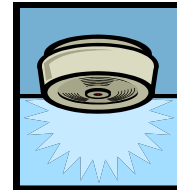


Property Investor Report



Smoke Alarm Tests

It's not just a case of pushing a button...



As we all know, Lessors are required by law to have smoke alarms at their investment properties checked between leases or every 12 months, whichever comes first.

I have recently been asked by one of our clients, why it is that we as Property Managers are unable to test the Smoke Alarms instead of having to engage an electrician.

Firstly, the main reason is that we as Property Managers simply do not have the training to test smoke alarms. The popular method of pushing the test button and hearing the alarm only proves that the button works and the batteries have some power left in them. This is not adequate, as the alarm needs to be tested to actual smoke to ensure the alarm sounds when smoke is in the air. A licensed electrician will do this, as well as test the power going through the alarm if it is hard-wired. Asking a Property Manager to do this is like asking us to perform electrical work.

The worst case scenario is of course if a fire occurs at your property and the smoke alarms do not perform. If the proper checks had not been done at the appropriate time as per legislation, the blame will fall squarely on the Lessor's shoulders. Even if the smoke alarm performance had little relevance to the damage, it is a safe bet that your insurer will use this as a good reason to not pay out.

Following is a statement extract from Carter Newell Lawyers (for Aon Professional Indemnity Insurance / QBE as underwriter) delivered at REIQ Smoke Alarm Seminar on 28/03/07:

"The testing, cleaning and maintenance of smoke alarms are considered to be duties outside the scope and expertise of a Property Manager/Real Estate Agent.

Recommendation: Before any agent/licensee/property manager takes on doing any of the above tasks, they should refer to their own Professional Indemnity Insurer and seek their position on the agency and staff performing such tasks as they may not be covered whatsoever in the event of a claim."

This is the reason that we ask all our landlords to sign a Smoke Alarm Authority upon taking over management of a property. There is an option for lessors to "opt-out" which means that they take the responsibility for doing the checks. This is to protect our agency, as our Professional Indemnity Insurance will not cover our agency in the scenario mentioned earlier.

Unfortunately it does not cover YOU as the lessor, so if you have opted to take care of the alarm checks yourself I urge you to reconsider this decision and contact us to discuss how little it costs for your peace of mind.

Laura Valenti
Managing Director

A word on Lease Renewals...

I have noticed recently that many Lessors are taking the option of renewing leases at 6-monthly intervals.

If you have good tenants in place, there are many good reasons to renew for 12 months rather than 6 months. The main reason is that it is more financially stable as there is no risk of a vacancy in 6 months' time.

Many lessors opt for a 6-month lease because they feel the market will improve and they will be able to raise the rent. Please note that it is never a given that rents will rise—in fact, look on the back page and you will see a distinct downward trend at the moment. And so the danger is that in 6 months time, if prices have fallen, your tenants may take the opportunity to move to a cheaper property—leaving you with a vacant property whose rent you may even need to decrease in order to match the current market.

Another consideration is that a smoke alarm check is required to be done every time a lease is renewed. So instead of annually, you will be paying for this every 6 months.

The solution is the financial stability and security of a 12-month lease.

Norma Fleming
Senior Property Manager

Leased in June



ADDRESS	DETAILS	RENT	
Rarity St, Caboolture	3-bed duplex, a/c, SLUG	\$255	(\$5 decr)
David St, Burpengary	2-bed townhouse, SLUG	\$290	(new)
Almond Ct, Bellmere	4-bed ensuite, a/c, DLUG	\$310	(same)
McGinn Ct, Caboolture	4-bed ensuite, a/c, DLUG	\$310	(same)
Van Beelen St, Caboolture	4-bed ensuite, a/c, DLUG	\$320	(\$10 decr)
Wayland Cct, Morayfield	4-bed ensuite, a/c, DLUG	\$330	(same)
Bauhinia Ct, Morayfield	4-bed ensuite, a/c, DLUG	\$330	(\$15 decr)
Joan St, Deception Bay	3-bed house & DB shed on 1 acre	\$380	(new)
Northquarter Dve, Murrumba Downs	BRAND NEW 4-bed ensuite, a/c, DLUG	\$390	(new)

Calendar Dates for July

Disbursements

Mid Month-
Wed 15th July

End of Month-
Fri 31st July

Office Holidays

Important Note to our Clients— End Of Financial Year Statements

Enclosed with your June statement will be your End of Financial Year Statement for 2008/2009.
Please ensure you keep this for your tax records.

Farewell to Melissa

It is with sadness that we bid farewell to one of our team members, Melissa Rudek.

Melissa has been our Letting Officer from our opening in March 2008 and has been instrumental in assisting us make a significant mark in the Property Management industry in the Moreton Bay Region.

Melissa's family is moving north for work opportunities next month and we wish her all the best in her future endeavours.



I will be announcing Melissa's replacement in our next newsletter.

*Laura Valenti
Managing Director*