

22nd July 2010

this issue

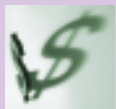
Let's Talk Real Estate

Loan update

Rental property deductions

How waterproof is your bathroom?

*'The
Right
Advice'*

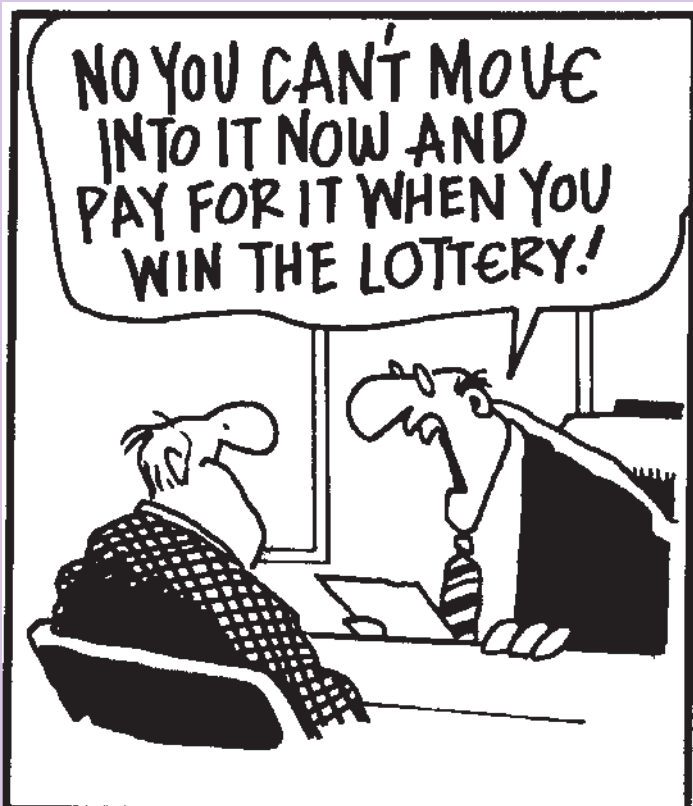


Home Loan Update CURRENT LOWEST INTEREST RATES

	Rate p.a	Comparison Rate p.a
Introductory Rates	6.49%	7.43%
Variable Rates	6.44%	6.57%
Professional Packages	6.47%	6.63%
Fixed for 2 years	POA	POA
Fixed for 3 years	6.49%	7.29%
Fixed for 5 years	7.79%	7.23%

The comparison rate includes all loan costs for a \$250,000 loan over 25 years. Subject to conditions and subject to change without notice.

For a no cost, obligation free discussion please call Ian Morgans, Loan Market, 0401 140 928



Let's Talk Real Estate

Getting Ready for a Spring Sale

It could be said that the early bird gets the worm, but putting up your property for sale in September or thereabouts could make sense. Consider that more properties are for sale from September to the first week of December than at any other time of the year.

In fact, there are proportionately more buyers than sellers in early spring, so your chances of achieving a higher price are better.

When selling it's also a good idea to scope out the market for comparable properties to yours, comparing apples to apples. If you have a 3 bedroom unit, for example, look and see what other 3 bedroom units on the street are selling for. Don't look at 3 bedroom houses.

Also, have a sales contract drawn up by a solicitor, because incomplete documentation can ward off buyers. It's best to be properly prepared to respond to any issues that would concern a buyer's solicitor.

Regarding whether to auction or sell by private treaty, it depends on the house and the area. If your property has unique features that would attract plenty of buyers, then auctions can achieve a competitive atmosphere and a higher price.

If you're in a new housing development, on the other hand, where there's other similar properties auctions are less successful.

Finally, first impressions are so important when a sell sign goes up. So put attention on your garden. Simply pruning larger shrubs and trees, for example, can make the garden appear larger.

Interested in Real Estate as a career?

