

RealEstateNews

INFORMATION TO HELP YOU WHEN BUYING OR SELLING

Mortgage Stress - Don't Despair

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March 2011
Issue 5



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Recent rises in official interest rates and other factors such as changes in personal circumstances can lead to Mortgage Stress. A loan taken out when interest rates were low combined with the loss of a job, a partner ceasing work to start a family or the scaling back of overtime can sometimes place a borrower in a situation where they begin to fall behind in their home loan payments.

A recent report from the National Centre for Social and Economic Modelling claims that 47 per cent of First Home Buyer households are paying more than 30 per cent of their disposable income towards housing payments. Adelaide has the lowest FHB pressures in the nation with 38 per cent. This is still considered high given that mortgage stress is generally defined as 30 per cent of income being spent on mortgage repayments. With official interest rates predicted to continue to rise over the next year, the number of borrowers affected by Mortgage Stress is expected to rise.

In the event that a home-owner falls behind in their loan payments and they do not make any attempt to address the situation, their finance provider (Mortgagee) has the legal right to take action to evict them from the property and then sell it at a Mortgagee Auction to recover the monies owed to them by the borrower. Mortgagee sales are unpleasant occurrences at the best of times and one of the worst jobs that a real estate agent is called upon to do.



Borrowers who have mortgage insurance may think that they are covered for any shortfall, but the truth is that the mortgage insurance is there to cover the Lender and when the sale is over the Borrower may still find themselves liable to the Insurer for any difference between what their house sold for at Auction and any monies plus costs still owed to the Mortgagee.

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Letter from the Editor



Dear Readers,

Welcome to this edition of Real Estate News.

On perusing a number of reports from various Real Estate writers and researchers – most notably Terry Ryder, it appears that Adelaide and key regional centres can look forward to a solid Real Estate market in the next few years after a rather sluggish period since May 2010. The great South Australian resources story continues with multibillion dollar investments in the mining sector. “Adelaide should benefit from this sector much more than Brisbane and Perth, due to its closeness to the action. Key Mining personnel and workers can easily work on a ‘fly in/ fly out’ basis and this will help underpin the Adelaide property market” Terry says.

Major road, rail and medical projects are under way and SA’s efforts to make Adelaide an “Education city” includes the re-development of the former Mitsubishi site at Tonsley as an education precinct catering to 8,000 students.

This part of the world is a great place to live and it looks like it is getting better.

Best wishes,

Kevin Walter

The full report ‘Property Report February 2011’ can be viewed at: www.jenman.com.au

Mortgage Stress - Don’t Despair

(continued from pages 1)

But don’t despair - reputable lenders such as the banks do not like having to sell a property by Mortgagee Auction if they can avoid it. They will do whatever they can to assist their borrowers if they find themselves falling behind in their mortgage payments.

The advice which all of the banks give to borrowers who may find themselves falling into arrears is, “Don’t panic and above all don’t ignore your situation.” The longer you delay addressing your arrears, the more serious your situation will become and the harder it will be to try to find a solution. There are a number of actions you can take to possibly help your circumstances.

THE FIRST ACTION is to obtain some professional independent advice from a financial counsellor, specialist community legal centre or legal aid office as soon as possible, to discuss your options. They will assess your situation and identify which debts you should pay first, whilst helping you to formulate a budget and help you to explore ways to reduce your expenses and increase your income. They will be able to advise you if you are eligible to apply for a short term, interest-free mortgage relief loan available from some State Governments to cover temporary shortfalls.

The Australian Competition and Consumer Commission (ACCC) website lists details of financial consellers, community legal centres and legal aid offices in their Consumer and Business Directory under the “For Consumers” tab at: <http://www.accc.gov.au>

**“Don’t panic
and above all don’t
ignore your situation.”**

THE SECOND ACTION is to talk to your lender as soon as you realise that you might miss a payment. They will help you assess your available options. They may allow you to restructure your loan to reduce your payments by extending the term of the loan or even suspend payments or make

lower payments for a period of time until your circumstances improve. It is important that you are completely honest with your lender about your true circumstances so they can work out the best way to help you. Some banks employ specialised teams to assist their customers who are experiencing financial stress.

If you are not happy with the response you receive from your Lender, you can lodge a complaint with the Ombudsman or an independent dispute resolution scheme. (Refer to the ACCC website for further information.)

A THIRD OPTION may be to investigate refinancing your loan to consolidate your debts and reduce your overall payments. If you are looking at an alternative finance source, thoroughly investigate all of the factors including fees and charges payable and any termination fees which your current lender may charge to terminate your current loan arrangements. Be cautious of high pressure sales tactics by a broker or lender promising to solve all of your financial woes in one move.

Under certain compassionate grounds, it may be possible to apply for the early release of a lump sum from your superannuation to pay outstanding mortgage payments.

