



LVL: 1/121 KEIRA ST,
WOLLONGONG NSW 2500
Ph: 4229 8233 F: 42298 277
www.cooperpropertymanagement.com.au
enquiries@cooperpropertymanagement.com.au

Newsletter June 2016
Directors Susan Cooper & Natalie Cooper

July Newsletter

Lenders Mortgage Insurance Explained

Lenders' mortgage insurance (LMI) protects your lender in the unfortunate event of you defaulting on your home loan. When lenders agree to lend a customer money, there is a risk that they won't get the money back if the customer is not able to meet the repayments. Although they have the house as security, if property values decline that security may not be enough to cover the outstanding loan.

When Is Lenders Mortgage Insurance Applicable - As a general rule, Lenders Mortgage Insurance is payable when the loan we are looking to secure is in excess of 80% of the security property's value, as determined by the lenders independent valuation

Who Pays The Lenders Mortgage Insurance Premium - The lenders' mortgage insurance provider's policy is with the lending institution. The premium is usually passed on to the borrower as a cost of providing the loan.

What Is The Cost - Unlike traditional insurance premiums, LMI is usually a once only premium (cost) payable at loan settlement that provides cover for the full term of the loan. Usually, the lender will pass on the cost of the LMI premium to the borrower as a fee. The cost will vary depending on how much money you borrow and the size of your deposit. Lenders allow the premium to be capitalised into your loan but certain upper limits will apply so check this aspect very carefully.

How Does Lenders Mortgage Insurance Benefit Me - Before lenders' mortgage insurance was available, lenders usually required a deposit of around 20% to protect themselves in the event of a client defaulting. This was to guard against the risk of the property being sold at a price less than the outstanding amount of the loan.

With the ability to share this risk with an insurance company through lenders' mortgage insurance, lenders have been able to accept a lower deposit levels from clients and also to offer lower rates for mortgage lending than they would otherwise be able to offer borrowers, especially first home buyers.

The end result is that more home loans are available to more people.

By reducing the deposit required and helping to minimise lending interest rates, many borrowers are able to purchase a home much earlier, or buy a better property, than they would otherwise have been able to afford before lenders' mortgage insurance.

For property investors, lenders' mortgage insurance allows borrowers to have higher gearing, giving them the opportunity to leverage into more investment assets and access negative gearing benefits (which at the time of writing is open to debate through the Labour Party's policy).





LVL: 1/121 KEIRA ST,
WOLLONGONG NSW 2500
Ph: 4229 8233 F: 42298 277
www.cooperpropertymanagement.com.au
enquiries@cooperpropertymanagement.com.au

Newsletter June 2016
Directors Susan Cooper & Natalie Cooper

Whilst Lenders Mortgage Insurance might represent a significant additional cost to your property aspirations, here at **Vault Plus Mortgages** we believe it is nothing to fear as it might get you into that dream property earlier than you thought.



Vault Plus Mortgage & Finance Consultancy Pty Ltd
Mobile 0400 327322 david@vaultplasmortgages.com.au

Latest News The 'top 10' new strata laws that will make a difference

22 June 2016

By Adrian Mueller, Senior Lawyer at J.S Mueller & Co

Over 90 new strata laws will come into play later this year and of the 90 these are some changes that will most likely make a difference to your everyday.

1. Parking

Owners corporations will be able to reach agreements with local councils to allow parking officers into their schemes to issue fines to rogue parkers.

Not only rogue parkers but residents who park over the lines of their parking spaces on to common property or leave their cars in visitor parking (however briefly) could also be ticketed. Read more:

<http://bit.ly/25je4Zq>

2. Fines

Almost all fines will be paid to the owners corporation, but this won't be a cash cow for over-zealous committees; they still have to go through the same tribunal process. Read more: <http://bit.ly/1TIJxNx>

3. Short term rental

Owners corporations can now set limits on the number of people allowed to live in an apartment provided the upper limit is no less than two adults for each bedroom. Failure to abide by this law could result in fines from \$11,000 to 22,000. Read more: <http://bit.ly/1syyP1z>

4. Smoke

Simply, an owners corporation can make a strata by-law banning smoking throughout an entire strata building. Orders can also be made against residents who smoke or allow their cigarette or barbeque smoke to drift into other units and landlords can be held liable to their tenants for second hand smoke exposure. Read more: <http://bit.ly/1QwdltQ>



LVL: 1/121 KEIRA ST,
WOLLONGONG NSW 2500
Ph: 4229 8233 F: 42298 277
www.cooperpropertymanagement.com.au
enquiries@cooperpropertymanagement.com.au

Newsletter June 2016
Directors Susan Cooper & Natalie Cooper

5. Pets

The new strata by-laws will not remove a scheme's ability to make its own rules about pets. However, if the new model by-law is adopted, the request to keep a pet cannot be unreasonably refused. If the owners believe approval was unreasonably withheld, they can apply to the Tribunal. Read more:

