

FIRST CASE STUDY PMC 2018

Kate and Tim were almost the perfect tenants, they rented a very stylish 2 bedroom 2 bathroom renovated cottage at 79 Neptune St, Harbourside with their very cute 2 year old daughter, Chloe.

The rent they were paying was reasonably high at \$800 per week but they both had high powered jobs and were earning a lot of money. They had been in the property for over 3 years.

They had come to the agency with excellent references and the whole property management team thought that Helen was very lucky to be their property manager, nothing was too much trouble for them, they always paid their rent on time and their home always looked much better than anything that you would see on "The Block"!

At the end of last year, Helen decided that she would work over the Christmas period to try to catch up on her work and even get a bit ahead of the pack for the new year. One of the things she thought she could do during the quiet time was get as many of her portfolio's lease renewals done as possible. She was aware that Peter the Principal wanted at least 98% of all leases to be fixed term in the coming year and Helen really wanted to start the new year in his good books, there might even be a bonus in it.

Helen worked away happily and very productively, she thought she was doing a great job. She took time out to tidy her desk and found the Christmas card sent to her from Kate, Tim and Chloe which had been attached to a bottle of champagne that they had given her for Christmas.

She thought that she should prepare a lease renewal for them as well even though their current lease didn't expire until the 1st of July, she thought that she wanted to appear very organised this year and they would be happy to sign, they weren't going anywhere and there would be no rent increase as the landlord wanted to keep them as much as she did!

When everyone returned to the office after the holidays, Helen began the process of sending out and following up on the lease renewals and received many compliments from other members of staff on her hard work.

True to form, Kate and Tim were amongst the first to return their signed lease. Helen knew that there was at least 5 months to go before the new lease came into operation but Kate and Tim were committed and were happy that there was to be no rental increase during the next 17 months.

Everything went smoothly for the next few months, Helen heard nothing from her favorite tenants until one day in mid June she got a message to give Kate a call, urgently. What could have happened, Helen wondered.

By the time Helen got back to her, Kate was in a bit of a state. She told Helen that they would be unable to take up the new lease as she had found out only recently that she was pregnant with their second child, and the house that she loved so much would be too small for them. They were now, in fact, in the process of looking for a 3 bedroom house near a park. However they would also need to cut back on the rent a bit as she would probably have to give up work.

Kate added that it had come as a complete surprise to them and that pregnancy certainly hadn't been planned but they would make the best of it.

She informed Helen that they would be giving the correct notice of their intention to vacate by email and hard copy the next day.

Helen wasn't really sure what to do first, she knew that if Kate and Tim gave formal notice the next day, the notice period would take them past July 1st, the commencement date of the new lease which she thought meant that the new lease automatically started and that they were on the new fixed term lease, but she wasn't certain.

She did know one thing and that was that she had better inform the landlord.

It was not a pleasant conversation to say the least, the landlord insisted that they were breaking their lease and that he wanted all fees paid and that Tim and Kate were not to be let off lightly. He added that he had always thought that Helen had been too friendly with them!

Helen began to prepare the list of break lease fees and very quickly realised that it was going to be an expensive exercise for Tim and Kate. The bill was going to be at least \$3600.

There was a 2 weeks letting fee at \$1600 due, all rent until a new suitable tenant was found and as things were a little slow in the market at the moment that would be at least 2 weeks. There was also a flat advertising fee of \$350 that had also to be paid and Peter, the principal, had recently added a \$15 NTD checking fee for every applicant for a property.

The next day Helen received Kate and Tim's notice of intention to vacate, in the correct form and giving the correct number of days notice for the end of their tenancy, as if there wasn't a new lease in place.

Helen replied with a form setting out all the expenses they were liable for if they intended going through with their vacate date, as, in the opinion of the agency, they were breaking their new lease. She also informed them that no advertising would be undertaken unless acceptance of the costs was signed and returned to the office.

Kate and Tim rejected this, expressed disappointment and said they would do their own advertising because they were certainly would not be paying break lease fees and would be taking this to the Tribunal. They would ask that they be released from any perceived contractual obligations because of hardship. They had already applied and been accepted for another larger home in the next suburb at a lower rent.

This was definitely going to end badly, Helen thought.

Prepare your case, either supporting the tenants or the landlord with all documents and evidence attached.