

Note to Self

15th April 2012

Dear Owners and Investors,

Today I am writing not for you, but actually for me - you just get to be my sounding board. Over the past couple of months it has been a bit of an internal struggle and I couldn't put my finger on what it was. A very good friend told me what it was - I am a dinosaur. She knows that because she too is a dinosaur. There are not many like Ramon and I in the world and we have been under the impression that there are lots of dinosaurs roaming around in the world just like us, but there aren't. Ramon is far brighter and more worldly than I am. He also sees people much clearer than I ever have. He came to understand dinosaurs much quicker. It has taken me personally a very long time to understand and accept that I am a dinosaur, and no matter how hard you try you can't make someone a dinosaur, they either are or aren't one. It has taken me years and lots of heart ache to come to this conclusion, but now I have reached it I can move on. I am going to sound old here, but the young generation.....

I have learnt things about myself in the past few months, good and bad. I realise that my brain didn't come with an off switch, and when it starts up there is nothing that stops it - oh except a cocktail in one hand, sitting on deck chair of a cruise ship. I don't see things in shades of grey - they are either black or white. I realise that I have no real concept of weekends or after hours. I go out of my way to do things that I really don't need to do, or get involved with people and their lives and actually get nothing out of it other than satisfaction. Unlike many other agents, it breaks my heart to see someone sell something knowing they are going to make a loss - but other agents just focus on the commission they will get. Because of this, I realise that I will always be a "bad agent".

I am a sucker for a story, and always try to see the good in people - even when there probably isn't any good to see. I constantly worry about clients properties and when something goes wrong you would think it had gone wrong at one of our properties. If something does go wrong, we need to get it fixed properly, quickly and keep the costs down to a minimum. I know most other property managers don't understand this, but the more the maintenance costs - the more the owner has to put his hand into his pocket to pay for these repairs.

A normal day for me involves somewhere between 10 - 15 hours of work of some description. This is seven days a week. If we are away and I can get reception, oh unless it is on a cruise ship and we have had the ceremonial turning off of the mobile, it is still on and if that phone rings I will answer it. There are nights that I go to the office after a full day out sorting tenants and do paperwork until well after 9pm. It is about this time that I start to question what on earth I am doing and what it is all for? It is about this time I start to look back and realise just what we have achieved and where we are today.

There is one other big thing I realise and need to acknowledge. If Ramon and I were relying on the business to make us rich, we would still be waiting. Don't get me wrong, we have a fantastic business that brings us in a good cash flow. It is better than most other businesses in that it is constant and keeps working - yes, even when we are sitting on a cruise ship. Our tenants and your tenants all go out to work so they can make a wage to pay the rent. The business is just a good cash flow, and that is all. Our true independent wealth has not come from Property Ladder Realty, it has come from our property portfolio.

We have a lovely home that is ours and paid for. I drive a nice car, alright it is a lemon with its issues but it is still a nice car. The next car I want will cost us the same as a house, but if we can, why not. We have a great business and give our clients the knowledge that their investments are being looked after. We have a great group of contactors that we work with. We have financial independence and when the final part of our retirement plan falls into place we will have a passive income that is more than most people earn now. We will go on holidays and see the world and not have to scrimp and save. We might even take another cruise. We support our local charities - YAPS and Assistance Dogs, and as we get more income this assistance will increase. We can do nice things for people, whether it be my time or money - and expect nothing back in return.

So yes, there are days that I am sure people look at me and think - she has no life and work is all she does and thinks about. I know they think that because I think that. Has it been worth it? Absolutely and I wouldn't have done it any other way. Ramon and I are not exceptional people, neither of us have been to University - I left school at Year 10. We have no trades behind us, we started investing later in life and had no big high paying jobs to fund it. If we can achieve all the things we have achieved - it is possible for any one that is determined to achieve the same. Our first investment unit in Cairns was bought in September 2000, so in just 12 years we have managed to do what some people achieve in a life time of work. An even scarier thought is that some people never achieve this, and they work 38 hours a week year after year, retire at 65 and live (should I say survive) on the aged pension.

I know we work hard and long hours, and it is not until you look backwards that you realise how good a life we have. We brought in 2011 on a cruise ship, went to Anzac Day in Brisbane, went to Perth for my nieces birthday in May, went to the Kylie Concert in Sydney, not in the nose bleed section but in the mosh pit, went on a cruise to the South Pacific in October, and to finish off the year went on another cruise around New Zealand and got married to husband number 3. Yes, I know there is a bit of a theme here involving cruise ships.

On days when I am doubting what I do, and the amount of effort I put into everything, I look around and realise I love what I do and the rewards it has brought to us. I just hope that I can inspire just one person to get out there and do it for themselves.

