

Note to Self

28<sup>th</sup> August 2012

Dear Owners and Investors,

This one tonight isn't actually for you - it is just me venting and you all get to be my sounding board. I am half cranky - actually fuming more to the point, and the other half has started to question what I do and how. I don't class myself as a "property manager" in the way that many others do. We are property investors that happen to have a property management company, and know and understand that for a successful property investment there are some key elements:

The property has to be well maintained

This has to be balanced with keeping the costs in some sort of order

The property needs to be rented

We need to get good tenants

Most importantly we need to get the possible rent for 52 weeks of the year.

Many of you have been on the journey with us from the beginning, and apart for the very dark days in the last few years - we have achieved the best possible rent, and in the great majority of cases a tenant is moving in within days of the last one moving out.

One of the biggest frustration that many of the tenants have is the vacate inspection with other agents. We have never gone around with a white glove - clean is clean. I know some of the property managers that are on this email list will cringe now - but really am not that interested if there is a bit of dirt and dust in the window track. I am not going to hold up renting out that property to argue with the current tenant about whether they were like that when they moved in. I am more interested in getting the next tenant in, paying more rent and having a trouble free tenancy.

Let's be honest, our properties are over 20 years old and most of them are in need of being fully renovated. Things are going to have wear and tear marks, the fly screens are 20 years old and have been exposed to our tropical climate - yes they are going to get small holes in them. Am I going to ask you as the owners to spend money getting all the fly screens changed - no. If it isn't necessary, it is noted on the entry report the way it is.

I have the most picky cleaner that makes our house shine once a week. Seriously, this woman knows how to clean. She has caught up on the spring cleaning and must have had some time spare today. On my bedside I have a huge bowl that I throw the bling into and one day will sort it out and put in into the jewellery bag in its special sections. She has gone through and sorted it into categories with each item in different bags.

Anyway, our stove is scrubbed and even after all this scrubbing there are bits that will not come off - this is just the way it is when you cook. The same is for when a tenant leaves. After 20 years of various tenants cooking in and on the stove it will never be like a shiny new one. If it works I will nurse it along until the time comes where I have to ask you to replace it.

There are some times when no matter how much bleach you put onto the shower area, no matter how much you scrub - the tiles are old, the grout is old, the silicone has mould behind it - and it will never be a nice shiny gleaming shower area. Am I going to ask you to go to the expense of removing all the grout and putting in new silicone - not unless the shower is leaking and causing damage.

We recently finished Grafton Street and I bleached, soaked it with BAM and any other product that said it would clean the shower. I scrubbed - had to leave a couple times as the fumes were pretty strong - then scrubbed some more. At the end I knew it was clean, but it still looks like a shower that is old and needs to be redone.

If the curtains are old, and if they aren't going to survive a wash - am I going to make the tenant wash them and then yell at them for the curtains falling apart - no because that isn't what we do. If these same curtains can last another tenancy and I can stretch them out for another six to twelve months - will I - absolutely. These are not \$200 curtains, they are sets worth \$40 and only ever going to last a few years.

The ceiling fans are prone to rusting on the leading edge, and depending on the age they will go yellow and no matter how hard you try to clean, they won't be white like they were when they went in.

The best one - am I going to make the tenant climb on the outside of a townhouse to clean the exterior of the air conditioner and the windows on the first floor - not a chance in this life time. Can you imagine if they fall off the ladder - who are they going to want to sue?

All I have ever asked of our tenants is that the property comes back in the condition as we give it to them. If this means that it won't pass the white glove test that some other agents have - I don't mind. I actually don't have time to get the white gloves out - we are there meeting the vacating tenants, doing the inspection and signing the papers and then when they are out the door the new tenants are moving in.

I know I shouldn't be upset, but it frustrates me when some other managers are too busy picking about things that really don't matter - instead of getting out there and getting the property rented and income coming in for the client. I actually think in one way it is karma for taking the management away from us. If we had of still had it, there would be another tenant in place, probably a rent increase and no days vacant. As it is right now it has been empty since Thursday last week and as of tonight it isn't even on the internet for rent!!!

We have been doing this for 12 years now, and I have to tell you that on Friday I have to go to QCAT - which is court. I have no choice, and I have to go and apply for a Warrant of Possession for a property. It is one of ours and it is a tenant that I felt sorry for and she has well and truly bitten me. In all the time we have been dealing with thousands of tenants, it is the first time we have had to get a Warrant. In fact it will be only the fourth time we have been to court. The first two was us taking tenants to court on principal, once when I had to argue to get the bond from the RTA and now this time. I know that there are many other agents that spend a lot of time in the courts - I would rather be out there managing your investments - and not looking at window tracks.

