



LESSONS FOR LANDLORDS

How do I choose a property manager?

Owning an investment property should be both a short and long term advantage, but you have to manage your investments wisely and this means choosing the right property manager for your property. If you have chosen carefully, your job as a landlord is made easy and you can sit back and let your property manager do their job.

Once you have identified your financial requirements of owning an investment property, it is then time to look for what you will need in a property manager.

You will want a manager who can maximize your returns and maintain your property at its highest level. You need someone who understands how to get the most from both tenants and tradespeople, so that you ultimately benefit.

Questions you should ask a prospective property manager are –

- Do you portfolio or task manage?
- How many properties do you manage?
- What is your vacancy rate?
- What is your rental arrears percentage?
- What is your procedure for rent arrears?
- What are your feelings about tenants?
- What is your tenancy application process – do you use TICA?
- How often do you go to small claims?
- What is your end of month procedure and how often do you uplink funds?
- Do you have most of your tenants on fixed lease agreements and do you keep up with the market fluctuations in your area?
- How often do you do inspections and do I get a report?
- Will you call me if there is any maintenance to be done?

In this lesson, we have asked our partners at Yong Property Management to answer some of these questions –

Do you portfolio or task manage?

We manage by portfolio, so that we remain fully accountable for your property in all aspects.

Agents differ in their processes and procedures; some may run their managements by task, some by pod, and some by portfolio.



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Yong Property Management has the unique ability to run by portfolio management with a strong task base, ensuring that all staff members have ability to deal with any owner, tenant or property even though they may not be the dedicated property manager to that portfolio or property.

How many properties do you manage?

We manage between 150 and 180 portfolios per property manager at any one time, and the client management systems we have in place make sure you are not "lost in the crowd".

A feeling amongst owner is that the fewer properties a manager has to look after, the better the service will be. This may be the case in a small number of circumstances, but generally a good property manager working within a company that provides up to date procedures, processes and equipment with the backing of like minded people would be able to successfully manage between 150 and 200 properties and provide full service and satisfaction to each individual client. If your agent is not providing you with a suitable service please do not hesitate to contact Yong Property Management.

What is your vacancy rate?

We maintain a vacancy rate of between 0 and 2%.

It is important to find out what the agents vacancy factor is. If their rate is higher than 3 or 4% it may affect the time it takes to rent your investment property. High vacancy rates may be caused by the following –

1. Poor agent activity – agents being unsure of the market and incorrectly marketing the property.
2. Poor or lack of advertising of property.
3. Poor advertisement description of property.
4. Market fluctuations
5. A glut of properties in a new area
6. Over pricing

You can overcome all of these issues by picking the right agent. We find that www.realestate.com.au is the best media outlet to locate a good tenant and fast! With the use of the internet, the Courier Mail and local papers where necessary, you are assured of good coverage.

Yong Property Management also watches market trends and fluctuations closely. We also generally give you a price range for your property which relates specifically to your property, its position, availability date and surrounding homes. This also allows



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you the best possible rental income from a good tenant with the shortest vacancy period possible.

What is your rental arrears percentage?

Our rental arrears are usually between 0 and 5%.

If arrears are monitored properly, usually at least four times per week, the property management company's arrears rate should be running between 0 and 5% at a maximum. If not, then perhaps you may need to speak with your property manager, or look at an alternative company.

What is your procedure for rent arrears?

Our arrears procedure is in keeping with the *Residential Tenancies Act, 1994*.

If your current property is experiencing rental arrears ensure that your property manager is adhering to the Residential Tenancy Authority's (RTA) rules and regulations in relation to Notice to Remedy Breach and Notice to Leave. This means a Notice to Remedy Breach is issued after 8 days and a Notice to Leave is issued if the remedy is not rectified by day 17.

A good agent will either send a letter or SMS notification to tenants in arrears over four days (we allow four days due to the delay that can occur when tenants are paying via direct debit and BPay). This is used as a gentle reminder to the tenants who have genuinely forgotten.

What are your feelings about tenants?

Like our landlords, tenants are our clients; we would not exist without either. We therefore look after both extremely well.

What is your tenant application process? Do you use TICA?

Our tenancy application process is thorough, with a 100 point credit check and TICA.

This is an important question to ask your agent, to make sure their tenant selection criteria is meticulous. Many agents are more concerned with having the property rented immediately, so that you as an owner think they are doing a wonderful job, and ensuring they receive their letting fee as soon as possible. However, by doing this, some agents overlook a responsible tenant selection process.

The Yong Property Management process includes –

- Being members of the Tenancy Information Centre of Australia (TICA). This organisation informs us if tenants have had bad debts or damage with



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- another agent (this procedure is of course reliant on agents notifying them of bad tenants, but it does minimize risk).
- Ensuring that we receive 100 points ID check including photo ID (driver's licence).
- Previous tenancy history, including current address and previous address.
- Personal references.
- Confirmation of next of kin.
- Car registration details.

