

# Landlord Induction

**It is important for a Landlord to understand how Property Management works; even though there is a lot to learn and we wouldn't expect you to know it all because this is our job to know it; it is good to understand Property Managers are governed by very strict legislation and most of the advice given to you are based on these legislative requirements. This knowledge can assist in reducing any conflicts. In this document you will find the most commonly asked or misunderstood items talked about which I have found reduces the chance of conflict based on an indifference in expectations or understanding. The idea is to ensure you are educated in the processes we put in place to ensure the best management of your Investment Property, to proactively deal with any issues before they become a disagreement so expectations can be set right from the start.**

Let's start at the beginning;

## **Selecting a tenant / tenant inspections**

At OKE Property Services we hold two kinds of inspections; open for inspections and single appointment inspections. Open for inspections are advertised on the internet under the property listing (this might be on realestate.com, Gumtree.com.au or domain.com.au) stating a time and date when the prospective tenant can come and have a look at the property.

A single appointment is booked when the first person who is interested calls or emails to make an enquiry, their name/phone and email address are recorded in the calendar as attending. If anyone else calls or emails wanting to attend the inspection their name, phone and email is also recorded. Each person/s interested in viewing the property is contacted 1-2hours prior to the inspection to confirm their attendance. If at least one person has confirmed attendance the inspection will continue, if each person/s advises they can no longer make the appointment we reschedule based on their time frame and cancel the current inspection.

Most of our inspections are held via single appointment. The reason behind this is we have found that our time can be wasted quite a lot at Open for Inspections. This is simply because it is an expectation of that prospective tenant that if they can no longer attend, they don't have to let us know they can longer make it because someone else will be there. Although we don't expect them to know how we operate our business, a nice phone call to let us know they cannot make it is considerate, but rarely happens. We cannot cancel this inspection however because it has been advertised on the internet, so even though we may not have had any enquiry; we still need to go in case someone does turn up. Hence, this way of holding an inspection can be a waste of time, time that could be spent ensuring any maintenance, inspection reports, rent is being paid and all the other items that need to be attended to, get done (I am sure you get the picture).

Once an inspection is held where we have prospective tenants interested, applications are generally already emailed (hence taking their email address) and we also take hard copies of rental applications. Emailing it previous to the inspection allows the prospective tenant to complete the document in full and bring it to the inspection if they fall in love with your investment property.

The application undergoes a series of "tests", basically we contact the clients references, do employments checks (confirming they actually work where they say they do) and confirm income, check previous and current rental history, if not rental history and they only previously owned their property we rely on the realestate agent who sold their property reference regarding the state of the property and how the clients were to deal with, if they have never owned or rented before (such as only living with their parents) we speak with their parents. I know what you're thinking "as if the parent will tell us they are not good kids/adults", you would be surprised how many honest parents are out there. I have had parents tell me not to rent to their child; so it certainly can help. The prospective tenants are also checked on a tenant database to make sure they don't have a bad mark against them from a previous agency; this is a search our company pays for by using a specific database dedicated to property managers to allow us to have that information.

Our preferred turn around on application processing is 24-48hrs. Anything over that and I believe it is unfair to the tenant and landlord to wait so long before knowing if they have been approved or not.

The application is presented to you, the landlord via either email or phone call (whichever is preferred), sometimes both. From here I will give you my opinion based on the fact I met them in person and what my "gut feeling" tells me, generally speaking however, it is your, the landlords decision in the end if you wish to proceed with those tenants or not.

If they are approved they are contacted and I arrange a time to sign the paperwork and get them all moved in.

## Moving your Tenant in

Once a tenant has been approved, a sign up time/day is arranged to go through the paperwork and make sure they understand how our company operates. My sign up time for a tenant ranges from 40minutes – 1hour (depending on how long it takes to go through everything and answer any questions). The items/paperwork discussed during this time includes;

1. General Tenancy Agreement including and special conditions
  - a. The document is broken down into sections and each point is discussed individually
2. Water charging (if applicable)
3. Rent and rent arrears – what to do if they might need to pay later
4. Entry Condition Report
5. Routine Inspections
6. Pets (if applicable)
7. Pool maintenance (if applicable)
8. Lease renewals
9. Bond lodgement
10. Maintenance including Emergency maintenance and emergency contacts
11. Vacating

## Water charging

This is an area which can become very confusing especially if not all parties (landlord, tenant and agent) understand each other and how it works.

