



► Is Your Rental Income Secured?



► Every Landlord's Worst Nightmare



► A Vital Insurance Protection For Landlords

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In this issue:

Is Your Rental Income Secured?

If you are an investor venturing into property, the rental yield is usually one of your top priorities. As an investor/landlord, successfully renting out your property is akin to hitting the investment jackpot because you have the advantage of someone else paying for your mortgage.

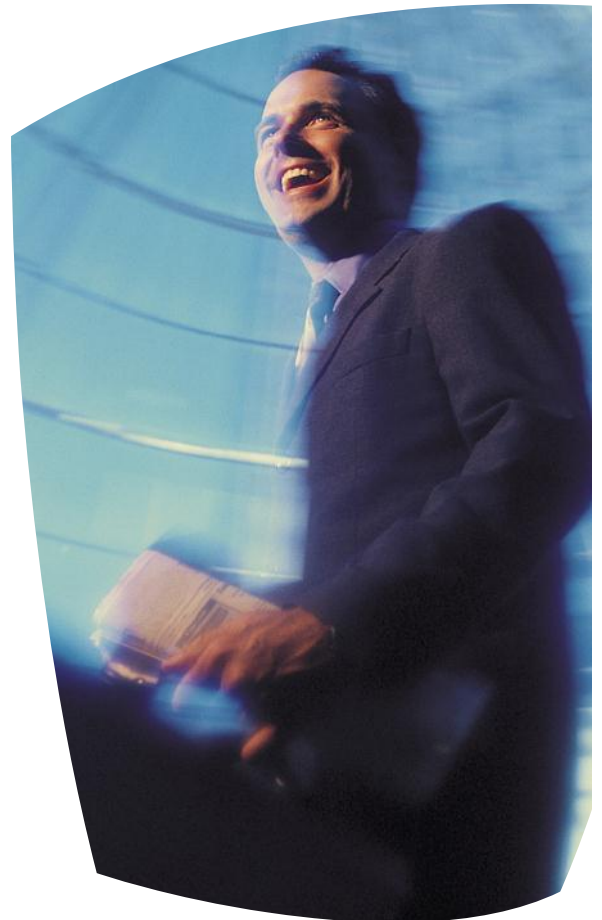
This is, of course, a truly ideal situation – if you have the perfect tenants and your rental collection goes smoothly every month.

Even though it is highly recommended that landlords set aside 3 to 6 months of rent for unforeseen contingencies, not many adhere to this advice and choose to rely solely on their tenants to pay off their mortgage. The unfortunate result is that many of these landlords end up in a lurch when their tenants start to act up, causing these landlords to lose their property or financial stability because they had no buffer to protect their best interests and their assets.

Every Landlord's Worst Nightmare

No matter what you are investing in, it is important to cater for the unexpected. As a smart landlord, you should anticipate the various problems a tenant might pose in the future, especially situations that might affect your rental income, including:

- Your tenant defaulting on payment;
- Your tenant absconding;
- A need to evict your tenant because he owes you rent;
- A murder or suicide in the property which makes the property difficult to rent out; or
- The death of your tenant under sole tenancy which, again, makes the property difficult to rent out.



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Should any of these situations befall on you as a landlord, what is the best way for you to handle them? Lock these troublesome tenants out and then drive them away from your unit? Do you know your legal rights as the owner of the property?

As a landlord, you have 3 remedies to fix the dire situation:

1. Issue a writ of distress, to enable you to seize the tenant's goods and sell them to pay for arrears;
2. Issue a writ of summons, to sue the tenant (be it for his failure to pay rent or any other breach of covenant); or
3. Terminate the lease by exercising your power of forfeiture (provided this right has been expressly reserved under the terms of the lease).

Of course, carrying out any of these 3 actions will not be free, and would incur the respective legal costs. At that point, not only will you have a drop in rental income, you will also have to bear the legal costs and the up-coming mortgage payments on your back. If you are not protected the right way with the right insurance policies, there is only bad news for you: get ready to end up with an empty pocket as soon as all your tenant-related problems are solved!

A Vital Insurance Protection For Landlords

It is vital that you are sheltered by insurance as a landlord. Without it, the loss of rental income and heavy legal costs will take a financial toll on you. Insufficient funds should be the last thing on your mind when you are trying to carry out the right actions against a problematic tenant.

To give landlords the financial shelter they need, SingCapital is proud to introduce a new product, QBE Rent Protection Insurance (RPI), underwritten by QBE Insurance (International) Limited. Designed to protect landlords against a loss of rental income, RPI also provides the resources to help you evict a trouble tenant. If you are a landlord seeking holistic coverage for your property investments, this is the right policy for you.

With an affordable insurance premium of 1.25% of your annual rent, subject to a minimum of SGD250 plus prevailing Government charges, RPI covers the entire period of the tenancy agreement for up to a maximum of 24 months. RPI is also available for all residential properties and is easily accessed online when you want to lodge a claim.

For more details regarding the coverage of this policy and to apply online now, visit www.singcapital.com.sg/rentins

To discover more ways of how you can be protected by insurance; speak to a Financial Consultant from MAS-licensed Financial Advisory Firm SingCapital Pte Ltd today. You may also find out more about our financial-related services at www.singcapital.com.sg.

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