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The Investor

An insiders guide to
property investment



RE/MAX

southern stars

sales | property management

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hands on property managers



A WORD FROM THE PRINCIPAL

Thank you for your enquiry about our professional property management services. Our business is built on delivering value for money and professional, ethical services to all our customers, with the goal of exceeding your expectations.

I appreciate you have a choice when deciding on a managing agent. In our office you will find a dependable and experienced team, willing to ensure your investment property is working for you.

Alex B Mitchell
Principal/Owner



THE WAY AHEAD

Property management is a service industry. It is also competitive. To establish the first step and to warrant your trust we are prepared to go above and beyond what is normally required.

Most investors understand that maximising income from rental property investment comes from keeping their properties occupied. At the end of the day, even a few weeks vacancy will mean a lower net income than if full tenancy had occurred. As experienced and professional property managers, our aim is full tenancy. We will protect your investment and work hard to ensure you get the best possible outcome.

As an authority and an expert in this field we look forward to working with you to ensure your property is looked after and that you receive the maximum return on your investment. We always recommend that you take out Landlords Protection Insurance which covers a variety of situations including tenant default, accidental or malicious damage by tenants, legal expenses etc.

Please call the office to arrange a confidential appointment. Our reputation stands on providing exceptional service and our aim is to exceed your highest expectations.

Letting Fee

- ✓ Arranging viewings of the property by prospective tenants including home opens if required.
- ✓ Assisting with the completion of the application form.
- ✓ Interviewing prospective tenants.
- ✓ Checking all references, employment, previous rental history and the tenancy database for defaulting tenancy information.
- ✓ Discuss and review applications with the property owner.
- ✓ Preparation of legal documentation on the correct forms compliant with the Residential Tenancies Act.
- ✓ Make an appointment with the tenant to sign lease together with any special conditions and bond lodgment documents. Fully explain to tenants their rights and obligations under the lease and provide a duly signed copy of the lease document and REIWA 'rights and duties' information sheet.
- ✓ Calculation, collection and receipting of bond money and initial rent payment.
- ✓ Lodgment of Bond documentation and monies with the Bond Administrator.
- ✓ Creation of file for all documentation and input details into management software program.

Administration

- ✓ Record keeping and postage of correspondence including legal breaches etc... in compliance with the Residential Tenancies Act.
- ✓ Photocopying of all documentation.
- ✓ Detailed accounting and monthly statements supplied to owners at the end of period.
- ✓ A contribution to the cost of telephone calls made on your behalf.

Final Bond Inspection

- ✓ Carry out a thorough inspection of the property inside and out.
- ✓ Compare all items recorded on the property condition report lodged at the beginning of the tenancy.
- ✓ Amend the property condition report to record any improvements made during the term of the tenancy.
- ✓ List all items to be attended to by the tenant prior to bond release.
- ✓ Organise and obtain final water meter reading.
- ✓ Follow up outstanding items with tenant or arrange a tradesperson to attend.
- ✓ Finalise bond statement and bond release documents.
- ✓ Disburse all bond monies as per the agreed bond statement.
- ✓ Maintain complete archive records of tenancy for 7 years.



OUR OFFICE AND LOCATION

A well-established agency specialising in sales and property management, RE/MAX Southern Stars has risen to become arguably one of the areas most respected property agencies.

Strategically located in the heart of Cannington, our office is at the central hub of the South-East Corridor which covers all areas from Victoria Park through to Armadale.

With Perth's population to increase by 70% by the year 2031 and the Canning council targeting

between 8000 and 12000 dwellings in the area by that time, Cannington and surrounding areas are fast becoming the best areas to invest in.

We take pride in servicing and supporting the community and providing each and every client with superior service.

Our office belongs to one of the largest property groups in the world, with more than 90,000 agents in more than 85 countries. Enjoy the benefits of one of the planet's most powerful real estate brands.



WHAT DO WE OFFER YOU?

The team at RE/MAX Southern Stars will:

- ✓ Return your calls and respond to your emails, quickly and promptly
- ✓ Show vacant properties after hours and on weekends when required
- ✓ Always contact you, for your instructions prior to organising and attending to repairs and maintenance
- ✓ Always maintain your best interest in mind when dealing with your property, whilst being fair to all parties.
- ✓ We will make contact with you after every inspection, when your property is vacant and during emergency situations.

