

Landlord information guide





Welcome

Choosing to have your property professionally managed is a big commitment. Whether it's the family home or part of a multi-million dollar investment portfolio, you need to be sure your asset is being maintained to the highest standard.

Ray White understands the need to ensure our clients peace of mind by better educating all of those involved in the Property Management process. For that reason we've developed this comprehensive Landlord Information booklet as well as a similar version for our tenants to make sure all of our customers are familiar with the Property Management services that we offer and the various processes that we must adhere to.

About Ray White

In our industry there is nothing more powerful than experience.

Ray White is a proud and strong family business with more than 110 years experience in the property industry to date and now, four family generations later, we remain family owned. This goes a long way in ensuring those strong family values are preserved and made a clear part of everything we do.

Founded in 1902, we are now one of the largest real estate companies in the Asia-Pacific region, employing more than 13,000 staff across nine different countries - meaning your home will be managed by only the best and most experienced in the industry.

Did you know?

- ▶ Ray White now manages more than 230,000 investment properties in Australia and New Zealand alone. They are looked after by more than 2,000 trained Property Managers in more than 1,000 offices.
- ▶ On average, a new tenant moves into one of our managed properties every 15 minutes.
- ▶ Ray White helped more than 30,000 tenants move last year.
- ▶ Ray White manages nearly 16,000 investment properties in New Zealand alone.
- ▶ Ray White New Zealand proudly has one of the lowest national arrears rates in the industry and a strict zero tolerance arrears policy for all tenants.
- ▶ With staff spread from Kaitaia to Invercargill and everywhere in between, Ray White is one of the largest Property Management companies in New Zealand, putting you in touch with more tenants than ever before.
- ▶ For the third year running, Ray White New Zealand has been recognised in the Readers Digest most trusted brand awards.



What kind of landlord are you?

We realise that every landlord is different, with different needs, different investment motivations and even different expectations of us when it comes to managing their investment property. There is no such thing as a 'one size fits all' mentality when it comes to investing in property and this is what we instil in all our Property Managers.

Communication between all parties is the key, and we believe this is one of the most important tools for us to effectively look after your investment in a way that suits you.

For this reason, we've developed the following list of questions that we ask you to go through and answer to help us customise our service to suit your requirements.

Just like any good tenant induction, we ask the same of our landlords to ensure expectations are set, and continue to be met, throughout our relationship.

If any of these create more questions for you, it should highlight the need for further discussion so we can help educate you on any knowledge gaps or concerns that you may have.

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- ▶ What is most important to you in respect of how your property is managed?
 - ▶ How would you prefer us to contact you? Phone, email, text?
 - ▶ How often would you like to hear from your Property Manager?
 - ▶ Are there any chattels at the property we need to be aware of or that you are considering adding?
 - ▶ Do you have any concerns around the management of your property now or in the future?
 - ▶ Have you ever used the services of a Property Manager before, and if so what did they do well and what could they have improved upon to suit your needs better?
 - ▶ Do you have an investment goal or strategy?
 - ▶ Are you interested in ongoing advice on how to grow your investment portfolio?
 - ▶ Who would you like us to contact in an emergency situation if we are unable to reach you?
 - ▶ Do you prefer a low or high level of communication from us around minor issues or updates?
 - ▶ Do you understand the importance of ongoing maintenance and investment back into your property?
 - ▶ Are you aware of the importance of a landlord insurance policy?



Getting your property ready to rent

For us to be able to secure the highest quality tenants and maximum rental return, your property needs to be presented in its best possible condition. A quality property will attract a quality tenant.

A key benefit in doing this is in how your property will compare to other rentals currently available. By putting your 'best foot forward' you'll find the chance of achieving a high rental return and good quality tenant all the more likely.

The *Residential Tenancies Act 1986* requires a property to be provided and left 'reasonably clean.' However, this can mean vastly different things to different people. For this reason we prefer to help set higher expectations and standards for both our landlords and tenants in order to achieve greater long term outcomes, such as recommending that all properties are professionally cleaned prior to advertising.

We ask that you consider the following questions when considering having your investment property rented and managed:

▶ **Does your property meet the expectations of the market?**

Think about how your investment compares to those currently available and how this aligns with your own price expectations. Do the features and benefits of your property stack up against the competition and target market for the area in which it is placed?

▶ **Are all appliances, fittings, fixtures and chattels in good working order?**

Possibly one of the greatest areas of surprise for landlords is the amount of maintenance required in the initial stages of a tenancy, often caused by a lack of understanding around what is required.

Any chattel provided with the property when rented must be in working order. These can include, but are not limited to, such things as: oven, dishwasher, fridge, door handles, window handles, garage doors, taps, wardrobe doors, incinerators, alarms, drainage, clotheslines, light-bulbs - the list goes on. Ensuring this is done prior to a tenancy beginning will save you time and money.

▶ **Are the grounds and gardens well maintained, or at the very least usable?**

Unless otherwise stated, general lawn and garden maintenance is the responsibility of the tenant, however ensuring these are well maintained throughout the initial viewing process helps secure the best possible tenants. Having the lawns and gardens well presented at the start date of any new tenancy also sets the right expectations for the tenant and shows up well in initial inspection reports and photos.

We can assist with providing advice and engaging tradespeople to ensure the right expectations are set for tenants from day one, in turn creating a smoother process for all stakeholders throughout the entire tenancy.

Top 10 tips for adding value to your investment

We understand the importance of effectively maintaining a property to ensure the best possible rental returns but also the long term capital gains for our landlords. There are certainly areas where your money is better spent to prevent overcapitalising on your investment and these include:

▶ 1. Kitchen

New cupboard doors and handles can transform a kitchen and it's a relatively inexpensive way to give the whole room a fresh modern makeover. Colour can also date a kitchen so consider repainting or re-lacquering cupboards to freshen the look.

