

# The Landlord



**Mike Spencer**  
Principal of  
Platinum Global

Platinum Global is 21 year young!

As part of their 21st birthday celebrations they have created your free e-mail version of "The Landlord" This informative newsletter is aimed at those of us that are lucky enough to own property that we rent out but will also cover Sectional Title subjects of interest.

For sometime there has been a need for a publication aimed at the Landlord covering the scope of subjects that effect him or her in this modern "letting" world. We will cover everything from simple aspects of letting to the effects of new legislation. From time to time we will invite knowledgeable outside writers to contribute articles on their specialist subjects. As always your suggestions and questions are welcome as they will be of interest to other Landlords.

Platinum Global is one of the leading property management companies in Bloemfontein with high level contacts throughout South Africa. They have specialist departments and dedicated staff dealing with;

- Residential Letting**
- Commercial Letting**
- Body Corporate Management**
- Residential Sales**
- Commercial Sales**
- Property Valuation**
- Development Consultation**

**Rental market strong but rentals sensitive.**

**Careful inspections essential to avoid later problems.**

- Rental Market** 1 You are invited to ask for advice from any of our professional departments and to see for yourself why our "Landlords" like the services that we offer.
- Inspections** 2 "Many of our Landlords have been renting out their properties through us for many years and love the way in which we keep them informed. They especially like the very comprehensive but easy to understand monthly statements which make life so easy for them." said Jill Spencer.
- Credit Checking** 2
- Good Students?** 3 Jill heads the administrative side of Platinum Global and is in overall charge of the property rental division of Platinum Global
- Parnon Court** 4 The demand for rental properties remains very strong despite the current economic climate. So says Jill Spencer of Platinum Global one of Bloemfontein's leading rental management agencies. Jill said "The demand for rental properties remains high and we have virtually no vacancies except in some of the pure down market student blocks. As soon as we receive a new one or two bedroom flat to let at the right rental it is re-let very quickly." Despite the good demand, Jill
- BC & Tenants** 5
- Be interested** 6

recommended that landlords were realistic in their rental demands. She said that tenants could only afford so much and it was better for the landlord to have a good quality tenant that paid their rental every month and stayed for a long time. Damage tended to happen when tenants moved in and out so a tenant that stayed tended to demand less in the way of maintenance thus saving the landlord money. Jill also suggested that landlords should be aware of problems in their flats when they were offered for rent as a flat with obvious problems (poor paint, dripping taps) would stay vacant longer than a neat & tidy one.



**Jill Spencer**  
Head of Platinum  
Global's  
Letting  
Department

## Proper Inspections Important

Residential property owners must make sure that whoever is looking after their property does a full inspection when new tenants move in AND out. The law says that these inspections should be done together with the tenant though this is often difficult to arrange. Actual appointments should be made and a careful note made where the tenant cannot or will not be present

though this is often difficult to arrange. Actual appointments should be made and a careful note made where the tenant cannot or will not be present.

*“A happy landlord is one where his letting agent hardly ever needs to talk to him”*

The use of modern technology in the form of digital photos does a lot towards avoiding problems as it is hard for the tenant to argue against the photographic before and after evidence where problems are found. These photos are also very useful for managing agents to be able to show the landlord problems inside his or her unit for the landlord to make a decision on any repairs.

Tenants are getting more knowledgeable about their rights and landlords can be taken to the Consumer Council by them when they feel aggrieved. This is a time consuming process and if your agent must spend the best part of a day at a Consumer Council hearing and hours in preparing your side of the story they could be justified in charging for this service.

### Special points of interest:

- New specialist Landlord’s Newsletter launched by Platinum Global.
- Rental Market stays strong.
- Student houses a good investment?

## Can Your Tenant Pay?

Everyone is aware that it is increasingly more difficult to get rid of bad tenants. This is why it is so important to be happy with your tenants **BEFORE** you rent to them..

While it is not always practical to call their previous landlord it is essential to have a comprehensive application form to give you a chance to find them if they disappear. It is also essential to undertake a full credit check through one of the major credit bureaux. The cost is not much and is normally paid by the tenant as part of his application. These credit checks will let you see if your tenant has a good credit record or is a problem—don't take the problems! Just telling potential tenants about credit checks scares the worst ones away—they know they won't pass!

Insist on a deposit and refuse to take installment deposits. If a tenant cannot pay the deposit one time he probably cannot pay your rental every month either. Be afraid, very afraid.

## Are Students Good Tenants?

Many people have invested in student houses—and burnt their fingers!

While it is true that the total of students rent seems attractive there are quite a few hidden costs involved. If students were the cool calm careful caring people that they are set to become they would make super and profitable tenants. The truth is they are not. They are fun loving, casual, loud and untidy. It is highly unlikely that they will care much for your pretty garden—the result is likely to be a dry treeless desert. They tend not to be that interesting in housework either and this could result in your house needing a redecoration long before its normal repaint time. They also tend to be a bit forgetful about paying the rental on time which could mean that you have to pay the bond out of your own pocket or risk additional interest charges.