There are a couple of options for landlords when it comes to water charging (if applicable). Please refer to the water facts guide from the RTA which outlines whether or not you can charge your tenant water usage costs.

If you are able to charge your tenant usage costs as a landlord you can either;

a/ have Unity Water issue the bills directly to our company via my email address [carly@okepropertyservices.com.au](mailto:carly@okepropertyservices.com.au) or have it sent via post to PO BOX 422 Mooloolaba QLD 4557. If you have the bill sent directly to our company this allows us to receive the bill with enough notice to schedule full payment of the bill at your next end of month (Or whenever the bill is due). If you do not have enough funds in your account to cover the costs of the bill you will be contacted to discuss alternate options.

Once the bill is paid in full, the tenants usage will be worked out and sent to them as a separate bill, tenants are entitled one (1) month to pay this bill. If the bill is not paid by the due date, the tenant will be contacted and reminded to ensure they make payment as soon as possible, the bill will continue to be chased each week until payment has been made.

*Please note: Your bill is required to be paid in full to Unity Water rather than part paid (landlord portion and tenant portion) as it is not reliable to wait for the tenant to pay their portion in case of late payment. If late payment occurs on your bill Unity Water charge interest for each day the payment is not made.*

b/ If you would prefer to pay the bill yourself (as the landlord) and send me the bill to just calculate the tenants usage and issue that to them, I am also happy to do this. You are best to send me a copy this way via email to [carly@okepropertyservices.com.au](mailto:carly@okepropertyservices.com.au) . Please just make sure you let me know the bill has been paid in full otherwise I will assume this has occurred if no further instructions have been supplied.

c/ Your last option is to still have Unity Water issue the bill to you (as the landlord) and you can issue me the bill requesting payment be made out of your property file, but please understand by doing it this way I may not have enough notice to make payment prior to the due date if the bill is sent to me the day before it is due, hence the two options above are the best options when deciding how to proceed.

*Note: When your tenant first moves into the property the water meter reading is taken and written on their entry condition report (or a photo is taken, generally both). This allows us to ensure the correct usage is calculated for the periods the bills are issued as they do not always line up with lease dates and when tenants occupy the property.*

*Note: A tenant can only be charged for the water usage, not sewerage or bulk costs.*

## Rent and Rent Arrears

Tenants are notified about how our processes work regarding rent and rent arrears right at the beginning, when they first sign up.

We accept EFT / direct deposits for rent payment.

Rent can be paid weekly, fortnightly or monthly.

At OKE Property Services we have zero tolerance for rent arrears; however we do also understand that sometimes mistakes happen and can be easily rectified with a simple phone call.

Unfortunately I have heard a lot of stories surrounding tenants who were trying to do the right thing but being breached by Property Managers who prefer not to pick up the phone and talk to their tenants about them being in arrears before issuing the breach. This is something I do not aim to do.

I have had enough experience to know what does and does not work and over time the best solution is communication.

The way I like the business to run is to communicate with our tenants first. By doing this we continue the relationship and try to be

empathetic where required. It is explained to tenants that there is no reason they should be just “sweeping the problem under the carpet” because this does not help the situation and generally makes it a lot worse.

Tenants are told that if they may be late in a payment they are to contact me to discuss, we might be able to work out a payment plan. Our ultimate goal is to ensure they always have a ledger clear of rent arrears as rent arrears can look bad when trying to rent again and of course our landlords require the rental income on the property to cover their mortgage's.

If a tenant falls 2 days behind in arrears I will contact them via phone and explain what the records are showing me, whether this is because of bank clearance days or they accidentally paid late.

If the tenant doesn't fix up the issue and continues to be 2 days behind in rent due to bank clearance days, unfortunately I cannot breach them (they are required to have reached at least 7 days behind in rent) before a breach can be issued. If they can prove the money is being transferred on their due day they are doing the right thing, however I explain that their ledger reflects otherwise and is not a “Clean” ledger; it is in their best interest to try and change their payment date in order to not fall behind in arrears.

I touch base again on the 4<sup>th</sup> day if they still haven't rectified the arrears. This time it will be via phone and email. I will also touch base with you (the landlord) to inform you about what is happening.

If they reach 7 days behind they will be contacted on the 8th day via phone and email to warn them about a breach being issued. If they make payment that day the breach will not be issued but I want to see cleared funds in the account that day. If no payment is made, the breach is issued. As the landlord you will be contacted to be notified about the breach being issued.