▶ 2. Tapware

Fitting new and matching tapware throughout will benefit the look of a property and is a simple way to modernise a dated home.

▶ 3. Bathrooms

Consider re-grouting tiled areas or use a grout pen to fix any discoloured areas. Also, think about ventilation, such as a fan, window stays to allow secure openings, or a shower dome to prevent the build-up of moisture.

▶ 4. Paint

Painting the property can instantly lift its mood and look. A contemporary colour palette on walls brings a sense of modernism and can increase the potential tenant pool, as well as the asking price. Even just thoroughly cleaning walls, skirting boards and doors can brighten the look of a tired home.

▶ 5. Gardens and outdoor areas

Invest the time to ensure all the gardens are in a tidy state and are low-maintenance, where possible, for future tenants. Use a high pressure hose to give all pathways and paintwork a good clean and improve their overall appearance.

Consider available outdoor spaces and the possibility of creating new ones if these do not exist. When done well with effective links to the interior of the property, your home will appear larger and more functional to prospective tenants.

▶ 6. Light switches

Replacing old light switches is a cost effective and easy way to refresh the look of your property and can also help prevent further maintenance issues in the future.

▶ 7. Window treatments

Curtains or blinds are another area which reflect the era of a property and can easily date a home. If replacing the window treatments think about the long term functionality and look at using options that are hard wearing and easy to replace in the future if necessary e.g. Venetian blinds and associated cords can often break, leading to costly repairs as well as being a health hazard for children.

▶ 8. Entrance

First impressions can heavily influence a tenant's decision to rent a home as well as what they are willing to pay. Look at the entrance to your investment property and whether or not this could be improved with minor expenditure e.g. security lighting, painting the door, flower pots, letterbox etc.

▶ 9. Lighting

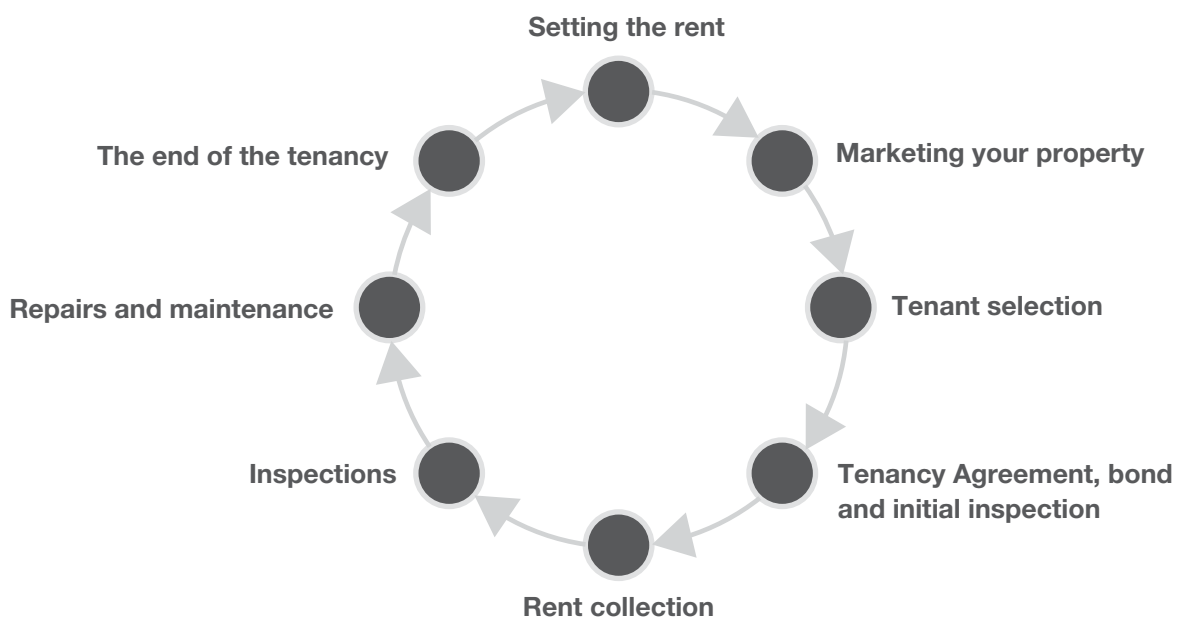
Great lighting will improve the way a property looks and feels for a tenant. Modern lighting can dramatically change the look of an older property as well as helping prevent any maintenance needed on older lighting systems during the future of the tenancy.

▶ 10. Burglar alarm

Consider the installing a burglar alarm or similar security devices (such as window locks). Occupants want to feel safe in any property that they're renting and this adds huge appeal for family tenants as well as increasing the chances of you getting the best possible rental return.



The property management process



Setting the rent

Our goal is to help you capitalise on your investment and ensure you receive the highest possible rent in the shortest possible time - while also considering your desired tenants and how to effectively reach them through the strategic pricing of your property.

We look at many important factors when advising our landlords on a suitable rental figure such as (but not limited to):

- ▶ The number of similar properties currently available and how this will affect demand.
- ▶ The advertised prices of comparable properties and how long these have remained available.
- ▶ Current rental demand and external factors that may affect demand during the advertising process.
- ▶ Statistical data available such as rental statistics released through The Ministry of Business, Innovation and Employment.

Once the rent has been set, we closely monitor the market response. If an adjustment is needed, this is discussed with you before any change is made.

Rent reviews should be conducted no less than once every 12 months and landlords are notified of our advice and findings from any review before making any adjustment to the current rental figure.

