



Welcome

Can you believe it's only a month until Christmas? Wow, this year has flown by!

Summer is fast-approaching – and while the heat beckons us to leave doors and windows open to catch the breeze – it is an appropriate time to remind landlords and tenants about the importance of home security. Statistically, a home is more likely to be burgled in summer, so it pays to be prepared.



And speaking of being prepared, for those who offer short-term rentals via Airbnb and the like it's important that you understand your liability risks. The tragic death of a 4-year-old at a property in Queensland has shone a light on the liability insurance gap that many hosts don't realise exists. We explain why landlords/hosts need liability insurance cover in place before the onslaught of summer short-term rentals/holiday home lets.

On a much brighter note, we provide a run-down on the latest colours that landlords and agents are gravitating towards as they look to style up rentals this summer. Style tip: Mustard is hot right now! With the warm weather descending, we've included a few summer maintenance reminders for agents and landlords to cross off their list too.

We hope you enjoy this edition of *The RentCover Report*.

Sharon Fox-Slater

Managing Director, RentCover

P.S.

Hot on the heels of rental reforms passing into legislation in Victoria (6 September) and New South Wales (17 October), the Queensland State Government announced [consultation on reforming that state's residential tenancy laws](#). With 34 per cent of the Queensland population renting, the review of the 40-year-old rental laws will include looking at making it easier for tenants to own pets, make minor modifications to the property and have repairs addressed sooner. It will also look at giving property owners greater power to charge for repairs not covered by bonds. Consultation is under way and you can make a submission until 30 November.

Who's responsible?

The tragic death of a 4-year-old boy at an Airbnb has exposed an insurance pitfall for those without specialist cover.



While the Airbnb juggernaut seems to show no signs of slowing – in Queensland alone listings have doubled in the past 18 months with 13 per cent of all housing in the state's key holiday hotspots now short-term rental accommodation, according to a study by the University of Sydney – hosts are risking their financial futures by failing to ensure they have legal liability insurance.

In a heart-breaking accident, a 4-year-old boy was killed at a property being rented out via Airbnb on the Sunshine Coast hinterland in September. The boy had been playing on a homemade timber swing when it toppled down a slope, causing the wooden crossbar to fatally strike him in the head. Another 7-year-old girl sustained a broken arm in the incident.

The tragic death of one child and the injury of another have shone a light on the question of legal liability at Airbnbs. And importantly, highlighted the insurance gap that exists if the property owner (host) does not have specialist short-term landlord cover.

It serves as a timely reminder that ordinary owner-occupier insurance is generally insufficient to cover deaths and injuries if the property is being rented out – whether it is through a standard lease or via a share accommodation platform like Airbnb. Most home and contents (H&C) policies stipulate that there is no legal liability cover if the premises are being used to generate an income or for commercial/business purposes (a 'business pursuits exclusion'). Renting out the home is classified as a business and, as such, the legal liability portion of the H&C insurance (the bit that offers compensation for death and injury, or loss or damage to someone's property when they're staying there) no longer applies as the policyholder is running a business at the home.

Policyholders can contact their H&C insurer to notify them that they intend to use the property for Airbnb to see if the insurer will extend cover but, as most insurers consider this 'high risk', there's a good chance they'll decline. Those hosts/landlords who think a bit of 'secret squirrel' is best when it comes to H&C or even standard landlord cover (for fixed term leases), best think again. It is a requirement under the *Insurance Contracts Act 1984* (Cth) that policyholders notify their insurer if there is any change in circumstances, such as a decision to offer their premises for short-term rental. Failure to notify an insurer of a change in living conditions could be considered a breach of the contract and may void the policy.

Relying on Airbnb's Host Protection Insurance is fraught, as while it offers up to US\$1 million in cover "in the event of a third-party claim of bodily injury or property damage" during an Airbnb stay, it excludes – amongst other limitations – claims related to property issues, or damage or injury that aren't accidental. (FYI: Airbnb actually recommends hosts obtain their own legal liability cover, making Airbnb's cover 'secondary'.) This insurance generally only applies when the host or landlord has been at fault or been negligent in the circumstances of the injury.

