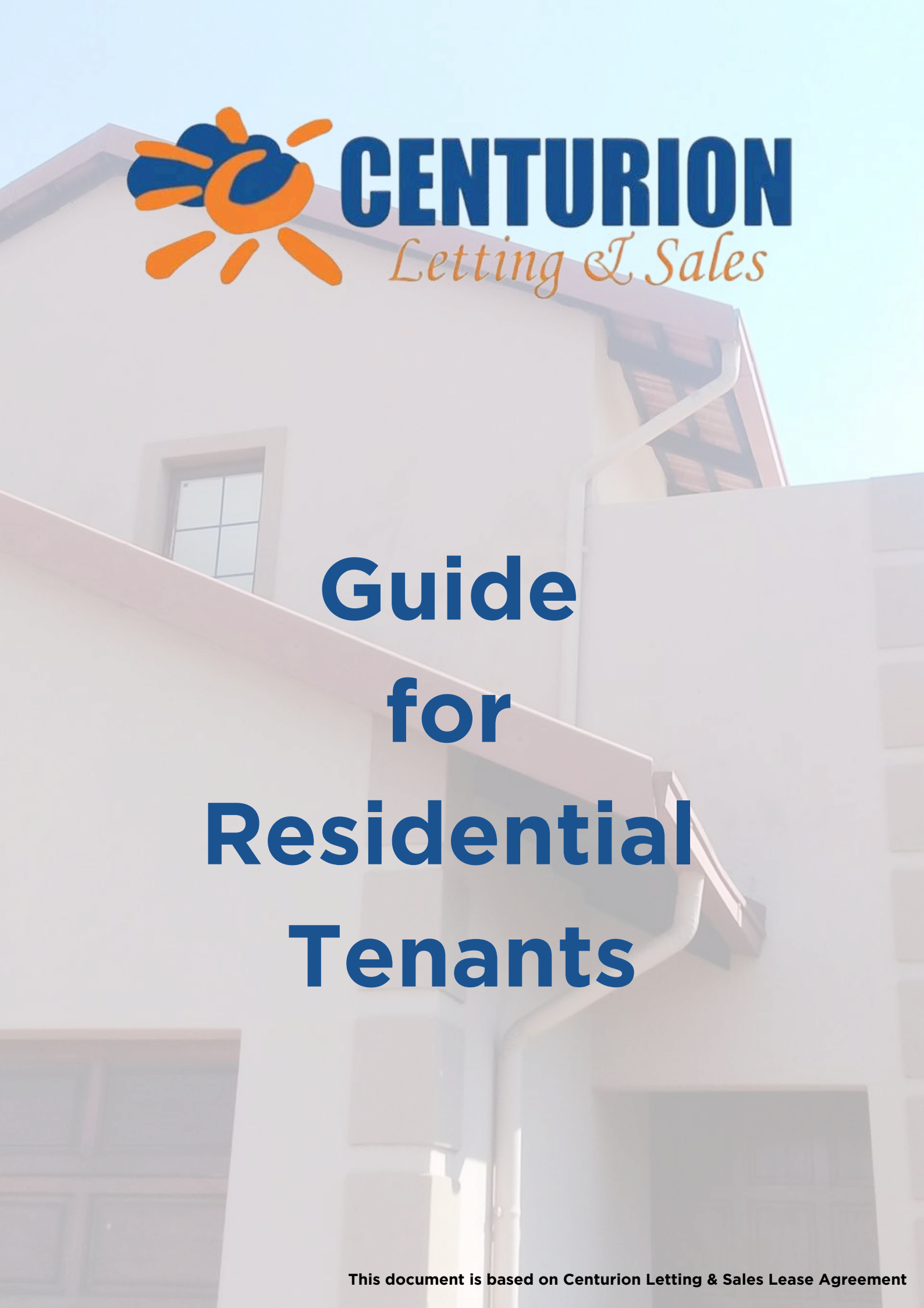


CENTURION
Letting & Sales

Guide for Residential Tenants

This document is based on Centurion Letting & Sales Lease Agreement

INDEX

1 Applying for your First Rental Lease

2 Understanding the Rental Deposit

3 Steer Clear of Rental Scams

4 Understanding Breach of Contract

5 Negotiating Rent Increases

6 Late Rent Payments and Evictions

7 Handling Disputes with Your Landlord

