

# Real Estate News

INFORMATION TO HELP YOU WHEN BUYING OR SELLING | March 2011 |

## Mortgage Stress - Don't Despair

JOHN TUCKER

**Recent rises in official interest rates and other factors such as changes in personal circumstances can lead to Mortgage Stress. A loan taken out when interest rates were low combined with the loss of a job, a partner ceasing work to start a family or the scaling back of overtime can sometimes place a borrower in a situation where they begin to fall behind in their home loan payments.**

A recent report from the National Centre for Social and Economic Modelling claims that in Sydney, 56% of first home owners are now paying more than 30% of their income towards housing payments. And the situation is similar all over Australia. Mortgage Stress is generally defined as 30% of income being spent on mortgage repayments. With official interest rates predicted to continue to rise over the next two years, the number of borrowers affected by Mortgage Stress is expected to rise.



**Mortgage sales are unpleasant occurrences at the best of times and one of the worst jobs that a real estate agent is called upon to do.**

In the event that a home-owner falls behind in their loan payments and they do not make any attempt to address the situation, their finance provider (Mortgagee) has the legal right to take action to evict them from the property and then sell it at a Mortgagee Auction to recover the monies owed to them by the borrower. Mortgagee sales are unpleasant occurrences at the best of times and one of the worst jobs that a real estate agent is called upon to do.

Borrowers who have mortgage insurance may think that they are covered for any shortfall, but the truth is that the mortgage insurance is there to cover the Lender and when the sale is over the Borrower may still find themselves liable to the Insurer for any difference between what their house sold for at Auction and any monies plus costs still owed to the Mortgagee.

But don't despair - reputable lenders such as the banks do not like having to sell a property by Mortgagee Auction if they can avoid it. They will do whatever they can to assist their borrowers if they find themselves falling behind in their mortgage payments.

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# NEW TENANCY LAWS AFFECT EVERYONE

The Residential Tenancies Act 2010 was passed in June 2010, and as at the 31st January 2011 there are changes that will affect both landlords and tenants alike. In this month's edition of Real Estate News we highlight ten of those changes;

## 1. Tenants get more time to move out

If a tenant is no longer on a fixed term tenancy and the landlord wishes to have the tenant vacate, they must now provide the tenant with 90 days notice (previously 60 days).

If a tenant wishes to provide the landlord with notice prior to the end of the fixed term, they must now provide 30 days notice to vacate after the fixed term expires (previously 14 days).

## LETTER FROM EDITOR



Top Ryde City Apartments has finally commenced construction.

The first two towers which we have substantially sold are now being built. Adjacent to these two towers will be the next tower (building E) which comprises 81 apartments. We will soon be offering these apartments exclusively to our clients (you won't see them advertised or promoted anywhere).

This building comprises of a selection of 2 and 3 bedroom apartments with uninterrupted city views, as well as 1 and 2 bedroom apartments overlooking resort style landscaping.

This is an exciting opportunity that we are able to present to our clients. Please let me know if you would like more information. You can call me personally on 0418 225 435.

Tony Abboud

Principal

## 2. Water efficiency

Water usage may now only be claimed on a property that is deemed "water efficient" and separately metered. As a landlord it is important to instruct a third party contractor to provide this certification for you. For a Fact Sheet contact us.

## 3. Faster rent arrears eviction process

Landlords are now able to apply to the tribunal for eviction orders at the same time as they issue a termination notice to the tenant. Previously a landlord would be required to wait the 14 days, until the notice expired before they could apply. This new rule can reduce your loss of rent with a quicker eviction process.

## 4. Holding fees

A tenant who's application has been approved to lease a premises generally pays a holding fee. Should the tenant withdraw their application after approval, they will forfeit the full amount, being one weeks rent. Previously they would forfeit a pro rata amount relative to the number of days the property was held.

## 5. Sale of rented premises

A tenant must make reasonable access available to an agent for the purposes of inspections by prospective purchasers. A ruling has now been set that a tenant must provide a minimum of two appointments per week, provided they receive 48 hours notice. Previously this was "reasonable notice" leaving it open to interpretation.

## 6. New Tenant checklist

At the commencement of any new tenancy the tenant is provided with a "New tenant checklist" highlighting the basics of what to expect when signing a lease. Previously a tenant was provided "The Renting Guide" a full outline of Rights and Responsibilities. Contact us for a copy.

## 7. Co Tenancy

There is a number of ways tenants "share" a home. A landlord must not

"unreasonably" withhold permission for a tenant to have what we typically call a "flat mate" otherwise known as a co tenant, or sublet. The responsibility for the property, remains with the original tenant / lease holder.

## 8. Disclosure

An agent and landlords requirements in regards to disclosure have now been formalised. Either party must disclose to the tenant any information relating to the premises and ; Flood or Bushfire in the past 5 years ; preparation of contract for sale; scene of a serious violent crime in the past 5 years, no residential parking permit available, shared driveway or walkway, non uniform council waste services.

## 9. Rental Bond

Rental bond for any property in NSW can only be charged at a maximum of four weeks rent. This applies to both furnished and un-furnished properties. Previously for unfurnished properties the rate was six weeks rent.

