

PROFESSIONALS MONTHLY NEWSLETTER



IN MAY'S EDITION:

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THE GREAT NUNDLE DOG RACE

Dog lovers throughout Northwest region gather at Nundle for a fun family day of events for dogs of all shapes and sizes. Races for mongrels and house dogs, high jump, steeple chase, dress up, singing... There's something for everyone. The day culminates in the great Nundle Dog Race for working dogs.



HAPPY MOTHER'S DAY

Sunday 8th of May is Mother's Day!

Every year on the second Sunday in May we spend the day honouring motherhood.

From the whole team at Professionals Tamworth, we would like to say a big HAPPY MOTHERS DAY to all the mums out there, we all know the hardest job in the whole world is called MUM!





5 IMPORTANT QUESTIONS TO ASK THE SELLING AGENT

1. WHY DOES THE OWNER WANT TO SELL?

People sell their homes for many reasons. If they are selling for serious reasons like a death in the family or divorce, they might be very motivated to have the matter resolved quickly. The same applies if the current owner is moving overseas or interstate for work. A motivated seller is more likely to accept a slightly lower offer in order to move on with their lives. On the other hand, if the owners are selling to downsize, there will be less of a rush. Often, downsizers have the luxury of being able to hold out for the best price. Having an idea of why the owner is selling the property can help you maintain realistic expectations about what it may sell for.

2. HOW MUCH DO YOU THINK THE HOME WILL SELL FOR AND WHY?

Clearly, you will need to know the value of the house you hope to buy. You need to stay within a budget, and spending time on properties that are too expensive is a waste. More than the price, though, you need to know why the property is valued as it is. This will give you a better understanding of where you stand in the property market. Sometimes it can help to have a conversation with the agent, to ask what they believe the sale price will be. Agents spend a great deal of time looking at data and reviewing recent sales figures so they should be able to give you an answer that's based on facts, not assumptions.

3. HAS THIS HOME BEEN ON THE MARKET BEFORE/WHEN WAS THE LAST TIME THIS HOME WAS ON THE MARKET?

If a property has been on the market several times over the past couple of decades, there might be a hidden reason. It's not necessarily a huge red flag, but it is always worth investigating. A house that has run through multiple owners in the course of a few short years may be a questionable purchase. However, you can speak to the agent, and ask why it has sold so frequently. The reason may not put you off making an offer.

4. HAS THE HOME BEEN UPGRADED RECENTLY? WAS IT DONE SO WITH APPROVAL FROM COUNCIL?

Asking this will give you an idea of the house's history and what parts might have been recently upgraded. More importantly, the last thing you want is the council at your door telling you your new home has illegal renovations or extensions. Ask your agent to confirm that any recent work has full council approval.

5. ARE THERE ANY STRUCTURAL ISSUES I NEED TO KNOW ABOUT?

Structural issues can often be dealt with, but they do come at a cost. If significant issues might push you over budget to fix, you will want to consider making a lower offer or move on to another property in better condition. Not knowing of structural problems when you buy your new home can cost you in the long run. A quality agent will be open about the issues with the home and will be aware of them. However, it is recommended that you get an independent building inspection to confirm yourself.



HOW THE FEDERAL BUDGET WILL AFFECT HOME BUYERS IN 2022

This year's Federal Budget has some bonuses for people who are interested in buying property. If a purchase is on your agenda this year, you might find some good news amongst the announcements. First home buyers look to come on top after this year's budget. Here is an outline of what has changed.

BEATING DEPOSIT WOES:

With interest rates low but house prices high, many first home buyers find the deposit the greatest challenge of buying a home. With this in mind, the government has implemented two measures this year to help with deposit struggles.

1. The Home Guarantee Scheme – This Scheme has been operating for several years and made it possible for first home buyers to buy a home with only a 5% deposit, with the government going guarantor on the remaining 15%. The scheme was only open to the first 10,000 successful applicant in previous years. However, this year, the government has expanded the scheme to be available to 35,000 first home buyers. Eligible applicants will have to earn less than \$125,000 as an individual or less than \$200,000 as a household. There is also a cap on how expensive the property can be.

2. The Super Saver Scheme – This Scheme allows first home buyers to add money to their superannuation fund, specifically for a home deposit. Saving money into your superannuation is beneficial because it comes under a tax concession, making it faster to save significant amounts. Until this year, the amount you could save through this scheme was limited to \$30,000. With this budget, the federal government has raised that cap to \$50,000.

REGIONAL AUSTRALIA:

The pandemic saw healthy growth in regional real estate but at the cost of pricing out many regional Australians. With this in mind, the government has introduced the Regional Home Guarantee. The government has also put measures in place to help regional Australians or those hoping to move to regions or their hometown.

NOWS THE TIME TO BUY:

Property prices have settled after huge jumps in 2021 and there is more stock expected to come into the market over the coming months. This is good news for buyers, especially if you can take advantage of the benefits announced in the budget. If you have the capacity to, it makes sense to act sooner rather than later. This is because interest rates are expected to rise by the end of the year. If this happened, your repayments will be higher. It makes sense to lock in a low rate while you can, in order to reduce the overall cost of your home loan.

Insurance

It is a cost, however, can save you a lot of heartache & tears

What happens if your property is underinsured?

It's estimated that as many as 4 in 5 Australian properties are underinsured leaving many Aussies vulnerable to high repair bills when disaster strikes.

Underinsurance is when property owners have a building or contents policy, but don't have an adequate level of cover to fund repairs if their property is damaged or a total loss. Being underinsured can deliver a big blow to your wallet, right when you need help the most.



they are underinsured, then when it comes time to make a claim, they find themselves out of pocket.

For example, if the cost to rebuild your property is \$400,000 but you're insured for just \$300,000, then you're only insured for 75% of its true value. The extra \$100,000 will have to come out of your pocket. If you decide not to rebuild, then you must also take into consideration demolition and removal / clearing of the block and professional fees.

The exception is if your property insurance policy has underinsurance cover, which is a kind of safety net that covers you for up to 30% more than the agreed value of rebuilding, or if you pick a total replacement policy, which lowers the risk of underinsurance because the insurer agrees to pay the cost to rebuild your property to the same standard.



How to work out what property insurance cover you need:

So why is underinsurance so common? For one thing, it can be tricky for regular people to work out how much it would really cost to rebuild their property.

You have to think of it in terms of, if my property was destroyed and I had to rebuild, how much would it cost me to recreate the same property as it is today? This can be a really difficult thing for regular people with no construction experience to work out - even harder than establishing the current value of a property. We would recommend you engage a professional and seek advice or you can utilise some of the insurers web sites who have very good calculators to assist.

Sum calculators utilise the actual address of the house and can automatically generate rebuild costs for about half of the residential properties in Australia, with property data collected from sources like real estate listings and auction results. If you utilise one of these calculators, we would suggest that people use their own insurer's calculator for a quote customised to the insurer's requirements.

How often should the property cost be reviewed

Often people 'set and forget' their building insurance year in and year out and fail to factor in that the costs of replacement have risen



There's lots of reasons why property insurance should be updated every year:

- the price of building materials and the cost of labour go up
- new building codes can dramatically affect the costs of repairs and rebuilding, especially if you have property in an area prone to bush fires
- or if you added to, or modified the property such as but not limited to, a swimming pool, a second level, shed or extension.

While having some property insurance for small events is better than having none, if you're underinsured and have to replace a roof or do a major rebuild, or have a total loss, it could be financially devastating.

Please review your policies, even if just for your own peace of mind.