



THE MORTGAGE BULLETIN



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NEWS FROM BRETT LUCAS

Increases to rental costs are making saving a home deposit a bigger challenge and prompting many to wonder if they will be better off as a home owner.

It is an enduring consideration and with softening house prices and escalating weekly rentals the sums may now be tipped in favour of making the purchase push.

I can assist in finding a loan that might make this a reality. **Speak to me today.**

NSW GOES STAMP DUTY FREE

The NSW State Government has expanded stamp duty concessions on the purchase of new property via its NSW Home Builders Bonus.

The scheme sees 100% exemption of stamp duty for all new homes where the value does not exceed \$600,000 and building has not commenced. It is a one-off opportunity with no limit on the number of properties an individual or company (including investors) may acquire free of stamp duty.

For homes already under construction, stamp duty had been reduced by 25 per cent.

It is expected to save buyers up to \$22,500 and is expected to be a significant catalyst to the local property market.

Find out more at www.homebuyer.nsw.gov.au.

GETTING A GOOD MORTGAGE DEAL



WHEN PURCHASING PROPERTY

we expend most of our energy towards finding that dream home.

So why don't we always translate as much energy towards negotiating and qualifying for a great mortgage rate?

Bearing in mind it may save you considerable money over the course of a mortgage many home buyers do not fully maximise their borrowing position.

This issue we look at how you can get a better deal:

Plan ahead

Demonstrate that you are a responsible manager of your money. Leading up to a loan application make sure you manage and pay all bills in full and on time. You want to avoid any major credit issues and show you are a good investment.

Monthly spending

Look at your monthly spending and aim to increase the difference between how much you make each month and how much you owe. The bigger the gap, the more attractive you are. Big differences between your income and debt makes you a bigger risk.

Savings

Demonstrated savings are viewed very positively so save up as much as you can. Customers offering only the minimum down payment are regarded much greater risks to default and banks will often charge higher rates. It also reduces the amount of interest you will have to pay over the loan term.

Credit rating

What is your credit rating? This will influence your borrowing rate so request a copy of your credit report. If there are blemishes, you may be able to contest. Re-evaluations don't cost anything and may change the report in your favour. If you still have issues, prepare in advance with an explanation.

Shop around (mortgage broker)

Seek offers from a number of lenders. Our team of mortgage brokers can do the work for you. We will find the best and most competitive loan suited to your situation. You'll see that the terms offered vary quite a bit and can result in significant savings.

Ultimately banks want to give you a loan and it is all about risk management. By presenting yourself as a low-risk customer you stand to get better rates and lending terms available to attractive customers.

TAX TIME TIPS

It's that time of year again as many of us head to the tax man.

If you are a property owner you need to be aware of key information to ensure you get the most out of your tax return.

Quality record management is essential in providing accurate and appropriate information to the tax office.

Make sure you have the following areas covered:

INCOME – keep concise records of all rental income and ensure these amounts correspond with bank accounts.

EXPENSES – ensure all claimable expenses are included as part of your assessment. Include items such as advertising, agent fees and commissions, cleaning, security, utilities, gardening/landscaping, land tax (where applicable), legal fees, mortgage insurance, council rates and levies, stationary and postage, travel, insurance (building, contents, landlord etc), body corporate fees and accounting and book keeping.

DEPRECIATION – it is best practice to engage a quantity surveyor before property is leased to determine an accurate depreciation schedule. If you are claiming depreciation on improvements or construction but do not have receipts you will need a valuation report for the property.

PURCHASE DOCUMENTATION – if the property was purchased in the most recent financial year details such as purchase date, settlement date and purchase price are required. Other documents include loan costs, stamp duty and government charges.

The end of financial year is also a timely occasion to update the value of your investment property or portfolio. You may just be surprised at the equity you now have at your disposal.



RENTAL YIELDS HOLD UP INVESTORS

PROPERTY INVESTORS CONCERNED over minimal capital growth due to falling national house prices are now being rewarded through greater rental yield returns.

A further indicator of the housing shortage and low vacancy rates, an increase to average weekly rental rates on top of falling house prices has been welcomed by investors.

The RP Data-Rismark Home Value Index shows that weekly rental rates are up 4.6 per cent over the last six months.

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In contrast, capital city home values softened, dropping by 2.1 per cent in the March quarter (-0.6 for twelve months ending March 2011).

According to RP Data research director Tim Lawless, while residential property owners may not have seen any capital growth over the past 12 months, many are realising robust increases in rental yields.

“In contrast to the fall in home values, gross rental yields have been improving with apartments and houses now delivering a gross return of 4.9 per cent and 4.2 per cent, respectively,” Mr Lawless said.

“While the highest yields are found in the Darwin apartment market (5.7 per cent), apartments in Hobart (5.4 per cent), Canberra (5.4 per cent), Brisbane (5.2 per cent) and Sydney (5.1 per cent) also offer attractive yields,” Mr Lawless said. Brisbane came in as the worst performer at -4.6 per cent, unsurprising given the flooding events in South East Queensland.

In the non-capital city regions the story has been similar, with March quarter house values declining by -1.8 per cent and year to date flat at -0.5 per cent.

At the end of the March quarter, in the capital cities the national median dwelling price was \$455,000. For all regions across Australia, the national median dwelling price substantially lower at \$410,000.

With household incomes growing at 6 per cent per annum, interest rates potentially approaching the peak of the tightening cycle, rents increasing, and house values going nowhere, buyers are seeing an improvement in their position,” Mr Lawless said.

In addition, the latest Federal Government Budget did little to provide incentive to encourage supply of new property and with rising immigration numbers on top of recent population growth added pressure is placed on an already tight rental market.

Ultimately, this is all great news for property investors to generate greater rental yields and buy-in at reasonable prices. Speak to our team to see how we can help secure finance for your next purchase.