



PROPERTY MANAGEMENT EXPERTS

Propertyscouts Greater Wellington

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Landlord/Investor Information Pack





Welcome to Propertyscouts from Rob Walker!



Click the play button above to hear from Rob Walker of Propertyscouts Greater Wellington.



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Welcome to PropertyScouts

We are a nationwide network of local businesses specialising in property management and investment. We are NOT a real estate company, so unlike a lot of other property managers who also sell properties, we aren't confused by our role. It's simple - on your behalf we will find you good tenants who will look after your property, paying good market rent on time, every time. OK it's not that simple - but we make it look that way - to make life easy for you.

It's our job to make owning a rental property as easy as possible and give you peace of mind that your property is in the very best hands, meaning you have more time to focus on what's important.

In the beginning...

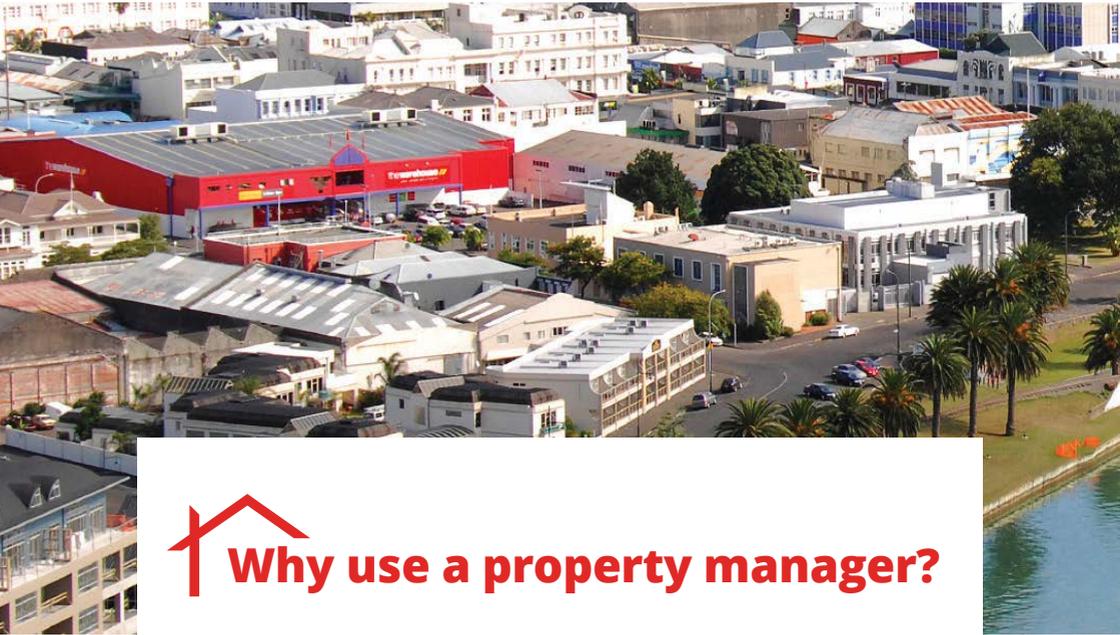
PropertyScouts started in 2004 as a property finding service helping New Zealanders based overseas to find investment properties in Dunedin. These overseas investors then began asking for help to find tenants and so the property management branch of the business grew from there. Today, PropertyScouts is 100% dedicated to property management.

As well as the original Dunedin business you'll now find a network of PropertyScouts offices throughout NZ. From as far north as the Bay of Islands to as far south as Invercargill. There's even a branch on the Sunshine Coast of Australia. All of the PropertyScouts businesses are owned and operated by people who share the same ethos - to provide our landlords, tenants, contractors, and other clients with excellent service.

