

# Property Owner's Handbook



A Comprehensive Guide for Property Owners and Property Investors

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## Exclusive Property Owner's Handbook

### Introduction

We have constructed this comprehensive property owner's handbook as a service to our clients to familiarise you with our property management processes and procedures and tenancy management expectations.

We hope that you enjoy reading this handbook and ask that you become familiar with its contents. Should you have a query which you believe is not answered, please call us on (02) 9960 2789 and we will be happy to assist you.

### Disclaimer

This handbook has been prepared by **Galetto Real Estate** as a guide for property owners and investors.

Our officers, employees, agents and associates believe that the information and material contained in this handbook is correct at the time of printing but do not guarantee or warrant the accuracy or currency of that information and material. To the maximum extent permitted by law, our officers, employees, agents and associates disclaim all responsibility for any loss or damage which any person may suffer from reliance on the information and material contained in this handbook or any opinion, conclusion or recommendation in the information and material whether the loss or damage is caused by any fault or negligence on the part of our officers, employees, agents and associates or otherwise.

The information relating to the law in this handbook is intended only as a summary and general overview on matters of interest. It is not intended to be comprehensive nor does it constitute legal advice. Whilst our officers, employees, agents and associates believe that such information is correct and current at the time of printing, we do not guarantee its accuracy or currency. Many factors unknown to us may affect the applicability of any statement or comment that we make to your particular circumstances and consequently you should seek appropriate legal advice from a qualified legal practitioner before acting or relying on any of the information contained in this handbook.

The information contained in the handbook is of a general nature and does not take into account your objectives, financial situation or needs. Before acting on any of the information you should consider its appropriateness, having regard to your own objectives, financial situation and needs.

## SECTION ONE

### Commonly Asked Questions

#### Maximising Your Rent

##### How do you determine the best rent for my property?

We always strive to get you the maximum rent possible; however we also must keep in mind setting the correct market rent to get your property rented as soon as possible. Both factors are important to present your property on the market successfully for rent.

To do this, we consider these factors:

- a) **Demand**- Is there a high or low demand for properties at present. This can be seasonal and affected by a number of factors.
- b) **What is available now**- we look at properties currently available for rent in the newspaper and/or the internet, and consider their location and features for comparison to calculate a maximum rent for your property.
- c) **What we have rented right now**- We compare your property with what we have currently rented, taking into account property location and features.

These factors allow us to give you enough information to set the right rent for your property.

##### What if I want a rent amount that is higher?

You may place your property on the market at the rental amount you wish. However keep in mind that it is the market demand that sets the rent, and if the market (prospective tenants looking for a rental property) deem the amount of rent too high, your property may stay vacant longer than necessary.

With this in mind, be aware your annual rental return will be **reduced by 2% for every week it is vacant!**

##### How does the rent get reviewed during the time that you manage it?

When we need to secure you a new tenant, we will always review the rent against market conditions. This will also be done at lease renewal time, or at other times when required. We will always contact you for your permission before the rent is increased. Be Aware that we cannot increase the rent during the lease period, only when the fixed lease period is finished.

## **Getting the Best Tenant**

### **How does someone apply for my property?**

We always ask that the prospective tenant fill in an application form, signing giving permission for us to check the information provided. We will never discuss an applicant with you without this application form completed prior to contacting you.

### **What if an applicant contacts me?**

If in the unlikely chance a prospective tenant contacts you to discuss their application, or in fact ask questions regarding their rejected application, we insist that you simply request that they contact us (your agent). If they persist we insist that you do not discuss anything further to avoid unnecessary problems and complications.

### **How do you check an applicant?**

With the information provided we confirm their payment and tenancy history by calling their current and/or previous landlord/agent as well as confirming their employment, checking them against a National Tenancy Internet Database to see if they have been lodged as a bad tenant by a previous agent.

In some cases where an applicant may not have a tenancy history we try and confirm other information that may give us insight to show their ability to maintain a tenancy in your rental property, for example a stable employment history.

In some cases where this is not possible we may simply reject the application.

### **What reason do you have to give the applicant to reject their application?**

Legally we do not have to give a reason and by industry practice we never give a reason.

### **Who selects the applicant for my property?**

You do! We will simply give you the information we have collected and by using our experience give you a possible guide as to the tenancy outcome, but at the end of the day it is always your choice!

### **Do you guarantee the tenant?**

We can never guarantee any approved tenant for your property. We can only attempt to collect information on their past history and confirm their income arrangements. As their paying of rent and maintaining the property is purely voluntary we cannot guarantee any tenancy outcome. This is a landlord risk that comes with allowing someone else to rent your property!

## The Marketing of My Property

### What do you do to advertise my property?

Once we have a signed Management Agreement authorising us to act on your behalf, we list your property in the following forms of advertising:

#### Internet-

- Your property along with photos is entered onto the following websites, maximising coverage to any prospective tenant using the Internet to locate a rental property.
  - a) [www.galettorealestate.com.au](http://www.galettorealestate.com.au)
  - b) [www.realestate.com.au](http://www.realestate.com.au)
  - c) [www.domain.com.au](http://www.domain.com.au)
- Signboard – this is a call to action and can prompt a tenant to move to a new property.
- Newsletter – Electronic alert to our registered rental database.

## Property Presentation

### How should the property be presented?

We ask that the property be presented in the best manner possible to attract the right tenant for your property. We don't want a bad first impression to detract the right tenant from renting your property. Please refer to our guide '**Getting the Property Ready For Your Tenant**' in **Section 3**, with tips and checklists on how to present your property for rent.

### How Clean Should The Property Be When A New Tenant Moves In?

The property should be presented 'reasonably clean' in accordance with legislative requirements. Please refer to our guide to '**Getting the Property Ready for Your Tenant**' in **Section Three** for recommended levels of cleanliness.

