for free telephone consultation

03-3353-2700 (Monday - Friday 10:00 - 15:45)

042-540-0663 (Wednesday, Thursday 17:00 - 19:45)

Institution/contact	Opening hours etc.
Tokyo Shiho-Shoshi Lawyer's Association General Consultation Center (Yotsuya) (03-3353-9205) (reservation required) 1F Shiho-Shoshi Lawyer's Association Kaikan, 4-37 Yotsuyahonshio-cho, Shinjuku-ku	Accept reservations Monday - Friday 9:00 - 12:00, 13:00 - 17:00 (except public, year-end, New Year holidays) Counseling fee: Free for up to 50 min.
Santama General Consultation Center (Tachikawa) (042-548-3933) (reservation required) Room 202-A, Olympic Building No. 3, 2-34-13 Akebono-cho, Tachikawa-shi	Accept reservations Monday - Friday 10:00 - 16:00 (except public, year-end, New Year holidays) Counseling fee: Free for up to 50 min.

4. Legal consultation by real estate broker associations

Association/contact	Opening hours etc.
The Tokyo Real Estate Public Interest Incorporated Association Real Estate Consulting Office (03-3264-8000)	Opened Monday - Friday 10:00 - 15:00 Lawyer consultation (reservation required): 1st & 3rd Wednesdays of each month 10:00 - 15:00
Tokyo-to Fudosan Kyokai Tokyo Head Office, All Japan Real Estate Association Real estate consultation services (03-5338-0370)	Legal consultation with a lawyer on real estate (reservation required): Tuesdays, Thursdays 13:00-16:00 (except holidays)

Reference

- Ordinance for the Prevention of Residential Rental Disputes in Tokyo
- Regulations for Enforcement of the Ordinance for the Prevention of Residential Rental Disputes in Tokyo
- Checklist for Property Condition upon Moving in/out and Restoration of Property (Example)
- Important Points Explanation of Property to be Leased
- Regular Rental Housing Contract - Standard Type (as of March 2018) (March 30, 2018, Ministry of Land, Infrastructure, Transport and Tourism)
 - Notes for Executing Regular Rental Housing Contract - Standard Type
 - Description of Regular Rental Housing Contract - Standard Type
- Tokyo Metropolitan Government's Consultation Services

Partial Revision of the Ordinance for the Prevention of Residential Rental Disputes in Tokyo

An Act to revise part of the Real Estate Brokerage Act enforced on April 1, 2017, does not require explanations of important matters and allows only documents describing the important matters to be provided if a prospective owner or tenant of residential land and/or building is a real estate broker (Article 35, paragraph (6) of the Act).

In this context, Article 2 of the Ordinance for the Prevention of Residential Rental Disputes in Tokyo (Tokyo Metropolitan Ordinance No. 95 of 2004) does not require explanation of the documents specified in the article either if a prospective tenant is a real estate broker.

- Partial Revision of the Ordinance for the Prevention of Residential Rental Disputes in Tokyo (Promulgated and enforced on October 13, 2017)
 - Partial Revision of the Regulations for Enforcement of the Ordinance for the Prevention of Residential Rental Disputes in Tokyo (Promulgated and enforced on October 13, 2017)
- Please refer to "Guidelines for Facilitating Renting of Private Rental Housing for Foreigners" (Ministry of Land, Infrastructure, Transport and Tourism) at:
http://www.mlit.go.jp/jutakukentiku/house/jutakukentiku_house_tk3_000017.html (in Japanese)

Ordinance for the Prevention of Residential Rental Disputes in Tokyo

(Ordinance No. 95 of March 31, 2004)

Latest revision: Ordinance No. 67 of October 13, 2017

Article 1 Purpose

The purpose of this Ordinance is to prevent disputes concerning the rental of residential buildings (including portions of buildings; hereinafter referred to as "Dwelling") by determining matters including information that must be disclosed in advance by Real Estate Brokers (brokers prescribed in Article 2, item (iii) of the Real Estate Brokerage Act (Act No. 176 of 1952, hereinafter referred to as the "Act")), and thereby to ensure the stability and raise the quality of housing for the residents of Tokyo.

Article 2 Real Estate Broker's Obligation to Provide Explanation, etc.

When representing or mediating the rental of a Dwelling, along with providing a prospective tenant with a document containing matters listed in the items under Article 35, paragraph (1) of the Act (including cases where it is applied by replacing certain terms pursuant to the provisions of paragraph (6) of the same article) or explanation of said matters pursuant to the provisions of the said paragraph, the Real Estate Broker must also provide a document containing the following matters and explanation of said document; provided, however, such explanation shall not be required should a prospective tenant be a Real Estate Broker.

- (i) Matters set forth in the Tokyo Metropolitan Government Regulations (hereinafter referred to as "Regulations") concerning restoration of wear and tear at the time of vacating the Dwelling and repairs required to use and derive income from the Dwelling.
- (ii) Other than the matters listed in the preceding item, matters set forth in the Regulations as information that needs to be indicated in order to prevent residential rental disputes.

Article 3 Measures to Prevent Disputes

The Governor shall endeavor to take necessary measures for the prevention of residential rental disputes.

Article 4 Requesting Reports, etc.

The Governor may, to the extent necessary to implement this Ordinance, request the Real Estate Broker to submit reports or materials concerning business.

Article 5 Guidance and Admonishment

Should any of the following items apply to a Real Estate Broker, the Governor may offer guidance and a letter of admonishment to the Real Estate Broker for provision of a document or an explanation, submission of reports or materials, or correction of the contents of the reports or materials.

- (i) When all or part of the document or the explanation prescribed in Article 2 was not given.
- (ii) When the reports or materials were not submitted as prescribed in the preceding article or when false reports or materials were provided.

Article 6 Public Announcement

If the party who received the letter of admonishment set forth in the preceding article does not comply with the said admonishment without just cause, the Governor may make a public announcement to that effect.

- (2) When making a public announcement pursuant to the preceding paragraph, the Governor shall provide the said party with an opportunity to have its statement heard and to present evidence.

Article 7 Delegation

In addition to what is provided for in this Ordinance, matters necessary for the enforcement of this Ordinance shall be prescribed by the Regulations.

Supplementary Provisions

This Ordinance is effective as of October 1, 2004.

Supplementary Provisions (Ordinance No. 67 of 2017)

1. Effective Date
This Ordinance comes into effect on the day of promulgation.
2. Transitional Measures
With regard to the guidance and admonishment that are given concerning contracts concluded prior to the enforcement of this Ordinance, the provisions then in force shall remain applicable.

Regulations for Enforcement of the Ordinance for the Prevention of Residential Rental Disputes in Tokyo

(Regulations No. 92 of March 31, 2004)

Latest revision: Regulations No. 111 of October 13, 2017

Article 1 Purpose

These regulations shall provide for matters necessary for enforcing the Ordinance for the Prevention of Residential Rental Disputes in Tokyo (Ordinance No. 95 of 2004, hereinafter referred to as the "Ordinance").

Article 2 Matters to Be Explained by Real Estate Brokers

Matters specified by the Regulations set forth in Article 2, item (i) of the Ordinance shall be as follows:

- (i) That the landlord is responsible for restoration of wear and tear when the tenant vacates the Dwelling except when there is a special agreement to the contrary between the parties or when restoration is necessary due to reasons attributable to the tenant.
 - (ii) That the landlord is responsible for repairs required to use and derive income from the Dwelling, except when there is a special agreement to the contrary between the parties or when repair is necessary from reasons attributable to the tenant.
 - (iii) Matters in the lease contract for the said Dwelling that will be the responsibility of the tenant.
- (2) Matters specified by the Regulations set forth in Article 2, item (ii) of the Ordinance shall be the name (or trade name in the case of a juridical person) and address (or location of the principal office in the case of a juridical person) of the party to contact for repair, maintenance and management of the facilities during the tenancy period.
- (3) The Governor shall indicate matters necessary for the Real Estate Broker to provide proper documents or explanation pursuant to the provisions of Article 2 of the Ordinance.

Article 3 Admonishment

The admonishment set forth in Article 5 of the Ordinance shall be implemented through the letter of admonishment (Appendix).

Article 4 Public Announcement

Public announcement pursuant to the provisions of Article 6, paragraph (1) of the Ordinance shall be made through the Tokyo Metropolitan Government Bulletin or other methods to widely inform the residents of Tokyo of the fact.

- (2) Matters to be made public shall be as follows:
- (i) Name of the party admonished (or trade name and representative in the case of a juridical person)
 - (ii) Address of the party admonished (or location of the principal office in the case of a juridical person)
 - (iii) Contents of the admonishment
 - (iv) Matters other than those set forth in the preceding three items that are deemed necessary by the Governor

Article 5 Providing Opportunity for a Statement

The opportunity provided for the admonished party to have its statement heard and to present evidence (hereinafter referred to as "Statement Opportunity") set forth in Article 6, paragraph (2) of the Ordinance, shall take the form of a submitted document indicating opinion and evidence (hereinafter referred to as "Written Statement") except when the Governor allows the statement to be made orally.

- (2) In providing the admonished party with a Statement Opportunity, the Governor shall provide written notice of the following matters to said party and provide a sufficient amount of time until the deadline for submission of the Written Statement (when granting an oral Statement Opportunity, until the date and time of the hearing).
 - (i) Matters that are scheduled to be made public.
 - (ii) The specific articles of the ordinance, etc. that provide the grounds for the scheduled public announcement.
 - (iii) Facts that constitute the reason for the scheduled public announcement.
 - (iv) The Written Statement submission location and deadline (or when granting an oral Statement Opportunity, said notification and the date, time, and place for the hearing).
- (3) The party who received notification as prescribed in the preceding paragraph (hereinafter referred to as " Party ") or its proxy may, in the event of unavoidable circumstances, request the Governor to extend the deadline for submission of the Written Statement , or when granting an oral Statement Opportunity, to change the date, time and/or place for the hearing.
- (4) The Governor may, in response to the request prescribed in the preceding paragraph, or by virtue of authority, extend the deadline for submission of the Written Statement , or change the date, time and/or place of the hearing.
- (5) When granting the Party an oral Statement Opportunity, the Governor shall prepare in writing a summary of the statement made by the P arty or proxy
- (6) The proxy must submit a document certifying his/her authority of representation to the Governor by the deadline for submission of the Written Statement or by the date and time of the hearing
- (7) If the P arty or proxy does not submit the Written Statement by the deadline or fail s to make an oral statement at the scheduled time without justifiable grounds, the Governor may make a public announcement pursuant to Article 6, paragraph (1) of the Ordinance.

Supplementary Provisions

This Regulation is effective as of October 1, 2004.

Supplementary Provisions (Regulations No. 111 of 2017)

This Regulation comes into effect on the day of promulgation.

Checklist for Property Condition upon Moving in/out and Restoration of Property (Example)

Checklist for Property Condition upon Moving in/out												
Property name:					Dwelling unit number:							
Location:					Telephone No.:							
Tenant name:					Landlord name:							
Contract concluded on:				Moved in on:			Moved out on:					
New address:					New telephone No.:							
Place	Section	Moving in			Moving out							
		Wear/tear	Replacement month/year	Condition	Wear/tear	Condition	Repair		Replacement		Responsibilities	
		Yes/No			Yes/No		Yes	No	Yes	No	Yes	No
Entrance/corridor	Ceiling	Yes/No			Yes/No							
	Wall	Yes/No			Yes/No							
	Floor	Yes/No			Yes/No							
	Entrance door	Yes/No			Yes/No							
	Lock and key	Yes/No			Yes/No							
	Chime	Yes/No			Yes/No							
	Shoe cupboard	Yes/No			Yes/No							
	Lighting fixtures	Yes/No			Yes/No							
	Mailbox	Yes/No			Yes/No							
Kitchen/dining room/living room	Ceiling	Yes/No			Yes/No							
	Wall	Yes/No			Yes/No							
	Floor	Yes/No			Yes/No							
	Sink	Yes/No			Yes/No							
	Cabinet	Yes/No			Yes/No							
	Exhaust fan	Yes/No			Yes/No							
	Water heating system	Yes/No			Yes/No							
	Electric/gas stove	Yes/No			Yes/No							
	Lighting fixtures	Yes/No			Yes/No							
	Water supply/drainage facilities	Yes/No			Yes/No							
Bath	Ceiling/wall/floor	Yes/No			Yes/No							
	Door	Yes/No			Yes/No							
	Water heater	Yes/No			Yes/No							
	Bathtub	Yes/No			Yes/No							
	Shower	Yes/No			Yes/No							
	Water supply/drainage facilities	Yes/No			Yes/No							
	Lighting/exhaust fan	Yes/No			Yes/No							
	Towel hanger	Yes/No			Yes/No							
Dressing room	Ceiling/wall/floor	Yes/No			Yes/No							
	Door	Yes/No			Yes/No							
	Washstand	Yes/No			Yes/No							
	Washing machine space	Yes/No			Yes/No							
	Water supply/drainage facilities	Yes/No			Yes/No							
	Lighting fixtures	Yes/No			Yes/No							
	Towel hanger	Yes/No			Yes/No							
Toilet	Ceiling/wall/floor	Yes/No			Yes/No							
	Door	Yes/No			Yes/No							
	Toilet bowl	Yes/No			Yes/No							
	Flush tank	Yes/No			Yes/No							
	Lighting/exhaust fan	Yes/No			Yes/No							
	Paper holder	Yes/No			Yes/No							

Place	Section	Moving in			Moving out							
		Wear/tear	Replacement month/year	Condition	Wear/tear	Condition	Repair		Replacement		Responsibilities	
							Yes	No	Yes	No	Yes	No
Individual room	Ceiling	Yes/No			Yes/No							
	Wall	Yes/No			Yes/No							
	Floor	Yes/No			Yes/No							
	Partition	Yes/No			Yes/No							
	Closet	Yes/No			Yes/No							
	Door/window	Yes/No			Yes/No							
	Lighting fixtures	Yes/No			Yes/No							
Individual room	Ceiling	Yes/No			Yes/No							
	Wall	Yes/No			Yes/No							
	Floor	Yes/No			Yes/No							
	Partition	Yes/No			Yes/No							
	Closet	Yes/No			Yes/No							
	Door/window	Yes/No			Yes/No							
	Lighting fixtures	Yes/No			Yes/No							
Individual room	Ceiling	Yes/No			Yes/No							
	Wall	Yes/No			Yes/No							
	Floor	Yes/No			Yes/No							
	Partition	Yes/No			Yes/No							
	Closet	Yes/No			Yes/No							
	Door/window	Yes/No			Yes/No							
	Lighting fixtures	Yes/No			Yes/No							
Others	Air conditioner	Yes/No			Yes/No							
	Switch/outlet	Yes/No			Yes/No							
	Balcony	Yes/No			Yes/No							
	Drying hardware	Yes/No			Yes/No							
	TV/telephone terminal	Yes/No			Yes/No							

Remarks:

☆ At the time of moving in, we checked the condition of each section of the property as shown above.

