

MORTGAGE & FINANCE



- UPDATE -

WHEN YOUR BUILDING DREAM GOES SOUR



MOST-ASKED QUESTIONS:

WHAT IF YOUR BUILDER GOES BROKE?

If your builder is placed into liquidation, you should contact the liquidator as soon as possible and let them know where your build is up to. Contact the provider of your home warranty insurance or fidelity fund certificate & seek advice about your options to make a claim. Your ability to make a claim against home warranty insurance or a fidelity fund certificate will vary between state jurisdictions.

YOUR RIGHTS IF THERE IS A MAJOR PROBLEM AFTER THE BUILDER HAS FINISHED

Under many building contracts, you have a contractual right to have defects addressed. The contractual rights can be exercised by the property owner, but not usually by a third party.

There are general entitlements under the *Building Services (Complaint Resolution & Administration) Act 2011* that allows a person to make a complaint about defective building work. The complaint can be made to the Building Commissioner about a regulated building service not being carried out in a proper & proficient manner, or for being faulty or unsatisfactory.

This section does not limit the complaint to a party to the building contract. The regulations state that the complaint may be made by a person whose interests are being, or have been, adversely affected by the carrying out of the regulated building service. This would protect a subsequent purchaser of a home.

Section 6 of the Act says that a complaint for faulty & defective work can be made up to 6 years after the practical completion. This date usually occurs when a notice of completion of the work is given to the permit authority. This time limit is strictly enforced. If a claim is made one day late, then it will be invalid.

Many people refer to this as a 'structural warranty' covering only structural elements of the home. However, the builder's liability, in strict terms, is wider than this. It covers all faulty & defective work, including the installation of white goods; however, the manufacturer's warranty would be the initial reference point on these items.

Not all problems are due to faulty & defective workmanship during construction. Just as items wear out on a new vehicle, it is the

consumer rather than the manufacturer who replaces them, & so it is with new homes. Replacement of items due to wear & tear is not the builder's responsibility. A builder is only liable when defects emerge due to faulty &/or unsatisfactory workmanship.

This generally means that any person – whether or not they were the original owners or clients – can make a complaint during the 6 year period after building work was completed.

THE BEST WAYS TO AVOID PROBLEMS WITH YOUR BUILDER – SUCH AS UNFINISHED OR INCORRECT WORK/ FITTINGS

Firstly, all consumers should carry out due diligence on their preferred builder before signing a building contract. You could ask for references & speak with people who have recently built with that company, check social media for recent comments, & also speak with Housing Industry Association (HIA) WA & the

Master Builders (MB) WA.

To avoid problems occurring once you have engaged your builder, communication is key.

Building a new home is an exciting time for homeowners, but it's important to understand that it's a complex process that doesn't always go exactly to plan.

If you want reassurance & independent expert advice that your new home is being constructed to an acceptable standard, then you may benefit from staged Structural Inspections during the building phase by a qualified Structural Inspector.

Qualified building inspectors prepare a comprehensive & independent construction inspection report describing any issues or defects. It's designed to help you communicate with your builder the problems to be rectified.

Your report will include photos of notable items so that you can see what issues exist. It also contains a glossary of technical terms to help you understand the report.

WHAT CERTIFICATION SHOULD YOU CHECK BEFORE ENGAGING A BUILDER?

Check the licence with the relative state register. Check to see also if there have been any limitations or suspensions on the builder's licence, or public warnings & insurance claims paid. Some states will include this on the builder's register, others will have this information in a separate disciplinary register. So make sure that you undertake all the necessary checks.

...CONTINUED ON PAGE 2

WELCOME TO OUR SPRING EDITION



The past quarter has remained busy, with a slight ease from the previous one. The market is still strong, with more buyers than stock to choose from.

The first home buyers deposit scheme has been popular, allowing first time buyers to purchase without incurring Lenders Mortgage insurance fee (LMI) up to the value of 95%.

Some clients have obtained preapproval but have not been able to secure the property they are seeking due to short supply. Building construction in some instances has been delayed due to delivery and supply constraints of materials and labour, resulting in consumers having to either pay more or wait longer for completion of projects etc.

