

Note to Self

7<sup>th</sup> December 2012

Dear Owners and Investors,

Before I start, there are many of you on this email list now. If at any time you would like to come off this list, please just send me an email and I will remove you from the list. I know I can prattle on, and it may not be for everyone.

For those of you that have been reading these for a while, you know that Ramon and I could be considered Cruise Junkies - we just love them. Someone recently asked me why, and apart from the travel, the food and the entertainment it has to be a couple of things. I don't have my mobile phone ringing constantly all day and all night. I get to actually sleep and when I wake up the first thing that pops into my head isn't an issue with the tenant or what I have to do that day - it is have I missed breakfast, if we hurry we could make it in time.

I realise that life in the world of our tenants can and will go on without me being there 24 hours every single day. The only reason I can do this is my fantastic net work of people - and for this I am so grateful. So let the countdown begin - SEVEN MORE SLEEPS. We only booked last week but I have been so busy trying to get everything in order that I haven't even had time to tell you. We board the beautiful Diamond Princess and head to New Zealand. For those of you that want to see where we are, this is the webcam

[http://www.princess.com/bridgecams/di/diamond\\_bridgecam.html](http://www.princess.com/bridgecams/di/diamond_bridgecam.html)

This time last year I think we had a total of 12 vacates, fortunately this year - touching wood as I type - we have only received 6 but they have been spaced out over 6 weeks rather than crammed into the few weeks before Christmas. It is a funny time of year, everyone is starting to wind down towards Christmas but also the wet season is starting to kick in. I have to tell you today has not just been hot, it has been like a scene from the Wizard of Oz movie where the witch is saying "I am melting" and ends up a puddle on the floor. It is no wonder that people aren't out there looking for properties to rent at the moment.

The way people are looking for properties has changed and a great majority look on the internet, namely [www.realestate.com.au](http://www.realestate.com.au) as I have been struggling to rent a few units prior to Christmas, I advertised on Wednesday in the Cairns Post. I had three adverts in for three different units and I have to tell you that I got a total of 5 calls. I have managed to rent two of these units, so there are still people out there looking for places. The difference really is the quality of people that call from the newspaper - and they aren't generally better.

The latest Herron Todd White report is out and this is the link

<http://www.cairnswatch.com.au/uploads/uploads/201211fullreport.pdf>

It shows that the rental vacancy rate is down to 1.9%. There will be a slight increase in December, but this will go by the end of January 2013. What we as investors need to bear in mind is that although there is a low vacancy rate, the rents are going up and there is no building occurring - we still need to have well presented units to be able to achieve the higher rents.

Many of our properties have had very little done to them since they were built. They are nearly as tired as I am - so to get the higher returns we need to invest something back into them. I have been bargain hunting - love a bargain.

At the moment Early Settler has a sale on, and they have a buy one get one free sale on ceiling fans. They have a 48" ceiling fan that is brushed nickel that looks really nice. The normal price is \$129, but they have marked it down to \$99 and then they give you one for free. To see the fan go to

[http://www.recollections.com.au/detail\\_description/1454/Ceiling%20Fans/Fans/2/Sorrento%2048%22%20Satin%20Brushed%20Nickel%20with%20Satin%20Brushed%20Nickel%20Blades/7024940483](http://www.recollections.com.au/detail_description/1454/Ceiling%20Fans/Fans/2/Sorrento%2048%22%20Satin%20Brushed%20Nickel%20with%20Satin%20Brushed%20Nickel%20Blades/7024940483)

I have ordered some for our personal units. If you would like some for your properties, please let me know and I will order them. I will then need to get the electrician to install them, but just something as simple as this is a great visual improvement for very little cost.

I have also been to visit my friends down at the Towel Man again. I have more eyelet curtains in the store room at a cost of \$50 per pair. These are great curtains and at this cost really cheap. I went to Spotlight to see what they have but was amazed at the cost. As your units come vacant I will let you know what needs to be done.

It isn't a long one tonight, but I can't finish off without telling a few tenant stories.

We had a two bedroom unit that is close to the city become available. The original tenants were still there when I showed through the new potential tenant - a lovely Korean man. I am not sure why they choose "English" names but they do. His name is Brad, we have had Kyle and even a Bruce!

He loved the place and wanted to take it - and I was in the back ground jumping up and down saying YEAH!!! The tenants were supposed to be moving out on Monday, but they got delayed until Saturday. Brad said it would be fine but he had to move in on Saturday by 1pm as he had to go to work. I called the current tenants the night before to line it all up and remind them what they needed to do to make me happy. I turned up at a few minutes after 12 as agreed and the place was lovely and clean. I didn't see Brad at the front, so I was assuming he was late. I was checking out the kitchen, oven and fridge when out comes Brad from the bedroom. I thought nothing more of it. I continued checking out the place to make sure it was nice and clean.

