

Note to Self

4th March 2014

Dear Owners and Investors,

I think this is actually going to be my first Note to Self for 2014 - not because things haven't happened, more that I haven't had the time to write them up. I write the Note to Self for two reasons - I sometimes can't believe the stuff that happens and it is a great way for me to get things off my chest, and secondly so that as investors you get an understanding of what can happen in your rental property. I shield you all from the day to day drama, and some of these events could have occurred in your property - but my job is to deal with them and get your investment back on track without stressing you. That is what you pay me for. There are times that tenants have done things to the properties that would make you cry - but we fix it, get the bond back or the money from the tenant, and move on.

I have written this statement before "If we were in the Property Management game for the money, we would be far better off financially to shut up shop, put on the steel cap boots and go and drive a big truck on a mine site". You may ask why we do it then? If we have to look after all our personal tenants, we may as well look after yours at the same time. The reason we are investors is that we want a better financial future and property in the long run can be a great way to get financial freedom. It would be a perfect investment if we didn't have to deal with tenants!

I will also be honest and say that it has been a tough start to the year for me personally. It is only now that things are starting to fall back into place. The lag in the vacancies has been a huge burden for me - for those of you that have been with us on the journey know that unlike other property managers that just look at the vacancy sheet and go "oh well", I just can't do this.

I get stressed and worry each and every day that the property is vacant. I know that every single day it is vacant is a day that the owner has to find the money to pay the mortgage. You could imagine what I was like when for the first time EVER I had 22 vacant properties and there didn't seem to be a single thing I could do about it. Fortunately we seem to be clearing this and today we rented four more - the music is starting to crank up and hopefully very soon "The Dance of No Vacancies" shall begin.

Way back in time when we had our house in Kingsley, Perth - I met a property manager that took over the management for us. Up until that point we had been doing it privately and although it hadn't been an issue we were heading off sailing - oh the simple days. She was a battle hardened property manager who I knew took no rubbish from tenants and I knew she would be perfect for our property. Fast forward twenty years and there she is staring back at me in the mirror. This industry is really hard work - mentally and physically, and it does wear you down. It is really hard to explain it to someone else, but I came up with a light bulb moment the other day to try and explain it to someone who has no idea what it is like.

As you all know I have absolutely no Mummy gene in my DNA, but just for one minute let's assume I do. There I am in the car driving down the street with three rug rats in the back. One is saying "Are we there yet", one is saying "I'm hungry what is there eat" and the other is saying "I need to pee". The Mummy gene takes over, answers things on automatic pilot, all the while muting out the noise that is actually coming from the back.

We then upgrade up to the people mover, and suddenly I have eight kids in the back all yelling at me, fighting with each other - are we there yet, I want a drink, she took my game, I want to watch the other movie and I need to pee - basically doing what kids do. The Mummy gene is still in play and keeps the chaos in check, every one is sorted and all the while the mute button is on and the noise doesn't really affect me. Well that is sort of what the journey has been like on the property manager roller coaster. You just deal with each thing as it comes up and get on with it. Oh but the story doesn't end there.

As the business has grown, suddenly the people mover isn't big enough - we now have a bus, not one of those little sixteen seater jobs - oh no we now have one of those really big school buses packed full of kids. The noise and demands coming in from the back is just all too much and the calm is broken - the mute button isn't working and the noise is deafening. Worse still the bus ride is never ending. I am driving from Cairns to Perth nonstop, the air conditioning is broken and everyone is cranky. I don't actually have kids, nor am I driving a bus - but I do have tenants in my ear all day, every day.

You won't believe some of the demands I get, and the time of night that they get made. Then just to complicate it further, my phone rings all day, every day with more things being thrown my way. What I used to be able to laugh off, suddenly isn't funny and the cranky Gemini is out in full force. Let me tell you that twin doesn't come out often but when she does - oh boy is she scary. Freddy Kruger driving the bus is nothing compared the Cranky Gemini when she comes out - just ask Ramon!

It has been like that for the past few months, but fortunately for the tenants and you my wonderful clients - I HAVE FOUND THE MUTE BUTTON AGAIN. Peace is starting to take hold in the Property Ladder Office and today for the first time in a very long time - I am laughing and shaking my head at the antics of my tenants - the ones that drive me crazy but give me oh so many stories to write about. Things are falling into place and going back to normal - well as normal as it ever will be in Property Management. Tonight for the first time in a long time, I drove home with the roof down on the Lemon, music up really loud and smiling at life and how good it is.

