

Flemings

PROPERTY MANAGEMENT GUIDE FOR LANDLORDS

“Real Estate cannot be lost or stolen, nor can it be carried away. Purchased with common sense and managed with reasonable care, its about the safest investment in the world.”

Franklin D Roosevelt

Franklin said, ‘reasonable care’, we say ‘comprehensive care’

A person wearing a white shirt is holding a set of keys. Another hand is reaching up towards the keys. The background is a soft, out-of-focus light blue and white.

Flemings specialise in the sale and management of real estate assets for property owners and investors.

Our team at Flemings are focused on delivering excellent service in an honest, reliable, genuine and efficient manner.

We have knowledge and expertise to deliver great results for our clients.

WHY CHOOSE FLEMINGS?

When you choose Flemings to manage your investment property, you are selecting a team of specialists with a combined 30 years industry experience. All Flemings staff are highly trained and dedicated to providing you with honest, reliable and efficient service.

At Flemings you will be appointed a dedicated Property Manager who will manage your investment to the highest level. Your Property Manager has a working knowledge of the Residential Tenancy Act 2010 and is confident in its application. We are skilled in all aspects of property management and they will take the time to care for your investment property.

We value open and good communication so you will have direct access to your Property Manager to discuss any matter relating to your investment property. You can entrust Flemings to manage your investment property as if it were our own.

REGIONAL RESIDENTIAL INVESTMENT - THE BENEFITS AND THE REALITIES:

Residential property investment is a good idea and you only have to look at the list of the financially successful people in Australia to see that four out of the top ten have made their wealth in property.

There are many reasons why all of us at Flemings are firm believers that investing in property is a worthwhile method of accumulating wealth.

- Regular income: property investment returns money to you on a regular basis from day one. As opposed to shares, where you are at the mercy of the volatile market or waiting on dividends to be paid out.
- Increasing demand: population growth in Australia is inevitable as our cities and larger regional centres continue to grow, it puts more and more pressure on the amount of housing available. This increased pressure is making it more difficult for new property investors to enter the market and tenants to find accommodation. Therefore, investors and tenants alike are looking at alternate, more affordable options - one of them being a move to regional towns and country areas. As these areas become more popular with new buyers and tenants, housing demand is up and quality rental accommodation is becoming harder to find! We believe this trend will continue.
- Capital growth: capital growth through this region for residential properties is not as strong as city and coastal areas, however, capital growth overall in Boorowa, Harden & Cootamundra has shown upward shifts of between 25% - 35% over the last five years. (2013 - 2018) according to RP Data.
- Safe option: Everyone needs a roof over their head, in good economic times and bad. Returns may fluctuate but they will remain. (In the last 10 years across this region residential rental returns have only increased).

It is important to remember that whilst residential property investment is a safe and financially rewarding investment method, it does come with realities. There are costs associated with maintaining rental properties. There are times (not often) when the property may be vacant for a few weeks, tenants generally WILL NOT care for the property as well as you will, and council rates fall due and payable regularly. This is not an attempt to discourage or worry you but rather ensure you are completely aware.

We invite you to chat to us, so we can make a plan and a budget and make sure that the benefits outweigh the realities. With good planning and good management, residential property investment is very rewarding.

GUARANTEED SERVICE

At Flemings, we promise to deliver in accordance with our Client Service Guarantee.

Communication

1. Flemings have offices in three locations: Boorowa, Cootamundra and Harden where we welcome you to speak with us in person.
2. Flemings will respond to all email, phone, fax and postal communications within 12 business hours.

Marketing your property For Lease

3. Upon appointment we will advertise your property via a tailored marketing campaign.
4. At your discretion we will install a For Lease signboard at your property.

Leasing

5. Conduct inspections accompanied by an agent until the property is leased.
6. Provide feedback following each inspection viewing within 12 business hours.
7. Receive, review and recommend applications and verify supporting documents within 48 business hours.
8. Refer all successfully processed applications to you for decision on the same business day.

Rent payments

9. Uphold a 'zero tolerance' for rent arrears.
10. Contact you when a tenant fails to pay their rent for more than 7 days and seek your instructions regarding possible termination of the tenancy.

Repairs and Maintenance

11. Notify you of non-urgent repairs advised by the tenant within 12 hours and arrange repairs upon approval.
12. Notify you of all urgent repairs immediately.

Rental Reviews and Lease Renewal

13. Undertake rent reviews 90 days prior to a lease expiration and seek authorisation from you to renew the tenancy agreement.

Periodic Inspections

14. Carry out routine inspections every six months and provide you with a detailed report upon completion.

Vacating

15. Notify you in writing within 24 business hours when a tenant submits a written Notice to Vacate and seek your instructions regarding releasing your investment property.
16. Conduct a final inspection and advise you of the outcome within 24 business hours of the tenant vacating. Where necessary we will handle all rent arrears, cleaning and repairs.

Personal Information and Professional Standards

17. Handle all personal information in the strictest confidence and not release any information to a third party without written authorisation.
18. Uphold the highest standards of professional practice in line with the Real Estate Institute of New South Wales Code of Practice.

