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NEWSLETTER

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This newsletter has been designed to keep you informed of what is happening with the industry and our Real Estate Company

From the Staff

STAFF NEWS

As we are sure you are aware by now the Tenancies Act has changed and as advised in last months newsletter theres some significant changes you should know as a property owner.

An advantage of having your property managed by Pretti Real Estate is that we will always have a strong knowledge of any news in the industry because we keep ourselves updated with regular training, attendance to seminars and constant research.

NEW WEBSITE

After a much needed revamp; our website is looking fabulous!
For tips, links & property information including a "Landlords corner" visit our new website at www.prettirealestate.com.au

INSPIRATIONAL NOTE

"It matters not which way the wind blows, I can adjust my sails to reach my destination." - Author unknown -

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CHANGES IN WATER USAGE

"Residential Tenancies Act 2010"

With some significant changes we urge you to read on in relation to the changes made in the new Tenancies Act in regards to water usage. As advised last month the following changes have been made clear and will need to be followed by all investment property owners. We are sure you have a few questions and are hoping that the following can make everything a little easier to understand.

All owners with an investment property **MUST** comply with water efficiency measures as outlined in the Residential Tenancies Act 2010 to be able to charge your tenants water usage. **To comply with these water efficiency measures the property must be separately metered for starters.** This means you cannot charge water usage to a tenant if that property is fitted with a meter that cannot be read solely for that 1 property.

Secondly, the following standards must be met:

- **ALL showerheads to the premises must have a maximum flow rate of 9L per minute.**
- **ALL internal cold water taps and single mixer taps for kitchen sinks or bathroom hand basins on the premises must have a maximum flow rate of 9L per minute.**
- **There must be NO leaking taps on the premises at the commencement of the tenancy agreement or when the water efficiency measures are installed .**

You have been provided with a 12 month transition period to make this change which will end on **31st of January, 2012** however, **if your property becomes vacant & a new tenancy is in place, you are required by law to carry out the water efficiency measures as above before the tenant moves in.**

We have been advised that there are no new measures prescribed to make toilets water efficient regardless of what we may have heard previously. For the moment single flush toilets will remain as is and will not have to be replaced with a dual flush toilet. Never the less we need to ensure that the toilet does not leak. Single hot water taps, external taps, taps for appliances and bath and shower taps are all excluded and do not need upgraded.

Any leaking taps however must be fixed to make the property compliant which includes external leaking taps. As we advised you last month; Sydney Water are offering a program (Water fix) to help make your properties water efficient, you would need to contact them direct for further details.

Platinum Plumbing are one of our current plumbing companies contracted by Pretti who we have approached about organising a similar program for our landlords at a more affordable price than Sydney Water. Stephen Barbar the director of Platinum Hot water & Plumbing has agreed to help and made it a little easier for our owners. For details of their compliance package please see the back page of this newsletter.

RECOVERY OF WATER USAGE

The new act states that to recover water usage at the premises the above measures must be met before the 31st of January, 2012 or prior to a new lease agreement starting. We will however remind you about this if you find your tenant moves out in the near future.

You are now required to send in your water rates immediately to us to invoice the tenants to pay the usage; you are no longer able to send in multiple quarters of water bills at once. Your water bill needs to be provided to us within 3 months after the date of issue of the bill otherwise the usage becomes unrecoverable by the landlord.

It may be worth taking up Pretti Real Estate's service of paying your water, council and/or strata rates out of your rental account. Not only will all bills be sent directly to us for fast and prompt payment we can issue your tenants invoices in the correct time frame and all of your bills will be included in your end of financial year Statement making life easier at tax time.

PLATINUM PLUMBING WATER EFFICIENT COMPLIANCE PACKAGE

Please read below for the outlining of Platinum Plumbing's compliance package and what the cost includes.
Please read below the prices for any additional work they may need to be carried out at the premises:

\$110.00

(*condition apply)

Additional work is required the prices are as follows;

Our compliance package includes:

Compliance certificate
One kitchen spout/ mixer upgrade
One shower head upgrade
One basin spout/mixer upgrade
(Price only includes standard fixtures)

Servicing of leaking taps **\$15** per tap whilst on site
Upgrade of basin spout/mixer **\$25** whilst on site
Upgrade of kitchen spout/ mixer **\$25** whilst on site
Upgrade of shower head **\$40** whilst on site

*Any work that falls outside the range of standard fixtures will be communicated to the property manager prior to any works commencing

NEW BREAK FEE OPTION (Break of Lease)

The new Residential Tenancies Act has provided landlords with an additional option when a tenant needs to break their lease agreement and move out prior to the lease expiry date. The Act states that prior to having a new tenant move in; a decision by the landlord must be made as to which option they would like to go ahead with. This option cannot be changed throughout that tenancy, the 2 options to choose from are stated below.

As per the OLD LAW the following will occur;

- Tenant is to pay rent up until a new tenant moves in
- The tenant is responsible to pay part of the letting fees that the owner would incur if the property had been leased out in a normal circumstance (e.g. Part of letting fee, Advertising costs etc.)
- The advertised price of the rental property must remain at what the current tenant is paying and cannot be re-let at a higher price

As per the NEW LAW the following will occur; (BREAK FEE)

Tenant must pay a lump sum fee to the landlord; this "break fee" is decided by the following;

- A payment of **6 weeks rent** if the tenant breaks their lease within the **first half** of the tenancy agreement
 - A payment of **4 weeks rent** if the tenant breaks their lease within the **second half** of the tenancy agreement
- (E.g. Your tenant moves out in the 2nd month of a 6 month contract; they are required to give you a lump sum of 6 weeks worth of rent.)

This fee is the only payment that the tenant needs to pay; despite the date the new tenant moves in or the costs that the landlord incurs. (This fee should cover all of these things) With this option you are able to **increase the rent** and are not required to re-let the premises at the same rent as the old law states.

Your Property Manager will need to know what option you would like to proceed with. This will be asked upon entering into a new agreement with a tenant (Including lease renewals). This will be discussed with you by your Property Manager.

As always Pretti Real Estate pride ourselves in providing you with the highest level of service; this includes informing you with the latest news in the industry as it occurs. For any information about these new changes all you have to do is contact your Property Manager who will be available to help and inform you of the latest changes.

WHERE TO FIND MORE INFORMATION

www.fairtrading.nsw.gov.au or contact your Property Manager