

## LICENSING, REGULATION AND ALCOHOL STRATEGY

### Property Management

If you own an investment property, chances are you will place the responsibility of managing your rental property in the hands of a professional property manager. This fact sheet provides a guide to choosing and appointing an agent.

#### Licensed To Deal

The rental of a property can be undertaken directly between a landlord and tenant without the services of a real estate agent.

Chances are however, that if you are looking to rent your investment property, you will deal with a real estate agent or an agent's representative, commonly called a property manager.

Anyone who is in the business of buying, selling, leasing or otherwise dealing with real estate on behalf of any other person must hold a real estate agent's licence or registration as an agent's representative and follow a Code of Conduct.

Before dealing with an agent or an agent's representative you should establish that they are licensed or registered in the Northern Territory. You can conduct a check of the public register by telephoning Property Agents Licensing on 8999 1800.

Agents who are members of the Real Estate Institute of Northern Territory Inc. (REINT) must also follow the REINT's Code of Conduct. To find an REINT Member Agent, visit [www.reint.com.au](http://www.reint.com.au) and follow the prompts to find a member in your local area.

Dealing with a licensed agent provides consumer protection if things go wrong.

### Appointing a Property Manager

In managing your property, a property manager carries out a range of services, for a fee.

To find the right agent for your needs, you should shop around. It is important to deal with an agent you know you can trust and one that will best serve you.

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Before selecting an agent, you should compare the property management services on offer and compare the fees.

When choosing an agent it may be worth your while to:

- shop around to be sure you get the agent that best suits your needs and expectations;
- check that the agent has a good reputation with clients and the real estate industry;
- seek recommendations from friends and family;
- negotiate the commission and fees involved and the services to be provided under agreement;
- get a documented list of the services to be provided under the appointment;
- agree on a procedure for any maintenance and repairs, such as number of quotes required and limit of works that can be carried out without referral;
- agree on a procedure for the termination of a tenancy or the eviction of a tenant, including how long rent can go unpaid; and
- establish how regularly the agent will report to you.

### **Signing Up With a Property Manager**

The *Agents Licensing Act* requires an agent to enter into an agreement with the landlord to act on his/her behalf to provide property management services. This is commonly referred to as a Management Agreement.

The Management Agreement is a legally binding contract. It is important that you read and understand it. If you do not understand the terms and conditions or if you are unsure of anything, ask for clarification or seek legal advice. You have the right to negotiate with the agent about the terms and conditions of the agreement and to ask for any legally permitted changes to be made.

The Management Agreement will specify the services that the agent will provide for you and the amount of any fees you agree to pay for those services. It should also cover the extent of the agent's authority to act for you.

### **Role of The Property Manager**

The main roles of a property manager are to market your rental property, select a tenant and manage your property.

Some of the specific tasks of the property manager include:

- setting a rent appropriate for the property and its location;
- advertising for tenants;
- choosing a tenant and collecting the rent;
- receiving, holding and returning the security deposit;
- carrying out regular property inspections;
- arranging for repairs and maintenance, to the extent authorised;
- providing relevant notices, reports and financial statements;

- attending meetings, such as body corporate meetings;
- paying rates, insurance, body corporate levies etc., as authorised;
- issuing breach/termination notices to the tenant; and
- arranging for proceedings through the Commissioner or the Local Court if the tenant defaults on the lease agreement.

A property manager is required by law to act in your best interests and to carry out your instructions, except where it would be unreasonable or improper to do so. Under the Code of Conduct, a property manager is also required to exercise due skill, care and diligence in carrying out duties on your behalf and to disclose any interest in a transaction relating to the management of your property.

If you have a problem with the property manager, you should in the first instance, raise the matter with the business manager of the agency.

### **Agency Fees**

A letting fee, management fee and inspection fee are likely to be included in the Management Agreement. These fees are not set under the *Agents Licensing Act* and like any fees may be negotiated with the agent. The Management Agreement should also specify any other fees or costs that you may be required to pay such as charges for preparing the property condition and final inspection reports, periodic inspections, postage and other administrative costs, attendance at body corporate meetings, attendance at proceedings of the Commissioner or Local Court and marketing and advertising costs.

### **Ending the Agreement**

If you wish to terminate the Management Agreement with your agent, you should first check the signed agreement for the termination clause.

It is important to cancel your agreement in writing and to give the proper notice required by the agreement. If the agreement is not ended properly, you may be liable for an early termination fee. This fee can cover the unexpired period of agency and can amount to a considerable sum.

### **Where to Get More Information**

You can telephone Property Agents Licensing on 8999 1800 to obtain general information about the licensing of an agent and their legal obligations under the *Agents Licensing Act*.

For specific information in relation to tenancy issues, you can contact the Consumer Affairs Tenancy Unit on 8999 5187 or visit the website at [www.caba.nt.gov.au](http://www.caba.nt.gov.au). This website also provides links to the relevant legislation - the *Agents Licensing Act* and the *Residential Tenancies Act*.