



**STRAIGHT TALK**

PROPERTY INVESTOR / OWNER NEWSLETTER

September 2014

**What's Making News at KHRE This Month?**

**Paperwork Vital to Every Tenancy**



Other than the tenancy agreement or lease, the ingoing and outgoing condition reports are two of the most vital documents to be held during the management of your property.

We pay great attention to detail in our condition reports to protect your property and your interests. Our reports not only detail the cleanliness and state of repair of the property, but also appliance brand names and model details, the number and colour of window coverings and light fittings.

The Tenant is always issued with the ingoing condition report and has two weeks to report back to us an variances.

We also take a huge number of photographs (thank goodness for this digital age!) to illustrate the condition of the property and further protect your interests.

**What We Have Rented This Month**

*We have had a busy month During August! Here are some of the properties that we have rented:*

- Hillbank** ..... 3BR House - \$275pw
- Elizabeth Vale** ..... 3BR House - \$260pw
- Holden Hill** ..... 3 BR House - \$290pw
- Payneham South** ..... 2BR Unit - \$310pw
- Blakeview** ..... 3BR House \$300pw
- Smithfield** .....3BR House - \$245pw
- Salisbury** ..... 2BR Townhouse - \$260pw
- Munno Para West** ..... 3BR Townhouse - \$320pw
- Wynn Vale** ..... 3BR Unit - \$280pw
- Wynn Vale** ..... 3BR Townhouse \$315pw
- Golden Grove** ..... 3BR House \$350pw
- Para Hills West** ..... 3BR Townhouse - \$240pw
- Blakeview** ..... 4BR House - \$290pw



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# The Property Investor's Duty of Care



The recent deaths of five children in rental properties throughout the country has highlighted the need for a greater awareness of the maintenance required in rental properties, in particular the maintenance and state of repair of timber decks, balconies and hand railings.

If someone is hurt or suffers a loss in a rental property, they will seek and have been seeking compensation from the property owner.

Our routine inspection reports detail the tenant's cleanliness and care of the property and makes note of preventative maintenance that is suggested, however, we are not qualified to make an assessment of the risks associated with areas such as decks, balconies, glass, steps, hand rails and safety switches.

Accordingly we suggest that a contractor be appointed to make an assessment of the property and report the risk and state of repair of these areas in order to minimise your risk and minimise the risk of injury to a third party.

In the age of litigation that we are in, it is paramount that property investors have a pro-active approach to reducing their risk by arranging a regular due diligence program on the state of repair of their investment property.

Not only will having a building assessment report assist in mitigating your loss should there be a public liability/injury claim lodged against you, it will also highlight areas of preventative maintenance that will actually save you money in the long term and will also give you peace of mind and the potential of higher rental returns.

We can arrange for an assessment to be undertaken on your behalf or you can appoint a builder or a qualified contractor to report as to the state of repair and any estimated cost involved in rectifying these areas.

## ***"...but It's tax deductible!"***

No doubt you have heard this statement from well-meaning friends when the topic of owning rental property comes up in discussion.

What some well-meaning people don't really understand is that just because something is tax-deductible, it doesn't necessarily mean a benefit. One still has to have income against which to make the claim.

It's a bit like saying *"Oh good, the price of petrol just went up to \$4 a litre, I'll get a higher tax deduction!"*

Property Investment does give some helpful tax breaks, and wise investors will make every use of every deduction available. Often a cash flow negative property can be turned into a cash flow positive property by use of the various deductions available for depreciation and building allowances where applicable.

In my opinion it is not wise to make an investment for the sole purpose of gaining a tax deduction. Take the long term view and work closely with your accountant or financial advisor before making any investment.