Where we are today

Our personal services and commitment to excellence remain the same today as they were back in 2004. We believe we offer a unique service unparalleled in the New Zealand market. We like to say that we are 'small enough to be personal yet big enough to be experts'. Here are just some of the benefits we offer:

- Expert property management, including leasing, carrying out inspections and managing repairs and maintenance.
- We **guarantee** your rent payments.
- Investment property finding, assessment and advice.
- Contactable 24/7 - 365 days of the year.
- Expertise in all relevant legislation
- Owner/operators with full time staff dedicated to various roles - property managers, finance and administration.
- Efficient, timely and cost effective repairs and maintenance service with no additional fees or charges.
- Advanced technology systems - our property management system allows you to access real time information about your property at anytime from anywhere in the world.
- Dealing with tenancy issues and attending Tenancy Tribunal hearings.
- Members of the Property Managers Institute of NZ.



Why use a property manager?

Having a rental property is more challenging than it may first seem. It's not just finding good tenants. There's also the issue of dealing with maintenance, carrying out inspections, not to mention chasing unpaid rent – all while trying to do your day job to whatever extent you wish. We take care of all of this while keeping you as involved as you want to be.

What's more, managing a property is very different from what it was a few years ago - times have changed. The Residential Tenancies Amendment Act 2020 means landlords now have a whole new range of responsibilities in regard to their rental property. The Act also introduced a raft of new infringement notices that can now be issued to landlords. The Act also introduced substantial fines for landlords who breach the Act - inadvertently or otherwise. Many tenants now have a very good understanding of the Residential Tenancies Act and expect the person responsible for managing the property they are renting to know what they are doing. The days of DIY property management are well and truly behind us.

We are experts on New Zealand property management law and having us manage your property saves you the risk of being penalised for something you may not have even realised was unlawful.

As a private landlord, am I obliged to know the Residential Tenancies Act?

Yes - unless of course you have us managing your property for you. All landlords have a legal obligation to abide by the Residential Tenancies Act 1986 (RTA) and Amendment Act 2020. Then there's the Human Rights Act, the Consumer Guarantees Act, the Privacy Act, the Building Act, the... well we think you get the picture. As the old saying goes - ignorance of the law is no excuse, and no truer words were spoken than when it comes to tenanting a rental property.

Here are just some of the more common examples of fines landlords are subject to:

- Failing to appoint an agent when out of NZ for 21 days or more **\$1500**
- Requiring a bond greater than the amount permitted **\$1500**
- Failing to state the amount of rent in any advertisement or offer **\$1000**
- Failing to provide Healthy Homes information **\$1000**
- Failing to keep records **\$2000**
- Unlawful discrimination **\$4000**

If you are a private landlord and decide to carry on looking after your own rental property, we suggest you get a copy of the RTA and start reading it. If nothing else, it's great to put you to sleep at night!



How hard can managing a property be? We heard of private landlords who have advertised their properties, found tenants really easily and had no problems.

Looking after a rental property is actually a lot harder than it looks AND it takes time to do it properly. Checking up on rent payments and dealing with issues tenants invariably raise are just the norm. If your property turns into a 'problem' tenancy then will you be able to spend the time it takes to deal with the various issues that can crop up and will you be confident to take the matter to the Tenancy Tribunal (we don't charge for attendance at the Tenancy Tribunal) if necessary?

Using Propertyscouts allows you to retain control of your property while leaving the day to day administration to us. And, our costs (like a lot of the costs associated with owning a rental property) are almost certainly tax deductible.



Finding the right tenants

Over the years, we've honed our processes to make sure we get the right tenants in the right properties. Each of us at PropertyScouts follows our proven step by step process to ensure you end up with excellent tenants. Our processes for finding you the best possible tenants for your property are:

