Shhhhhhh..............we’re selling (maybe)

During CPD over the past few months, there has been one topic that has caused salespeople and property managers to agree. Both groups of property professionals are concerned about the recent CTTT rulings that are approving for tenants to vacate during a lease period, if the property is placed on the market.

Under the Residential Tenancies Act 2010, section 100(1)(c) states that:

(1) A tenant may give a termination notice for a fixed term agreement on any of the following grounds

(c) that the landlord has notified the tenant of the landlord’s intention to sell the residential premises and did not disclose the proposed sale before entering into the residential tenancy agreement

One would suggest that the important words here relate to the timing of when the tenant is informed that the property is going to be sold, and the words are “did not disclose the proposed sale before entering into the residential tenancy agreement”.

I have been told about case after case where agents have followed the correct processes and completed their Residential Tenancy Agreements and at the time of entering into the agreement, the landlord has had no intention to sell their investment property. However, some months into the fixed term, in a number of cases more than 9 months into a fixed term, when the tenant has been informed that the property is going on the market, they inform the agent that they are giving 14 days notice. When the agent has responded that the tenant is on a fixed term and cannot give 14 days notice, and the tenant has taken the matter to the CTTT, the Tribunal has ruled in the tenant’s favour. One case specifically gave evidence that the landlord had lost their job and needed to sell the property to access funds to continue paying the mortgage on his home. This evidence was not taken into consideration.

After much discussion, we believe that in order for agents to protect their landlords, you should insert a clause into the Special Conditions of the Residential Tenancy Agreement, that notes the possible intention to sell the property. This should then negate the non-disclosure claim from the tenant.

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We propose that you insert a clause something like the following:

Sale of Property
(a) The tenant warrants they are aware that the landlord may sell the property during the term of the tenancy. The tenant cannot terminate or make a claim as a result of the landlord selling the property.
(b) The tenant is aware that inspections of the property may be required prior to sale. In the event that inspections are required the tenant must allow access to the property provided that the landlord, or the landlord’s agent, has given reasonable notice in the circumstances to the tenant.

This clause has been written in an intentionally softer manner than it could have been. However, at the point of a tenant entering into a Residential Tenancy Agreement, you do not want a clause in the Special Conditions to have a negative impact on prospective tenants and possibly lose a tenant for your landlord’s property.

This clause is a suggestion only for property managers, in an attempt to make your lives a little easier. It is not a requirement under the legislation, but a process that may deflect problems down the track. We would be keen to hear any feedback that you receive from tenants if you choose to use the clause.

Til next time,

Wishing you every success in your business ventures,

Rosy Sullivan

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Staff Profiles

Fran Lee  
Operations Manager

Frances came to the College in March 2010 as the Operations Manager after escaping the 24hr corporate world of international emergency medical assistance and insurance management. Prior to that she managed an advertising company that transformed itself into an online marketing system development company where she worked with diverse groups of clients, IT staff and graphic designers. This is a long way from where she started with Bachelor of Education degree in PDHPE and the days of designing and running outdoor education programs in the Illawarra and Southern Highlands for schools, community and corporate groups. In addition to working at the College, Frances is also three quarters of the way through her Master of Business Administration degree and recently changed her major from Accounting to Law. It’s not surprising that she has been known to say that “I still don’t know what I want to be when I grow up…”.

That said, Fran (as she prefers to be called when she’s not in trouble), brings a typical Virgo attitude to the office. Highly analytical and systematic, she has streamlined College operations and developed a highly skilled and customer-focused team. She has also been heavily involved in the development of the current processes and procedures of the College as well as the regular marketing programs and website. Fran is also a ‘Jill of all Trades’ and has a hands-on attitude to all tasks in the company. If she’s not at her desk she can be found either helping staff in production, setting up rooms for courses or taking apart computer components to make emergency fixes to staff workstations with her trusty Leatherman – not to mention just providing support to all staff when they have problems with any computer issues – Fran responds to the desperate cries across the office of “Fraaaaaaan – heeeeeeelp”. This collaborative and proactive approach to problem solving is an attitude that she continues to infuse into College culture on a daily basis.
Staff Profile (continued)

In the office, Fran is regularly ribbed by staff for her frequent futile attempts to arrange a company outing to ‘Sing-along Sound of Music”. She just can’t understand the general lack of enthusiasm for something that she considers a compulsory part of everyone’s bucket list! In contrast to her genteel taste in musicals, she has a long history of playing rugby union at club, regional and state level which culminated in selection for the national Wallaroo squad prior to her retirement in 2003. Normally mild in manner, Fran misses her vigorous rugby ‘therapy’ on the field; a hard fought game of ‘Words with Friends’ just doesn’t cut it nowadays. Instead she and her partner regularly find time to get away with friends and fellow dog owners to remote country cottages for doggie play date weekends instead.

Fran is single-handedly attempting to keep the coffee industry in profit. Part of her role as Operations Manager is to research and identify the best coffee in the closest proximity to the office. Her scheduled coffee trips each day ensure that all staff have the opportunity to share her addiction. She has currently been delegated the job of “taste tester” for the purchase of the new coffee machine for our training rooms – the poor coffee salespeople will never be the same!

Qualifications:
Bachelor of Education (PDHPE)
Justice of the Peace
MBA (…….almost)

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