Marketing your property

We put a strong focus on securing the highest quality tenants for our landlords through the use of proven marketing techniques and rigorous tenant selection procedures. This includes promoting your property through the following marketing channels:

Internet advertising

Advertising your property online allows us to reach potential tenants on a 24/7 basis. Furthermore, if a current tenant gives notice to vacate we are able to display your property almost immediately, maximising exposure to the market and minimising vacancy periods for our landlords.

Your rental advert is promoted through the following sites:

- ▶ Trademe.co.nz
- ▶ Realestate.co.nz
- ▶ Raywhite.com
- ▶ Raywhite.co.nz (local office website)

Through Ray White's exclusive 'My Desktop' system, we can simultaneously load your advert onto a minimum of four different online portals and in some cases, such as with TradeMe, the advert is viewable online within approximately two hours of being loaded. This gives us a distinct timing advantage. With some of our competitors this process can often take a minimum of 12-24 hours.

Rental listing brochure

Most offices still use a weekly 'For Rent' brochure with great success. This includes photos and information of properties currently available and is displayed prominently in the office for prospective tenants.

Tenant databases

We ensure the details of any high quality applicants are kept and added to a prospective tenant database so when a new property becomes available a tenant and property can be matched immediately. By having access to a prospective tenant database, we ensure consistently tenanted properties and vacancy periods that are kept to a minimum.

Walk-in enquiries and referrals

The size of our national network and our reputation in the marketplace means we receive a large number of walk-in enquiries to our various locations. With more than 110 offices in New Zealand currently providing Property Management services, prospective tenants can easily speak with a Property Manager in person, who can suggest a suitable rental property.

If the Property Manager does not have a fitting match, they can easily contact another Ray White office close by to arrange a suitable placement. For our landlords, this means a greater reach of prospective tenants branching out much further than just one individual office.

Tenant selection

Getting the right tenant is arguably the most important part of the entire tenancy process. Landlords require a tenant who is stable, respectful of the property and financially sound. We combine our experience with comprehensive tenant checks to ensure any risks associated are greatly reduced.

The process involves:

- ▶ Meeting all prospective tenants at the property
- ▶ Ensuring every applicant completes a detailed application form, including providing numerous reference details and emergency contact numbers.
- ▶ Conducting credit checks and tenant database checks through a recognised agency to get confirmation of a prospective tenant's credit and rental history.
- ▶ Conducting thorough checks on every applicant's history which can include employment verification, checking landlord references, confirming driver's licence and Passport details.

In addition to the checks listed above, our Property Managers have the added benefit of skill and experience when it comes to selecting a tenant. Many of our staff meet hundreds of prospective tenants every year which helps hone first impression skills or the 'gut instinct' aspect of our role when assessing tenants. This can often be the difference between seeing a tenant application for what it really is and selecting the best possible option for our landlords.

The Tenancy Agreement, bond and initial inspection

► The Tenancy Agreement

As each property is unique, we do not use generic tenancy agreements. Instead we adapt each agreement to cover the individual needs and requirements of each property, further protecting and maximising your investment for the long term.

The Residential Tenancy Agreement is a comprehensive contract. It is read in full to the tenant and they are required to sign off in several areas throughout the contract to show their understanding of the conditions and their acceptance of the terms specific to that property.

We also provide each tenant with a comprehensive information booklet explaining their obligations and the expectations we set around their tenancy.

► The Bond

The *Residential Tenancies Act 1986* allows for a maximum of four weeks rent to be collected from the tenant as a bond against the property. We ensure these funds have been received prior to handing over any keys to the property and that the bond is lodged with the Ministry of Business, Innovation and Employment within the required time frame.

► The initial inspection

All landlords are given a full property inspection report that is completed prior to tenants moving into the property. This ensures the condition of the property is accurately recorded for future reference.

Ray White Property Managers are advised to support the written report with a suite of photos (and in some cases videos) as additional documentation of the property's condition at the start of the tenancy. This information is essential in order to track the ongoing condition of the property and can also be used in the case of any disputes.

Rent collection and arrears

We understand your investment is a business transaction and loss of income can cause you not only financial strain but personal stress. Therefore, we have a zero tolerance policy for rent arrears and do not tolerate late or missed payments by our tenants. This policy is carefully explained to all tenants at the start of the tenancy to avoid any misunderstandings that may arise at a later date.

All initial rent payments are due prior to the start of the tenancy, with automatic payments being the most common method to ensure the security and timing of each and every future rental payment. Rental payments are reconciled and allocated daily.

In the event that a tenant does miss a payment, then the following steps are taken:

- We will immediately contact the tenant by phone or text to request the funds in arrears be paid right away and a 14 day notice of breach letter is issued.
- If payment is not received after contact has been made and a breach notice sent, then an application is made to the Tenancy Tribunal for a mediated hearing. This will enable a monetary court order to be granted against the tenant(s) and in some cases possession of the property will be requested.

At all times our staff are proactive in keeping on top of errant tenants, however if you wish to find out more about a specific arrears policy for an individual office please contact your Property Manager directly.

Inspections

To safeguard your investment our Property Managers follow a systematic inspection programme outlined below. Once a routine inspection has taken place you will be provided with a comprehensive report which will also highlight any maintenance issues that may require attention.

Regular property inspections are crucial to safeguard your valuable asset and are the most effective way of ensuring tenants are meeting their expectations as outlined in their tenancy agreement.

► Moving in

A detailed 'initial' inspection is completed prior to a tenant occupying your property. This report details the property's initial condition and any other relevant information to form the basis of all ongoing reports. Numerous photos are taken of the property at this stage to provide further clarity around the initial condition, if ever needed. A copy of this report is provided to the tenant for their records.

