

Note to Self

20th November 2012

Dear Owners and Investors,

Many times I have written to you about body corporate and some of the benefits it has.

Yes, I agree at the moment the fact the insurance for strata units is at ridiculous levels but for some owners and investors - it can still be a good option. With a body corporate each year you sit down and work out an administration budget - this will include a gardener coming each fortnight, a pool person to service the pool, someone to come around and do all the maintenance externally, provisions for electricians and plumbers just in case something goes wrong during the year and for small upgrades that need to be done. The body corporate will also put together a sinking fund budget so that when the work needs to be done, there is money sitting there waiting.

Just to highlight the difference between a body corporate environment and one that we own outright, I will use Tropic Gardens. When we bought this there was a list of things that needs to be done. Each year we make the budget to reflect what needs to be done and as the money comes in we get it done. So far we have done the following at the complex:

- Install a new front fence
- Install fencing between each unit
- Installed a tap to each back garden
- Resealed the bitumen driveway
- Installed a new pool fence
- Upgraded the gardens
- Remulched the gardens each year
- Repainted the outside of the complex
- Cut down all the trees
- Installed new common lighting along the driveway

We still have a list of things to do but we are on track to get these done in the next year. For me as the Chairperson I think of what needs to be done, get quotes, get these voted upon at the AGM and then make a phone call to get the work done. I inspect the final work, get the invoice then send it off for payment. I have to tell you when I drive into our complexes and see the difference we have achieved over the past ten years even I have to smile. Basically I can do all of this work in my stilettos and office clothes - all from the comfort of my desk chair and on my mobile phone.

Now onto something that isn't in a body corporate. We bought a group of five villas on Holden Street, Whitfield some years ago. These are strata titled but as we own all the lots (in conjunction with the NAB) we didn't have to do a levy payment system. As it needs it, we get it done. We had the gardens done about 18 months ago, but since then we haven't done alot to them apart from mow the lawn - oh my how things can grow in the wet tropics in 18 months. Ramon and I have decided this is our next project. Internally we have repainted and upgraded the floor coverings to three of the units. The rents are still not to the same level they were at before the GFC, and some of this does come down to the fact that the external presentation - particularly the gardens isn't as it should be.

The wet season is approaching fast, and let me tell you it is getting hot and humid up here. It is not the environment to be out working in the sun unless you absolutely have to.

Wednesday I decided to ditch the stilettos and pull on the working clothes. I have to tell you it has been some time since the working clothes have been pulled out of the cupboard, so boy was I in for a shock. My job was to move the pile of mulch that had been delivered. When you pull up in the car, you think to yourself this isn't that big a pile - should be able to move this in a few hours. When the shovel, rake and wheel barrow come out and I started to move the first barrow load - I started to remember why I prefer my 6 inch stilettos to a long handled shovel.

By barrow load four, I am thinking this isn't much fun. By barrow load six I look down and there is no dent in the massive pile of mulch. About barrow load ten, Ramon the chain saw warrior has dropped down some trees - yes the ones with the massive green ant nest hidden at the top. I now am trying to shovel with really sore arms and an aching shoulder and slowly being attacked by green ants. There are a billion little biting green ants that have just had their house smashed in and they aren't very happy. Someone once told me that if you bite the bottom off a green ant it tastes like lime - I am not going to put that to the test now or ever. Until you have been attacked by green ants, you can't really understand how it feels but it isn't pleasant. Think of a mad woman running around hitting herself all over and this is pretty close.

By now the dent in the mulch is minimal, I am hot tired, covered in green ants and bits of my unfit body are starting to ache - even my finger nails are starting to hurt. A girl with long fake finger nails is not the best suited to shovel mulch! I look around as the ghost of my Grand Dad is out there chain sawing everything down to ground level and think oh my goodness I am going to have to shovel at least fifteen truck loads of mulch to cover the garden properly!

On Thursday when I woke up, let me tell you I ached in places that I didn't know could or should ache. Being a sucker, I donned the work clothes again late Friday afternoon. It is too hot during day to really do any gardening, particularly when you are getting older and oh so unfit. We left it until late in the day and arrived at 4ish. Most people at this time of the day are starting to think about beer o'clock, going out for the night to start off the weekend - but not the Tucks. We are shovelling mulch and chopping down trees. Once I finished the mulch I was given the task of pulling the heliconias out. These have gone mad and taken over the garden. You need to pull them out by the roots so you have some chance of them not growing again. Yes, I admit it I fell over at least once when I put everything into pulling it out and it finally gave way. Luckily it was getting dark by this point in time and no one was around to see me fall.

Worse still, now that the garden has been cut back it exposes the kitchen windows. The builder did what he thought was a lovely touch - he built a window box with a timber ledge that could be used from the kitchen window. He then enclosed this area with lattice. Lovely concept - but not practical with tenants or in the wet tropic environment. These are now very sad looking and the cost and effort to fix them just isn't worth it. Instead we are now going to take them down and put a security screen on the kitchen window. By taking it down, it will mean we will have to repaint that area - well if you are going to repaint that area you may as well repaint the entire outside.

Now if you are going to repaint the outside, you better tackle the gutters first. They have more holes in them than Swiss cheese so they have to be done. It is a job we have been putting off but the day has come. At the moment the colour scheme is yellow walls and Heritage Green gutters. May have been nice in the 1980's but dated now so it is time for a change. Ramon measures up the gutters and seeing as he is colour blind, I get dragged to order them and choose the colour. We have gone for a dark blue and then we will repaint the walls in a very light beige, this should look great - with just one small problem. The change of gutter colour means that someone has to get up and paint the barge board behind the gutter in that is currently green.

So now not only are we cutting back the gardens, spreading fifteen truck loads of mulch, removing the lattice window boxes, painting the outside walls and the barge boards but we figure it is time to fill in the pool. This has been a pet hate of mine. It costs us about \$4000 per year and nobody uses it, worse still we don't actually get more rent for it being there. With the change in pool fencing, it was a good time to drain it dry. I draw the line at getting the jack hammer out to drop in the sides so I have someone coming to do that and bring in soil to fill it.

This will be a huge work in progress and will keep us occupied for many months. Why I hear you ask - well we could get someone to do it all, but the cost of getting all this work done will be a small fortune. Right now we are like many of you, we need to watch the pennies so we can make it through to the other side. The money we "save" by doing it ourselves can refurbish a few units, air condition others and generally make the units better. This will help us get better rents, which will in turn mean more we can pay the bills with. The higher the rents we can achieve, the better it will look for investors when the market turns.

We don't always get everything right, and sometimes you have to make a judgement call with the information you have at hand. Ramon and I, like many others decided two years ago as the interest rates were climbing fast it would be a good time to fix our interest rates. At the time, it was a good decision and we have "won" for some time - that of course isn't the case today as the rates continue to fall. This time next year, assuming the rates remain just the same as they are now we will be getting a big fat interest rate reduction from the National Bank!!!

As I was there shovelling mulch calculating the savings we will be getting next year I came up with a brilliant plan. Next time the gardens here need to be done, Ramon and I are going to go down to the Esplanade and pick up a group of back packer. Young, fit and energetic back packers that would love to shovel mulch for money. Ramon and I will set up our deck chairs and supervise whilst they are hard at work. I think that is the best plan I have come up with so far!!! In the mean time, I guess it is back to shovelling mulch!!

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

Linda