For me the biggest problem is that at the end of the day the overall condition of your student home is quite likely to be less attractive than it was when you started and as a result the value of your home is probably not going to keep up with the general price increase of houses in the area.

My personal feeling is that I would rather have a “normal” tenant at a more moderate rental and achieve the best capital gains price increase. Few student home owners keep them for long—I wonder why?

## Parnon Court sold by Platinum Global



Parnon Court, between Charles and Henry Sts just across from “The Waterfront” has been sold by Platinum Global to a major financial institution based in Johannesburg. Said Mike Spencer “This was a complicated long term sale of a well known building and we are delighted to have been appointed as letting agents by the buyers”. Sold for an undisclosed amount the new owners are gradually upgrading the



### Parnon Court

Sold by Platinum Global to a major financial investor for an undisclosed amount

assigned to have been appointed as letting agents by the buyers. Sold for an undisclosed amount the new owners are gradually upgrading the building.

The original portion of the building was constructed in 1955 by the late Costa Trisos who passed away last year. The sellers were Terra Rand. Joseph Bosule the head cleaner at the building has been working at Parnon since it was build—a total of over 53 years. Well done Joseph

The 76 flat building has bachelor, one and two bedroom flats and a penthouse. Being centrally situated it is popular with tenants and has a 100% occupancy rate.

Rentals in the building have been adjusted upwards since the sale and although there was a relatively high proportion of notices all these flats were quickly re-let. Parnon Court is proving a popular building with a constant flow of enquiries for vacant flats.

A strong point of the building is its closeness to many work places and especially government buildings. The fact that it is so centrally situated and closed to popular entertainment centers has helped to make it a favorite place to stay. Good parking ratios are also an important factor.

## Can a Body Corporate Discipline your Tenant?

Disruptive tenants are the curse of trustees and Body Corporate managing agents. Many letting agents are more concerned with receiving rental than the effect that bad tenants have on other occupants. The sectional title rules have to be abided to by everyone owners and tenants. You are responsible for your tenants actions. Normally the managing agents will write to the tenant asking them to behave, with a copy to you as landlord. If they continue to be a problem they would write to you to give them notice. It is usually to your benefit to look for new tenants—the problem will not go away. If the tenant causes damage or wont pay for services the account will come to you. If you ignore requests the Body Corporate can take legal steps against you such as going to Arbitration. If you lose and the chances are that you will, it will just cost you unnecessary money. Unless the Trustees are being unreasonable it is usually better to look



### Park Lane Body Corporate

An excellent example of a well run Body Corporate.

Great Trustees, sound finances, well managed building

## Take an Interest in Your Body Corporate

Not happy with the way things are going at your Sectional Title Body Corporate? The question to ask is are you taking enough interest.

*“A well run Body Corporate is a pleasure. A badly run one is Hell! What is yours?”*

Many landlords don't understand the importance of a well run and managed Body Corporate to the value of their rental income and investment value of their property. A poorly run Body Corporate could result in “people breaking the rules” Does it help you to have noisy or disruptive tenants or owners in the building? Does it help you get a good tenant? If your managing agents are not on top of collecting levies there will not be enough money to pay for maintenance and an un-kept building will make letting to good tenants more difficult.

What to do. Visit your buildings from time to time to see how they are being kept. Take a careful look at financial statements sent to you with the notice of the AGM—they can tell you lots. Have you had an AGM? It must be held within 4 months of the financial year end. If yours is late find out why—there is no excuse!

See if the Body Corporate accounts are up to date. Platinum Global can supply you with a detailed set of income and expense accounts for the previous full month. Can your managing agents do that? Want to change managing agents call 051 447 4711.

*Platinum Global was 21 years old in July 2008. Headed by Mike Spencer who has been an estate agent since 1975 and specialized in Sectional Title sales, Sectional Title management and Sectional Title building conversions. Platinum Global are well known for the quality of the property rental management and Body Corporate management.*

*Platinum Global welcomes enquiries for any of their service and are happy to give landlords and Body Corporate advice on all property matters. If we don't know we will find out.*

**Renting—Body Corporate management– Sales– Development Consultants**

# New Home Lifestyle Centre



Hot off the press.

Platinum has this week been appointed Sole Letting and Management Agents for the new "Home Lifestyle Centre" being built in Estoire.

This 9000 sq m centre will be providing everything for the home from paint, tiles, curtains, bathroom fittings for the builder and redecorator to those little knick knacks that turn a house into a home.

**New Lifestyle Centre in near the airport.**

**Exciting new lifestyle centre that offers everything for the home. Huge interest has been shown by national companies which will be balanced with a variety of local specialist shops. The site was chosen for it's central position and easy access for all points of the compass.**

Chris Coetzee, who will be managing this project, is currently visiting national franchises as anchor tenants and interviewing interested local businesses to move to the centre.