► Routine inspections

Routine inspections are generally carried out every three months or not less than four times per year. Most home and contents insurance policies require a specific number of inspections to be completed per year. We advise all landlords check their policy wording and advise their Property Manager of the frequency so as not to void an insurance policy.

► Moving out

When a tenant vacates a property a detailed final inspection is always completed prior to any bond being released back to the tenant. This inspection report and associated photos are compared to all initial inspection findings and landlords are advised immediately of any possible disputes, changes or damages that may need to be rectified.

Repairs and maintenance

Our aim is to return as much of the rental income to you as possible however, at times, maintenance must be carried out. This is just as true for your investment property as it is for your own home.

Providing ongoing care and maintenance to a property is in the best interests of all landlords to ensure rental levels remain consistently high in relation to the market, and that good quality tenants are attracted to the property.

If we do not complete required maintenance on your property in a timely manner there is the chance for smaller problems to become more serious and costly, as well as potentially affecting our responsibilities to maintain a property for the tenant as outlined in the *Residential Tenancies Act 1986*.

Repairs to your property are carried out up to your pre-approved disbursement level and you are consulted prior to any repairs and maintenance taking place over and above this level. In situations where the repair is defined as 'urgent' under the Act this then must be attended to as a matter of importance and in most cases can affect the obligations we must honour as part of the lease we have signed with a tenant.

Ultimately we will not spend a single dollar on your property unless there is sound cause to do so.

The end of the tenancy

When a Property Manager receives notification that a tenant wishes to vacate the property we will confirm the details in writing for you, outlining the next steps to ensure your property is tenanted as quickly as possible.

Your property will be listed as available for rent immediately unless otherwise advised by you (see 'Marketing Your Property' earlier in this section).

We will also take care of all the necessary end of tenancy documentation and will arrange to work in with the existing tenant for any property viewings if applicable.

A vacating or 'final inspection' will be carried out to ensure your property has been left in good condition, taking into consideration fair wear and tear for which a tenant cannot be held liable - see examples below:

Common examples of fair wear and tear where tenants are generally not liable

- ▶ Faded curtains or frayed cords.
- ▶ Furniture indentations and traffic marks on carpets.
- ▶ Scuffed wooden floors.
- ▶ Faded or cracked paint.
- ▶ Loose hinges or handles on doors or windows and worn sliding tracks.
- ▶ Cracks in the walls from building movement.
- ▶ Water stains on the carpet from rain leaking through the roof or bad plumbing.

Damage for which the tenants may be liable

- ▶ Missing, damaged or torn curtains - either caused by the tenant or their pet/s.
- ▶ Stains or burn marks on carpets.
- ▶ Badly scratched or gouged wooden floors.
- ▶ Unapproved paint jobs or large areas of damage e.g. from posters being ripped off walls.
- ▶ Broken window glass e.g. from a flatmate or child hitting a ball at the window.
- ▶ Holes in the walls left by tenants removing picture hooks or shelves they have installed.
- ▶ Water stains on the carpet caused by overflowing bath or indoor pot plants.

Once a tenant has vacated and the final inspection has been completed we will ensure the bond refund is processed and any final deductions for rent, utilities or damage are covered.

In the rare occurrence where the bond does not cover outstanding amounts due your Property Manager will lodge the debt with the Tenancy Tribunal to try and recoup the outstanding funds through a sealed District Court order and any associated debt collection work that may be required.

Selling or moving back into your property

Circumstances can change and at any time you may need to sell or move back into your property. As each tenancy agreement is different, it is essential that landlords advise us as soon as possible of any change in their situation so that the appropriate and required notice is provided to the tenant.

► Periodic tenancy

A periodic tenancy can be terminated so long as the correct notice is provided to the tenant.

In the case of a property sale the tenant must be given 42 days' written notice to vacate (allow an extra four days for delivery of notice), and only once the sale of the property has become unconditional.

Should the landlord or a family member wish to move back into the property, 42 days' written notice must also be provided to the tenant.

It is worthwhile to note a Family Trust or company (LTC) cannot have 'family' members by its very nature and where ownership is by way of these vehicles, 90 days' notice in writing is required.

In all other cases under a periodic tenancy, the landlord must give the tenant a minimum of 90 days' notice to terminate a periodic tenancy.

No reason needs to be given to the tenant in a 90 day written notice to terminate.

► Fixed term tenancy

A fixed term lease is guaranteed to your tenant for the term outlined in the tenancy agreement and supersedes the sale of the property or the owner or family members moving back into the property. For example, should the property be sold, and the buyer wishes to occupy the home, they may not move in until the completion of the tenancy, unless the tenant agrees otherwise.



The changing face of residential property investment

Many New Zealand landlords choose to manage their investment properties themselves without necessarily understanding the risks that can be associated with any tenancy. Tenants now have access to more information and are better informed than ever before when it comes to the tenancy process, meaning that managing your property isn't quite the easy or simple process that many investors believe. Independent landlords may leave themselves exposed to risk through tenancy issues due to a lack of knowledge and/or time, potentially resulting in a loss of rental income or more major consequences.

No matter how stringent initial checks may be, a tenant can still damage a property, abandon a property or they can simply stop paying rent- the risks are ever present. Although this type of occurrence will always be a possible risk when owning a rental property, the use of a Ray White Property Manager can greatly help in reducing the chances of this happening.

Insurance

Through our Property Managers, you can gain specific Residential Rental Property Insurance (Landlord Insurance) only made available to investors who use an accredited Property Manager.

