

This newsletter has been designed to keep you updated on what is happening within the industry and our Real Estate Office

**From the desk of the
Property Managers**

**Do you have adequate
Public Liability Cover?**

Public Liability Insurance offers the insurer protection from people claiming compensation in the event of an accident or loss in or around your home.

If your tenant or a tenant's visitor were to lodge a compensation claim, then your Public Liability Insurance policy will assist you with the payment of compensation.

Public Liability Insurance may also cover you against injuries made by falling objects or people carrying out repairs.

The recommended standard cover is \$10,000,000. Your Building Insurance will often have Public Liability Insurance as will Landlord Protection Insurance.

However, we do recommend that you check that you have adequate coverage.

Inspirational Tip

"It's better to fall short of a high mark than to reach a low one".

H.C. Payne

Renovations – Are they worth it?

With the introduction of many renovation shows over past years, more and more property owners are choosing to renovate their property.

It may be a home renovation/extension to increase the property size (avoiding having to relocate to a larger property) or a process undertaken to capitalise on the property and make money.

Renovations undertaken on your principle place of residence are often treated a little differently to investment property renovations. If it is your home you will often spend a little extra to have it exactly the way you want it. However, if you are not planning on residing in the property for the long term, you should take the following into consideration to ensure that you do not over-capitalise on your renovations. Once the property has been renovated you want to ensure that you will be able to get your money back.

Tip 1 – Know the value of your property before you undertake the renovations. Contacting your local

Agent for a complimentary appraisal will assist with this process.



Tip 2 – Know your local market. What is the average price for similar properties? What is the lower-priced range? What is the higher-priced range? How are these properties presented? Even take the time if possible to drive past and view the properties from the street.

Tip 3 – What will your renovation cost? Always add an extra 10%-20% on top of your anticipated costs and allow for contingencies (unexpected costs).

Tip 4 – Engage an expert builder or project manager to assist with establishing the overall renovation costs.

Continued Over P.T.O...

IMPORTANT: This is not advice. Clients should not act solely on the basis of the material contained in this newsletter. Items herein are general comments only and do not constitute or convey advice per se. The newsletter is issued as a helpful guide to clients and is for their private information. Every effort is made to ensure the contents are accurate at the time of publication. We take no responsibility for any subsequent action that may arise from the use of this newsletter. Published by THE PPM GROUP - www.ppmssystem.com & Raine & Horne North East

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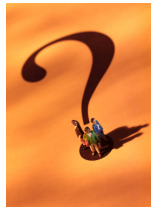


Tip 5 – The most popular rooms to renovate are the bathroom and kitchen as they offer emotional appeal to the buyer or investor.

Tip 6 – Improving the external appearance such as the lawns, gardens and external painting of the property is often money well invested. Make sure that the renovations are in keeping with the street appeal and don't dramatically stand out.

And once again, don't forget to take property resale values into account when you renovate.

It is important to please yourself, but from an investment standpoint, you should make sure that potential tenants and buyers will also think your improvements add value. ■



Questions and Answers

What is the difference between a home's appraised value and a market value?

Appraised value is a certified appraiser's opinion of a home's worth at a given point in time.

Market value is what price the house will actually bring at a given point in time.

Lenders require appraisals as part of the loan application process by a certified appraiser and these fees can vary from \$200 to \$500.

A comparative market analysis, which is performed by a real estate agent or broker, is an informal estimate of a market value, based on sales of nearby comparable properties.

If you would like to know what your home is worth in the current market, feel free to contact Rachel or Steve 8395 2233. ■



ATO – Rental Expenses

You can claim a deduction for certain expenses you incur for the period your property is rented or is available for rent.

However, you cannot claim expenses of a capital nature or private nature – although you may be able to claim decline in value deductions or capital works deductions for certain capital expenditure or include certain capital costs in the cost base of the property for capital gains tax (CGT) purposes.

Types of rental expenses

There are three categories of rental expenses – those for which you:

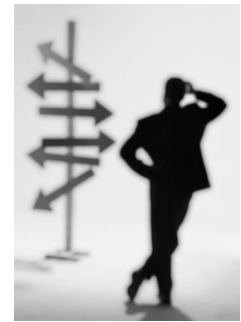
- cannot claim deductions
- can claim an immediate deduction in the income year you incur the expense
- can claim deductions over a number of income years.

For a detailed understanding of all rental property expenses we recommend that you visit the following web link of the ATO and download a copy of their 2008 guide:

<http://www.ato.gov.au/content/downloads/IND00133187n17290608.pdf>

This guide explains how to treat rental income and expenses, including how to treat more than 230 residential rental property items. ■

Act Now not Later!



With another end to the financial year looming have you found yourself saying where did that year go?

I was going to do this and do that, I was going to buy some shares or get an investment property. Well I think that explains how it was for most of us. So don't let another year go by without acting!

According to many property experts we are now in some of the best investment opportunity times ever. With cheap interest rates and some great bargains in the market place, positive gearing is back.

Using the tools of a Mortgage Professional, Accountant, Property Managers and other specialists, it can be very easy to set up and structure an investment property that is not a pain or a hassle, but is actually the true asset it was intended to be. From my experience most people get it wrong from the start by not taking their time and speaking to the experts that can help them make it easy.

Before this financial year ends why don't you take the time to find out what your options are. You may be surprised as to how cheap it is and can be to purchase your first or subsequent investment property and kick the 2009/2010 financial year off to a positive one.

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