

ISSUE
DEC – JAN
2024

THE INVESTOR

CHANGE OF PERSONAL DETAILS

With the rise of cybercrime and online scams, this is a timely reminder to let you know that if you want to change your bank or contact details, we will require a signed letter from all the registered property owners so that we can keep a copy in our files. We will also personally telephone you to confirm your request. This company policy has been put in place to protect your best interests, as there have been online scams of emails sent to companies (that appear to come from the landlord) requesting bank details to be changed, and then the funds are transferred to fraudulent bank accounts.

TOP 10 NEW YEAR GOALS IS ONE OF THEM YOURS?

Make 2024 the year that you achieve all your goals. Be clear and specific in what you want to achieve, write them down and stick them on the fridge or mirror to remind you daily. Visualise your goals, tell a friend, eliminate bad habits, engage a coach to keep you accountable, be positive, don't give up, take little steps, and celebrate achievements.

1. Diet or eat healthier
2. Exercise more
3. Lose weight
4. Save more and spend less
5. Learn a new skill or hobby
6. Quit smoking
7. Read more
8. Find another job
9. Drink less alcohol
10. Spend more time with family



GROWING YOUR INVESTMENT PORTFOLIO WITH EQUITY \$\$\$

Equity, in simple terms, is the difference between the current value of your home or investment property and how much you owe on it.

For example, if your property is worth \$550,000 in the current market and you owe \$210,000, your equity is \$340,000.

The great thing is you can use this equity as security with the banks to purchase additional investment properties.

When using equity to purchase an investment property, banks will generally lend you 80% (or more if you take our Lenders Mortgage Insurance) of your property's value less what you owe.

So, based on the above example, how much useable equity do you have?

\$550,000 Value of your property

\$440,000 Value of your property @ 80%

\$210,000 Less what you owe 'your mortgage'.

This means your usable equity to grow your investment portfolio would be **\$230,000**, which is the value of your property @ 80%, less what you owe.

The next question is, how much can you borrow?

This is where you can apply the 'Rule of Four' by multiplying your useable equity (\$230,000) by four to calculate your maximum price to purchase another investment property or multiple properties up to the value of \$920,000, and you can build all the purchase costs into the transaction.

Why do we use the 'Rule of Four'?

If you purchase a property or multiple properties up to \$920,000 with your useable equity, the bank will lend you 80% to buy the additional property/s, being \$736,000. This leaves a gap of \$184,000 for the deposit and \$46,000 for costs, which will approximately equal your useable equity of \$230,000.

CAN A TENANT LEAVE A PROPERTY EARLY AND BREAK THEIR AGREEMENT?

The scenario is set where you are excited to hear that you have secured new tenants on a twelve-month tenancy agreement. Then, three months later, they requested to break their agreement.

When a tenant requests to break their agreement, it can be challenging and stressful news for some landlords as you may need to try and find another suitable tenant.

Can a tenant break their agreement early?

The simple answer is yes, depending on the prevailing circumstances.

The landlord can agree to break the agreement if another suitable tenant is secured and the tenant pays the rent until the new tenant enters into an agreement and takes possession of the property. In this case, depending on the state's legislation, the tenant may be required to pay re-letting costs and compensation for the changeover.

If a tenant requests to break their agreement, the first step is to find out why.

This is when questions arise about whether the tenant can break the agreement, what the notice period is if you can refuse and what your rights are as a landlord.

If you have investment properties in multiple states, it is essential to note that the legislation differs slightly.

The reasons for breaking an agreement can vary from 'The property is not suitable anymore', 'I have been made redundant, or I have to relocate for work', 'I can't afford to pay the rent anymore', or it may even be as simple as maintenance issues not being attended to.

While most generalised reasons for breaking an agreement will require the tenant to pay costs, there are some circumstances where a tenant can break their agreement without penalties, re-letting costs, or compensation, which will vary from state to state, such as:

- The landlord's failure to maintain the property or the property is unfit for habitation.
- The landlord breaches and refuses to rectify a term of the tenancy agreement.
- Domestic Violence Orders or the tenant needs crisis accommodation.
- The tenant is moving into a social housing property or aged care facility.
- The landlord fails to disclose an intention to sell the property before the tenant signs the tenancy agreement.
- The tenant can also apply to the tribunal/courts on hardship grounds (E.g., serious financial or health issues) to request the tenancy to be terminated.

If a tenant requests to break their agreement, you can be confident that as your managing agent, we will clearly communicate with you regarding the reason, legislation requirements, and costs payable. We will also act quickly to secure a new tenant to mitigate any financial loss.

HOW MUCH EQUITY DO YOU HAVE IN YOUR PROPERTY?

LET US HELP YOU WITH THE PROCESS

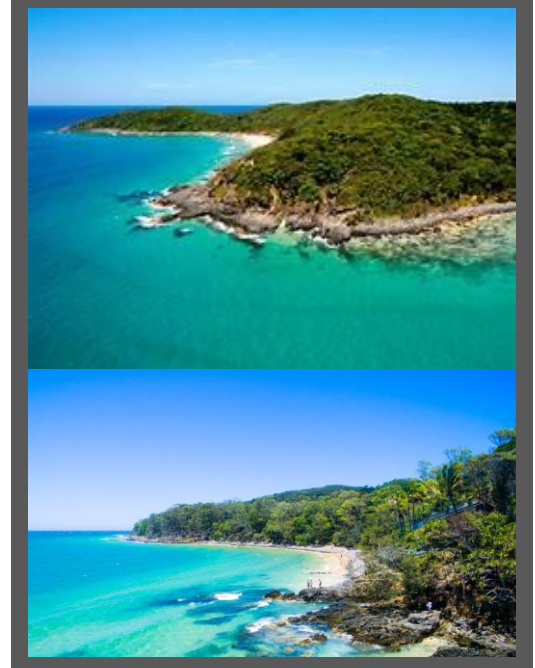
If you would like an obligation free, comprehensive and up-to-date written appraisal of your property to know the current market value, we are here to assist and support you. Please feel welcome to email or call ...

TALK TO US

ABOUT A FREE PROPERTY APPRAISAL

BUYING, SELLING & PROPERTY MANAGEMENT

CALL US IF YOU NEED ADVICE



SUDOKU COFFEE BREAK

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

		1	3	2				7
	7			1				
5			9					8
		6					7	3
			2	4	1			
9	4					2		
2					4			1
				6			2	
7				5	2	9		