Australia's lock down in the eastern states has effectively resulted in the country being in recession again according to the Commonwealth Bank. The contraction expected for the present quarter is for GDP to fall by 4.5%. ANZ also warned that that the budget deficit in the year to June 2022 could be the biggest on record as tax revenues dry up and extra fiscal stimulus is needed to ensure the economy retains a pulse going forward. The forecast budget Deficit in the year to June 2022 is expected to be between 130 and 104 billion from a projection of 106 Bn.

The WA Economy has been moving along full steam ahead in most sectors. The situation in the eastern states has made the public very concerned about what may or is likely to occur here in the next few months if there were to be a Covid Delta outbreak here.

On the lending side, turnaround times in regard to the processing of new applications have improved. Three-to-five-year fixed rates have slowly been increasing, the current trend appears to be moving upwards in the fixed rate sector.

Many clients have been fixing a major portion of their loan or splitting it to take advantage of the low rates. The number of cash back offers and promotions on offer from lenders have continued to be strong.

Product wise there has been a general adjustment by some lenders offering different rates based on the amount of equity they may have in the property values and the security they offer to counter other lenders with perceived niches in this area.

We thank everyone for their continued support and referral of friends, family, and associates. We are for ever grateful for this and continue to try to add value and save you both time and money in the process.

Please do call or ask or speak to us for any queries or reviews of loans etc you may have.

CONTACT US FOR FURTHER INFORMATION & GUIDANCE

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HOME WARRANTY INSURANCE

This insures your build against financial losses due to incidents such as incomplete building work or bankruptcy & is a legal requirement in a number of states.



Construction Works & Public Liability Insurance

This covers against accidental damage from natural events such as flooding/storm damage as well as malicious damage & theft. The public liability element protects against 3rd party injury as a result of negligence.

Public & Product Liability Insurance

Public & Product Liability Insurance offers financial protection against compensation claims & legal expenses as a result of injury or death during your project. This cover also accounts for damage to property or loss of property as a result of the builders activities.

RESPONSIBILITY FOR BUILDING WORK LATER FOUND TO CONTRAVENE COUNCIL REGULATIONS OR PERMISSIONS?

Ultimately, the builder would be responsible provided that at the time it had undertaken the works, the works were contrary to the regulations or permissions that were in place at that time. This can be of little comfort to owners, however, because in the first instance the council would look to the owner to undertake the necessary steps to remedy a breach of regulations or permissions, & subject to what is required then the owner may be left pursuing the builder (or its insurer).

Each situation is unique & can be highly complex. Notify the builder of defects as early as possible & in writing; if you are unsure about whether something is defective, then get professional advice asap & keep in mind any limitation periods so that you can rely on statutory warranties.

Making a claim against your builder:

- 1 Firstly you try to resolve issues directly with your builder.
- 2 Check your contract to ensure that you understand your rights & obligations. Under the contract, there will usually be a disputes resolution process to follow.
- 3 If the matter remains unresolved after a reasonable period, a letter should be written to the builder outlining your concerns & requesting attention. It is in the interests of both parties that any agreement be documented & signed by the builder & owner before work on the variation starts.

If you are unable to resolve a dispute the following options are available:

- The Building Disputes Tribunal determines all workmanship disputes & certain contractual disputes.
- The Building Commission can provide an adjudicator to determine payment disputes in construction contracts

YOUR RIGHTS UNIT VS HOUSE?

Unless your house is part of a multi-unit development exceeding three storeys above ground &/or has two or more basement levels-usually for car parking, your builder is required by law to take out home indemnity insurance on your behalf.

The insurance policy should assist to ensure that your house can be finished in the event that your builder: • dies; • disappears; or • has gone out of business because he/she can't pay his/her debts (ie is insolvent) and is required to be in place during construction & until 6 years from the date of 'practical completion'; that is, when the house can be reasonably used for its intended purpose.

- MONEY MAGAZINE/MASTER BUILDERS/HIA/ COMMERCE WA -

AFFORDABILITY CONSTRAINING HOUSING BOOM, PRICING AUSTRALIANS OUT OF FIRST HOME

House prices are growing at their fastest annual pace since 1989, although there are further signs the boom is coming off the boil.

CoreLogic's national home value index rose 1.5% in August to an annual rate of 18.4%. While the monthly increase was still above average, it was the smallest rise since January.

CoreLogic research director **Tim Lawless** said the slowing rate of price growth probably had more to do with worsening affordability constraints than ongoing COVID-19 lockdowns.



