



REIA

REAL ESTATE INSTITUTE
OF AUSTRALIA

real news

The official newsletter for the real estate profession - Issue 56

Do you know the Foreign Investment Rules for residential real estate?

Australia's foreign investment rules are designed to ensure that foreign investment in residential real estate adds to the residential housing supply and promotes new construction activity.

Under Australian law, non-residents, i.e. foreign buyers living overseas, are prohibited from purchasing established (second-hand) residential property.

Non-residents are permitted to purchase new housing, or vacant land that is developed within 24 months of purchase, subject to pre-approval from the Foreign Investment Review Board (FIRB). All non-residents must notify the Foreign Investment Review Board of any proposed acquisition of residential real estate in Australia or risk penalties.

Temporary residents who hold a valid visa of 12 months or more are permitted to purchase one established dwelling provided it is to be used as their principal place of residence. Temporary residents are not required to notify FIRB for the purchase of a principal residence.

Temporary residents may also purchase new dwellings or single blocks of vacant without the need to notify FIRB. However, temporary residents must seek prior approval for all other acquisitions of residential real estate, including vacant land on which multiple dwellings may be built and established dwellings for redevelopment purposes. Conditions will apply to developments.

FIRB routinely monitors compliance. Any breaches of the Foreign Acquisitions and Takeovers Act 1975 can result in divestment orders of property, fines and/or imprisonment.

Ineligible purchasers may forfeit their deposit or may be held liable for damages for breach of contract.

Agents who fail to accurately advise foreign purchasers of their obligations under the foreign investment rules may be liable for civil damages. Penalties and compensation may also be warranted under consumer protection legislation, including the Trade Practices Act 1974.

The FIRB website www.firb.gov.au provides full details, or foreign investors may contact the FIRB contact line on +61 2 6263 2940.

Further information is also available on the REIA's website, to view this information, [click here](#).

**WRAP YOUR
CLIENTS'
PROPERTY IN
A SOFT RENT
PROTECTED
BLANKET...**

IN A WAY.

Well, at least that's how safe your clients could feel having their investment property insured through us. Sure, you always choose the best tenant for your clients, but you can't always predict what will happen in the future (and neither can we) so it's good to know your clients' property is covered.

Our specialist Landlord Preferred Policy can help fill the gaps in regular building or strata insurance by giving your clients additional peace of mind by covering them from things like tenant damage, defaulted payments, and even legal liability.

So call Terri Scheer today on **1800 507 500** or visit terriscbeer.com.au/agent for more information.



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Landlord Insurance Specialists

Terri Scheer Insurance Pty Ltd arranges for this product to be issued by Vero Insurance Limited. Refer to the PDS at terriscbeer.com.au



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Government announces further grants for small business

The Minister for Employment and Workplace Relations, Julia Gillard, and Special Adviser for Work and Family Balance and Pay Equity, Senator Jacinta Collins, this week encouraged small business to apply for grants of up to \$15,000 to help them better balance work and family.

From February 25, eligible small businesses with less than 15 employees can apply for the grants to put in place family-friendly arrangements in their workplaces.

Successful recipients of grants in Round 1 of this program put in place practices like agreements between employees and employers for flexible working hours or agreements for some employees to work from home in order to spend time with their kids. Some businesses installed family rooms within their offices.

The second round grants form part of the Australian Government's \$12 million Fresh Ideas for Work and Family Grants Program.

Applications for the second funding round of the Fresh Ideas for Work and Family Grants Program will close on 31 March 2010.

To apply for a grant, small businesses can go to www.deewr.gov.au/freshideas to complete the online application form or call the Fair Work Info Line on 13 13 94 (open 8.00am–6.00pm, Monday to Friday) for further information.

Do you want to earn some extra income?

The Retirement Village Association (RVA) is looking for motivated people to undertake the role of accreditation surveyors. This is a chance to become involved in one of the largest growing industries in Australia, as well as earning a supplement to current income.