As a very general rule we ask the tenant to leave the property at the standard they found it. In cases where the property is provided in an extreme level of cleanliness we ask the tenant to leave the property likewise. However in the case of a dispute legally we can only enforce that the tenant return the property in a 'reasonably clean' condition, this being their minimum legal obligation.

## Pets at My Property (If Permitted)

### If I allow pets at my property, what expectations will be given to the tenant?

If pets are permitted we will always require the tenants to sign a formal set of pet approval conditions.

#### This obligates them in the following ways:

- a) No additional pet may occupy the property without prior permission.
- b) The tenant must be responsible for any damage caused by their pet, and remove any rubbish or faeces deposited by the pet and have the carpet professionally cleaned.
- c) The tenant must have the property professionally fumigated inside and outside upon vacating the property with a receipt provided to the managing agent.

We also record the details of the pet on the agreement, which is then signed by the tenant.

## Receiving My Rent Monies

### When do I get paid my rent?

We will deposit all monies collected into your nominated bank account on the first day of the month.

### How do you collect the rent?

We collect the rent by **direct debit**

### What happens if my tenant does not pay the rent?

Paying the rent is always a voluntary action on behalf of the tenant. We can never force a tenant to pay their rent. Even a tribunal can only 'order' a tenant to pay but can never physically *force* them to pay. If a tenant does get behind in their rent payments, this is the process we follow.

**3 Days in arrears-** (Action)

**5-7 Days in arrears-** (Action)

**15 Days in arrears-** Serve a Termination Notice (This obligates the tenant to pay all monies owed within 14 days or vacate the premises)

**15 - 35 Days in arrears -** Lodge an Application with the Consumer, Trader & Tenancy Tribunal seeking an order for vacant possession and an order for payment of unpaid monies

**40- 54 Days in arrears-** Tribunal Hearing

**47- 56 Days in arrears-** Eviction

As you can see, the full legal process can be very drawn out and lengthy.

Unfortunately the bond will never cover the shortfall in rent.

Only if you have landlord insurance will there be a reasonable prospect of covering the rent payment shortfall, in the case of your tenant defaulting in their rent payments.

Without landlord insurance, the chance of recovering owed rent monies is minimal. If you have no protection for your rent payments, the problem is further compounded with the fact that the bond will probably be exhausted with owed rent. You will then most likely have cleaning up and re-letting costs, as well as outstanding monies like water usage owed by the tenant. Therefore without landlord insurance, this process can be quite financially damaging.

### **Inspecting Of My Property**

#### **Do you inspect the property at the beginning of a tenancy?**

We conduct a comprehensive inspection of your property when a tenant first moves in. We inspect your property area by area (lounge room, bedrooms, kitchen, front and rear yards, garage etc) and then all items present in each area (walls, ceiling, light fittings, curtains, windows, stove etc). We record their condition and cleanliness item by item, and then a brief description and detail about the item. This would involve recording details of any marks, scratches and dents etc. We also take photos outside, as well as inside the property (where required).

#### **How often do you inspect the property during the tenancy?**

We inspect the property initially and then six monthly thereafter. We are allowed a maximum of four (4) inspections per year in accordance with legislative requirements. This inspection is not as detailed as the start of tenancy inspection. This inspection is more of a walk through, checking room-by-room the tenant is keeping the property damage-free and reasonably clean. We will also take photos of the outside of the property, and any repairs or concerns observed. Please note that due to privacy reasons we are unable to take photos inside the property showing the tenant's belongings, and also we are unable to take any photos if the tenant refuses permission- this is in accordance with privacy legislation.

We also note any repairs reported or observed by us and any other recommendations needed to assist you in keeping the property in the best condition possible.

We send you a copy of the inspection usually with your end of month statement for that month. If there are emergency items, we will forward the report to you as soon as possible.

#### **What about when the tenant vacates the property?**

When the tenant lets us know they will be vacating, we send them detailed information on our expectations of how the property needs to be presented.

Once the tenant has fully vacated, we compare the property to the ingoing inspection report completed when the tenant moved into the property.



We carefully check through the report item-by-item, ensuring it has been left in the same condition as when they moved in, taking into account reasonable wear and tear for the period of time they have been in the property. This is a legislative requirement.

We ensure the property has been left reasonably clean. Should you have a battery- operated smoke alarm installed, it is a legal requirement that the battery be replaced by the landlord upon the change of each tenancy. It is the responsibility of the tenant to change the battery in the smoke detector during the tenancy. We check and also read the water meter (if the property is separately metered).

## **Taking a Bond**

### **How much bond do you take from the tenant?**

For both unfurnished and furnished premises the bond is set by legislation at a maximum of four (4) weeks rent.

### **When do you pay back the bond monies?**

We only refund the bond after the following has occurred

- a) The tenant has fully vacated the property and keys returned
- b) The property has been inspected, and is satisfactory when compared with the ingoing inspection report.
- c) All monies are paid. This could be any outstanding rent, water or anything owed by the tenant.
- d) If the tenant is breaking their lease, any break fees have been recovered.

### **If the tenant has a pet, can I ask for an extra bond (a pet bond)?**

Unfortunately no! We are legally only allowed to take one bond, as specified above.

## **Tenancy Agreements**

### **What do you explain to the tenant when they move into the property?**

We go through all of the most important expectations. For example, how they must pay their rent on time, where to pay their rent, what we do if they do not pay their rent. We discuss our repairs and maintenance policy, what happens in an emergency repair situation, how often inspections occur and what we look for. We also supply them with two copies of the ingoing inspection report, explain how they must check, sign and return one copy of the report to our office within 7 days. We explain and get them to sign the Bond Lodgement Form. We provide them with a copy of the Tenancy Handbook.

### **What do they sign?**

We prepare a Tenancy Agreement in duplicate covering the details of the tenancy, with terms and conditions.

We explain the main parts of the agreement to the tenant before we get them to sign it. We will then send you a copy of the tenancy agreement together with a copy of the ingoing inspection report, for your records.