<http://bit.ly/1UaKmNR>

6. Renovations

New rules mean hanging pictures; coat hooks and filling cracks can go ahead while "minor alterations" – such as kitchen or bathroom renovations, installing timber or tile floors and replacing wiring or power points no longer need a special resolution by-law. But be aware there are other laws that allow owners corporations to charge owners for any damage caused to common property. Read more:

<http://bit.ly/1UaJx7E>

7. Levies

Owners corporations will be able to get compensation if a developer promised unrealistic low levies at time of sale. By the time the owners have to pay the actual bills for services, the developer is out of the picture. Now owners can pursue them for compensation through the tribunal (NCAT). Read more:

<http://bit.ly/20u5CzM>

8. Strata contracts

Strata manager contracts will be limited to one year in the first year of a building's life and three years thereafter. The one-year initial contract gives strata manager's ample time to prove themselves to the committee ... or otherwise. The subsequent three-year contracts allow owners corps to change strata managers more easily if the relationship isn't working out. Read more: <http://bit.ly/1WPaNga>

9. Votes

The biggest technological changes in our lives have been in communication. Voting electronically, via Skype calls, by email and even good old-fashioned snail mail will be introduced. Read more:

<http://bit.ly/1OTxWLa>

10. Tenants

Tenants now have a right under the new laws and will be able to attend owners corporation meetings, no matter how many of the lots are tenanted in their scheme. They may vote if they hold a proxy (giving them voting rights on a lot owner's behalf). Read more: <http://bit.ly/28NWTYZ>

Here are 10 easy tax tips to Max Your Tax Refund:

1. Home office Supplies A lot of my clients are now working from home and outside the office so now is a great time to stock up on all those little items to fill your office. This could include stationary, paper, ink cartridges, books or storage boxes. Be prepared and make a list of everything you need, otherwise it's very tempting to go overboard at places like Officeworks and buy a fancy gadget that seemed like a great deal, but that you never actually needed.

2. Clothing Is your work uniform looking a bit drab and old? Or maybe your steel cap boots have seen better days? Now's the perfect time to treat yourself to some brand new work or protective clothes and get the maximum cash back on your spending.

3. Education or Professional Development If you've been thinking about attending some work-related courses for professional development, or even going back to tafe or Uni to increase your skills at work, if you're able to enrol and pay for the courses in May or June, rather than July, you will be able to receive the tax and your cash back much quicker.

4. Prepay your expenses Some of our clients take advantage of prepaying tax deductible expenses so that they can bring forward their deduction. For example, income protection insurance can be prepaid or prepaying interest on your investment property or margin loan. This is an excellent strategy for those who will have a lower income next Financial Year due to factors such as maternity leave or redundancy.

5. Delay income While this might not always be possible for people with employee income, if there is the opportunity to be able to receive income in July 2015, rather than June 2015, you won't have to be paying the tax on this income for a whole year. Some of our clients have reviewed their term deposit maturity dates to fall into the following Financial Year or hold off on invoicing until after June. A new client of mine accepted a retirement pay out on the 28th June 2014. As they were retiring their income reduced considerably in the 2015 Financial Year and if they had waited 3 days to accept the retirement package they could have saved about \$20,000 in tax.

6. Charity Donations Donating to charities is a fantastic way to be able to do something good for a cause you want to help and also receive a tax benefit at the same time. So if there are charities you want to donate to or a friend that's raising money for a charity, considering donating sooner rather than waiting until after June. Now's also a perfect time to organise a charity event and mention the tax benefits of donating now!

7. Logbook If you're consistently on the road for your job, consider keeping a logbook as soon as you can for 12 weeks. I have clients that are in sales, are carers or tradies that carry bulky tools. They do a lot of driving away from their normal place of work to different places every day. Consequently, they're claiming thousands of dollars of car expenses such as fuel, registration, insurance, interest, services, repairs and depreciation.

8. Investment Property Repairs & Maintenance A happy tenant is a happy property owner. For those with investment properties, there always seem to be little things that need to be fixed to keep the tenants happy. Considering fixing up the repairs and maintenance issues before the End of Financial Year to take advantage of getting the tax back on this as quickly as possible.

9. Buy Private Health Insurance for high income earners If you are on high incomes (\$90,000 for singles and \$180,000 for couples/families) and don't have hospital cover as part of your private health insurance, you will be taxed an extra tax known as the Medicare Levy Surcharge. This surcharge is 1 to 1.5% depending on your level of income. Often I have clients that don't have Private Health Insurance and their income gradually increases each year. Before they even realise they have now gone over the threshold and have been taxed the extra amount. It's important to take out Private Health as soon as you can, if you are over these incomes, as the ATO will tax you for every day you don't have the cover.

10. Capital Gains Tax It's an area that most people don't understand, but it's good to have a basic knowledge of Capital Gains Tax if you are an investor. This could be a property investment or shares. Coming to the end of the Financial Year if you're thinking about offloading an investment that has capital losses, now's the time. Alternatively, if you're thinking about selling an investment that has made a profit and has capital gains, wait until July.