8 Terminating or Ending the Lease

9 What Happens to a Tenant When the Landlord Sells the Property?



1

Apply for Your First Rental Lease

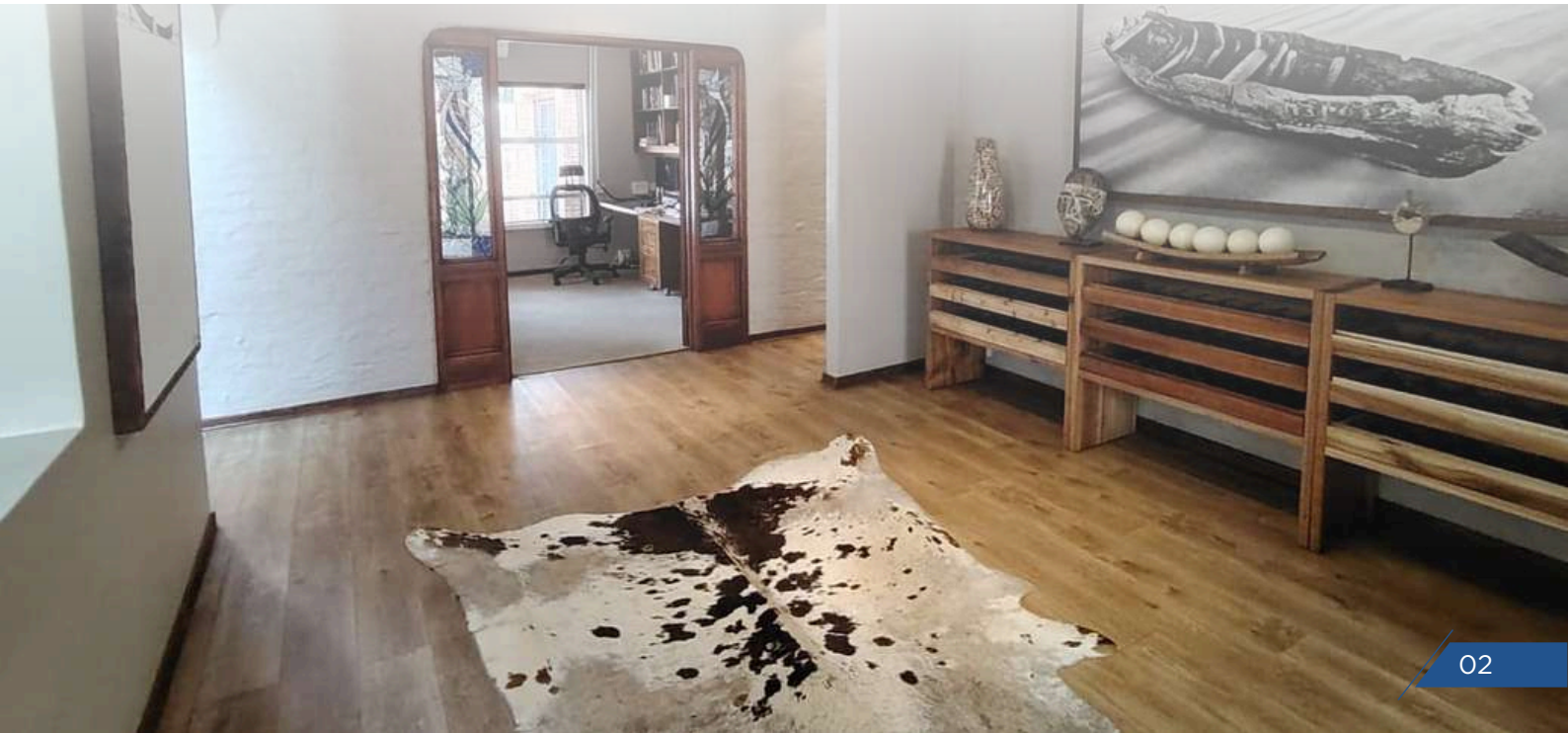
In high-demand suburbs, renting can feel like a race where the quickest applicant wins. To secure your ideal property and avoid disappointment, make sure you're fully prepared before beginning your rental search.

