

## **Tutorial Video: “Regulated Tenancies of Subdivided Units - Steps to Make a Second Term Offer”**

<b>Time Stamp</b>	<b>Narration</b>
00:01	This video introduces the steps to make a second term offer for a regulated tenancy of “Subdivided Units”, i.e. the steps to renew the tenancy for two years.
00:11	Two months before the start of the second term tenancy, a landlord must make an offer by serving Form AR1 on the tenant.
00:19	For example if a first term tenancy commences on 15 March 2022,
00:23	the second term tenancy shall commence on 15 March 2024.
00:28	The relevant offer period would be two months earlier, i.e. the whole month of January 2024.
00:35	Please watch the video “How to complete Form AR1” for details.
00:39	The landlord must state the renewed rent in Form AR1.
00:44	The Form should be signed, completed in duplicate and served on the tenant.
00:49	The rate of rent increase must not exceed the control percentage, and is capped at 10%.
00:55	But if the control percentage is a negative figure, the renewed rent has to be reduced at least by that percentage.
01:02	For calculation of the renewed rent you may use the online calculator on RVD’s website and watch the video “How to use the Second Term Tenancy Rent Calculator” for details.
01:14	After receipt of the Form AR1 duly signed by the landlord, if the tenant decides to accept the second term offer,
01:21	the tenant must sign the Form AR1 in duplicate and serve them on the landlord before the expiry of the first term tenancy.
01:28	The landlord must then arrange the Forms to be stamped and return one of the stamped forms to the tenant within 30 days.
01:36	The stamp duty is to be borne by the landlord solely.
01:39	Besides, the landlord must submit a duly completed Notice of Tenancy (Form AR2) to the Rating and Valuation Department within 60 days after the second term tenancy has commenced.

01:51	There are two points to note. First, if a landlord fails to make a valid second term offer to the tenant via the Form AR1 within the offer period, the landlord shall be deemed to have renewed the tenancy with the tenant at the rent last payable by the tenant for the first term tenancy under the law.
02:09	But if the control percentage is a negative figure, the renewed rent has to be reduced downward by that percentage.
02:15	Second, if the landlord has made a valid second term offer via Form AR1 on the tenant within the offer period, whereas the tenant has failed to serve the signed Form AR1 on the landlord before the expiry of the first term tenancy,
02:30	the tenant is taken to have rejected the second term offer under the law and will not be granted the second term tenancy.
02:37	For more details, please visit the website <a href="http://www.rvd.gov.hk">www.rvd.gov.hk</a> of the Rating and Valuation Department. Tel. no: 2150 8303