Our Guarantee

In the event that we do not meet any of these standards, the next month's Management Fee for your property will be refunded. This guarantee does not apply where:

- a) We are requested to carry out non-standard duties, or
- b) A matter outside of our control (eg: a natural disaster or accident).

PERSONAL INFORMATION & PROFESSIONAL STANDARDS

All personal information will be held in the strictest confidence and we will not release any information to a third party without your written authorisation. Your personal information will only be accessed by the appropriate staff member within the course of their duties. Any updates and corrections to your account with us will be recorded in our system immediately upon receipt.

At Flemings, we maintain the highest standards of honesty, reliability and efficiency. All professional practices will be conducted in compliance with the Real Estate Institute of New South Wales Code of Practice, and our Property Management Policies and Procedures Manual.

FEE STRUCTURE

Management Fee	8.8% inc. GST on all rent collected
Advertising Fee*	\$100.00 + GST
Letting Fee* (includes marketing, tenant selection, lease preparation and lodgement)	One weeks rent + GST
Reletting Fee*	Half weeks rent + GST
Condition Report preparation	NIL
Administration Fee	\$10.00 per month + GST
Annual Income and Expenditure Summary	NIL
Smoke Alarm Compliance	\$99.00 per year exc. GST (third party charge)
Tribunal Application and Preparation <i>(if necessary)</i>	\$50.00 exc. GST (third party charge)
Tribunal appearance <i>(if necessary)</i>	NIL

**these are one-off fees payable at the commencement of a tenancy lease*



MANAGEMENT

Your Management Fee covers the following services:

- Rent collection
- Rent arrears management
- Rent reviews
- Routine inspections - twice yearly (including digital report and photos)
- Arrangement of repairs and maintenance
- Inspection of major maintenance works
- Service of notices (including but not limited to, breach of lease, rent arrears, intention to sell, rental increase)
- Bond disbursements
- Representation at NCAT (New South Wales Civil and Administrative Tribunal)

Your Marketing Fee covers the following services:

- Advertising online on all major real estate websites
- Advertising in print in local papers and newsletters
- Curb side signage (at your discretion)

Your Letting/Reletting Fee covers the following services:

- Appraisal of your investment property
- Advertising online and in print
- Inspection of property by prospective tenants
- Application processing
- Screening/interviewing tenants
- Referencing of tenancy history with TICA (National Tenancy Database)
- Preparation of Tenant Induction package
- Ingoing Condition Report and photos
- Remittance of bond to NSW Fair Trading Bonds Online
- Lease sign-up including meeting with tenants

Your Administration Fee covers the following:

- Preparation of monthly statement
- Monthly disbursement of rent via electronic transfer
- Payment of accounts (ie. council rates and maintenance) and creditors

Additional third party fees that may occur during the management of your investment property:

Smoke Alarm Compliance

- Due to the nature of the legislation of the Environment Planning and Assessment ACT 1979 Section 146A, Flemings are not qualified to attend to this service or ensure compliance of smoke alarms. Flemings will arrange for Smoke Alarm Solutions to complete an annual smoke alarm audit, install and change smoke alarm batteries, and provide a compliance certificate for an annual fee of \$99.00. This is a tax deductible fee.

NCAT Application

- On occasion the need may arise for a tenant to be taken to the tribunal for non-payment of rent, breach of lease or dispute with the final inspection. Should this occur, Flemings will prepare all documentation and represent you at the hearing. There is a compulsory application and preparation fee of \$50.00 to have the matter heard.

ADDITIONAL SERVICE

Upon signing up with Flemings to manage your investment property, you will be required to complete an authorisation form from the relevant Council authorising Flemings to receive your Council Water Usage charges on your behalf. Flemings will arrange for these to be paid by the due date and where the tenant is responsible for payment, to reimburse you these costs within 21 days. Flemings believe that this is a value added service that removes the burden from our owners.

OWNERSHIP FUNDS AND STATEMENT

Flemings will process your monthly rent on the first business day of the month. All money owed to you from the previous month will be electronically transferred into your nominated bank account. Electronic statements and copies of invoices will be issued at the same time. You will receive your Income and Expenditure summary at the end of the financial year.

THE REALITIES OF RENTING

Flemings believe that investing in property helps to build wealth and is a valuable tool to diversify your assets. However, there are realities that come with investing in property. This is an example of such an occasion.

John and his family had been tenants with Flemings for several years. John paid the rent regularly and the family kept the home in a neat and tidy condition. When John's marriage broke down, John was not as motivated to go to work. Initially John kept up with the rent, however, as John took more time off work, his rent fell into arrears. John also stopped communicating with Flemings regarding his rent arrears. A driveby inspection gave rise to concerns that the home was not being maintained in accordance with the lease.

John was issued with a termination notice but was unable to make the required rental payments before the due date. John vacated the property leaving rent owing. Flemings was required to clean the home, remove personal belongings that were abandoned and tidy the garden. The landlord was left out of pocket for this work even after John's bond was claimed.