The tenant has 7 days to rectify the breach, if the rent is not paid after this further 7 days (14 days in arrears) you (the landlord) will be contacted to discuss the option of issuing a Notice to Leave (NTL). If a NTL is issued, they will be required to vacate the property on the date outlined on their form.

### **Entry Condition Report**

The Entry Condition Report is a very important document as it states the condition of the property at the beginning of the tenancy. It is used at the end of the tenancy to determine how the property has been left and if the tenant is required to attend to anything prior to moving (such as minor or major damages) in order to bring the property back to standard (based on how it was when they moved in – fair wear and tear accepted).

Again, the tenant is explained the process at their sign up. They are advised that based on legislation, they have 3 days to sign and return the report to our office if they have any extra comments they wish to make. If they return the report with extra comments, the comments will be addressed based on the type (such as if they noted a hole in the wall but I never saw it) it would be discussed and I would attend the property to inspect and report on my findings. Unfortunately sometimes things can be missed but my Inspections for Entry Condition Reports take no less than 1 hour to do, most of the time more as I take a lot of photos to support my document. If a discrepancy has been found between agent and tenant, it is discussed until a conclusion (agreeable conclusion) has been made. Of course, you as the landlord is also advised about what has or hasn't been found. You are sent a copy.

If the report is not returned within the 3 days' time frame, the report sent to the client by our agency becomes the original report and would be used at the end of the tenancy. You are sent a copy.

### **Routine Inspections**

When a tenant first moves in, their first routine inspection is conducted in the first 2 months. Thereafter, a Routine Inspections is conducted every 3 months. A detailed report including an external photo of the property and any photos for maintenance purposes will be taken and sent to you (the landlord). The tenant has the option to be present at the inspection or not; if they're unable to be there we gain access via the office set of keys and they are recommended to leave any messages for us on the kitchen bench (regarding maintenance or anything else they wish to bring to our attention). Inspections generally take 20-40 minutes depending on the size of the property. A report will generally be sent in the next two days detailing our findings.

If for whatever reason we are unable to gain entry to the property, the tenant will be contacted and the inspection will be re-scheduled for a week later.

### **Pets**

It is a Landlord's decision as to whether or not they would like to have pets at their property or not. The only time I would recommend not having a pet at your investment property is if the property is too small and cannot actually cater for a pet. Any other time, I would recommend at least allowing the idea of having a pet and make sure it is discussed prior to a tenant moving in about what the expectations of pets are. Generally speaking, in my experience most people have some sort of a pet these days and sometimes you can be reducing your prospective tenant options by ruling them out altogether.

If a pet hasn't been approved the tenant would be contacted as they are in breach of their agreement, if the pet is not removed after the initial discussion, the tenant will be breached and they will be required to have the pet removed by the date noted on the document. If this does not occur, you (the Landlord) will be contacted to discuss further options surrounding legislation options.

If a pet has been approved, the tenant is required to have the property sprayed for fleas upon vacating the premises, or if deemed necessary earlier in the tenancy.

## **Lease Renewals**

You (the Landlord) will be contacted to discuss lease renewal options, whether you are happy or not to renew the lease and I will conduct a comparative market analysis at this point in time to see if a rent increase may be in order. Based on our discussion, the tenant will be contacted 3 months prior to the lease expiry date. If they are unsure of what their plans are at this point in time, they will be contacted again a month later (2 months prior to expiry), and again at 1 month to ensure we have a plan in place, whether they will be renewing or we will put the property back on the market. At which the start of the tenancy process will commence again.

If the tenant is unsure what to do once they reach one month left in their lease, it will be discussed with you if you would like to ask them to leave (issuing NTL) or happy to remain on a periodic lease until they decide what they will be doing.

## **Bond Lodgment**

The bond of four (4) weeks rent is paid at the beginning of the tenancy, prior to keys being handed over and is paid to the Residential Tenancy Authorities where it is held in their trust account until the tenant wishes to vacate.

Bond can be used at the end of a tenancy if required for repairs / cleaning purposes. If there is a discrepancy surrounding the bond upon vacating, this will be addressed with the RTA by the agent and tenant, you (the landlord) will be kept updated by us.

## **Maintenance**

If your property is brand new, most items including the dishwasher/oven/stove/water pump etc will be covered under warranty (generally no longer than 2 years). The building itself will be covered for 6-7 years structural warranty.

As your agent, I will hold onto the warranty documents so if anything is reported to be not working/ broken, a warranty claim can be submitted on your behalf.

