REIQ
A REAL STEP AHEAD

FAQ's

Property Law Reforms Roadshow 2025

FOR REAL ESTATE PROFESSIONALS

Version 2 - 27 February 2025

FAQ's: Seller's Disclosure Regime

Where can I view the disclosure statement?

The *Property Law Act Form 2 Seller Disclosure Statement* can be viewed here: Queensland Publications Portal

How do you disclose rates information if the local council combines the rates for several lots, and there is no separate assessment for the lot being sold?

In Part 5 of the disclosure statement, there are 3 options for disclosing information about rates.

- The first option is to disclose the amount of rates and date range (both can be found in the last notice).
- The second option allows you to disclose if the property is a rates exempt lot.
- The third option applies if the property is not a rates exempt lot but there is no separate assessment of rates issued for the property.

If a property is listed before 1 August 2025, is a disclosure statement needed?

If a buyer is signing a contract on or after 1 August 2025, then a disclosure statement must be given to that buyer before they sign the contract. This applies even if the property is listed before 1 August 2025.

Can agents send the disclosure statement at the same time as the contract?

There are a number of ways you may give the disclosure statement. Agents can send the disclosure statement to the buyer at the same time as the contract or in advance. There are many advantages to providing the disclosure statement in advance. Please note, the disclosure statement must be signed by the seller before it is given to the buyer.

Will the seller be required to disclose flooding?

In Part 3 of the disclosure statement, there is a general note to the buyer about undertaking their own enquiries about flooding. The seller is not required to make an express disclosure about flooding in this form.

Agents need to be mindful however, if a seller or agent is aware of flooding that has impacted the property, they must not make any **false or misleading representations** about flooding at the property.

How do you disclose unregistered encumbrances that cannot be searched?

Only very specific unregistered encumbrances (including statutory encumbrances) need to be disclosed in the statement.

This includes:

- Unregistered leases (residential tenancy agreement, unregistered commercial lease)
- Unregistered agreements (oral or in writing):
  - Access agreement, opt-out agreement, deferral agreement or conduct and compensation agreement under the *Mineral and Energy Resources (Common Provisions) Act 2014*.
- Unregistered charge, mortgage, easement or profit a prendre known, or reasonably expected to be known, to the seller; and
- Statutory encumbrances:
  - a statutory charge over land due to the non-payment of money to the government;
  - a statutory right to keep infrastructure on the lot; or

- a statutory right to access land to repair or maintain infrastructure on the lot (eg. for telco, sewerage pipes etc).

If a statutory encumbrance needs to be disclosed, then a description of the statutory encumbrance must be provided with a copy of any plans (if available).

Some of these items will be within the seller's knowledge or possession only and cannot be searched. Agents should make enquiries with their client and seek instructions for what unregistered encumbrances apply.

Does the buyer need to sign the disclosure statement? Even if they view it using a QR code?

There is a section on the last page of the disclosure statement where the buyer can sign to acknowledge receipt.

It is best practice to get the buyer to sign this before or at the same time as signing the contract.

Although QR code might be used to give the buyer a copy, it is still recommended to get a copy signed by the buyer for the parties' records. This will avoid any future disputes about whether the buyer received the statement before they signed the contract.

Does the new disclosure statement cover the disclosure requirements for lots in community titles schemes?

The section 206 disclosure statement is going to be replaced by a new Body Corporate Certificate from 1 August 2025.

If the property is a lot in a community titles scheme, the seller will be required to attach the Body Corporate Certificate to the disclosure statement (among other attachments).

Can the seller instruct an agent to sign the disclosure statement by text message?

The PO Form 6 Appointment of Property Agent REIQ Residential Sales Schedule will be updated to include a section allowing agents to get instructions about signing the disclosure statement on behalf of the Client.

Although text messages may be considered written instructions, the REIQ suggests these instructions are provided in a more formal way given the importance.

What are the benefits of having the disclosure statement prepared early?