Flemings persued John for the outstanding costs incurred by the landlord through Tribunal. Flemings won the case and John was ordered to pay all the costs outstanding. When John did not attempt to pay, Flemings obtained an order to garnish John's wages until the outstanding costs were settled. At the end of the day all costs incurred by the landlord were recovered from John and passed onto the landlord.

(*This is a true account. Only the names have changed)

MARKETING

Effectively marketing your investment property online will generate higher levels of interest, widen the selection of eligible tenants and result in the best applications being received. Flemings advertise investment properties on the following websites:



At your discretion, Flemings will use prominent curb side street signage to increase interest in your investment property.

Flemings Sales and Rentals brochures are produced weekly and available in our office along with prominent advertisements in our front window.

TENANCY CHECKS AND SELECTION

When an application is received from a prospective tenant Flemings will undertake a vigorous screening process, including referencing tenancy history, a search on TICA, proof of employment or Centrelink payments, collection and verification of 100 points of ID and reference checks. All applications will be referred to you for your selection. Flemings will not select a tenant on your behalf.

CONDITION REPORT AND ROUTINE INSPECTION

Flemings will complete a detailed electronic report with accompanying photos to record the condition of your property prior to the commencement of the lease. When a tenant vacates a property this report is used to compare the condition of the property at the end of tenancy to that at the commencement. In accordance with legislation the tenant is required to "leave the residential premises as near as possible in the same condition, fair wear and tear excepted, as at the commencement of the tenancy" (clause 17.2 of the Residential Tenancies Act 2010).

Flemings does not recommend leaving any furniture or white goods at your investment property. Any items left in the home must be maintained in working order or replaced like for like. Where goods are left for the tenants use the owner is responsible for compiling the inventory of such goods.

Upon each new tenancy a new report will be completed to ensure the condition of the property is accurately reflected, including any additions or changes to the property.

Routine Inspections are carried out twice yearly and an electronic report with accompanying photos will be sent to you. Routine inspections are used to ensure that the tenant is maintaining the property in appropriate condition, adhering to the terms of their lease and to record any repairs or maintenance that are necessary. In addition to the two inspections at the commencement of a lease, Flemings will carry out a six weekly inspection. Under the legislation landlords are entitled to view the property up to four times in a year. The additional inspections may be used to inspect repairs and maintenance or for a suspected breach of lease.

REPAIRS AND MAINTENANCE

Flemings know that to maintain the asset value of your investment property, repairs and maintenance must be quickly and professionally attended to. Any repairs and maintenance reported by the tenants or Property Manager are verified. Flemings will ensure that any repairs to your investment property are competitively priced, quality assured and guaranteed.

Flemings are authorised to approve maintenance at your property not exceeding the value of \$250.00 (Property, Stock and Business Agents Regulation 2014 (NSW)). Flemings will always attempt to contact you via phone and written communication before any action is taken.

Flemings work closely with several tradespeople whose work is of the highest quality. Should you have preferred tradespeople, we are more than happy to use them provided they are fully licensed and insured.

All tradespeople engaged by Flemings must provide a copy of their licence and appropriate government issued work cards, as well as evidence of their public liability insurance before carrying out any work on your property. We also require an ABN and Workers Compensation details.

Work carried out by our tradespeople will be checked regularly to ensure it is of the highest standard. We will also work with our tradespeople to ensure that their rates remain competitive.



LANDLORD INSURANCE

Flemings encourage all landlords to have appropriate Landlord Insurance to protect your rental income along with your investment property. While we work hard to minimise the risk to owners, from time to time unforeseen events do occur. Having Landlord Insurance with Public Liability included, provides peace of mind and security. Landlord Insurance is available through most large insurers or through specialist landlord insurers, such as Teri Scheer.

TAX DEDUCTIONS

Depending on your circumstances you may be entitled to claim deductions through the Australian Taxation Office in relation to your investment property.

A tax depreciation schedule from BMT Quantity Surveyors assists your accountant to identify the exact amount of depreciation that can be claimed maximising the benefits of having an investment property.

Flemings recommends seeking advice from a suitably qualified accountant for more information about depreciation and deductions of your investment property.

TECHNOLOGY FOR TODAY

Flemings uses industry leading technology in the management of your investment property. We believe this supplies you with prompt and easy to digest information about your investment property.

- You will receive your payments electronically into your chosen account at the commencement of each month.
- Your monthly statements will be emailed directly to you from our property management software at the time your account is processed.
- Your End of Financial Year Income and Expenditure summary is emailed to you within the week following the End of Financial Year.
- All inspections are completed using an iPad, with the report including photos emailed directly to you.
- The maintenance process is managed online for both yourself and the tradespersons, allowing a clear lodgement and approval process to be followed.
- Creditor invoices are processed twice a month using our online system. You will receive a copy of the invoices paid in your monthly statement.

THANK YOU FOR CHOOSING FLEMINGS

The team at Flemings are looking forward to working with you to manage your investment property to deliver great results. As our client we will be focused on delivering excellent service in the honest, reliable, genuine and efficient manner we are known for.



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