Step 1: Determine Your Budget
Tenants should earn three times the monthly rent. Staying within this price range increases your chances of securing a rental that fits your financial situation.

Step 2: Improve Your Credit Score
A good credit history is essential for rental applications. You can build a credit score through commitments like a cellphone contract or a store account. To maintain a strong record, always pay your bills on time. Before applying for a rental, check your credit report for any errors by requesting a free annual credit report from local credit bureaus.

Step 3: Prepare Your Documents
Have essential documents ready, including three-month latest payslips, a three-month bank statement, and a copy of your ID. When viewing a rental property, request the application form from the agent. If you're interested, complete and submit it along with your documents on the same day to improve your chances.

Step 4: Pay the Deposit
Once your application is approved and you have received your lease agreement, secure the property by paying the deposit. The deposit is usually equivalent to one month's rent, and a small administrative fee.



2

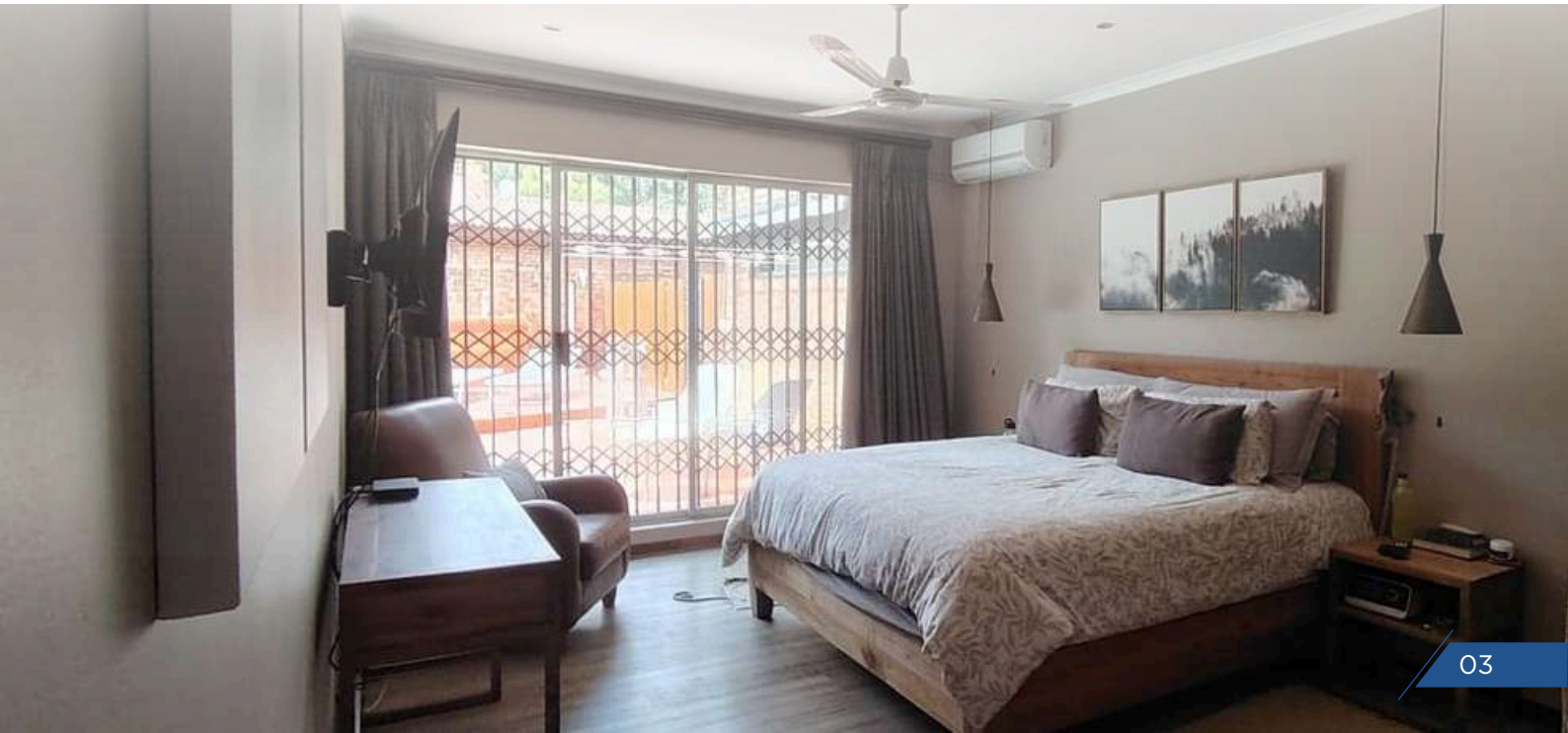
Understanding the Rental Deposit

As outlined in Section 5 of the Rental Housing Act, No. 50 of 1999, landlords have the legal right to request a deposit from tenants. The specific deposit amount will be stated in the lease agreement and typically ranges from one to two months' rent.

Why Is a Rental Deposit Required?
The primary purpose of a deposit is to safeguard landlords against tenants who default on payments. If the tenant fails to pay rent, the deposit can be used to cover outstanding amounts like cleaning of the property or to cover repair costs if the tenant causes damage beyond normal wear and tear. To mitigate this risk, they typically require a deposit equivalent to a month's rent upfront.

What Happens to Your Deposit?
The deposit is invested in an interest-bearing account with a registered financial institution and the interest earned is indicated on the monthly statement that the tenant receives during their lease. If the lease is completed without issues, the full deposit must be paid along with the accrued interest at the end of the rental period. There will be fees deducted for the final inspection as well as any outstanding utilities owed.

What Can Be Deducted from Your Deposit?