**When do they get keys and possession of the property?**

After all the forms have been explained and signed, all bond monies and first payment of rent received we will then grant them the keys and possession of the property.

**Repairing and Maintaining My Property****Who is responsible for repairing my property?**

Under legislation, it is the responsibility of the landlord to keep the residential premises in a reasonable state of repair, considering the age of, the rent paid for and the prospective life of the property.

**Who is responsible for general wear and tear?**

General wear and tear that occurs from tenants just living in a property is expected and legislation provides that it be allowed. A few extra marks and scuffs on the walls, some chips and scratches to doors and doorways will occur over time, along with the gradual wear of everything that is in the property.

The only time a tenant can be held responsible is if wear and tear is considered 'excessive' for the time frame that the tenant has been in possession. For example, a newly painted property with walls severely marked after 2 years resulting in the walls having to be painted again may not be allowed as 'reasonable' wear and tear. In a Tribunal this type of situation, if proved, could result with the tenant paying for the painting to be done, minus any depreciation for the age of the paintwork at that point in time when it was repainted again.

Please also refer to the Residential Tenancies Act quotes in section 2 of this handbook for specific legislation on this issue.

**What if the tenant is at fault?**

If a tenant has caused damage to an item that is not the result of normal break down or wear and tear, this will be charged to the tenant.

Normally, a tradesperson would let us know that the repair was normal or was influenced or caused by the tenant.

**What about smoke alarms and light globes?**

These are both a landlord responsibility at the commencement of every tenancy as governed by NSW Office of Fair Trading and Environmental Planning and Assessment Amendment (Smoke Alarms) Regulation 2006.

The NSW Residential Tenancies Act requires that tenants are responsible for the replacement of light globes as well as batteries in smoke alarms during their tenancy.

**What happens if a repair is required after hours, or on weekends?**

The tenant has the right to contact one of our contractors specified on the lease or contact some other licensed tradesperson. It must be urgent ie – toilet blocked, water leak.

**Who is responsible for maintaining the lawns and gardens?**

Unless otherwise agreed, the tenant is responsible to maintain the lawns and gardens to the standard they were given at the start of the tenancy.

If the property is provided with watering systems these need to be working and kept maintained during the tenancy.

**What about cleaning the roof gutters and pruning?**

From an insurance perspective it is wise for it to be a landlord's responsibility to ensure these are done. Of course, we can arrange gardeners on your behalf to do these for you.

**Renewing the Lease with My Tenant****Who decides if the lease will be renewed?**

You do! We will contact you by letter before the lease is due, and seek your instructions if you wish to renew or in fact not renew the lease. Once we have your approval we will then approach the tenant to have the lease renewed.

**If I do not wish to renew the lease, do I have to give a reason?**

If you do not wish for the lease to be renewed you are not obligated to give your tenant a reason.

## Notice Required When My Tenant Is Vacating

### How much notice must my tenant give when they want to vacate the property?

The tenant can give 14 days' notice in writing to vacate at the end of the fixed term of the Tenancy Agreement.

Once the fixed term of the Tenancy Agreement has expired, the tenant is required to give 21 days' notice in writing if they want to vacate.

## Breaking of a Fixed Term Lease

### Who pays for the letting fee and advertising costs when a tenant breaks their fixed term lease early?

Unfortunately we have no control over the tenant breaking their lease early. People's circumstances change and sometimes they move out earlier than expected. In this case, we will need to charge letting fees and advertising again and charge the tenant accordingly.

If the tenant wants to break their fixed term lease and leave early, the following requirements will apply:

- Rent must be paid either up until a new tenant is found or the expiry date of the lease, whichever comes first.
- A percentage of the advertising costs and the agents re-letting fee. For example, if the tenant breaks the lease 9 months into a 12 month term there is about 25% of the lease remaining so you would expect to pay 25% of those amounts.

## Breaches of Tenancy

### What happens if the tenant breaks one or more of the conditions of tenancy?

Depending on what has occurred depends largely on what action is taken. If the breach is minor approaching the tenant verbally or in writing maybe appropriate. If it is something serious we will consult with you first to discuss what action to take.

Serious breaches of tenancy may involve using the property for illegal purposes or bringing in pets without prior permission, etc.

We will let you know whether we should serve a Termination Notice on the tenant first or use more diplomatic means to rectify the breach. If a Termination Notice is required, it will be a 14 day notice.

## Landlord Insurance

### Why do I need landlord insurance if I have an agent?

We at no time can guarantee your tenant's performance at your property. The risk belongs to the owner of the property, and therefore the owner should be insured for such a risk.

Your management agency agreement also obliges the owner to ensure they are fully and adequately insured.

### Why do I need landlord insurance if I have a good tenant?

Even a good tenancy can turn bad. If the tenant's circumstances change sometimes the tenancy will become unstable. This can result in rent owing and the property not maintained. It pays to be properly insured, even with a good tenant.

### What does landlord insurance cover?

Landlord insurance will cover rent loss due to tenant default and malicious damage to the property caused by the tenant.

It is important for you to know what your landlord insurance policy will and won't cover. Please consult with your landlord insurer so that you are fully aware of the extent of your cover and also any excesses that may be applicable in the event of a claim.

## Smoke Alarms

### What type of smoke alarm should be fitted?

We always ask that a **hard-wired smoke alarm** be fitted to all rental properties; due to the high chance of a tenant tampering with a removable battery powered alarm (9-volt battery powered alarms) and onerous obligations imposed upon landlords under the Residential Tenancies Act who install 9 volt battery powered alarms.

In the case where a hard-wired smoke alarm cannot be fitted, then it is recommended that a 10 Year Lithium Battery Operated alarm be installed. This type of alarm is easily fitted like a 9-Volt type alarm, but the 10 Year Lithium alarm has a battery sealed inside that cannot be removed.

The Environmental Planning and Assessment Amendment (Smoke Alarms) Regulation 2006 specifies the type of alarm to be installed and its location.

