

# FACT SHEET

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## LEASE RENEWAL

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### HOW IT WORKS

When a fixed-term tenancy ends and the parties agree that the tenant can remain in the rental premises, the lessor/agent and tenant need to decide on the future tenancy agreements.

There are three ways a fixed-term tenancy can continue:

1. Extend the existing fixed-term agreement by agreeing on a new finishing date, or.
2. Enter into a new fixed-term agreement, or.
3. Do nothing and allow the agreement to revert to a periodic agreement.

Generally, most owners do not allow periodic leases.

RTA legislation requires 2 months of written notice by the lessor/agent when ending the tenancy agreement or increasing the rent. This is why the lease renewal process generally starts 3 months before the lease end date.

We understand that tenants might not be able to advise if they intend to renew the lease at that stage, but our only option is to serve a Notice to Leave and then possibly reassess the notice to leave in 30 days' time.

If at that point you wish to sign a new lease, the owner could consider withdrawing the notice to leave and offer a new lease agreement.



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Several tenants have also asked for a periodic lease (often referred to as a month to month)

Generally speaking, rent loss is not covered under their insurance policy when a periodic lease is in place.

Fixed-term leases are the preferred option for both tenants and landlords because:

It provides security and peace of mind to the tenant for a stable home for the period of the agreement.

Enables the landlord to forecast and budget according to any expenses or refurbishment required.

It provides stability of rent for the tenant – generally fixed term rental amounts.

Most insurance companies will cover the lease term in place should an insured event occur.

