

WHAT DOES “BREAKING A LEASE” MEAN?

When you sign a fixed term Tenancy Agreement (lease) you are committing to stay for the full term of that agreement. If your circumstances change and you want to move out before the end of the fixed term this is referred to as *Breaking your Lease* and there are potential costs involved.

COSTS ASSOCIATED

Breaking your Tenancy Agreement during the fixed term can be costly. You will be required to pay

- Rent until a new tenant is found to take over the property
- A percentage of the advertising costs
- A portion of the re-letting fee (these are worked out on a pro-rata basis and the formula used is set out by the *Residential Tenancies Act*)

NOTICE TO BREAK LEASE

If you need to end your agreement early you should give as much notice as possible. We will require this in written form. This needs to be signed by all *Tenant/s* and should include the following:

- The fact that you wish to break your lease
- Date when you will be vacating
- Date when we can start showing the property to prospective new tenants
- Acknowledge that you have a debt to make good the Landlord’s potential loss
- Your forwarding address

Please be aware that legally we do not have to start advertising the property until after you vacate, however at **Harcourts Gawler** we prefer to work with the tenant/s to minimise any costs involved.

NEXT STEP

When breaking your lease you will obviously want another tenant to take over from you in the shortest amount of time. To help with this the home should always be presented neat & tidy with gardens maintained and no rubbish lying around. During the winter months when days are shorter, electricity should remain on to show potential tenants through after hours.

TENANT RESPONSIBILITIES

Tenant/s are responsible for the condition of the property and the rent up until a new tenant has signed a Lease Agreement and a Final Inspection date has been organised. This means that once a new tenant is found a final clean, garden tidy up and final pool clean (if applicable) may be required. At this point organise your electricity & gas final readings and ensure that your mail has been redirected.

HARDSHIP

If it would cause you undue hardship to stay in the premises until the end of the fixed term you can apply to **SACAT** to end the agreement early.

You will need to satisfy the Tribunal that special circumstances exist which were not in place when you first moved in and that your hardship is severe or serious. If the Tribunal agrees that your tenancy can end early it may order you to compensate the landlord for loss of rent and other associated costs.

COSTS INVOLVED

- Rent paid up until the day before new tenant takes over lease agreement
- Advertising costs (*Formula below*)

$$\frac{\text{Total advertising costs} \times \text{weeks remaining from abandonment to the end of the agreed term}}{\frac{3}{4} \text{ of weeks of total agreed term(s)}}$$

- Reletting costs (*Formula below*)

$$\frac{(\text{maximum of 2 weeks rent} + \text{GST}) \times \text{weeks remaining from letting to end of agreed term}}{\frac{3}{4} \text{ of weeks of total agreed term(s)}}$$

- Final water readings if applicable (usage & supply)

Disclaimer: This fact sheet is provided as general information only. *Harcourts Gawler* encourages you to seek independent advice regarding your specific circumstances

SACAT Advice: 1800 723 767