

14th January 2012

To Whom It May Concern,

Our Body Corporate: [REDACTED]

Our Units: [REDACTED]

No of Units: 10

Built new: 2006

Build code: QLD, They are built to Cat 3 cyclone rating as per QLD building code for the Cairns region.

It's really quite simple, our insurance component of body corp fees as of 2010 were \$1,600.00 per unit per annum, was increased to \$2,200.00 per unit per annum in 2011.

There have been no insurance claims since these were built 5 years ago.

Avg total body corporate fees per unit as of 2010 were \$750.00 per quarter total \$3,000.00 per annum, rates \$2,000.00 per annum, total \$5,000.00 per annum or approx \$100.00 per week. Rental income \$310.00 per week, net income \$200.00 per week. About 4.8% return

As of 2012 total body corp fees per unit are \$1,200.00 per quarter total \$4,800.00 per annum, rates \$2,200.00 per annum, total \$7,000.00 per annum or approx \$140.00 per week. Rental income same at \$310.00 per week, net income \$160.00 per week. About 3.8% return

It is not worth owning a unit as an investment property as the returns are now too low. This is primarily due to the sudden and massive increase in insurance costs. We are unable to sell the unit as prospective buyers are dissuaded by the ridiculously high annual body corp fees that stem from the increases in insurance premiums.

It is exacerbated by the lack of choice of insurance providers, and those that provide this service have premiums set at similar levels i.e extremely high.

For those owners that live in their units their annual body corp fees as of 2010 were \$3,000.00 now they are \$4,800.00 or about \$100.00 per week. Add rates at \$2,200.00 so just to live in a unit costs \$7,000.00 per year i.e. \$583.00 per month. Add a mortgage of \$1,600.00 per month and as an owner your outgoings are \$2,200.00 per month.

It is better to buy a 4 x 2 house at this rate. Who would want to own a unit when for the same outgoings per month you can buy a 4 bed, 2 bath home.

This all stems from the ridiculously high insurance premiums and lack of choice.

Regards

[REDACTED]

[REDACTED]

[REDACTED]