The Key to successful and profitable property investment



- ✓ Low vacancy rates
- ✓ Low rental arrears
- ✓ Experienced, knowledgeable staff
- ✓ Communication
- ✓ Personal service
- ✓ Attention to detail

We have an **enviable** reputation for **outstanding** property management services!

We will also...

- Minimise vacancies
- Maximise rent revenue
- Provide a thorough tenant selection
- Reduce rent arrears



Property Management

- ✓ Handling of all the enquiries regarding the Letting of your property.
- ✓ Collection of rent and issuing of trust account receipts.
- ✓ Banking of rental payments.
- ✓ Handling of all tenant maintenance calls.
- ✓ Organisation of tradespeople to carry out maintenance.
- ✓ Liaison with tenant for access to carry out maintenance.
- ✓ Full accounting of monthly transactions and issue of statements to landlords.
- ✓ Management of tenant arrears.
- ✓ Preparation of breach and termination notices for rent arrears together with any court preparation documents.
- ✓ Communication with parties concerned over the renewal of agreements.
- ✓ Preparation and follow up of renewal of any agreements.
- ✓ Insurance claims.
- ✓ Supply of standards and industry forms, documents, legal documents to comply with the Residential Tenancy Act 1987.
- ✓ Preparation of correspondence to tenants, landlords, contractors, councils, authorities etc.

WHAT DOES IT ALL MEAN?

Property Condition Report

This is a detailed written report and photographic log carried out to accurately record the condition of both the interior and exterior features of the property, making note of the colour, wear and tear etc. to form an agreed condition of the property at the commencement of each tenancy.

The report is read and signed by your in-going tenants and is the basis and guide for both property managers and tenants to maintain and care for the property throughout the tenancy.

This report then becomes the critical guide when the tenant vacates to ensure that the property is returned, allowing for wear and tear, in its original condition.

Periodic Inspections

- ✓ Written notice to the tenant 7 - 14 days before an inspection.
- ✓ Thorough inspection of the premises inside and out.
- ✓ Compilation of the report.
- ✓ Copy left for the tenant with comments and instructions for any items which need to be remedied.
- ✓ Free re-inspection of your property to ensure the tenant has rectified the items which require addressing.
- ✓ Follow up on maintenance items identified at the inspection.
- ✓ Notice to the tenant regarding breaches of agreement identified at the inspection.
- ✓ A copy posted to landlord with the end of month statement.
- ✓ One hard copy placed on the file.
- ✓ An inspection at the 1st six weeks of the tenancy and 3 monthly thereafter.



SO YOU'VE GOT YOURSELF AN INVESTMENT PROPERTY!

Congratulations on your latest purchase. It can be an extensive and exhaustive process purchasing the right investment property. Despite this, it is a journey made by many thousands of Australians, determined to take control of their lifestyle into retirement. Rest assured, you are in good company.

Nevertheless, if you thought the journey to this stage was remarkable, please don't relax yet. There is a small period of time between the day your Offer to Purchase was accepted and the day of settlement, but this is not the time to rest.

There are two important tasks that need your consideration. Firstly, you need to prepare your property for renting. Much in the same way that sellers prepare their homes for sale, you need to get your property looking its absolute best.

There is a good chance you will have to make very little effort because the previous owner will have done this for you, but if your new property isn't up to standard, you may need to invest some time, money or both into presentation.

In addition to preparing your property, you will need to decide whether to manage the property yourself or to place it into the hands of a fully qualified and experienced professional. If you decide to do it yourself, start collecting the required documentation and follow the procedure set out in the 'Tenancy Act'.

In this regard, consider the types and levels of insurance you may require. When you let your property it is wise to take out cover for building, malicious damage by tenant, Public Liability and loss of rent. If you choose to place your property into the hands of a fully qualified professional, select a property manager who will arrange all this for you.

Correct management of your property along with a comprehensive knowledge of the tenancy act and laws are vital. They are perhaps the most significant part of maintaining a financially viable investment property.

Capital growth has always been shown to accrue if you hold onto your property, but a vacant property or poorly managed property could spell death to your investment. These tasks are the preliminary steps to getting your new investment property working for you. You want the tenant housed and paying off your mortgage as soon as possible.