### Why can't I just have the cheapest smoke alarm possible?

Due to the common problem of tenants removing and not replacing the batteries to these alarms, we believe that these types of alarms have a high chance of not working if there is a fire.

Therefore to provide the highest chance possible the smoke alarm will work in case of a fire, we insist that hard-wired alarms be installed. You might comply with legislation but we are not safe with tenant tampering with batteries.

Please let us know if you would like us to arrange for hard-wired smoke alarms to be fitted into your rental property.

We also recommend an annual check of the smoke alarms which we can organise for you. All alarms need to be checked prior to a new tenancy to make sure they are in working order.

## **Pest Control Services**

### **Should I get my property regularly checked for termites?**

Yes! We strongly recommend all of our clients choose a pest control service and request that they regularly check your property for termite activity at the frequency they recommend.

Unfortunately we do not contract them to do this on your behalf, unless you specifically instruct us in writing to do so each time it is required.

Please note, it is a general exclusion of all building insurance policies that damage to your property caused by termites is not covered (not insurable). Therefore regular checking is the best way to prevent termite damage, or at least attempt to identify warning signs that termites are creating damage.

Without this the damage could be substantial and very costly to rectify.

## **Costs Incurred At My Rental Property**

### **Who pays for electricity and/or gas charges?**

These are normally a tenant's expense. However if there are charges relating to the supply of these services to a property, then the supply charges are at the landlord's cost.

A good example of this is if a property has bottled gas supplied. The tenant pays for the gas in the bottles; however the landlord would be responsible for the charges related to the gas bottle rental. This is a charge associated with the supply of the gas.

Also if you are moving out of your property and you have your own gas bottles remaining, please remove them. There is a high chance that these bottles will be accidentally removed by a gas bottle supply company, giving room for an avoidable dispute with your tenant and missing gas bottles. Let the tenant arrange their own rental bottles. This must be disclosed to any intending tenant when viewing your property and a special condition clause inserted in the Tenancy Agreement to avoid any disputes.

### **Who pays for water charges?**

Water usage charges can be charged to the tenant for all water used during the tenancy where the property is separately metered. The water usage charge will appear on your water rate notice.

The property must comply with strictly defined water efficiency standards to be able to charge the tenant for water usage. All internal cold water taps and single mixer taps (including showers) must have a maximum nine (9) litre flow rate and there must be no leaking taps at commencement of the tenancy.

Bath tub taps, taps for appliances such as dishwashers, hot water systems, washing machines, single hot water taps, toilets and garden taps are exempt.

In most cases where gardens and lawns are involved, the landlord can elect whether to recover the full cost of water used by the tenant or apportion the amount according to the care of the lawns and gardens. Some landlords wish to charge the tenant *all water costs*. This is optional; however we do believe that an incentive should be given to the tenant to ensure the garden remains healthy.

### **How do you calculate what water charges the tenant has to pay?**

Water usage is not levied by water authorities to tenants on a separate rate notice. Usage charges appear on and form part of your water rate notice. Should you wish to charge the tenant for water used during the tenancy please send us a copy of the front and back pages of your rate notice as soon you receive it, and we will charge the tenant for the water used during that rating period.

Please note that under NSW legislation, to recover water usage charges from the tenant, the charge must be levied on the tenant within 90 days of receipt of the rate notice.

We will record the water meter reading on the ingoing inspection report at the start of the tenancy. This is done on line through the Sydney Water website – the water usage calculator - <http://www.sydneywater.com.au/CustomerServices/WaterUsageCalculator/>

Upon receipt of your water rate notice as detailed above we will calculate the metered water used and will charge the tenant accordingly. As required by legislation, tenants can only be charged for metered water used.

At the end of the tenancy we will record the water meter reading and charge the tenant for water used since the last rate meter reading detailed on your water rate notice.

### **What about council and sewerage rates?**

All these costs must be paid by the landlord as specified by legislation. However any charges for excess rubbish or sanitary charges and any charges for pumping out a septic system can be charged to the tenant.

### **Receiving My Financial Statements**

#### **Why do I receive statements?**

We will issue you both monthly and yearly financial statements, accounting for all monies we have handled and disbursed to you on your behalf in accordance with legislative requirements.

You will receive your monthly statements together with any tax invoices from tradespersons or other disbursements paid during that month on your behalf. Your end of year statement accounts for all monthly statements accumulated, for accountancy ease.

#### **When do I receive these statements?**

Your monthly statement will be sent to you approximately on the last working day of every month, and the end of year statement will come to you in July of each year being the month immediately following the end of the financial year.

#### **How do I understand these statements?**

If you do not understand how to read or confused about any matter our staff are here to help, please contact us to discuss. Please see our website for a detailed breakdown of how to read your statement.

#### **What do I do if I misplace a statement?**

Call us and we will reissue another one to you.

#### **Selling or Moving Back Into My Property**

##### **What happens to the tenancy if I wish to sell my property?**

You may sell your property at any time. However, any fixed term lease in place is guaranteed to your tenant. This means if a person buys your property and they wish to occupy it, they must wait until the fixed term has expired, unless the tenant agrees otherwise. If the tenant agrees to move out early they may seek some form of compensation.

##### **What if I want to move in or someone from my family wants to move in?**

Again, any fixed term lease is guaranteed unless the tenant agrees to move out early.

As is the case with the property being sold, this usually involves an amount of compensation being paid to the tenant as agreed by both the landlord and the tenant.

##### **What if they are on an expired agreement?**

If they are on an expired agreement, you may give them notice to vacate the property.

You may give them a minimum **30 days' notice** where the property has been sold (contracts exchanged) and the purchaser requires vacant possession.

Otherwise, **90 days' notice** is required in all other instances.

##### **Can you sell my property on my behalf?**

Of course! Selling your property is part of the service we provide.



It is always preferred that we sell your property. It is much easier to coordinate access with the tenant between the sales and rental departments if you are using the same agency for both services.