In this specific case, there would be a need to prove that the owner of the property was aware, or should have been aware, that the swing posed a risk to children who used it – and in light of that knowledge, that they had failed to repair the swing or to maintain it or to remove it. Workplace Health & Safety is investigating. If they find this to be a simple, yet incredibly tragic accident – that no-one was at fault – then there will be no compensation payable.

If, however, it could be proved that the swing was clearly unsafe and the property owner should have been aware it posed a potential risk, but failed to repair or remove it, then the family of the boy and girl could have grounds for a personal claim against the host.

The best way for a host/landlord to protect their legal liability when they rent their property via Airbnb is to have the right landlord insurance. Typical landlord's insurance will only insure stays longer than 90 days and usually requires copies of residential tenancy agreements, which means it won't cover short-term stays. Those with standard (fixed-term lease) landlord cover should confirm with their insurer if it is possible to switch to short-term cover if they go down the Airbnb route. Importantly, some landlord insurers that do offer short-term coverage specifically exclude Airbnb, so landlords/agents should check their policy before accepting guests.

As most standard landlord policies do not cover the specific risks associated with short-term leasing, [landlords need a specialist short-term policy](#). RentCoverShortTerm is one landlord policy that does cater to the needs of Airbnb landlords/hosts, including providing up to \$20,000,000 (\$20M) in legal liability cover.

Of course, hosts/landlords should reduce the risk of being personally responsible for damage to their property or for compensation for an injured guest by making sure they take steps to avoid any potential liability in the first place. A key to this is ensuring the property is safe and well maintained.

But the reality is sometimes things beyond the host/landlord/agent's control can and do happen – and when they do, it pays to make sure that cover is in place. Having a guest injured or worse on the property is bad enough, finding out that you're legally liable but not insured could be a financial disaster.

Our advice about insurance is provided for your general information and does not take into account your individual needs. You should read the Product Disclosure Statement and Policy Wording prior to making a decision, these can be obtained directly from EBM.

Que Será, Será?

Aussies' somewhat laissez-faire attitude towards home security is leaving many landlords and tenants exposed.

It seems the Aussie philosophy – “she’ll be right mate” – extends to our home security. Despite a break-in happening every three seconds in Australia, a recent survey has found less than half our homes have security features fitted and even fewer tenants have taken action to improve their home’s security and protect their possessions.



The survey by a home insurer found just 49 per cent of Australians use traditional security features such as screens, bars and double locks. But it seems that the older we get, the more likely we are to employ the old favourites – 40 per cent of 18-34 year-olds use these security measures while 60 per cent of over-55s do. It was also found 27 per cent use technology to protect their home, such as smart security systems and mobile apps.

While 16 per cent of homeowners have done nothing to improve home security, the figure jumps to 27 per cent of renters.

According to figures from the ABS, 2.5 per cent, or 228,300, of households were burgled during 2016-17 and 2.1 per cent, or 191,200, experienced an attempted break-in. Of the incidents where the break-in was successful, 74 per cent had property stolen, 29 per cent of victims lost personal items, and 49 per cent of the properties robbed suffered damage. Where the break-in was unsuccessful, 47 per cent were left with damaged doors or windows.

Rental properties are certainly not immune to burglary – as these claims illustrate:

Claim example 1: intruder on high

A person under the influence of drugs burst through the front door of a rental house in Upper Coomera (Qld). They started smashing up the furniture and attempted to steal the tenant’s new TV, plant and pot, bedside lamps, ornaments and even their dressing gown. While the offender was captured by police in the front garden, the TenantCover policyholder was reimbursed \$548 for their damaged possessions.

Claim example 2: smash and grab

A thief smashed through the backdoor of the rental house in Cabramatta (NSW) and stole \$24,060 worth of the tenant’s jewellery, iPhones, laptop, TV, sound bar, cameras, tripods, Playstation and games. The TenantCover policyholder’s losses were reimbursed.

Claim example 3: breaking without entering

The cleaner of a rental in Kempsey (NSW) drove by the house and noticed there was a broken window. They contacted the agent who called the police. Once police completed their investigation, the agent boarded up the windows to prevent further damage. The RentCover *Platinum* policyholder’s claim for \$1,175, to cover the cost of making the property safe and replacing the glass window, was paid.

Claim example 4: master thief or master chef?

The owner of a rental in Cranbourne (Vic) discovered the house had been burgled and the thief had stolen the range-hood and cooktop. The RentCover *Platinum* policy made good on the \$1,035 loss.