Date:

Date:

Tenant name:

(Seal)

Landlord name:

(Seal)

Date:

Names of management company and checker:

(Seal)

☆ At the time of moving out, we checked the condition of each section of the property as shown above.

Date:

Date:

Tenant name:

(Seal)

Landlord name:

(Seal)

Date:

Names of management company and checker:

(Seal)

- When moving in, check each "Section" of each "Place" in the property from the perspective of both the landlord and tenant, circle "Yes" or "No" in the "Wear/tear" column, and enter "Replacement month/year." Describe the wear and tear specifically as appropriate (preferably by taking photographs and attaching them to make the description more specific).
- When moving out, check each "Section" of each "Place" in the property from the perspective of both the landlord and tenant, circle "Yes" or "No" in the "Wear/tear" column, describe the wear and tear specifically, and circle "Yes" or "No" in the "Repair" and following columns.
- See Q1 of Q&A in the Trouble Regarding Restoration to Original Condition and Related Guidelines (2nd Ed.) (in Japanese), Ministry of Land, Infrastructure, Transport and Tourism.
- To prevent trouble with the restoration obligations, it is important to make sure of proper understanding of the restoration by both the landlord and tenant and confirm precautions for use, such as daily cleaning and compliance with correct usage, in addition to checking for the wear and tear etc. based on the list (see Q5 and Q10 of Q&A in the Trouble Regarding Restoration to Original Condition and Related Guidelines (2nd Ed.) (in Japanese), Ministry of Land, Infrastructure, Transport and Tourism).

The following is an example of using the full text of the Important Points Explanation of Property to be Leased recommended by the Ministry of Land, Infrastructure, Transport and Tourism as a reference for explaining the important matters in Article 35 of the Real Estate Brokerage Act. (Note: The text entries in blue are example entries.)
[Enforced on April 1, 2018]

Important Points Explanation of Property to be Leased

Date: month day, year

To: Taro Tokyo

The following details on the property have been written in accordance with Article 35 of the Real Estate Brokerage Act. Please ensure you completely understand all of these essential points.

Name of company XXXX Real Estate Co., Ltd.
 Name of representative Ichiro Shinjuku (Seal)
 Principal office 0-0-0 Nishishinjuku, Shinjuku-ku, Tokyo
 Business license number Governor of Tokyo (3), No. 12345
 License issue date Date: month day, year

Designated agent for this transaction	Name	Jiro Shibuya (Seal)
	Registration No.	(Tokyo) No. 999999
	Place of business	Nishishinjuku Branch, XXXX Real Estate Co., Ltd. Telephone No.: (00) 0000-0000

Designated agent (Section 2, Article 34)	Representative / Agent
--	------------------------

Property	Name	Sky Garden Shinjuku
	Location:	0-0-0 Nishishinjuku, Shinjuku-ku, Tokyo (Indication of residential address: Rm. 000 Sky Garden Shinjuku, 0-0-0 Nishishinjuku, Shinjuku-ku, Tokyo)
	Apartment No.	Rm. 000, 3rd floor
	Floor area	Center line of wall: 42.90 m ² (Official record: 38.87 m ²)
	Type and construction	Residence, 5-story steel-reinforced concrete
Name and address of landlord		Ichitaro Nakano 0-0-0 Chuo, Nakano-ku, Tokyo

I. Items Directly Related to the Property in Question

1. Items recorded in the registry

Details of ownership (Landlord)		Items related to rights of ownership	Items related to rights other than ownership (Renter)
Owner	Name: Ichitaro Nakano Address: 0-0-0 Chuo, Nakano-ku, Tokyo	None	Mortgage No.0001 received on month day, year Amount of credit: 5 million yen Debtor: Ichitaro Nakano Mortgagee: XX Bank, Ltd.

A mortgage has already been created and registered on the property. If the mortgage is executed, the property is auctioned, and the purchaser requests the property be vacated, the tenant must vacate the property within six months of the request.

In this case, the tenant cannot request the settlement of the security deposit entrusted to the landlord from the purchaser.

2. Main legal restrictions

Title of Act	
Summary of restrictions	
No particular restrictions	

3. Water, electricity, gas and sewerage supply

Facilities ready for immediate use		Projected future services		Notes
Water	Public Private / Well	Date:	Public / Private / Well	
Electricity	XX Power Company Ltd.	Date:		
Gas	City Propane	Date:	City / Propane	
Sewerage	Public sewerage	Date:		

4. Shape and structure when completion (in case of unfinished buildings)

Shape and structure	
Structure and finishes of components, interior and exterior	
Facility installation and structure	

5. Summary of results of inspection of building conditions (for an existing building)

Inspection of building conditions conducted?	Yes	No
Summary of results of inspection of building conditions	Inspected by: XX XX (first-class architect/approved inspector for existing houses) Inspected on: month day, year (within a year) Inspection results: Refer to Annex: Summary of the Results of the Inspection of Building Conditions (for use in explanation of important matters).	

6. State of repair of facilities (in case of completed buildings)

Facilities	Existing	Type	Others
Kitchen	Yes		Work surfaces and sink, exhaust fan, hot-water tap
Toilet	Yes		Separated flush toilet, western style
Bath	Yes		Separated bath with shower
Water heating system	Yes		Gas water heating system (kitchen, bath, washstand)
Gas stove	No		City gas
Heating/air conditioning	Yes		One air conditioner installed in living room

7. Is property within a developed residential land disaster prevention zone?

Inside residential land disaster prevention zone	Outside residential land disaster prevention zone
--	---

8. Is property within a landslide disaster warning zone?

Inside a landslide disaster warning zone	Outside a landslide disaster warning zone
--	---

9. Is the building inside a tsunami warning zone?

Inside tsunami warning zone	<u>Not inside tsunami warning zone</u>
-----------------------------	--

A tsunami warning zone is designated by a prefectural governor as a land area where warning and evacuation systems should be developed in particular, based on Article 53, paragraph (1) of the Act on Development of Areas Resilient to Tsunami Disasters (enforced on December 27, 2011).

In Tokyo, a tsunami warning zone has not been designated, but the area in which this property is located may be designated as such a zone by the Tokyo Metropolitan Government (TMG).

10. Description of asbestos usage survey

Are asbestos usage survey results on record?	Yes	<u>No</u>
Contents of asbestos usage survey		

11. Description of earthquake resistance analysis

Has an earthquake resistance analysis been performed?	<u>Yes</u>	No
Contents of earthquake resistance analysis	Analyzed by: XX First-Class Architect Office Analyzed on: month day, year Analysis results: Refer to Annex: Assessment Report on the Earthquake Resistance Analysis Results.	

II. Items Regarding Transaction Conditions

1. Charges other than rent (of 140,000 yen on a monthly basis)

	Amount	Purpose
1	280,000 yen	2 months' deposit
2	5,000 yen/month	Common service fee
3		
4		

2. Cancellation of contract

<ol style="list-style-type: none"> 1. Even during the tenancy period, the tenant can give at least 30 days' written notice of the cancellation of the lease contract to the landlord, in which case the lease contract will be terminated upon expiration of the period of notice. 2. In addition to the notice stated in the preceding paragraph, the tenant can immediately give notice of the cancellation by paying 30 days' worth of rent. 3. If the tenant fails to pay the following and, in spite of the landlord's due notice, does not fulfill his/her obligations as tenant within a certain period, the landlord can cancel the contract. <ul style="list-style-type: none"> ① Rent, ② Common service fees, and/or ③ Repair costs (that must be borne if they are caused by reasons attributable to the tenant). 4. If the tenant does not adhere to any of the following rules, and the landlord therefore is unable to continue the contract, then the landlord can cancel the contract except that the acts listed as Items 6 through 8 in Table 1 in Attachment * are subject to 6 below: <ul style="list-style-type: none"> ① Obligation to comply with the correct usage of the property. To use the property: <ul style="list-style-type: none"> • The tenant must use the property only as a residence; • The tenant must not perform the acts listed in Table 1 in Attachment *;
--

8. Property management

Name (of agent) (Registration No. under Article 46, Paragraph 1, Subparagraph 2 of the Act on Advancement of Proper Condominium Management or registration no. under Article 5, Paragraph 1, Subparagraph 2 of the Rental Residential Property Manager Registration Regulations)	CEO Shiro Nakai, XX Property Management Inc. Minister of Land, Infrastructure, Transport and Tourism () No.
Address of main office	0-0-0 Nakano, Nakano-ku, Tokyo (Phone: 03-1000-0001)

III. Other Items

1. Details of bond (under Article 35-2 of the Real Estate Act)

(1) If not a member of the Real Estate Transaction Guarantee Association

Office where bond is deposited Name Location	
--	--

(2) If a member of the Real Estate Transaction Guarantee Association

Real Estate Transaction Guarantee Association	Name	XX Guarantee Association
	Address	0-0-0 XX-cho, XX-ku, Tokyo
	Location of office	0-0-0 XX-cho, XX-ku, Tokyo Tokyo Head Office, XX Guarantee Association
Office where bond is deposited Name Location	Tokyo Legal Affairs Bureau Kudan Joint Government Building 2, 1-1-15 Kudan-minami, Chiyoda-ku, Tokyo	

When you fill out this form, you should be aware of the following:

① Regarding I. 1.

In the column headed "Items related to rights of ownership," enter the ownership-related items recorded in the registry's "Landlord" column: e.g. special agreement on buying back, provisional registration, notice of registration and distress.

② Regarding I. 2.

Pick out the applicable legislation from below and enter it under the column "Title of legislation," and briefly state the restrictions under the law in the column of "Summary of restrictions."

New Residential Area Development Act	New Urban Infrastructure Improvement Act	Distribution Business Area Improvement Act
--------------------------------------	--	--

③ Regarding I. 3.

In the column headed "Notes," enter any charges for use of facilities.

④ Regarding I. 6.

The facilities entered in the "Facility" column are examples for a residential building. For commercial property, add facilities important for the type of business, such as air-conditioning and elevators.

⑤ Regarding II. 5.

State clearly which contract applies to the property: regular or fixed-term rental contract, or the lifelong lease contract.

⑥ If there is not enough space in any column, write on a separate sheet, noting the corresponding column heading and item number on the form.

Annex

Summary of the Results of the Inspection of Building Conditions
(for use in explanation of important matters)
 [Steel-reinforced concrete construction etc.]

		Date prepared		
Building	Building	Residence of		
	Address	<input type="checkbox"/> Residence No. <input type="checkbox"/> Site No.		
	(If multi-family dwelling)	Name of condominium etc.	Room No. No.	
	Type of structure	<input type="checkbox"/> Steel-reinforced concrete structure <input type="checkbox"/> Steel-frame reinforced concrete structure <input type="checkbox"/> Other (e.g., mixed structure)		
	Floors	Aboveground: floor(s) / Underground: floor(s)	Total floor area	m ²
Inspection of building conditions	Date of this inspection			
	Category of inspection	<input type="checkbox"/> Detached residence <input type="checkbox"/> Multi-family dwelling etc. (<input type="checkbox"/> Detached type <input type="checkbox"/> Building type)		
	Presence of any degradation etc.	Any degradation etc. based on standards for inspection of building conditions? (Also fill out "Presence of any degradation etc. of individual components" <input type="checkbox"/> Y <input type="checkbox"/> N below.)		
	Presence of any degradation etc. of individual components Note: Cross out any components not present in the subject building with two lines.	Inspected components related to key structures for structural resilience		Inspected components related to structures for keeping out rainwater etc.
			Degradation etc. Y N Could not be investigated	Degradation etc. Y N Could not be investigated
	Foundation <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Floor <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Pillars and beams <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Exterior walls <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Balcony and common corridor <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Interior walls <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Ceilings <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Others (Inspection of reinforcement arrangements) <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> (Concrete compression strength) <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Exterior walls <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Interior walls <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Ceilings <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Roof <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		
Inspection of building conditions conducted by	Name of inspector			
	Name of agency training inspector and completion certificate No.			
	Type of architect qualification	<input type="checkbox"/> Class I <input type="checkbox"/> Class II <input type="checkbox"/> Wooden structure		
	Architect registration No.	<input type="checkbox"/> Minister's registration <input type="checkbox"/> Governor's registration	No.	
	Name of affiliated office			
	Architectural office registration No.	Governor's registration	No.	

* See reverse side

Reference for the Summary of the Results of the Inspection of Building Conditions (for use in explanation of important matters)

■ Contents of the Inspection of Building Conditions

Conforming to the Standards for Inspecting Existing Houses (Ministry of Land, Infrastructure, Transport and Tourism Public Notice No. 82 of 2017), this inspection covers existing houses to visually identify their degradation etc. in a non-destructive manner. Therefore, it does not:

- ① Check the house against design documents etc.;
- ② Check for any violation of the rules and regulations related to current building standards;
- ③ Determine the performance level of the house with respect to different performance items related to housing, such as earthquake resistance and energy efficiency; or
- ④ Determine whether degradation etc. is caused by structural defects in the building or what has caused the defects, if any.

■ Note on the Summary of the Results of the Inspection of Building Conditions (for use in explanation of important matters)

1. The results of this inspection do not determine the presence or absence of defects, nor do they guarantee that there are no defects.
2. There is no guarantee that the contents of the inspection results will not change over time from the time of the inspection.
3. Housing will suffer aging. The judgment made in the inspection results does not guarantee that the house will never suffer normal aging. The aging of the house varies depending on the maintenance carried out in the past.
4. The inspection results do not judge conformity with laws and regulations related to building standards.
5. Duplication, reprinting, processing, imitation, or forgery of any part or all of the inspection results without permission is prohibited.
6. The use of the inspection results by third parties without the permission of the client is prohibited. The mandatee of this inspection may submit the inspection results to a housing warranty insurance company by obtaining the permission etc. of the mandator for the purpose of applying for defect insurance on traded existing houses.
7. The inspection results do not have anything to do with an inspection outline, cost estimate, or refurbishment methods related to the operations and services (mediation/intermediation, renovation, etc.) performed in conjunction with this inspection.
8. The inspection results do not prove the purchase of defect insurance on existing houses. A separate procedure is needed to purchase defect insurance on existing houses.