Your tenant will also be more comfortable to deal with a company they are already familiar with.

Just let us know if you want to sell, even if you are just thinking about it. So that we can start working out a campaign and the best way to sell your property.

We must give the tenants fourteen (14) days' notice of intention to sell the premises before the property is made available for inspection. The tenant is not required to give access more than twice a week and must be given 48 hours notice of an impending inspection.

## SECTION TWO

### NSW Tenancy Legislation- How It Affects You and Your Tenant

#### How it affects you and your tenant

For your information we have added some portions of the Residential Tenancies Act that we wish to inform you about. These are common areas that are commonly misunderstood, or are not aware of.

#### Some Landlord Rights and Obligations

##### Sec 33 - Tenant to pay only 2 weeks rent at the start of the tenancy

*(2) A landlord must not require a tenant to pay more than 2 weeks rent in advance under a residential tenancy agreement or to pay rent for a period of the tenancy before the end of the previous period for which rent has been paid.*

*Note: A tenant may pay more than 2 weeks rent if the tenant wishes to do so.*

##### Sec 70- Security and safety at the property

*(1) A landlord must provide and maintain the locks or other security devices necessary to ensure that the residential premises are reasonably clean and secure.*

*(2) A landlord or landlord's agent must give to each tenant named in the residential tenancy agreement a copy of the key or any other opening device or information required to open a lock or security device for the residential premises or common property to which the tenant is entitled to have access.*

*(3) The initial copies are to be provided free of charge but the landlord may recover from a tenant the cost of providing replacement or additional copies.*

*(4) This section is a term of every residential tenancy agreement.*

## **Providing a Clean Property**

### **Sec 52- Landlord's responsibility for cleanliness**

*(1) The landlord must provide the residential premises in a reasonable state of cleanliness and fit for habitation by the tenant.*

## **Repairing the Property**

### **Sec 63- Landlord's responsibility for repairs**

*(b) A landlord must provide and maintain the residential premises in a reasonable state of repair, having regard to the age of, rent payable for and prospective life of the premises.*

### **Sec 51- Allowance for reasonable wear and tear**

*(3) On giving vacant possession of the residential premises, the tenant must:*

*(b) Leave the residential premises as nearly as possible in the same condition, fair wear and tear excepted, and, if there is a condition report, as set out in the condition report applicable to the premises when the agreement was entered into .*

The Office of Fair Trading defines "fair wear and tear" as meaning the deterioration that occurs over time with the reasonable use of the premises by the tenant and the ordinary operation of natural elements, even though the premises receive reasonable care and maintenance.

## **Landlord Right of Entry Into The Property**

### **Sec 55- Landlord's access to residential premises**

*(1) A landlord, the landlord's agent or any other person authorised by the landlord may enter residential premises during a residential tenancy agreement without the consent of the tenant, and without giving notice to the tenant, only in the following circumstances:*

*(a) In an emergency,*

*(b) To carry out repairs*

*(c) If the landlord, landlord's agent or person has made a reasonable attempt to obtain entry with consent and has reasonable cause for serious concern about the health and safety of the tenant or any person that the landlord, landlord's agent or person believes is on the residential premises,*

*(d) If the landlord forms a reasonable belief that the residential premises have been abandoned ,*

*(e) In accordance with an order of the Tribunal.*

*(2) A landlord, the landlord's agent or any other person authorised by the landlord may enter residential premises during a residential tenancy agreement without the consent of the tenant, after giving notice to the tenant, only in the following circumstances:*

- (a) To inspect the residential premises, not more than 4 times in any period of 12 months, if the tenant has been given not less than 7 days written notice each time*
- (b) To carry out or assess the need for necessary repairs (other than urgent repairs) to, or maintenance of, the residential premises, if the tenant has been given not less than 2 days notice each time,*
- (c) To carry out, inspect or assess the need for work for the purpose of compliance with the landlord's statutory obligations relating to the health or safety of the residential premises, if the tenant has been given not less than 2 days notice each time,*
- (d) To value the property, not more than once in any period of 12 months, if the tenant is given not less than 7 days notice each time,*
- (e) To show the premises to prospective tenants, a reasonable number of times during the period of 14 days preceding the termination of the agreement, if the tenant is given reasonable notice each time,*
- (f) If the landlord and tenant fail to agree under section 53 to show the premises to prospective purchasers, not more than twice in any period of a week, if the tenant is given not less than 48 hours notice each time.*

#### **Sec 56**

*(1) The landlord, the landlord's agent or any other person authorized by the landlord may enter the residential premises at any time during the residential tenancy agreement with the consent of the tenant.*

#### **Sec 57**

*(1) A landlord, the landlord's agent or other person who enters residential premises under a right to enter the premises without the consent of the tenant:*

- (a) Must enter the premises between the hours of 8.00am and 8.00 pm, and*
- (b) Must not enter on a Sunday or a public holiday, and*
- (c) Must not stay on the residential premises longer than is necessary to achieve the purpose of the entry to the residential premises, and*
- (d) Must if practicable, notify the tenant of the proposed time and day of entry.*

#### **Sec 106 - Abandoned premises**

- (1) The Tribunal may, on application by a landlord under, make an order declaring that the tenant abandoned the residential premises on a specified day.*
- (2) The tenant is taken to have abandoned the residential premises on the specified day.*

#### **Sec 107 - Right of landlord to compensation where tenant abandons Premises**

- (1) The Tribunal may, on application by a landlord, order a tenant to pay compensation to the landlord for any loss (including loss of rent) caused by the abandonment of the residential premises by the tenant.*

(2) The landlord shall take all reasonable steps to mitigate the loss and is not entitled to compensation for any loss that could have been avoided by taking those steps.

(3) The compensation payable by a tenant under this section in respect of a fixed term agreement is limited to the amount of the applicable break fee for the tenancy, if the agreement provides for such limitation.

