

Note to Self

9<sup>th</sup> June 2012

Dear Owners and Investors,

There are some days that even I surprise myself at the amount of useless knowledge that I have. Yesterday morning I received a call from one of our tenants. It was the lady that needed the electrician called out to fix the stove - but was turning it to low and wondering why it wouldn't heat up. She said that there was no water on in the unit. I asked her to check with the neighbours and sure enough they had water. This ruled out the council turning water off to the whole complex. I then asked her to turn on the cold water tap and the hot water tap in the kitchen - nothing. I then asked her to turn the hot and cold water tap on in the vanity - still nothing. This confirmed to me that it was not just a stuck washer - and this does happen some times. It was going to be the isolator valve to the unit.

Luckily her Dad was with her, so he came onto the phone. I asked him to walk down the stairs, out to the back of the building and stand where the bathroom window is. I then told him to look down in the garden bed and he would find two round plastic tops in an line to the bathroom window. He found them easily. I then asked him to pick one and turn the tap and then call out to the daughter to see if water was coming out of the tap. Nothing, so I told him to go to the other tap and try this. BINGO we have water coming out.

I would take a guess and say that someone was changing a washer in the down stairs unit and turned them both off. When they fixed what they needed to fix they turned their isolator valve back on and forgot to turn the other back on. Either that or someone was being smart and turned just hers off. All of this was done over the phone and we didn't have to go to the property - or call a plumber out!

Yesterday I met with the Occupational Therapists for Ms P at her unit. She did recognise me, but really had no understanding of how she knew me. Once she stepped inside the unit, she did know it and was horrified that her undies were pegged on the clothes horse for all to see.

They wanted to get some clothes for her to take back to the hospital, and I mentioned about the 4 drawers full of brand new bin liners in the corner cabinet as you walk in. They wanted to test her memory and asked her to get a bin liner. Instead of walking towards the cabinet she went to the top drawer in the kitchen and I thought - poor love has no idea where they are. You can imagine my face when low and behold there in the top drawer are more packs of brand new bin liners!!!

I have arranged to get her car moved to Sheridan Street so it is safe, and the poor thing was puzzled asking how she would get around now if I took her car. She had no understanding that she wasn't staying at the unit but going back to hospital. It is very sad to watch, but I know I have helped her more than most would and for that I can sleep at night. I love my old people collection.

There are some tenants for whatever reason I lock horns with. We had one particularly feisty one that was at one property, then we moved her to a better suited one as she has two small children. She was a good tenant, and although we had some niggly problems there was nothing big. We got into some argy bargy over a couple of issues, but at the end of the day it was personality clashes, not her being a bad tenant.

They moved onto another property not with us, and just after this she got diagnosed with Breast Cancer. She got into all sorts of trouble financially and our fantastic friends down at OzCare helped her get back on track. I have kept in touch via text message, and I am taking her to lunch this week. Funny how things happen, but I would hope that someone would go out of their way for me if the need arose.

The other day I got a call from one of our tenants at Sheridan Street to say he hadn't seen the lady next door for a few days - not even a sound coming from her unit. He has banged on the door but no response. He was worried and wasn't sure what to do. I tried her mobile but it rang out. The tenant said he heard it, and then he heard a mumble - at least she was still alive. Luckily Ramon was in town this day, so I sent him over. She had gone on a massive alcoholic binge and was passed out on the couch - not in a good state. I told him to not try to do anything, but to call the ambulance. Great another thing I have to deal with in the next couple of weeks - not sure where in the property managers hand book it tells me the procedure for this one.

Recently one of our clients bought a duplex pair. It is a fantastic property that is in very good condition, in a good location and the price was great. The issue was the owners daughter lived in one side and part of the deal was we had to sign her up for a twelve month lease before the owner would agree to the sale. I think there are some issues she has personally, but to make this deal happen we agreed - after all twelve months can't be that long - can it? Now remember, the father was the owner of the property and he did all the maintenance of the property. A week after the settlement went through, the daughter sent through a two page request for maintenance!!!