* See front side

Annex

Summary of the Results of the Inspection of Building Conditions
(for use in explanation of important matters)
 [Wooden/steel-frame construction]

		Date prepared																																																																																																						
Building	Building	Residence of																																																																																																						
	Address	<input type="checkbox"/> Residence No. <input type="checkbox"/> Site No.																																																																																																						
	(If multi-family dwelling)	Name of condominium etc.	Room No. No.																																																																																																					
	Type of structure	<input type="checkbox"/> Wooden <input type="checkbox"/> Steel frame <input type="checkbox"/> Other (e.g., mixed structure)																																																																																																						
	Floors	Aboveground: floor(s) / Underground: floor(s)	Total floor area	m ²																																																																																																				
Inspection of building conditions	Date of this inspection																																																																																																							
	Category of inspection	<input type="checkbox"/> Detached residence <input type="checkbox"/> Multi-family dwelling etc. (<input type="checkbox"/> Detached type <input type="checkbox"/> Building type)																																																																																																						
	Presence of any degradation etc.	Any degradation etc. based on standards for inspection of building conditions? (Also fill out "Presence of any degradation etc. of individual components" <input type="checkbox"/> Y <input type="checkbox"/> N below.)																																																																																																						
	Presence of any degradation etc. of individual components Note: Cross out any components not present in the subject building with two lines.	Inspected components related to key structures for structural resilience		Inspected components related to structures for keeping out rainwater etc.																																																																																																				
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Reference for the Summary of the Results of the Inspection of Building Conditions (for use in explanation of important matters)

■ Contents of the Inspection of Building Conditions

Conforming to the Standards for Inspecting Existing Houses (Ministry of Land, Infrastructure, Transport and Tourism Public Notice No. 82 of 2017), this inspection covers existing houses to visually identify their degradation etc. in a non-destructive manner. Therefore, it does not:

- ① Check the house against design documents etc.;
- ② Check for any violation of the rules and regulations related to current building standards;
- ③ Determine the performance level of the house with respect to different performance items related to housing, such as earthquake resistance and energy efficiency; or
- ④ Determine whether degradation etc. is caused by structural defects in the building or what has caused the defects, if any.

■ Note on the Summary of the Results of the Inspection of Building Conditions (for use in explanation of important matters)

1. The results of this inspection do not determine the presence or absence of defects, nor do they guarantee that there are no defects.
2. There is no guarantee that the contents of the inspection results will not change over time from the time of the inspection.
3. Housing will suffer aging. The judgment made in the inspection results does not guarantee that the house will never suffer normal aging. The aging of the house varies depending on the maintenance carried out in the past.
4. The inspection results do not judge conformity with laws and regulations related to building standards.
5. Duplication, reprinting, processing, imitation, or forgery of any part or all of the inspection results without permission is prohibited.
6. The use of the inspection results by third parties without the permission of the client is prohibited. The mandatee of this inspection may submit the inspection results to a housing warranty insurance company by obtaining the permission etc. of the mandator for the purpose of applying for defect insurance on traded existing houses.
7. The inspection results do not have anything to do with an inspection outline, cost estimate, or refurbishment methods related to the operations and services (mediation/intermediation, renovation, etc.) performed in conjunction with this inspection.
8. The inspection results do not prove the purchase of defect insurance on existing houses. A separate procedure is needed to purchase defect insurance on existing houses.

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Reference	Full-scale operation of IT-based explanations of important matters related to lease transactions and the explanation of the Ordinance for the Prevention of Residential Rental Disputes in Tokyo
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On October 1, 2017, the operation of IT-based explanations of important matters related to lease transactions began on a full-scale basis.

- What are IT-based explanations of important matters?
 - The use of IT, such as video conferences, by a real estate notary to explain the important matters stated in Article 35 of the Real Estate Brokerage Act
 - Using a terminal, such as a personal computer or TV, and ensuring an interactive environment where explanations and a question and answer session can be provided in the same manner as in a face-to-face interview
 - Sending necessary documents in advance
- Applicable real estate transactions
 - Limited to transactions for lease contracts

Matters required under Article 2 of the Ordinance for the Prevention of Residential Rental Disputes in Tokyo (Tokyo Metropolitan Ordinance No. 95 of 2004) may be explained by means of IT as long as they are handled in accordance with “Interpretation and Operation: Remarks on Article 35, item (i)” shown below.

- Interpretation and Operation: Remarks on Article 35, item (i)
 2. An IT-based explanation of important matters pertaining to the representation or mediation of the leasing of residential land or building

An IT-based explanation, using video conferences etc., of the important matters pertaining to the representation or mediation of the leasing of residential land or building will be treated the same as that made face-to-face only if the IT-based explanation meets all of the following conditions.

If video cannot be seen or voice cannot be heard during an IT-based explanation of important matters, the real estate notary must immediately stop the explanation and resume it when the situation is resolved.

 - (1) The explanation is given in an environment where both the real estate notary and prospective tenant can see the video to such an extent that they can easily read documents, such as drawings, and understand the contents of the explanation, sufficiently hear each other’s voices, and can interact in both directions.
 - (2) A written explanation of important matters and documents attached to it signed and sealed by the real estate notary are sent to the prospective tenant requiring explanation in advance.
 - (3) The prospective tenant can listen to the explanation while looking through the written explanation of important matters and documents attached to it and the real estate notary checks the condition of video and voice before starting the explanation.
 - (4) The real estate notary produces his/her certificate and confirms that the prospective tenant listening to the explanation can see the certificate on screen.

The Ministry of Land, Infrastructure, Transport and Tourism has published the background for the full-scale operation of IT-based explanations of important matters related to lease transactions and released a manual for implementing the explanations. For more information, visit their website:

http://www.mlit.go.jp/totikensangyo/const/sosei_const_fr3_000046.html (in Japanese)

http://www.mlit.go.jp/totikensangyo/const/sosei_const_tk3_000092.html (in Japanese)

See the Regular Rental Housing Contract - Standard Type and consent form (example) created by the Ministry of Land, Infrastructure, Transport and Tourism at their website: http://www.mlit.go.jp/jutakukentiku/house/jutakukentiku_house_tk3_000023.html (in Japanese).

The following is an example of using the full text of the rental housing contract (in Japanese). created by the Ministry of Land, Infrastructure, Transport and Tourism for the purpose of preventing disputes over lease contracts, stabilizing the tenant's occupation of the property, and streamlining the management by the landlord. (Note: The text entries in blue are example entries.)

Regular Rental Housing Contract - Standard Type (as of March 2018)

Heading

(1) Purpose of lease

Name, address, etc. of the building	Name		Sky Garden Shinjuku		
	Address		0-0-0 Nishishinjuku, Shinjuku-ku, Tokyo (Indication of residential address: Rm. 000 Sky Garden Shinjuku, 0-0-0 Nishishinjuku, Shinjuku-ku, Tokyo)		
	Type of building	Structure	Wooden built	Date of completion	
			Non-wooden built ()		
	Apartment		Year		
	Terraced apartment	5 stories	Major remodeling in ()		
	Detached house				
	Other	Number of units			
		15 units			
Property	Apartment number	Rm. 000	Floor layout	(2) LDK or DK or K / One room	
	Area	(Center line of wall) 42.90 m ² (Balcony: m ² [not included at left]) (Official record: 38.87 m ²)			
	Facilities	Toilet	Exclusive flush or non-flush / Shared (flush or non-flush)		
		Bath	Y / N		
		Shower	Y / N		
		Bath sink	Y / N		
Space for washing machine		Y / N			
Water heater		Y / N			
Gas stove/electric stove/IH stove		Y / N			
Air conditioning/heating		Y / N			
Lighting fixtures included		Y / N			
Automatic lock		Y / N			
Terrestrial digital TV/CATV	Y / N				
Internet	Y / N				
Mailbox	Y / N				
Parcel delivery box	Y / N				
Key	Y / N				
		Y / N			
		Y / N			
Electricity capacity	(20) A				
Gas	Yes (city gas or propane gas) / No				
Water	Directly connected to water mains / Tank / Well				
Sewerage	Yes (public sewerage or septic tank) / No				
Facilities included	Parking	Y / N	__ units (space No. __)		
	Motorcycle parking	Y / N	__ units (space No. __)		
	Bicycle parking	Y / N	1 units (space No. 8)		
	Storage	Y / N			
	Private garden	Y / N			
		Y / N			

(2) Contract period

Start date	Month day, year	2 years 0 months
End date	Month day, year	

(3) Rent and other fees

Rent/common service fee		Due date	How to pay	
Rent	140,000 yen	Day <u>last</u> of every month for the current/ <u>following</u> month's rent	Bank transfer, direct debit, or in person	Bank name: <u>XX Bank Corporation</u> Type of account: <u>Futsu (ordinary)</u> Toza (current) Account No.: <u>00000000</u> Account name: <u>Ichitaro Nakano</u> Transfer fees borne by: landlord/ <u>tenant</u>
Common service fee	5,000 yen	Day <u>last</u> of every month for the current/ <u>following</u> month's fee		
Security deposit	280,000 yen; equivalent to 2 months' rent		Other lump-sum payment	None
Fee for use of attached facilities		None		
Other		None		

(4) Landlord and management

Landlord (Company name/ representative)	Address: 0-0-0 Chuo, Nakano-ku Name: Ichitaro Nakano	Zip-code: 164-0011 Tel: 03-0000-0000
Manager (Company name/ representative)	Address: 0-0-0 Nakano, Nakano-ku Name: XX Management Corporation Rental housing manager registration No.: Minister of Land, Infrastructure, Transport and Tourism (1) No. 0000000	Zip-code: 164-0001 Tel: 03-1000-0001

Note: Fill out the following if the landlord does not own the building.

Owner of the building	Address: Name:	Zip-code: Tel:
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(5) Tenant and co-occupants

	Tenant	Co-occupants	
Name	Name: Taro Tokyo Age: XX Tel:	Name: Hanako Tokyo Name: Sakura Tokyo Name:	Age: XX Age: X Age: Total: 3 persons
Contact in case of emergency	Address: 0-0-0 Izumicho, Nishitokyo-shi Name: Senichiro Tokyo	Zip-code: 202-0011 Tel: 042-000-0000	Relationship with tenant: Father

[In the case of joint and several guarantor]

(6) Guarantee provided by joint and several guarantor and limit of guarantee

Joint and several guarantor	Address: 0-0-0 Izumicho, Nishitokyo-shi Name: Senichiro Tokyo	Zip-code: 202-0011 Tel: 042-000-0000
Limit	1,740,000 yen	

[In the case of rental liability guarantee firm]

(6) Guarantee provided by rental liability guarantee firm

Rental liability guarantee firm	Address: 0-0-0 Izumicho, Nishitokyo-shi Company name: Nishitokyo Lease Guarantee Company Rental liability guarantee firm registration No.: Minister of Land, Infrastructure, Transport and Tourism (1) No. 0	Zip-code: 202-0011 Tel: 042-000-0000
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Article 1. Contract formation

The lessor (hereafter called the "Landlord" and the renter (hereafter called the "Tenant") have formed the rental housing agreement (hereafter called the "Contract") for the lease (hereafter called the "Property" specified in (1) above.

Article 2. Contract period and renewal

1. The period of the Contract is specified in (2) above.
2. The Landlord and the Tenant can renew the Contract by mutual agreement.

Article 3. Purpose of use

The Tenant must use the Property only as a residence.

Article 4. Rent

1. The Tenant must pay rent to the Landlord in accordance with (3) above.
2. The rent for a period less than one month is prorated on the basis of one month being 30 days.
3. The Landlord and the Tenant can revise the rent by mutual agreement if the amount of the rent has become unreasonable due to the following factors.
 - i. The rent becomes unreasonable due to an increase/decrease of taxes and other charges/on the land or building;
 - ii. Increase/decrease of the land or building prices or other fluctuations in economic conditions; and
 - iii. When the rent is inappropriate compared with the rent of similar buildings in the vicinity.

Article 5. Common service fee

1. The Tenant shall pay a fee for common services such as lighting, fuel, water supply, sewerage, cleaning, etc., which are necessary for the maintenance and management of common space such as stairs, corridors, etc. (hereafter in this clause called "Maintenance and Management Expense").
2. The common service fee should be paid as specified in (3) above.
3. The common service fee for a period less than one month is prorated on the basis of one month being 30 days.
4. The Landlord and the Tenant can revise the common service fee by mutual agreement if the amount becomes unreasonable due to an increase/decrease of the Maintenance and Management Expenses.

Article 6. Security deposit

1. The Tenant shall pay a security deposit specified in (3) above to the Landlord to cover any liabilities arising from the Contract.
2. The Landlord may use the security deposit to pay any unpaid liabilities of the Tenant arising under the Contract. The Tenant may not demand to use the security deposit to offset any such liabilities before moving out.
3. The Landlord must refund promptly the whole amount of the security deposit when the Tenant vacates the Property. However, if there are any unpaid rent or repair costs incurred to return the property to its original condition as stipulated in Article 15, or if there are any other defaults of liabilities under the Contract, the Landlord can repay the amount of such liabilities by deducting it from the security deposit.
4. In the above case, the Landlord must present a breakdown of the amount of liabilities deducted from the deposit.

Article 7. Exclusion of antisocial forces

1. The Landlord and the Tenant hereby pledge each of the following to each other.
 - i. That they themselves do not qualify as organized crime, companies related to organized crime, sokaiya racketeers, or similar parties, or members thereof (referred to collectively hereinafter as "antisocial forces").
 - ii. That their officers (this refers to employees executing business operations, directors, executive officers, and similar parties) do not qualify as antisocial forces.
 - iii. That they are not allowing antisocial forces to use their name to conclude this Contract.
 - iv. That they will not engage in any of the following acts, either themselves or through use of a third party:
 - A. Acts of threatening speech or behavior or violence toward the other party
 - B. Acts of impeding the other's business or damaging its trust through use of fraud or intimidation
2. The Tenant may not transfer the right of lease, nor sublease the Property in whole or in part to antisocial forces, regardless of whether or not the Landlord has consented thereto.

