

Note to Self

21<sup>st</sup> August 2012

Dear Owners and Investors,

Let's be honest, the past five years in Cairns have been just awful. There is no way that anyone could predict how bad it would get, nor how long it would last. If my crystal ball was working, we would have sold up in 2007/08 prior to the peak and would have spent the last five years on a cruise ship. It does seem that there is light at the end of the tunnel, and although the sales are not good, the rentals are incredible at the moment.

We have a young lady that has been looking for a property for a while, she is a bit picky about what she wants. Ramon and I have a loft townhouse that is in Whitfield that we have been meaning to paint since the day we bought it - oh about ten years ago. The kitchen area has been painted bright sky blue, as has the bathroom. The hallway is purple, and I don't mean pastel purple - I mean PURPLE, but if that wasn't enough they have then sea sponged over it with the bright blue. The carpets are not just awful, they are OH MY awful with huge stains and just really gross. The entire unit is really tired.

When we bought it the rental market was going fast and we never had an issue with renting it out and were even getting good rents for it as it was. When the market slowed down, we had a choice to either spend the money renovating it but knowing that we wouldn't get a good tenant or drop the rent by a few dollars and keep the cash coming in - we went for the second option.

The last tenant we moved on. He was falling behind on his rent, and not a good tenant. Now that I know that we can rent the properties for higher rents and have a choice of good tenants, we decided the time was right to do the renovations. The unit has only just become vacant, so I arranged with this lovely young lady to meet me after work on Monday to see it - but I did warn her it would be in its raw state. She was running late and I was running even later so by the time we met at the unit it was close to 6.45pm and very dark. I have no idea why tenants don't replace light bulbs, so when I turned on the lights it was light, but not really bright as some were out.

To make it even worse the unit is really cluttered with old furniture that we need to take to the dump - not sure the charity shop will take it. Oh and the vanity is really bad, with a huge stain in the vanity bowl as the tenant had let the water run so long without telling us it has a stain. The toilet cistern is ordinary looking as well, with lovely sun damaged areas. The stove is nearly as old as - well not me but the unit! We have also had a water leak from the shower area into the lounge area and there is a section of plaster board that is damaged. You get the picture I am sure - it is pretty awful looking.

We recently rented out the two units in the same complex for \$190 easily and the one she was looking at was \$200. I walked her through the unit explaining that we would put in a new vanity, new toilet cistern and toilet seat, a new stove, remove the carpets and put down tiles and repaint it all - I can sell these things now easily! She then quizzes me about the rent and I say "Well I need to speak to Ramon as it is our unit, but it would be around the same price as the other one you are looking at". She then says she would be happy to pay \$210 per week - sold to the lovely lady for \$210. I now just need to get Ramon to finish the renovation at Sheridan Street and onto this one!

There is some money we need to invest in this, but really it isn't a lot in the big scheme of things. It is easier and cheaper for us as we can do the work (ok so I won't be doing it myself, but Ramon will). Once this is done we won't have to touch this unit again for at least another 5 to 10 years. We are also going to get another \$40 per week in rent, so I can't complain about that.

While we are still in the same complex, I have to tell you that on Saturday I went to two of the units we just relet. I had to go back to get each of the new tenants to sign some paper work I hadn't done. I called both of them to see if they would be home, and if it would be alright for me to come over. I do explain that they don't have to agree, as it is Saturday and I haven't given them a lot of notice. I went to visit my Cowboy first, no laughing but when I walked in I spied the cowboy hat on the fridge. I have to say for a young lad, the place was not only clean, but spotless. I could hear the washing machine filling in the back ground. He had just been to the rodeo at Mount Carbine and won a few prizes!

The second one is also a single guy. His place was just as clean, and in a weird way really homely. Now whenever a new tenant has moved in, I always ask if there are any issues that I need to know about as they have been there for a few weeks now. Ramon cringes when I ask as he can see the maintenance list coming out that he has to fix - fortunately Bart has taken over this job!

Now I am not saying that he isn't the sharpest tool in the shed, but..... you will love this. He said that for the first week he couldn't work out what the problem was. Every 30 minutes exactly there would be this rush of wind, like a rustling sound. He would go around and check all the doors and windows and even watch the curtains for movement. It was really freaking him out, as it would be every 30 minutes day and night. I am sitting there racking my brain with absolutely no idea what it could be - I am now thinking Ghosts or some sort of weird stuff - but every 30 minutes like clockwork that bit had me stumped.

There I am frowning thinking what on earth it could be when he says "That is when I noticed that" and he points up to the ceiling. I follow the point and there at the top of the cathedral ceiling is a smelly thing stuck to the wall that every 30 minutes sprays one time. I didn't mean to but I couldn't stop laughing and I mean serious laughing when I say "didn't you notice the smell every time it happened?" he said that he thought it was the carpets after they had been cleaned. I settled down to get the paperwork signed when the spray happened and I lost it again.

There are some weeks where seriously I sit here and look blankly at the screen wondering what on earth I will write about, but this week I have had to make a list of all the stuff so I don't forget any of it. Some days I forget just how much useless knowledge I possess, but when a tenant calls with something I even surprise myself that I know the answers or what to do.