This Landlord Insurance is different to your everyday home and contents insurance as it covers specific tenancy-related issues that can arise when owning a rental property. These include (but are not limited to): loss of rent due to arrears, tenancy abandonment, intentional/malicious damage and damage caused by drug use or manufacture. Investors who choose Landlord Insurance cover can rest assured that these unfortunate occurrences will be covered.

Fire

The threat of fire damage to an investment property is a real danger to your asset and the welfare of your tenant.

Currently the *Residential Tenancies Act 1986* requires a landlord to “comply with all requirements in respect of buildings, health, and safety under any enactment so far as they apply to the premises”. In effect, this means that all properties must comply with the *Building Act 2004* which states all new houses and consented alterations must provide a “means of detection and warning” in the event of fire. When it comes to existing properties, the requirement for smoke alarms is triggered if the owner is carrying out any building works that require an application for building consent from the local council.

Once fire alarms are installed, it's important to educate tenants on how to use them effectively. This includes alerting them to the potential outcomes if alarms are obstructed or are not regularly checked. Alarms are also ineffective if they are not installed in the correct locations throughout the home.

Even if you, a property owner, are not required by law to have smoke detectors installed, we recommend it is done as part of your landlord responsibilities. Politically, indications are that smoke detectors will become mandatory for rental properties in the not-too-distant future.

Methamphetamine

Methamphetamine, or 'P', has become an issue throughout New Zealand. Clandestine laboratories (Clan Labs or P-Labs) are easily set up to cook 'P' and can quickly and easily be removed from a property, potentially leaving your investment and future tenants at risk from exposure to dangerous chemicals. This can lead to tens of thousands of dollars of costs to decontaminate a home used as a P-lab. If the police have been involved, the law states that they must report your property's contamination to the local council, resulting in a permanent public record on your property's LIM report. This is extremely damaging to the resale value of your investment.

Ray White Property Managers adhere to a four step Methamphetamine Risk Mitigation Policy aimed at educating our staff and our clients around how to recognise such activity and how to ensure the safety of our tenants and your investment. This includes bi-annual methamphetamine detection training via webinar, assisting in protecting your property throughout the entire tenancy process. In providing this extra level of protection you can feel confident all steps are being taken to safeguard the value of your investment.

Legislation

In 2010, the Residential Tenancies Amendment Act was released which included increased landlord responsibilities. This also included a number of 'unlawful acts' which could result in exemplary damages being awarded to tenants for landlords who breach the *Residential Tenancies Act 1986*. Some examples to highlight are (but are not limited to):

- ▶ Interference with the tenant's privacy, \$2,000;
- ▶ Landlord's failure to meet obligations in respect of cleanliness, maintenance, or building, or health and safety requirements, \$3,000;
- ▶ Unlawful entry by a landlord, \$1,000.

Legislation can be confusing and very time consuming to learn and private landlords may find themselves being brought to the Tenancy Tribunal simply by mistake or due to a lack of knowledge, and this can negatively affect an investor's bottom line.

By using a Ray White Property Manager who understands the Residential Tenancies Act and its possible consequences, you can help prevent this from ever happening.

The Property Management industry continues to change and evolve and we believe that over time, the industry will become more heavily legislated. Ray White Property Managers have continued access to ongoing training through face-to-face workshops, conferences and weekly webinars to ensure they are up-to-date on all aspects affecting your investment property, and this, in turn, means you greatly reduce your risk to being exposed to unnecessary expenses. Simply put, by choosing a Ray White Property Manager you will always stay one step ahead.



Why choose us?

Ray White understands that a Property Manager is not only responsible for effectively managing your investment, but is also there to maximise the value and return of that asset in order to secure your long term investment goals.

Managing properties is a complex and demanding business that requires skill, time and knowledge in order to be done effectively without putting yourself or your tenants in the middle of any unnecessary risk.

Over the years we continue to refine and improve what we do in order to provide our landlords with industry leading Property Management services supported by ongoing learning and development for all of our staff.

“ Investing and owning property provides one of the most secure platforms to grow wealth. We consider that being entrusted to manage your property is one of the most important decisions you will make. We will undertake to enhance each experience and to add value to the relationship as your Property Manager. ” **Carey Smith** CEO of Ray White New Zealand

So what exactly makes Ray White different to all the rest?

Our collective strength

The Ray White group goes further than simply selling and managing properties. Our goal is to become the leading property and financial services provider in the Asia-Pacific region.

Over the years we have forged a truly global family-owned company that now offers more value added services than any other real estate brand in New Zealand.

Part of our strength lies in the collective power of our umbrella companies and the benefits that these bring to you as a landlord.

Loan Market

Our financial services division now employs more than 600 advisors throughout the country as a part of New Zealand Financial Services Group and lends more than half a billion dollars in mortgage finance every month in New Zealand alone. Through Loan Market, your Property Manager can provide you with free financial health checks, advice on a home loan structure to best suit your requirements and the ability to help grow your portfolio and provide you with real wealth creation.

Ray White Connect

This division of our business offers a utility and connections service free of charge to anyone who requires it. Ray White Connect can arrange for any tenant, landlord, vendor or buyer to have all their utilities connected and organised prior to moving into the Ray White property they have just rented, leased or purchased. It allows us to provide a complete service offering to all our clients and remove unnecessary risk and hassles that can be associated with changing connections and utilities between properties.

Ray White sales

If you are ever in the position of needing to sell your investment property, family home, lifestyle or rural block, commercial property or you're simply looking to purchase more than you need look no further. With more than 1300 licensed real estate agents spread across more than 143 offices nationwide, we can provide you with real estate sales and services that are second to none.