Article 8. Prohibited or restricted acts

1. The Tenant shall not transfer the right of lease, nor sublease the Property in whole or a part without the Landlord's written consent.
2. The Tenant shall not enlarge, remodel or move the Property, or install artifacts in the Property without the Landlord's written consent.
3. When using the Property, the Tenant shall not do anything listed in Table 1.
4. When using the Property, the Tenant shall not do anything listed in Table 2 without the Landlord's written consent.
5. When using the Property, the Tenant shall notify the Landlord before doing anything listed in Table 3.

Article 9. Repairs during the term of the Contract

1. The Landlord is responsible for repairs necessary for the Tenant to use the Property. The Tenant must pay the cost of such repairs as caused by the Tenant, while the Landlord must pay the cost of other such repairs.
2. The Landlord shall inform the Tenant before doing any repairs. The Tenant cannot refuse permission to carry out such repairs without good reason.
3. The Tenant shall notify the Landlord of any necessary repairs it has identified in the Property and consult with the Landlord on the necessity of such repairs.
4. The Tenant may carry out repairs covered by a notice as described in the preceding paragraph if the Landlord has failed to conduct such repairs without good reason despite the fact that the necessity of such repairs is recognized. The costs of such repairs shall be handled as described in Paragraph 1.
5. In addition to demanding repairs from the Landlord as described in Paragraph 1, the Tenant can carry out repairs listed in Table 4 itself. When the Tenant carries out repairs itself, it shall bear the costs of such repairs and shall not need to notify or obtain the consent of the Landlord.

Article 10. Cancellation of the Contract

1. If the Tenant fails to pay the following and, in spite of the Landlord's due notice, does not fulfill Tenant's obligations within a certain period, the Landlord can cancel the Contract.
 - i. Rent as specified in Article 4, Paragraph 1;
 - ii. Common service fees as specified in Article 5, Paragraph 2; and
 - iii. Expenses for which the Tenant is liable as specified in Article 9, Paragraph 1.
2. If the Tenant does not adhere to any of the following rules, the Landlord presses the Tenant to perform its obligations within a reasonable period of time and the Tenant fails to do so within that period of time, and the Landlord therefore is unable to continue the Contract, then the Landlord can cancel the Contract.
 - i. To use the Property only as a residence as stated in Article 3;
 - ii. Rules specified in Article 8 (not including those specified in Paragraph 3 of that Article related to the acts described under items 6-8 of Table 1); or
 - iii. Other rules for the Tenant to observe as specified in the Contract.
3. If either the Landlord or the Tenant meets any of the descriptions below, then the other party may cancel the Contract without prior notice.
 - i. When it is clear that the party has violated the pledges under the subparagraphs of Article 7, Paragraph 1
 - ii. When it or its directors qualify as antisocial forces after conclusion of the Contract
4. If either the Tenant has violated any of the rules under Article 7, Paragraph 2 or has committed any of the acts listed under items 6-8 of Table 1, then the Tenant may cancel the Contract without prior notice.

Article 11. Cancellation by the Tenant

1. The Tenant can cancel the Contract by giving at least 30 days' notice to the Landlord.
2. Notwithstanding the preceding paragraph, the Tenant may cancel the Contract at any time during 30 days from the date of giving notice of cancellation by paying the Landlord the rent for 30 days from the date of giving notice of cancellation (including the amount equivalent to the rent after canceling this Contract).

Article 12. Reduction of rent due to partial loss of the Property etc.

1. If a part of the Property has become unusable due to loss or other reason for which the Tenant was not responsible, then the Rent shall be reduced in amount in accordance with the percentage of the Property that has become unusable. In such a case, the Landlord and the Tenant shall discuss necessary matters such as the extent and period of the rent reduction.
2. The Tenant may cancel the Contract if a part of the Property has become unusable due to loss or other reason and the remaining portion alone is not sufficient to satisfy the Tenant's purpose of leasing the Property.

Article 13. Termination of the Contract

If the entirety of the Property has become unusable due to loss or other reason, then the Contract shall terminate as a result.

Article 14. Vacating

1. The Tenant shall vacate the Property by the day on which the Contract terminates (or immediately if the Contract is canceled under any provision of Article 10).
2. The Tenant shall notify the Landlord of the date of the vacating if it plans the vacating stated in the preceding paragraph.

Article 15. Restoration to original condition upon vacating

1. The Tenant shall restore the Property to its original condition, excluding wear and tear caused by normal use and aging of the Property. However, the Tenant shall not need to restore damage for reasons for which it was not responsible.
2. Upon vacating of the Property, the Landlord and the Tenant shall discuss the details and methods of restoration of the property to its original condition to be carried out by the Tenant pursuant to the provisions of Table 5, including any special provisions established at the time of concluding the Contract.

Article 16. Entry

1. The Landlord can enter the Property with prior consent of the Tenant when such entry is necessary for fire prevention at the Property or property management such as the maintenance of the structure of the Property.
2. The Tenant cannot refuse the Landlord's entry based on the preceding paragraph without good reason.
3. When a prospective tenant or transferee of the Property hopes to inspect the Property after the termination of the Contract, the Landlord and tenant/transferee can enter the Property by obtaining the prior consent of the Tenant.
4. To prevent the spread of fire or in any other emergencies, the Landlord can enter the Property without prior consent of the Tenant. When entering in the absence of the Tenant, the Landlord must notify the Tenant later that he/she has entered.

[In the case of joint and several guarantor]

Article 17. Joint and several guarantor

1. The joint and several guarantor (hereafter called the "Guarantor") shall, jointly and severally with the Tenant, bear any liabilities of the Tenant arising under this Contract. The same shall apply upon renewal of the Contract.
2. The liabilities borne by the Guarantor under the preceding paragraph shall not exceed the limit amount indicated under (6) above and in the space for signing and sealing of the Contract.
3. In the event of the death of the Tenant or the Guarantor, the principal of the liabilities borne by the Guarantor shall be fixed.
4. As requested by the Guarantor, the Landlord must provide to the Guarantor, without delay, information on matters such as the amount of all liabilities of the Tenant, including the state of payment of rent, common service fees, etc., amounts in arrears, and amounts of compensation for damages.

[In the case of rental liability guarantee firm]

Article 17. Guarantee provided by rental liability guarantee firm

When using a guarantee provided by a rental liability guarantee firm specified in (6) above, the details of the guarantee provided by the rental liability guarantee firm shall be as stipulated separately, and the Landlord and the Tenant must complete the necessary procedures for use of such guarantees at the time of concluding the Contract.

Article 18. Discussion

If there arise any doubts about items not specified in the Contract or about the interpretation of the Contract, the Landlord and the Tenant shall discuss and solve them in good faith in accordance with the Civil Code and other regulations and customs.

Article 19. Special contract clause

The special provisions of the Contract, other than those stipulated through Article 18, are as follows:

If there are special provisions, clearly state what specific costs the Tenant will be responsible for according to the provisions.

Landlord: Ichitaro Nakano (Seal)

Tenant: Taro Tokyo (Seal)

Table 1 (related to Article 8, Paragraph 3)

i. Manufacture or storage of guns, swords, explosives, or flammable and dangerous items;
ii. Bringing in or installation of large safes and other heavy items;
iii. Pouring of corrosive liquids into the drains;
iv. Playing television, stereo, piano, etc., at high volume;
v. Keeping animals that could clearly be a nuisance to neighbors, such as fierce animals and poisonous snakes;
vi. Providing the Property for use as an office or other base of activities of antisocial forces;
vii. Causing nearby residents or passersby to feel unease through engaging in markedly vulgar or violent speech or behavior or expressions of force in the Property or its vicinity; and
viii. Permitting antisocial forces to reside or repeatedly enter the Property.

Table 2 (related to Article 8, Paragraph 4)

i. Placing items in the common areas, such as stairs and corridors;
ii. Posting signboards, posters, and other advertisements in the common areas, such as stairs and corridors; and
iii. Keeping dogs, cats, and other animals (excluding those listed on the Table 1, item v.) which cause a nuisance to neighbors, but excluding ornamental small birds and fish.

Table 3 (related to Article 8, Paragraph 5)

i. Living with person(s) other than those specified in (5) above, excluding children born during the period of the contract; and
ii. Being absent from the Property for more than one consecutive month.

Table 4 (related to Article 9, Paragraph 5)

Replacing fuses	Replacing faucet washers and gaskets
Replacing plugs and chains in the bathroom and elsewhere	Replacing light bulbs and fluorescent lamps
Other minor repairs	

Table 5 (related to Article 15)

Conditions of restoration to original condition

Except as stipulated under “Exceptional Special Provisions” under II below, the conditions of restoration of the Property to its original condition shall conform to the thinking of general principles on restoration of rental residences to their original condition. That is,

- Wear and tear caused by the willful acts or negligence of the Tenant, violation of its duty to perform the due diligence of a good manager, or other use beyond the bounds of ordinary methods of use shall be paid for by the Tenant. However, the Tenant shall not be required to pay for damage due to earthquakes or other cases of force majeure, damage caused by a third party unrelated to the Tenant, such as upstairs residents, or similar damage.
- The Landlord shall pay for natural deterioration and wear and tear (aging) of the building, facilities, etc. and wear and tear arising from normal use by the Tenant (ordinary wear and tear).

While the specific details of the above shall be as stipulated in Table 1 and Table 2 to “Trouble Regarding Restoration to Original Condition and Related Guidelines (2nd Ed.)” (in Japanese) issued by the Ministry of Land, Infrastructure, Transport and Tourism, they are summarized under I below.

I. Conditions of restoration of the Property to its original condition

(However, where an agreement has been reached as described under II, Exceptional Special Provisions, below regarding details in violation of Article 90 of the Civil Code and Article 8, Article 8-2, Article 9, and Article 10 of the Consumer Contract Act, the content thereof shall apply.)

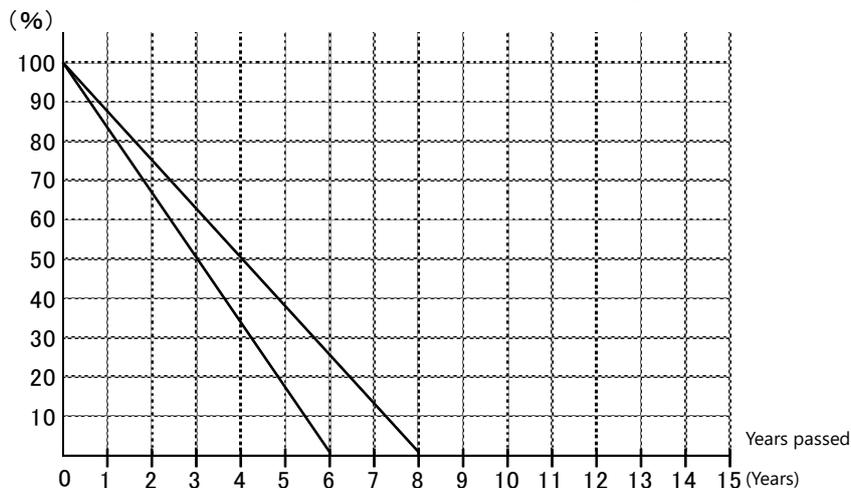
1. Landlord’s and Tenant’s responsibilities for repairs

Landlord’s responsibility	Tenant’s responsibility
Floors (tatami, flooring, carpet, etc.)	
1. Flipping over and resurfacing of tatami mats (for use by the next tenant in cases free of any particular damage) 2. Waxing flooring 3. Dents and traces of furniture on floors and carpets 4. Discoloration of tatami mats and fading of flooring (due to sunlight, rain leaks resulting from structural flaws in the building, etc.)	1. Carpet stains due to spilled drinks etc., mold (due to causes such as insufficient care after a spill) 2. Rust marks beneath the refrigerator (soiling or other damage to the floor due to failure to address rust) 3. Scratches resulting from moving in or out or similar acts 4. Fading of flooring (due to rain water entering the Property as a result of carelessness by the Tenant)
Walls, ceilings (cloth etc.)	
1. Darkening of wall surfaces behind TVs, refrigerators, etc. (so-called electrical burns) 2. Traces of posters and pictures on the walls 3. Holes in the walls etc. due to thumbtacks, pins, etc. (to an extent that does not require replacement of the underlying boards) 4. Screw holes and traces on the walls due to installation of air-conditioning (property of the Tenant) 5. Cloth discoloration (due to natural causes such as sunlight)	1. Kitchen soiling due to negligence in everyday cleaning by the Tenant (adherence of soot or oil due to poor cleanup after use) 2. Mold or stains that spread due to a lack of care of the Tenant for condensation (corrosion of walls etc. due to failure to notify the Landlord and failure to take care of condensation through means such as wiping it off) 3. Corrosion of walls due to water leaks from a cooler left unaddressed by the Tenant 4. Stains and odors from tobacco smoke etc. (cloth discoloration or persistent odors caused by smoking or other causes) 5. Tack and nail holes in walls etc. (those resulting from hanging heavy articles, to an extent that requires replacement of the underlying boards) 6. Traces of lighting fixtures installed by the Tenant directly on the ceilings 7. Intentional damage such as graffiti
Fixtures etc., sliding doors, pillars etc.	
1. Replacement of screens (for use by the next tenant in cases free of any particular damage) 2. Glass damaged by earthquakes 3. Breakage of wired glass (natural breakage due to the structure thereof)	1. Scratches to pillars etc. and odors caused by a pet (scratches to pillars, cloth, etc. or persistent odors caused by a pet) 2. Intentional damage such as graffiti
Facilities etc.	
1. Thorough house cleaning by a professional service (when the Tenant has conducted regular cleaning) 2. Internal cleaning of air-conditioning (free from persistent odors such as those from tobacco smoke) 3. Disinfection (kitchen, toilets) 4. Replacement of bathtub, bathtub cover, etc. (for use by the next tenant in cases free of damage etc.) 5. Replacement of locks and keys (in cases free of lock damage or loss of keys) 6. Damaged or unusable equipment or machinery (due to useful life of machinery)	1. Oil soiling and soot in location of gas stove, vent, etc. (soiling resulting from failure of the Tenant to clean and care for such facilities) 2. Incrustation, mold, etc. in bath, toilet, or bathroom sink (soiling resulting from failure of the Tenant to clean and care for such facilities) 3. Damage to facilities due to inappropriate everyday care or misuse 4. Replacement of locks and keys due to lock damage or loss of keys 5. Weeds in the garden of a detached house

