

Creating Your Genuine and Expert Advice Team

Why you need Genuine Experts

Purchasing an investment property takes many steps and there are many services that you will need to engage along the way as you go from someone with an interest in property investment to actually becoming a happy and prosperous landlord.

Buying real estate in Australia is a complicated and time consuming process that requires many different layers of service.

You simply can't make the transaction of a property investment happen without engaging some compulsory areas of external service.

There are also optional areas of service that need to be considered and we will discuss all these areas of optional and compulsory service shortly.

But first, you have to begin thinking of your expert advice team as if it were a series of cogs in a machine or ingredients to a recipe or the links in a chain. A baker doesn't just open the pantry grab the closest ingredients and throw them together expecting a brilliant cake, a machine won't work effectively if the cogs and gears do not make a perfect fit and as we all know a chain is broken at its weakest link.

For each step of your real estate purchase you will need to be able to turn to the right people for information, guidance and advice. If you do not have genuine experts to turn to, then you are leaving yourself at risk to mistakes, pain and loss.

A friend of mine experienced firsthand the pain associated with not having a complete and genuine expert advice team. His parents were helping him with some finances and he was obliged by them to use their local bank as a condition of their assistance. There were some complications with the title and the banks pre-approval lending policy had not been made clear. Through a painstaking amount of extra work the friend still secured the finance but settled late. There was both pain and costs.

In the time between auction day and settlement his lending manager kept losing paperwork or forgetting to get appropriate variations to the paperwork signed. The bank didn't offer mobile lending and my (already very busy) friend was forced to drive during work hours on several occasions over 50km each way to rectify the bank employees muck up. The bank employee didn't recognize she was part of a team. She didn't communicate adequately with the his solicitor and had an attitude that it was no longer a problem once the clock ticked 5pm.

I was privy to the details as the friend was also a client and I accompanied him on one of those wasteful 100 kilometre trips. I understand it's hard for a son to argue with his parents over which bank to use when they're contributing to the deposit. However if

you take out the emotional influences, the choice of genuine expert mortgage advisor in this case would have:

- Been familiar with all details of the lending policy on older style flats of inner urban areas (The client was buying an Art Deco flat in St Kilda).
- They would provide mobile services and service after 5pm. (The client was working long hours 6 days a week)
- A genuine expert of mortgage lending would recognize that they need to work with and maintain excellent communication standards between the purchaser's solicitor and all parties to the real estate transaction.
- A genuine expert mortgage advisor should recognise when they can't help you with your purchase plans and refer you to a more suitable lender.

A bank teller come newly appointed lending manager in the back blocks of suburbia that has never purchased an investment property themselves was no match for the service that my friend actually required. By the way, this is not a bank bashing exercise, I'm sure this bank employee would have been much more familiar with contracts of very new titles and newly built housing in the outer suburban estates of the neighbourhood where her office was located.

I could have chosen an example using a solicitor, buyers advocate, valuer, building inspector, property manager or any one of the other services you will require from your investment purchase team. However the point of the example was to demonstrate the significance of "why" you need genuine experts on your team. This was just one facet can you imagine how tough it would be to become a happy and prosperous landlord if all the people in your team were "B" and "C" grade players.

In Summary, why you need a team of genuine experts?

- Substandard service levels will lead to pain and costs
- Friends and family can't always offer unbiased advice

Who are Genuine Experts

So who are genuine experts and how do you identify them in real estate circles.

The English dictionary provides the following descriptions.

Genuine:

gen·u·ine (jny-n)

Adjective.

1. Actually possessing the alleged or apparent attribute or character: genuine leather.
2. Not spurious or counterfeit; authentic. See Synonyms at authentic.
- 3.a. Honestly felt or experienced: genuine devotion.
- 3.b. Actual; real: a genuine dilemma.
4. Free from hypocrisy or dishonesty; sincere.
5. Being of pure or original stock: a genuine Hawaiian.

[Latin *genusus*, natural, possibly from alteration of *ingenuus*, native, freeborn; see *ingenuous*.]

genu·ine·ly adv.

genu·ine·ness n.