Ok, feeling much better now I have that off my chest. Now a couple of quick tenant stories to finish off the email. On Friday I was at the office when one of our personal tenants called. As soon as he said he had no hot water, I asked him how long this had been going on for. When he said a couple of days, I couldn't help but ask him why he would ring me at 4.40pm on Friday afternoon and expect me to do anything about it. It was then he said it was warm but only for a few minutes. This to me says that the element is still working, but it could be either the temperature it is getting to or the amount of water it is heating up.

I tried to explain to him out to fill the tank via the pressure relief valve - but it was all too hard. I wasn't too far away, all the boys were busy doing other things so I drove over to do it myself. When he saw me walk in with my killer 5 inch high heels he must have wondered what on earth a girlie is going to do to fix the problem.

I could hear the tank filling, but the problem was the exit pipe was hidden and I had to guess when the tank was full and overflowing. I could hear the element kick in, so I figured something was heating up. I told him to give it 30 minutes and then turn on just the hot water tap and let me know what happens. I love it when I get things right and a text comes in 30 minutes later to say he has lots of hot water. I am going to guess that he had lots of air in the tank, and although it was hot, but the time he mixed it with cold the very little amount of hot water he had was used up.

Happy tenant because he has hot water - happy owners because we don't have to pay for a new element or thermostat! Are you impressed that I knew what to do - oh that secretary walking down St Georges Terrace in Perth is a distant memory.

The new tenant at 5 Viewmont has moved in on Friday. The place was lovely and clean, well as clean as a place can be that hasn't been repainted in 20 years, original carpets, original lino, original kitchen, original bathroom, original vanity, original oven - and no I didn't get my white gloves out to check the window tracks. Now remember, it will be very politically incorrect if you laugh at all now. I know that Mr S is legally blind, but I didn't really realise just how blind that was. I was busy going through the lease and rabbiting on as I have been known to do, when I got to the part where he has to sign the lease agreement.

I handed him the pen - one of our new flash ones we have just had done up. He took it from me, commenting on what a nice pen it is - then he put his hand down with the pen in place - and I had to move the paper around so that the pen was in the right place and the paper in the right direction so he could sign. Oh dear, that blind. No wonder he wasn't fussed about the fact the place needs to be renovated.

Mr S came to us via Mission Australia, and it was lovely for him to thank us for giving him a chance. It must be very difficult for some people to get a chance to start life again after they have had a setback. I am more than happy to give him, and any one a chance but they know the rules and they also know the consequences if they don't follow them. Not all of them make it, but we have a pretty good success rate.

Now for the icing on the cake. I will switch to gloat mode now. We had a tenant move out from a bedsit. It is one of our personal units, and this time last year we had a long term couple in there, paying \$140 per week. When they moved out earlier this year, we decided to take a chance and spend some money on it and repaint it. We also put in new curtains and a new sofa. It made a huge difference just by repainting the unit. When it was finished we we pretty happy when we rented it out for \$150 per week.

This was one of the first ones that got back to the pre GFC high rentals. This tenant moved on, and the lovely Japanese man that wanted Viewmont was given first option on the bedsit. If he didn't take it we would put it onto the internet and see what happened. The last bedsit we rented was \$160 per week, so figuring that we have nothing to lose we told him \$165 per week. He moved in Monday and we all did a little dance in the office to celebrate!!!! This is THE HIGHEST I have ever rented a bedsit for. I really think that this is the new mark, and it is incredible at how quickly it has gone from \$150 to \$165 per week.

Whilst still in gloat mode, we had a tenant move out from a two bedroom at Scotsdale. He was paying \$200 per week, and the unit is nice but does need new carpets and repainting. The saving grace is the furniture is nice and new. I had a lovely young lady all lined up to move in on Friday.

She hadn't seen this exact unit, but I had shown her another unit in the complex and she applied and was approved. I spoke to her on Thursday night to confirm that we could show her through on Friday lunch time and if she was happy with everything she could move in. All set - but the saying we have in the office is "it ain't gone until the money is in the hand, and the paperwork is signed". She called and cancelled at the last minute saying she had just found something else.

If this had of happened twelve months ago, I would have cried and thought oh no where on earth am I going to find another tenant to take this place. More importantly what on earth am I going to tell the owners. That was then, and this is how quickly the rental market is changing in Cairns. We had a list of potential back up tenants. We made some calls and had four inspections that same afternoon, and by the end of the day two applications and another on Saturday morning - all good tenants.

The new people moved into the unit on Monday morning. There were three days vacant, but we did get the unit rented at \$230 per week. This is the highest we have ever rented a two bedroom unit for at Scotsdale!

I am spending the day at home on Wednesday, and I plan to write another email to you all. I hope you have enjoyed this newsletter, I know that I feel much better!! I hope you are all happy and well in your world.

Linda