
Renting: a tenant's guide



REINSW FACT SHEET

As a tenant, you have certain rights under the law. This fact sheet provides helpful information about being a tenant.

Renting somewhere to live offers a number of benefits. For instance, you might plan to move to a new area and want to find out what it is like before you buy, you do not want a long term mortgage, you want to be free of repairs or maintenance, you can live in an area or a property that you may not otherwise be able to afford and it is easier to move somewhere else than if you owned a home.

In New South Wales, the *Residential Tenancies Act 1987* was introduced to make clearer the rights and responsibilities of property owners, their agents and tenants. It's important to be aware of what the law requires. Contact your agent or the Department of Fair Trading if you need more information.

Looking for a Property

There are many things to consider when looking for a rental property. Some are obvious such as how much you want to pay, where you would like to live, how long you want to live there for and what sort of accommodation you need. Other things you need to consider are whether you need a garage or parking space, the level of security the property provides, laundry facilities, heating or air-conditioning and what is included with the property, such as furniture, curtains, dishwasher and so on.

There are a number of ways to find properties to rent. Both newspapers and the Internet are a good starting point. Contacting agents in the area you want to live can also bring results. Be aware of local supply and demand conditions. At some times there is a shortage of rental properties and at other times, there are a lot of properties available for

rent. If there is an oversupply of properties, this can influence the price an owner is seeking and sometimes it is possible to negotiate a lower rent.

Make sure you carefully inspect the premises. Often this can occur when the tenants who are moving out are still living there. Check what belongs to them and what will remain. Calculate your finances before committing to a property, as you'll have to pay a bond and rent in advance. Remember moving costs can be expensive.

Applying for a Tenancy

Once you have found a property that you want to rent, you need to complete a Tenancy Application Form. You'll need to supply full identification (such as drivers' licence, or other identification) and details of your employment and previous renting history, including references.

You may be asked to pay a Reservation Fee while the agent checks references and the landlord considers your application. The maximum reservation fee is one week's rent. A landlord or their agent can only hold one reservation at a time. You must be given a receipt for the Reservation Fee. If your application is successful, the fee will go towards the rent. If your application is not accepted, the fee must be given back to you. If you have paid a Reservation Fee and change your mind about renting the property, then you may be held liable for the number of days the property has been off the market.

Starting a Tenancy

Before you enter into an agreement as a tenant, you must be given a copy of the proposed tenancy agreement and the Department of Fair Trading publication, The Renting Guide. Read them carefully.

Information Kits

Some agents provide ingoing tenants with information kits. These kits are designed to provide you with useful information and tips including specific procedures to follow in the event of notification of repairs or terminating the tenancy.

Rent

The rent must be agreed before the tenancy starts and be written in the tenancy agreement. You must also agree to how it is paid, whether it's paid in person, deposited into a bank account, rent card or electronic banking. These details will also be included in your written agreement.

You must sign a written Residential Tenancy Agreement when the tenancy starts. The agreement outlines the terms of the tenancy and the obligations of the tenant and landlord. The initial term is usually for 6 or 12 months.

Both the tenant and the landlord or their agent must also complete a Condition Report, which is part of the tenancy agreement. This report outlines the condition of the property at the start. This is also used at the end of the tenancy. It's very important to take the time to carefully check the condition and note any issues, because if there is a problem with the condition of the property at the end of the tenancy this will be an important piece of evidence. The landlord or their agent supplies the standard residential tenancy agreement and the Condition Report.

Rental Bond

A rental bond is paid by the tenant at the start of the tenancy as security to cover any breach of the terms of the agreement. Following the termination of the tenancy this might be used as compensation for a number of things including damage to the property or failure to pay rent. The landlord or their agent and the tenant must sign a bond lodgement form. The bond must be lodged with the Rental Bond Board. The Board will send a receipt to your address that will contain your Rental Bond number. At the end of the tenancy, the bond money is either returned or part or all of it is used to pay for any breaches of the agreement. The maximum bond a tenant pays is:

- four weeks rent for unfurnished premises
- six weeks rent for furnished premises if the rent is \$250 per week or less
- there is no limit if the rent is more than \$250 per week for furnished premises

The Renting Guide

Under the Residential Tenancies Act, tenants must receive a copy of '*The Renting Guide*' when they start a tenancy. Agents have copies of the Guide. You can also obtain a copy from the Department of Fair Trading or from the Department's web site

<http://www.fairtrading.nsw.gov.au>. The Renting Guide is available in a number of community languages and provides information and advice for tenants, landlords and real estate agents about renting residential properties in New South Wales.

During the Tenancy

To make your tenancy as easy as possible, there are a number of things you need to be aware of.

Access and privacy

Landlords and agents can access the property up to four times per year, after giving you at least 7 days notice. Many agents conduct six monthly or yearly inspections to ensure the property is in good repair. If non-urgent repairs are required, at least two days notice must be given. If you are unsure about access contact your agent for advice. Under the Residential Tenancies Act, tenants have a right to privacy and quiet enjoyment of the property. If the property is to be sold, the Act says that "reasonable" notice must be given to show potential buyers through the property. Inspections only occur a "reasonable" number of times, although this is not specified in the Act. Access to show potential buyers through the property can occur at any time during the tenancy. Access to show potential new tenants through is only allowed during the last 14 days of the tenancy or by agreement.