With the warmer weather settling in – which often means we flit inside and outside, leaving doors unlocked and windows open to let in the breeze – now is a great time for landlords, agents and tenants to do a home security check and make some improvements such as:

- checking security alarm systems are working
- making sure all door and window locks meet statutory regulations – and ensuring the right locks are installed by a professional locksmith and that they all work properly
- ensuring that any security measures stipulated in legislation are provided at the property
- trimming trees and bushes near windows and doors
- installing exterior motion-sensor lights.

A survey of police detainees found guilty of committing breaking and entering offences in 2015 found that improved security (cited by 31 per cent) was the number one reason for a decrease in property crime.

For the record, the crims also listed the key mistakes people make that make it easier for them to commit a burglary:

- 70 per cent – doors/windows left open (yet grilled windows/doors deterred 19 per cent)
FYI: The most common method of entry was through an unlocked door (40 per cent) or window (28 per cent), breaking a door or window (35 per cent) and picking/breaking a lock (20 per cent)
- 40 per cent – minimal security (yet sensor lights outside deterred 22.8 per cent)
- 25 per cent – easy to enter backyards (yet gates deterred 12.3 per cent)
- 12 per cent – detectable keys (a survey by another home insurer revealed 35 per cent regularly left spare keys outside the property, with homeowners guilty of the practice more than renters at 21 per cent versus 13 per cent)
- 8 per cent – false security systems (yet a working alarm system deterred 49.1 per cent)
BTW: Homeowners (21 per cent) are three times more likely than renters (7.7 per cent) to have a home security system
- 5 per cent – environmental design (yet visibility from the road deterred 14 per cent)
- 2 per cent – skylights (must be a few crims channelling *Mission Impossible's* Tom Cruise!)

So remember to review your insurance cover to make sure the policy is up-to-date, that the sums insured are adequate, and that any special items you need to protect are covered. Talk to your [RentCover](#) or [TenantCover](#) Account Manager to make sure your policy meets your needs.

Looking for some on-trend colour inspo for your rental?

Time to channel your inner design diva, the latest colours for spring-summer 2019 have been revealed – right on cue for a seasonal investment property revamp.

It's that time of year again – the major international design shows have been and gone showcasing the latest interiors trends encompassing temptations from bespoke furniture to designer china, while fashion weeks from New York, London, Paris and Milan to Copenhagen and Shanghai have wrapped offering a sartorial smorgasbord for spring-summer 2019 (SS19).



The takeaway from these style events is the colour palettes that are about to infiltrate our homes as well as our wardrobes. Ever at the forefront of colour forecasting, Pantone (a global authority on colour and provider of professional colour standards for the design industries) has released its SS19 fashion trends report.

SS19 will bring “a joyful juxtaposition of colour that transcends seasonality”, according to Leatrice Eiseman, executive director of the Pantone Colour Institute, who describes the palette as “dynamic and vibrant without being overpowering”.

With 12 standout colours and four classic neutrals, there's a focus on colours that will “provide confidence and lift our spirits with palettes that are filled with creative and unexpected combinations”.

So for those looking to spruce up their rental (particularly those with fully furnished short-term lets) and who want to tap into the latest design aesthetics in time for summer, here are the colours to ‘add to cart’:

Vibrant reds and zesty yellows

- Fiesta – a festive orange red, it radiates energy, passion and excitement
- Jester Red – adding depth and intensity, it combines rich elegance with urbanity
- Lemon Verbena – light and sunny, it's pleasingly cheerful
- Living Coral – an affable and animating shade whose golden undertone gives it a softer edge

Pretty pinks and moss greens

- Mango Mojito – the golden yellow feeds our craving for pleasant comforts
- Pepper Stem – a zesty yellow-green which encourages our desire for nature's healthy bounty
- Pink Peacock – a tantalisingly theatrical colour that fans out to a feast for the eyes
- Pressed Rose – the blushing colour fills us with thoughts of romance and sentimentality
- Terrarium Moss – conjures up thoughts of flourishing foliage and the physical beauty in the natural world

Ultramarine blue and earthy tones

- Princess Blue – a majestic royal blue hue, glistens and gleams
- Toffee – deliciously irresistible, tasteful it whets the appetite
- Turmeric – an enlivening orange that infuses a hint of pungency into the palette

Other design and colour experts have singled out mustard (like Pantone's Lemon Curry) as the hue *du jour* for SS19. It was seen on the catwalks and has been appearing in home furnishings. Before panic sets in (70s safari suit flashbacks...), it is being paired with black and white, so using as an accent may be more palatable!