(4) The **break fee** for a fixed term agreement for a fixed term of not more than 3 years is:

(a) an amount equal to 6 weeks rent if less than half of the fixed term had expired when the premises were abandoned, or

(b) an amount equal to 4 weeks rent in any case.

(5) The **break fee** for a fixed term agreement for a fixed term of more than 3 years is the amount set out in subsection (4) or, if an amount is specified in the agreement, the amount specified. An agreement must not specify a break fee exceeding the amount (if any) specified by the regulations.

(6) The amount of any money paid by a tenant to a landlord on terminating a fixed term agreement before the end of the fixed term or before otherwise abandoning the premises (other than money previously due to the landlord under the residential tenancy agreement) is to be deducted from any amount payable to the landlord under this section.

(7) This section does not prevent a landlord from obtaining an occupation fee under Division 2 of Part 6 for goods left on the residential premises.

## Termination of a Tenancy- Grounds Allowable

### Sec 81- Termination of residential tenancy agreements *Circumstances of termination of residential tenancies*

(1) Termination as set out in Act

A residential tenancy agreement terminates only in the circumstances set out in this Act

(2) Termination by notice and vacant possession

A residential tenancy agreement terminates if a landlord or tenant gives a termination notice in accordance with this Act and the tenant gives vacant possession of the residential premises.

(3) Termination by order of Tribunal

A residential tenancy agreement terminates if the Tribunal makes an order terminating the agreement under this Act.

(4) Other legal reasons for termination

A residential tenancy agreement terminates if the Tribunal makes an order terminating the agreement under this Act.

(a) A person having superior title (such as head landlord) to that of the landlord becomes entitled to possession of the residential premises,

(b) A mortgagee of the residential premises becomes entitled to possession of the premises to the exclusion of the tenant

(c) A person who succeeds to the titles of the landlord becomes entitled to possession of the residential premises to the exclusion of the tenant

(d) The tenant abandons the residential premises,

(e) The tenant gives up possession of the residential premises with the landlord's consent, whether or not that consent is subsequently withdrawn,

- (f) *The interests of the landlord and tenant become vested in one person (merger)*
- (g) *Disclaimer occurs (such as when the tenant's repudiation of the tenancy is accepted by the landlord).*

## Some Tenant Rights and Obligations

### The Tenants Right to Quiet Enjoyment Of The Property

#### Sec 50- Tenant's right to quiet enjoyment

- (1) *A tenant is entitled to quiet enjoyment of the residential premises without interruption by the landlord or any person claiming by, through or under the landlord or having superior title (such as a head landlord) to that of the landlord*
- (2) *A landlord or landlord's agent must not interfere with, or cause or permit any interference with the reasonable peace, comfort or privacy of the tenant in using the residential premises.*
- (3) *A landlord or landlord's agent must take all reasonable steps to ensure that the landlord's other neighbouring tenants do not interfere with the reasonable peace, comfort or privacy of the tenant in using the residential premises.*

### Tenant's Responsibility for Cleanliness and Damage

#### Sec 51- Cleanliness, notification of damage to residential premises, etc.

- (2) *A tenant must do the following:*
- (a) *keep the residential premises in a reasonable state of cleanliness, having regard to the condition of the premises at the commencement of the tenancy,*
- (b) *notify the landlord of any damage to the residential premises as soon as practicable after becoming aware of the damage.*
- (3) *On giving vacant possession of the residential premises, the tenant must:*
- (a) *remove all the tenant's goods from the residential premises*
- (b) *leave the residential premises as nearly as possible in the same condition, fair wear and tear excepted, and, if there is a condition report, as set out in the condition report applicable to the premises when the agreement was entered into,*
- (c) *leave the residential premises in a reasonable state of cleanliness having regard to the condition of the premises at the commencement of the tenancy,*
- (d) *remove or arrange for the removal from the residential premises of all rubbish, having regard to the condition of the premises at the commencement of the tenancy,*
- (e) *return to the landlord all keys, and other opening devices or similar devices, provided by the landlord to the tenant.*

### Alterations To The Property

#### Sec 66- Alterations, additions, etc. to residential premises

- (1) A tenant must not, without the landlord's written consent or unless the residential tenancy agreement otherwise permits, install or cause to be installed a fixture or make or cause to be made any renovation, alteration or addition to the residential premises.
- (2) A landlord must not unreasonably withhold consent to a fixture or to an alteration, addition or renovation that is of a minor nature.
- (3) A landlord may withhold consent to any other action by the tenant that is permitted under this section whether or not it is reasonable to do so.
- (4) A fixture installed by or on behalf of the tenant, or any renovation, alteration or addition to the residential premises by or on behalf of the tenant, is to be at the cost of the tenant, unless the landlord otherwise agrees.

### **Not Use the Property for Illegal Purposes, or be a Nuisance**

#### **Sec 51- Use of premises by tenant**

- (1) A tenant must not:
- (a) Use the residential premises, or cause or permit the premises to be used, for any illegal purpose,
  - (b) Cause or permit a nuisance,
  - (c) Interfere, or cause or permit any interference, with the reasonable peace, comfort or privacy of any neighbour of the tenant,
  - (d) Intentionally or negligently cause or permit any damage to the residential premises,
  - (e) Cause or permit a number of persons to reside in the residential premises that exceeds any number specified in the residential tenancy agreement.

### **Conditions for Tenant to Claim for Self- Funded Repairs**

#### **Sec 64- Urgent repairs**

- (1) It is a term of every residential tenancy agreement that the landlord shall, not later than 14 days after receiving a written notice from the tenant, reimburse the tenant for any reasonable costs of making urgent repairs to the residential premises.
- (2) A landlord is required to reimburse costs only if:
  - (a) The state of disrepair did not result from a breach of the residential tenancy agreement by the tenant, and
  - (b) The tenant gave the landlord or the landlord's agent notice of the state of disrepair or made a reasonable attempt to do so, and
  - (c) The tenant gave the landlord or landlord's a reasonable opportunity to make the repairs, if notice was given, and
  - (d) The tenant has made reasonable attempt to arrange for a licensed or otherwise properly qualified person nominated in the residential tenancy agreement to carry out the repairs, if such a person is so nominated, and
  - (e) The repairs were carried out, if appropriate, by a licensed or otherwise properly qualified persons, and
  - (f) As soon as practicable after the repairs were carried out, the tenant gave the landlord or landlord's agent, or made a reasonable attempt to give the landlord or landlord's agent a written notice setting out details of the repairs and the costs of the repairs, together with the receipts or copies of receipts for costs paid by the tenant.