Expert:

expert ['ɛkspɜ:t]

Noun: A person who has extensive skill or knowledge in a particular field

Adjective:

1. skilful or knowledgeable
 2. of, involving, or done by an expert an expert job
- [from Latin *expertus* known by experience, from *experīrī* to test; see *experience*]
- expertly adv
expertness n

In terms of real estate and becoming a happy and prosperous landlord the genuine expert has to first qualify as an actual person of significant knowledge and understanding in their field of service to real estate and landlords but they must also be a perfect fit within your team.

Your team will include a number of different services (and personalities) that contribute to your life as a happy and prosperous landlord. Each expert in their field needs to cooperate with each other and be happy to maintain excellent communication standards between each other.

Your team can be defined by its purpose, the goal, is your goal!

By the nature of a genuine expert they will not engage in advice, service or product which is outside their actual field of expertise. For example, how could a property manager that mostly specialises in the leasing of commercial property lay claim to be the genuine expert for your team, if the request for service is of a residential property.

If the property manager were a genuine and expert fit for your advice team they would already have a very successful and proven track record for managing rental accommodation that is of similar style, size and location as the investment property you hope to buy.

The emphasis here is that a genuine expert for your team is someone that intimately understands the rules of the game you are playing and your desired goal. Use appropriate people for specific tasks.

The second aspect which defines who is a genuine expert is that their service must be provided exclusively for the benefit of you. Sure they may be in business to make a profit but that profit must come directly as a result of successfully servicing you without any conflict of interest.

For example many property buyers can be found scratching their heads to make sense of a selling agent's description of a home for sale. The reason this so often occurs is because they are being paid by the seller to make the home sound as appealing and as valuable as possible. While the selling agent will provide paper work and assistance in order for you to participate in a sale (buy the house). They are not going to tell you that it really should have an extra bedroom and larger backyard for such an asking price or that you will get a better deal by buying a home from their competitor who has a very similar house around the corner for \$50,000 less.

A key indicator to use when assessing for an underlying conflict of interest is to assess the cost of the service. When someone tells you their service is free or won't cost you a cent, you can be sure that somewhere down the track you will be paying for it.

Investment seminars that don't cost anything are another prominent example where a conflict of interest occurs. They might start with advice on how to reduce your tax bill but end with a sales presentation for ground floor entry into the next greatest apartment development on earth (not). There are no additional fees for their one stop shop or the "ground floor" opportunity but the participants usually get tricked into paying inflated prices for substandard real estate and everyone involved in the process earns hidden fees.

In summary, who is a genuine expert for your team?

- They will be extremely knowledgeable and intimate with the specific niche of service you require.
- They will be paid for the exclusive service of your needs and goals without a conflict of interest or hidden referral fees.

Which Genuine Experts do You Need

As discussed earlier there will be compulsory services that are required and there will also be those that play a less significant role as optional considerations in your team of genuine experts. In all cases, those that become a part of your team should already be proud of their own experience as a happy and prosperous landlord. There will be some experts that won't be landlords themselves and they may be very good at their job but preference should be given to recruiting team members who have experience as a successful landlord.

The list below provides some starting points for discussion before hiring them on your team.

We have also included a web link and instructions for recording your team list of names and contact details within the Resource section at the back of this book.

Compulsory Experts

Accountant

Make sure they service many residential landlords amongst their clients.

Make sure the person who services you has a residential investment property of their own, preferably more than two.

Make sure they do not sell their own stock of real estate investments or earn commissions from selling managed funds or alternative investment schemes.

Property Solicitor/Conveyancer

Solicitors once offered conveyancing services as a sideline but there are solicitors with conveyancing services as their primary service focus and at competitive prices.

Make sure they are extremely familiar with the location and building style that you are buying.

Ideally they should have worked many times with the lender that you are obtaining the mortgage from.

What percentage of their business is made up from residential conveyancing services?

Mortgage Broker/Banker

Are they available outside normal business hours?

Will they visit you when needed?

Do they understand residential investment strategies, how many clients have they helped get a second investment property?

A great banker (and person) will tell you when a better suited loan can be found outside their own company.

Building Inspector

Often the best real estate deals come at the eleventh hour, how accessible after hours is the inspector and how quickly can they arrange and complete an inspection?

Quantity Surveyor

They should demonstrate a willingness to keep you informed with updates to tax laws affecting investment property deductions and variations to items that can be depreciated.

Make sure they cater for the servicing of individual landlords.

Some companies have a preference for corporate clients try to identify this and make sure you get individual service and equal attention to service.