While you are giving the investment property a style update, don't forget to get your property manager to arrange some seasonal maintenance to prepare for the summer ahead:

- Get the air-conditioning system serviced
- Have the pool cleaned, service the pump and accessories and ensure the water is fit for swimming (and that the gate/fence/latches are up to code of course!)
- Clean overhead fans, check exhaust and extractor fans too
- Clean and repair flyscreens (or fit them)
- Make sure all outdoor lights are working
- Spruce up the outdoor area, tidy the garden and set the reticulation for summer watering
- Arrange a pest inspection and check the home is well sealed to keep bugs out
- Clean gutters and check the roof
- Touch-up the outdoor paintwork
- Have a sparkie give the electrics a once-over – cranking up fridges/freezers, air-cons and fans could overload the system
- Call in a plumber to check for leaks

Reminder: Maintaining a property is a requirement for insurance cover. Neglecting maintenance could create problems if a landlord does need to make a claim, so make sure urgent repairs are carried out within legal timeframes, statutory safety requirements are adhered to (e.g. pool fences, railings, stairs, balconies) and that other repairs and regular maintenance are addressed promptly.

Staff profile: Brad Stenton

A penchant for financial management is a trait EBM loves (even if Brad's wife doesn't)!



Lucky for us, our National Manager – Finance, Brad Stenton, has always been good with figures. Despite not being overly taken with accounting when first out of university, his passion has grown.

Heading off to explore the world when he graduated, Brad soon found himself in London and working for RSM Robson Rhodes where he made his first foray into the finance/accounting industry.

“I didn't enjoy finance and accounting initially, but I was always good at it!” Brad laughed. “It wasn't until entering the workforce that I started to get a better understanding and appreciation for the profession and started enjoying it.

“Much to my wife's dismay, I have a penchant for managing finances. It was only natural that I would choose this as a career path!”

Five years later, Brad returned to Perth and within a month had joined EBM as an Assistant Accountant.

“I was drawn to EBM very early on. So much so that I turned down a job offer before being offered a job at EBM – all because I was so impressed with the first interaction I had. Being here for 11 years now has confirmed that I made the right decision. EBM have been an extremely supportive and genuinely great organisation to be a part of. We have a strong set of core values that's evident no matter what area of the business you work in,” he said.

Working his way up the ranks, Brad now heads up a large team. As the National Finance Manager, he is responsible for the entire accounting function across the EBM group and his role encompasses overseeing the day-to-day transactional side of accounting, preparation of financials, compliance with EBM's various legislative responsibilities, payroll and analytical reporting.

Although Brad doesn't personally have a lot of interaction with our RentCover clients, his team does. And he is currently working on ways to help make those interactions more seamless and enjoyable. It's that culture of always innovating and having a client focus that is just one of the reasons he believes people choose RentCover and EBM.

“We're a company that's built on a strong set of values which is prevalent in all facets of our business and shines through in the products and services we offer. We've worked hard to build a positive brand that our clients can trust in, so that they have comfort in knowing they're engaging with experts who have their best interests in mind.

“We're a company that's constantly evolving as the industry and our clients change. For my team and I, that means looking for ways to help better support management and the key areas of the business. As for working for EBM, we have a fantastic leadership group who are approachable and very supportive. They understand the importance of people – whether that be our clients or our staff.”

Away from the office, Brad has a toddler and a 3-month old at home – “there's not much that can be thrown at me harder than that!”

But that doesn't mean he doesn't relish professional challenges too: "The variety of the role and the ever-changing landscape keeps the role interesting and keeps me motivated. The day I stop facing professional challenges is the day I retire!"

So it's lucky he loves tucking challenges under his belt... and that belt is 'brown'.

"I studied a number of different disciplines of martial arts over about 8-10 years. I reached brown belt in one of them but never made it to the elusive black belt club. I've told my wife multiple times now that when my eldest daughter is old enough I'll be taking her to lessons so I can start up again with her. Getting that black belt is on my bucket list!"

