

# Lease Break Fact Sheet

**Every now and then a tenant is unable to continue a lease through to the lease expiry date as per the Tenancy Agreement.**

## So now what?

A tenant is responsible to carry through the tenancy until the lease expires or make rental payments to the landlord until the property is re-leased. They are also responsible for some of the costs associated with re-leasing the property. When a tenant breaks a lease there is a process that needs to be followed. A tenant must advise their intentions to vacate the property in writing. Absolute Property Management will advise the tenant of the process and the associated costs for breaking the lease. The landlord is immediately informed that the tenant has provided a Notice to Vacate.

## Who is responsible for what charges?

The tenant is responsible for reimbursing the landlord for charges that they would not expect to have to incur until the end of the lease.

The tenant is responsible for:

- Pro rata of the leasing fee (this is individual to each property)
- Rent until the property is re-leased
- Advertising - \$395 inc GST
- Tenant checks through national data bases  
- \$27.50 on each final applicant inc GST
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## What is the 'pro rata leasing fee'?

To find a new tenant each landlord is charged a % of the annual rental. This is individual for each property with the standard leasing fee being 1.65 weeks rent (incl. GST).

If the tenant breaks their agreement by 6 months then they would be responsible for reimbursing half of the new leasing fee to the owner. The owner would be responsible for the payment of the remainder of the fee as the tenant has used that portion of their agreement.

## What if the property cannot be released?

The property needs to be advertised as if the owner was leasing the property. If the enquiry is low and the rent needs to be adjusted the tenant needs to reimburse the landlord (for the remainder of the lease) the difference in the final rental achieved.



## What if the owner wants to move in?

The owner would need to release the tenant from their obligation to pay rent, advertising and tenant checks as they would be occupying the property at the end of the agreed notice period.

## What if the owner wants to do renovations?

The owner would need to release the tenant from their obligation to pay rent if they issue a Notice for Renovations.

## What if the owner wants to put the property to the rental market at a higher rental?

The owner would need to release the tenant from their obligation to pay rent until the property is re-leased. The tenant would still be responsible for a pro rata of the letting fee, advertising, tenant checks and property images.

## What if the property is left vacant?

If the tenant has moved out of the property and it is still marketed for new tenants, it is the outgoing tenant's responsibility to make sure the property is presented the best it can be for the inspections – this means the power must be left on and the property to be clean and tidy with maintained gardens. The better a property is presented the easier it is to find new tenants for.