All of it was not necessary, and was not going to get done until she moved out. Since this time I have had the Council call about an issue with the neighbour, we have had requests to build a new dividing fence as well as a front fence, arguments with the other neighbour and finally a phone call from the neighbour in tears about her behaviour. All of this in less than two months. As each of the people in the duplex was complaining about the other, so I needed to bring an end to it quickly. We typed up a letter explaining that as each person had complained about the other, and we needed to believe both parties, we had no choice but to issue each a breach notice and urge them to live in harmony. If they didn't then we would have to look at moving both of them on.

Clinton got the job of delivering the breach notice and letter and from what I hear the daughter was not happy. She said she would call the RTA, and once she had spoken to them her tune changed very quickly. It will be interesting to see what happens for the remaining ten months. We don't really want either to stay long term as we can get better tenants and better rents, but whilst we are stuck in this lease we have to work with what we have. At least both are paying the rent and looking after the place - that is a bonus!

We are fast approaching the end of financial year. I wrote some time ago about the tables and chairs from Amart. They have arrived and out of the ten sets I ordered, I have four left. If you would like to upgrade your table and chairs just let me know. They are a great tenant proof set that look good and are a brilliant price. If there is anything else you would like to upgrade before the end of the year just let me know.

I am not going to say just one word and I know that when Ramon reads this, he will roll his eyes back, shake his head and start to grumble - CURTAINS. My goodness how even I hate that word, and out of all the jobs I have to do in property management this is the one thing I hate with a passion. Let's be honest, we have basic accommodation and there is no need to spend hundreds of dollars on curtains. There are some things we need the curtains to be.

We need something that isn't like an flash back of the sixties, and you have to squint your eyes to look at its leariness. It has to be thick so you can't see through it - yes I am a prude and have a bit of a phobia about see through curtains at night, even though in our house we don't actually have any curtains at all. We live on five acres so if you creep up the really steep drive way that is about 400 metres long, in the middle of the night and happen to catch a glimpse of me - so be it. Most importantly it has to be reasonably priced. Our personal thoughts are we would rather replace the curtains every five years than buy a really good expensive pair and try to get them cleaned and in good condition for ten years.

If you are lucky, you may get a set of curtains on special that are thermal backed for anywhere between \$50 to \$100 per set. You can get eyelet curtains for about \$30 - 40 but this is just for one curtain, and you will need a pair to cover a window. You can get the really cheap and nasty curtains, but you may as well hang a sheet in the window, or put aluminium foil on the window like some of the tenants.

My task was set and I was on a mission to find good cheap curtains. I trolled through the internet, particularly ebay. I may have got side tracked a bit there - I just LOOOVEEE ebay. There was nothing really good. I went to the Big W site, and I am sure it was a mistake but they had the really nice curtain brackets and rod sets on sale. You know the ones with the fancy shepherd crook curly bit at each end.

We normally buy the white plastic coated metal rod, the basic white brackets and the two white ball end things from Spotlight and although effective - they can't be called fancy by any stretch of the imagination. These cost us about \$20 - 25 for the rod, brackets, ends and rings. On the Big W site, I got a 300mm pole, brackets and fancy ends DELIVERED to our door for under \$10 a set!! I know that we will be upgrading all our units very soon, so I couldn't help myself and bought 30 of them!!!

Great, I now have 30 brackets and rods but no curtains - did I mention I hate shopping for curtains? In Cairns we have a shop called the Towel Man and they buy the end of run lines from the manufacturers. You never know what you will get but they are always cheap. I went down to their ware house to see what they had. I struck gold. They have two styles of curtains that are a nice tenant proof colour and they were \$40 a pair! Even better, these are the built in eyelet style, so this means no more little rings to put onto the back of the curtains.