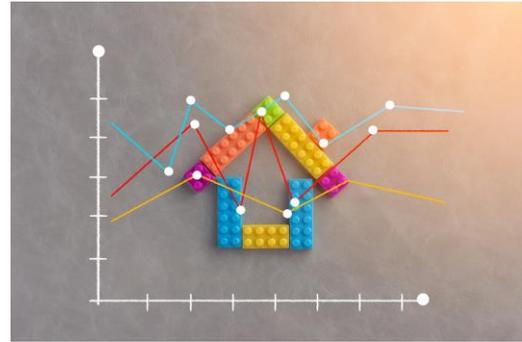
Investment Property Market Snapshot

Latest industry statistics and analysis.

Asking rents steady

Capital city house asking rents in October were steady at \$552 p/w, while unit asking rents fell 0.7 per cent to \$437 p/w, according to SQM Research. Across the capitals: Canberra \$624 p/w for houses / \$442 p/w for units; Sydney \$714 / \$512; Darwin \$505 / \$396; Brisbane \$451 / \$369; Adelaide \$387 /

\$298; Hobart \$425 / \$361; Melbourne \$524 / \$406; and Perth \$424 / \$321. The national average for houses was \$441 p/w and \$355 p/w for units.



Vacancies steady

Data from SQM Research revealed the national vacancy rate in September was steady at 2.1 per cent, with 70,172 vacant properties nation-wide. Vacancies were down in Adelaide (from 1.2 per cent to 1.1 per cent), Perth (3.7 to 3.6), Canberra (0.7 to 0.6) and Hobart (0.5 to 0.4). While vacancies were up in Melbourne (from 1.6 per cent to 1.7 per cent), Brisbane (2.8 to 2.9) and Darwin (3.5 to 3.6). Sydney held steady at 2.8 per cent.

Values decline

National dwelling values declined 0.5 per cent in September to a median value of \$550,610, according to CoreLogic. Over the 12 months to September, values declined 2.7 per cent to provide a 0.7 per cent total return. Capital city median values: Sydney \$847,948; Melbourne \$697,457; Brisbane \$495,474; Adelaide \$438,570; Perth \$452,138; Hobart \$443,711; Darwin \$436,936; and Canberra \$598,326.

Investor loan growth falls

According to the *RBA Credit Aggregates to August 2018*, investment home loans have fallen 1.5 per cent on an annual basis. The data showed investor loans were slowing, accounting for 33.2 per cent of housing loans or \$593 billion of the \$1.78 trillion in total home lending.

Perth remains most affordable capital

Perth has retained the title as the most affordable Australian capital, according to a report by the HIA. Scoring 113.5 on the affordability index for the September quarter, Perth beat out Darwin (98.9), Hobart (95.4), Brisbane (93.1) and Canberra (86.2) to be the most affordable. A score of 100 indicates an affordable market (where mortgage repayments account for exactly 30 per cent of earnings). The average across the eight capitals was 72.9, with Sydney (55.1) and Melbourne (65.8) the most unaffordable cities.

Mining towns offer good yields

Despite property values in Western Australian and Queensland mining towns taking a significant hit in recent times, the rental yields remain high, according to CoreLogic's Property Pulse. The best performing town in WA was South Hedland with a rental yield of 9.2 per cent, while in Queensland, Dysart offered 8.6 per cent.

WA introduces foreign buyers levy

From 1 January 2019, foreign buyers will pay a 7 per cent surcharge on residential property in Western Australia. Exemptions to the Foreign Owner Duty Surcharge apply where foreign buyers are funding developments with 10 or more dwellings or purchasing non-resi property.

Investors struggle with P&I loans

According to a survey by PIPA, 13 per cent of interest-only borrowers were expecting to "struggle" when they begin repaying principal and interest, with a further 10 per cent "unsure" how they would cope, while 61 per cent were confident in their ability to meet repayments.

Of those who said they would struggle, 5.5 per cent said they have sold, or would have to sell, an investment property to meet loan commitments.