1. We contact tenants on our tenant database who we think may be interested in the property.
2. We take high quality photographs which show the property in the best possible light. Where necessary we will video properties for marketing purposes. If you wish we can arrange professional photographing of your property. These photos can often be used multiple times.
3. We advertise the property on the various websites we use and send details to local businesses where appropriate, using effective and targeted advertising to attract the best tenants.
4. We arrange viewings with potential tenants (viewings are carried out seven days per week).
5. Potential tenants submit an application for the property. Applications are able to be made through our website and are processed on the same day they are received. Part of the application process involves us carrying out full reference and credit checks.
6. When we believe we have found the right tenants, we talk to you to make sure you're happy and feel comfortable with the applicants living in your property.
7. After selecting tenants, we arrange for the tenant induction. This involves a point by point explanation of our tenancy agreement to ensure they understand what their responsibilities are.
8. Once we receive the bond payment and initial rent payments, we carry out a full entry inspection with the tenant where we video the entire property as well as take extensive still photographs. Finally, we prepare a written report which the tenants are required to sign to confirm the condition of the property.
9. The tenants are then given keys to the property and the tenancy commences.

One of the many advantages we have over private landlords is our ability to rent properties faster and for more rent. More rent because we have our finger on the 'rental pulse', and faster due to good marketing processes and dealing with tenants who are looking for a new rental - day in and day out.

How long will it take to find a tenant for my property?

This timeframe depends on a whole range of factors which means we can't say for sure. We can hazard a guess but that's a dangerous practice if our guess is wide of the mark. Suffice to say, there's a lot to consider including the likes of the time of year, location and the features of the property.

Rest assured, we'll be doing all we can to get your property rented as soon as possible. Most of us at PropertyScouts are property investors just like you, so we know what it's like to have a property vacant. And while we don't think this way, consider this - we don't get any money from you until we have a tenant in your property paying you rent. Now there's an incentive for you!



Advertising your property

Having a strong advertising strategy is important to minimise the amount of time it takes to find a suitable tenant. Most of the time we have tenants in our database who we know are looking for particular properties. This means that quite often we are actually able to lease a property without advertising it.

We also have a number of options available for advertising properties which have been tried and tested by us over time. You can waste a lot of money advertising a property and getting no results. Some of the more common advertising we use is:

- Propertyscouts website
- Trade Me
- Realestate.co.nz

Where it's appropriate, we also use other forms of advertising including:

- University accommodation websites
- Hospital staff and HR contacts
- Major companies bringing staff to the area
- Social media hubs like Facebook

Because we understand the rental market so well, we will know what kind of tenants are best suited to your property. This means we can tailor the marketing package we put together for your needs, making sure you get the most out of what you spend on advertising.

How much will advertising cost me?

Hopefully nothing if we have a tenant we know of for your property, but generally speaking your property will be advertised on Trade Me and Realestate.co.nz. We pass the cost of Trade Me and Realestate.co.nz advertising on to you, as well as any other advertising used for your property.

We don't charge for advertising your property on our own website, or for preparing flyers and brochures for the various businesses and institutions we help with accommodating their staff.



Disbursements and rent

We pay all of our property owners twice monthly. Disbursements are made up of rent payments less any deductions, like our management fee (7.9% + GST) and any invoices we have paid on your behalf. We offer property owners **guaranteed rent** - this means even if a tenant falls into rent arrears, we will still pay you.

Some property managers advertise that they have a 'zero tolerance' to rent arrears. We think that's nonsense. With the hundreds of properties we manage this can happen up to four or five times a week! A zero tolerance policy means we'd be subjecting a number of normally very good tenants to undue stress.

That's not to say we don't get onto rent arrears immediately - we certainly do because when a tenant doesn't pay their rent, we pay it for them! What more incentive would we need to deal with rent arrears quickly and efficiently?



Guaranteed Rent

Through our years of operation, we have developed foolproof processes to ensure we choose the right tenants for our properties which means rent payments come through in a timely manner. In fact, we are so confident in our tenant vetting and rent collection processes that we are able to guarantee you twice monthly disbursements for periods up to four weeks at a time for any rent arrears.

When your property is managed by PropertyScouts the likelihood of you ever being out of pocket because of a tenant being in rent arrears is unlikely.

