

# In The Know...

September 2009 Newsletter

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### Property

The evidence is in, property prices are on the rise, as I predicted at the start of the year.

Demand, due to low interest rates, improved affordability and the First Home Owners (FHO) Scheme's has lead to a recovery in the price of residential property.

Yet the big question is will they been sustainable or will demand drop off post FHO's? Well there are a few things one needs to take into consideration here before making a call.

# Supply side—Yes demand is up, but how is supply going?

A. Supply is still considerably constrained if you are buying in fully developed area's closer to the CBD. Plus we all know they can't make any more land, so I suspect with

## Buy now or wait 'til post FHO's Go?

continued population growth and limited construction taking place the shortage of supply will continue to drive increased values.

# Demand Side—Will investors come into the market in a stronger manner?

A. We are seeing evidence of increase mortgage lending appearing in the RBA data records. This is a sign of their renewed interest in residential property as their superannuation was battered for the past couple of years and property rental yields hold up and capital values continue to grow

# Interest Rates Affordability?

A. Small increase in rates don't have too much impact on demand, but quickly im-

plemented increases have a huge impact as scare mongering and sentiment shift to a negative outlook. This will drive down demand and general interest, but will it actually happen in the next couple of years??

One thing I've learnt from past experience, I'd be happier competing against a First Home Buyer on a budget than competing against an inexperienced investor with more money than sense, as they will pay over the odds more often than not.

I'll always take a long term view of potential performance, so I'll continue to buy when I can afford it rather than try and time the market for a great buy.

**Ben Kingsley**  
Founding Director Empower

### Finance

## Great Investment Loan Deal

Last month Ben Kingsley from Empower Wealth wrote an article about the importance of the right loan structure.

Well this month the team at Empower Wealth through their Mortgage Broking Division have an excellent special from one of their 25 plus lenders.

It's a loan that offer investors

**1.13% off Var. Rate—1st Year**  
**0.7% off for the remaining**  
**Variable rate for the life of**  
**Loan!!**

and those with links via equity to their owner occupied mortgage, a flexible structure and the ability to mix and match under a Professional Package structure, if lending is greater than \$250,000.

Features include:

-1.13% off the Std. Var. Rate first year (Less than 4.7% rate)

- 0.7% off Std. Var. rate for the reaming life of the loan

- No application Fee

- Free Valuation Fee

and so much more.

Call the team at Empower to find our more 9326 8900.

### Market Measures June Qtr 09

**Melb House \$465,000**

**3mth growth 5.8%**

**12mth growth 4.1%**

**Melb Unit \$345,000**

**3mth growth 2.8%**

**12mth growth 1.5%**

**Syd House \$547,000**

**3 mth growth 3.7%**

**12 mth growth -0.3%**

**Syd. Unit \$381,000**

**3 mth growth 2.6%**

**12 mth growth 3.4%**

**Bne. House \$421,000**

**3 mth growth 1.7%**

**12 mth growth -4.5%**

**Bne. Unit \$339,000**

**3 mth growth 0.0%**

**12 mth growth -0.8%**

## Finance

# Owners Corporations.....

Body Corps' as they used to be known are important entities with important responsibilities.

The Owners Corporations Act 2006 [the Act] commenced on 31 December 2007. The new regulatory regime aims to improve transparency and financial accountability in the management of owners corporations, as well as new dispute resolution provisions.

The Owners Corporation members are charged with a legal responsibility to:

- Maintain all common property including the structure of any buildings on the land
- Insure the whole of the property for full replacement value. Administer the finances and common funds of the group of owners
- Administer the secretarial functions including the conduct of meetings of members, documentation of minutes and dealing with all correspondence
- Resolve disputes involving members of the Owners Corporation and enforce the Owners Corporation rules

Certain decisions regarding upkeep, maintenance and security have the ability to add real value to your investment property.

## Rules

All owners corporations in Victoria have rules for the control, management, administration, use or enjoyment of the common property of the lot.

By special resolution, the owners corporation can make or change rules or

decide to rely on the model rules set out in the Owners Corporations Regulations 2007. The rules cover matters including car parking, noise, pets, use of lots, dispute resolution procedures and behaviour of owners, residents or guests. All owners and residents must be given a copy of the rules before they move in.

Owners corporations can apply to the Victorian Civil and Administrative Tribunal to enforce rules and the tribunal can enforce penalties for breaches of the rules.

Rules must be recorded at Land Victoria to be enforceable.

Owners corporations can make rules for:

- \*Health, safety and security
- \*committees and sub-committees
- \*management and administration
- \*use of common property
- \*use of and works to lots
- \*design of lots
- \*behaviour of persons

- \*dispute resolution
- \*notices and documents
- \*the common seal

## Administration:

Each Owners Corporation is required by law to conduct an Annual General Meeting if it raises and distributes money.

The members voting at the Annual General Meeting may appoint a committee to:

- Administer the affairs of the Owners Corporation between Annual General Meetings
- Approve a statement of income and expenses for the previous year

Consider and adopt a budget of income and expenses for the current year including the determination of contributions and levies payable by the members

Consider the appointment of a Owners Corporation Manager

(Source: owners Corporation Victoria)

Taking an active interest in your investment may prove to be a very important decision. Any decisions affecting the upkeep and improvement of the property are made during these meetings, and as an owner you get to be involved and have your say, which will go a long way to protecting your important property investment.

*'Taking an active interest in your investment may prove to be a very important decision'*

**Empower**  
**WEALTH**  
A WEALTH OF KNOWLEDGE

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Mortgage Broking Services  
Investment Finance Strategists  
Property Acquisition Education

## Quote of the Month:

"Investing in Property should be a slow and steady wins the race approach, remembering we are investing, not speculating"

Ben Kingsley  
Founding Director  
Empower Wealth

## Upcoming Educational Workshops:

eSearch Superior Property  
Tuesday 22nd September

Money, Investing & Finance—  
Tuesday 13th October

Introduction to Property Investing—  
Wednesday 21st October

For more information and to Book—Visit:

[www.empowerwealth.com.au](http://www.empowerwealth.com.au)