Property ‘bubble’ risk in Oz low

The *UBS Global Real Estate Bubble Index 2018* (indicating ‘bubble risk’ or a significant overvaluation of housing markets) has found the greatest risk is in Hong Kong, followed by Munich, Toronto, Vancouver, London and Amsterdam. The study also found imbalances in Paris, San Francisco and Frankfurt. And while there were imbalances in Stockholm and Sydney, these cities experienced the steepest drop and moved out of bubble risk territory. The report noted: “Sydney’s housing market reached bubble-risk territory in 2015 thanks to buoyant foreign demand, low interest rates and exuberant expectations. It peaked last year and has since corrected by 5 per cent in real terms in light of tighter mortgage lending. Despite its index score plunging, the city remains highly overvalued.”

Investors exiting market

The latest survey from Digital Finance Analytics has revealed a fall in the number of property investors – with 20 per cent expecting to transact in the next few months with the bulk intending to sell a property, compared to a year ago when 50 per cent were expecting to transact but to add to their portfolio. It was also found investors were less likely to borrow, with 36 per cent saying they had had issues with finance. The number of loan rejections for investors rose from 12,448 in August to 13,201 in September. Investors were also more concerned about potential changes to regulation as more were increasingly reliant on tax breaks (40 per cent are banking on the tax benefits) as capital growth eases (15 per cent expect future capital appreciation).

Rentvestors feel mortgage stress

A survey by Gateway Bank has found 58 per cent of property investors consider their mortgage to be a burden, compared to 54 per cent of owner-occupiers. Mortgage stress was even higher amongst rentvestors (who made up 9 per cent of survey respondents – 50 per cent were Millennials, 38 per cent Gen X and 10 per cent Baby Boomers), with 65 per cent considering their loan a burden. The bank noted that the debt-to-income ratio was 189 per cent, a record high, while household savings was only 1 per cent.

Fixed rate loans spike

Data from Mortgage Choice has revealed demand for fixed rate loans is increasing, with the loan type seeing a rise of 6 per cent in September for all loans written to nearly 24 per cent. Fixed rate investor loans rose 1 per cent to 33 per cent.

AMP quits funding property investment

Following in the footsteps of the Westpac group and CBA, AMP announced it would no longer offer its SMSF loan product SuperEdge after 20 October. AMP also announced that from 10 November, existing SuperEdge Loans would not be permitted to switch to interest-only repayments, internally refinance or extend their loan terms. In addition, AMP is axing new mortgages to property investors with five or more properties, tightening scrutiny of all loan applications and banning new loans to investors whose property-related income, which is typically rent, is more than half of their total declared income.

News in brief

WA introduces furniture anchoring law

The WA State Government has introduced a Bill to Parliament which will allow tenants to affix furniture to walls, preventing them from toppling over. Landlords will only be able to refuse a tenant's request to affix furniture in very limited circumstances, such as if there is asbestos in the house or it is heritage listed. The tenants will be required to repair any damage after their tenancy.

REIA calls for property tax

As an alternative to scrapping negative gearing, REIA has suggested that a property tax could be implemented that investors would find more palatable. President Malcom Gunning noted that investors would exit the market if negative gearing was removed, which in turn would drive up property prices and make affordability issues even worse. He called for all levels of government to address a broad property tax such as land tax on all property instead of removing the negative gearing tax incentive.

First homebuyers look to super

Data from the ATO has revealed 1,449 requests had been made between 1 July and 6 August by first home buyers looking to find out how much of their super they can withdraw under the First Home Super Saver Scheme. Of the 592 individuals who went on to apply for their super funds to be released for a home deposit, the ATO authorised 498.

NZ bans foreign investors

On 22 October, new requirements for purchasing property came into effect in New Zealand. All buyers except those from New Zealand (including those with resident visas), Australia or Singapore, will require government consent to purchase residential property.

Mortgage defaults highest in suburbia

Moody's Investor Service's latest RMBS Australia report has found that across the capital cities, the share of mortgages that are at least 30 days in arrears averages 1.1 per cent in locations within 5kms of the CBDs, compared with 1.9 per cent in suburbs 30-40kms from CBDs. Moody's noted that the arrears rate was higher for properties within 5kms of CBDs than for those within 5-10kms. It attributed this to the higher number of investment and interest-only loans among borrowers closer to the CBD, noting that in Melbourne alone 57 per cent of all mortgage delinquencies for suburbs within 5km of the CBD were on investment loans.

