

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

Happy Easter

We would like to take this opportunity to wish you a safe, relaxing and joyous Easter with family, friends and loved ones.

Promptly attend to maintenance

By promptly attending to maintenance you are reducing the risk of possible tenant injury and avoiding a small repair becoming a large, costly one.

Inspirational Tip

"You were born to win, but to be a winner you must plan to win, prepare to win, and expect to win."

Zig Ziglar

Adequate Security

Under the Residential Tenancies Act, landlords have various obligations to their tenants. One obligation is that the premises must have adequate or reasonable security to prevent entry against unauthorised persons. For this reason it is important that the rental property has properly functioning door and window locks, reasonably solid doors and adequate external lighting.

If the property security is not to a reasonable standard the landlord may be held legally liable in the event of theft, damage or injury to the tenant.

The Act does not determine what is reasonable security, however, in a court of law, the location and features of a property would be taken into account, as well as the circumstances of the situation.

Past case: A tenant contacted a real estate office to request full security screens to the ground floor unit. Quotes were arranged and presented to the landlord. The landlord chose not to proceed. Three days later the tenant contacted the office to state the property had been broken into and that a great \$\$ value of goods

had been stolen. The tenant requested compensation from the landlord for not providing adequate security. The landlord refused and the matter was taken to the Small Claims Tribunal Court.

Courts decision: The Registrar ruled against the tenant's compensation claim of \$5000. It was considered that the property was adequately secure, as the back door had to be kicked in to gain access.



In this situation, unreasonable security would have been considered if there was no forced entry to the property. (i.e. a window or door with a faulty lock)

In determining reasonable security, courts may also take into consideration the requirements for a tenant to obtain contents insurance.

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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.ppmsystem.com

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To ensure that the tenant is able to take out contents insurance your will need to supply deadlocks on entry doors and window locks.

The issue of reasonable security can sometimes be a grey area, with varying outcomes if taken to the Residential Tribunal Court.

The most important point being made is to ensure that the property is safe and secure to protect your investment.

Feel welcome to contact our office to discuss this in further detail. ■

How to help your adult children own a home!



With housing affordability at a 23 year low, the next generation is very pessimistic about the prospect of owning a home. With this in mind, many families are now looking at ways of assisting their children to enter the property market.

For many, the financial help is an informal agreement, which can be risky. Let's assume you lent your son \$30,000 to fund a deposit on a unit, with a verbal understanding he would pay back the money at a later date. Some months later his girlfriend moves in, but two years later the relationship ends. As a de facto of more than a year's standing, she could lay claim to a percentage of the property – and your \$30,000 could disappear in the process.

Here are a few tips to consider when helping your children:

1. Utilise the equity in your home.
2. Have a mortgage over the property showing you are owed money. This can be the strongest form of security and your best protection.
3. You can have a loan agreement as well as a caveat on the property. Either way, you need a clear, well-documented money trail.
4. You may choose to buy the house with your child, which also provides you with an investment property. However, you will be liable for capital gains on your percentage of ownership upon a sale. Documentation is a must – you may not be squabbling with your child now, but who knows what may happen around the corner? A possible downside to this arrangement is your child may not be eligible for the first home buyers grant.
5. Another way to help is to pay for the expenses associated with buying a home.
6. You may help avoid your child paying mortgage insurance by going guarantor for 20% of the value of the property. Or you may guarantor the entire value of the property. Remember though, a guarantor has been described as “a fool with a fountain pen”. Having said this, some banks will offer products that limit the liability for parents going guarantor to help their adult children. You should enquire with a few banks to find out what they can offer.
7. One of the simplest ways of helping your child is to let them stay at home and save money! It is also important that you discuss with your children the importance of budgeting and becoming financially savvy.■

Expansion Plans

With interest rates at such affordable percentages, now is a great time to check out expanding your property portfolio.

The end of tax year is drawing near and makes further investment a big consideration. Don't leave it to the last minute or you run the risk of paying more.

Contact us to discuss reduced management fees for multiple properties – another great way to save extra money when you expand your portfolio.

Maintenance Memo

Change of Tenant Opportunity

Change of tenant is a great time to carry out minor maintenance on your investment property.

It gives a time to catch up with those little things that keep the property looking good and valuing high.

It encourages good tenants instead of average ones – tenants that care rent properties that are cared for.

Investing a small amount occasionally, can sometimes avoid or delay those unwanted larger expenses.

*HAPPY
EASTER*