2. Units of Tenant's responsibility

Subject		Units of Tenant's responsibility		Consideration of passage of time etc.
Floors	Repairs to damaged portions	Tatami mats	In principle, per mat. If multiple mats are damaged, the number of damaged mats (flipping or resurfacing determined depending on extent of damage)	(Tatami mat surfaces) No consideration for passage of time.
		Carpeting, cushion flooring	If damaged in multiple spots, entire room	(Tatami floors, carpeting, cushion flooring) Share of costs calculated based on a residual value of 1 yen after 6 years.
		Flooring	In principle, per square meter If damaged in multiple spots, entire room	(Flooring) No consideration for passage of time in repairs. (When replacing flooring due to damage in its entirety, share of costs calculated based on a residual value of 1 yen after the useful life of the building.)
Walls, ceilings (cloth)	Repairs to damaged portions	Walls (cloth)	While per square meter is preferable, when unavoidable the Tenant shall pay the cost of replacement for the entire surface of the wall including the portion damaged by the Tenant.	(Walls [cloth]) Share of costs calculated based on a residual value of 1 yen after 6 years.
		Stains and odors due to tobacco smoke etc.	It is considered appropriate for the Tenant to pay the cost of cleaning or replacement for the entire room only if the cloth on the entire room is stained or has a persistent odor due to smoking or other causes.	
Fixtures, pillars	Repairs to damaged portions	Sliding doors	Per door	(Sliding doors, shoji paper) No consideration for passage of time.
		Pillars	Per pillar	(Sliding doors, shoji fixtures; pillars) No consideration for passage of time.
Facilities, etc.	Repairs to facilities	Equipment and machinery	Cost of repaired portion or replacement	(Equipment and machinery) Share of costs calculated by estimating a straight line (or curve) with a residual value of 1 yen at the end of the useful life.
	Return of keys	Locks and keys	Repaired portion If key lost, includes cylinder replacement	No consideration for passage of time in cases of loss of keys. Tenant pays cost of replacement.
	Ordinary cleaning*	Cleaning * Only in cases of neglect of ordinary cleaning and cleaning upon vacating	Per portion, or for entire residence	No consideration for passage of time. Tenant pays costs of cleaning for relevant portions or the entire residence for which it failed to carry out normal cleaning.

Share of costs paid by Tenant and passage of time for facilities etc.
(in cases of depreciation by the straight-line method over useful lives of six and eight years)
Share of costs paid by Tenant (when liable for restoration to original condition)



3. Estimated units for restoration to original condition

(Enter subject portions, units, and unit prices [in yen] for the property.)

Subject portion		Unit	Unit price (in yen)
Floors	Wooden floor	m ²	XXX yen
Ceilings, walls	Wall (wallpaper)	m ²	XXX yen
	Ceiling (wallpaper)	m ²	XXX yen
Fixtures, pillars	Window (glass, frame)	Qty.	XXX yen
	Interior door	Qty.	XXX yen
	Pillar	Place	XXX yen
Facilities, etc.	Common		
	Entrance, hallway		
	Kitchen		
	Bathroom, bath sink, toilet		
Other			

Notes:

The unit prices shown above are rough estimates, intended to achieve a mutual understanding of estimated costs between the Tenant and the Landlord at the time of occupancy.

Accordingly, at the time of vacating, construction to restore the Property to its original condition shall be conducted at the construction prices discussed by the Tenant and the Landlord with consideration for matters such as fluctuations in prices and stocks of materials, the extent of damage, and construction methods used.

II. Exceptional special provisions

General principles regarding costs related to restoration of the Property to its original condition are provided above. However, as exceptions to the above the Tenant hereby agrees to pay the costs indicated below (as long as such payment would not violate Article 90 of the Civil Code or Article 8, Article 8-2, Article 9, and Article 10 of the Consumer Contract Act).

(In parentheses below, indicate the reason why the Tenant will pay, on an exceptional basis, costs that ordinarily should be paid by the Landlord.)

- If there are special provisions, clearly state what specific costs the Tenant will be responsible for according to the provisions.

{

Landlord: Ichitaro Nakano (Seal)

Tenant: Taro Tokyo (Seal)

}

To be signed and sealed below

[In the case of guarantor]

IN WITNESS WHEREOF, the following Landlord and the Tenant have signed and affixed their seals to the Contract in triplicate, and the Tenant and the Guarantor have signed and affixed their seals to the Guarantee Contract on the above obligations of the Tenant in triplicate, each party retaining one sealed copy of each.

[In the case of rental liability guarantee firm]

IN WITNESS WHEREOF, the following Landlord and the Tenant have signed and affixed their seals to the Contract in duplicate, each party retaining one sealed copy.

Date: month day, year

Landlord Address: 0-0-0 Chuo, Nakano-ku Zip-code: 164-0011
Name: Ichitaro Nakano (Seal)
Tel.: 03-000-0000

Tenant Address: 0-0-0 Izumicho, Nishitokyo-shi Zip-code: 202-0011
Name: Taro Tokyo (Seal)
Tel.: 042-000-0000

[In the case of guarantor]

Guarantor Address: 0-0-0 Izumicho, Nishitokyo-shi Zip-code: 202-0011
Name: Senichiro Tokyo (Seal)
Tel.: 042-000-0000
Limit amount: 1,740,000 yen

Real estate broker License No. [Tokyo] Governor/Minister of Land, Infrastructure, Transport and Tourism
(3) No. 00000

Agent

Address: 0-0-0 Nishishinjuku, Shinjuku-ku, 160-0000
Name: XX Real Estate Co., Ltd.
Representative: Ichiro Shinjuku (Seal)
Registered real estate broker Reg. No. [Tokyo] Governor No. 000000
Name: Jiro Shibuya (Seal)

Notes for Executing Regular Rental Housing Contract - Standard Type

Heading

Pay attention to the following when you make an entry. Enter "-" if the item is not applicable.

(1) Purpose of lease

- ① Name: Enter the name of the building (XX Mansion, XX Soh, etc.).
- ② Address: Enter the residential address (the indication of the address).
- ③ Type of building: Circle the applicable item.

Terminology

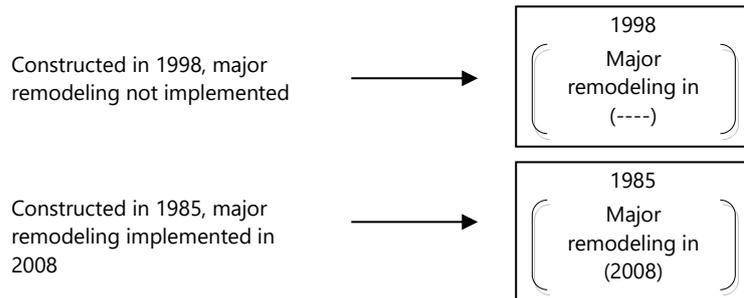
- a. Apartment: A building with two or more residences in it that share corridors, stairs, etc. or that are built one on top of the other. It also includes a building that has a store(s) on the first floor and multiple residences on the second and higher floors.
- b. Terraced apartment: A building with multiple residences built side by side, each sharing a wall and having a separate entrance.
- c. Detached house: A building consisting of one residence.
- d. Other: A building not corresponding to any one of a to c above that includes, for example, a part of a factory or office used as a residence.

- ④ Structure: Circle "Wooden-built" or "Non-wooden built" and fill in the number of stories of the building ("the number" means how many floors the building has, not the floor on which the residence is located).

Terminology

- a. Wooden-built: Structure (walls, pillars, floors, beams, roofs, and stairs) made of wood
- b. Non-wooden built: In parentheses, enter the structure of the building (that specified in the Order for Enforcement of the Building Standards Act etc.).

- ⑤ Number of units: Enter the number of residences in the building.
- ⑥ Date of completion (entry example)



Terminology

- Major remodeling: As stipulated in Article 2, Item 14 of the Building Standards Act, work that remodels more than half of one or more components of the building structure. The structure includes walls, pillars, floors, beams, roofs, and stairs excluding partition walls, studs, pilasters, raised floors, floors on the bottom floor, small beams, eaves, local small stairs, outdoor stairs, and other similar building parts that are not important in the building structure.

⑦ Floor layout (entry example)

- 3DK → (3) LDK - DK - K / One room /
- One room → () LDK - DK - K / One room /
- 2LDKS → (2) LDK - DK - K / One room / with service room

Terminology

- a. K: Kitchen
- b. DK: Dining kitchen
- c. LDK: Living dining kitchen

- ⑧ Area: Enter the area of the individual unit excluding any balcony. If there is a balcony, use parentheses as shown in the entry example below and enter the balcony area there.

Entry example: { Individual unit area excluding balcony: 50 m²
 Balcony area: 10 m²
 → 50 m² (plus 10 m² of balcony) }

- ⑨ Facilities: Circle the applicable options and enter special remarks, such as performance, wear, and loaned quantities of facilities if any, in the space on the right side.

Toilet: Circle "Exclusive" or "Shared" and "flush" or "non-flush."

Bath: If a bath fan or reheater is equipped, indicate accordingly.

Space for washing machine: Enter the location (indoor or outdoor), the availability of a waterproof pan for the washing machine, etc.

Lighting fixtures included: If lighting is equipped, enter the type and replacement date of bulbs.

Automatic lock: Enter the unlock method for the automatic lock.

Terrestrial digital TV/CATV: Circle the applicable method and enter any other notes if any.

Internet: Enter the contract details such as a line type (CATV, fiber-optic line, ADSL line, etc.) and line capacity.

Mailbox: Enter the unlock method for the mailbox.

Parcel delivery box: Enter the box number or the number of loaned cards.

Key: Enter the key number and the number of loaned keys in parentheses.

Electricity capacity: Enter the value in parentheses.

If there are additional facilities that should be indicated, such as a telephone, use the space under "Key."

- ⑩ Facilities included: Circle "Y" for facilities covered by this Contract and circle "N" for those not covered by this Contract. If there are any items that should be indicated, such as facility overview or accessible garden area, enter them in the space on the right side.

Parking: Enter the number of contracted cars and the space numbers in the underlined portion.

Motorcycle parking: Enter the number of contracted motorcycles and the space numbers in the underlined portion.

Bicycle parking: Enter the number of contracted bicycles and the space numbers in the underlined portion.

For facilities covered by another contract, circle "N" and enter "Another contract" in the space on the right side.

If there are additional facilities that should be indicated, use the space under "Private garden."

(2) Contract period

Start date: If the date of the contract differs from the date on which occupancy is permitted, enter the latter.

(3) Rent and other fees

- ① Due date: Circle "current month's rent" or "following month's rent."

- ② How to pay: In the case of bank transfer or direct debit, enter the bank name etc. of the landlord. Type of account: Circle "Futsu (ordinary)" or "Toza (current)." Transfer fees borne by: Circle "landlord" or "tenant."

- ③ Other lump-sum payment: When special provisions are made for lump-sum payments other than a security deposit, enter the special provisions and the name, amount, etc. of the lump-sum payment in the special provision section of Article 19.

- ④ Fee for use of attached facilities: If a fee for use of attached facilities is collected separately from the rent, enter the name of the facilities, the amount of the usage fee, etc. in this section.

- ⑤ Other: If an amount of money not stated in "Rent," "Common service fee," "Security deposit," "Other lump-sum payment," or "Fee for use of attached facilities" is paid or received (if landlord collects utility bills for individual units and pays them to utilities in a lump sum, for example), enter the details, amount of money, etc. in this section.

(4) Landlord and management

- ① Manager: If the management of the property is entrusted to a management company, enter the address, company name, and phone number of the company. If the management company has registered as a Rental Housing Manager, enter the registration number.

If an individual manages the property as a manager, enter his/her address, name, and phone number.

Terminology

- Rental Housing Manager Registration System: a voluntary registration system based on a notification by the Ministry of Land, Infrastructure, Transport and Tourism to ensure the proper management of rental housing and protect the interests of the landlord and tenant by establishing rules for rental housing management (Enforced on December 2011)
- ② Owner of the building: If the landlord does not own the building, enter the address, name (company name/representative), and phone number of the building owner.

(5) Tenant and co-occupants

- ① Tenant: Enter the tenant's name and age for the purpose of identification.
- ② Co-occupants: Enter the names, ages, and total number of people residing with the Tenant.
- ③ Contact in case of emergency: Enter the location where the landlord or management company can contact the tenant in case of emergency, such as a place of work or relative's address. It would be desirable to communicate with the contact in case of emergency at the time of concluding the contract to confirm that he/she will act as the contact and may be asked to respond to the tenant's sudden illness or deterioration, safety confirmation, water leakage, etc. in addition to contacting the tenant.

[In the case of guarantor]

(6) Guarantee provided by joint and several guarantor and limit of guarantee

- ① Joint and several guarantor: Enter the guarantor's address, name, and phone number.
- ② Limit: Enter the limit of the tenant's liabilities that the guarantor will bear. Examples of indicating the limit include: "XX yen (equivalent of YY months' rent with a monthly rent determined by the contract)," "XX months' rent with a monthly rent determined by the contract," and "XX yen." The limit determined by the contract remains constant and is applied intact regardless of changes in the rent.

[In the case of rental liability guarantee firm]

(6) Guarantee provided by rental liability guarantee firm

Enter the address, company name, and phone number of the rental liability guarantee firm. If the firm is a registered rental liability guarantee firm, enter the registration number.

Terminology

- Rental Liability Guarantee Firm Registration System: a voluntary registration system based on a notification by the Ministry of Land, Infrastructure, Transport and Tourism to ensure the proper operation of rental liability guarantees and protect the interests of a landlord and tenant by establishing rules for rental liability guarantees. (Enforced on October 2017)

Articles

[Article 8. Prohibited or restricted acts]

According to individual circumstances, modification, addition, and deletion are allowed for Table 1 excluding the acts listed as Items 6 through 8, Tables 2 and 3.

For modifications, draw a double line etc. on the relevant part and enter new text. The landlord and tenant are then required to affix their seals on the double line.

