

IEASA Rental MasterClass
Institute of Estate Agents of South Africa

LEASE RENEWALS

How to Protect your Landlord/s & avoid liability
by doing it right – the first time!

presented by **ShaunLuyt** 17 June 2021

Your Partner in the "Business" of Residential Property Rentals
 Residential Property Rental Procedures, Training & Advice
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Overview

- Best Practice Guidelines
- CPA Section 14
- FICA Requirements
- Landlord & Tenant Communications
- Timeframes & Deadlines
- Documenting the Renewal
- Best Practice Renewal Procedure

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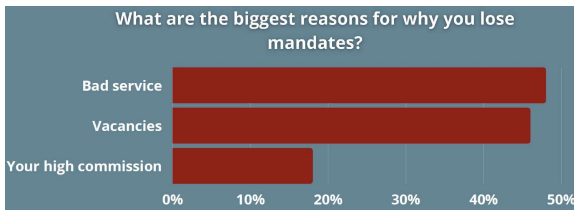
Lease Renewals

**What is the biggest reason
Rental Agents lose
Mandates?**

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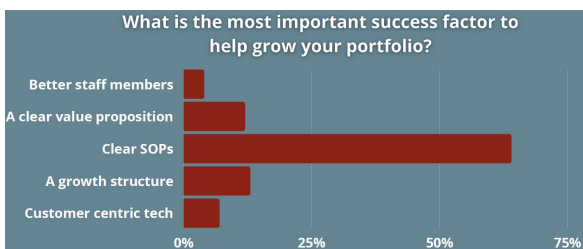
What is the most important success factor to help Agents grow their portfolio?

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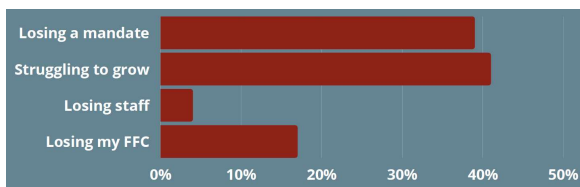
**What is the Biggest Risk for
NOT Having Clear SOPs?**

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Lease Renewals

Best Practice Guidelines

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Best Practice Guidelines

1. Lease renewals must be carried out in accordance with the requirements of the Consumer Protection Act & FICA Legislation.

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CPA Section 14

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Consumer Protection Act – Section 14

Expiry and renewal of fixed-term agreements

14. (1) This section does not apply to transactions between juristic persons regardless of their annual turnover or asset value.
(2) If a consumer agreement is for a fixed term—

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CPA S14 – Which leases DOES it apply to?

- CheatSheet CS001

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Consumer Protection Act – Section 14

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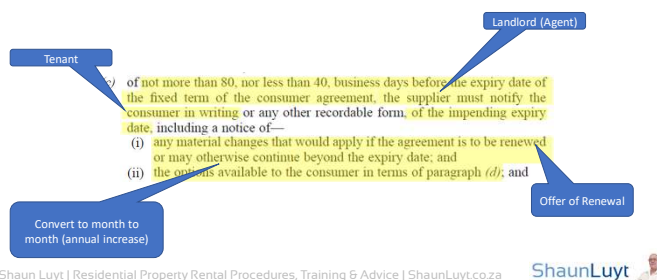
(2) If a consumer agreement is for a fixed term—

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If CPA S14 Applies



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Consumer Protection Act – Section 14

- (d) on the expiry of the fixed term of the consumer agreement, it will be automatically continued on a month-to-month basis, subject to any material changes of which the supplier has given notice, as contemplated in paragraph (c), unless the consumer expressly—
- (i) directs the supplier to terminate the agreement on the expiry date; or
 - (ii) agrees to a renewal of the agreement for a further fixed term.

No notice given??

Annual increase??

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Consumer Protection Act – Section 14

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- (i) directs the supplier to terminate the agreement on the expiry date; or
 - (ii) agrees to a renewal of the agreement for a further fixed term.

Gives legal written notice in terms of the lease

Tenant

Signed, sealed & delivered!

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Consumer Protection Act – Section 14

- (4) The Minister may, by notice in the *Gazette*, prescribe—
- (a) the maximum duration for fixed-term consumer agreements, generally, or for specified categories of such agreements;

24 months

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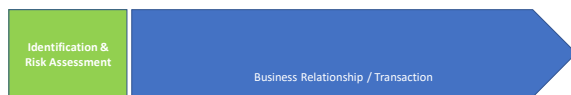
FICA Legislation

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FICA Process Overview



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Best Practice Guidelines

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Best Practice Guidelines

1. Lease renewals must be carried out in accordance with the requirements of the Consumer Protection Act & FICA Legislation.
2. Renewals should be initiated 90 days prior to the end of the lease fixed term.
3. Renewals should be completed by the end of the month in which they are initiated.
4. Best practice is to get an updated credit check before seeking landlord instructions.
5. The Landlord's instructions must be sought first.
6. The Landlord should be provided with a current market rental valuation if they want to renew.
7. All instructions from Landlords and Tenant MUST be in writing.

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Landlord & Tenant Communications

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Rental Assessment

- Rental Appraisal (LLO01)
 - Current Market Conditions
 - Recent TPN Blog Articles
 - [Vacancy Report 2020 Q4 - We have reached a tipping point!](#)
 - [Where have all the tenants gone?](#)
- Rental Valuation for Renewal (LO38)

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Landlord Instructions & Follow Up

- Lease Renewal Instructions (LO11)
- Lease Renewal Instructions Follow Up (LO12)

ALWAYS require WRITTEN instructions

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Landlord Instructions

- Cancel Lease
- Renew for fixed term
- Allow to convert to month to month
 - Confirm with tenant wrt any change in rent or other *material terms & conditions!*

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Tenant Communications

- Depends On Landlord Instructions
 - Refer: Lease Renewal Checklist (PC006)
- 40 – 80 Business Day Letter (T006)
 - Tenant objections to renewal fee?
 - Make cost of renewal a non-negotiable!

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Tenant Options

- Fixed Term Renewal
- Cancellation of Lease
 - ALWAYS require in writing
- Month to Month
 - Remember any change in rent!!

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Negotiations & Agreement

- Confirm & Document in writing!

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Timeframes & Target Dates

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Recommended Deadlines

- Initiate Renewals Due : 7th of the month
- Landlord Instructions : 14th of the month
- Signed, Sealed & Delivered: 21st of the month

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Documenting the Renewal

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Documenting the Renewal

- Full lease T's & C's vs Renewal Addendum??
- Best Practice:
 - Full Lease Renewal
- Important Considerations
 - Changing to Lease T's & C's
 - CPA maximum lease period – 24 months
 - Professionalism & standing out from the crowd

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Reviews

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Resources

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Resources

- Lease Renewal SOP
- Monthly Rental Team Training Club
- Stay In Touch
 - Mailing List
 - Facebook Page
 - RentPROConnect Facebook Group

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Other Training

TOOLS, TIPS & STRATEGIES TO TENANT PROPERTIES IN A TOUGH RENTAL MARKET

- The Marketing & Feedback Strategy
- The Team Approach
- Educating Landlords on Marketing Principles
- Fact-based Marketing Review & Recommendations
- Identifying Marketing Bottlenecks & Developing Strategies to Address them
- Includes editable copies of Rental Appraisal Checklist, Rental Appraisal Template & Weekly Marketing Report Template

1.5 hours

** 1.5 non-verifiable CPD points**

for Professional Development presented by ShaunLuyt

Customer Reviews

★★★★★
Based on 16 reviews



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