DIY VERSUS A QUALIFIED PRO?

Should you manage your property yourself? The high quality of service and care and the affordable fees offered by professional property managers far outweighs the savings that might be made if you do it yourself.

The recommendation of this booklet is that you will be better placing your property into the hands of a professional property manager. Treat your property like a business and employ a professional. You will save time, and most likely money, by not doing it yourself.

The difficulty is that not all property managers are the same. As in all industries there are good ones and bad ones. This is one of the reasons why some property investors decide to manage their property on their own; they don't feel they can trust someone else to do the job properly.

This is a hurdle, but one that should be jumped, not sidestepped. Just think of the numerous jobs that you outsource – from medical to mechanical, you are more than willing to pay an expert to do the job because you are quickly and forcefully confronted by your own inabilities.

No-one can do everything. In other instances, such as lawn mowing, you may be able to do the job yourself, but more and more people are choosing to pay a professional because in the long run, you save time and the cost works out about the same.

The biggest mistake made by first time property investors is that they think property management, like lawn mowing, is something anyone can do. Whereas in reality, the legal requirements and insurance minefield, squarely place property management beyond the means of most people.

The key to successful property management is not in doing it yourself, rather it is in finding someone you can trust.



YOU AND YOUR TENANT

There are two types of rental agreements you can make with your tenant.

The first is a fixed term agreement, has a specific date on which it begins and ends. For a fixed term agreement to end, either party must indicate in writing that they want the tenancy to end within the time frames specified in the tenancy act. Most fixed term agreements resort to a periodic agreement if neither party gives notice at the end of the fixed term, after which, a rental review can be conducted.

The second is a periodic agreement. This tenancy has no fixed date on which the lease expires. It continues until either party indicates in writing that they want the tenancy to end within the time frames specified in the tenancy act.

On the signing of the agreement, the tenant will pay a bond, which is normally the equivalent of 4 weeks rent plus a pet bond if applicable. The bond is a way of ensuring the tenant is accountable for looking after your property.

You are responsible for the regular maintenance and general upkeep of your property. Checking your property at regular intervals and maintaining it will ensure your property holds its value and will help to prevent major expenditures on big-ticket items that break down through lack of care and attention.

Your ongoing responsibility to your tenant includes paying the cost of land and water rates and any other utility service where there is not a separate device to accurately measure consumption. It is also your responsibility to ensure your property is a safe environment.

Your tenant is responsible for maintaining the general condition of your property, which includes keeping it clean and maintaining lawns and gardens. Your tenant is required to tell you of any damage that occurs to your property whether it is caused by accident or as a result of fair wear and tear.

At the end of the tenancy, the tenant is responsible to leave the property in a condition similar to when it was originally inhabited. This is subject to fair wear and tear and is dependent on the length of the tenancy arrangement. The tenant when vacating is required to have the carpets professionally cleaned.



INVESTING IN THE RIGHT PROPERTY MANAGER

The first step in finding a property manager is to check their qualifications. As well as requiring a solid knowledge of administration, marketing and development, real estate agents must meet the criteria as set out by their state authority.

Property managers and agents must be registered real estate agents and their real estate agencies must be licensed. Property agents are also required to complete a property manager's course and must be registered before entering the industry.

Although regulations vary slightly state by state in Australia, these regulations are put in place to maintain a high standard of integrity and to safeguard your investment. Ask if it is possible to see testimonials from both tenants and landlords to find out what sorts of experiences they have had.

Next, Ask your agent to explain his/her procedures for all of the services outlined earlier. The agent will have in place inspection routines, rent collection, maintenance, repair, safety, security and insurance procedures that will ensure that your investment is well maintained and kept in optimum condition.

Choose carefully. Here are some important questions to consider when selecting your property manager:

- ✓ What resources does your company devote to property management?
- ✓ What is the average time it takes you to find someone to rent a new property?
- ✓ What will be the sum total of all the fees I will be charged to have my property managed?
- ✓ What considerations do you look at when you determine whether a person is suitable to rent my property?
- ✓ How frequently do you do property inspections and can you show me an example of your property condition report?
- ✓ How do you use the internet in relation to property management?

It is important that you get along well with your property manager; it could well turn out to be a long-term relationship.



GETTING IT READY - ATTRACTING RELIABLE TENANTS.

