

Common Mistakes Property Investors Make Landlord Insurance

Tenant Performance Can't Be Guaranteed - Like any investing where we seek a financial return, there is a risk that an unexpected financial loss may occur. When we have an interest in investing in property, there are also risks to our investment return.

When our return comes by renting a property to tenants, it would be fool hardy to think that a tenancy poses little to no risk, even when we have secured what we believe are great tenants! Even the best tenants can have an unexpected change of circumstances that can result in rent arrears and in some extreme cases ending in eviction.

Most property investors understand this risk and therefore take out landlord insurance to cover against financial loss like rent default, malicious damage and other tenancy related losses. However you need to ensure you have the right landlord insurance!

Be Aware of 'Bank' Landlord Insurance - When a property investor takes out a loan, they are usually offered landlord insurance also by the financial institution. This gives them peace of mind until, at claim time they realise that the 'bank' landlord insurer now requests from **\$300 to \$1000 as an excess for rent default!** It makes sense that your property manager has access to the best landlord insurance cover, not the bank!

So when you are looking at Landlord Insurance, perhaps consider these important questions:

1. Can I claim if my tenants are on a periodic lease agreement?
2. Can I retain the bond for re-letting expenses?
3. What value are my contents covered up to (carpets, curtains, light fittings and blinds)?
4. What are the excesses for loss of rent, malicious tenant damage and accidental tenant damage?

Feel free to contact us should you have any questions. Legally we are not able to give you any advice, but we are happy to give you the facts of what our preferred landlord insurance covers.

Tenant Selection Tip - How To Tell Future Performance!

Every prospective tenant will promise you that they will pay the rent on time and maintain the property. But what does their track record show of the evidence of having performed previously?

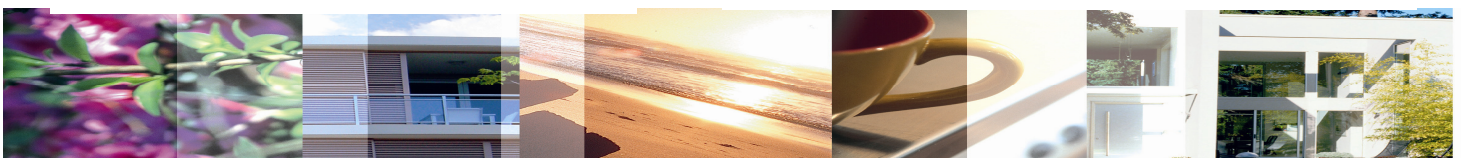
People are very consistent with being themselves, you can count on it! If a tenant consistently has had a poor rental payment history and tells you that this will be on time with your rental property, usually they will be consistently paying their rent late again!

People are consistent with their 'true colours' so be wary of 'face value' promises without evidence to back it up! Always examine their current and previous rental history.

Previous behaviour does dictate future performance!

Rental Market

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| ➤ Properties Leased in June : | 36 | ➤ Current Vacancy Rate: | 1.2% |
| ➤ Average Days on Market: | 9.8 | ➤ Average Length of Lease: | 13 months |



Tax Time

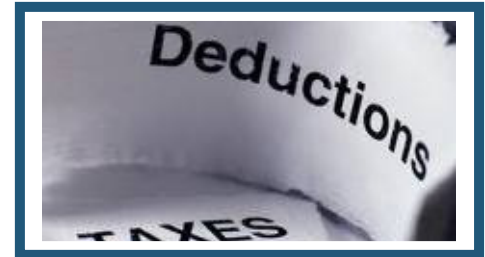
Tax time is just around the corner so it's time to get all those receipts bundled up and expenses documented for your accountant. Have you forgotten anything? Let's take a look at some of the things that can make a difference to your bottom line.

Make repairs now. If your property is in need of additional repairs, try doing them before the end of June so that you can claim them back quickly. If you miss the June 30 deadline, you'll have to wait another 12 months before you see any savings.

Weekly reimbursement. If you are in need of extra cash flow you can apply to have the savings from your claim reimbursed into your weekly pay, rather than waiting for a lump sum after you have lodged your tax return. This is called PAYG Withholding Variation. Contact the ATO or talk to your accountant about this option.

Straight out claims. There are certain expenses that you can claim straight off the bat as a landlord. These include:

- tenant advertising
- council rates
- land tax
- travelling - any trips made to inspect, repair or maintain the property
- bank fees
- insurance
- mortgage interest
- body corporate or strata management fees
- legal expenses
- pest control



What To Look For In The Right Agent

When selecting the right agent, it is important you consider these important factors

- The agent will accurately appraise your rental property to quickly rent it to quality tenants keeping your vacancy period to a minimum.
- Understands the importance of presentation to attract the right tenant, who in turn will pay the rent on time and respect the property.
- Knows the importance of in-depth tenant induction, ensuring they are well educated on expectations ensuring a much better chance of tenancy success.
- Believes the rent must be paid on time every time and educates the tenant accordingly.
- Promptly attends to repairs and maintenance as they are observed or reported by the tenant.
- Quickly negotiates a new lease renewal term and keeps the rent maximised at lease renewal time, in liaison with the property owner.
- Ensures the property is kept well maintained at a high level of cleanliness at property inspections and quickly follows up with the tenant anything found to be unsatisfactory.
- Makes sure the property is vacated satisfactorily to a high standard of cleanliness, allowing for reasonable fair wear and tear, comparing the property to a comprehensive written ingoing inspection report and a variety of digital photos taken at the tenancy start.

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 & do not constitute or convey advice per se. The newsletter is issued as a helpful guide to clients & 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.