There are 3 main benefits for having the disclosure statement ready around the time of listing (or soon after):

- Once you have a buyer ready to sign the contract, the sale won't be delayed if the disclosure statement is ready. Some of the searches may take several weeks to return and this delay may be detrimental for some transactions.
- Agents will be able to identify anything applicable that might impact how they market or answer questions about the property.
- If the buyer receives the disclosure statement in advance of making an offer, they are more likely to be prepared with their offer and have had the chance to discuss any issues or seek any advice they need before signing the contract.

Do you need to disclose future planning proposals (e.g. highway upgrade forecasts) that may be available online, however, the seller hasn't actually received a notice?

For future proposals that might impact the property, the seller is only required to confirm if they have been given an official 'transport infrastructure proposal' or if a 'notice of intention to resume' affects the lot. If the client is unaware (for example, if they don't think they have received anything but are not sure), then it may be worth doing searches to make sure proper disclosure is given.

If there is another type of unofficial proposal that may impact the lot in future, then even if this is not required to be disclosed in the statement, agents will need to consider if the proposal would be a material matter that should be disclosed under Australian Consumer Laws.

Can the disclosure statement be signed electronically?

Yes, the disclosure statement can be signed electronically.

Will the seller disclosure requirements apply for the sale of off-the-plan properties?

The new seller disclosure requirements only apply to the sale of existing lots. Off-the-plan sales (where a contract is signed before the lot exists) will not be captured.

Will local councils and body corporates be able to meet demand with producing required searches and certificates?

The REIQ has raised these issues with the peak bodies for local government and strata management sectors.

There are concerns that local councils and some smaller/less sophisticated body corporates will struggle with the new seller disclosure regime.

We have also raised our concerns with the Government. The REIQ will closely monitor any issues post 1 August 2025 and will continue to share our feedback with the Government and other relevant peak bodies.

Should agents ask the client if the disclosure statement is up-to-date before the contract is signed?

Yes, if it has been some time since the disclosure statement was prepared, it is best practice for agents to check with the seller that all of the items are still up-to-date before the buyer signs the contract.

The statement must be true at the time it is given to the buyer.

What should agents do if the client is not available to provide information?

If the agent is preparing the disclosure statement, it must only be completed using information provided by the client or obtained via relevant searches that show the information.

If the client is going to be unreachable for a period of time, it is essential that a process is in place for the agent to be authorised in writing to take steps (such as re-ordering searches) without the client's later approval.

Does the seller need to disclosure if asbestos is present at the property?

There is a general note to the buyer on page 4 of the disclosure statement that:

- confirms the seller does not give warranties about whether asbestos is present; and
- sets out information for the buyer about when asbestos may be present.

The buyer will need to make their own enquiries about whether asbestos is present in the property.

In Part 5, if water service charges are included in the rates notices issued by council, do agents need to separate these costs or disclose the total amount?

Agents will need to separately state the amount of rates payable for that notice (as well as the date range) and do the same for the water service charges in the relevant section of Part 5. Water consumption charges should be excluded.

There should be a breakdown of the different charges within the actual council notice. If agents live in an area where the council notice does not provide a breakdown of charges, the REIQ would be interested to know so we can make further enquiries about this.

Can agents start issuing disclosure statements as early as June or July?

There is nothing in the legislation that prevents agents/sellers from starting to issue the disclosure statement early.

There may be some considerations however, that agents and their clients need to take into account when deciding whether to issue a disclosure statement for a contract signed well in advance of 1 August.

Firstly, most of the information within the seller disclosure statement already needs to be disclosed under the REIQ contracts. Issuing a seller disclosure statement may not provide anything further to the buyer, depending on the circumstances of the property or transaction.

The client will also incur costs in having a disclosure statement prepared, compared to disclosing relevant information under the existing REIQ contract provisions. For example, the client will need to pay for a survey plan and other searches/certificates that are required if a particular matter impacts the property.

Receiving a disclosure statement well in advance may also be confusing for some buyers. They may be led to believe that the regime applies to their transaction and that possible termination rights apply.