What do I need to do as a property owner where a tenant is in rent arrears?

The simple answer is nothing - we will continue (for a period up to 4 weeks at any one time) to pay you disbursements regardless of whether a tenant has paid their rent. In fact, unless we can see it becoming a big problem, chances are you won't even be aware of what is going on and we'll be working with the tenants in the background to ensure that it doesn't become an ongoing issue.

Sometimes through no fault of the tenant, we simply don't receive their rent. This is often due to something minor like a change of pay cycle or a bank glitch, and we don't believe you should have to miss out on disbursements because of this.



Property inspections are designed to look for any maintenance issues that may need to be addressed. They also allow us to ensure the tenants are doing a good job of looking after the property. We carry out a property inspection about one month after every tenancy starts, then every three months following that. If at any inspection we notice issues that require follow-up (including additional inspections) then we will do that in our own time and at our own cost until we are happy that the issue has been resolved.

We complete our inspections digitally using an iPad to ensure you receive the information from the inspection as quickly as possible (including good quality photographs). This also means the ongoing condition of your property is recorded and kept in our property management database.

At the end of an inspection, we discuss the result of the inspection with the tenant and if they are not present, we leave a note and a small gift as a token of our appreciation where appropriate.

What happens if we find tenants are not adequately caring for the property?

Given the high quality of our tenants, in most cases inspections show the property is being kept in a very good condition and there are no issues. Where we have seen something that needs to be rectified, we certainly let them know.

On the rare occasion where an inspection is not satisfactory, we take the following course of action:

- For minor issues, like slightly overgrown lawns, we will leave a friendly note letting them know then we will recheck this at the next routine inspection.
- For more major issues, we will issue the tenants with a notice giving them a set period of time (normally 14 days) to rectify the issue. In this case, we always carry out a follow up inspection to ensure that the issue has been dealt with appropriately by the tenants.

For any problems that we come across during a tenancy, we will continue to work to resolve them until we are satisfied with the outcome - at no cost to you.

Managing moisture in rentals

We are proactive in our approach to managing moisture in all of our properties. Part of our tenancy induction means that all tenants must read and agree to our policy on avoiding moisture issues – this is mainly based around ventilation and heating.

In addition, we have a 'tips for a warm and dry home' fact sheet covering the same material. We take this to leave at inspections where necessary and we provide this to any tenant who asks about moisture in their property. Its also included in their original tenancy agreement.

This approach minimises problems with dampness and mould.



Legal stuff impacting property owners

During 2016 changes were made to the Health and Safety in the Workplace Act, making property owners responsible for the health and safety of both their tenants and anyone working on or at the property. The fines for non-compliance are eye watering! Changes were then made to the Residential Tenancies Amendment Act including compliance with ceiling and underfloor insulation and ensuring there are a sufficient number of working smoke alarms at the beginning of every tenancy. Then came the 'biggie' – the Residential Tenancies Act 2020 which made sweeping changes designed mainly around 'levelling the playing fields between tenants and Landlords'.

All tenancy agreements must stipulate the present level of insulation in a rental property and all rental properties must be fully insulated. The insulation statement is to be signed separately on the tenancy agreement.

The Healthy Homes Standards became law on 1 July 2019. The Healthy Homes Standards introduce specific and minimum standards for heating, insulation, ventilation, moisture ingress and drainage, and draught stopping in rental properties.

All private rentals must comply within 90 days of any new or renewed tenancy after 1 July 2021. The main information for the Healthy Homes Standards is:

Heating

All rental properties must have one or more fixed heaters, which can directly heat the main living room to at least 18°C and can maintain this temperature all year round. Certain heating devices that are inefficient, unaffordable or unhealthy will not meet the requirements of this standard.

Insulation

Ceiling and underfloor insulation has been compulsory in all rental homes since 1 July 2019, where it is reasonably practicable to install. Some existing insulation in rental properties will need to be topped up or replaced.