I then went out to see the current tenants that were on the balcony to let them know the place was lovely and clean, but they had not packed a few things as they were on the bed. There was a mobile charger and a few other bits and pieces - this is when they told me that it wasn't theirs, but Brad was unpacking his things. Nothing like a quick change over - got to be the fastest one I have ever had.

We have a unit in Edge Hill and they are old - I mean really old. The laundry is outside and the washing machine is not behind any doors - just there. We got a call from the tenant to say that the washing machine was playing up. Before we get someone out or it replaced one of us from the office go out to verify what is happening. It was Ramon and myself in this case as it is our personal unit. Sure enough the electronic board was playing up and it would not run through a cycle.

Ramon had been busy cleaning up the store room and we had a spare second hand machine. Ramon had checked and tested it so we knew it was working. I didn't mind putting this one there as it works but doesn't look great - and not worth knocking off. Bart dragged the replacement washing machine there and the old one to the big scrap heap in the sky.

A few days later I sent the tenant a text message to check all was working - which it was - great another thing off my list. That lasted about two weeks when the next message came in to say it wasn't going through a spin cycle. It is an old machine, so I just assumed it wanted to join the first machine in the big scrap heap in the sky.

Now I have a dilemma, if I buy a nice shiny new washing machine, not only is it going to set us back close to \$500 but it also has a good chance of catching some ones eye and get knocked off. This unit isn't a keeper, it is a debt reducer and we are just treading water until the market changes and we can sell it.

A light bulb goes off and I call a totally different tenant. I call Mr A, the tenant that is currently having treatment for cancer. I know he looks after his place incredibly well, even when he is sick. This unit is also a keeper - it will be funding our cruises - did I mention in SEVEN more sleeps we will be on the Diamond Princess? I asked Mr A how his washing machine was, what brand, what does it look like visually - he said it has been a good machine and works really well. It has been there since he moved in and it wasn't new then. I then asked him if I could have a favour, could I please take his washing machine and give him a new one? Not a hard decision to make.

Poor Bart then has to go to the Good Guys, pick up the new shiny washing machine, take it to Mr A's unit, then take the old washing machine to Edge Hill, change it over with the replacement one and then take that back to the store room for Ramon to look at. Mr A is very happy, but our tenant at the Edge Hill unit wasn't. He sent me a message to say it was stuck on the soak cycle. You can imagine I wasn't happy - how can not one, not two but three washing machines not work? This is when I sent Ramon over to check it out. He went out there with my Dad - yes two boys - remember this.

Ramon put it on to fill, then through a cycle and it all went to plan. He had put the water level on low to speed up the process - and he was sure the tenant was just an idiot that didn't know how to operate a washing machine. Something just wasn't right and I couldn't figure it out. It was the next day when one of the owners mentioned that when the washing machine fills, it just keeps on filling up and doesn't ever stop filling. Ramon and I went out to the property the next day, and I told him on the way over that I had worked it out.

When Bart had put on the drain hose, it couldn't reach over to the sink so he fitted a plastic pipe to the down pipe and then cable tied the hose to it. This way the water would run down the pipe and into the drain below without splashing everywhere. This was a great idea, with just one small problem. When the water level on the washing machine is high - it fills to above the highest point of the drainage hose. Once it goes over this the water automatically starts to siphon off - and this is why it continually fills. Yes I may have been a secretary on St Georges Terrace a life time ago - but look at me now. It took a girl to figure this out!!!

We had one of our bedsit tenants leave this week. When he moved in, he had his own fridge and the one we had in there was not just bad, but awful. I happily took that out because I didn't have to buy a new one. He is now gone and now we are fridgeless. I found a lovely lady to take the property - so now it was off to visit the Good Guys yet again. Luckily for me they hadn't taken the tags off the sale fridges from the weekend and it was my lucky day. There waiting for me was a 435 litre - yes a monster sized fridge for \$499! OK so it is a no name brand, but they still come with a warranty and John tells me this is a good one that they haven't had any issues with.

This bedsit unit isn't a keeper either - it is a debt reducer so it didn't seem right to put the big shiny new fridge into a small unit we are going to sell. You guessed it, I found myself calling Mr A yet again. He again told me it was a good fridge and that it worked well, but it was there when he moved in so it wasn't new. I asked yet again if I could ask a favour and have his old fridge in exchange for a humungous shiny new fridge. Later that day with the new tenant happy in the bedsit unit, I gave Mr A a call to see if he was happy with his new fridge. He was thrilled and now could go out and buy lots more food to fit into the fridge!!

Well that wraps up another Note to Self. Did I mention that there are only SEVEN more sleeps to go? I hope you are all happy and well in your world.

Linda Tuck