For additions, enter new items in the space under the existing examples. The landlord and tenant are then required to affix their seals on the entries for each additional item.

For deletions, draw a double line etc. on the relevant part. The landlord and tenant are then required to affix their seals on the double line.

[Article 9. Repairs during the term of the Contract]

According to individual circumstances, modifications, additions, and deletions are allowed for Table 4.

For modifications, draw a double line etc. on the relevant part and enter new text. The landlord and tenant are then required to affix their seals on the double line.

For additions, enter new items in the space under the existing examples. The landlord and tenant are then required to affix their seals on the entries for each additional item.

For deletions, draw a double line etc. on the relevant part. The landlord and tenant are then required to affix their seals on the double line.

[Article 15. Restoration to original condition upon vacating]

Fill in "I-3. Estimated units for restoration to original condition" in Table 5 according to the purpose of the lease.

Just as a guide, it would be desirable for the landlord and tenant to describe the known "estimated units for restoration to original condition" as much as possible in order to prevent trouble related to restoration to original condition.

In the "Subject portion" column of the "Estimated units for restoration to original condition," enter portions where repairs are expected or for which unit prices need to be indicated or known in advance.

For specific subject portions, see "I-3. Estimated units for restoration to original condition" of "Table 3. Forms for Conditions of Restoration to Original Condition Attached to the Contract" in "Trouble Regarding Restoration to Original Condition and Related Guidelines (2nd Ed.)" (in Japanese).

It is possible to enter other subject portions than listed below. If you add new portions, enter their units and unit prices.

If there are matters specified as special provisions for restoration to original condition, it would be desirable that they be entered in the section under "II. Exceptional Special Provisions" in Table 5, the landlord and tenant affix their seals on the entries for each item, as well as sign and affix their seals for final confirmation.

Examples of items specified as special provisions include:

- Allowing a tenant to keep pets in his/her room but holding him/her responsible for the entire cost of replacing wallpaper

Reference: "1-3. Estimated units for restoration to original condition" of "Table 3. Forms for Conditions of Restoration to Original Condition Attached to the Contract" in "Trouble Regarding Restoration to Original Condition and Related Guidelines (2nd Ed.)" (in Japanese)

Subject portion		Unit	Unit price (in yen)	Subject portion		Unit	Unit price (in yen)	
Room cleaning service		Package						
Floors	Cushion flooring	m ²		Entrance, hallway	Chime/intercom	Unit		
	Wooden floor	m ²			Entrance door lock and key	Qty.		
	Tatami	Qty.			Shoe cupboard	Place		
	Carpeting	m ²			Mailbox	Qty.		
Ceilings, walls	Wall (wallpaper)	m ²		Kitchen	Electric/gas stove	Set		
	Ceiling (wallpaper)	m ²			Water heating system	Set		
	Closet	Place			Cabinet	Place		
					Sink	Set		
			Water supply/drainage facilities		Set			
Fixtures	Window (glass, frame)	Qty.			Facilities, etc.			
	Window screen (screen, frame)	Qty.						
	Sliding door	Qty.						
	Shoji screen	Qty.						
	Interior door	Qty.						
	Curtain rail	Place						
	Shutter	Place						
	Pillar	Place						
	Partition	Place						
	Entrance door	Place						
Facilities, etc.	Common	Lighting fixture	Qty.	Bathroom, bath sink, toilet	Mirror	Unit		
		Bulb, light	Qty.		Shower	Set		
		Switch	Qty.		Washstand	Set		
		Outlet	Qty.		Chain and rubber plug	Qty.		
		Air conditioner	Unit		Water heater	Set		
		TV terminal	Qty.		Water heating system	Set		
		Exhaust fan	Qty.		Bathtub	Set		
		Balcony	Qty.		Lid and fixings	Set		
		Drying hardware	Qty.		Toilet bowl	Set		
					Water supply/drainage facilities	Set		
		Waterproof pan for washing machine	Set					
		Towel hanger	Qty.					
		Paper holder	Qty.					

Notes:

The unit prices shown above are rough estimates, intended to achieve a mutual understanding of estimated costs between the Tenant and the Landlord at the time of occupancy. Accordingly, at the time of vacating, the unit prices may change in consideration of matters such as fluctuations in prices and stocks of materials, the extent of damage, and construction methods used.

[In the case of guarantor]

[Article 17. Joint and several guarantor]

Enter the limit in the "Limit" section under (6) of Heading. Then, the guarantor is required to sign and affix his/her seal and the landlord and tenant must also sign and affix their seals. Examples of indicating the limit include: "XX yen (equivalent of YY months' rent with a monthly rent determined by the contract)," "XX months' rent with a monthly rent determined by the contract," and "XX yen." The limit determined by the contract remains constant and is applied intact regardless of changes in the rent.

[Article 19. Special contract clause]

Enter matters specified as special provisions in the space. Then, the landlord and tenant are required to affix their seals on the entries for each item, as well as sign and affix their seals for final confirmation.

Examples of items specified as special provisions include:

- ① Details of the permission to keep pets in a tenant's room (if such an act was originally prohibited in the property) (related to Article 8)
- ② Procedures for using property for residential and business purposes (if the latter is permitted) (related to Article 3)
- ③ Details of insurance (if it is bought)

Consent forms (examples)

- (1) Consent Form for the Transfer of the Right of Lease (example) (related to Article 8, Paragraph 1 of the Regular Rental Housing Contract - Standard Type)
- (2) Consent Form for Subleasing (example) (related to Article 8, Paragraph 1 of the Regular Rental Housing Contract - Standard Type)
- (3) Consent Form for Extension, Renovation, Etc. (example) (related to Article 8, Paragraph 2 of the Regular Rental Housing Contract - Standard Type)
- (4) Consent Form for Permitting Acts Listed in Tables 2 of the Regular Rental Housing Contract - Standard Type (example) (related to Article 8, Paragraph 4 of Regular Rental Housing Contract - Standard Type)

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Description of Regular Rental Housing Contract - Standard Type

The main body of the Regular Rental Housing Contract - Standard Type consists of Heading, Articles, Tables, and space for signing and sealing.

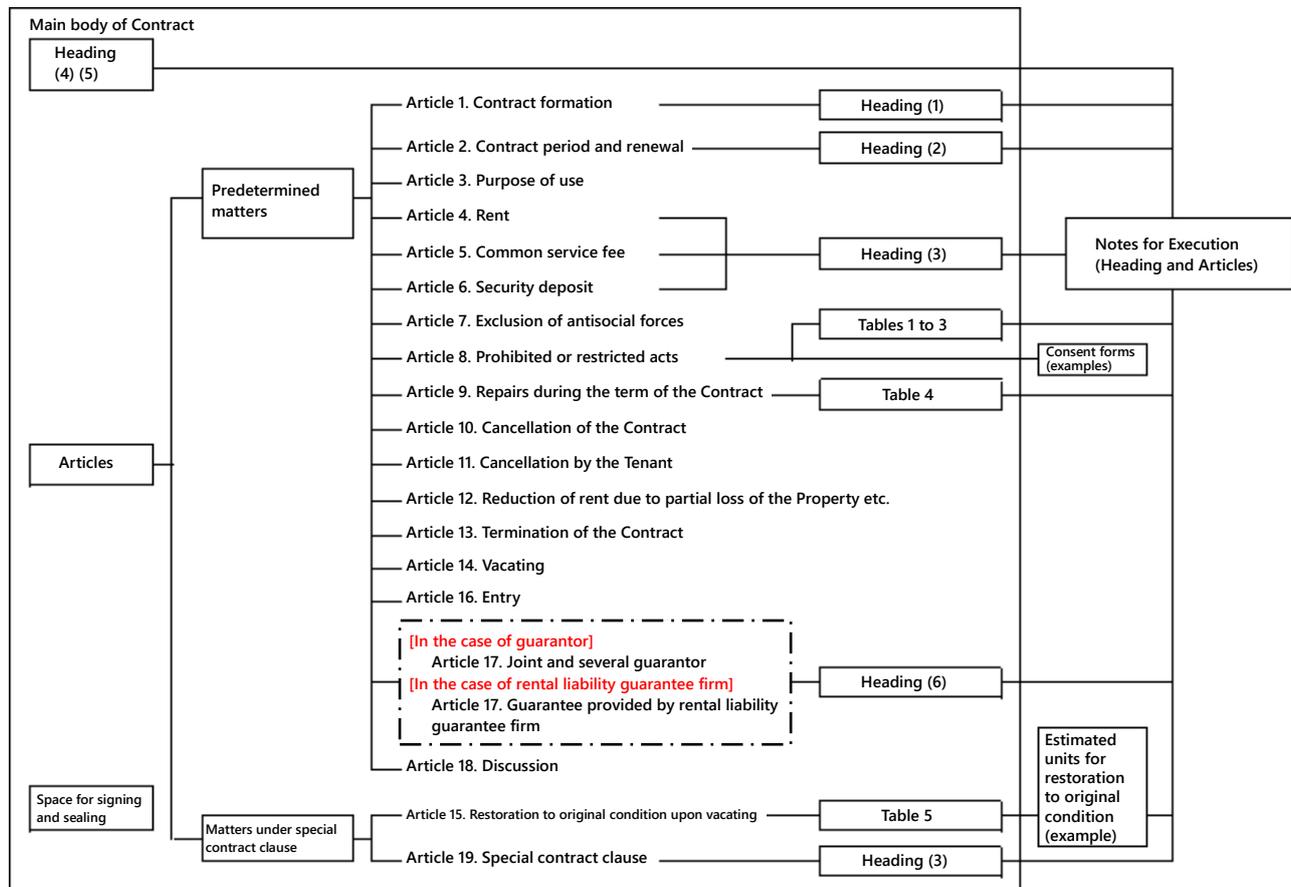


Figure: Structure of Regular Rental Housing Contract - Standard Type

Heading

The standard contract has a heading to list the outline of the purpose of lease, contract matters such as the contract period and rent, the names of the landlord, tenant, management company, and co-occupants as well as the name of the joint and several guarantor and the limit (company name of the rental liability guarantee firm if one is used). The purpose of the heading is to clarify the intention of the parties involved, prevent omissions, and list the main contents of the contract by helping the parties enter the contract matters all together.

For the specific entries in the headline, etc., see Notes for Execution - Heading.

Articles

Note: The following articles of the Civil Code refer to those revised in 2017.

1. Article 1. Contract formation

This article declares the conclusion of a lease contract. A lease contract is a consensual contract which is concluded by the coincidence between the declared intention of application and that of acceptance. However, it is important for each party involved to make a written contract so that there will be no doubt about the conclusion of the contract. From the viewpoint of preventing disputes, it would be desirable that the Landlord provide sufficient information in cooperation with a mediator if any, the Tenant take a cautious response such as signing and sealing a contract after carefully checking a rental property and contract details, the mediator explain the important matters and deal with the contract without delay, and the Landlord sign and seal the contract without delay.

2. Article 2. Contract period and renewal

Paragraph 1 stipulates that the contract period be from "Start date" to "End date" as specified in (2) of Heading during which, as a general rule, one party shall have credits or debts to the other party under this Contract.

Paragraph 2 describes, for confirmation, that a lease contract is not necessarily terminated upon the expiration of the contract period, but can be renewed by agreement between the parties (agreement renewal).

3. Article 3. Purpose of use

Since this Contract is for the leasing of private rental housing (excluding company housing), the purpose of use is limited to the Tenant's residence.

However, if special provisions are made, the Tenant can use the Property for other purposes than residence while occupying it.

→ See 19. Article 19. Special contract clause.

→ See Notes for Execution - Articles, [Article 19. Special contract clause].

4. Article 4. Rent

Paragraph 1 stipulates that the Tenant pay the rent in accordance with (3) of Heading.

Paragraph 2 describes the method for paying the rent according to the actual contract period by prorated calculation. There may be two types of the denominators for prorated calculation: actual number of days in different months and constant number of days for any month. The latter (30 days a month) is used for an easier calculation.

Paragraph 3 stipulates that the rent can be revised during the contract period by mutual agreement of the parties if any one of the factors shown in the Items under this Paragraph applies.

5. Article 5. Common service fee

Paragraph 1 stipulates that the common service fee be paid by the Tenant to the Landlord as expenses for lighting, fuel, water supply, sewerage, cleaning, etc. equivalent to the actual costs necessary for the maintenance and management of common spaces, such as stairs, corridors, etc., of rental housing. There is usually no common service fee for detached rental housing.

Paragraph 2 stipulates that the Tenant pay the common service fee in accordance with (3) of Heading.

Paragraph 3 → See 4. Article 4. Rent, Paragraph 2.

Paragraph 4 stipulates that the common service fee can be revised by mutual agreement of the parties if there is a change in the costs necessary for the maintenance and management of common spaces (a change in electricity charges, for example).

6. Article 6. Security deposit

Paragraph 1 stipulates that the Tenant pay a security deposit to the Landlord as security against the Tenant's liabilities arising from the housing rental contract. The Civil Code revised in 2017 defines a security deposit, regardless of nominal terms, as an amount of money paid by the tenant to the landlord for the purpose of guaranteeing liabilities for rent and other liabilities used for payment by the tenant to the landlord caused by the lease (Article 622-2, Paragraph 1 of the Civil Code).

Paragraph 2 stipulates that, since a security deposit is security against the Tenant's liabilities, the Landlord may use the security deposit to offset any unpaid liabilities of the Tenant but the Tenant may not demand to use the security deposit to offset any rent, common service fee, or other unpaid liabilities before moving out.

Paragraph 3 stipulates that the Landlord refund the whole amount of the security deposit when the Tenant vacates the Property but if the Tenant has any default (unpaid rent, unpaid repair costs incurred to return the Property to its original condition, etc.) the Landlord can refund the security deposit by deducting such liabilities from it. That is, the liabilities upon vacating the Property and those upon refunding the security deposit are not simultaneously fulfilled, and the security deposit shall be refunded when the vacating is completed.

Paragraph 4 stipulates that, in the above case (when the security deposit is applied to the Tenant's liabilities), the Landlord present a breakdown of the deducted amount to the Tenant.

7. Article 7. Exclusion of antisocial forces

Paragraph 1 stipulates that, for the purpose of the exclusion of antisocial forces such as organized crime, the Landlord and Tenant pledge to the other party that they themselves or their officers do not qualify as antisocial forces (Paragraphs 1 and 2) or cooperate with antisocial forces (Paragraph 3). In addition, Paragraph 1 stipulates that they pledge that they will not engage in acts of violence etc. toward the other party, either themselves or through use of a third party (Paragraph 4).