## 10. Lease Preparation Fee

A landlord can no longer charge the tenant for any portion of the fees associated with the preparation of the lease. Previously, a landlord who is typically charged \$33, was reimbursed \$15 by the tenant. The landlord will no longer receive this reimbursement.

Many agents and landlords are concerned about the changes having major impact on the management of their investment property. At Rent Property we have spent months reviewing our systems and procedures, to maximise the return through applying these rules fairly to both landlords and tenants alike. For further information on how the changes may affect you, or to receive a soft copy of the new act, either contact Rent Property [www.rentpm.com.au](http://www.rentpm.com.au), or visit

[www.fairtrading.gov.au](http://www.fairtrading.gov.au)

Fiona Blayney

Director Rent Property

# Mortgage Stress - Don't Despair

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The advice which all of the banks give to borrowers who may find themselves falling into arrears is, "Don't panic and above all don't ignore your situation." The longer you delay addressing your arrears, the more serious your situation will become and the harder it will be to try to find a solution. There are a number of actions you can take to possibly help your circumstances.

## THE FIRST ACTION

is to obtain some professional independent advice from a financial counsellor, specialist community legal centre or legal aid office as soon as possible, to discuss your options. They will assess your situation and identify which debts you should pay first, whilst helping you to formulate a budget and help you to explore ways to reduce your expenses and increase your income. They will be able to advise you if you are eligible to apply for a short term, interest-free mortgage relief loan available from some State Governments to cover temporary shortfalls.

The Australian Competition and Consumer Commission (ACCC) website lists details of financial consellers, community legal centres and legal aid offices in their Consumer and Business Directory under the "For Consumers" tab at: <http://www.accc.gov.au>

**"Don't panic and above all don't ignore your situation."**

## THE SECOND ACTION

is to talk to your lender as soon as you realise that you might miss a payment. They will help you assess your available options. They may allow you to restructure your loan to reduce your payments by extending the term of the loan or even suspend payments or make lower payments for a period of time until your circumstances improve. It is important that you are completely honest with your lender about your true circumstances so they can work out the best way to help you. Some banks employ specialised teams to assist their customers who are experiencing financial stress.

If you are not happy with the response you receive from your Lender, you can lodge a complaint with the Ombudsman or an independent dispute resolution scheme. (Refer to the ACCC website for further information.)

## A THIRD OPTION

may be to investigate refinancing your loan to consolidate your debts and reduce your overall payments. If you are

looking at an alternative finance source, thoroughly investigate all of the factors including fees and charges payable and any termination fees which your current lender may charge to terminate your current loan arrangements. Be cautious of high pressure sales tactics by a broker or lender promising to solve all of your financial woes in one move.

Under certain compassionate grounds, it may be possible to apply for the early release of a lump sum from your superannuation to pay outstanding mortgage payments.

## A FOURTH OPTION

which would be one of the hardest things to do would be to consider selling your home. This could mean you walking away with more money to enable you to start again, than if you delay and ultimately end up with less. If you do decide to sell - shop around to find the agent who you believe will act in your best interests and get you the highest sale price in order to optimise your position.

At Snowden Parkes our professional and understanding team have dealt with many, many sellers over the years and are highly experienced in advising sellers of all their available options. They will always strive to achieve the best possible financial outcome for you no matter what your situation may be. Give us a call on 9808 2944 today. ■

How much should you pay an agent?

**NOTHING...**

if they sell your home for less than they quote you.

Contact Snowden Parkes today  
for a guaranteed price quote on your home.



# snowden parkes

Real Estate Agency  
welcomes 2011  
with a totally  
new look!

Trading 7 Days a Week



Having always been at the forefront of the local real estate market, one of the best agencies in Ryde just got even better. Meeting local market needs and with its forward approach the agency continues to grow and expand. To move forward we often need to change the way we think and keep adding 'momentum'.

Hence for Tony Abboud the Principal to realise his ambitions for the Snowden Parkes Real Estate Agency's future direction, a refurbishment for the office was pivotal. The decision was primarily based on the need to add value to new and existing clients of the office and

to provide an invigorating environment for the staff. It has been replaced with a modern, fresh welcoming new office located at the existing address 14 Church Street, Ryde.

You may have also noticed that in recent times throughout our marketing, the Snowden Parkes logo and brand identity had been redesigned to reflect a fresh, modern, forward thinking and up to the minute approach offered by the Real Estate Agency. The website was also refreshed and is continually updated.

Snowden Parkes Real Estate Agency continues to pride itself on the service

and professionalism that it has to offer to all clients. It continues to take measures and actions to ensure that the services provided is always of a high standard and at a level that competes if not super seeds all other agents in the area.

We hope that you welcome these changes and invite all new and existing faces to visit our office and experience these changes for yourselves. The company is continually evolving and adapting, reflecting the ever changing need of our clients.

We would welcome your feedback and comments.



Real Estate  
Careers

Great people.

Satisfying.

Career paths.

Winning agency.

## An environment where you can excel

Here at Snowden Parkes we're always keen for aspirational individuals to join our Sales and Property Management teams.

We offer plenty of rewarding career opportunities and a nurturing environment which breeds success. So if you're up for a challenge and are looking for a long-term real estate career, we'd love to hear from you.

# snowden parkes

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