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Starlight says thank you

This month Starlight thanked Club Financial Services and in turn our clients for their commitment to raise over \$20,000 this year, which will go towards helping to provide a positive distraction for seriously ill and hospitalised children in our community.

Since 1988, Starlight has brightened the lives of seriously ill and hospitalised children, and their families through the delivery of innovative programs, including Starlight Express Rooms, Starlight Express Vans, Starlight Fun Centres, Starlight Escapes and Starlight Wishgranting to brighten the lives of

sick children and their families at a time when they need it most.

These programs are an integral part of the total health care of sick children.

Kendra Overall, National Corporate Partnership Manager of the Starlight Children's Foundation Australia, said Starlight relies on the generous support of individuals, community groups and business partners.

"There are over 600,000 child admissions to Australian hospitals each year, but sadly today Starlight can only reach one in three of these children and their families."

"Starlight's goal is to enable every single seriously ill or hospitalised child access to Starlight's programs wherever they may live when they need Starlight the most.

"The generous support from Club Financial Services will help Starlight reach this goal."

Already, Club Financial Services was able to collect and donate over 250 toys, thanks to community support for their 2008 Christmas Starlight Toy Drive and now hope to follow this through with a donation of at least \$20,000 in 2009. Club will achieve this through donating money from loans written, as well as conducting various fundraising campaigns throughout the year.



First Home Buyers

take advantage of strong buying conditions

The combined effect of the federal government's First Home Buyer stimulus, historically low interest rates and prime buying conditions, has seen the number of housing loans for first home buyers increase.

The latest housing finance data provides an interesting insight into the Australian residential housing market. The number of finance commitments for residential housing, which includes all significant bank and non-bank lenders, has risen consistently from month to month since the first interest rate cut back in September. The increase in the volume of housing loans suggests the combined effect of the government's stimulus and falling interest rates, together with market conditions that favour the buyer, are having a positive impact on consumer confidence in the residential real estate market.

On a seasonally adjusted basis, the volume of owner occupier loans jumped to 10.3% over the December quarter. The most dramatic jump in percentage terms has been for new housing where the number of loans is up 32% for the December quarter, suggesting the tripling of the First Home Buyers Grant for newly constructed housing is providing a real boost to the industry.

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A Free Holiday Every Year

If you were lucky enough to get out of town over the last few months you may have been attracted by rental properties for sale in your favourite holiday destination.

Owning your own holiday apartment that earns an income does sound attractive, but you need to do your research.

There are different types of holiday rental properties. There are "normal" houses or apartments that are leased out on a short-term basis by the local agent, and there are properties that are part of a hotel style complex. These are often in a rental "pool" where the total income is divided between the properties.

The "headline" rental that the agents quote will usually look attractive. Income will be seasonal and management fees will also be significantly higher than those for standard rental properties. Always verify any income (and expense) figures an agent or developer quotes.

Holiday units often come furnished. As well as the usual repairs, you will receive regular bills for replacement

toasters, TV remotes and other appliances. In a hotel style complex the management agreement may force you to replace the furniture on a regular basis too.

The owner pays for various expense items that would normally be the responsibility of a tenant, like electricity and Foxtel subscriptions. If your apartment is part of a hotel complex check with the management company for other expenses, like PAXB and cleaning charges.

Anything with a pool or lift will usually have high strata levies compared to a basic unit.

Different lenders have varying policies regarding serviced apartments and holiday let apartments, so always check with your Club Financial Service representative to see how this style of property will fit in with your portfolio.

Of course, you do get to use your property for your annual family getaway. You might want to avoid the peak season, as that is when you pull the bigger rents. At least in the middle of June you'll probably have the pool to yourself.

First Home Buyers cont...

It is likely the trend of greater first home buyer activity will continue, with anecdotal evidence continuing to indicate higher first home buyer turnouts at open homes and auctions. With more buyers active in this segment it is highly likely we will start to see upwards price pressure in this segment during the first half of 2009.

The increase in the First Home Buyers Grant expires at the end of the financial year creating an increasing level of urgency and so we invite first home buyers to make contact with Club, so we can assist you to take advantage of these great incentives.

Source of article: RP Data

Understand your investment goals

Decide whether you're looking for cash flow or capital growth

Much the same as the share market, the property market also moves through cycles and right now, property is certainly looking attractive to investors.

A significant undersupply of rental property across most markets has sent rentals soaring. Coupled with

plummeting interest rates landlords should expect strong rental yields from their investments in the period ahead.

Considering current market conditions it is little wonder that a growing number of Australians are now thinking about making their move into property investment. However before diving in it's important to consider your strategy

and long term objectives, as this may influence what and where you buy.

There are two principal goals for investors – capital gain and cash flow. While it's quite realistic to achieve both, the two should at least be considered separately and prioritised before making your move.

Capital gain refers to the growth in value of the investment and the

subsequent return to the investor once the property is sold. Australian property has historically doubled in value every seven to 12 years, which may not be as dynamic as some other investments but it is generally considered one of the safest.

Alternatively, rather than liquidating your investment after a set period you may choose to generate ongoing rental income. While you may need to dip in to your own cash reserves in the early stages to repay the mortgage on the property there are tax benefits associated with this.