Optional Experts

Buyers Agent/Advocate

They should have an intimate knowledge of the location you are buying in.

They should not engage in the selling of their own stock or on behalf of vendors.

They should be happy to work with other genuine experts of your team.

Can they offer personal referrals to other genuine experts you could use in your team?

Can they offer personal contact with past clients once in your current situation and prove their historical success?

After hours service, detailed fee structures and service performance guarantees should also have significant impact on your decision.

Property Manager

The property manager should provide a record of success for investment properties of similar size, style and location.

They should offer excellent after hours service standards to both landlords and their tenants.

The fees for property managers can vary so be careful of going with the cheapest they may be delegating too many task to inexperienced or poorly paid staff. Some will charge a higher fee purely on their brand image but make sure if you're paying a premium fee that premium service actually comes with it.

Pest Inspector

In some locations pest inspection services would be considered a compulsory consideration.

Their ability to offer service should be quick and fastidious.

Their reports they should be unbiased and not produced for the purposes of selling pest control service or sprays as their primary motivation.

Free pest inspections should sound warning alarms.

Town Planner

If you are looking at real estate you may want to subdivide one day or obtain a change of zoning and use? It would be prudent to establish a relationship with a town planning consultant who has expertise in the areas of development you want to pursue.

Insurance Broker

You can ring your regular insurance company but an expert insurance broker can provide better insurance solutions than a call centre operator. Successful landlords of multiple properties will often call their personal insurance broker, if you go down this

path make your they are very much proficient with servicing residential real estate landlords

Real Estate Valuer

If you haven't engaged a buyer's advocate or completed a thorough study of the real estate market, a valuer can provide the peace of mind that you are not paying too much. It is extremely important that the valuer chosen is intimately knowledgeable with the local area.

The valuer must provide the valuation to you as an individual and include personal consultation to explain the reasoning and details of the final assessment.

It would be a big mistake to go with a valuation service which does not allow you an in depth discussion with the actual valuer both prior and after conducting the actual onsite valuation.

Locks Smith

A new set of locks and keys, preferably "keyed alike" makes a good start to your ownership as a landlord. Older homes sometimes come with half a dozen mismatched keys and often locks that have no key, being able to provide your new tenant with a simple means of locking and unlocking their home, demonstrates good will, pride of ownership and will make it easier to manage lost keys in the future.

Find a locksmith that is local to your investment location and doesn't charge like a wounded bull if after-hours service is required. As a landlord you should hopefully get a bit better than the retail rate.

A great property manager will often have a great locksmith on their books but make your own comparisons for price and performance.

Cleaner

Cleaning services including carpet steam cleaning should be the responsibility of the tenant and property manager. However when you buy a home it is not uncommon for the vendors to leave them in state inadequate for the occupancy of a tenant.

Make sure your tenants start with a neat and thoroughly clean home, in this way the standard can be set for the condition it should be handed back when their lease ends.

An appropriate cleaner will have special tools to make all those awkward jobs like ovens, baths and sinks sparkle.

A great property manager should have a great team of professional cleaners but if you can build personal rapport with a cleaner you will get their additional opinion of the way the property has been cared for and which fixtures and fittings of the property may be in need of future replacement.

Trades Team

A property manager will manage the trades and should have an excellent team already established. If you are going to do your own property management you will need to accumulate a great Plumber, Electrician, Painter, Carpenter, Glazier, Tiler and possibly a Gardener. In some cases you may require specialist services such as a garage door man for remote control systems.

Importantly seek that all your trades have investment properties themselves.

Small trade teams such as husband and wife type operations work well.

It's an advantage to a landlord to know you can have a discussion with the actual person who conducted the work on your property and gain additional insight as to the way the property is being cared for by the tenant and which areas of the home may require future spending.

Nothing is worse than a tradesman taking short cuts on maintenance to an investment property knowing that the actual owner is not there to complain.

If you do use a property manager with their own trades team, it would be wise to suggest one of your own trade experts be involved in the property's maintenance, consider it like having an insider on the job.

Feedback

We welcome any comments you have regarding the contents of this document. If you feel we should be including an expense that isn't here please get in touch. We would love to hear your suggestions for improvement and contributions that could benefit the next reader.

Thank You.

Yours Sincerely,

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