Apmasphere: Consultancy and Learning and Development Programmes

Apmasphere is a subsidiary company of Ray White and an integral part of the larger company as a whole. Its sole purpose is to breathe new life into the Property Management industry and provide our staff with industry leading training programmes and online learning resources, meaning you have access to the best Property Managers in the business.

Apmasphere invests more time and resources than any other real estate brand in the industry towards the ongoing education and development of our Property Managers which allows them access to:

- ▶ Monthly face-to-face training sessions around topics including (but not limited to):
 - ▶ legislative content and the Act
 - ▶ general property management knowledge and skills
 - ▶ conflict and dispute resolution
 - ▶ communication techniques
 - ▶ arrears management
 - ▶ time management skills
- ▶ More than 1000 online training webinars each and every year presented by our executive Property Management team.
- ▶ Consistent and ever evolving resources for business owners to assist in business planning, organisational structure, career pathways, and new technologies to ensure the service we provide to our clients is constantly evolving with the industry.

The quality and scale of what is provided through the Apmasphere team is unparalleled in the Property Management industry. For a landlord this delivers the peace of mind knowing your Property Manager and real estate company have ongoing support, training and access to the best in the business.

Maintenance

One of the single biggest factors that can affect the management of your property is through poor awareness, planning and delivery of required property maintenance.

Proper maintenance and upkeep of a property is a legal obligation and is enforced under the *Residential Tenancies Act 1986* and therefore requires careful consideration.

Here at Ray White we look at all maintenance issues objectively with the ultimate aim of:

- ▶ Maintaining the capital value of your property
- ▶ Preventing minor problems escalating further into more costly situations
- ▶ Keeping landlords and tenants happy and well informed throughout the entire process

Communication is a key factor of the maintenance process, with an assurance that our Property Managers will bring to your attention any immediate or urgent maintenance needs as well as informing you of any preventative maintenance that may be beneficial to the long term health of your property.

Our long standing relationships with a large number of reputable tradespeople allows our landlords access to competitive prices and a high quality of work. However if you wish to nominate your own tradesperson to carry out maintenance work on your property this can also be arranged directly with your Property Manager.

Our staff are well versed in understanding the differences between fair wear and tear (a landlord's responsibility) and property damage or neglect (a tenant's responsibility). This ensures the responsibility for any required repairs or maintenance are directed to the right person. See the *Property Management Process* section of this document for further information.

Insurance

Choosing to have your property professionally managed can provide you access to insurance policies offering far more comprehensive cover than what is available to a privately managed property.

These policies can cover tenancy related issues such as loss of rent, damage to the dwelling or your contents, drug related damage and even damage caused by pets.

Talk to your Property Manager to find out more about the types of policies you'll have access to once your property is managed by a Ray White Property Manager.

The law and legislation

Property Management has become a specialised field with vast legal implications. The need to have your property managed by a professional is now more important than ever.

No matter how stringent our Property Managers may be, mediation and Tenancy Tribunal hearings are an unfortunate reality of having a property tenanted. People can change, circumstances can arise and sometimes it's simply just a case of bad luck.

Our staff are thoroughly trained in The *Residential Tenancies Act 1986* in order to help prevent these situations from happening in the first place. By being aware of common areas of concern, knowing the proper policies and procedures and by creating a culture of strict adherence to best practice, your property is better protected from day one.

In any situation where our staff may need to present at the Tenancy Tribunal, Ray White provides all of our Property Managers with free specialist legal and technical support via the services of Tenancy Practice Services Ltd, a tenancy law advisory group who are experts in the field.

No other company provides this same level of technical and specialist advice nationwide to their Property Managers.

Experience, knowledge and support

We have more than 300 Property Managers nationwide working under a core principle of 'collective commitment'. This means a network of staff who talk with each other, support each other and share knowledge and ideas throughout all levels of Property Management experience.

Ray White promotes this sharing of knowledge through regular events, training days, an online Property Management community, internal monthly newsletters and much more.

We also employ a full time dedicated Property Management Executive whose sole focus is to look after the needs, ongoing education and improvement of our network. For a landlord this means you're working with a company that continuously evolves and improves, keeps ahead of industry trends and puts you at the forefront of effective investment management.



Return on investment

Employing a Ray White Property Manager allows you to place your investment in the hands of a professional whose goal it is to manage your investment effectively and increase your returns. Our network of staff is trained to help assist in this process through (and not limited to):

- ▶ rent reviews and subsequent increases
- ▶ improved marketing strategies when listing your property for rent
- ▶ regular tenancy inspections ensuring your investment is protected
- ▶ ongoing maintenance schedules reducing your long term costs
- ▶ zero tolerance rent arrears procedures
- ▶ reduced vacancy periods meaning higher annual returns for our landlords
- ▶ stringent tenant selection resulting in less wear and tear on the property
- ▶ fixed term tenancies where possible to secure your income stream

When self-managing a property, many landlords find it difficult to implement some of these strategies due to poor relationships with tenants, a lack of knowledge and understanding around what can be done, or a limited understanding of the risks associated by not providing adequate notice or communication to tenants around such issues.

With each tenancy, our Property Managers understand the necessary balance between having strong relationships with our tenants based on proactive communication and effective management, yet also the need for long term financial returns and security for our landlords.

Effectively managing a tenancy is similar to running a good business and ultimately our clients can rest assured knowing their investment is running at its optimum level with a broader long-term view in mind.



A landlord's obligations

The Law and The Act

The *Residential Tenancies Act 1986* sets out a framework that all landlords and tenants must adhere to when entering into any Tenancy Agreement. These rules have been developed to provide clear guidelines and boundaries for all those involved in the process.

