

FROM OUR PROPERTY MANAGEMENT TEAM



End of Financial Year

We would like to take this opportunity to wish you a very prosperous Financial New Year.

Our office will be processing end of year financial property reports on 1st July 2010 which will summarise the income and expenditure on your investment property.

We send out these reports by close of business on 1st July 2010 so you will have your report the same day if you receive email statements or the next day if you have chosen for your statements to be mailed

What great service!

If you have any queries relating to this report, please feel welcome to contact our Property Management Team

9800 0700

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 and do not constitute or convey advice per se. The newsletter is issued as a helpful guide to clients and 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. If your property is currently listed with another agent, please disregard this communication.

Fair Wear & Tear

Where do you stand as a landlord?

When it comes to property care by the tenant, the concept of 'fair wear and tear' can be a difficult one to manage.

The definition of fair wear and tear is something that takes place from the **normal use** of the property.

The Residential Tenancies Act clearly states that the tenant must leave the property at the end of the tenancy in the same condition as the commencement, allowing for fair wear and tear.



Determining what is property damage and what is fair wear and tear can often be a grey area.

If a claim was made, the Tribunal/Courts would look at:

- The original condition report of the property and compare it to the final exit report
- How long the tenant had resided in the property

- How many tenants lived in the property
- The age and depreciated value of the items (i.e. carpets, window coverings, screens, appliances, etc.)

The circumstances of the tenancy will have a direct impact on fair wear and tear.

If a tenant had lived in the property for five years with three children the following may be considered fair wear and tear: worn and marked carpets, insects in globes, marks on walls, stained oven, etc.

However, if it was a couple that had lived in the property for 12 months and the same wear had taken place, it may not be considered fair wear and tear.

When a tenant vacates the property we are required to take fair wear and tear into consideration.

There may be times as an owner when you will be required to invest in a final vacate touch up clean to avoid a costly Tribunal hearing if the tenant disputes the matter.

P.T.O... ▶

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Property Locks & Security

Is your property secure enough?

There was a Tribunal hearing some years ago where a tenant was concerned about the security of their ground floor unit and contacted the property manager to request security screens. The property manager organised the quotes and sent them to the owner. The owner's response was they could not afford the expense at the time.

One week later the tenant notified the property manager that the unit was broken into and was claiming \$5000 in compensation.

The matter was taken to the Tribunal and the Magistrate questioned the tenant about how the property was broken into. The tenant's response was that the back door had been kicked in. Very quickly the case was dismissed!

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

In this case the Magistrate determined that the property provided reasonable security as the property had to be broken into.

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

When maintenance issues about the property's locks & security are raised, it is important to act quickly to protect the tenant's safety.

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. ■

Properties Recently Rented Houses

Glenfern Road, Ferntree Gully \$320pw

3 beds, 1 bath, 2 toilets, 1 garage

Pentlowe Road, Wantirna \$360pw

3 beds, 1 bath, 1 living, 2 garage

Wallace Road, Wantirna South \$385.00 pw

3 beds, 2 bath, dbl carport

Lindfield Court, Knoxfield

\$400.00 per week

3 beds, 1 bath, 2 living

Hewson Court, Wantirna South \$420pw

4 beds, 2 bath, 1 living

Townhouses

Boronia Road, Wantirna \$350pw

3 beds, 1 bathroom, 1 living

Doncaster East Rd, Mitcham \$380pw

3 beds, 1 bath, 1 living, 2 carports

Units

Boronia Rd, Boronia \$270pw

2 beds, 1 living, 1 garage

Vine St, Ringwood \$385pw

3 beds, 2 bath, 2 living, 2 garage

Improve your financial position – Not the ATO's

With a Tax Depreciation Report



According to the ATO 52% of property investors don't claim all of their available deductions

Property investors are often surprised by the amount of items they are able to claim depreciation on inside and outside of their investment property.

Just like you claim wear and tear on a car purchased for income producing purposes, you can also claim the tax depreciation of your investment property against your taxable income.

You could have thousands of dollars in depreciation deductions waiting to be claimed.

There are two types of allowances available: depreciation of plant and equipment and building allowance.

Plant and equipment refers to items within the building like ovens, dishwashers, carpet, light fittings, blinds, etc. Building allowance refers to construction costs of the building itself, such as concrete and brickwork. Both these costs can be offset against your assessable income.

Hill Real Estate has negotiated discounted fees for our landlords so that you can obtain a depreciation report from BMT Tax Depreciation Pty Ltd. Please contact Hill Real Estate to take advantage of this special offer for our valued landlords.

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