Housing values rose in every capital city in August, apart from Darwin, where they declined 0.1%.

CoreLogic also withheld its index results for Perth and regional Western Australia "pending the resolution of a divergence from other housing market measurements in WA".

The annual increase of 18.4% in national house prices in August equates to about an extra \$103,400 or \$1,990 p/w.

House prices are growing at their fastest annual pace

since 1989.

"Housing prices have risen almost 11 times faster than wages growth over the past year, creating a more significant barrier to entry for those who don't yet own a home," Mr Lawless said.

Annual wage growth is currently running at 1.7%.

"Lockdowns are having a clear impact on consumer sentiment, however, to date the restrictions have resulted in falling advertised listings and, to a lesser extent, fewer home sales, with less impact on price growth momentum," he said.

He said an ongoing shortage of properties for purchase would keep upward pressure on prices.

But Commonwealth Securities senior economist Ryan Felsman expects prolonged lockdowns in Sydney and Melbourne, and virus flare-ups elsewhere, are likely to slow the rapid pace of home price growth for the remainder 2021.

He still expects annual growth of 20% over the calendar year.

- CORELOGIC -

"Through the late 1980s, the annual pace of national home value appreciation was as high as 31%, so the market isn't quite in unprecedented territory," Mr Lawless said.

Affordable housing campaigner Kate Colvin from Everybody's Home said while the economy slows, housing and rent prices continue to soar out of control, locking more and more Australians out of the housing and rental market.

"We know in the coming months that more Australians will continue to struggle financially, yet there will be no relief when it comes to the cost of housing," Ms Colvin said.

"If prices and rents don't stop rising during a downturn, it's unlikely they ever will unless there is significant intervention from the federal government."

FACT

1.7% ANNUAL WAGE GROWTH	20% ANNUAL HOUSE VALUE GROWTH <small>(expected)</small>
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NATIONAL HOME VALUE INDEX FOR AUGUST

	MONTH	YEAR
NATIONAL	↑ 1.5%	↑ 18.4%
SYDNEY	↑ 1.8%	↑ 20.9%
MELBOURNE	↑ 1.2%	↑ 13.1%
BRISBANE	↑ 2.0%	↑ 18.3%
ADELAIDE	↑ 1.9%	↑ 17.9%
PERTH	NOT AVAILABLE	NOT AVAILABLE
HOBART	↑ 2.3%	↑ 22.0%
DARWIN	↓ 0.1%	↑ 22.0%
CANBERRA	↑ 2.2%	↑ 22.5%
COMBINED CAPITALS	↑ 1.5%	↑ 17.5%
COMBINED REGIONAL	↑ 1.6%	↑ 21.6%

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HOMEBUYERS AND INVESTORS DEMONSTRATE STRONG APPETITE FOR UNITS

WA's unit market posted a 58% increase in sales during the first quarter of 2021 according to REIWA.

REIWA President Damian Collins said the annual growth in unit sales had exceeded growth in house sales ruling the quarter, with the latter's sales up by only 35%

"Unit sales are at the highest they have been since 2013. Several factors are contributing to this. With the shortage of houses for sale, more people are considering a unit as a place to live. We have started to see investors return to the market, and many prefer to buy units." Collins said.

The median selling time for units has fallen 32 days during the first quarter, 25 days less than it was last year. The affordability of Perth's units was a major deliver of buyer demand. The median price of units in the WA capital was \$381,750 almost \$120,000 less than the median house price of \$499,000.

- THE ADVISER -

6 TIPS FOR SUCCESSFUL SPRING CLEANING

Here are six spring cleaning tips to freshen up our homes and get a head start on the often hectic seasons of spring and summer.

1 CLEAN ROOM BY ROOM

Approaching your house room by room is the most effective way to deep clean it. Create cleaning checklists for each room to help you get organised and to remind you of the areas that need extra attention. Feel free to skip the areas that have been cleaned recently.

2 ORGANIZE AND CLEAR THE CLUTTER

A systematic four-step approach can be helpful for getting rid of clutter. Identify problem areas, analyse reasons for the clutter, determine solutions, and implement them.

Sorting your belongings into four categories—trash, give away, store, or put away—can also be effective as you go through the cleaning process.