If a contract is being signed towards the end of July and there is a possibility that it may not be signed by the buyer until 1 August 2025, then it is best practice to have the disclosure statement prepared and issued.

Will agents need to provide the seller's name to the buyer in a disclosure statement?

Yes, there is a section in Part 1 of the disclosure statement where the seller's name is disclosed. A title search will also need to be attached to the disclosure statement.

The REIQ appreciates there is sometimes concern about providing the name of the seller to the buyer, however, this is publicly searchable information that anyone can access and will be provided to any prospective buyer that is going to make an offer as it must appear on the contract.

In any event, it is a mandatory requirement to include this information in the disclosure statement.

Can the buyer waive their right to receive a seller disclosure statement?

The buyer can only waive the seller disclosure requirements if a specific exemption applies to that buyer/transaction **and** under that exemption, the buyer is permitted to waive the seller disclosure requirement.

Examples of this will be provided in our Seller's Disclosure Toolkit, to be released next week.

If an exemption does not apply, the buyer cannot waive the seller disclosure requirement.

Does a disclosure statement need to be given if settlement occurs after 1 August 2025?

A disclosure statement must be provided to a buyer if a contract is signed on or after 1 August 2025 (unless an exemption applies).

If the contract is signed by the buyer before 1 August 2025, then the seller disclosure requirements will not apply, and the buyer won't have termination rights under the regime.

The key event is when the buyer signs the contract.

Does the $10 million price threshold exemption apply to rural property sales?

Yes, the price threshold exemption of $10 million including GST applies to all property types (residential, rural and commercial).

Is there an exemption for mortgagee-in-possession sales?

No, there are no exemptions for mortgagee-in-possession sales.

Is there a maximum amount that can be charged as a service fee to prepare the disclosure statement?

There is nothing in the legislation that limits what fees can be charged to prepare a disclosure statement.

Agents will only be able to charge a service fee for preparing the disclosure statement if it is included as a fee in their PO Form 6 Appointment of Property Agent.

Will the 'related parties' exemption apply if 1 person is related to the buyer, but the other person is not?

The 'related parties' exemption applies if:

- the buyer and seller are related, or
- if there is more than one, all of the buyers and all of the sellers, are related.

Example: a married couple selling to a sibling of one of the sellers.

All of the parties would be considered related because under section 96(2) of the *Property Law Act 2023* (PLA), a 'relative' of a party includes:

a) a parent, step-parent or grandparent of the seller; or
b) a sibling, half-sibling or step-sibling of the seller; or
c) an uncle, aunt, nephew, niece or cousin of the seller; or
d) a child, step-child or grandchild of the seller; or
e) a spouse of the seller; or
f) **if the seller has a spouse—a person who is a relative, of the type mentioned in (a) to (d), of the seller's spouse;** or
g) if the seller is an Aboriginal person or Torres Strait Islander—a person who is a relative, of the type mentioned in (a) to (f), of the seller under Aboriginal tradition or Island custom.

Will the disclosure statement have an expiry date?

The disclosure statement does not have a specific expiry date.

However, if any of the information changes after the disclosure statement is prepared but before it is given to the buyer, then the statement may become uncompliant and may need to be updated.

The statement must be true at the time that it is given to the buyer.

If something changes after, then depending on the materiality of the change, the buyer may have a termination right. This would be treated on a case-by-case basis.

Is there a fine applicable if a disclosure statement is not given?

There are no fines associated with failing to meet requirements under the seller disclosure regime. The primary consequence is the buyer's right to terminate the contract any time up until settlement, in the event that certain requirements have not been met.

Does the seller only need to disclose unregistered agreements if they apply post settlement?

Under section 8(1)(e) of the *Property Law Regulation 2024*, the seller must only disclose the details of unregistered encumbrances that will remain on the lot after settlement.

If there is an unregistered agreement due to end soon and the seller/agent is not sure if it will remain applicable after settlement, then it is best practice to disclose this information.

Does the agent or seller need to sign the explanatory statement?

