

RISK MANAGEMENT (& Best Retention) – considerations and tips.

- Are you buying from a local agent? And do they plan to keep trading? If so, what has been put in place for your protection and also the transfer period?
- Communication schedule – notifying tenants and landlords etc. A structured plan of specific emails/calls is very beneficial and will minimise loss.
- Is it a “friendly” sale (these deals work best when they are also focused on best outcome to minimise losses)? Prepare scripts and dialogues to assist PM’s and Reception when replying to emails and calls from Landlords /Tenants.
- Are any PM’s migrating with the sale to the new business?
- Ensure they have access to the scripts above. Ensure there is a shared plan /vision on how to transition and the goal. Clients need to see a united, positive front – not two different business objectives trying to merge. Even one internal detractor can be costly. **TIP: Put an incentive in place regarding retention.**
- How long has retention period been agreed at? And under what terms – e.g., types of losses. Is there a structure in place to ensure any losses are reported IMMEDIATELY? A PM trying to hide a loss can be costly.
- Are there VALID authorities for ALL listings?
- What is the average fee/income per property? Are all worth taking? Do some need a fee review to be worthwhile? What is your base level income required in your business per property, per year?
- What percentage of the portfolio is IN lease?
- Is there a bond held for every tenancy (with the correct tenants on it)? Have you created a process to ensure EVERY one is transferred?
- How many properties do not have current leases or have tenants vacating (or potentially vacating (leases expiring) in the next 6-12 months)? When a tenant vacates and a property is to be advertised for lease – this is often a high-risk time for landlords to shop around – ensure these properties ALL have CURRENT and valid authorities to minimise risk.
- Current formal notices or hearings booked.
- List of rent increases scheduled (future) – just in case they do not flow into your system correctly and get missed. Also check for evidence that correct notification was issued to tenants. (It is costly if a Landlord is expecting an increase that never ends up happening).
- Is there a condition report & lease for every property? Photos?
- Keys – all properties– (and a process to ensure all come across and are entered into your system)
- List of properties with high arrears or issues (problem tenancies) recorded and shared by both parties as recognised as high risk – potential losses – that buyer should not be penalised for during retention.

Should you not have access to people with the time or specific skill set to complete these items at the required level, or need any advice – please do not hesitate to contact us. We are experts in this field.

RENT ROLL TRANSITION, in simple terms!

HEALTH CHECK - The standard checks- (that we do on a portfolio annually – and across the NEW and OLD portfolios anytime we integrate new properties to ensure old and new combined are set up correctly)

This is MOST IMPORTANT – This audit will ensure you are paying the correct amount for the rent roll – You would be amazed how many of these we investigate and find thousands of dollars in errors owed to a buyer or seller.

1. Arrears
2. Routines (up to date) however if you are not checking the correct way you won't catch where dates have been pushed out or missed completely, or set up incorrectly to begin with) – which report this is depends on what system a business is running)
3. Rent reviews- again, as per above if you are not checking the correct way you won't catch where dates have been pushed out or missed completely, or set up incorrectly to begin with) – which report this is depends on what system a business is running)
4. Most businesses also have tenancies or properties that have been entered originally with missing fields to begin with so they never even appear on a routine report, or an increase report etc so no one ever knows ! these are so common, but rarely do business owners know how to search for these (again it depends what system is running) - Needs an audit
5. Reconciliation of all internal accounts and ensure balance – no extra funds / no unidentified funds
6. Reconciliation of bonds – all areas – e.g., what your system says, VS what bond register says – amounts and total number of bonds – you should be able to have this match in \$\$ and bond numbers in all areas of your business – your program, your internal account, and the bond board. Print a bond owing report and a bond number report – We have never found an office where these have been correct!!! (again, what you print will depend on the system– also once your internal systems are up to date regarding bonds you then audit against the bond board,
7. Print out all relevant reports of the portfolio and audit completely for – vacant properties, lost properties not removed etc - again these are ridiculously common! – it's not just printing the standard vacating report either – again, depends on system.
8. Print full landlord report and property report – you'd be amazed what you find when you audit these.
9. Check all authorities manually that written fee amounts match what is in your system (you will be amazed how often we find these wrong and businesses losing money due to incorrect fees entered!) Also – how many don't have valid authorities in place! Huge risk.
10. Check all leases manually against what is in the system and ensure match (again as per above)
11. Percentage of properties in lease.
12. File changes report – can see where PM's have changed rent due dates or fee amounts etc
13. Letting fee audit – what's the system for charging letting fees? If it's not automated and it relies on a person manually or PMs emailing or entering – can guarantee they are being short changed and many are missed. There are ways to prevent this.
14. Same as above for – re-leasing fees, advertising fees etc
15. Smoke detector compliance audit
16. Insurance audit
17. Electronic serving of documents audit (are you compliant).
18. Lastly, where would an audit be without a key audit!

9 & 10 are super time-consuming yes, but if no one has ever done a deep dive audit before then they really should be completed to get full results and minimise risk. You only have to do it once and rarely again, provided you put all the structure in place to be able to have the cross checks etc and systems to prevent the errors you find happening again – but that's a WHOLE other topic! First thing is to get a deep dive audit completed!

As mentioned above – should you not have access to people with the time or specific skill set to complete a Health Check at the required level, or need any advice – please do not hesitate to contact us!