When they give you the "Idiots Guide to being a Property Manager", one of the biggest things you find out is that Common Sense isn't something that you can take for granted with tenants. A few weeks ago I was chasing a tenant that was behind in their rent. I couldn't get a hold of her, but I knew she was pretty friendly with one of our other tenants so I called past her place to see if she knew where this tenant was. I was invited in and shown a few small things that needed to be done.

The plastic grate thingy that is at the bottom of the sink drain - you know the bit that stops all the large things going down the drain was broken. There was a bit missing but it didn't affect the drainage at all. I have it on the list, but this is going to be a fairly big "five minute job" as you have to take the drain off underneath and then pull the old plastic bit off and then put a new one on and put all the pieces back together.

I got a call from this same tenant asking when it was going to be done, but as she doesn't speak great English I really couldn't get the gist of what the issue was. Her son came on the phone to explain that when she was washing up a tea spoon went down the u bend and they had a friend take all the pipes apart to get it out. They didn't want to lose another spoon and if we could get it fixed quickly. I know this is on the list, but I have a heap of more urgent jobs that Bart the Wonder Handyman has to get to fix.

On Monday I am going to go and buy one of those 99 cent metal drain covers that you put over the drain plug - that should keep her happy. I know, simple and why they didn't do this themselves - the cost of the phone call would have been more!

One afternoon I got a call from a tenant to say that he had come home to a waterfall in his bathroom. The hot water system was not just leaking, but it was pouring out. Fortunately I was just around the corner and said I would be there in a few minutes. OK so I had a bit of a blonde moment and knocked on the wrong door, then realised that it was Unit 10 not Unit 8 I had to go and see. Just as I turned to walk to the right door the other tenant came to the door.

He is one of our flock as well and he said "I am glad that you stopped by because I was going to call you soon." It seems that he had lost his keys and instead of calling us to get a spare one, he figured it would be far easier to lock the front door, go out the back door, just the back fence and walk around and down the drive way. Then when you come home, walk down the drive way, jump the fence and go in the back door. I don't know what to say.

I then went to the right unit, and sometimes even I have to smile and say "Wow I am good". I surprise myself some days at just how much useless information I have accumulated over the years. I walked in and you could hear the water cascading down from the hot water system and fortunately into the laundry trough and not flooding the unit. The first thing I did was turn the power off to the hot water unit.

The next was get my screw driver out - yes, I have my girlie tool box in the car. I turn off the isolator valve to the unit - at this stage the tenant is looking surprised that a Barbie Doll property manager even knows what the isolator valve does let alone where it would be in his unit.

Off came the Super Barbie high heels, and up I climb onto the chair and with my trusty screw driver and take the front cover plate off. I am hoping that it is the rubber seal around the element that has perished and this is the exit point for the water. I get the water turned back on and wait for the water to start coming out. I have the torch and sadly it is the tank that has sprung a leak - the only option is a new tank.

I can't leave the tenant with no water over night, so I turn the black tap handle on the outside of the hot water tank off. This leaves the tenant with cold water but the hot water tank isolated off until the plumber can get there. A phone call later, I have it all lined up - the plumber will be there first thing in the morning, the tenant will wait for him to arrive and then go to work. He has water to use over night, but will have a cold shower in the morning. My work here is done - just now have to tell the owner that he has an unexpected bill coming his way soon. Considering the tank lasted 20 years, we did get a good run out of it. Are you impressed at the amount of useless information I know!

We have just taken on a new management for a unit that a client has just bought. Ramon and I went out to do the initial check of the unit. When you walk into the lounge area there is a round plate on the ceiling. We looked, and looked, scratched our heads and just couldn't work it out. We walked around the unit looking at everything but still nothing - until the light bulb went off. It is the plate in the ceiling that you screw your pole to. That was my story and I was sticking to it. I spoke to the owner who confirmed it was - and the owner was going to leave the pole with the agent as it is useless without the plate.