The Agency has the right to deduct repair costs from the deposit for any damages caused during the tenancy. However, the deposit cannot be used for general maintenance or upkeep of the property. According to the Rental Housing Act, any remaining deposit must be refunded to the tenant within 14 days after repairs are completed. If deductions are made, the tenant has the right to request receipts as proof of the expenses. If no damages are found, the full deposit, along with any accrued interest, must be returned within seven days of the lease's end.



3

Steer Clear of Rental Scams

Unfortunately, many scammers try to trick potential tenants into paying for rental properties that they have no legal right to offer. While there's no guaranteed way to completely avoid rental scams, tenants can better protect themselves by staying alert to warning signs and working with rental agents from reputable this Agency.

How Do Rental Scams Work?
Scammers often post ads for rental properties, typically offering an enticing deal to attract victims. These ads may include photos of the property, and sometimes, a fake rental contract ready to be signed. The property may be real or fictitious, with the scammer posing as the landlord or rental agent. They will ask for a deposit, and sometimes the first month's rent, to secure the property. Once the unsuspecting tenant sends the payment, the scammer disappears.

Red Flags to Look Out For:

- Never transfer money before meeting the landlord or agent and viewing the property. Always inspect the property before making any payments so you know exactly what you're paying for.
- Legitimate landlords and agents will have a vetting process, including a credit check. Be cautious of those who are willing to sign contracts without following proper procedures.
- Be wary of landlords or agents requesting unusually high deposit amounts or who are never available to meet in person or show the property.
- A lease agreement is a crucial contract that protects both parties. If a landlord claims one isn't necessary, this is a red flag. They may not even have a proper lease to offer.
- Before signing any lease, have the contract reviewed by legal representation.



4

Understanding Breach of Contract

A breach of contract refers to a legal violation where one or more parties fail to uphold the terms of a legally binding agreement. It occurs when a party either neglects to fulfill their obligations or does so late. Examples of breaches include failing to make payments, making unauthorized structural changes to the property, or keeping pets when the lease specifically prohibits it.