3 GET THE HOUSEHOLD INVOLVED

Make spring cleaning a household endeavor. Even young children can be excellent helpers. Assign age-appropriate chores, so everyone feels included. Try throwing on some music as you all clean or establishing a household reward as an incentive to get the work done.

4 TACKLE THE SEASONAL CHORES

Many chores need to be done seasonally, especially in preparation for warmer weather. So incorporate them into your spring-cleaning routine to get them out of the way early. For instance, tackle outdoor chores as soon as the weather warms up. Also, store winter clothing, bedding, decor, and other items. And pull out your spring items to give your home a refreshed look.

5 KEEP PRODUCTS TO A MINIMUM

Myriad cleaning supplies can create clutter and are unnecessary. Opt for a good all-purpose cleaner and microfiber cloths. Those items will cover the majority of surfaces in your home. Then, buy other specialty cleaning supplies as needed.

6 ESTABLISH NEW CLEANING HABITS

A thorough spring cleaning that covers the whole house is a great opportunity to establish ongoing cleaning habits, which can make the next spring cleaning even easier. For instance, don't try to do all of your spring cleaning in one day or even one weekend. Instead, tackle items on your spring-cleaning to-do list for just 15 minutes each day. That will help to get you in the habit of tidying up for 10 to 15 minutes per day even after you're done with your spring cleaning tasks.

- THESPRUCE.COM.AU -

PERTH'S FASTEST SELLING SUBURBS

REIWA's list of Perth fastest selling suburbs for the year to July 2021 highlights the spots people just can't wait to buy*. There are some new faces and old ones on the list. Perennial favourite Heathridge makes the list again, but there's a new star at the top of the tree. Inglewood has displaced Shenton Park as the fastest selling suburb in the city, with Joondanna not far behind. Here are the 10 suburbs where you'll have to act quickly to buy a home.

INGLEWOOD

Inglewood has taken the number one spot as Perth's fastest selling suburb in the 12 months to July 2021. Taking a median of six days to sell a house, the median house sale price in Inglewood is \$882,000, which is 14.7% higher than what it was the same time last year.

JOONDANNA

Also with a median selling time of six days in the 12 months to July 2021 is Joondanna, which recorded an 8.3% increase to its median house sale price in the 12 months to July, taking the figure to \$720,000.

WEMBLEY

Wembley also had a median selling time of six days. Wembley's median house sale price is \$1.26 million, which is a 23.2% increase compared to the same time last year.

KINGSLEY

Houses in Kingsley were selling in a median time of seven days. Kingsley had 150 house sales during the 12 months to July. Its median house price is \$635,000, which is 12.4% growth over the year.

MYAREE

Rounding out the top five is Myaree. Sellers in Myaree were waiting a median time of seven days to sell their house. Price growth in Myaree was healthy in the 12 months to July, the median increasing 14.6% to \$730,000. During the 12 months to July, there were 43 houses sold.

BEDFORD

During the 12 months to July 2021, Bedford had a median selling time of seven days. Its median house sale price increased 6.9% to \$678,775 in the 12 months to July. During the 12 months to July, there were 98 house sales in Bedford.

HEATHRIDGE

Heathridge also had a median selling time of seven days. The northern suburb's median house sale price is \$500,000, making it the most affordable on this list and the only suburb with a median house sale price below Perth's. Heathridge also recorded significant growth, with its median house sale price increasing 13.6% compared to the same time last year.

WILLETTON

Willetton, also with a median sale time of seven days had the most house sales on this list in the 12 months to July 2021, with 169. Its sales market suggests there is healthy opportunity in the suburb for sellers, with its median house sale price increasing 10% to \$750,000.

PALMYRA

Sellers in Palmyra were not waiting long to secure a buyer in the 12 months to July 2021, waiting a median of eight days. Palmyra also saw strong price growth during that time, with the figure increasing 16.1% to \$720,000.

WOODLANDS

Rounding out Perth's 10 fastest selling suburbs is Woodlands, where it took a median of eight days to sell a house. Woodlands also recorded the biggest growth on this list to its median house sale price, increasing 25.9% to \$1.15 million in the 12 months to July. During the 12 months to July, there were 44 houses sold in Woodlands.