Preparing your investment property for your new tenants is beneficial to both you and your tenants. Beginning with a high standard places an expectation on the tenant to maintain that standard. It is also important to present your home in its best light in order to remain competitive in the property market. Here are some helpful hints for preparing your property for tenancy.

✓ Gardens

It is to your benefit that lawns and gardens are well maintained. To encourage regular watering you might consider paying, or part paying the water bill. A further option is to organise regular gardeners to come in and maintain the lawns, incorporating the cost into the rent. Lawn mowing can also be a tax deduction. Garden upkeep should also include tree trimming and gutter clearing, especially before the winter months. If you have a swimming pool, ensure it is well fenced and sparkling clean. You might also like to invest in an automatic cleaner and a timer that will run the pump automatically.

✓ Carpets

Carpets should be professionally cleaned. Musty carpets or pet smells will turn away prospective tenants and in some cases can be considered a health hazard. If you are planning to lease the home for a long period it may be worthwhile replacing the carpets with a more durable floor covering such as tiles, linoleum or laminated wood flooring.

✓ Curtains

Curtains also hold musty odours and cigarette smoke. Either wash the curtains or at the very least hang them outside in the fresh air to get rid of musky odours.

✓ Windows and Doors

Check that windows and doors open and close freely, and are in good working order. Wash fly screens and take the opportunity to check that there are keys to all the locks. Also check internal cupboards and closet doors.

✓ Fixtures

Taps, baths, toilets and showers need to be checked for drips and leaks. Inspecting these fixtures now can save a large call out fee later.

✓ Walls

Check the internal walls for any holes, scuffs or chips. If you choose not to repaint, patch and repair as best you can, and make note of any damage so that your next tenants are not penalised. A good tip is to leave any left over paint in the garage for the tenant to keep on top of any smudges or write the brand and name of the paint inside a cupboard door in the garage, shed or laundry so that colour matching wont be a headache in the future.

✓ Smoke Detectors and RCD Switches

If you haven't already done so, now is an excellent time to install smoke alarms and RCD switches. Its mandatory that these are fitted prior to a new rental agreement being entered into on your property. For any queries, you can contact www.fesa.wa.gov.au and www.energysafety.wa.gov.au or a professional Property Manager.

THE RIGHT TENANT IS THE KEY

Remember that an ideal tenant is one that pays the rent on time and takes good care of your property. A professional property manager will be able to match your property with their database of prospective tenants. They will advertise your property on the internet with minimal cost and then, only if necessary advertise your property in various publications.

When suitable tenants have been short listed, they will be checked against national databases to ensure they do not have a poor tenant history. References will be checked and employment details verified.

Despite comprehensive procedures, there are no guarantees. Should you end up with a difficult tenant, your property manager is in the best position to move proceedings to ensure things get back on track quickly or that the old tenant is moved on and a new one found.

One final point, when choosing a suitable tenant, it is important to note that the Equal Opportunity Act prevents discrimination on the grounds of sex, race, age, disability, marital status, pregnancy, religious or political beliefs, spent convictions, sexual orientation or gender history.



WHAT A PROPERTY MANAGER WILL DO FOR YOU?

Generally the duties of a property manager will include:

- ✓ Advising of appropriate rental subsidies
- ✓ Advertising your rental for lease
- ✓ Showing tenants through the property
- ✓ Assisting with the selection of tenants
- ✓ Preparing of tenancy agreements
- ✓ Collecting bonds and issuing receipts
- ✓ Lodging bond
- ✓ Completion of required documents under the Residential Tenancies Act
- ✓ Arranging repairs and maintenance
- ✓ Organisation and disbursement of payments such as rates and insurances
- ✓ Collecting of rents and payments
- ✓ Conducting home inspections
- ✓ Issuing termination notices
- ✓ Arranging court proceedings if any tenancy breaches occur
- ✓ Rent Reviews and Updated market analysis for return on investment

If you are serious about property investment, it is likely that you will want to purchase multiple properties in the future. You might find it manageable to look after one property, but when you acquire your second or third, and hopefully your fourth and fifth properties, it will become a full time job keeping control over your portfolio.

Keeping track of the depreciation schedules alone will keep you up late at night. It is best to put the right systems into place at the very beginning and that includes a professional property manager to look after your portfolio as if it were their own.