(3) The maximum amount that a tenant is entitled to be reimbursed under this section is \$1,000 or such amount as may be prescribed by the regulations.

(4) Nothing in this section prevents a tenant, with the consent of the landlord, from making repairs to the residential premises and being reimbursed for the costs of those repairs.

### Obligation To Give 21 Days Notice On A Non-Fixed Term Tenancy

#### Sec 97- Notice of termination by tenant without any ground

(1) A tenant may, at any time, give a termination notice for a periodic agreement.

(2) The termination notice must specify a termination date that is not earlier than 21 days after the day on which the notice is given.

## SECTION THREE

### A Guide to Getting Your Property Ready for Tenancy

For your convenience we wish to provide you with a guide to getting your property ready for your new tenant. It covers common areas overlooked by owners when moving out.

We have also structured the guide into a convenient checklist format.

#### Some things to do

**Have your mail redirected.** Please ensure that all mail is re-directed to your new address.

**Utilities** - Electricity, Gas, Phone, etc. Please ensure all accounts are advised and cancelled accordingly. The only services to remain in your name (with your new postal address) is water and council rates.

**Appliance Manuals** - Please give them to us, so that we can photocopy and place in the tenancy house folder. All originals are stored in your file for future reference.

**Keys** - Please ensure all locks have keys. We will need to provide each tenant with a set of keys.

#### Cleaning Guide

##### Inside the property

**Walls** - please clean off any dirty marks, removable scuff marks, finger or food marks etc.

**Ceilings** - Please remove any cobwebs

**Ceiling Mould** - please clean off (particularly in wet areas and sometimes in bedrooms).

**Light Fittings** – Clean off dust and remove any dead insects inside

**Ceiling Fans** – Wipe fan blades and tops of fittings to remove dust build up

**Skirtings** – Wipe down with a damp cloth

**Doorways, Doors** - Wipe off finger marks and any other removable marks

**Windows** – Clean inside and out - (please note - nearly all modern sliding aluminium windows can be lifted and pulled out for easy cleaning). Also sills and runners (wipe out dust build up and any dead insects. A vacuum cleaner and paint brush can really help here).

**Flyscreens** - brushed and dusted down. (Please be aware, most modern sliding aluminium windows allow for the flyscreens to be taken off from the inside only, once the sliding part of the window has been moved first. Attempting to take them off from the outside may result in damaging them).

**Screen Doors** - Front and back including frames – wiped clean and screen wire brushed

**Stoves** – Clean stove top, control display, knobs, panels around knobs, any pull out or in-built drip trays, grill racks, trays and any inserts, oven racks, trays and oven bottom, walls and oven roof. A good oven cleaner will clean most ovens - **however it is of importance that you read carefully the instructions on the product.** Some cleaners can actually hinder oven surfaces (like stainless steel), and also some products have dangerous caustic fumes. Therefore use with extreme caution!

**Kitchen Range hood** – Clean pull out filters and framework.

**Bathroom** - Clean sink, mirror, cabinet, vanity unit and drawers, shower recess, glass screen and screen doors, bath and wall tiles. Please ensure both the sink and bath have plugs available.

**Toilet** - Clean cistern, seat, bowl inside and also outside around the base. Don't forget the skirting tiles around the toilet.

**Laundry** - Clean both the inside and outside of the trough, and underneath. Please ensure a plug is present.

**Tiling** - All tiling and grouting to the kitchen, toilet, bathroom and laundry areas are clean.

**Exhaust** - Vents and Fan Covers are clean of any dust and dirt.

**Air-conditioners** - Front Vents and filters cleaned of built up dirt. Modern systems (Wall Type)- filters easily pull out and can be brushed down with a hand brush. If there is a ducted reverse-cycle air-conditioner unit, the air intake filter should be cleaned. This is usually on the ceiling in the passage area.

**Air-conditioning Ceiling Duct Vents** - please clean down if dusty or dirty.

**Cupboards/Drawers**- Please clean/wash inside and out. Also doors and door frames, front and back of doors need to be cleaned.

**Curtains** - wash any washable curtains and netting. If other curtains are visibly dusty or dirty, consider dry cleaning.

**Blinds** - If you have venetian blinds, clean off the blind slats. Any other type of blinds should be able to be wiped down.

**Floors** - to be mopped/washed if needed - please ensure corners and hard to get areas are also cleaned.

**Carpets** - To ensure a greater chance of the carpets being returned by a tenant professionally cleaned, we ask also that the carpets be professionally cleaned. Phone us for details of who we recommend and use.



## Outside the property

**Lawns** - Freshly mowed and edged (best done a couple of days before the tenant takes possession).

**Gardens** – remove any weeds, any rubbish and built up leaves etc.

**Guttering** – please ensure that the gutters are freshly cleaned of any dirt/silt and leaves/twigs.

**Rubbish** - remove any rubbish that you have placed at the property. Be sure to check behind sheds, under shrubs and trees. This includes lawn clippings piled and compost left.

**Sweep** paths and paving areas (this is best done before a tenant takes possession).

**Oil spillage removal** – Check and clean carport and garage floors, paths and driveway. If you have used a barbeque, check for any grease spots and spillages etc.

**Cigarette Butts** - If there are cigarette butts lying around - please pick up and remove.

**Garages and Tool Sheds**- please remove any items from inside and behind garages and tool sheds. The only things that perhaps should remain are items directly related to the property (for example spare roof tiles, other spare tiles and paint tins etc.)

