

# Using an agent to manage your rental property

## Being a landlord

When you own a residential property and intend renting it out, you have two options. You can either manage the property yourself or use a managing agent. Engaging an agent to manage the property on your behalf simply means that you pay a licensed person to run the tenancy for you on a day-to-day basis.

### Landlord responsibilities

As the owner of the property, you are responsible for ensuring that the tenancy is conducted in accordance with the *Residential Tenancies Act 1987*. The *Tenancy handbook* provides landlords and managing agents with more information about the rights and responsibilities of all parties under the Act.

One of the key requirements of the Act is that the tenant must be given a copy of the *Renting guide* at or before entering into the residential tenancy agreement. The *Renting guide* is available in various community languages and tenants should receive a copy in the language most appropriate to their needs. Your agent can obtain free copies of the *Renting guide* in English and language versions from the Office of Fair Trading.

### Use a licensed managing agent

All managing agents are required to be licensed by the Office of Fair Trading. You should ensure that the agent you are interested in using is properly licensed. Do a licence check online for any agent you are thinking of using or call 13 32 20.

### Engaging a managing agent

A good managing agent should have a thorough knowledge and understanding of tenancy laws and assist you by ensuring your rights and responsibilities as the landlord are met.

A managing agent's responsibilities include:

- finding suitable tenants
- ensuring the tenancy agreement is correctly completed and signed
- lodging the rental bond with the Office of Fair Trading
- managing the tenancy for you on a day-to-day basis:
  - arranging repairs to the property
  - collecting the rent and maintaining accurate rent records and receipts
  - conducting property inspections
  - handling disputes that may arise.
- paying the rent to you less any costs and agency fees, either into your nominated bank account or by cheque.

If rent is paid to you directly into your bank account, it is your responsibility to check the balance regularly to ensure that rent is being deposited.

A managing agent must notify you immediately in writing if they become aware a tenant has breached the tenancy agreement.

### Management Agency Agreement

When you engage an agent to manage your property, you will enter into a binding written contract called a Management Agency Agreement. The terms, fees and some conditions of the agreement are negotiable so shop around and compare the prices and services offered by a number of managing agents.

To save yourself time and effort, you can specify in the Agreement that only repairs costing more than a nominated amount (eg. \$100) require your approval. This enables the agent to authorise minor repairs up to that amount.

Standard Management Agency Agreements usually contain a clause stating that a notice period applies

to termination. It is in your interest to keep the notice period short, say a month or two. Agreements must be terminated in writing.

## Agency fees

Most agents charge a fee based on a percentage of the gross weekly rental. This can be negotiated, but it is usually between 5 – 10%.

The agent usually sends you a monthly account, but more frequent accounting can be negotiated. The account shows the amount of rent paid to the landlord less any costs and agency fee.

The cost of minor repairs is usually deducted from the rent and listed in your monthly statement as a separate item. Most agents will give you copies of receipts for repairs upon request.

It is common industry practice for managing agents to charge a letting or re-letting fee when new tenants are placed in a rental property. The normal fee is 1 week's rent. These are not compulsory fees and can be negotiated.

## Don't let problems with tenants escalate

If a problem arises at any point in the tenancy, taking a pro-active approach to resolving the issue may be an effective way to prevent the problem from escalating into a dispute. Minor problems can become major issues if not dealt with early enough.

Fair Trading encourages landlords and agents to intervene early when tenancy problems first emerge. For example, a tenant may be experiencing some kind of temporary personal crisis which is affecting their tenancy. Rather than take action in accordance with the tenancy agreement or the Act it may be more practical to provide the tenant with information on where to go for help, such as a Tenancy Advice and Advocacy Service.

Resolving problems quickly is not only good for tenants, it also benefits you the landlord by minimising the possibility of financial loss.

## When you have problems

The first step in resolving a dispute is to discuss the matter with the parties involved. Ensure you have a clear understanding of your rights and responsibilities in relation to the dispute by checking the residential tenancy agreement, reading the *Tenancy handbook* or contacting Fair Trading.

If the dispute with your tenant cannot be resolved either on your own or with the assistance of the Office of Fair Trading, you may have to take the case to the Consumer Trader and Tenancy Tribunal (CTTT). The role of the CTTT is to quickly and effectively resolve disputes between tenants, landlords, traders and consumers.

For more information about resolving tenancy problems and the CTTT, contact Fair Trading.

## Managing a property yourself

The Fair Trading fact sheet titled *Self managing your rental property* provides an explanation of the basic responsibilities of a landlord to their tenant at the beginning, during, and at the end of a tenancy.

If you decide to begin managing the property yourself during the tenancy and a rental bond has been lodged, you must notify the Office of Fair Trading by completing a 'Change of Managing Agent/Owner' form. Print a copy from the Fair Trading website or call 13 32 20.

www.fairtrading.nsw.gov.au  
Fair Trading enquiries 13 32 20  
TTY 1300 723 404  
Language assistance 13 14 50

This fact sheet must not be relied on as legal advice. For more information about this topic, refer to the appropriate legislation.

© State of New South Wales through the Office of Fair Trading  
You may freely copy, distribute, display or download this information with some important restrictions. See the Office of Fair Trading's copyright policy at www.fairtrading.nsw.gov.au or email publications@oft.commerce.nsw.gov.au