However as rentals continue to rise there may be a point where your property may become cash positive – delivering a steadily increasing monthly reserve. These extra funds can be channeled back into the property to drive down the principal debt or spent on other purposes.

Remember, it is essential to consider your long term goals before you buy and finance your investment. Some properties may offer better opportunities for capital gains while others may command higher rental values over the years.

It's also important to discuss your funding options with your broker. Different loans and repayment structures will suit different strategies so it's vital to find the right product and strategy that meets your needs.





The benefits of a knock-down and rebuild

You don't have to up stumps to realise your dream of a brand new home.

If you're dreaming of a new home but feel daunted by the prospect of selling, it could be time to consider a knock-down rebuild strategy.

While this strategy may not suit all home owners there are some real advantages. Whether you're upsizing, downsizing or simply looking for a change you'll have the opportunity to influence the look, feel and personality of your place from the outset.

When it comes to older buildings, in many cases the most valuable aspect of the property is not the actual bricks and mortar but rather the land it's built on. This is one of the reasons so many home owners are willing to level their old property and start from scratch, rather than spend tens of thousands of dollars on repairs.

By opting to build on your current site you can also avoid the upheaval of moving the family to another area while still enjoying the feeling of owning a

brand new home. You can also factor in the latest environmentally friendly features and other energy saving efficiencies.

To fund your new home you may need a construction loan. After an assessment of your borrowing capabilities your lender will most likely require a fixed price contract from your licensed and insured builder as well as council approval plans.

Once the loan is in place you simply supply your lender with invoices to control the payments to your builder – usually in stages of the property's completion e.g. floors, framework, lock-up and completion.

Payments will only be made if your lender's independent expert agrees that the project is complete – which will also give you peace of mind knowing that the builder's handiwork is up to scratch.

When your dream home is ready for you to move in you can also switch your loan to a fixed or variable

rate loan with your lender.

When considering the mortgage most relevant to your needs speak with your Club Financial Services Finance Consultant – they'll be able to run through your construction loan options as well as help you switch to a mainstream product once your house is built.

Construction loan advantages

- > Usually require interest only repayments during construction
- > Allow you to keep your budget and finances in check
- > Provide an expert to help ensure construction is well managed
- > Can be converted into a traditional residential mortgage loan once construction is complete.



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Finding and keeping good tenants

Attracting and retaining the right tenant for your investment property should be one of your most important objectives.

Rental vacancies are low but that doesn't mean property owners can relax when it comes to choosing tenants.

Good tenants are still the key when it comes to maximising the return on your property investment. Consider the following recommendations when looking to attract and retain the right people for your property.

1. Be fair: Rental prices have sky-rocketed around the country but that doesn't mean you should jack up the rental on your property. Use the average price of rental properties in your area as a guide: if you go too high you'll limit the number of applications you receive.

2. Think about how you advertise your property: Focus on the best features of your investment property and don't forget to include the attractions that are close by, for example shops, schools, pubs, restaurants and public transport.

3. Check references: Ask all applicants to provide a reference from their previous landlord and give them a

call. You'll need to ask questions about the condition of the property on the tenant's departure, whether or not they paid rent on time and if there were ever complaints from the neighbours.

4. Make your property pristine: When applicants are inspecting your property it's essential that it's in tiptop order if you're hoping to attract the best tenants. Fix all problems and make sure the property is clean and gardens are neat and tidy. Splashing out on a fresh coat of paint is well worth the effort.

5. Be a good communicator: If your chosen tenants are keeping the property in good order and are meeting all their repayments on time they're well worth hanging on to. To make sure your tenants stay satisfied, keep on top of any repairs that need to be made, investigate any requests and give your tenants plenty of notice if you are going to call around or make an inspection.

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IMPORTANT: The material contained in this Newsletter is merely general commentary and should not be regarded as constituting financial advice nor relied upon in making any financial decision. The circumstances of each particular person vary and you should always seek advice tailored to your particular needs before you make any decision.

The great Australian dream?

For many property owners being under insured could become the great Australian nightmare!

When it comes to insurance, our nation is in a state of apathy with many of us grossly under insured. In fact there are more Australians using online dating services than Australians with trauma insurance!

One in 3 Australians hold life insurance in their Super Fund, another third has personal life insurance, and the remaining third have no cover at all.

Australia's Income Protection gap is the largest of any industrialised nation in the world and even those who are insured are underinsured.

It has often been said that owning your own home is the great Australian dream. But it is also the greatest financial commitment many of us will ever make.

You wouldn't risk losing your home, so building and contents cover is a must. But the risk doesn't stop here.

What if you were to become sick or permanently disabled? How would your mortgage payments be met? What if the unthinkable happened and the primary breadwinner passed away? Could those left behind meet the financial commitments of holding onto the home?

More and more people are taking on extra commitments via investment properties but fail to take precautionary measures to protect their investment. Your dream of wealth creation could well become a nightmare.

However, there is a simple and cost-effective solution. Why not ask us about Mortgage Protection? It is simple and affordable cover that provides you with peace of mind.

At Club we take a holistic approach to your finances with consideration given to your loan and the appropriate insurances. Please speak to your Club consultant for more information.