Paragraph 2 prohibits transfer of the right of lease or subleasing the Property to antisocial forces. To clarify the prohibition in spite of the Landlord's consent without knowing of the fact of a transferee or sublessee being antisocial forces, Paragraph 2 provides that the transfer or subleasing is prohibited regardless of whether the Landlord consents or not.

8. Article 8. Prohibited or restricted acts

Paragraph 1 stipulates that transfer of the right of lease or subleasing the Property is subject to the Landlord's written

consent. If the right of lease is transferred, the Landlord will be obliged to refund the security deposit (Article 622-2, Paragraph 1 of the Civil Code).

→ See Consent forms (examples), (1) Consent Form for the Transfer of the Right of Lease (example) and (2) Consent Form for Subleasing (example).

Paragraph 2 stipulates that enlargement, remodeling, etc. of the Property are subject to the Landlord's written consent. As the Civil Code revised in 2017 explicitly states that it is not mandatory to remove facilities attached to rental property that cannot be separated from the property or require excessive costs for separation (Article 622, Article 599, Paragraph 1 of the Civil Code), Consent Form for Extension, Renovation, Etc. may include a cautionary note, such as "It is not mandatory to remove XX (attached facilities)." From the viewpoint of preventing disputes, it would be desirable to agree in advance of enlargement, remodeling, etc. on the Consent Form for Extension, Renovation, Etc. regarding the presence or absence of restoration obligations, a request for reimbursement of beneficial expenses, or a request for purchase of joinery.

→ See Consent forms (examples), (3) Consent Form for the Transfer of the Right of Lease (example).

Paragraph 3 lists prohibited acts in Table 1. It stipulates that the acts listed in Table 1, except those under Items 6 through 8, can be modified or deleted or new acts can be added to Table 1 by agreement between the parties.

→ See Notes for Execution - Articles, [Article 8. Prohibited or restricted acts].

Paragraph 4 lists acts in Table 2, which are allowed if the Landlord's written consent is obtained. It stipulates that the acts listed in Table 2 can be modified or deleted or new acts can be added to Table 2 by agreement between the parties.

→ See Notes for Execution - Articles, [Article 8. Prohibited or restricted acts].

→ See Consent forms (examples), (4) Consent Form for Permitting Acts Listed in Tables 2 of the Regular Rental Housing Contract - Standard Type (example).

Paragraph 5 lists acts in Table 3, which are allowed subject to notification to the Landlord. It stipulates that the acts listed in Table 3 can be modified or deleted or new acts can be added to Table 3 by agreement between the parties.

Modification of articles

- When the Landlord entrusts the receipt of the notification prescribed in Paragraph 5 to a management company, replace "the Tenant shall notify the Landlord" in Paragraph 5 with "the Tenant shall notify the Landlord or the management company" or "the Tenant shall notify the management company."
- Generally, delete Items 1 and 2 from Table 2 in a contract for detached rental housing.
- When the addition of non-family members to the co-occupants is made subject to consent, replace (i) of Table 3 with "Residing with the Tenant's family member(s) added to the co-occupants specified in (5) above, excluding children born during the period of the contract," and add "Residing with the Tenant's non-family member(s) added to the co-occupants specified in (5) above" to Table 2.

9. Article 9. Repairs during the term of the Contract

Paragraph 1 stipulates that the Landlord be responsible for performing all repairs to the purpose of lease and the Tenant be requested to pay the cost of repairs caused by the Tenant. The Civil Code excludes repairs caused by the Tenant from the Landlord's scope of obligation of repair (Article 606, Paragraph 1 of the Civil Code). In terms of the management of a building, it would be reasonable that the Landlord is responsible for performing all repairs and the Tenant is requested to pay the cost of repairs caused by the Tenant. Therefore, Paragraph 1 stipulates that in principle the Landlord perform repairs and pay the cost of the repairs; for repairs caused by the Tenant, perform the repairs with the cost of the repairs paid by the Tenant. The cost borne by the Tenant in this case has the meaning of compensation for damages caused by the Tenant's default.

Paragraph 2 stipulates that, when the Landlord and/or a contractor entrusted by the Landlord needs to enter an individual unit to carry out repairs, notification by the Landlord is required, and the Tenant cannot refuse permission to carry out such repairs without good reason as Article 606, Paragraph 2 of the Civil Code stipulates so.

Paragraph 3 stipulates that the Tenant notify the Landlord of any necessary repairs it has identified and consult with the Landlord on the necessity of such repairs. From the viewpoint of preventing disputes, it would be desirable that the notification of the necessity of repairs be made in writing or by means of electronic records, such as an e-mail.

Paragraph 4 stipulates that the Tenant may carry out repairs if the Landlord has failed to conduct such repairs without good reason despite the fact that the necessity of such repairs is recognized and the costs of such repairs be handled as described in Paragraph 1.

The Civil Code revised in 2017 provides that the Tenant may carry out repairs ① if the Landlord fails to conduct necessary repairs within a reasonable period of time despite the fact that the Tenant notifies the Landlord of the

necessity of repairs or the Landlord knows that effect, or © in case of an emergency (Article 607-2 of the Civil Code). Based on the content of the preceding provision, Paragraph 4 has been prescribed.

Paragraph 5 stipulates that the Tenant can make inexpensive repairs listed in Table 4 at its own cost as it is assumed that certain repairs can be carried out at low cost, do not cause any disadvantages to the Landlord, including damage to the building, or may otherwise cause inconvenience to the Tenant if left to be repaired by the Landlord. The Tenant can also request the repairs listed in Table 4 from the Landlord according to Paragraph 1. Therefore, the right to reimbursement of expenses would be excluded for the repairs made by the Tenant according to Paragraph 5.

It stipulates that the repairs listed in Table 4 can be modified or deleted or new repairs can be added to Table 4 by agreement between the parties.

→ See Notes for Execution - Articles, [Article 9. Repairs during the term of the Contract].

10. Article 10. Cancellation of the Contract

Paragraph 1 prescribes the Tenant's violation of obligations of feissance (must do), specifies "notice" as a requirement based on the purpose of Article 541 of the Civil Code, and stipulates that the Landlord can cancel the Contract if the Tenant does not fulfill the obligations despite the notice.

Paragraph 2 prescribes the Tenant's violation of obligations of nonfeasance (must not do), specifies "notice" as a requirement in the same manner as Paragraph 1, and stipulates that the Landlord can cancel the Contract if the Tenant does not fulfill the obligations despite the notice and the Landlord therefore is unable to continue the Contract.

Paragraph 3 stipulates that either party may cancel the Contract without prior notice when it is clear that the other party has violated the pledges under the subparagraphs of Article 7, Paragraph 1 or when it or its directors qualify as antisocial forces after conclusion of the Contract. The Civil Code revised in 2017 stipulates in Contracts - General Provisions that the Contract can be canceled without prior notice if repudiation of performance is clearly stated by the debtor or it is clear that there is no prospect of enough fulfillment to achieve the Contract purpose in spite of the notice (Article 542, Paragraph 1 of the Civil Code).

→ See 7. Article 7. Exclusion of antisocial forces, Paragraph 1

Paragraph 4 stipulates that if either the Tenant has violated any of the rules under Article 7, Paragraph 2 or has committed any of the acts listed under items 6-8 of Table 1 among prohibited acts under Article 8, Paragraph 3, then the Landlord may cancel the Contract without prior notice.

→ See 7. Article 7. Exclusion of antisocial forces, Paragraph 2

→ See 8. Article 8. Prohibited or restricted acts, Paragraph 3

Canceling lease contracts without prior notice

Legal precedents acknowledge canceling lease contracts without prior notice in the case where there is treachery that exceedingly violates the Tenant's obligations and makes the continuation of the lease contract extremely difficult, such as rent unpaid for extended periods, damage to the rental property, etc. (Ruling of the Supreme Court of Japan, February 18, 1972, civil procedure casebook of the Supreme Court of Japan Vol. 26, No. 1, p. 63; Ruling of the Supreme Court of Japan, April 26, 1974, civil procedure casebook of the Supreme Court of Japan Vol. 28, No. 3, p. 467, etc. as it is called doctrine concerning damage to relationship of trust)

11. Article 11. Cancellation by the Tenant

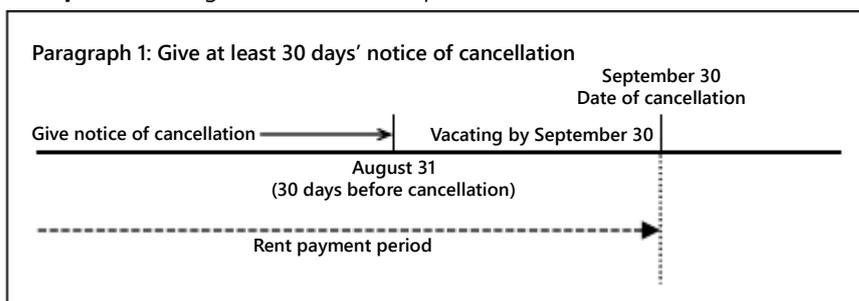
Paragraph 1 prescribes the case where the period for the Tenant to terminate the lease contract (cancellation notice period) is 30 days or more.

The reason for setting the cancellation notice period of 30 days is to match the 30-day denominator for prorated calculation of the rent and common service fee stated in Articles 4 and 5.

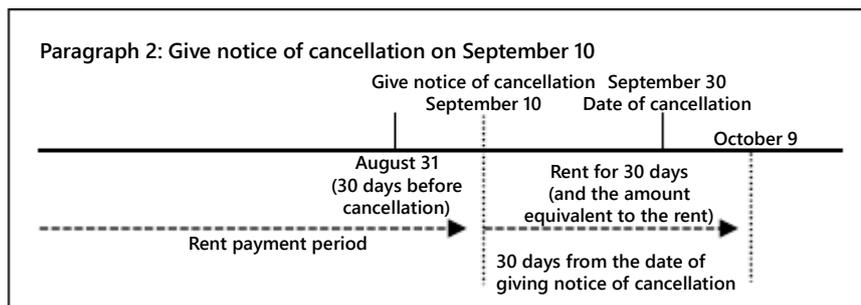
→ See 4. Article 4. Rent, Paragraph 2.

Paragraph 2 prescribes the case where the cancellation notice period is less than 30 days and stipulates that the Tenant may cancel the Contract anytime by paying the rent for 30 days and the amount equivalent to the rent.

Example: Canceling the Contract on September 30



Note: If vacating is scheduled on September 30, notice of cancellation shall be given before August 31. If rent for September is paid by the end of the previous month, the paid rent will be applied.



Note: If notice of cancellation is given on September 10 with vacating scheduled on September 30, the Tenant will need to pay the rent for 30 days from the date of giving notice of cancellation, that is, the rent until October 9 (and the amount equivalent to the rent). If the rent for September is paid by the end of the previous month, the Tenant will need to pay the amount equivalent to the rent from October 1 to October 9. As for any common service fee, the Tenant will need to pay the common service fee for the period of use according to Article 5, Paragraph 3 regardless of the day on which the notice of cancellation is given (September 10 in the example above). For example, if the Contract is canceled on September 30, the Tenant shall pay the common service fee for September in full.

12. Article 12. Reduction of rent due to partial loss of the Property etc.

Paragraph 1 stipulates that if a part of the Property has become unusable due to loss or other reasons for which the Tenant was not responsible, the rent shall be reduced in amount according to the percentage of the Property that has become unusable and the Landlord and Tenant shall discuss the details of the reduction. The Civil Code revised in 2017 stipulates that the rent be reduced if a part of the rental property has been lost due to reasons for which the Tenant was not responsible even though it used to provide that the reduction of the rent can be claimed in such a case (Article 611, Paragraph 1 of the Civil Code).

As there are no clear criteria based on accumulated legal precedents concerning the degree of partial loss or the rate of the reduction, it would be desirable, from the viewpoint of preventing disputes, for the Tenant to notify the Landlord of partial loss, if any, and the Tenant and Landlord to discuss the rent and agree on an appropriate reduction rate and period as well as a reduction method (whether part of the rent is exempted for a certain period without changing the rent or the rent itself is changed).

Paragraph 2 acknowledges the Tenant's right to cancel in a case where part of the Property has become unusable due to loss or other reasons and the remaining portion alone is not sufficient to satisfy the purpose of leasing the Property. The cancellation is acknowledged even if the Tenant was responsible for loss or other reasons (Article 611, Paragraph 2 of the Civil Code).

13. Article 13. Termination of the Contract

This Article stipulates that the Contract be terminated if the entirety of the Property has become unusable due to loss or other reasons. The Civil Code revised in 2017 stipulates that the lease be terminated if the entirety of the Property has become unusable or unprofitable due to loss or other reasons (Article 616, Paragraph 2 of the Civil Code).

14. Article 14. Vacating

Paragraph 1 stipulates that the Tenant vacate the Property before or upon the expiration of the contract period or by the day on which the Contract terminates in the case of the cancellation by the Tenant (Article 11).

It also stipulates that the Tenant vacate the Property immediately in the case of the cancellation of the Contract (Article 10).

Paragraph 2 stipulates that, when vacating is planned, the Tenant notify the Landlord of the date of vacating in advance from the viewpoint of the parties' convenience.

15. Article 15. Restoration to original condition upon vacating

Paragraph 1 stipulates that as a general rule the Tenant restore the Property to its original condition, excluding wear and tear caused by normal use or aging of the Property, but need not restore damage caused by reasons for which it was not responsible. The Civil Code revised in 2017 prescribes the Tenant's restoration obligations (Article 621 of the Civil Code), which explicitly states a judicially created doctrine and does not include any substantial changes.

The tenant shall undertake restoration obligations for wear and tear caused by its willful acts or negligence, violation of its duty to perform the due diligence of a good manager, etc., but will not have to pay repair costs in full. Based on the premise of aging and normal wear and tear, it would be reasonable to consider the passage of time of a building,

facilities, etc., and reduce the share of responsibilities as the number of years increases (See page 12 of "Trouble Regarding Restoration to Original Condition and Related Guidelines (2nd Ed.)" (in Japanese) (August 2011)).