A FOURTH OPTION which would be one of the hardest things to do would be to consider selling your home. This could mean you walking away with more money to enable you to start again, than if you delay and ultimately end up with less. If you do decide to sell - shop around to find the agent who you believe will act in your best interests and get you the highest sale price in order to optimise your position.

At Walter & Irvine Real Estate our professional and understanding team have dealt with many, many sellers over the years and are highly experienced in advising sellers of all their available options. We will always strive to achieve the best possible financial outcome for you no matter what your situation may be. Give us a call on 8272 9277 today.

A Word on Agents

Ah, Real Estate Agents! Most people know someone who is in Real Estate or who has had an experience with a Real Estate Agent. And as someone once told me, "Experience is what you get when you don't get what you want!"

It never ceases to amaze me that people will go to extraordinary lengths to research the stock market before buying or selling their share portfolio or even research the horse and its rider before placing a bet. Yet when it comes to selling their home, often their single biggest asset, they spend an hour or so interviewing several agents, usually one after the other and THAT'S IT!

If you learn nothing from these articles, please, please take this away with you. Do your homework when it comes to selecting the agent to sell your home.

Before you have them into your home, call those you are considering and express interest in purchasing a home they currently have listed and experience the treatment you receive. Attend their Inspections AND ask questions, lots of questions. Get a feel for the competency levels of the individual agent. Also if you are considering an Auction, attend their auctions. Check out who else is selling with that agent and attend their auction. Then after the auction, whether the property sells or not

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(especially not) knock on the sellers door and ask them how they would describe the experience they have had with the agent through whom they are selling.

Now have the agents to your home. Allow them sufficient time to speak to you and to see your home and ask them to come at a time to suit you and your family, say 7:30pm or later, especially if you have young children.

This will sort out those who are prepared to put that extra effort into selling your home and at a great price. Now speaking of prices; when an agent gives you their opinion of what your home will achieve in today's market, please don't select the agent who tells you the highest price. He or she could be lying to you to get your business. Ask them to prove how they came to the figure they give you. Then you can decide if they're telling you fibs. And, you can even ask them to guarantee that amount!

A Word of Warning

The day you sign your Agency Agreement with the agent is often the High Point of your relationship with this agent. And BEWARE of the agent who suggests that if you can't



afford to pay for the advertising at the beginning, they'll take it out when your home sells. What happens if your home doesn't sell? Now you're stuck with an agent you may not like because the minute you leave them, you'll get a really large bill (and I mean in the thousands of dollars) for the advertising costs incurred.

So what should you do?

Do your homework then interview several agents but give them your time. The longer you talk to them, the more questions you ask, the more likely you will get a 'feel' for how competent they are and what they will do for you.

And remember the golden rule;

You may like someone you don't trust but you'll never trust someone you don't like! Never list your home for sale with an agent you don't like.

VICTORIA KNOX

How much should you pay an agent?

NOTHING...

if they sell your home for less than they quote you.

Contact Walter & Irvine today
for a guaranteed price quote on your home.

Open 7 Days | ☎ 08 8272 9277 | sales@walterirvine.com.au

Adelaide's Rental Market

In recent times we have watched the rental market in Adelaide become tighter and tighter. With vacancy rates hovering at or below 1 per cent over the past year alone, it is no wonder why.

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A recent newspaper article highlighted that a tight market and interest rate rises are the reasons behind the increases in rental rates. The article continues by stating that the average median weekly rent in Adelaide currently sits at \$310, up 5.1 per cent on the previous year.

With the forecast for interest rate rises and higher utility costs in 2011, landlords are having to adjust rents to accommodate these

rises. There is also no sign of demand lessening. Therefore it could be expected that more rent increases will occur in 2011.

If you are looking at placing your property on the rental market or alternatively if you are looking to rent a property, Walter & Irvine can help. Call 8172 1977 to discuss how we can help.



Local News, Events & General Information

News

Julia Farr

February marked a fresh start for this Fullarton site with demolition of the building commencing to make way for a 189-unit retirement village. This has brought much joy to local residents who have watched this building become derelict since its closure in 2004.

Hard Rubbish

Mitcham Council will commence collection in March from selected suburbs. Visit www.mitchamcouncil.sa.gov.au for details. Unley Council collects throughout the year. However booking is essential. Contact the Unley Council on 8372 5111.

Events

- Amazing Bodies Exhibition, Adelaide Show Grounds **5 Mar – 8 May**
- WOMADelaide, Botanic Park, Adelaide **11-14 March**
- ABC Gardening Australia Expo, Adelaide Show Grounds **12-14 March**
- Adelaide Cup Public Holiday **14 March**
- Clipsal 500, Adelaide **17-20 March**
- Pregnancy, Babies and Children's Expo, Adelaide Show Grounds **25-27 March**
- Come Out Festival, Adelaide **25 Mar – 1 Apr**



These events and more can be found at www.southaustralia.com or www.aeec.com.au



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Registered Agent - RLA 64385