What Can Landlords Do in Case of a Breach?
If the breach is minor, this Agency can issue a notice allowing the tenant time to fix or correct the issue. Under the Consumer Protection Act (CPA), the tenant must be given a written notice that the rent is outstanding whereafter they are given 20 business days to rectify the breach. If the tenant does not address the issue within this period, the lease can be canceled effective immediately.

Under the Rental Housing Act, lease cancellations must be carried out in a fair and proper manner. While this Agency may include clauses in the lease to protect ourselves—such as stipulating the right to cancel the agreement if a tenant fails to pay municipal charges on time—we must still adhere to the proper procedures for cancelling the lease.

Is Terminating the Lease Early a Breach of Contract?
Whether ending a lease early constitutes a breach depends on the cancellation clause in the lease agreement. If there are no valid grounds for cancellation specified in the clause, it can be challenging to terminate the lease without consequences. The tenant may still be considered in breach of the agreement if they decide to end the contract prematurely.



5

Negotiating Rent Increases

On the lease anniversary, both the landlord and tenant must agree on two key points: whether to renew the lease and what rental escalation will apply.

Possible reasons for not renewing the lease

- Frequent late rental payments
- Excessive and unreasonable demands
- Lack of cooperation with contractor access or inspections
- Complaints from neighbors or within a Sectional Title Scheme
- Dishonesty or failure to maintain the property responsibly

Common Myths About Rental Escalations:

- The maximum allowable increase is always 10%.
- The tenant can not negotiate the increase.
- A rent increase means the landlord is required to upgrade the property.

For many landlords, rental escalations are intended to provide a fair return on their investment and align with market trends. While a common industry standard is a 10% increase per year, landlords may choose to forgo the increase or raise it by more than 10% to keep the rent in line with market conditions. Tenants should remember that rental increases are primarily driven by supply and demand, but this doesn't mean they are obligated to accept whatever percentage the landlord proposes.

Tips for Negotiating a Lower Rent Increase:

- Leverage Your Track Record: If you've been a responsible tenant, always paying on time (even early), and ensuring utilities are settled promptly, you have a strong case to request a smaller increase. This reliability can give you leverage in negotiations.
- Maintain Good Communication: Keep the agent updated on any necessary maintenance issues and be flexible when allowing access for repairs. Being cooperative and reasonable will show you as a responsible tenant.
- Be Reasonable About Maintenance: Understand that agents may not be able to address every minor maintenance request. Sometimes, taking care of small issues yourself can demonstrate your commitment and help in securing a lower increase.
- Document Your Contributions: Keep track of any improvements or maintenance tasks you've handled on the property. Gently remind the agent of these actions without pressuring them for a lower increase.



6

Late Rent Payments and Evictions

This Agency cannot evict tenants at will, as tenants are protected under the Prevention of Illegal Eviction from Unlawful Occupation of Land Act, No. 19 of 1998 (PIE Act). This law applies to residential properties, ensuring that tenants are not unlawfully evicted.

Step 1: Verbal Warning
If a payment is overdue, this Agency will promptly contact you to notify you of the missed payment. If you're experiencing financial difficulties, this Agency might agree to a later payment date, though they are not required to do so.

Step 2: Written Notice of Breach
If the payment issue isn't resolved, this Agency will send a formal notice stating that the lease agreement has been breached. The lease should be clear and in compliance with the Consumer Protection Act (CPA). Under the CPA, this Agency must give tenants at least 20 business days to remedy the breach.

Step 3: Interdict or Lease Cancellation
If the breach isn't addressed within the given period, this Agency has two options: we can either issue a summons or cancel the lease immediately. If a summons is issued and you still don't pay the outstanding rent, the landlord has the right to cancel the lease agreement.

Step 4: Eviction Process
Once the lease is cancelled, you will no longer be protected by the PIE Act and will be considered an illegal occupier. At this point, the landlord can legally begin eviction proceedings. Both the summons and eviction proceedings can be initiated at the same time.

