

Ray White

On Mulgrave Cairns



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MAY 2009 | INSIDE THIS ISSUE

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Quote: "This is no time for ease and comfort. It is the time for dare and endure."

Winston Churchill (1874-1965)
British Prime Minister during WW II

OFFICE NEWS

HI EVERYONE!

Well another month has gone by & we are only 30 days away from the End Of Financial year. At long last we have had beautiful blue sunny skies with temperatures ranging from a cool 17 degrees at night, to a perfect 27 degrees during the day. If you are planning to do a tax deductible flight to Cairns to check out your properties, now is the time to do it!

There is a great article in the latest API magazine about Investor psychology which is well worth reading. Written by Michael Yardley, he states "I've decided that I am not going to participate in the recession & I would like you to join me" Basically, while we have no control of the world economy, we do have responsibility for our own personal actions & prosperity. Take care of "your economy", your thoughts, your responsibilities & take action. The more you focus on fear, the more afraid you become. As a message from the Principal of this office, I would like to express my concern at the amount of abuse often directed very unnecessarily at our property management staff. Our hard working team are all here at our office because they were hand-picked as some of the very best & experienced in the industry. It constantly astounds me at the lengths at which many Landlords go to, to make life hell for them. Please, this economic crisis is hitting everyone, we cannot be blamed for tenants losing jobs & abandoning houses, nor for the need for some properties to have basic maintenance to enable us to get quality tenants. The vacancy rate in Cairns is still at 8% and yes, rents are still falling. Most of us are also Landlords ourselves...we do understand. And for the majority of Landlords who are calmly in control of their "economy", their thoughts, responsibilities & actions, we gratefully thank you.

Have a great month!

Ray White On Mulgrave Property Management

MAXIMISE YOUR TAX DEPRECIATION DEDUCTIONS

Many property owners are losing thousands of dollars by failing to take full advantage of a property's tax depreciation potential. An often overlooked method of obtaining tax credits, property tax depreciation is available to any property owner who obtains assessable income by way of rent or operates a business from a property. Your investment property does not have to be new: Both new and old properties will attract some depreciation deductions.

- If the property was built pre July 1985, it will not be eligible to receive the construction write off allowance, but will be able to claim depreciation on the plant and equipment items within the property.
- All buildings, regardless of age, will attract depreciation and the building write-off allowance if refurbishment works have been undertaken since 17 July 1985 (residential) and 20 July 1982 (non-residential)
- All external works including fencing, paving, pergolas, garden sheds etc constructed after February 1992 will attract the building write-off allowance;
- A depreciation report can be prepared to allow you to easily recover missed depreciation benefits (up to a period of four years) by amending previous tax returns.

Special Offer: As a Ray White client, BMT Tax Depreciation offer a discounted fee of \$650 (normal fee \$715) which is 100% tax deductible. They guarantee that if they cannot find double their fee worth of deductions in the first full financial year claim, there will be no charge for their services. Go to www.bmtqs.com.au & check out their free tax depreciation calculator!

Here are five fast tips to help you save money in the property world:

1. Make fortnightly mortgage payments, not monthly. The experts say this is an easy way to make an extra repayment each year without feeling any pain on the hip pocket.
2. Try to save 20 per cent deposit in order to avoid paying lender's mortgage insurance (LMI). LMI protects the bank if you default on your loan; it doesn't help you if you're in financial distress.
3. Even though variable interest rates have fallen sharply in recent months, keep paying the same amount off your loan as you always have and you'll wipe years off your loan.
4. Don't sign any contract that requires full payment for renovations or building work before you are satisfied with the end result.
5. If you're using a builder to construct your new home (for example, if you've bought a house-and-land package), deal direct with the tradies instead of hiring them through your builder. Often their fees will be cheaper when you deal direct.

SMOKE ALARMS – IT'S YOUR LEGAL RESPONSIBILITY

Smoke Alarm compliance seems to be an ongoing hot topic of contention amongst our Landlords with many of our Property Managers copping the brunt of a legislation ruling that we simply cannot ignore. Since July 1st 2007, Landlords have had increased responsibilities regarding the maintenance, cleaning and testing of smoke alarms. Under Queensland law, Property Managers must exercise due care to ensure these inspections are carried out according to strict guidelines which state that smoke alarms must be tested and cleaned (and if required, batteries changed) **within 30 days before a new tenancy or lease renewal.**

There is also a requirement to clean and test alarms at least once every 12 months. (Penalties apply for non compliance)

Real Estate Agents have been warned by their Insurers that inspecting and maintaining smoke alarms in the properties they manage is outside the expertise of a Property Manager. In the event of a fire, this could result in the Property Manager and/or Landlord's Professional Indemnity Insurance becoming null and void. For this reason, our Property Managers will not take on this responsibility - the risk of personal litigation is too great.

Smoke Alarm Solutions (SAS) have been appointed our approved service agent and have an annual program that is cost-effective. At just \$1.44 per week, SAS will attend your property for as many times as required to maintain the property's compliance, as well as provide free replacement 9 volt batteries, all for only \$75 per annum. Also, Smoke Alarm Solution's professional indemnity insurance is specific to the tasks they perform,

offering maximum protection of your investment for minimal cost.

Please bear in mind, non compliance at any time can attract a fine of \$375 and compromise the integrity of landlord building insurance. Many of you will remember the loss of 4 lives in a Brisbane house fire last year whereby the Landlords were handed down a damning sentence of manslaughter. This is a potential situation that we must protect you from..

OFFICE ACTIVITY THIS MONTH

Our overall current Occupancy Rate is 96.95%

Address	Property Description	Days Vacant	Rent Change
HOUSES	LEASED THIS MONTH		
2 Russellia St	4 bed, 2 bath, \$420 p/w	50	↔ Same
15 Caribbean St	3 bed, 1 bath, \$310 p/w	0	↔ Same
3 Skull Rd	3 bed, 2 bath, \$295 p/w	12	↔ New
79 Baronia Cres	3 bed, 1 bath, \$315 p/w	9	↔ New
7 Periwinkle Ave	3 bed, 1 bath, \$320 p/w	0	↓ \$10
UNITS	PROPERTY DESCRIPTION LEASED THIS MONTH	Days Vacant	Rent Change
303/53 McCormack St	2 bed, 2 bath, \$220 p/w	51	↔ Same
16/294 Kamerunga Rd	2 bed, 1 bath, \$305 p/w	7	↔ Same
11/3 Stratford P	2 bed, 1 bath, \$250 p/w	36	↓ \$15
2/23 Creedy St	2 bed, 1 bath, \$245 p/w	17	↔ Same
16/350 Sheridan	2 bed, 1 bath, \$200 p/w	14	↓ \$20

REFERRALS ARE REWARDING!

Don't forget our "Thank you for your Referring" bonus gifts! A \$100 Gift Voucher from Bunnings Warehouse or a \$100 Money Order will be sent to you for every management that you refer and is subsequently signed up.

CALENDAR OF EVENTS- JUNE 2009

- 8 June PUBLIC HOLIDAY– Office Closed
- 15 June Mid Month Accounting
- 30 June End of Month Accounting

P.S. If anyone would like a copy of the API magazine article, please email your Property Manager & they will be happy to send it to you!