

# Ray White Works

PROPERTY INVESTOR NEWSLETTER

AUGUST 2010

## The Rental Team



### ***Oils ain't oils!***

Remember that old TV commercial in the 90's where the mafia boss tells one of his side kicks that "oils ain't oils"? Well, my experience with evicting the non paying tenant from my investment property has proved to me that 'insurance policies ain't insurance policies'. The old adage of 'you get what you pay for' is so true"

You may remember from our newsletter in June, that we evicted the tenant from an investment property that I own. You may also remember the mistakes I made as the landlord by not taking the advice of my property manager Ashlee Fergie.

After the eviction I was faced with a massive clean up in order to release the property. Costs I incurred were; rent owed to the day of eviction - \$2979.00  
rubbish removal - \$540.00  
general clean - \$620.00 and  
repairs \$1148.00

**Total: \$5287.00**

We also repainted, laid new carpet and landscaped the garden. I took comfort in the fact that I had landlord insurance through the building insurer.

I believed I would be covered for all expenses! Not true! The well-known insurer covered loss of rent up to the date the property was released and from that amount they deducted \$300 plus four times the weekly rent. In total I received approximately \$2300 back.

The insurer did not cover any clean up or repair costs because they were not of a malicious nature. We received the Bond from the Tribunal, so there was a shortfall of approximately \$2,000.

By comparison, EBM's Landlord Protection Policy would have left me out of pocket only a few hundred dollars!

So what did I learn? As a property owner you must have Landlord Protection Insurance and you must compare "oils with oils" because there is a big difference.

### **Property Locks & Security**

Is your property secure enough?

The Residential Tenancies Act states that the landlord must ensure that the property is 'reasonably' secure' for the tenant.

What would be considered 'unreasonable security' would be a faulty window or door lock that allowed someone to access the property without force.

When questioning the security of a property, it is prudent for owners to present the property in a manner that would allow the tenant to obtain contents insurance. This would include deadlocks and window locks to your property. Feel free to contact our office to discuss this further.

### **VCAT Rulings**

We noted earlier in the year that VCAT had got tough on claims relating to clean up and repairs. We have previously mentioned that they will not payout on a quote for a repair. The reason is obvious. Unscrupulous owners have been taking the compensation and not having the work done.

The other change is in relation to clean up bills. At a recent hearing the referee said that VCAT would not allow all of the clean up bill, even though the claim had been proved. According to the referee "it is the owner's responsibility under the Act to ensure that the property is handed over in a clean and tidy condition at the commencement of the lease and, they should be expected to contribute to cleaning the property up." The Act says that the tenant only needs to hand the property back in a reasonably clean condition. No mention of it needing to be in a pristine manner.

***Happy Renting  
Until Next  
Month***