

ISSUE  
MAY – JUN  
2022

# THE INVESTOR

## BUDGETING TIPS

### How to save money

With the recent interest rate rise, increasing petrol prices, and the overall cost of living, many investors and families, continue to feel the pinch in their weekly money pockets. To assist our investors, we have put together several thought-provoking money-saving tips:

- Most importantly, be aware of what you are spending and take the time to actually look at your statements.
- Create a budget together outlining your income and expenses.
- Research and use free budgeting tools and apps online, such as spreadsheet templates.
- Review your memberships and subscriptions, such as gym, food service deliveries, and TV streaming. Can you cut back on any luxuries?
- Take time out to think about what may trigger any unnecessary spending habits.
- Know the difference between your wants and your needs.
- If you want to buy a new item in-store or online, adopt a personal buying policy of waiting 24 hours.
- Avoid grocery shopping when you are hungry.
- Create additional bank accounts for large annual expenses such as insurance premiums, rates and vacations. Top up the accounts each month to avoid unexpected financial pressure when the bills arrive.
- Consider structuring large expense items to be on monthly direct deposits.
- Cut down on ordering takeout, as this can add up compared to a home-cooked meal.
- Take the time to shop around for better deals.



## ARE YOU LOOKING TO BUY ANOTHER PROPERTY?

### Costly mistakes that you may not have considered

When looking to buy a property, the focus can often be on the market and the properties listed for sale instead of strategically preparing your financial circumstances well in advance to get the property you want.

When preparing to buy a property, it is essential to clean up your finances and present yourself as a strong borrowing candidate that doesn't just include saving for a deposit. You need to be aware of the costly mistakes that can reduce your borrowing capacity (despite the deposit you have saved) or, even worse, result in you being denied by the lender. How you manage your finances can also impact on the actual interest rate. The higher your risk, the higher the rate.

Don't finance a car or any other significant item (boat, wedding, or vacation) before buying a property, as 'new debt' can affect your credit rating, increase your debt-to-income ratio and place you in a riskier borrowing category.

Reduce, consolidate, or cancel the number of credit cards in your name. Every credit card you own (and the total combined credit limits) is considered part of your total debt. Your previous balances and monthly payment habits are also considered.

Don't quit your job or change careers before purchasing your property. This can impact your income assessment and possible employment stability, as lenders want a consistent employment history of two years or more.

Don't assume that you must save a 10%-20% deposit. Some lenders require little deposit or will take into consideration your current equity.

Research several home loan options with multiple lenders.

Know your spending limit before even looking to buy to be prepared when you see the property you want. It is imperative that you get mortgage preapproval to know the price range you can afford to buy within.

## END OF FINANCIAL YEAR FAST APPROACHING

### Is your rental property due for a facelift?

With the end of the financial year fast approaching, now is the time to consider whether your property needs any repairs, maintenance, or capital improvements.

From time to time, all properties will need a facelift, such as new carpet, paint, or appliances.

It is important to budget for the replacement of these items at least once every five to seven years or in accordance with your depreciation schedule or accountant's advice.

It is a known fact that a well-maintained property will attract quality tenants, resulting in higher rents, reduced wear and tear and minimise possible vacancy periods.

Properties that are maintained to a high standard will also increase the long-term capital growth value compared to those that are neglected and left to deteriorate and depreciate.

As your managing agent, we will keep you updated on the condition of your property and advise you in advance regarding improvements to allow you time to budget.

Repairs, maintenance, and improvements to your property are tax-deductible and can assist in reducing your overall tax payable. If you are unsure of your current financial position regarding tax time, then we recommend you organise an appointment with your accountant or financial advisor now to be well prepared.

## Q&A | My tenant doesn't want to renew their tenancy agreement?

This statement is a more common situation than you may think.

As the property owner, it is important to understand that when a fixed term agreement comes to an end (and the tenancy is not renewed), you are still protected by the tenancy terms and legislation.

Both the tenancy agreement terms and the Act allows for a fixed term to revert automatically to what is known as a continuing/periodic tenancy agreement. This means there is no tenancy end date if the agreement is not renewed. While there are differences in the notice periods required for the two types of agreements and possible insurance cover limitations, there are no other differences. If the tenant does not meet their obligations, the same remedies apply to fixed-term and continuing/periodic agreements.

If the tenant does not want to renew the tenancy, the first step in the discussion process should always be to ask, "Why they do not wish to renew"? Often there is a legitimate reason, such as they are in the process of buying a property.

You also need to consider that in some states, you must have a fair and justifiable reason to terminate the tenancy in the eyes of the courts.

If the tenant is required to vacate the property, there is the potential of a vacancy period in finding a new suitable quality tenant and the costs associated with advertising the property and securing a new tenant.

As your managing agent, we will always keep you updated in advance regarding a tenancy expiring and discuss the advantages and potential downsides that are unique to your tenant's agreement.

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PROPERTIES

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## PROPERTY MARKET

### Keeping you updated.

The "Help to Buy Scheme" offered by the Newly elected Labor Government is likely to be popular with prospective home buyers, as it provides a more affordable entry point to the Australian housing market for those individuals on low-to-mid level incomes. The highlights are:

- ✓ Government helps with up to 40% of property price for new homes, 30% for established, households source the rest of finance with as 2% deposit. Government holds a part ownership stake in the property, which can be bought over time.
- ✓ Spots: 10,000
- ✓ Income cap: \$90k for individuals / \$120k for couples
- ✓ Property price cap: varies by region, from \$400k up to \$950k
- ✓ Restricted to owner occupier buyers who don't currently own a property.
- ✓ Commences from July 2022

## SUDOKU COFFEE BREAK

Every row & column, and 3X3 box, must contain the numbers from 1-9

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