



PAT BARRETT
REALTY

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PROPERTY
INVESTOR

NEWSLETTER

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TENANT DATABASES AND DEBT RECOVERY

An essential part of the tenant selection process is to conduct a national database search of the prospective tenant's name to check if they have previously breached their tenancy agreement or have a debt registered against them.

These databases have been established for over 25 years and hold a wealth of information on tenant histories that are available to managing agents.

There are strict rules stipulating when you can list a tenant on a database, such as they must have left the property and owe money for a breach of the agreement that is more than the bond, or you must have an order from the courts.

Obtaining up-to-date information on a defaulting tenant, who is currently renting a property can be challenging. However, their rental history will eventually catch up with them if they rent through a real estate that subscribes to these databases.

One reason some tenants choose to rent through private landlords is to avoid these database checks.

At the commencement of the tenancy, we also explain to the tenant that we have access to these databases as a proactive tool to encourage them to abide by the tenancy agreement terms and pay rent on time.

If your tenant vacates the property with a debt more than the bond, you can be confident that they will be listed.

We have had situations where tenants have had to pay their outstanding debt to allow them to apply for future properties.

Our focus is always to protect your investment. However, no one can predict changes to a tenant's circumstances that can lead to a loss of rent or damages. It is for this reason that we always recommend landlord protection insurance.



BUILDING INSPECTIONS KNOW WHAT YOU ARE PAYING FOR

Purchasing a property is one of the most significant decisions you will make during your lifetime, and paying for a pre-purchase building inspection is one way to protect your investment.

A building inspection will cost approximately \$400-\$1000, depending on the governing state and size of the property. The inspection can reveal unknown minor to serious structural defects in walls, ceilings, floors, doors, windows, cornices, skirting boards, cupboards, robes, light fittings, switches, toilets, laundry areas, stairs, driveways, fences, roof voids, as well as leaks, rising damp, mould and terminate activity that is readily accessible to the inspector.

It is important to know that, generally speaking, a building inspector will not report on spaces hidden by the walls and ceiling, areas obstructed during the inspection or home appliances, accessories and items such as an oven, air conditioner, dishwasher, ducted vacuum, fireplaces, spas, swimming pools and equipment, alarm systems, CCTV cameras, intercom systems, television reception and lawn watering systems to name a few.

When engaging a building inspector, it is vital to know the scope of work they will inspect, as not every inspector is the same. You might be surprised to know that in some states, a building inspector is not required to be licensed, and there are currently no minimum standards regarding the requirements of an inspection. Queensland is the only state where pre-purchase building inspections must be undertaken by a licensed residential building inspector.

Obtaining a building inspection gives purchasers an idea of how much it might cost to rectify issues or act as leverage to negotiate with the seller regarding the price should major defects be identified within the property.

While in most states' sellers must disclose serious defects and building work rectification orders, sometimes these defects are only revealed once a purchaser acquires the property.

It is also worth noting that a seller is not required to disclose less serious defects, so engaging a reputable and licensed building inspector is essential.

P.T.O. >

BUILDING INSPECTIONS Continued...

The Australian Capital Territory government requires a building and pest inspection report to be made available to purchasers before a property is offered for sale. Albeit, other governments only recommend or urge that a purchaser obtains a building inspection with the inclusion of special terms written into the contract of sale that they must be satisfied with the report's results before the sale becomes unconditional.

On rare occasions, purchasers can also be lured into believing that the property is in a good state of repair when produced with a seller's building inspection saving them the cost of the report.

To avoid uncertainty or a conflict of interest when purchasing a property, we recommend engaging an independent building inspector with the appropriate skills and competencies, such as a licensed builder or building surveyor, to increase your investment protection against unknown defects.

Take the time to ask the inspection company to be clear on what they will be inspecting, what they are licensed to do, what insurance cover they have, and what is their warranty policy if defects are not disclosed.

Before committing to the sale, check that the property inclusions, such as appliances, accessories and other items, are in working order to avoid unnecessary costly expenses.

For such a minimal cost and by taking the extra time to ask important questions, purchasers can reduce the likelihood of taking expensive civil action should serious defects not be disclosed, which is often the only recourse once the property has been purchased.

As a landlord, we also recommend that you periodically invest in a building inspection so that you are fully informed on the current state of repair of the property. As property managers, we are not building inspectors; our routine inspections are only visual observations.

INFORMAL CONSENT... IT MUST BE IN WRITING

The definition of 'informal' is having a relaxed, friendly, or unofficial manner.

As a landlord, it is important to understand 'informal' consent and the ramifications, as a simple 'informal' conversation between parties can have the best intentions, but if something goes wrong, it can lead to unnecessary disputes.

It can start with a landlord, who is on friendly terms with their tenant verbally consenting to a new pet, repairs authorisations in lieu of rent, a room being painted, or out of compassion, advising the tenant that it is okay to catch up on their rent, without consulting the property manager.

These situations are more common than you may think and are fraught with danger if you don't ensure that it is in writing with clear instructions.

One case to draw to your attention is when a landlord went directly to their tenant and verbally consented that they could access a closed storeroom so the tenant's son could play the drums. The tenant also asked the landlord if they could paint and carpet the room. Without informing the property manager, the landlord paid the tenant in cash for the paint and carpet.

Some months later, the landlord visited the property and noticed that the tenants had turned the room into a functional bedroom by undertaking major structural works of inserting windows, removing doors, and inserting a skylight.

The landlord was distressed and contacted their property manager because they had to move back into the property due to financial and health reasons.

They requested that the tenant restore the property to the same condition it was in at the commencement of the tenancy, as the alteration works did not comply with council regulations. However, the tenant had a different outlook and wanted compensation for the substantial renovations.

The matter went to court, and fortunately for the landlord, the court member understood that although the room was technically in better condition, it did not comply with council requirements and ordered the tenant to pay damages.

The moral of the story... Always let your property manager communicate with the tenants and ensure all requests and agreements are in writing.

Recently Sold

- 2/15 Burnett St, W/PT

Recently Rented

- 47a Ney Rd, CBA
- 6 Belford Dr, W/PT

Current Listings

<http://www.patbarrettrealty.com.au/>

NEWS Update

- ⓑ After the government enacted 12 month rent increase restrictions to residential tenancy agreements from 1 July, it is now proposing these increases are tied to the *rental property* rather than the *tenancy agreement*.
[Discussion Paper - Ensuring the annual rent increase frequency limit is effective](#)
(housing.qld.gov.au)



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