



## Pearl Property Co (PPCo) - Frequently Asked Questions (F.A.Q's)

### 1. What are the benefits of a proactive, reliable and consistent Property Manager who you can trust?

*"Your Property is unique. Like Pearl. The location of your property stays the same, it is the building and equipment that we maintain, look after or support minor renovations on, for you. We pride ourselves on adding to the layers of value, to ensure your asset is the best it can be, for whatever you choose to do with it."*

Having a qualified Property Manager (PM), managing your asset gives you back your time. This is the one thing you can't buy more of. They ensure your asset is being looked after, and deal with any issues while you are busy working, travelling or spending time with your family. By having a qualified PM on your team, you can rest assured that the complexities of legislation are understood and being adhered to, without a lawyer's hefty price tag. They keep an eye on your property, protect your asset and ensure it is being well maintained providing you with the freedom to concentrate on the things that matter to you.

### 2. What is the Pearl Property Co Difference?

*"Service, Integrity, Competency and Results. We like to be compared because the difference is obvious."*

We provide a high level of service and value for money. We do this by concentrating on preventing problems before they arise, providing solutions based on our experience, leveraging off our relationships with tradespeople, through our focused approach and applying our Industry training. We pride ourselves on giving you informed options to make decisions that suit you, not just administrating.

### 3. What Happens when you make the decision to change from your current agent to Pearl Property Co?

When you make the decision to change over to us, we take care of the termination notice to the current agency, manage the handover of the file, keys and bond on your behalf at no additional cost.

Your Management Agreement will either have a fixed end date or it will be on a month-to-month basis. For the month-to-month agreement. You are usually required to give 28 days' notice, should you wish to terminate the contract. If you are in a fixed term agreement the best approach would be to see out the term and transfer at the end of that contract. This is because penalties usually apply, and the aim is to minimise your costs.

### 4. Is there a Difference between a Management Agreement and a Lease Agreement?

**"Yes"**

- A **Management Agreement** is **between the Real Estate Agency and the Landlord.**
- A **Lease Agreement** is **between the Tenants and the Landlord**, written and managed by the Managing Agent.

The Lease Agreement with the Tenant (Tenancy Agreement) is separate to the Management Agreement with the Real Estate Agency.

The two are often confused as being one and the same, or dependent on one other. You must have an active Management Agreement in place for an Agent to lease a property on your behalf. However, having an existing Lease Agreement in place does not prevent you from changing Agency. You can have Tenants in place at the property and transfer your management to a new agency without impacting the existing Tenancy Agreement as it is a separate contract to the Management Agreement.



## 5. How often will you contact me? **“Our Communication Commitment to you”**

We understand that every Landlord is different and has different communication requirements. We add value to your investment and give you back your time, by providing you with relevant information and solutions, rather than handing you problems and asking you to tell us what to do. We commit to responding to any communication within 24 hours and our team prides itself on providing you with consistent, reliable and timely communication.

## 6. How do our Fees compare to other agencies?

*“I am a Landlord myself. I own multiple investments and have rented in an Ex-patriate situation overseas with a major Oil & Gas Company. This means I understand the needs and drives of residential Landlords, as well as Corporate Tenants.”*

– Anita Walker, Pearl Property Co Director and Licensee

We guarantee to provide value for money, and attention to detail. We have a fee structure designed to allow us to focus on getting the best service for price, and to meet or exceed your expectations. Our fees and services can be structured to your needs. When compared with other agencies in Perth, we pride ourselves on a high level of service. This is possible due to the reduced number of properties we choose for each one of our team members to manage. Most large agencies allocate more than 100 properties (up to 150) per Property Manager, often without the support of an Assistant or Office Manager. We keep each of our Property Managers portfolio under 100 properties and have a team to support them.

We are strong believers in managing your property holistically, for the long term, not just providing you with basic administrative services. We provide solutions and chase down options that other Agencies may not consider or have time to do. We have a defined process and decision tree for how the PPCo team manage maintenance issues at your property. Trouble shooting ourselves first, consulting our team members and support network of tradespeople second and drawing on our two Directors experience before any issues, solutions and options are presented to you.

## 7. Tenant Selection

We will interview ALL suitable Tenants wishing to lease your rental property. They have to complete and comply with our very stringent application process, including the completion of a detailed Tenancy Application Form.

Once an application has been thoroughly investigated, referenced checked, processed and scrutinized then all the details are relayed to you. Including our recommendation on the preferred Tenant. This gives you the information to make the decision that fits the plan for your asset and selects the best possible Tenant.

## 8. What are the benefits of Providing Longer & Shorter Lease Options? Why not one option?

At PPCo, we find that people feel more involved and follow through on commitments when they are given a choice. When it comes to lease renewals where you already have quality Tenants in place, we recommend providing them with options. Longer leases provide you with the stability of guaranteed income and reduced expenses by minimising fees such as, the Lease Renewal fee. For shorter leases, our expectation is that the rent per week is higher.

The longer the lease, the fewer additional lease establishment costs and better return you achieve from your investment. Longer lease options are offered at the same or slightly reduced rate depending on the market conditions, as this is generally a better value, more sustainable and consistent return for you.