There is no express requirement under the legislation for the explanatory statement to be signed.

The explanatory statement must include a statement from the seller that:

- the body corporate certificate is not attached to the disclosure statement
- the reasons why the seller has not been able to get the body corporate certificate (must be one of the exceptions in sections 6 or 7 of the *Property Law Regulation 2024*).

The REIQ will create a template explanatory statement which will be available in Realworks from 1 August 2025.

Do you need to get a body corporate certificate for a duplex where the two owners share insurance and don't keep any other formal records?

A body corporate certificate will still need to be provided, however, the certificate for a two-lot scheme will be different than the certificate for other types of schemes.

The information required for a two-lot scheme is much briefer than the information required for another type of scheme.

An exemption may also apply under section 6 of the Property Law Regulation, if the records are in disarray.

If the seller is appointing agents under an open listing, does the seller need to get a disclosure statement prepared with each agency?

If there is an open listing, you should ask your client if a disclosure statement has previously been prepared and ask for a copy.

It is recommended that for open listing appointments, clients either prepare the seller disclosure statement themselves or have a solicitor prepare one on their behalf.

From 1 August 2025, the REIQ will have additional resources available for agents who intend to rely on and serve copies of disclosure statements that a third party has prepared.

FAQ's: Rental Reforms – 1 May 2025

TENANCY APPLICATIONS

If an applicant does not qualify for a tenancy based on the information provided in their application, can they volunteer further information?

The applicant can volunteer additional information, however, the property manager cannot ask for this.

If the applicant does not have an awareness of why their application was not successful, then it may not be possible to communicate this with the applicant. Property managers must ensure their conduct does not imply or infer that the applicant should volunteer additional information.

Can property managers request the permitted information about each applicant?

Yes, the requirements apply per 'prospective tenant'. If a person is named on the application as the proposed tenant, property managers can seek the relevant information about that person.

Can property managers ask for a rental ledger that includes details of the applicant's bond including if the bond was refunded to the applicant?

No, property managers cannot request any information about the tenant's rental bond history. If there is information about the rental bond on the ledger, then this would be included as information property managers are not allowed to request.

What information will property managers be allowed to ask for in a tenant reference request?

Property managers will be limited to asking questions to verify the information provided by the applicant in the tenancy application.

Should property managers remove any questions relating to prohibited information on their reference checks?

Yes. Any internal reference check checklists or procedures should be reviewed to ensure they align with the new requirements from 1 May 2025. This includes removing any question that asks the applicant's current property manager for information that is prohibited under the new requirements.

Can property managers still use third-party platforms for tenancy applications?

Property managers can still use third party platforms, provided they have also given the tenant another option to submit their application.

The other option must be a method that the tenant can submit the application without using a third-party platform. For example, they could submit their application via email directly to the agency or by submitting a hard copy.

If the tenant applies for a property a few weeks before 1 May 2025, can the property manager accept their application?

If the tenant applies for the property before 1 May 2025 and the application is not decided until after 1 May 2025, then this is ok and the tenant does not need to redo their application.

If the tenant is given an agency application (not using the prescribed RTA form) before 1 May 2025 and does not submit this until after 1 May 2025, then they will need to redo their application on the new prescribed form.

How can property managers undertake TICA searches without a copy of the applicant's licence?

From 1 May 2025, property managers will not be able to keep a copy of the applicant's licence (including details of their licence) without the applicant's consent.

This means that property managers will not be able to undertake searches relying on the driver's licence for an applicant that won't consent to providing a copy of their licence.

Currently, an applicant's date of birth is not included as information the property manager is allowed to ask for. The REIQ is advocating for this information to be included in the tenancy application so that property managers can still undertake TICA searches using a date of birth, for those applicant's that refuse to provide a copy of their licence.

Will there be a standard form for agency referrals?

There won't be a standard RTA form. The REIQ will update our Agency Referral form from 1 May 2025, to align with the new requirements. Any internal agency reference check checklists or procedures should be reviewed to ensure they align with the new requirements from 1 May 2025.