Paragraph 2 stipulates that, in order to prevent trouble related to costs of restoration to original condition, the Landlord and Tenant, upon vacating the Property, pursuant to the provisions of Table 5, discuss the details and methods of the restoration to be carried out by the Tenant, including any special provisions established as exceptions at the time of concluding the Contract.

The special provisions established at the time of concluding the Contract are "included in the discussion" because there might be various contents and types with special provisions, and checking "the identification of what parts represent the special provisions" or "the judgment of whether wear and tear of the property is normal or not" against the concept of "Trouble Regarding Restoration to Original Condition and Related Guidelines (2nd Ed.)" (in Japanese) might need discussion.

At the time of vacating, it is desirable to confirm the considerations and passage of time in preparation for restoration works, create a settlement statement specifying the share of responsibilities (see Table 4 on page 28 of "Trouble Regarding Restoration to Original Condition and Related Guidelines (2nd Ed.)" (in Japanese) (August 2011)), and make sure of the agreement of both parties.

→ See Notes for Execution - Articles, [Article 15. Restoration to original condition upon vacating].

→ See "I-3. Estimated units for restoration to original condition" of "Table 3. Forms for Conditions of Restoration to Original Condition Attached to the Contract" in "Trouble Regarding Restoration to Original Condition and Related Guidelines (2nd Ed.)" (in Japanese).

- To prevent trouble regarding restoration to original condition, it is important that both Landlord and Tenant agree on the conditions of restoration to original condition at the time of concluding the Contract, which are listed as Table 5.
 - As for entries in "I-3. Estimated units for restoration to original condition" in Table 5, it is assumed that the Landlord and Tenant will confirm estimated unit prices concerning "Locations with frequent repairs due to the occupant's negligence etc.," for example, in order to prevent trouble related to costs of restoration to original condition upon vacating.
 - It is desirable to use "I-3. Estimated units for restoration to original condition" in Table 5 just as a guide and describe the known "estimated units for restoration to original condition" as much as possible.
 - To conclude a special agreement that imposes responsibilities on the Tenant as an exception, the following three requirements must be met:
 - There is necessity for the special agreement, and there are objective and reasonable grounds for it, such as that the obligations are not excessive.
 - The tenant acknowledges that because of the special agreement, he/she is obliged to make repairs, etc. that exceed ordinary obligations for restoration.
 - The tenant has expressed the intention to undertake the obligations set forth by the special agreement. (See page 7 of "Trouble Regarding Restoration to Original Condition and Related Guidelines (2nd Ed.)" (in Japanese) (August 2011).)
 - Supreme Court ruling on requirements to make matters under special agreement for restoration to original condition valid: Imposing the restoration obligations for normal wear and tear on a tenant is forcing a special, unexpected burden on the tenant. To encourage the tenant to accept the obligations, a special agreement to that effect (special agreement on repair of normal wear and tear) needs to be clearly agreed upon. To that end, the scope of normal wear and tear whose repair costs will be paid by the tenant needs to be specifically stated in provisions of the lease contract. If the scope is not made obvious in the lease contract, the fact that the tenant clearly understands verbal explanation of the scope by the landlord must be acknowledged as agreement (Ruling of the Supreme Court of Japan, December 16, 2005, the Supreme Court of Japan - civil trial casebook No. 218, p. 1,239).
 - Reference articles
 - Civil Code (Act No. 89 of April 27, 1896)
 - Note:** Articles revised by Act No. 44 of 2017 to be enforced on April 1, 2020
 - Article 90. Public Policy
 - A juristic act which is against public policy is void.
- Consumer Contract Act (Act No. 61 of May 12, 2000)
- Note:** Articles revised by Act No. 45 of 2017 to be enforced on April 1, 2020
 - Article 8. Nullity of Clauses Exempting a Trader from Liability for Damages**
 1. The following consumer contract clauses are void:
 - i. clauses completely exempting a trader from liability to compensate a consumer for damage arising from default by the trader;
 - ii. clauses partially exempting a trader from liability to compensate for damage arising from default by the trader (limited to default which arises due to an intentional act or gross negligence on the part of the trader or the trader's representative or employee);
 - iii. clauses completely exempting a trader from liability to compensate for damage to a consumer arising from a tort committed by the trader during the trader's performance of the consumer contract; and

- iv. clauses partially exempting a trader from liability to compensate for damage to a consumer arising from a tort committed by the trader (limited to cases in which this arises due to an intentional act or gross negligence on the part of the trader or the trader's representative or employee) during the trader's performance of the consumer contract;
2. Among clauses as provided in items (i) and (ii) of the preceding paragraph in a case where a consumer contract constitutes a contract for value, the preceding paragraph does not apply to those exempting the trader from liability to compensate the consumer for damage that the consumer incurs if the delivered subject matter does not conform to the contract content with respect to type or quality (or, in a case where the consumer contract constitutes a contract for work, if a contractor delivers to the purchaser the subject matter of the work that does not conform to the contract content with respect to type or quality (or, in a case where the delivery is not necessary, if the subject matter of the work does not conform to the contract content with respect to type or quality upon the completion of the work) the same applies in this paragraph) and falling under either one of the following:
 - i. the consumer contract provides that in the event of the delivered subject matter not conforming to the contract content with respect to type or quality, the trader is responsible for subsequently completing the fulfillment or reducing payments or compensation according to the degree of nonconformity; or
 - ii. a previously or simultaneously concluded contract between the contracting consumer and another trader entrusted by the contracting trader, or a previously or simultaneously concluded contract made between the contracting trader and another trader for the benefit of the consumer provides that, in the event of the delivered subject matter not conforming to the contract content with respect to type or quality, the other trader is fully or partially responsible for compensating the consumer for damage that the consumer incurs due to the subject matter not conforming to the contract content with respect to type or quality, or for subsequently completing the fulfillment.

Article 8-2. Nullity of Clauses That Force Consumers to Waive Their Right to Cancel

1. Consumer contract clauses that force the consumer to waive the right to cancel that arises if the trader defaults are void.

Article 9. Nullity of Clauses Stipulating the Amount of Damages to Be Paid by a Consumer

1. The following consumer contract clauses are void to the extent provided in each item:
 - i. clauses stipulating liquidated damages or a fixed penalty for contract cancellation in a total amount that exceeds the average amount of damage that the trader would incur from the cancellation of a consumer contract of the same type, as a function of the categories of circumstances established in those clauses such as the reason for or timing of the cancellation: the part of the stipulated damages or penalty that exceeds the average amount that would be incurred; and
 - ii. clauses stipulating liquidated damages or a fixed penalty for if the customer fails to pay all or part of an amount of money under the contract by the due date for payment (or by each of the due dates for payment, if there are two or more payments; hereinafter the same applies in this item), in a total amount that exceeds the amount arrived at when the amount owing on the due date less the part of that amount that has actually been paid as of the due date is multiplied by 14.6% per annum, based on the number of days in the period from the day after the due date for payment until the day on which the money is paid: the part of the stipulated damages or penalty that exceeds the amount so calculated.

Article 10. Nullity of Clauses Unilaterally Prejudicial to Consumers' Interests

1. A consumer contract clause is void if it deems a consumer's inaction to constitute the manifestation of an intention to be bound by the offer of a consumer contract or by the acceptance of an offer for such a contract, or if it otherwise restricts a consumer's rights or expands a consumer's obligations beyond as when legal or regulatory provisions unrelated to public order are applied, unilaterally prejudicing the interests of the consumer in violation of the fundamental principle provided in Article 1, paragraph (2) of the Civil Code.

16. Article 16. Entry

Paragraph 1 stipulates that the Tenant have the right to use the Property freely within the scope of the Contract and the Landlord cannot enter the Property in principle but the Landlord can enter the Property with prior consent of the Tenant when the entry is necessary for fire prevention at the Property or property management such as the maintenance of the structure of the Property.

Paragraph 2 stipulates that without good reason the Tenant cannot refuse the Landlord's entry in the case of the preceding paragraph.

Paragraph 3 stipulates that next (prospective) tenants or transferees of the Property who hope to inspect the Property can enter the Property with the prior consent of the Tenant.

Paragraph 4 stipulates that the Landlord can enter the Property without prior consent of the Tenant to prevent the spread of fire or in any other emergencies. It also stipulates that the Landlord notify the Tenant of his/her entry later when entering in the absence of the Tenant.

[In the case of guarantor]

17. Article 17. Joint and several guarantor

Paragraph 1 stipulates that a joint and several guarantor (hereafter called the “Guarantor”) be established as personal guarantee to bear any liabilities of the Tenant arising under the lease contract. It also stipulates that the joint and several guarantee contract be effective after the renewal of the lease contract as it is understood that the joint and several guarantee contract will be effective unless there are special circumstances even though the lease contract is renewed (Ruling of the Supreme Court of Japan, November 13, 1997, the Supreme Court of Japan - civil trial casebook No. 186, p. 105). From the viewpoint of preventing disputes, it would be desirable that the Landlord strive to notify the Guarantor of the renewal of the lease contract, if any.

Paragraph 2 ensures the browsability of the Contract and allows the Guarantor to recognize the limit amount at the time of concluding the Contract by defining the limit amount borne by the Guarantor and indicating it under Heading and in the space for signing and sealing. The Civil Code revised in 2017 stipulates that an individual guarantor be liable for a maximum of the limit amount (Article 465-2, Paragraph 1 of the Civil Code), and a guarantee contract with no limit amount be invalidated (Article 465-2, Paragraph 2 of the Civil Code). The limit amount represents the limit of guarantee.

Paragraph 3 stipulates that in the event of the death of the Tenant or Guarantor, the principal of the liabilities borne by the Guarantor shall be fixed. The Civil Code revised in 2017 stipulates that the principal be fixed when ① a creditor has filed a petition for compulsory execution or execution of a security interest for credits with the purpose of the payment of money concerning the property of a guarantor, and the proceedings for the compulsory execution or execution of a security interest have started; ② the guarantor is given a decision to start bankruptcy proceedings; or ③ a main debtor or guarantor dies (Article 465-4, Paragraph 1 of the Civil Code). For confirmation and clarification, the Contract describes that there are several circumstances in which the principal is fixed. Only ③ is prescribed without an intention to exclude ① or ②. The basic concept that the principal is fixed when the main debtor dies means that the Guarantor is liable only for the debt occurring until the Tenant dies (up to the limit amount) and not liable for that occurring after the Tenant’s death. For example, the Guarantor’s scope of liability (principal) would not include the rent after the Tenant’s death. However, as the Guarantor’s actual scope of liability may vary depending on cases and interpretation, the accumulation of legal precedents after the Civil Code revision in 2017 is expected. A special agreement may be concluded to provide that the Tenant will entrust guarantee to a new joint and several guarantor in the event of death or bankruptcy of the Guarantor.

Paragraph 4 stipulates that, as requested by the Guarantor, the Landlord is obliged to provide such information as the state of payment of the rent etc. and amounts in arrears. The Civil Code revised in 2017 stipulates that, as requested by the Guarantor, the creditor is obliged to provide such information as the amount or fulfillment of obligations (Article 458-2 of the Civil Code). It would be desirable that the Landlord provide information in writing or by means of electronic records, such as an e-mail. In spite of the fact that the Tenant continuously fails to pay, if the Landlord does not notify the Guarantor and allows the Tenant to renew the Contract unnecessarily, requesting the performance of the guarantee obligations may be denied against the principle of faith and trust (Ruling of the Supreme Court of Japan, November 13, 1997, the Supreme Court of Japan - civil trial casebook No. 186, p. 105, mentioned above). Therefore, it would be desirable to actively provide information to the Guarantor even if he/she does not request information. With regard to this point, a special agreement may be concluded at the time of concluding a guarantee contract to provide that, if the Tenant’s arrears continue for XX months, the Landlord notify the Guarantor.

[In the case of rental liability guarantee firm]

17. Article 17. Guarantee provided by rental liability guarantee firm

This Article stipulates that guarantee provided by a rental liability guarantee firm be used as institutional guarantee to bear any liabilities of the Tenant arising under the lease contract. It also stipulates that the details of the guarantee be based on a contract etc. separate from this Contract and the Landlord and Tenant complete the procedures necessary to make the guarantee available on the start date of the Contract period.

When the guarantee provided by a rental liability guarantee firm is used, “Contact in case of emergency” indicated in (5) of **Headline** may be used for the confirmation of the safety etc. of the Tenant.

18. Article 18. Discussion

It is desirable to prescribe all the rights and obligations of the Landlord and Tenant in the Contract in advance, but it is impossible in the real world and questions may arise concerning the interpretation of Articles. This Article assumes such cases and prescribes how to handle them.

19. Article 19. Special contract clause

This Article stipulates that special provisions other than the provisions stipulated through Article 18 can be made by agreement between the parties according to individual circumstances.

Prerequisites for making special provisions are that the Tenant clearly understands the contents of the special provisions and agrees to make them part of the Contract in the same manner as those concerning restoration to original condition. (It is desirable that the Landlord and Tenant affix their seals on the entries for each item, as well as sign and affix their seals for final confirmation.)

→ See 15. Article 15. Restoration to original condition upon vacating

→ See Notes for Execution - Articles, [Article 19. Special contract clause].

Changes upon the Publication of the Third Edition (Information on Japanese version)

1. In response to the revision of the Real Estate Brokerage Act, the following modification and addition have been made.
 - ① Changed “real estate transaction specialist” in the text to “real estate notary” or “real estate broker” (Enforced on April 1, 2015)
 - ② Added the “Summary of results of inspection of building conditions” section to the Important Points Explanation of Property to be Leased (Enforced on April 1, 2018) (p. 47)
2. In response to the revision of the Ordinance for the Prevention of Residential Rental Disputes in Tokyo and the Regulations for Enforcement of the Ordinance, the outline of the revision has been added and the articles have been replaced. (pp. 40 to 43)
3. The following have been added as reference.
 - ① Revision of the Civil Code (p. 34)
 - ② DIY-Type Lease (p. 35)
 - ③ Full-scale operation of IT-based explanations of important matters related to lease transactions and the explanation of the Ordinance for the Prevention of Residential Rental Disputes in Tokyo (p. 55)
4. Regular Rental Housing Contract - Standard Type (as of March 2018) (March 30, 2018, Ministry of Land, Infrastructure, Transport and Tourism) has been included. (pp. 56 to 79)
5. Other information has been updated as appropriate.

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