Depending on location, ceiling insulation needs to meet minimum R-values, or existing ceiling insulation installed before 1 July 2016 needs to be at least 120mm thick. Underfloor insulation needs a minimum R-value of 1.3.

A Healthy Homes assessment with Propertyscouts Greater Wellington is \$199 +GST. Recertification is \$50+GST.

Legal stuff impacting property owners

Ventilation

Rental properties must have at least one door or window (including skylights) that opens to the outside in all bedrooms, dining rooms, living rooms, lounges and kitchens. The openable windows and doors must have a total area of at least five percent of the floor area in each respective room. The windows or doors must be able to be fixed in the open position. All kitchens and bathrooms must have an extractor fan that ventilates externally.

Moisture Ingress and Drainage

Rental properties must have efficient drainage for the removal of storm water, surface water and ground water, including an appropriate outfall. The drainage system must include gutters, downpipes and drains for the removal of water from the roof.

If the rental property has an enclosed subfloor, a ground moisture barrier must be installed if it is reasonably practicable to do so.

Draught Stopping

Landlords must block any unreasonable gaps and holes in walls, ceilings, windows, floors and doors that cause noticeable draughts. Open fireplaces must be blocked unless the tenant and landlord agree otherwise.

All new, renewed or varied tenancy agreements from the 1st July 2019 now require the landlord to state that the rental property complies with the Healthy Homes Standards or that they intend to comply with the standards (whichever statement is correct).

From the 1st July 2020 all tenancy agreements must also include specific information about the landlord's current level of compliance with the Healthy Homes Standards. Landlords that don't comply could face a financial penalty of up to \$500.



Tenant damage and the Osaki case

The Osaki Case had a huge impact on all landlords throughout the country. Prior to this case tenants were responsible for any damage they caused at a rental property regardless of whether it was accidental or intentional.

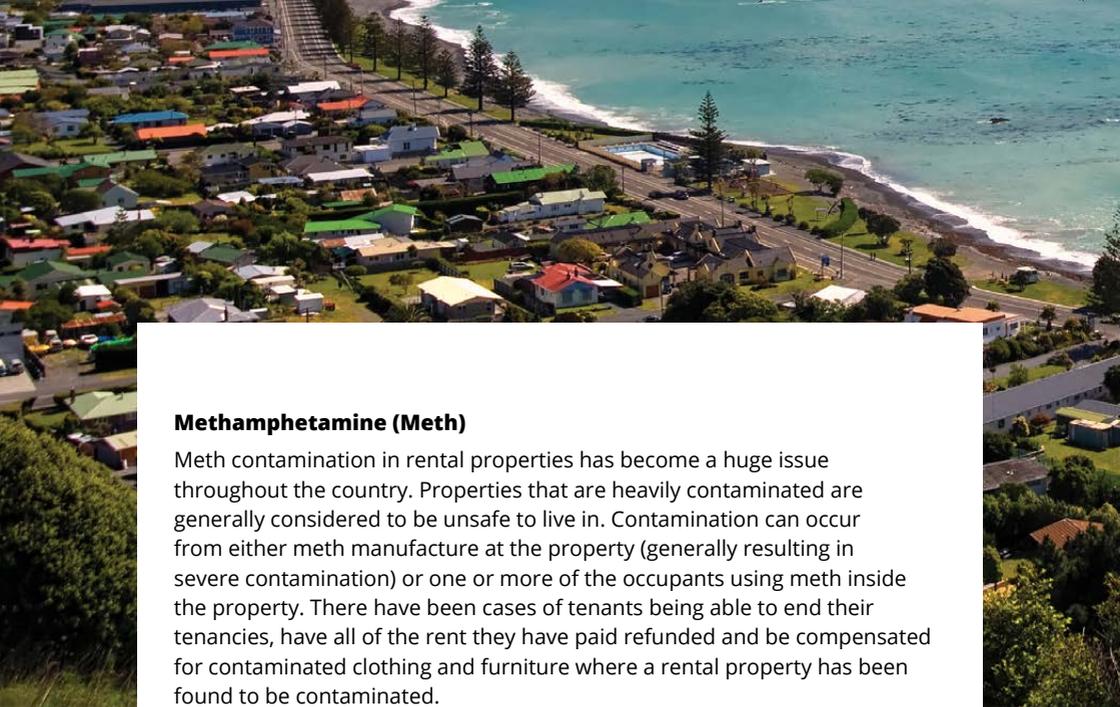
The Osaki's were renting a property that was inadvertently burnt down when Mrs Osaki forgot about a pot she had on the stove. The landlord's insurance company paid out the landlord but then sought to recover the cost from the Osaki's. Eventually the case ended up at the High Court, which found that the Osaki's were entitled to the landlord's insurance cover and were therefore exempt from any financial responsibility. The result of the case was a ruling that caused a great deal of anguish for landlords.