If the item is not covered under warranty, you will be contacted about the item reported to be faulty and we will discuss what options are best, such as arranging a couple of quotes first and choosing the best option to repair that item. If it is proven to be broken due to misuse from the tenant, it would be a tenant cost for the repair.

## **Emergency Maintenance**

If an emergency maintenance issue arises, the tenant is supplied with emergency contacts for afterhours / weekend situations. Tenants are advised to contact me first but have approval to contact their emergency contact in the event they are unable to reach me. If either of these cannot be contacted the tenant is allowed under legislation to arrange for a qualified person to carry out emergency repairs to a maximum value of two weeks rent.

If the property is under warranty the cost of the trade to rectify the problem will be addressed with the builder or warranty company (whichever it may be) to cover the charge for a faulty item. If the property / item is not under warranty, as a Landlord you will be contacted on the next business day since learning about the emergency repair where the situation will be explained and once the invoice has been issued discussion surrounding payment via the property file or yourself (depending on preferences) will be made. Of course, if the issue arose due to tenant negligence, it is a cost they would be required to cover.

An emergency maintenance issue can be something that would make the property uninhabitable. Or other items such as a burst water service or serious water leak, blocked or broken toilet, serious roof leak, gas leak, dangerous electrical fault, flooding or serious flood damage, serious storm, fire or impact damage, failure or breakdown of an essential service or appliance on the property for hot water /cooking or heating, failure or breakdown of the gas, electricity or water supply, a fault or damage likely to injure a person, damage property or unduly inconvenience a tenant and so on

## **Vacating / Exit Condition Report**

Once it is agreed your tenant will be vacating, the process for advertising and securing a new tenant will begin. Inspections will be conducted whilst your current tenant continues to live at the property, entry notices are issued to allow access.

When they vacate the property an Exit Condition Report is conducted based on the Entry Condition Report. You will be advised if the property has been handed over in the correct condition or if the tenant /cleaner or other trade has been requested to go back. Depending on when the new tenant has been secured and based on their move in date, this can sometimes be a crazy period and a lot is happening to make everything come together.

Once the old tenant has been set free of their obligations to your property, a new Entry Report is conducted for the new tenant and everything starts all over again.

If things go wrong with the original tenant moving out, there are processes in place to ensure everything is address according to legislation requirements and office protocol. All of which would be discussed at the time.

## **Brand new properties**

As a landlord there are a couple of things you may be required to pay for when moving a tenant into a brand new property, that has never been lived in before.

The main one is generally the connection of the internet or phone line. It can be a misconception that this is a tenant cost, but unfortunately it is not and this is in fact a cost passed onto the owner. Similar to water being supplied to the property where an owner is required to pay for the bulk and sewage costs in order for the tenant to have working water; the lines to the property are not initially connected and this connection fee is the landlords responsibly. The tenant is required to pay for their usage of internet / phone thereafter but the initial line connection fee is for the landlord. This cost arrives on the tenant's first bill and will be sent to the landlord for reimbursement.

The other thing is gas cylinders; sometime the Builder supplies the initial gas to the property is there is hot water or gas cooking. If not, it is up to the landlord to either supply the cylinders at the beginning of the tenancy and when the tenant vacates they have to supply full cylinders for the next tenant; or the initial tenant is required to supply their own cylinders and not worry about supplying them for the next tenant.

In my opinion, it is nice when the landlord supplies the initial gas cylinder, (it is a once off cost and can be a nice gesture) ;even if it is just the one cylinder, not the two; gas will always be supplied to the property in the rotation with tenants moving in and out.

Lastly, cleaning. The property will have a Builders Clean conducted for handover but this clean is not the same standard for a tenant to move in. Remember the property needs to be returned in the same state it was handed to them at the end of the tenancy. So with this in mind, my mantra has always been to have the property looking perfect (as perfect as it can be) which makes it so much easier to conduct Exit Condition Reports. In order to achieve this sometimes this requires a quick clean by our company cleaner, this way anything missed by the Builders Cleaner is complete and the tenant literally will move in with a spic and span property. No issues, no discrepancies. A quick clean isn't expensive and can save a whole lot of hassle later down the track.

If a final mow of the lawn is required prior to your first tenant moving in, this will also be discussed to ensure the yard / garden is up to scratch. Again this ensures the consistency remains the same when your tenant vacates.

*(This appraisal is provided for the property owner's personal information only. The rental appraisal is not a professional valuation. It should be used as a guide only. It should not be relied upon as a true and actual figure).*



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