Monday morning I get a text from a tenant - they know not to call before 10am! It was from a tenant in a block of four units that we manage. He said that Units 3 & 4 had power but his and Unit 2 had none. He said that the power was flickering on Sunday night but this morning when he got up there was nothing. With my morning voice, I called him to get him to walk to the main power box. I asked him to look at the four meters to be sure that they were all connected (if they are disconnected they are turned on their side or a green wire in the bottom right hand corner).

The next thing to do was to check that the circuit breakers were all in the same position. It wouldn't be the safety switch as they had no power at all. That was all that I could do over the phone, but I was pretty sure that the main line coming into the board was the problem. A call to the MDE (Modern Day Electrician) and someone was on their way out to check this for me.

It was an Ergon problem and they in turn were called out. I drove past that night and the lights were all on - happy tenants again.

This morning I got a call from one of our tenants at Sheridan Street to say that the safety switch was tripping out. She would turn it back on but it would snap back down into place and she didn't know what to do. I told her to leave it in the off position, and then walk around the entire unit and not only turn off but also unplug all of the electrical appliances from the power point. She would then need to turn the safety switch back on and then one by one plug in the appliances and switch them back on. I told her to give it a couple of minutes between plugging each appliance in, this way we could isolate down what was faulty. I hung up and she went to unplug everything and start the process. I sat on the sofa saying "please don't be the fridge, please don't be the fridge, please don't be the fridge" I can think of better things to spend our money on than a new fridge for the tenants. She called back and I held my breath until she said it was something to do with her computer. Happy tenant - happy owner as we don't have to buy a new fridge.

Now, you have to not laugh when you read the next bit as it wouldn't be very nice to laugh at all. We have a unit for one of our investors in Viewmont. It is a one bedroom unit and it has had nothing done to it since the place was constructed in 1989. It may not have blue and purple walls but it is pretty ordinary inside. The tenant has just left and I did warn the owner that it would be tired looking inside. We decided to not do the work this time, but instead look for a tenant at a reduced rate to bring in the rent for the next six to twelve months then we would do the work. The last tenant was paying \$160 per week from memory, and I thought I have nothing to lose so I advertised it at \$175 per week to see what response we would get. You have to remember at that the peak of the last rental cycle we were lucky to get \$175 for a nicely presented place. On the very rare occasion we fluked \$180 but that was a total fluke.

I was contacted by Mission Australia last week about a client they have. The deal is the same with them as it is with OzCare. They will only send me clients that they know will not be a problem, they will pay the rent and behave - and if they don't they will assist me in moving them on. They have been really selective about who they send to us and although not all of them work out, we have a good success rate with them. Lots of these people just need to get started back in society and need that first break. I wasn't optimistic that I would get \$175 per week, and to get it rented quickly I said that we would give them a discounted rent of \$170 per week. Mr M from Mission Australia met me there this afternoon with his client Mr S. I did warn them that it wasn't clean and that it hadn't been renovated and for the discounted price it wouldn't be renovated.

To give you a run down on what really needs to be done to the unit - the stove works but is original and just awful looking. The kitchen is ok - just, the lino is marked and at the end of its life, the carpets are even worse than the ones we have at Keith Street, the entire place needs to be repainted, the vanity is water damaged at the side and the whole unit is really tired looking.

Mr S and Mr M were pretty happy with the size of the property and I explained that it would be cleaned properly before any one moves in. They asked for the form and said that they would return it to the office in the morning. Mr S is keen to move in on Friday, so there is only a few days that the property would be vacant. The location is ideal as Raintrees is just across the road, and the bus and taxis are also at the back of the shopping centre so getting around would be easy for him. They were both happy with the rent of \$170 per week, and this would be paid directly via Centrepay from his benefits - oh did I mention that he is legally blind with about 4% vision in just one eye? No laughing, it wouldn't be nice. Happy owner, property rented for \$10 per week extra and no money spent, happy tenant with a clean unit that he can call home.

Just after Mr M and Mr S left the unit, I had another scheduled viewing for the unit just in case. It is a Japanese man looking for some where to live for six months. I thought for sure he would walk in take one look around and walk out - but he didn't. He not only asked for an application form, but he also took photos to show his friend later. I have another unit coming up at Palm Trees that is much nicer, smaller but nicer so I will show him that and put him in that unit. This just goes to show that the rental market is tightening up when I can get \$175 for the unit in the presentation it is in.

I had to speak to Mr M again this afternoon and he asked if I was the only Linda at Property Ladder as he thought there were two of us. It has been some time since I crossed paths with Mr M, and then the penny dropped. I now have passed the renovation queen stage, and like to be a girly girl when I go to work. I have found a fantastic on line shop for clothing and whenever I see Miss Tenille my fake niece we go shopping for shoes and anything else we can find that we like. I have gone from paint covered track pants and tshirts to girly girl clothes and really high heels and make up!! We had obviously crossed paths when I was covered in paint - but a different story now!

Well that wraps up another Note to Self, but I still have another heap of things to write about on the list. I hope you are all happy and well in your world.

Linda