

Note to Self

12th May 2012

Dear Owners and Investors,

I have been doing these emails for a few years now. I can type really fast, which does help but they still take a bit of time to write. Some days I send them out and wonder if any one actually get them - worse still if any one actually reads them. I do tend to prattle a bit! To those of you that do take the time to write - THANK YOU. It is nice to know that you do enjoy them. Fortunately I don't have to have an imagination to write these emails, I just have to take notes of what happens in my day! Being a property investor would be so much easier if we didn't have to have tenants in to pay the mortgage.

I have been talking about rent increases for a few months now. The time has come for us to be able to increase the rents, and not lose the tenants. It is a fine balance so I needed to get it right for you. I finished off the rental increase letters, and Tuesday was the day I got to deliver them. I could have taken the easy way and put a stamp on the front and mailed them, but I have been doing this long enough to know that in two months there will be some that won't start to pay the increased amount. When I call, there will be the "but I didn't get your letter in the mail, it must have got lost" or it could be the one that they don't use the letter box as they have a PO Box. It is for this reason that we hand deliver the letter to the door.

I know I constantly tell you how much better I am at confrontation, but I really am a big chicken at heart. I pulled up to Buchan Street - and instead of parking in the car park, I parked out the front. As I opened the door you could almost hear the Pink Panther music start up. Kitted out with my high heels, I tip toe into the complex and along the path way. The two letters I have to deliver are up the second stair way with the two doors at the very top. I tip toe up the top of the concrete stairs and when I get there I can hear the television so I know someone is home - I gently push the letter under each door and tip toe back down the stairs. I don't want to knock and hand it to them, as I know I will have to explain that their rent is going up - chicken I know.

I was actually very surprised at the response. I had Ms V who has been with us for some time and when I went to drop the letter off she was out the front gardening - couldn't tip toe past this one. I gave her the letter and she said she had been expecting it for some time now. She thought the increase was very fair and she was more than happy to stay. The same goes for another tenant that I put her rent up by \$30 per week. They know that to move into a similar property is going to cost them \$50 per week extra so they are actually winning.

I have to tell you about the old fellow at Sheridan Street. His first Meals on Wheels was delivered on Wednesday. I arrived probably 30 minutes after they had delivered it and could smell it as I walked up to the door - made me very hungry indeed. There he was at the table eating his desert. Not only had he eaten the entire thing he was scraping the bottom of the bowl to get it all out. He had prunes and custard and he tells me it was very nice. I asked about lunch and he had sausages, mash and vegies. He hadn't eaten it all as they did give him about 7 small sausages but he had eaten at least half of it.

When we got back that night there wasn't anything left - so he must have gone back to finish it off. Friday was pretty much the same story - I arrived and he was eating chicken with mushroom gravy and vegetables and there wasn't much left of that either. For desert he got chocolate mud cake with cream, but he decided to add more cream from the fridge. He has lost so much weight I guess it doesn't matter how many calories he consumes.

I am going to try and see if he will go to five days a week, he is only at three at the moment. He is a stubborn old git and it doesn't matter how much I nag him, it will have to be his decision. He did say he was looking forward to trying their roast, so it may not be long before that happens. One day, when I have spare time on my hands - no laughing it will happen one day just not sure when - I would love to be able to volunteer for Meals on Wheels as I can see just what a difference they can make to someone's life. I can see within a few weeks he will actually look forward to someone coming to his house and bringing him food.

We have Clinton working with us now and he is starting to understand that what a tenant says isn't necessarily what is true. The other day I had two phone calls from tenants. The first was from a new guy in a bedsit unit. There are two side lights that are operated from a single switch. He told me that they weren't working and he had bought new bulbs but they also weren't working. In some of these units there are two switches - one for the lights and one for the fan. It could be he wasn't turning the right switch on, the bulbs could be broken - or it could be a fault.

The second was from a new tenant. She has been there for about six weeks. She is a nice girl, but without being mean she is a bit simple. She rang to tell me that something was wrong with the stove and I needed to send an electrician out. I asked her why and she said that the cook top goes on but it doesn't get very hot. I asked if it was just one and she told me that it was all four of the burners. With a stove there are only a few things that can go wrong. The simmerstat stops working and when this happens the control of the temperature stops. You turn the element on to low, but the simmerstat will take it straight up to high - there is only off and flat out red hot. The other thing that can go wrong is the element itself. When this happens no heat goes through at all. Because she said the elements were heating up but only really low I just knew it was going to be something simple. I could be wrong and never seen anything like it before - we would know really soon.

I asked Clinton to stop by in the afternoon at both units. The first one with the lights turned out to be a faulty switch. We never send an electrician or any trades person out unless we know it is something that needs to be fixed. In this case we had the electrician booked in for the next morning, and within 24 hours the switch was fixed, the lights were back on and we had a happy tenant.

Now for the stove. There is to be no head shaking because I have already done this for you. Clinton asked that the stove be put on before he got there with some water in a pot. This way he can see what is going on when he gets there. The tenant had the stove on but not much happening in the heating department. Clinton turns the knob the other way - and it gets so hot it is smoking. The tenant says something like "but in the other house I was in, the knob turned the other way to get it to go to high." We now have a happy tenant who knows how to turn on the stove to high, we have a happy owner who doesn't have to pay for the electrician to go out and I have someone working for us that gets why we go out each and every time BEFORE we sent a tradesperson out.

To finish off its not going to be a tenant story, but an "investor" story. Ramon and I have the belief that we should be getting you 52 weeks rent a year and this should be at the best possible rent possible at the time it becomes available. There are some weeks where I can't shift a unit and then two weeks later when the unit comes up I am swamped with enquiries - although it is at the same price. We also go out of our way to keep the repairs and maintenance costs down to a minimum.

We are investors ourselves so we know that a week's rent is a week you have to take out of your pocket to cover the mortgage. We also know that sending an electrician out to look at a stove that won't heat up is going to cost \$100.

When looking at the internet there will be other units that are similar and these are more than the rent we are chasing. I tried to explain this to an investor - who we managed his unit for many years.

During this time it was rented for 52 weeks of the year with minimal maintenance. At this stage we didn't have www.realestate.com.au so he decided to go to a franchise property management company who had bigger exposure than we did. I heard through the grape vine that his last tenant vacated the week before Easter and it is still vacant. They are still asking \$240 which is probably \$20 - 30 over what the market will pay. His unit has now been vacant for five weeks. I will now switch to gloat mode, we currently have one unit that becoming vacant on Monday and one that is being renovated so it can't be rented.

We did have a house in Edge Hill that we rented but received two applications that were really good. One got the house, but the other I asked if he wanted to see a property we had coming up. They went to look, loved it and we got \$370 per week for the house without even having to advertise it. No vacancies and a high rent - can't be much better than that!

I hope you are happy and well in your world.

Linda