A general summary of these obligations are outlined overleaf:

Obligations and responsibilities of a landlord

A landlord is obliged to:

- ▶ provide the premises in a reasonably clean and tidy state
- ▶ keep the premises in a reasonable state of repair
- ▶ comply with all building and health and safety requirements relating to the property
- ▶ not interfere with the supply of gas, power, water, telephone, or other services to the premises, unless it is necessary for maintenance or repair, or to prevent danger
- ▶ Ensure that all locks are working and the property is reasonably secure

Obligations and responsibilities of a landlord

During the tenancy, a landlord must:

- ▶ not ask for more than 4 weeks' rent as a bond or for more than 2 weeks' rent to be paid in advance
- ▶ make sure none of the other tenants in neighbouring properties owned by the same landlord disturb the tenant
- ▶ compensate the tenant for serious and urgent repairs that the tenant has had done, if the damage was not the tenant's fault and the tenant made a reasonable attempt to contact the landlord about the repairs
- ▶ give the tenant at least 24 hours' notice and visit between 8am and 7pm if you need to do any repairs or maintenance
- ▶ ask for the tenant's permission and visit at a reasonable hour if wanting to show a prospective buyer, tenant or registered valuer through the premises
- ▶ not use force, or threat of force, to enter or attempt to enter the premises while the tenant or anyone else is on the premises – it is an offence to do so
- ▶ give at least 48 hours' notice of any routine inspection of the property
- ▶ not unreasonably refuse to allow a tenant to put up fixtures such as shelves

Obligations and responsibilities of a tenant

A tenant is obliged to:

- ▶ pay the rent on time
- ▶ make sure the property is occupied principally for living purposes
- ▶ pay the power, gas, telephone charges
- ▶ keep the property reasonably clean and tidy
- ▶ notify the landlord as soon as possible after discovery of any damage to the premises or of the need for any repairs
- ▶ fix any damage they or their visitors cause on purpose or by being careless, or pay for someone to fix it
- ▶ pay water usage charges only if
 - ▶ the water supplier charges separately for the water , and
 - ▶ there is a meter to measure exactly how much water was used

Obligations and responsibilities of a tenant

During the tenancy, a tenant must:

- ▶ prevent any intentional or careless damage to the premises
- ▶ Not use the premises, or permit the premises to be used, for any illegal purpose
- ▶ Not disturb the neighbours
- ▶ Ensure there are no more people living in the premises than what is specified in the tenancy agreement
- ▶ Not change the locks, attach fixtures or make any renovations, alterations or additions to the premises unless outlined in the agreement or allowed with written permission from the landlord
- ▶ remove all personal items from the house or flat upon vacating
- ▶ leave the premises reasonably clean and tidy at the end of the tenancy and remove all rubbish
- ▶ return all keys initially provided back to the landlord at the end of the tenancy
- ▶ leave any personal items or pieces of furniture provided by the landlord

As outlined in the terms of any signed management authority your Property Manager is legally acting on your behalf and must, therefore, also adhere to these rules and obligations, or risk being subject to possible exemplary damages (fines) under the Unlawful Acts section of the *Residential Tenancies Act 1986* (section 109)

Some examples of exemplary damages (fines) include (but are not limited to):

- ▶ Section 12
(Unlawful discrimination)
Amount \$4,000
- ▶ Section 16A (6)
(Landlord failing to appoint agent when outside New Zealand for longer than 21 consecutive days)
Amount \$1,000
- ▶ Section 17
(Requiring Key Money)
Amount \$1,000
- ▶ Section 18
(Landlord requiring bond greater than amount permitted)
Amount \$1,000
- ▶ Section 18 A
(Requiring unauthorised form of security)
Amount \$1,000
- ▶ Section 19 (2)
(Breach of duties of landlord on receipt of bond)
Amount \$1,000
- ▶ Section 23
(Landlord requiring rent more than 2 weeks in advance or before rent already paid expires)
Amount \$1,000
- ▶ Section 27 (2)
(Landlord requiring rent in excess of market rent order)
Amount \$200
- ▶ Section 29
(Failure by landlord to give receipts for rent)
Amount \$200
- ▶ Section 33
(Landlord seizing or disposing of tenants goods)
Amount \$2,000
- ▶ Section 38 (3)
(Interference with privacy of tenant)
Amount \$2,000
- ▶ Section 40 (3A) (d)
(Harassment of tenant or neighbour)
Amount \$2,000
- ▶ Section 45 (1A)
(Landlord's failure to meet obligations in respect of cleanliness, maintenance, or building, or health and safety requirements)
Amount \$3,000
- ▶ Section 45 (2A)
(Landlord interfering with supply of services to premises)
Amount \$1,000
- ▶ Section 46 (3)
(Altering locks without consent of other party)
Amount \$1,000
- ▶ Section 48 (4) (a)
(Unlawful entry by the landlord)
Amount \$1,000

Frequently asked questions

I want to view my property but it's rented - when can I see it?

A property owner or Property Manager may enter the property at any stage, however this can happen no more than once every four weeks and the tenant must be given at least 48 hours' notice in writing before entering the premises.

What happens if a repair is required after hours, or on weekends?

Our policy on what constitutes an emergency repair and what does not is conveyed to all of our tenants at the beginning of the tenancy and this is also governed by the *Residential Tenancies Act 1986*.

All tenants are provided with mobile numbers and after hours contact details if emergencies arise. Your Property Manager will use fair judgement and caution when dealing with such issues to ensure our obligations to the tenant are being met and your wishes are respected.

What do you explain to the tenant(s) before they move into the property?