30- and 40-somethings renting for longer

According to the Melbourne Institute of Applied Economics and Social Research, the rate of people transitioning from renting to home ownership is declining. Having analysed movements from renting into home ownership over the period from 2001 to 2016, it found, on average, in any given year of the 2001 to 2004 period, 13.6 per cent of renters moved into home ownership. However, this rate of movement steadily declined and in the 2013 to 2016 period, an average of only 10 per cent of renters moved into home ownership in any given year. Australians in the 35-44 age group experienced the second-largest decline in the rate of movement into home ownership between the 2001 to 2004 period and the 2013 to 2016 period, falling from 15 per cent to 9.8 per cent. Only renters in the 18 to 24 age group experienced a bigger decline, falling from 13.5 per cent in 2001 to 2004 to 7.6 per cent in 2013 to 2016.

SA Government launches underquoting campaign

The South Australian Government has launched a campaign to get members of the RE industry to report instances of underquoting property. Commissioner for Consumer Affairs, Dini Soulio, said the majority of property professionals abide by the law “but there are still some who will flout the law. It is unacceptable, unethical behaviour, which is why we’re encouraging people both in the sector and consumers to come forward and help us stamp out underquoting”. Under law, REISA agents or sales reps must have reasonable grounds for advertising a property at the price stated in the advertisement or they can face penalties of up to \$500k for an individual or up to \$10M for a company. In addition, an agent or sales rep must ensure that they advertise the property at the price which is the greater of the vendor’s acceptable price and the agent’s estimated price, or face penalties of up to \$20k or imprisonment of one year.

Borrowers head to smaller lenders

APRA’s latest quarterly banking statistics revealed housing growth among non-major lenders outpaced that of the big four banks. Housing loan approvals among smaller lenders increased 0.8 per cent QOQ and 4.1 per cent YOY, while among the major lenders there was a 0.6 per cent increase QOQ and 3.6 per cent YOY.

Tech watch: Latest apps and platforms

Instagram’s Nametag feature will enable people you meet IRL (in real life) to quickly follow you. The feature works by showing your username on your phone in a format that allows it to be scanned by a potential follower. It is available on iOS and Android.

Spoke enables agents to publish automatically-created and highly-targeted (based on an advanced targeting algorithm) ads for listings, agencies and agents to Facebook, Instagram and the Google Display Network with one click.

Satisfaction with banks declines

According to Roy Morgan’s *Customer Satisfaction-Consumer Banking Australia August Report*, satisfaction with the big four banks declined over the year. The best ranked bank was ING at 88.8 per cent customer satisfaction, followed by Bendigo Bank at 88.4 per cent. Satisfaction with NAB was down 3.9 per cent to 75.2 per cent, Westpac was down 3.6 per cent to 74.3 per cent, ANZ was down 2.7 per cent to 75.9 per cent, and CBA was down 2.5 per cent to 77.6 per cent.

Legal corner: Aussie ex-agent fined \$30k and US celebrity agent sued by insurer

Despite having his RE licence cancelled after entering bankruptcy, Richard Bomhof found employment in an agency and was tasked with selling or leasing out a commercial property. His employment was terminated but he continued to work with the client and received a total of \$16,750 in pre-paid commission into his bank account which he used for personal expenses. Soon after the client found out he was unlicensed. The Southport Magistrates Court ordered Bomhof to repay the client the \$16,750 and also imposed a \$15,000 fine after he pleaded guilty to misconduct.

When celebrity RE agent Mauricio Umansky, founder and CEO of US luxury real estate firm The Agency, sought the assistance of his insurer Western World to defend a law suit brought against him for collusion and selling a luxury property for far less than its value, he didn’t expect to have the insurer sue him too. Umansky was an investor in the company that purchased the 16-acre home in Malibu for \$33.5 million (it was one of five offers made on the home, and at least \$8M short of one offer that was not disclosed to the vendor) and then ‘flipped’ it nine months later and sold it for \$69.9 million. The agent did not disclose his investment until moments before the sale closed – and the vendor sued the agent claiming he abused his position as both broker and buyer to land a deal that benefitted himself instead of the vendor. Umansky turned to Western World to pay for his legal defence but the insurer turned around and sued him on the grounds that by not disclosing the negotiations he had failed in his fiduciary duties.