

This newsletter has been designed to keep you updated on what is happening within the industry and our Real Estate Office

From the desk of the Asset Manager

Do you have our email address?

Our office adopts the policy of always having an honest, open line of communication to ensure that our clients are kept informed on their property.

To assist our team in organising their day and prioritising their work, we would like to encourage you to email your request, to ensure that you receive prompt action.

lesley.corbett@re-works.com.au

rentals@re-works.com.au

However, we do understand that some matters can be better dealt with by discussion over the phone, or by arranging an appointment in our office.

Remember, we are here to assist you with any matters relating to your investment property.

The Do's and Don'ts with Tenants

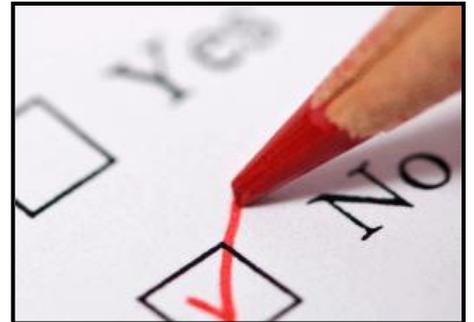
You have worked hard to obtain your investment property, and you deserve to have a hassle-free experience.

Although you have placed the property into the hands of your trusted property manager, as a property owner and landlord you need to know the basics of what you can and can't do while tenants are residing in your property.

Over the years a lot of myths about "landlords" and "horror tenants" have evolved, but as a rule of thumb, "A happy tenant makes a happy landlord". To assist in achieving this we suggest:

1. Don't be afraid to have a look at your property once a year. Make sure this is with your managing agent. Keep a professional distance from the tenant (their relationship is with your agent, not you) to avoid becoming an involved third party.
2. Attend to repairs promptly.
3. Ensure spouting, trees and any dangerous items are removed from the property and/or cleaned up.

4. Don't leave personal belongings in the garage, a locked shed or room at the property once a tenancy has commenced.
5. Avoid going to the property without your agent.



6. Should you have a pool or a spa, ensure fences and gates comply with local council regulations.
7. Seek advice from your agent to make sure the tenant's rent is in accordance with the current market conditions.
8. If you are going away, ensure your agent is aware of an alternative contact person you trust to make decisions about the property.

Continued Over P.T.O...

IMPORTANT: This is not advice. Clients should not act solely on the basis of the material contained in this newsletter. Items herein are general comments only and do not constitute or convey advice per se. The newsletter is issued as a helpful guide to clients and is for their private information. Every effort is made to ensure the contents are accurate at the time of publication. We take no responsibility for any subsequent action that may arise from the use of this newsletter. Published by THE PPM GROUP - www.ppmssystem.com

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9. Should your tenants be hassle free for a long period of time, you may want to drop a small gift to your agent and ask them to pass it on to the tenant.
10. You may want to have a professional builder, electrician and pest controller inspect your property annually to ensure there are no structural, electrical or pest issues.
11. Ensure the property is clean and that the gardens are neat prior to the commencement of all tenancies.

Most of our tips are common sense. However, sometimes it is the simple things that can be overlooked.

If you wish to clarify any of the above or require further discussions, please feel welcome to contact our office. ■

Rental Guarantees Be Wary...

Vendors offering to guarantee the rental income from property purchased for investment purposes are usually associated with residential property. However, they are also offered for commercial and industrial property as well.

The word "guaranteed" can sometimes be misleading. The offer of a rental guarantee is only as good as the company giving the guarantee, its commitment to the offer, continued operation and having sufficient financial resources (including a positive cash flow) to fund rental shortfalls on behalf of property investors.

As an investor, if something does go wrong with the company offering the rental guarantee you do have legal rights to claim your promised money. However, you will have to line up alongside all the other creditors to receive your

entitlements, if they are forthcoming.

Rental guarantees are attractive to property investors because they offer the promise of secure ongoing rental income from the investment property, even when the property is vacant, thereby reducing the risk of purchasing the property. The guaranteed rent enables the purchaser to service the loan used to buy the property in the first place.

The issues to be aware of and questions to ask vendors/ developers offering rental guarantees include:

QUESTIONS TO ASK & TIPS!

1. What happens to the guarantee when the company sells all the properties and moves on, or goes into liquidation?
2. Who will be the company contact or manager of the rental guarantee scheme?
3. How is the rental guarantee going to be financed?
4. Is the rental guarantee amount fixed and for how long?
5. Remember rental markets change over time and rents fluctuate in line with supply and demand.
6. Ensure that the rental guarantee is not 'built into' the sale by comparing the sale price with similar properties being sold without rental guarantees.
7. Has the rental guarantee been used to promote an 'inflated' investment rental return (yield) from the property that is not likely to be achieved?
8. How long is the guarantee for and is it a 'genuine' offer? Are there any 'catches'?
9. Be mindful of market conditions in relation to the offer. For example, the rental market is currently very tight, with very low vacancies, in most capital cities and regional areas, so why would

the developer need to offer rental guarantees?

10. If fundamental property selection criteria are adhered to, such as location, price, quality, services and fit out, for example, then the rental guarantee shouldn't be needed, especially if loaded into the purchase price.

11. Is the guarantee void if the owner/investor refuses to accept a prospective tenant?

12. Is the guarantee void if the owner/investor refuses to accept a rental below perceived market rent or the yield offered at the time of sale/ promotion? ■

*Source: Inside Property Wealth™
(John Maher – Registered Valuer)*



**REAL ESTATE
WORKS**

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**SALES &
PROPERTY
MANAGEMENT**