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THE INVESTOR

HOME LOAN HEALTH CHECK | JUST ONE CALL

Home loan payments are back to business as usual for many across the nation, with the banks winding up their deferral programs (following a high of almost 500,000 deferrals being granted). However, there are still some investors and homeowners who are feeling the financial pinch.

Finding ways to save money, reduce debt, increase wealth, and generate greater profits is every investor's end goal.

The banks were happy to tell us that the deferral period had ended, but the banks will often not tell you how to get a better deal – you must go to them or shop around.

While we can apply the 'shop around' concept to everything from utilities to insurance premiums, let us keep it simple this month and commit to making just one call to your bank asking, "*Can I get a better home loan deal, or how can I save money*?"

A few thought-provoking tips and questions to ask when contacting your bank:

- Research other lender rates first.
- Let your bank know that you are comparing home loans.
- How much can be saved in interest by making weekly or fortnightly payments?
- Will setting up an offset account save me money?
- What can I save in interest by paying an extra $100 per month?
- Can I structure the home loan differently to reduce payments, save money or reduce the amount of interest payable?

ONE CALL REALLY CAN SAVE $$$

SMART PROPERTY INVESTMENT TIPS

IN A HOT MARKET

There is a real estate buzz. The property market is hot, with properties selling as soon as they are listed in many areas (sometimes without even being advertised), resulting in a shortage of stock, which is ultimately one of the main driving factors increasing property prices. However, while hot property markets can create opportunities and excitement, you still need to be smart in your property investment decisions to avoid potential pitfalls.

Smart property investment tips for buyers and sellers:

- Consider buying a property in an area you are familiar with, as it will reduce your research time.
- Get online and check recent sale prices.
- Research the weekly rents for similar properties that you are looking to purchase to determine the potential income that can be generated and your return on investment (ROI).
- Take the time to find out what you need to do to be a successful buyer or seller.
- When selling a property, do not get caught up in the hype that you do not have to do anything; taking the time to improve, prepare and stage a property for sale can potentially add tens of thousands to the sale price.
- Do not always go with the cheapest option. Ask for testimonials, compare prices, but more importantly, look at outcomes, statistics, and results.
- Understand the pros and cons of the different methods of buying and selling.

INVESTORS BEWARE

THE LITTLE THINGS THAT CAN COST YOU IF UNDETECTED.

When investing, it is essential that you choose the right property from the outset to reduce any day-to-day challenges during the management process of the tenant and property, but more importantly, to minimise any unknown and unexpected repair costs once you officially become the owner.

Following is a snapshot revealing five (5) common little unknown potential cover-ups of what you need to be aware of when purchasing your next property.

1. Illegal building constructions

This relates to building works, such as additions or alterations to a property without building approvals or a valid final certificate. These can include extensions, removing load-bearing walls, constructing decks, jetties, garages, carports, granny flats, pergolas, and the like. A property that is considered substandard, illegal in construction, unsanitary, unsafe, or unfit for human habitation can have serious consequences. Estimated costs to repair: up to $100,000+

2. Cracking

Some cracking that appears within a property, such as driveways, ceilings, walls, etc., can be considered normal wear and tear. However, all cracks need to be taken seriously, especially ones in external house foundations and walls. Large cracks (greater than 2mm in width); cracks that run diagonally across the wall; cracks on the interior finish in the same vicinity as cracks on the house's exterior should be a red flag concern. Estimated costs to repair: up to $50,000+.

3. Termites and timber rot

A property can have prior termite infestations that have been treated or potentially be infested. While some termite damage is visible to the naked eye, much of it tends to be hidden deep inside a home's wood components. Estimated costs to repair: up to $20,000+

4. Roof problems

It is not everyday practice for a buyer to get up on the roof when inspecting a property. However, cracked tiles, rust appearing on metal, or cracked pointing and bedding can lead to serious issues or the complete replacement of the roof. Estimated costs to repair: up to $20,000+

5. Rotten weatherboards and windows

Any paint peeling, cracks, holes, uneven surfaces, or splits in external wooden structures should be a high alert. Estimated costs to repair: up to $10,000+

It is highly recommended that before purchasing any property that you ensure that you invest in the services of a professional building inspector, pest-control company and appoint a reputable lawyer to manage the sale transaction.

For such a small outlay, it can save you thousands.

OFFSET ACCOUNT PUT IN SIMPLE TERMS

An offset account is an everyday bank account that is linked to your home loan.

You can deposit your salary and savings into the account, and the balance is then offset against the amount owing on your home loan.

It basically replaces your everyday bank account, where the balance 'offsets' the amount you owe on your home loan, reducing your monthly interest.

The more you have in your offset account each day, the more interest you could save.

With some banks, you can link multiple accounts to your home loan, receive credit card-related bonuses, and much more.

If your household salary is not being deposited into an offset account, you could be paying too much interest.

SUDOKU COFFEE BREAK

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

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