Enough of the Drama Queen stuff and onto tenant stories. We look after a duplex pair in Whitfield for a couple. The back unit has a great tenants that are the model tenants. If all our tenants were like these, we would be so happy and have so much spare time. The front unit was rented prior to the GFC and was rented for \$270 per week. It is a couple with no kids but 5 cats. It started out with just two and then grew from there. From the time we took over the management of this unit it has been a struggle. They were constantly in arrears. I faced two options - either work with them knowing that the arrears would be paid but it would be a constant battle or move them on. It was around this time that the rents were dropping. We have similar villas just behind this property and we could only get \$200 for them, so by moving the tenants on it would put pressure on the owners to find an extra \$70 per week, plus possibly have the unit vacant whilst we found someone. There is no way I could do this, so for a year I struggled through it with the tenants.

At one stage I sent them off to OzCare to get some financial assistance, and more importantly some financial planning help. I know you aren't going to believe it, as it is just common sense, but after the tenant got back on track she told me what they had changed. Instead of both walking down to the shop to buy a Red Bull each from the deli, they stayed at home and had a coffee. Instead of eating take out every night, they now cook at home and only have it as a special treat.

They now put money aside each week for each of their bills instead of chasing their tails when the bills come in. You forget that some people have absolutely no idea on financial planning and just bumble through life.

The owners decided to come back to Cairns, and the decision was made to give these tenants a Notice to Leave. As they weren't in arrears, we had to give two months written notice. I could have just typed it up, put in the mail and waited for two months, but as I was essentially making some one homeless the least I could do was go and face them. I made the excuse that I needed to come over to check out house for future repairs. I sat them down and explained the situation, and at first it didn't seem to register. I unfolded the Notice to Leave and talked her through it and what their options were - it was about this time that the penny dropped. To say she didn't take it well is an understatement. There were tears, swearing and stomping about - as you would expect when you have essentially been made homeless.

I sat her down, calmed her and told her that it was a good time to look around as rentals were still slow. I would give her a good reference - then she drops it on me that she only wants to stay with us as we have been so good to them and worked through the issues. Great, I had hoped they would look around find a place and give me two weeks' notice and that would be the end. I knew the owners were actually going to be here before the two months notice expired, and it would be fantastic if she was gone before they got here. Nothing like a bit of pressure to make life interesting.

When placing a tenant, you have to fit the right tenant into the right property or it just will come back to bite us later. This tenant has 5 cats, so a unit isn't going to be an option. Even without the cats, I don't know how good they would be in a high density environment. A house would be ideal, but if they are struggling at \$270 per week - then there is no way the budget can go up. A duplex would be perfect - now just have to find one to suit them.

As luck would have it, I got a phone call from a tenant who lives just around the corner to give me her two weeks' notice. I organised with the two tenants to meet and I got the phone call to say they loved it. I talked to the owners explaining it all - and the five cats and they were happy for them to move. The tenant moved out, these tenants moved in, the owners arrived a few days after they had moved out and best of all the tenants are still paying \$270 per week. Considering the rent for the place they just moved into was only \$250 - it means I have lots of happy owners, and a happy tenant with five cats.

Some days it all just falls into place, and it is those days that you smile and know it is all worth it. I have realised how much I have changed when it comes to tenants. The meek mild, push over property manager is long gone. I still have a couple that know what buttons to press, but these are getting less and less. I warn them all that I know everything and if they play up, I will find out within a day. I am sure they never believe me. The other night I got a call from an owner at a complex to say the people in our unit were playing up. It was only 8.20pm so I decided to call them. One mobile was off, but the other was on so I called until she answered. I didn't yell, I didn't make any accusations all I said was "Is there any reason you think that I would be calling you now? Do you have anything you would like to tell me?" Silence at first and then out it all tumbled followed by apologies. I am sure they must hang up and start searching the unit for surveillance cameras!

I will finish it off with my Friday encounter with the Police. Ramon dropped me at the office, and as we pulled up I noticed a Police car - with no one inside of it. This means they are there seeing someone very close by. I waited as we own a block of four units right next to our office. The Police lady came around the corner, my heart sank as I knew she had been to our block.

I explained we were the owners and if there was something we could help her with. I had a feeling I knew which tenant it was she was visiting and I was right. Also happens to be a tenant I have been struggling with for arrears on the rent - funny that. I am just waiting for the right time for us, and they will be moved on. She explained that no one was home and she had left a card. I gave her all the latest details I had on the tenants and explained that they would probably be moved on very quickly for rental arrears. She said "I guess I will see you soon for a Warrant of Possession". If the tenant doesn't move out after the Notice expires you can go to court and get this Warrant. The Police then come to move them on. I explained that I am pretty scary, and I explain it nicely that it is in their best interests to move on.

The decision to move them on has been made, if they go quietly everything can be resolved but if they make me go to the courts I will make their life as difficult as I legally can. To go to court means I have to be there before 9am and you all know I am not a morning person! In 12 years of property management I have had to go to court twice. Once was our decision as a tenant owed money and it was on principal. The second was for a bond dispute. I think that is pretty good going.

I hope you are all happy and well in your world.

Linda