Built on two levels the centre will offer a range of home shopping opportunities plus offices for home associated businesses. "There is huge interest in the centre" said Chris "We have already received a large number of "Offers to Rent" from local businesses and have to spend three days in Johannesburg to see all the nationals that are interested in being in the centre. Being so easily assessable and visible and in an area where there is a lot of activity makes this a very attractive centre to be in."

## NOW SELLING

### CYPRUS

**Fast selling rental units in Cyprus make an excellent investment and holiday destination. Spread your investment portfolio. E-mail [mikehome@telkomsa.net](mailto:mikehome@telkomsa.net) for more info.**



**We're on the Web for national and international investment properties**

[www.platinumplanet.co.za](http://www.platinumplanet.co.za)



FOR  
**LETTING**  
**BODY CORPORATE**  
**MANAGEMENT**

158 Zastron Street  
PO Box 100976  
Brandhof 9324

Phone: 051 447 4711  
Fax: 086 5044 505  
E-mail: [mikehome@telkomsa.net](mailto:mikehome@telkomsa.net)

# MANAGEMENT

## RESIDENTIAL

## COMMERCIAL

To remove your name from our mailing list, please [mikehome@telkomsa.net](mailto:mikehome@telkomsa.net).  
Questions or comments? E-mail us at [platinumglobal@telkomsa.net](mailto:platinumglobal@telkomsa.net) or call 051 447 4711  
Want to friend to receive this newsletter e-mail [mikehome@telkomsa.net](mailto:mikehome@telkomsa.net)

### WHAT WE CAN DO FOR YOU!

- **RENTING:** Talk to us about renting out all your properties both residential and commercial. We currently manage nearly 1,000 rental properties on behalf of landlords. Single units and full complexes. All tenants are credit checked in advance, full deposits taken, and serious credit control is undertaken on late and slow payers. Receive an easy to understand monthly “Landlord’s Income and Expenses” statement so that you know what is happening with your let properties.
- **BODY CORPORATE MANAGEMENT:** Platinum Global have a full professional Sectional Title Management team. Mike Spencer has been involved in Body Corporate management since Sectional Title started in Bloemfontein in 1980! If you are not receiving monthly detailed income and expenses statements where every expense is supported by proper documentation. If your AGM is not being held within the required 4 months after the financial year end. If your Body Corporate has a serious arrear levy problem. If your Body Corporate is cash strapped. Then you should be talking to us. Professional Body Corporate management by people who are serious about doing it right.
- **SELLING—RESIDENTIAL:** A small but growing dedicated team working in specialist areas. Sectional title property sales to investors our specialty. All buyers pre-approved.
- **SELLING—COMMERCIAL:** Platinum Global has over 21 years of commercial experience. Recent successes include the sale of Parnon Court (block of 76 flats close to the Waterfront) and sale of a gold mine in Virginia! Big or small let us do the same for you.
- **COMMERCIAL MANAGEMENT:** With a dedicated team Platinum Global is ideally placed to manage shopping centers and blocks of offices. Easy read detailed owners report. Platinum Global handles all your day to day requirements making property ownership a pleasure.
- **PROFESSIONAL VALUATIONS:** Mike Spencer is a Professional Associated Valuer and is able to perform full valuations on all types of properties including residential, sectional title, blocks of flats, commercial and industrial properties, hotels.
- **DEVELOPMENT CONSULTATION:** Development assistance is seldom available from estate agencies. Platinum Global are

tance is seldom available from estate agencies. Platinum Global are able to assist developers of all types of property with good advice on practical design to ensure proper management. Guidance is given on sound financial management from completion until opening of the sectional title register. A very valuable service for all developers. Platinum Global has gained experience from undertaking its own developments and is currently involved in developing a 36,000 sq m full facility affordable retirement village in the Goldfields. Let us do the same for you.

## **BODY CORPORATE**

### **Tip of the Month**

*The Sectional Titles Act says that the owners must approve the Budget for the forthcoming year at the AGM. This means the financial year! The purpose of this is to allow owners to look critically at the budget that is used to calculate the levy that each owner must pay and adjust it if necessary. However the Trustees are responsible for ensuring that they collect enough money for all the expenses of the building.*

*From an accounting point of view it simply does not make sense to have a budget period that does not run concurrently with the financial year! One of the problems that arises if they are not aligned is that if a new budget is approved at the AGM but is not effective from the start of the financial year then you will collect too little levy to cover the budget. Many body corporate cannot understand why they never seem to be able to collect money towards future expenses (the reserve fund) and often this is the problem*

*How to overcome this. Actually it is quite easy. Hold a "Budget" Trustees meeting to which all owners are invited to. This meeting is held in the early part of the month before the end of your financial year end. This gives all owners the opportunity to see how the Trustees have put the budget together. The budget should be on a month to month basis because some items are only paid once a year (annual insurance premiums) while others change during the year (July increase of municipal accounts). Owners and Trustees approve the budget together. The new levy being charged from the start of the financial year end and re-approved again at the AGM.*

*Budgeting like this makes life very easy for everyone and also ensures that owners who sell before the AGM still pay their bit.*