Are there any exemptions for affordable/community housing providers?

There is an exemption in the legislation for a 'relevant lessor'. This means they can continue to use their own application forms and ask for whatever information they like.

A 'relevant lessor' includes a lessor:

a) who receives funding for the premises under the *Housing Act 2003*, including funding for the provision of social housing services (for example, a community housing provider that receives funding under the *Housing Act 2003*); or

b) who receives funding for the premises that is the subject of a funding declaration under the *Community Services Act 2007* (these are lessors who receive a funding declaration under the legislation for a funding program or individual funding contract); or

c) who is the chief executive of the housing department, acting on behalf of the State; or

d) who is the State, if the tenant is an officer or employee of the State; or

e) who is the replacement lessor under a community housing provider tenancy agreement (a replacement lessor means a funded provider that has entered a funding agreement under the *Housing Act 2003* if, under the funding agreement, the funded provider may enter into a lease with the State for residential premises that are the subject of

f) an existing State tenancy agreement; or

g) prescribed by regulation to be a relevant lessor.

How can property managers verify signatures on a tenancy agreement without checking against a driver's licence?

If the applicant does not allow the property manager to retain a copy of their licence on file (or other identification that shows their signature), then the property manager may be limited in their options if they'd like to verify the tenant's signature.

For a document is signed electronically, then property managers may rely on the document certification showing who signed the document and when.

For manually signed agreements, there will be no way to verify who signed the agreement.

Can property managers accept a paper application for an applicant, and then transfer the application to a third-party platform in order to do reference checks?

Property managers can still use third-party platforms, provided that they have also given the applicant another option to submit their application.

The other option must be a way that the applicant can submit the application without using a third-party platform. For example, they could submit their application via email directly to the agency or by submitting a hard copy.

If the applicant submits a paper application, property managers cannot require the applicant to re-submit via a third-party platform. Property managers can, however, use the information in the application to undertake searches via third-party platforms.

ENTRY REQUIREMENTS

Can property managers rely on a text message from a tenant consenting to an entry?

There are no specific requirements under the *Residential Tenancies and Rooming Accommodation Act 2008* for how the tenant can give consent to entry under section 192.

The REIQ recommends obtaining any consent in writing, which may include a text message.

Is there a ground for entry for pool maintenance?

There is an entry ground under section 192(b) for repairs and maintenance purposes. There is no specific entry ground relating to pools, however, if the entry was for pool maintenance, then property managers could rely on section 192(b) for entry.

Is there a limit to how many times you can withdraw and re-issue a Form 12 Notice to Leave? For example, if three entries were required in a 7-day period.

Although there are no statutory limitations, it will be interesting to understand how QCAT will view this practice.

The REIQ suggests in the first instance, trying to get the tenant's consent or seeing if it is possible to reschedule one of the entries.

If one of the entries is by way of consent, then it will not be included in the '2 entries' within that 7-day period.

Property managers would need to consider their approach on a case-by-case basis.

Also note, if the relevant entry period is within the last 2 months before the end date of the tenancy, withdrawing and re-issuing a Form 12 may not be a feasible option.

This is because a minimum of 2 months' notice must be given to the tenant for a Form 12 Notice to Leave at the end of a fixed term agreement.

By re-issuing the Form 12 on a later date, the property manager will be extending the end date of the tenancy agreement to the date that is 2 months' after the date the Form 12 is issued.

Example:

- The end date of the tenancy agreement is **30 August 2025.**
- The Form 12 is issued on **15 June 2025** with the vacate date being **30 August 2025.**
- On **7 July 2025**, the property manager withdraws the Form 12 for the purpose of having more than 2 entries in a 7-day period
- The Form 12 is then re-issued on **10 July 2025**.
- The new vacate date will be **10 September 2025.**

Can the Entry Notice state the agency name, without the individual property manager's name in Item 3?

Property managers should include the agency name and individual name, together. The REIQ has confirmed that this is correct practice with the RTA.

