



PROPERTY INVESTOR

NEWSLETTER

NOV – DEC
2017

This newsletter has been designed to keep you updated on what is happening within the industry and our real estate agency

RENT ARREARS ARE OUR NUMBER #1 PRIORITY

December is often notorious for tenant rent arrears due to the holiday season and increased spending. The astute tenant will budget and have the funds to remain in advance with their rent.

However, we do find a small number of tenants who struggle to meet their rental payments during this time.

We do understand that rent paid on time is a priority and you can be assured that we are very proactive at this time of the year to minimise any financial pressure to our landlords.

Christmas Office Hours

Saturday 23 rd Dec	Closed
Monday 25 th Dec	Closed
Tuesday 26 th Dec	Closed
Wednesday 27 th Dec	Open
Thursday 28 th Dec	Open
Friday 29 th Dec	Open
Saturday 30 th Dec	Closed
Monday 1 st January	Closed

The office will re-open as normal on the 2nd January 2018

PROPERTY REFINANCING MADE EASY

The clever investor knows that assessing their investments regularly is the key to identifying opportunities to build wealth. Knowing when to refinance an investment property can be vital to a successful growth strategy. Is now the time for you to consider refinancing? Is your current rate competitive?

Despite recent tightening around investor lending, interest rates are at their lowest in 50 years and there are some great rates available.

Why should I refinance my investment property?

There are generally two main reasons why you may want to refinance your investment property. These are to access your equity, or to change to a different loan.

If you would like to expand your investment portfolio, refinancing to access your equity could be a smart move, as you can potentially use your equity as a deposit to buy another property, or take advantage of an alternate kind of investment opportunity.

Accessing your equity to renovate is also an option to refinance. It could help you add value to your investment property, fast-track its capital growth and perhaps improve the rental value to increase cash-flow. Talking with a financial planner or accountant is a great way to see what strategy is right for you.

Are there fees involved?

Most financiers will have loan borrowing expenses and exit fees or penalties, which are usually tax-deductable. In the first five years of owning your investment property, you can usually claim borrowing expenses back incrementally, and if you refinance within that timeframe, you can claim the remaining tax deductions immediately.

Should I use one lender or multiple lenders?

Professional investors often prefer to use multiple lenders to avoid cross-collateralisation, which is where you secure a loan against two or more properties instead of one. However, this can be inconvenient when the time comes to sell, and risky if property prices should fall. If you use one lender, your properties may also be cross-collateralised by default. Overall, it depends on your financial situation, goals and the size of your investment portfolio, whether you choose to go with one lender or several. *We always recommend that you seek professional advice.*

We are focused on maximising your rental income and optimising your capital growth

SCHOOL ZONES A POPULAR CHOICE

Investors often want to know the secret to buying a rental property that will be in demand, attract quality tenants, minimise vacancies, provide a good short-term return (highest possible rent) and increase the long-term asset value of the investment.

What tenants want will depend on many factors specific to their needs. However, research has shown that location, nearby amenities and transport, safety and security, parking, presentation, good state of repair ready to move in, appliances included, age of property, open floor plan, adequate storage, outdoor space, little extras included (pool, lawn and garden care), air conditioning/heating, pet friendly, NBN connections/Internet and a good landlord that is willing to act quickly on maintenance requests are the key deciding factors.

Research also shows that school zones (where the property is close by or within walking distance) can be in higher demand, which can often be overlooked by investors as a deciding factor in buying a property.

If you are looking to expand your rental portfolio we are more than happy to assist and provide you with value-added feedback before buying.

WHAT IS FAIR?

Fair wear and tear continues to be one of the biggest challenges we face when a tenant vacates the property and is the leading cause of disputes at the end of the tenancy. The term is not specifically defined in the Act and provides no examples, which leads to the interpretation becoming complex. What is considered fair to a landlord or a tenant is a grey area and if an unresolved dispute arises, it will often lead to a tribunal court hearing decision.

Fair wear and tear is what happens during the normal use of a property taking into consideration the age of the property, the term of a tenancy and the number of tenants residing at the property.

In the case of *wear*, this might mean fading paint work on internal and external walls caused by sunlight over time.

In the case of *tear*, this might refer to disrepair caused by a tenant through 'unintentional' action or through the 'normal' incident of a tenant's occupation.

This might include the accidental ripping of aged and worn flyscreens or carpet, fading paint or general marks on the wall, cleaning above and beyond fair, cracks due to age or gardens/mulching deteriorating over time to name a few.

We aim for perfection, but if a dispute arises we must be fair.

CHRISTMAS WORD SEARCH FAMILY FUN

D M J S C P S Y O T R A T S O
M A V I X E N L R A J P F R M
O H N T R E E L Q R E G N A M
P Y N C O D D O S M C A X Q E
T R X Z E O F H I A M A V W R
B Q A J N R Y S R E H S B C U
B B S N X Y T O N T G B P D D
L A E H C L L T A N Y R B D O
I R Y B E E S E I T E S A B L
T S E T R S R K S S C S W W P
Z L O S N W C O E O H V K H H
E E L O J O R N M E O H P C M
N G W B T F T E R D I P U C S
J N W S E S T D S L I G H T S
O A K K K D P T I N S E L B F

ANGELS PRESENTS
BLITZEN RUDOLPH
CAROLERS SNOW
COMET STAR
CUPID STOCKINGS
DANCER TINSEL
DASHER TOYS
DONNER TREE
FROSTY VIXEN
HOLLY WREATH
LIGHTS
MANGER
MISTLETOE
ORNAMENTS
PRANCER

WHAT HAPPENS IF STORM DAMAGES HOUSE BEFORE SETTLEMENT?

IN QLD extreme weather events, such as cyclones & flood impact are regular occurrences & this raises a serious question around property sales & transfer of risk:

"What happens if my house has sold but not yet settled & a cyclone damages or demolishes my house? Does the sale still go ahead & who pays for the damage?"

According to the standard terms of the REIQ Contract of Sale, risk transfers to the buyer at 5pm on the next business day. So, if the contract was signed at 2pm on

Monday, April 10, the risk transfers to the buyer at 5pm on Tuesday, April 11. When we say "risk

transfers to the buyer", we mean that risk of damage to the property moves from the seller to the buyer & thus the responsibility for repairs. Having said this, the seller still has obligation to maintain the property up until settlement.

As a buyer when you have been advised that your offer has been accepted & signed by the seller it is prudent to arrange your insurance for the new property immediately.

In limited circumstances, under section 64 of the Property Law Act, when a residential property is deemed unfit for human habitation, there is a provision to potentially terminate the sale contract. The buyer must give the appropriate notice to the seller & can potentially do so without penalty & may have all deposits refunded.

It is also prudent, if you are a seller, to maintain your insurance.

FEEL FREE TO CALL US TO DISCUSS THE MARKET ON (07) 4153 3511

The staff of Ascot Real Estate wish you a very

Merry Christmas & A Prosperous New Year!