Usually at PPCo, we recommend when shorter term lease options are requested or offered to the Tenants, it is done so at an increased rent. This covers additional fees payable as a result of re-leasing the property more times over the same period.

## 9. Tenancy Agreement

Once a Tenant has been approved by you for your property, they are required to sign a Tenancy Agreement. This takes place prior to possession of your property. They are also required to provide a bond and pay all monies applicable before they are given keys and access to the property.

This lease may be for a fixed term (i.e., for a specified period of time e.g. 12 months) or on a periodical basis which is for an unspecified period of time and rolls over at the end of each period. Periodical can be weekly, fortnightly or monthly.

You choose the lease terms whether it is for a fixed period or a monthly basis (periodic tenancy). Our recommendation is fixed term at 12 months with a minimum of six months, to enable you to take advantage of market changes and minimise fees as a result of re-letting.

A tenancy continues until such time as either the Tenant or Lessor gives notice to terminate the tenancy. A fixed term tenancy cannot be terminated unless there has been a breach of the conditions of the agreement, or if both the parties agree to end the lease.

## 10. What is a Diplomatic Clause in a Lease Agreement?

*Sometimes applicable to Government (Defence) and Corporate Tenants.*

This clause is sometimes applicable to Government (Defence) and Corporate Tenants. Some Corporations and Government Bodies provide their staff with a property as part of their employment package. These Company tenants may request a diplomatic clause as a special condition. The clause allows the Tenant to break the lease without penalty due to being relocated by the Employer. The clause usually stipulates that 21 days' notice must be given and the standard vacate requirements must be met but without any of the other break lease fee penalties that usually apply when the lease is terminated early by the Tenant.

## 11. Security Bond – Paid by Tenants at beginning of Tenancy.

A bond equal to four (4) weeks rent and where applicable, an additional pet bond is paid by the Tenant prior to possession of the property.

Pearl Property Co has a general "No Pet OR Smoking inside Policy" on all of our rental properties unless you allow and instruct us otherwise. All Bonds are lodged in accordance with Government legislation and held by the Bond Administrator. The Bond is released at the end of the tenancy only after the final bond inspection has been completed and the property is returned to us, as represented in the initial inspection report, less fair wear and tear.



## 12. Routine Inspections - Can I attend the inspections?

Routine inspections are conducted throughout the tenancy, every three months to a maximum of four per year unless you wish for different intervals to apply (i.e. every six months). The first routine inspection is conducted approximately six weeks after the tenancy commences, to evaluate and appraise the conduct of the tenancy and to ensure that the tenancy is in good order so both parties are comfortable.

It is your prerogative whether you attend the inspections. All you need to do is let us know well in advance that you wish to attend. While it is our passion, this part can be quite boring as the Property Manager has a strict time frame and checklist to adhere to. It also may not be the right situation to discuss incidental issues related to the property or the task at hand. We want to give you back your time, which is why we provide you with a detailed Inspection report including many photos after each inspection. You get the summary without the boring parts. We do, however, always enjoy your interest and answering any questions you may have. We also appreciate direction towards any issues you specifically want us to address. Feel free to call or email us at the office any time, we love hearing from our clients.

## 13. What is a Property Condition Report (PCR)?

This is a very detailed and mandatory ingoing tenant report noting the precise condition of the property at the commencement of the tenancy. This is required to be completed in a specific and "prescribed" format. Legislation gazetted at 1st July 2013 requires that we must also complete an Outgoing PCR report upon the finalisation of the tenancy.

Do not be offended by any annotations in this report, (e.g. scratch mark on wall etc.) as it must be both thorough and accurate. It forms the basis and part of the lease agreement contract. The Tenant is requested to thoroughly check, sign and make any annotations to this report as their acceptance and agreement of the property's condition at the commencement of the tenancy.

Very strict guidelines are in place for the method, timing and contents to be included in both the Ingoing and Outgoing Property Condition report. Any discrepancies observed at the expiration of the lease are deducted from the security bond allowing for normal wear and tear.

As the Lessor, you receive a copy of this comprehensive initial report and all subsequent updates resulting from routine inspections. The compilation of these reports is very cumbersome and laborious and must be completed on a timely basis. Time is of the essence and for this reason a charge is applicable.

## 14. Responsibility for General Maintenance, Who Pays for What?

Both the Lessor, and the Tenant, are responsible for the upkeep and maintenance of the property. The Lessor agrees to keep the property in a good and Tenatable condition. The Tenant agrees to maintain it that way, in accordance with the Lease conditions and the original Property Condition Report, at the commencement of their tenancy.

It is desirable that all full working details and manuals on all appliances such as pool equipment, air-conditioning, hot water systems, and reticulation systems are supplied to assist the Tenants. We request a copy of any equipment manuals prior to the leasing of your property. Copies will then be made and given to the Tenant and the originals will be maintained at our office. The manuals are a valuable tool we can use to save you money and time. Our team uses the manuals to support the tenant, regarding simple problem solving, fault finding and repairs on plant & equipment on the property. We make every effort to resolve the issue, prior to calling out a tradesperson, to minimise expenses to our clients.