If the named representative cannot attend (for example, if they are sick), then it is the RTA's advice that it is reasonable for another representative of that agency to attend in their place.

Property managers may also wish to name more than one person on behalf of the agency as attendees in Item 3, in case someone can't attend on the day.

If an agent issues an Entry Notice for a private inspection and the person inspecting unexpectedly brings their parents or partner to the inspection, can the agent still enter?

The parties named in Item 3 of the Entry Notice can still enter, however, the parties that are not named in the Entry Notice cannot enter **without the tenant's consent**.

If they do so, it may be an unlawful entry, and the tenant can later report this to the RTA. Possible fines may apply.

If a property manager (or sales agent) finds themselves in this situation, they should raise it with the tenant promptly and ask them if they consent to the additional people entering the property during the private inspection.

Should property managers be concerned about breaching privacy laws if they provide a prospective tenant or buyer's name in the Entry Notice?

Under the *Residential Tenancies and Rooming Accommodation Act*, property managers are required to give the name to the tenant in the Entry Notice for a private inspection.

Generally, if a party is required to provide information under the law, this will not be a breach of privacy laws.

The way agents collect and use personal information will also be subject to their individual agency privacy policy.

Agents should refer to the Office of Australian Information Commission for information about how they can use personal information and exceptions under the Privacy Act.

Can property managers issue one Entry Notice for two parties entering at the same time but for different purposes (eg. inspection and maintenance)?

For more than one party entering to be counted as 'one entry', the parties must be entering both at the same time and for the same purpose.

For example, you could have:

• two private inspections scheduled at the exact same time (not one after the other); or
• two tradespersons entering for 'repairs and maintenance' at the same time.

A private inspection and maintenance entry are for two different purposes, so it would not be counted as one entry, but two. The REIQ has confirmed this position with the RTA.

How much notice does the property manager need to give a tenant, if the trade person that is going to enter the property has changed from the person named in Item 3?

Property managers can seek the tenant's consent on the day, however, if they don't consent or if they withdraw their consent, then a new Entry Notice would need to be given (with 48 hours' notice).

What are the consequences of entering the premises without giving an Entry Notice naming the people who will enter the property?

If Item 3 of the Entry Notice does not include the name of someone entering the property, then this may be an unlawful entry.

The tenant can rightfully refuse entry to any person not named in Item 3 of the Entry Notice.

The tenant can report the property manager to the RTA and the RTA can impose fines of up to 20 units (currently $3,226).

MODIFICATIONS (STRUCTURAL CHANGES AND ATTACHMENT OF FIXTURES)

Can property managers seek an extension of time to respond to the tenant's request, if they cannot contact their client during the 28-day period?

The timeframe to respond to modification requests (28 days) can be extended with the tenant's consent.

Property managers should explain to the tenant that the client is overseas and cannot respond within this timeframe, to see if the response due date can be extended.

If the tenant doesn't allow the extension and the lessor/property manager doesn't respond in time, the lessor will be in breach of the legislation.

There are no penalties if the response is not provided in time. It also won't be a 'deemed approval'.

Who is responsible for any damage caused by the modification?

The lessor can impose conditions on their approval, including that the tenant is responsible for the removal of the fixture and any repair works needed to restore the property to its original condition.

If the tenant fails to do so, it can then be treated as an amount owed under the agreement and can be recovered from the bond, should the tenant fail to pay the costs of repair.

Are property managers permitted to ask for proof of who carried out the modification?

The lessor can impose conditions on their approval, including that the modification is carried out by someone appropriately licenced, qualified and insured to complete the work.

The tenant is obligated to carry out the modification strictly in accordance with the lessor's conditions. Otherwise, it will be a breach of the agreement.

Is there a time frame applicable for a lessor to decide if a structural change will treated as an improvement to the premises?

For a structural change undertaken without consent, there are no statutory timeframes requiring the lessor to decide whether the structural change will be an improvement or a breach of the agreement.

This would be considered on a case-by-case basis depending on the circumstances of the tenancy and the relevant modification.