- PERTHNOW.COM.AU -

*only features suburbs with more than 28 houses sold during the 12 months to July 2021



	MEDIUM SALE PRICE	GROWTH		MEDIUM SALE PRICE	GROWTH
INGLEWOOD	\$882,000	14.7%	BEDFORD	\$678,775	14.7%
JOONDANNA	\$720,000	8.3%	HEATHRIDGE	\$500,000	8.3%
WEMBLEY	\$1,260,000	23.2%	WILLETTON	\$750,000	23.2%
KINGSLEY	\$635,000	12.4%	PALMYRA	\$720,000	12.4%
MYAREE	\$730,000	14.6%	WOODLANDS	\$1,150,000	14.6%



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*CONDITIONS APPLY

COMPARISON RATE

2.15%

WARNING: This comparison rate is true only for the examples given and may not include all fees and charges. Different terms, fees or other loan amounts might result in a different comparison.

13 TIPS TO TRADING UP A HOT PROPERTY MARKET

Climbing the property ladder can be a tricky manoeuvre in boom times but there are some simple steps to put you ahead of the pack.

- 1 SELL THEN BUY, OR BUY THEN SELL?** It's an age-old dilemma but you need to evaluate the market to make a call. Selling first is typically a good strategy in a flat or falling market, and gives you certainty about what you can spend on a new home. *But in a rising market, a buy first-sell later strategy can maximise your sale price.* And there's another advantage – having a property in your back pocket can give you an edge.
- 2 DANGLE A LINE** In a hot market buyers need to stand out from the pack. Your existing property could do the trick. Let agents know you're trading up and will need to list your old home when you secure a new property. Listings rather than sales are the pain point for real estate agents at present. *Although you're not obliged to list with anyone, it should give agents an extra incentive to let you know about suitable properties they may have coming to market.*
- 3 FINANCE FIRST** It sounds obvious because it is obvious, but ensure you have finance arranged before you start viewing properties. *You don't want to fall in love with a house and end up scrambling to put an offer together. In a market where agents are fielding bids even before the first open house, you need to be able to move fast and understand your limits. Have a deposit ready to go.*
- 4 PUT EXPERTS ON STANDBY** Line up trusted professionals – from settlement agent to building and pest inspectors – to run a ruler over any property or contracts as needed. When you see something you like, you need to be able to move fast to lock things in.
- 5 CONSIDER A BUYER'S AGENT** Buyer's agents are becoming increasingly common in the mainstream property market. Many are former real estate agents themselves, so you're paying not only for their knowledge but their connections. *With a growing trend towards selling off-market, buyer's agents can help you jump on properties not widely advertised.* They also commonly bid at auctions to remove buyers from the stress and emotion of the process.



- 6 DYOR** Know your property and know the market. Don't just look at listings, stay across recent sales by checking the sold tab on realestate.com.au and searching target suburbs. *Find out as much as possible about properties you are interested in before making an offer.*
- 7 MAKE A STRONG OFFER** A hot market is not the time to play games. *Signal you are serious and open with a strong offer.* When there are multiple buyers in the mix, vendors are unlikely to be drawn into an extended negotiation of offer and counter-offer.
- 8 OFFER TO DELAY POSSESSION** While it may not necessarily cost you anything, offering the vendor extra time to move out could be an attractive proposition, particularly if they have sold before rebuying.
- 9 BE FLEXIBLE WITH SETTLEMENT** Ask the agent whether the vendor would prefer a short or longer settlement and try to accommodate this in any offer if you can.
- 10 PUT A DEADLINE ON YOUR OFFER** While it is very much a sellers' market at present, this tactic can return some power to buyers. *Submit an offer with a deadline of 24 hours to receive a response.* It lets vendors know that you are a motivated buyer and that there are other properties you are interested in if they are not serious about selling.
- 11 WORK THE AGENTS** Develop a relationship with the strongest-performing agents in your suburb. Get on mailing lists and call them every week or so to check in on new listings. Nurturing a personal relationship may give you an edge to get in for early property viewings or off-market listings.
- 12 CUT OUT THE MIDDLEPERSON** Why wait for someone to list before you offer to buy? *Some professional real estate investors swear by conducting letterbox drops in their favourite suburbs asking homeowners if they are interested in selling.* This can be a good starting point if you're looking at a tightly-held suburb.
- 13 FOMO** Don't let FOMO rule your decision making. There's a difference between being quick to act and being hasty.

- NEWSWIRE -

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