## 15. Rates, Taxes, Water Consumption - Who pays for what?

The Lessor is responsible for the payment of all rates and taxes such as water rates, council rates, land tax etc.

The Tenant is generally responsible for the payment of all consumable items such as electricity, water, gas consumption, telephone and Internet costs.

Tenancy agreements are, tailored to suit your property's particular needs. For example, if you have an extra large garden and pool you may wish to include an incentive to the Tenants to water more by including a contribution of funds for the water consumption accounts. Alternatively, you may also include a monthly pool service at your own cost but it is wise to stipulate in the tenancy contract that the Tenants will pay the cost of all chemicals required as a result of use.

All payments of accounts can be administered by PPCo for you at no extra cost. This is part of the service included in our management fees.

Talk to us to tailor the management services terms, that you require to maintain and protect your investment property.

## 16. Tenant Damage - What happens if a Tenant damages my property?

In cases of damage to the property attributable to the Tenant, and not considered to be normal wear and tear. The tenancy agreement that was previously signed and agreed to by the tenant, states that the Tenant is liable for maintenance of the property. They are required to make good any damage at their own expense.

Under normal circumstances the bond will provide sufficient protection to remedy any damages. However, if damages exceed the Bond amount we can support to take civil action through the Small Claims Division of the Local Court to have the matter rectified. These instances are extremely rare and good record keeping will naturally reduce the risk. Landlord Protection Insurance will also generally cover this eventuality.

*See more about Landlord Insurance under the ['Insurance - What types of insurance's are required?'](#) section of this FAQ sheet.*

## 17. Wear and Tear or Negligence - What is fair wear and tear?

The following examples demonstrate the difference between what is "fair wear and tear" and what is "negligence or malicious damage" on the Tenant's and/or Lessor's behalf.

### **Normal wear and tear (Lessor's responsibility)**

- Carpets wear in corridors and other areas frequently used.
- Varnish on front door is faded and flaking due to age and weather exposure.
- Curtains faded from years of exposure to the sun.

### **Neglectful Damage (Tenants Responsibility)**

- Stains or burns from items dropped or placed on carpets/tiles.
- Tenant fails to water gardens and all the plants die as a result.
- The pool pump burns out and fused because the Tenant did not provide keep sufficient water in the pool.
- The Tenant's cat tears a fly screen or pulls carpet threads.

Wear and tear can therefore be defined loosely as "Normal wear to a property that would be incurred in the normal habitation by an individual, family or group of persons living in a normal household situation." Normal can be described as "ordinary, regular or standard". In other words, "when a person or party is living within the commonly accepted expectations of a normal household."

### 18. Insurance - What types of insurance's are required?

The Residential Tenancy Agreement requires that you keep the building and any included contents adequately insured. Unfortunately, the instances of insurance claims for theft, damage, personal accident, and public liability continue to increase. We strongly recommend that your current policy and its cover is reviewed. We have seen most of the policies out there, so can likely point you in the direction of an insurer that can save \$\$ in the short term thanks to a better value policy, and one that also covers you in the event of the need to make a claim.

It is important to ensure that insurance is obtained for 'Landlords fixtures and fittings', such as carpets, lights fittings, curtains and any other 'fixed' contents. An Insurance broker is the best person to advise you on this aspect and other matters such as public liability and workers compensation insurance. These are requirements that apply under common law. As Real Estate Agents, we are not qualified to provide specific insurance advice.

A specific type of insurance called Landlord Protection Insurance has been created to assist Lessors of rental properties to cover eventualities such as loss of rent, malicious damage and so on. We strongly recommend that you consider insuring your rental income as part of your Landlord Insurance Policy.

If you send us a copy of your Landlord Protection Insurance policy and Product Disclosure Statement (PDS) we will review it for you. We want to get the best value for your money and minimise your costs overall.

### Do you have queries not covered here?

*Please do not hesitate to call or email us with your query and we will be happy to answer any questions or concerns that you may have. Remember it's your property and your asset so we strive to work together with you, to solve any problems or queries you may have upfront.*

**How a Property Manager gives you back your time.....**

- Attend Court, on your behalf, if Tenant Defaults
- Regular Property Condition Reports
- Ensure Invoices & Bills paid on time
- Resolve Leaking roof or broken windows due to storms
- Resolve Electrical Faults
- Deal with a Sink overflowing or water leak Friday night.
- Perform Outgoing Inspection & Manage Bond Release
- Rental Negotiations
- Pool Maintenance
- Complete Binding Lease Agreements
- Proactive Gutter Cleaning
- End of Financial Year Statement
- Tree Lopping
- Tenant Background Checks
- Property Inspections
- Lease Renewals
- Arrange Advertising & Signage
- Match a great tenant with the property
- Gardens & Reticulation Maintenance
- Hold Deposit in Trust Account (Legal Requirement)
- Deal with a faulty Hot Water System on a Saturday
- Key Cutting
- Manage Issues while you are on Holiday
- Tenant Enquiries & Questions whenever they happen
- Blocked Toilets
- Painting
- Manage Minor Renovations
- Collect Rent
- Inventory Management
- Leverage multiple Real Estate Subscriptions & Databases