DATA PROTECTION

Can sales agents take photos of the tenant's personal belongings for advertising?

Under section 203 of the *Residential Tenancies and Rooming Accommodation Act 2008*, lessors (or their agents) must not use a photo showing the tenant's possessions in advertising without the tenant's consent.
The tenant can withhold that consent, meaning that photos showing their possessions cannot be used in advertising.
Photos showing the tenant's belongings or standard of living will be included as 'personal information' from 1 May 2025.
The requirements for dealing with personal information under section 457E will apply to photos taken that show the tenant's belongings or standard of living.

Do property managers need to delete applicants' details from mailing lists, or otherwise from their CRM?

Property managers are permitted to retain personal information about an unsuccessful applicant only with their approval.

Agencies may wish to review their personal information handling policy and privacy policy to align with the new legislative requirements. On 1 May, the REIQ will be releasing a *Personal Information Handling Policy* in Realworks HR.

How long can property managers keep routine inspection reports containing photos of tenant belongings?

Property managers can keep records of the tenant's personal information (including photos) on file for a period of 7 years after the end of the tenancy agreement. After this period, these records must be securely destroyed.

If selling a tenanted property and the tenant does not consent to photos being taken, how can the property be shown or advertised?

Under section 203 of the *Residential Tenancies and Rooming Accommodation Act 2008*, the lessor/agent needs to have the tenant's consent to use any photos to advertise the property that contain the tenant's belongings.

In some circumstances, agents may find themselves in the situation where they are prohibited from providing photos of a premises that include the tenants' belongings.

FAQ's: Reletting Costs

ENTITLEMENT TO RELETTING COSTS

If a tenant ends a fixed term tenancy agreement without grounds (known as a 'break lease'), the lessor may be entitled to seek payment of reletting costs from the tenant.

It is important to understand that the ability to charge reletting costs arises because the lessor is entitled to compensation for the costs they have incurred in reletting the premises.

The **lessor** is the party that is **responsible** for paying the costs associated with reletting the premises. Provided that specific requirements are met under section 357A, the lessor is then entitled to seek compensation from the tenant up to a capped maximum amount. This amount must be calculated in accordance with the new statutory formula under section 357A.

Note: Under section 89 of the *Property Occupations Act 2014* (Qld), property managers are not permitted to charge fees and expenses to persons who have not validly appointed the property manager to provide a property service for that person.

RELETTING COSTS FORMULA

From 30 September 2024, the 'reletting costs' must be calculated as follows:

Formula 1: For a fixed term agreement 3 years and under

The **lower** of:

- the amount of 'reletting costs' calculated based on the below table; or

% of tenancy term expired when the tenant vacates	Reletting Cost
Less than 25%	4 weeks rent
25% to less than 50%	3 weeks rent
50% to less than 75%	2 weeks rent
75% or more	1 weeks rent

- an amount equal to rent payable between the handover date and the date that the property is relet.

Formula 2: Fixed term agreement of more than 3 years

The **lower** of an amount equal to 1 months' rent for each 12-month period remaining, up to a maximum of 6 months' rent or an amount equal to rent payable between the handover date and the date that the property is relet.

Why is it referred to as 'reletting costs' when the capped amount does not cover the costs for reletting?

The amount calculated under section 357A is supposed to represent the 'reletting costs' incurred by the lessor because the tenant has ended their agreement early without grounds. Of course, we know the new formula does not achieve this and the lessor is generally left to cover some of these costs.

Can property managers require the tenant to pay an invoice for advertising and reletting fees before relisting the property?

Under the new formula, property managers may not be able to calculate the amount of reletting costs that the lessor is entitled to receive until the property has been relet.

This means that invoicing the tenant in advance may cause issues if the amount invoiced exceeds the total reletting costs the lessor is entitled to receive.

The property manager also has an obligation to mitigate the tenant's loss. Any delay caused to relisting the property will not be viewed favourably, if the matter is disputed and is heard in QCAT. This may disadvantage the lessor's claim.