Step 5: Eviction Notice
The eviction application must be submitted to either the Magistrate's Court or the High Court. If there is no opposition, the eviction order can take 8-10 weeks to be granted. It is common in South Africa for tenants to be given an additional 14 days to secure alternative accommodation before the eviction order is enforced.



7

Handling Disputes with Your Landlord

Resolving Disputes with the Rental Housing Tribunal (RHT)
The Rental Housing Tribunal (RHT) offers a free advisory service for both landlords and tenants to resolve disputes without the need for costly legal fees.
The RHT enforces the Rental Housing Act and helps resolve issues such as disputes over verbal or written lease agreements, tenant rights and responsibilities, deposit refunds, rental arrears, property damage, utilities, and eviction matters.

How It Works:
Anyone with a vested interest in a rental property can lodge a complaint with the RHT. The service is free for both landlords and tenants, and each party can represent themselves. The RHT will inform all parties about their rights and obligations under the Rental Housing Act, then investigate and mediate the dispute by making recommendations to the relevant parties.

Steps to Lodge a Complaint:
Step 1:
This Agency will contact the relevant RHT office in the area where the rental property is located. Complaints must be submitted in writing, and each provincial office has specific forms for this purpose, which can be sent by registered mail or fax. Follow up to ensure the complaint reaches the appropriate person.

Step 2:
Once a case is opened, a reference number is assigned, and a preliminary investigation is conducted. Within 30 days, the investigation will determine if the complaint involves unfair practices. The RHT may request more information from the complainant or respondent, and in some cases, an inspector may visit the property and compile a report.

Step 3:
If the complaint is found to involve unfair practices, both parties will be notified in writing, and mediation will be scheduled. Mediation is an informal, confidential process where both parties meet with a trained mediator to discuss the issues. The mediator remains neutral and helps both parties reach a mutually agreeable solution. If an agreement is reached, it may be made an order of the court. If no agreement is reached during mediation, the case will proceed to a formal hearing for a ruling.



8

Terminating or Ending the Lease

Typically, you'll need to wait for your lease to expire and provide notice of your intention not to renew the lease. The notice period will be specified in the lease agreement, usually within a renewal clause. If the lease has already expired but you're still occupying the property, you are considered to have entered into a new lease and will need to follow the appropriate steps to terminate it. If the original lease doesn't include a cancellation or renewal clause, you are still required to give this Agency two calendar month's written notice before the lease ends. CPA Section 14 allows a tenant to cancel a fixed-term lease by giving at least 20 business days' written notice, but the landlord is entitled to charge a reasonable cancellation penalty.

Consequences of Breaking the Lease Early

There will be consequences for breaking the lease prematurely. Ending the lease early can still be considered a breach. In such cases, this Agency may demand payment for the remaining rent due under the agreement. Additionally, this Agency may recover reasonable costs incurred while searching for a new tenant, such as advertising fees and agent commissions. While the Consumer Protection Act doesn't define "reasonable" costs, this Agency cannot charge excessive or arbitrary amounts. Furthermore, this Agency cannot withhold the tenant's deposit unless there is clear evidence of damage caused by the tenant.

Early Cancellations Without Consequences

If this Agency has fulfilled all the conditions of the lease, the tenant cannot simply terminate the agreement without consequence. However, the tenant and this Agency may discuss alternatives, such as transferring the lease to another tenant. Any such agreements should be documented in writing to avoid future disputes. On the other hand, if the landlord has failed to meet their obligations under the lease—such as not maintaining the property or allowing it to become uninhabitable—the tenant may cancel the lease without penalty. In these cases, it is the tenant's responsibility to provide proof that the landlord is in breach of the agreement.



9

What Happens to a Tenant When the Landlord Sells the Property?

In simple terms, because the lease agreement is legally binding and was established before the property was sold, it remains in effect even after the sale. The lease is attached to the property, meaning the new owner automatically becomes the landlord. You will not need to vacate the property until your lease term ends.

Advice
If you're a tenant concerned about the sale of your rented property or have any other questions, don't hesitate to contact a real estate professional at Centurion Letting & Sales office. You can find your local office at **www.cenlet.co.za** or call 012 653 6180 for assistance.