Free call Jan on 1300 296 390 for details of our next presentation

Rental property deductions

It's tax time and the Tax Office has warned that it is focusing on rental property deductions again this year and wants to ensure people understand how to declare rental income and claim deductions correctly.

Some common mistakes made by rental property owners include:

- * incorrectly claiming property improvements as repairs when they are actually capital costs, like remodelling a bathroom or replacing a stove
- * claiming construction costs as decline in value instead of capital works
- * overstating rental deductions by incorrectly apportioning the interest on a loan between a rental property and private use, and
- * making incorrect claims for a property that is not genuinely available for rent, or where a property has been available for rent for only part of the year.

You may be able to claim an immediate deduction in the year you incur rental expenses for things like advertising for tenants, building insurance, or for repairing windows, appliances or other fittings damaged while the property was rented.

However, some expenses like renovation costs are claimed over a number of income years.

Generally you can't claim rental deductions for private or capital expenses, such as:

- * the cost of buying or selling your rental property, like the cost to purchase the property, conveyancing costs and advertising expenses
- * expenses not actually incurred by you, like water or electricity charges paid by your tenants, and
- * expenses that aren't related to the rental of the property, like expenses connected to your own use of a holiday home that you rent out for part of the year.

You will need to apportion your expenses if:

- * your property is available for rent for only part of the year
- * only part of the property is used to earn rent, or
- * you rent your property at non-commercial rates.

Record keeping

Keeping good tax records is not only helpful when completing your tax return but is necessary if the Tax Office asks you to provide evidence of your claims later on.

Generally you need to keep records for five years. You should keep records of:

- * any receipts you have received, such as rent
- * any expenses relating to rental deductions you have claimed, such as repairs or maintenance, and
- * when you acquired or disposed of the property.

For capital gains and capital losses you need to keep records for at least five years after the CGT event.

If you're not sure, it is better to keep too many records than not enough.

The Tax Office has several publications available to help you understand your tax obligations in regards to your rental property, including Rental properties and Guide to capital gains tax.

HOW WATERPROOF IS YOUR BATHROOM?

Guidelines for the waterproofing of wet areas in residential buildings have been re-defined in the latest version of the Building Code of Australia, as the issue has consistently been one of the most commonly recurring major building defects, with homeowner complaints about defective waterproofing ranking third highest over all complaints received regarding building work.

Water damage is second only to fire as a cause of building decay and deterioration. Apart from the obvious casualties such as rotting of timber structures and finishes and the corrosion of metals, damp can cause plasterboard to swell, ceramic tiles to come loose and carpet to rot.

From a health aspect, electrical hazards and respiratory problems are more prevalent in a damp house.

Leaking showers represent a significant proportion of wet-area failure, followed by bathrooms then laundries and toilets. Here's a checklist to help track down the source of the leaking.

- * The main tell-tale sign of trouble is peeling, bubbling or stained paint or efflorescence salts on the wall behind a shower, bath or basin - this may be evident in the bathroom, laundry, etc itself, or in an adjacent room. Plaster and render can also be affected, often causing it to become detached from the wall.

- * Look at the general condition of the shower. What is the condition of the grout and sealant? Cracked or loose tiles are a significant cause of shower leaks. Unfortunately, simply removing the loose tiles and re-fixing them is not the answer. Dampness may be rotting the base to which the tiles are attached, and all affected areas need to be redone.

- * Next, check if the shower, screen or drainage system is leaking. Make sure that the shower screen has been properly installed and sealed. (It should be flush with the inside face of the hob).

- * Check the roof drainage connections for signs of leaks - does the leak only ever happen when it rains?

- * If none of these exposes the culprit, it is time to check if the shower tray is damaged. Plug the shower drain hole; fill with water up to 25 mm from the top of hob or 10 mm from the top of the step down and check for leaks. Allow water to sit in the shower for at least 12 hours.

Once you have determined the source of the dampness you can then decide on the best method to treat the problem. In most instances you will probably require a professional to assess the problem, suggest a treatment and quote for the repair work.

(Source: Quartile)