## If you have a pet

**Pet Droppings** - please remove from gardens, lawns and any out of the way areas. Please dispose of in the bin – please do not bury them.

**Dog Urine** - remove/clean where your pet may habitually urinate (Base of walls, veranda posts etc.)

**Dog stains** - to outside walls- check where your dog regularly lies down, there may be 'tell -tale signs' on walls etc.

**Dog/Cat claw damage** - check screen doors, flyscreens and curtains. Please replace the screen wire if required.

**Dog chew damage** - please ensure watering systems are free of dog chew damage and are repaired accordingly.

**Pet Hair** - Please ensure any visible pet hair inside is removed.

## SECTION FOUR

### Our Written Service Standards and Guarantee

We commit to you in writing that we will perform the following duties when managing your property.

#### Marketing your property for lease

We will place a listing for your property on all the real estate websites that we subscribe to and each listing will include professional photographic images of the property plus a floor plan.

We will conduct an unlimited number of private viewings of your property each week until the property is leased (subject to access provided to us by any current occupant).

We will distribute goody bags at our open homes to all prospective tenants and treat the tenants with respect

We will operate 1/2hr open homes

- All property viewings will be carried out by one of our representatives (we do not give out keys to prospective tenants).
- We will update you on the status of your available property at least twice each week.

#### Leasing your property

- All information and references provided by tenancy applicants will be verified by us within 1 working day of receipt.
- All tenancy applicants will be screened on the national tenancy databases that we subscribe to.
- Unless you instruct otherwise, all potentially suitable tenancy applications will be referred to you for a decision.
- We will lease your property for the rental amount nominated in the Management Agency
- Agreement between us (or higher if the market justifies it) and the property will not be leased for a lower amount without your prior approval.
- Subject to the tenancy commencement date and the tenant's availability, we will prepare the tenancy documentation within 2 working days of tenancy approval.

### Rent collection

- We have a zero tolerance rent arrears policy.
- We will follow up all rent payments in accordance with:
  - our fully documented arrears process, and
  - the requirements of the relevant legislation
- Should your tenant get to 15 days in arrears, we will contact you to seek your instructions regarding possible termination of the tenancy.
- Should termination of the tenancy be necessary, we will keep you informed throughout the legal process.
- You will be advised once the rent arrears have been paid by the tenant.

### Rent monies

- All monies received by us will be banked into your nominated bank account, or posted by cheque to you within 2 working days of our Rent Statement close off date.

### Repairs and maintenance

- All non- urgent repair requests from tenants will be attended to within 2 working days of receipt.
- We will not arrange any repairs to your property without your knowledge and approval (unless the repair is defined as “urgent” under the Residential Tenancies Act).
- We will attend to any “urgent” repair requests within 4 hours of receipt.
- All reasonable steps will be taken to obtain the best pricing for your repairs and maintenance.
- We will only use appropriately licensed and insured tradespeople for any repairs or maintenance work to your property.
- We will provide you with a copy of invoices for all work arranged on your behalf for the property.

### Tenancy agreement renewals

- We will review the tenancy agreement for your property 90 days prior to its expiry.
- Unless you instruct otherwise, we will offer the tenant a renewal of tenancy agreement for the same period as the initial agreement at the same rent (or a higher rent if the market justifies it).
- You will be advised if the tenant does not want to renew their tenancy agreement.

### Periodic inspections

- We will carry out 2 periodic inspections on your property each year and provide you with a detailed report each time.

### Tenant vacating

- On receipt of a tenant vacating notice we will:
  - advise you by phone, letter, fax or email
  - confirm the details in writing to both you and the tenant
  - list the property on our website & put the agreed advertising plan into effect within 1 working day
  - prepare all necessary vacating documentation
  - arrange access for viewings by prospective tenants
- A pre-vacating inspection will be carried out to check for any potential problems with the property.
- After the tenant vacates the property:
  - process the tenant's rental bond refund within four working days
  - if deductions from the rental bond are considered necessary, full details will be provided to both you and the tenant
  - complete all necessary documentation to finalise the rental bond within a further 2 working days.

### Property disbursements and statements

- All agreed property disbursements will be paid on your behalf prior to the due date (subject to the availability of funds).
- Your Rent Statement will be sent to you within 2 working days of our monthly close off date.
- Your Rent Statement will be personally checked by your Property Manager prior to being forwarded to you.
- We will provide you with an accurate Annual Income and Expenditure Statement within 30 days of the end of the Financial Year.

### General communication

- Our office hours are 9.00am – 5.30pm 5 days per week and Saturday 9.00am – 4.00pm.
- We will respond to:
  - telephone messages within 4 hours
  - email within 1 working day
  - fax within 24 hours
  - mail within 48 hours
- We will promptly advise you of any pertinent matters affecting your property or the tenancy.

### Complaints handling

- Tenant's complaints received in writing (i.e. fax, letter, email) will be acknowledged within one working day
- All complaints will be formally recorded and responded to within two working days.

### Documentation

- We will provide all documentation in clear and concise English.
- We will ensure that all documentation is accurate and complete.
- All property condition reports will be comprehensively and accurately completed.
- Copies of all documents that we sign on your behalf as agent will be forwarded to you (unless you instruct otherwise).

### Personal information

- All personal information will be held in the strictest confidence and will not be released to a third party without written authorisation.
- All updates and corrections advised to us will be recorded in our system within one working day.

### Professional standards

- The highest standards of honesty, integrity and professional practice will be conducted in compliance with the Code of Conduct of the Real Estate Institute of New South Wales

### **Our guarantee to you**

- If we fail to meet any of these standards, and we are notified in writing and we do not rectify the matter within 2 business days, we will manage your property for 3 months- management fee free.
- This Guarantee does not apply when:
  - We are requested to carry out non-standard duties.
  - Matters are outside our control. For example, a natural disaster or accident