If you think that is funny, when I explained this to the tenant that moved in, he asked if he could get the pole as his girlfriend would love it as she does classes! My to-do list now has on it - chase up agent to pick up pole to deliver to new tenant.

It has been pretty hot this wet season, and as expected I had a fair few of the air conditioners fail. There are a lot of different reasons that they go - compressors seize, the electronics stop working - love those geckos that get fried on the boards or they are just so old they give up and stop. We had a little bedsit where a couple live that had their box air conditioner stop working. You guessed it, it stopped just before Christmas when there wasn't a chance of getting it looked at or replaced. They were very patient as it took a few weeks to organise. During this time there were a couple of hot patches and I would get the reminder text messages that they really needed it fixed soon.

We live out of the city and we don't use air conditioning at all - actually we only have one box in the bedroom and in all the years we have been here we haven't even turned it on to see if it works. For us, we would rather turn on the fan and take a layer of clothing off - it is cheaper! I know that not all our tenants are like this and those that use air conditioning - boy do they use air conditioning. Last night I got a message from this same tenant to see if we could send an electrician around as something wasn't right. As I dug a bit deeper, it seems he just got his power bill and he just can't work out why his is so high. It is \$450 which I agree sounds high. I got him to go to the electrical meter box, find his meter and write down the number. I have told him to go there each and every night at roughly the same time and write down the meter read at that point. After a week, I will go there and sit down and work out what he is consuming - remember the new air conditioner is now in and will be running.

On average it will be about 50 cents per hour to run the box air conditioner. Assuming he only runs it for 5 hours a day (bet he actually has it running all night) that would be \$2.50 per day. The bill cycle is for 12 weeks, or 84 days x \$2.50 per day = \$210 just for the air conditioner. I do warn them all before they move in that this is a lovely commodity - but to use it wisely or they will be paying for it - literally!

Oh you will love this next one. We are in the process of upgrading the units, even if a tenant is in place. I had Bart go to a property to put in a new toilet cistern and whilst he was there I got him to remove the fixed wall mounted mirror and in its place put in a new shaving cabinet mirror. This has two doors that open up and behind the doors is shelving. That was put in on Thursday morning. On Friday night I get a text message that says "This is a silly question, but is that a new bathroom cabinet?" Mute button is on now and I am laughing as I call him back. They say that I am blonde!

But to finish off this Note to Self, it is going to be a story about Ramon and myself. We have a complex in Whitfield that we bought a few years ago. It has five villas on it, they are all strata titled but as we own the lot - we are the body corporate. This really is a good little complex, but every time I go there I cringe as I look at all the work that has to be done. We had a swimming pool in the back but when the legislation came in for pool compliance it meant us having to spend thousands to upgrade the fencing. This really wasn't an asset to the complex - the tenants never used it, the pool maintenance cost us an arm and the leg was taken by the power company to keep the pump running to keep the water nice - the same water that no one swam in.

The decision was made to fill it in - great plan with just one small flaw. This takes up a huge chunk of land and there is the ability to build on it later, but to do this you have to have a big hole in the bottom so when it does rain, it will drain away. There have been reports of pools floating up out of the ground when they have been filled in and no holes. This shouldn't be too difficult should it - it is just a hole in the bottom of the pool? We got the jack hammer and let me tell you this has to be the thickest concrete base, with heaps of reinforcing through it. We barricaded off the pool area and put that on the too hard list for now.

The time had come to get this one off the list. We found someone with a big machine that would come and put a great big hole in the bottom that wasn't going to charge a lot. It was the Australia Day long weekend, and on the Monday we had to get the pool empty and ready for the morning. When Ramon said we should go and spend a romantic day by the water's edge - I didn't think he meant in a green pool full of dead cane toads and tad poles. The grass was high and within minutes my trousers were full of grass seeds - that itch like crazy. Thankfully we had a huge bilge pump that did the majority of the work, but it was pretty awful.

There are some advantages of being in a body corporate that you pay the levies and get contractors in to do the work - if this was in a normal body corporate do you think it would have been us out there on our "day off"? When we do sell up and are sitting on that deck chair on the cruise ship having a cocktail, if someone says wow you must be so lucky - maybe I will tell them the slimy green pool story.

I hope you have enjoyed the Note to Self, I have a Special Edition coming out soon. I hope you are all happy and well in your world.

Linda