I have bought a few spares - well to be honest I bought 40 pairs of curtains. Although most will be for our personal units, I may be able to spare a few rod and curtain sets if you are really nice to me. I can't believe that for \$50 we can have a new rod, bracket, ends and a pair of curtains. There is some good news on the horizon. The new Queensland State Government is looking to bring back the concession for owner occupiers for stamp duty. This will take affect for contracts dated 1st July onwards and can mean a difference of thousands of dollars. This is great news, but it will mean that our sales market for the month of June is essentially be dead with people waiting to sign a contract after the 1st July to make the savings. The link for this is <http://www.osr.qld.gov.au/home-page-promo/home-concession-info-sheet.pdf>

I think this, combined with the drop in interest rates will help to get our residential market moving again. It probably won't make a big difference to the strata titled properties, as the issue is the insurance. I did see that there was another article in the Cairns Post about this issue. Pressure is still being put on at many levels for a working solution. The Federal Government has unit 1st December to outline how it will bring back affordable insurance to the region. [http://www.cairns.com.au/article/2012/06/08/222875\\_local-news.html](http://www.cairns.com.au/article/2012/06/08/222875_local-news.html)

Now to finish off this Note to Self with a clanger. We look after a house for a client and we have two great tenants in place. There have been teething problems as it is an older house and we only just took over the management when they first moved in. It is a great house, but definitely not a good investment. The owners are stuck and can't sell it without making a huge loss, so we have good tenants to babysit their investment until the market turns.

We had to go there as the tenant said she could hear running water in the toilet, but couldn't see any water. We got there and the toilet is next to the bathroom but a completely separate room. It has a small vanity in there as well. As soon as you got to the hallway, sure enough you could hear it like a running hose at full pelt but absolutely no sign of water anywhere in the bathroom, toilet or even outside. It is about this time that the heckles on the back of my neck start to stand up - I cringe whilst thinking burst pipe in the slab. Ramon and I did everything we could to isolate it down and we guessed it was going to be a fracture in the pipe in the slab somewhere between the toilet and the vanity. We even managed to work out that it was the cold water line.

Julian the leak detection king at Mackie Plumbing came in to work his magic and find the leak. When he called the news wasn't good - there is not just one leak but two. The other is in the kitchen area. I now have visions of jack hammers and tiles being ripped up tracing the pipes. I am thinking about the mess when the reality of the cost starts to creep in. It isn't our property and I am cringing for the owners. In this case the only solution is to cut the pipes off that are in the slab and do a rerun of the hot and cold pipes around the house and over the roof and then chase them into the walls behind the taps so we can essentially keep the bathroom in tact. Wow it sounds like I know what I am talking about. I now take a deep breath in and ask how much. The air is sucked out when I hear over \$5,000.

I talk to the owners and say, it is worth a try with the insurance company - you just never know. In between the assessor coming out and the insurance company agreeing and issuing the work to go ahead took nearly a month. I didn't want to move the tenants on unless I had to. If the insurance company covers it then we will be able to claim loss of rent, but if they don't then I needed to keep the cash flow coming in for the clients. It would be bad enough to have to pay \$5000 to rerun the pipes but then to lose good tenants as well would make the situation worse. I don't know enough about the criteria on what they will cover and what they won't but in this case the owners hit the jackpot and the repairs and resultant damage will be covered!!!! In that month, the resultant damage has gotten worse and it looks like we will get a new kitchen and possibly new carpets in the bedroom.

Now I could have worked with these tenants, but I know it would be exceptionally difficult to live in the chaos that will be created by re running the pipes, ripping the kitchen out, chasing the pipes into the wall and then repatching and anything else that needs to be fixed. I have in the past tried to work with tenants in place whilst work is being carried out and although they say it won't be an issue - it will be!! They are about to move out and the work will soon begin.

To add to the lucky streak these owners are on, the market in the area has bounced back and there is a good chance that we will be able to sell the property and clear all their debt for them. To make our job even easier there will be a shiny new kitchen as a minimum. If this doesn't come off, thanks to the increasing rental market we should be able to get somewhere between \$40 - 60 extra per week for them if they choose to rent it out again.

Sometimes we have a win, and I am very happy for this couple that it has come off them. I know that we are different at Property Ladder, we could have just got the owners to spend the \$5000 and be done with it.

We saw a chance to get it done and potentially sell the property to clear the debt. I guess the biggest difference is that we are investors and see it differently to the normal property manager that thinks of it as just a job.

I have attached a photo that I got, and I hope it makes you smile as I certainly did when I saw it.

I hope you are happy and well in your world.

Linda