These are important requirements in the tenancy selection process. The other important factor, is liaising with you, the owner, to ensure you have been presented with as much information as possible for you to make an informed decision.

How often do you go to small claims?

Our history reflects approximately 0 to 3 small claims per quarter/

If your tenant fails to pay all outstanding rental payments, a warrant of possession may need to be applied for through to Small Claims Tribunal.

Yong Property Management understands that court processes can appear to be very daunting, but whilst we take steps to reduce the likelihood of this occurrence, our staff are extremely qualified to act on your behalf if this situation should ever arise, and will keep you informed every step of the way.

What is your end of month procedure and how often do you uplink funds?

One of the most important questions you need to ask your prospective agent is how (and how often) you will be paid your rental income. Here at Yong Property Management, funds are uplinked at least twice every month, and are disbursed one day prior to the middle and end of every month (the closest working day to the 15th and the 30th of each month).

Many owners opt for the bi-monthly payment allowing them to make extra payments on their loan. Once you ascertain the frequency of the tenant's payment, you will be able to organise your home loan around your rental income. Under certain circumstances, Yong Property Management can also uplink funds to you within 24 hours by your request. A statement can be either mailed or emailed to you after the end of the month. This will include all transactions made over the month. Yong Property Management can also provide you with a full ledger up request, and we provide end of financial year statements to all owners at no additional charge.



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Do you have most of your tenants on a fixed lease, and do you keep up with market fluctuation?

We have all tenants on a fixed lease agreement unless otherwise arrange with the owner.

Your needs as an owner will determine whether you will want your tenants on a fixed term or periodic tenancy. You should typically sign an initial six/twelve month lease at the beginning of any new tenancy at the current agreed rental.

As this agreement comes to an end your property manager should contact you in relation to reviewing and renewing your tenancy agreement. Yong Property Management contacts owners at least one month prior to the lease renewal. During the contact, we discuss how the tenants have conducted their rental payments and the condition of the premises. This will be the major factor in renewing the agreement or terminating the tenancy. If your tenants are suitable to be considered for renewal, the next step is to review the rental amount.

Currently, a property can usually sustain an increase after twelve months. In some instances, an increase will occur after six months. Supply and demand, length of tenancy and condition of premises are all things that need to be considered to make an educated decision on rental amounts. Your agent should be able to walk you through this process knowledgeably.

Many owners are faced with tenants wanting to go on to a periodic lease, this being a lease that the tenant can terminate with two weeks written notice to you or your agent, and likewise, you or your agent are able to terminate with two months notice. Periodic leases often suit tenants who are building or changing jobs. This can be a way of keeping a good tenant for that little while longer.

Some owners also keep their tenants on a periodic lease if they are looking at selling or moving back in to the property. This way the tenants have no long term claim on the property.

Remember both periodic and fixed term leases have regulations that need to be abided by and the team at Yong Property Management are only too happy to discuss these with you at anytime.

How often do you do inspections and do I get a report?

Our inspections are done at lease every 16 weeks and a report is sent to the owner with a phone call to explain if required.

Your property manager should ensure that a complete entry condition report is completed prior to your new tenant moving in. Included on this report should be descriptions of lights, window furnishings, appliances, colour and condition of walls



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and any other inclusions. The water metre reading should also be included at this time to ensure accurate readings if necessary, when claiming water costs from the tenants.

There is a provision in the Act, to conduct up to four inspections on the property per year.

Yong Property Management conducts three periodic inspections per year and provides you with a copy of each inspection report. If there is any major maintenance needed you will be contacted individually following the inspection. It also pays to go through the inspection sheet to start making mental notes on what maintenance/repairs will be necessary in the future to maintain your investment property and its standard.

By only conducting three inspections per year it gives you as the owner the opportunity to visit your property at a time that suits you once a year. Most tenants are quite happy to have the owner come to inspect, but a few are very savvy with the regulations, and are legally entitled to refuse entry if all four inspections have already been carried out.

Will you call me if there is any maintenance to be done?

We will always call (where possible) if there is maintenance to be carried out on your property.

If routine inspections are carried out during the year, your maintenance costs can be reduced greatly.

Many owners will depend on their agent to notify them when items require attention at their property. Yong Property Management contacts the owner every time maintenance needs to be carried out. We understand that many owners are quite happy to let the agent do what is necessary, but Yong Property Management believes in calling our clients as a courtesy before carrying out any maintenance.

If it is an emergency, and you are not contactable, the will be carried out immediately with the best interest of you and your property kept in mind. We would of course inform you as soon as possible of the resolution of the issue.

Maintenance can come in all forms – urgent, vital, necessary, pro-active, and renovation. We at Yong Property Management have a strong base of good, reliable, qualified trade's people on hand for any situation that may arise.

Remember your property manager should always keep you up to date with any maintenance issues, as your rental income is reflective of the condition of your property.



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Find out more –

Please do not hesitate to contact Yong Property Management for further obligation free property management assistance –

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