We go through all of the most important expectations with our tenants as part of our tenant induction process. This will include education on issues such as (but not limited to):

- ▶ Rent payment dates and methods required to ensure it is always on time
- ▶ What to do in an emergency repair situation, who to contact
- ▶ How often inspections will occur and what we look for
- ▶ General expectations and the law (Tenancies Act)

Ray White New Zealand provides all of our Property Managers with a comprehensive Tenant Induction booklet that has been produced to help educate all those involved with the process and to minimise the occurrence of risk or issues rising throughout the tenancy.

If you would like to see a copy of this document, please contact your Property Manager directly.

Who pays for water charges?

The tenant is responsible for all metered water usage charges and the landlord is responsible for daily line/ supply charges. Where the water supply is from a tank, the Landlord should provide a full tank at the start of the tenancy.

Gardens - Who is responsible?

Under the *Residential Tenancies Act 1986*, gardens and lawns are to be kept in a "reasonable condition" by the tenants. Pruning trees and hedges, spraying and vine removal are the landlord's responsibility. We advise that in properties with large gardens or those that require more maintenance than usual, landlords consider the option of maintaining this as a part of the weekly rent to ensure standards are kept at an acceptable level long term.

Can you guarantee the tenant?

We can never guarantee any approved tenant(s) for your property, however through our tenant application process we do gain information on past history, contact details and next of kin.

Although it is expected and communicated as such, the paying of rent and maintaining the property is purely voluntary and we cannot guarantee any tenancy outcome. This is a landlord risk that comes with allowing someone else to rent your property.

Insurance - is this required?

Although not a legal requirement, we advise all landlords to have comprehensive insurance to cover both your property and the tenancy, as these are often two different policies.

It is important for landlords to insure chattels such as carpet, drapes, stove and other whiteware that a tenant may be using and also to maintain a current insurance certificate if your property has a chimney. Always remember to tell your insurance company that the property is tenanted to ensure you are covered.

Ray White Property Managers have access to comprehensive tenancy related insurance so please contact us directly to find out more.

Mould - Who's responsible?

Mould in rental properties is a common issue throughout New Zealand and it is a landlord's responsibility to rid properties of mould prior to any tenancy beginning. Properties should include security catches on windows so that the house can be aired and it's also a good idea to provide a fan in all bathrooms to allow for adequate ventilation.

How long will it take to rent out my property?

The length of time it takes to secure a tenant for your property will largely come down to market demand at the time, the current condition of your property and an effective marketing and pricing strategy.

If a tenant gives three weeks' notice (as they are entitled to do so), it is highly likely that a new tenant will be secured and ready to take possession as close to that vacate date as possible.

Your Property Manager will do everything in their power to minimise your vacancy period as well as providing regular client feedback throughout the process.

What is the achievable rental amount for my property?

Your Property Manager will advise you on what is currently a 'fair market rental' for your area based upon their market knowledge, current levels of market demand and comparable properties and statistical data.

Depending on your needs, a higher figure can be attempted, although this may increase your risk for extended vacancy periods. In these situations you will be given regular client feedback and advice to adjust the asking rent if required.

What happens if a tenant misses a rent payment?

Each day your Property Manager prints an arrears report through their software system which instantly highlights any tenant whose payment has not been received.

They will then follow their office arrears policy which typically involves immediate contact with the tenant to determine why the payment is late and constant communication until the debt is paid. This may also include the sending of a 14 day Notice to Remedy for arrears, and the lodgement of a Tenancy Tribunal case if the arrears are not cleared immediately.

If you would like further information, please ask your office for a copy of their arrears policy.

How often can my rent be increased?

In accordance with the *Residential Tenancies Act 1986*, a Property Manager is prevented from increasing the rent during a tenancy any more than once every 180 days, or within the first six months of a new tenancy beginning. Any increase must be provided with 60 days' written notice to the tenant and at a fair market level.

Your Property Manager will advise of a suitable rental figure before any new advertising begins and is also responsible for regular rent reviews on existing tenancies to ensure your return is always maximised.

What's the rule around pets at my property? (if permitted)

If permission is granted for a tenant to keep a pet at the property your Property Manager will ensure the following criteria and obligations are met:

No additional pet other than that already agreed in the Tenancy Agreement may occupy the property.

The pet must be removed from the property if it becomes bothersome to the neighbours and affects the quiet peace and enjoyment of surrounding properties (after reasonable warning has been given in writing)

The tenant is responsible for any damage caused by their pet.

Smoke alarms - Who's responsible?

Currently the *Residential Tenancies Act 1986* requires a landlord to "comply with all requirements in respect of buildings, health, and safety under any enactment so far as they apply to the premises". In effect, this means that all properties must comply with the Building Act 2004, which states all new houses and consented alterations must provide a "means of detection and warning" in the event of fire.

When it comes to existing properties, the requirement for smoke alarms is triggered if the owner is carrying out any building works that require an application for building consent from the local council.

Once fire alarms are installed, it's also important to educate the tenants on how to use them effectively. This includes pointing out the potential outcomes if alarms are obstructed or not regularly checked. Alarms are also ineffective if they are not installed in the correct locations throughout the home.

Even if you, as a property owner, are not required by law to have smoke detectors installed, Ray White New Zealand recommends it is done as part of your landlord's responsibilities. Politically, indications are that smoke detectors will become mandatory for rental properties in the not-too-distant future.

Pest control services - Who's responsible?

Depending on the circumstances and level of infestation, the onus is on the landlord to provide adequate pest control services either by providing the appropriate bait or employing the services of a pest control company. In the case where a tenant has likely caused or influenced an infestation, your Property Manager will seek the cost back from the tenant. However, this situation is best assessed on a case by case basis and needs to be proven in order to claim back any compensation.

This Landlord Information Guide has been prepared by Ray White NZ Ltd as a guide for property owners and investors.

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