The increasing realisation by operators and residents that accreditation is beneficial to both parties and encompasses best practice standards for the industry means an increasing number of villages are applying for accreditation.

The RVA, in partnership with Independent Management Group (IMG) will be conducting nationally recognised surveyor courses throughout Australia over the next 6 months.

If this is of interest to you details and registration can be obtained through the RVA website. For further information please contact the RVA Standards Manager Gary Medcalf on 03 9804 0466 or gary@rva.com.au, or Chloe Bedlow on 0421 473 661 or chloeb@imgroup.com.au.



Protecting your professionalism

The most important insurance for real estate agents is professional indemnity. This is due partly to the nature of the work but also from the incidence of such claims against agents.

To assist you in maintaining your professionalism, we've developed the following tips:

Advertising – Avoid terms such as “uninterrupted views”, “never to be built out”, and “guaranteed returns” as they may constitute puffery or misrepresentation.

Profitability – Reconsider representations you make about the potential profitability of a property.

Rental returns – When talking to your clients about the potential rental earnings of a property, it's important that you can substantiate your estimation if the client later makes a claim against you for negligence.

Representations – Diarise dates and times, while efficiently recording all client meetings.

Records - Keep copies of all relevant documents plus a general archive of all transactions.

Vendor/seller client – Unfortunately, agents are often involved in claims due to inaccurate information provided by their vendors. Minimise this risk by confirming the seller's instructions in writing and maintaining a diary of all discussions with both seller and potential buyers.

For further information, call your local Aon representative on 1300 734 274 or visit our website at www.aon.com.au/realestate.

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Mortgage Choice - tips for investors

Signalling the return of competition to the mortgage market - albeit a slow return - a number of second and third-tier lenders are working hard for market share. Potential property investors looking to take advantage of higher rental yields and relaxed buyer competition should take note that a number of these lenders are introducing special offers for limited periods. So what are the top tips? Mortgage Choice provides the following five tips to property investors:

- Use the equity from another property [More>>](#)
- Pick a loan tailored to your investment strategy [More>>](#)
- Consult a buyer's agent/property finder [More>>](#)
- Positive vs. negative gearing [More>>](#)
- Consider all the costs [More>>](#)

To view the full document, [click here](#).

Don't miss out on accommodation for the National Awards and National Conference



If you are attending the REIA's 2010 National Awards for Excellence and National Conference, make sure you don't miss out on booking accommodation for the event at the Hilton Hotel, Adelaide.

REIA has rooms set aside for attendees of both events, however there are now only a small amount remaining. To book your accommodation, [click here](#).

Find your REI

REIA has eight members, these members are the state and territory Real Estate Institutes.

Your state or territory body can assist you with information which is relevant to being an agent in your state or territory.

For contact details, see below:

REI ACT

16 Thesiger Court Deakin ACT 2600
Tel: 02 6282 4544

www.reiact.com.au

REINSW

30-32 Wentworth Avenue
Sydney South NSW 2000
Tel: 02 9264 2343

www.reinsw.com.au

REIQ

21 Turbo Drive Coorparoo QLD 4151
Tel: 07 3249 7347

www.reiq.com.au

REINT

Unit 3/6 Lindsay Street Darwin NT 0801
Tel: 08 8981 8905

www.reint.com.au

REIWA

215 Hay Street Subiaco WA 6008
Tel: 08 9380 8222

www.reiwa.com.au

REISA

249 Greenhill Road Dulwich SA 5065
Tel: 08 8366 4300

www.reisa.com.au

REIV

335 Camberwell Road
Camberwell VIC 3124
Tel: 03 9205 6666

www.reiv.com.au

REIT

33 Melville Street Hobart TAS 7000
Tel: 03 6223 4769

www.reit.com.au

Next week...

- Reserve Bank of Australia meets to discuss interest rates
- Board Meeting of the National Dialogue of Universal Housing