Unless it could be shown that a tenant has intentionally damaged a landlord's property or been knowingly negligent, where the property was insured the tenants were covered by the landlord's insurance cover, and even the insurance excess was unable to be recovered from the tenants.

Thankfully, common sense finally prevailed, and, in 2019, new legislation took effect, affecting tenants' liability for damage.

If tenants or their guests cause careless damage in a rental property, they will be liable for the cost of the damage up to four weeks' rent, or the landlords insurance excess, whichever is lower. Where it can be shown that the damage is intentional then the tenant is liable for the total cost of the damage. Landlords are required to provide insurance information in any new tenancy agreement including the excess amount. Tenants are able to request a copy of the insurance policy for their information.





Methamphetamine (Meth)

Meth contamination in rental properties has become a huge issue throughout the country. Properties that are heavily contaminated are generally considered to be unsafe to live in. Contamination can occur from either meth manufacture at the property (generally resulting in severe contamination) or one or more of the occupants using meth inside the property. There have been cases of tenants being able to end their tenancies, have all of the rent they have paid refunded and be compensated for contaminated clothing and furniture where a rental property has been found to be contaminated.

We now screen all properties between tenancies. We expect (and hope) that none of our properties are meth contaminated. The purpose of the screening is to make it clear to tenants that the property is safe and clear from meth contamination (to the best of our testing ability) and that if at the end of their tenancy the property tests positive – then they will be held responsible. The cost of each screening test is \$99* (plus GST). This is a substantial saving on what lab testing companies charge - which can be as high as \$450 for a three bedroom house.

What happens if the meth screening test Propertyscouts does is positive?

The test we carry out is 'indicative' only and is carried out in conjunction with a risk assessment of the property. Where we receive a positive screening test result we will retest with another screening test at our own cost in consultation with the property owner. If the second test is also positive we will engage the services of an independent contractor using a lab based testing system. The property owner will be responsible for the cost of any lab based test and additional costs such as decontamination should that prove necessary. More often than not these costs are covered by the owner's insurance.

Smoke Alarms

From 1 July 2016 smoke alarms became mandatory in all rental properties.

As well as breaching the Residential Tenancies Act, inoperable or insufficient smoke alarms may make property owners liable for injury to tenants in the case of a fire and void insurance claims where it can be shown that the property was not compliant. For an annual fee of \$99* dollars (plus GST) we are offering an annual smoke alarm service which includes free Photo-Electric smoke alarms as necessary to meet current building code compliance. The annual fee includes:

- Installing, checking, testing and servicing of smoke alarms.
- FREE 9v Photo-Electric supply and installation of alarms (maximum of three per property). Where additional alarms are required to meet compliance they will be charged at \$10 per alarm. All alarms come with a 10 year operational guarantee.
- Issue of certificate of compliance which will be held on file by us.
- As well as being tax deductible this service may reduce insurance premiums. Fees quoted are GST exclusive.

*Please note that the prices stated above are indicative.





