

Stairway to Heaven

“There’s a lady who’s sure all that glitters is gold and she’s buying a stairway to heaven....”an extract from the Led Zeppelin classic.

I was sitting on a plane coming back from Sydney late one night thinking about what has transpired through the day, when these lyrics came into my head. I had spent the day conducting an extensive inspection and the client’s mobile phone ring tone was still ringing in my ears. I had earlier asked the question why this ring tone, she instantly replied because we are sure this property is going to be exactly that, our pot of gold and our stairway to our new heaven.

What a wonderful outlook to have on their next business venture. Yes they had been previously in management rights and many years previously adopted the attitude that harmonious co-operative management always resulted in a near perfect arrangement.

Here we are now only 5 months or so to Christmas, the economy is steady, however far from perfect, management rights contracts are happening, obviously nothing like years gone by.

Management rights purchasers are still buying, some very cautious about the slow Global Economic recovery. Financiers, we are told are still lending up to 75% borrowings in certain cases.

The only difference from previous years is the qualification process by all parties, the purchaser needs a full business plan and in some cases previous experience in the tourism industry or at least some management skills. The financier will, in the majority of cases, ask for these prerequisites.

The accountant will ask to see the occupancy reports for the previous year if the building in question is a holiday complex. The lawyers will diligently check all options have been exercised correctly. The Valuer will look for current settlements and establish if our industry is moving forward.

If all intending purchasers adopt the ‘tick the box’ approach when investigating management rights the points above are part of a really uncomplicated process of purchasing.

Purchasers need to be fully prepared when they think the time is right! To enter the management rights industry, body corporate or owner’s corporations are entitled to ask a series of questions that some purchasers, if not totally prepared may find difficult to answer.

Under the covering legislations “consent to assign cannot be unreasonably withheld” unless you have a history of criminal fraud or something equally serious. The interview process should not be taken lightly as it forms a condition of the sale and first impressions are most important.

Prior to meeting the committee have your lawyer and broker give you assistance in preparing this important document, your “Mission Statement” if you like. Previous work history, personal and business resumes, any testimonials you may have, your qualifications, current licences held and naturally if you have completed your restricted or full real estate licence course, your certificate or letter of attainment. The preparation of your “Mission Statement” is as important as verification and due diligence, your ability as incoming managers is looked upon as the strata schemes next step for future harmonious management. Always remember in a building or scheme that has a management rights in place, owners, investors be it long term rental or short term rental, will check body corporate records to establish if the building or scheme is a happy environment.

On the day or night of your meeting with the committee dress for the occasion, be uncomplicated in your approach to all committee members in attendance. Most importantly smile, bubble and show enthusiasm.

If this industry is your choice of career and your approach to purchasing and due diligence is one of positive thinking you too may find your "Stairway to Heaven".

Jake Clarke