Locks and security

If you are concerned about the level of security or locks, contact your agent for help. The level of security required varies depending on the locality. It's in the interests of both tenants and landlords to make sure the property is "reasonably secure". Landlords may be liable if the security level is not adequate, however it is the tenant's responsibility to insure their own personal belongings.

Paying Rent

Under your tenancy agreement, you have to pay your rent by the due date. If you cannot pay the rent when you should, contact your agent or landlord as soon as possible. If your rent is 14 days or more late, you could get a termination of tenancy notice.

Rent increases

Rent can only be increased when the current fixed term agreement has expired, unless there is a rental increase in the tenancy agreement. At least 60 days written notice must be given before the rent can be increased.

Repairs and maintenance

A landlord must ensure that the property is in a fit and habitable state. Maintaining a property protects its capital value.

Tenants should inform their landlord or agent if repairs are required. A number of repairs are regarded as urgent, such as a burst hot water system or a blocked toilet. Urgent repairs need to be attended to as soon as possible. If there is an urgent repair and the tenants can't reasonably contact the landlord or agent then under the *Residential Tenancies Act*, the tenant can authorize an urgent repair up to \$500 and be reimbursed by the landlord.

Tip

Be informed about your rights and responsibilities. Contact your agent or the Department of Fair Trading if you are unsure about an issue.

Ending a tenancy

As a tenant, when you want to end the tenancy, you must give correct notice in writing. This written notice can be posted, hand delivered, faxed. Some agents use their own specially designed forms for this purpose and in such cases you will be asked to complete the relevant form. Make sure you allow four additional working days if you are posting your notice.

For a fixed term agreement, you must give 14 days written notice before the last day of the fixed term. If you don't, then the agreement becomes a continuing agreement and a longer notice period of 21 days applies to end the tenancy.

If your landlord wants to end your tenancy agreement, there are varying amounts of notice they must give depending on your lease agreement and the reasons for ending that agreement.

- For a fixed term agreement, such as a 12 month lease, the landlord must give you at least 14 days written notice before the last day of the fixed term.
- For a continuing agreement where there is no time limit on the lease, the landlord can end the agreement by giving 60 days written notice, plus four working days to allow for postal delivery.
- If there has been a breach of the tenancy agreement, for instance if you are 14 days or more behind in rent or sub-let the property without permission, the landlord can give you 14 days written notice.
- If the property is sold you cannot be evicted during the term of a fixed agreement. However, if you are on a continuing agreement and the property is sold, the landlord only has to give you 30 days written notice to end the agreement.

At the end of the tenancy, the premises are inspected with the landlord or agent and the tenant, and the condition of the property is checked against the initial Condition Report that was completed when the tenant started the agreement.

Once the final inspection and the Condition Report are completed, the agent will submit a completed Bond Refund Form. Make sure you agree with what the form says. Never sign a blank form. The Bond Refund Form is sent to Renting Services Branch of the Department of Fair Trading. Your Rental Bond will be released shortly after, provided there are no claims such as rental arrears or damages to property.

If a problems occurs

Seeking a solution

If a problem arises, discuss the matter with your landlord or agent and try to resolve the issue as soon as possible. If you can reach an agreement together, it is a good idea to confirm the solution in writing to the agent.

Consumer, Trader and Tenancy Tribunal (CTTT)

The Tribunal is an independent decision making body. Its Residential Tenancy Division is where landlords and tenants go to resolve disputes. The sort of disputes the Tribunal commonly deals with includes problems with rental bonds, rent arrears, repairs and termination of tenancies. An application to the Tenancy Division of the Tribunal costs \$27 (as at 30 June 2002). Both landlords and tenants can apply to the Tribunal for an order.

Rentstart

Rentstart provides financial assistance to low-income tenants. It is run by the Department of Housing. The Department's website has more information about the scheme (see below).

Further information and useful websites:

Real Estate Institute of New South Wales www.reinsw.com.au

Tel. (02) 9264 2343

The Real Estate Institute of New South Wales is the professional body for real estate agents in the State. As one of Australia's largest real estate organisations, the Institute is a leader in the industry and is a respected source for information on the property market. The Institute offers a public telephone inquiry service for information relating to property transactions and agency related matters. The telephone number is 1902 223 959. Calls are charged at \$1.65 per minute including GST (higher from mobiles and payphones). The website offers a Consumer Information section regarding various aspects of property related matters.

Department of Fair Trading

Tel. 13 32 20

The Department of Fair Trading is the New South Wales Government Department that deals with consumer issues including renting. The Renting Services Branch offers free information to tenants and landlords. Tel. (02) 9377 9000 or Freecall 1800 422 021. You can

obtain copies of 'The Renting Guide' from Fair Trading Centres or from the Department's website www.fairtrading.nsw.gov.au

Consumer, Trader and Tenancy Tribunal

The Tribunal will not give you tenancy advice, so if you need advice contact Renting Services. Freecall 1300 135 399. You can download an information brochure about the Tribunal from www.ctft.nsw.gov.au

Tenants Union Advice and Advocacy Services

These community-based services provide free advice and information to tenants. They do not give advice to landlords. To find your local service, go to www.tenants.org.au

Department of Housing

For more information and a factsheet about Rentstart. Phone 02 9821 6111. www.housing.nsw.gov.au

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