Insulation

The law now states that we **MUST** include details of any insulation in all tenancy agreements. It turns out that a lot of our landlords don't actually know the insulation details of their investment property. We need to know the type, RV rating and condition of insulation in ceilings, walls and underfloor – and sorry, no, a guess isn't good enough! The fine for not recording this in a tenancy agreement is \$4000!

From 2019 ALL rental properties must be fully insulated in accessible areas of the ceiling and underfloor.

What if I don't know what insulation my property has and whether or not it's compliant?

To make compliance regarding insulation as easy as possible, we've managed to secure the following offer with a suitably qualified insulation installer:

- We will arrange with the installer to visit your property and report on the present insulation with sufficient detail for us to include it in any tenancy agreements.
- The installer will quote for any additional ceiling or underfloor insulation required in order to make the property compliant with the new legal provisions.

The cost of this service depends on the property so please get in touch if you would like us to have an assessment undertaken.

In a perfect world, no property would ever need any repairs and maintenance. But every property owner will inevitably find there are issues to be dealt with from time to time. And this is where we make it easy. Propertyscouts can take care of any maintenance that needs to be carried out to ensure your property remains in tip top condition.

This means no fussing around on your part with the likes of contacting tradesmen, assessing quotes, corresponding with tenants and so on. Most property owners opt to have us take care of maintenance but if this is something you want to be involved in, we're only too happy for that to be the case.

Wouldn't it be cheaper to arrange maintenance myself?

We don't charge any fees for arranging repairs and maintenance at your property - we simply pass the cost onto you which comes out of your disbursements. Most other property management companies we know of charge an additional 10% fee on top of all maintenance invoices! We don't think that's fair so we don't do that.

We've spent considerable time establishing good trade relationships with local contractors meaning we get preferred service and fees and immediate action when necessary. We have also negotiated a group buying deal through a major appliance retailer.





Who decides what maintenance and repairs need to be done?

More often than not we become aware of a maintenance issue after being advised by tenants, however we do come across some issues at inspection time. We always ensure that we confirm there is actually an issue that needs to be resolved. If we believe a tenant has asked for something to be done which isn't necessary (for example, they would like to have the living room colour changed), we advise them of this and explain why.

What happens if something goes wrong out of office hours, like there's a burst pipe in the middle of the night?

We make sure we are available to both tenants and property owners 24 hours of the day, 365 days of the year. No private landlord could ever make that claim and nor, in our experience, can a lot of local property management companies. If the tenant rings our office, the phone will be answered and a Propertyscouts representative will deal with the problem. In emergency cases, we will arrange for one of our trusted tradespeople to be called out to deal with the problem.

Fees and charges

Excluding GST	Lite	Standard	All-Inclusive
Management Fee	8%	9%	10%
New Tenancy Fee	One week's rent	One week's rent	Included
Renewal/extension Fee	\$150	\$150	Included
Inspections	\$50	Included	Included
Year End Financial Report	\$50	\$50	Included
Rental Guarantee	Not Included	Included	Included

Other Optional Fees (excluding GST)	Item	Price
Healthy Homes Assessment	\$199.00	\$199.00
Healthy Homes Re-Assessment	\$50.00	\$50.00
Meth Screening (Positive or Negative Result)	\$99.00	\$99.00
<u>Third Party:</u> Meth Testing (Lab Testing)		\$249
<u>Marketing Extra:</u> Base Listing on Trade Me	\$49.00	\$49.00
<u>Marketing Extra:</u> Feature Listing on Trade Me (3X more views)	\$99.00	\$99.00
<u>Marketing Extra:</u> Professional Photographs	\$250.00	\$250.00





The final word

By choosing Propertyscouts to manage your rental property, the buck stops here - no ifs, buts or maybes. We take looking after your most valuable asset seriously and we will manage your property as if it were our own.

*Rob Walker,
Propertyscouts Greater Wellington*

