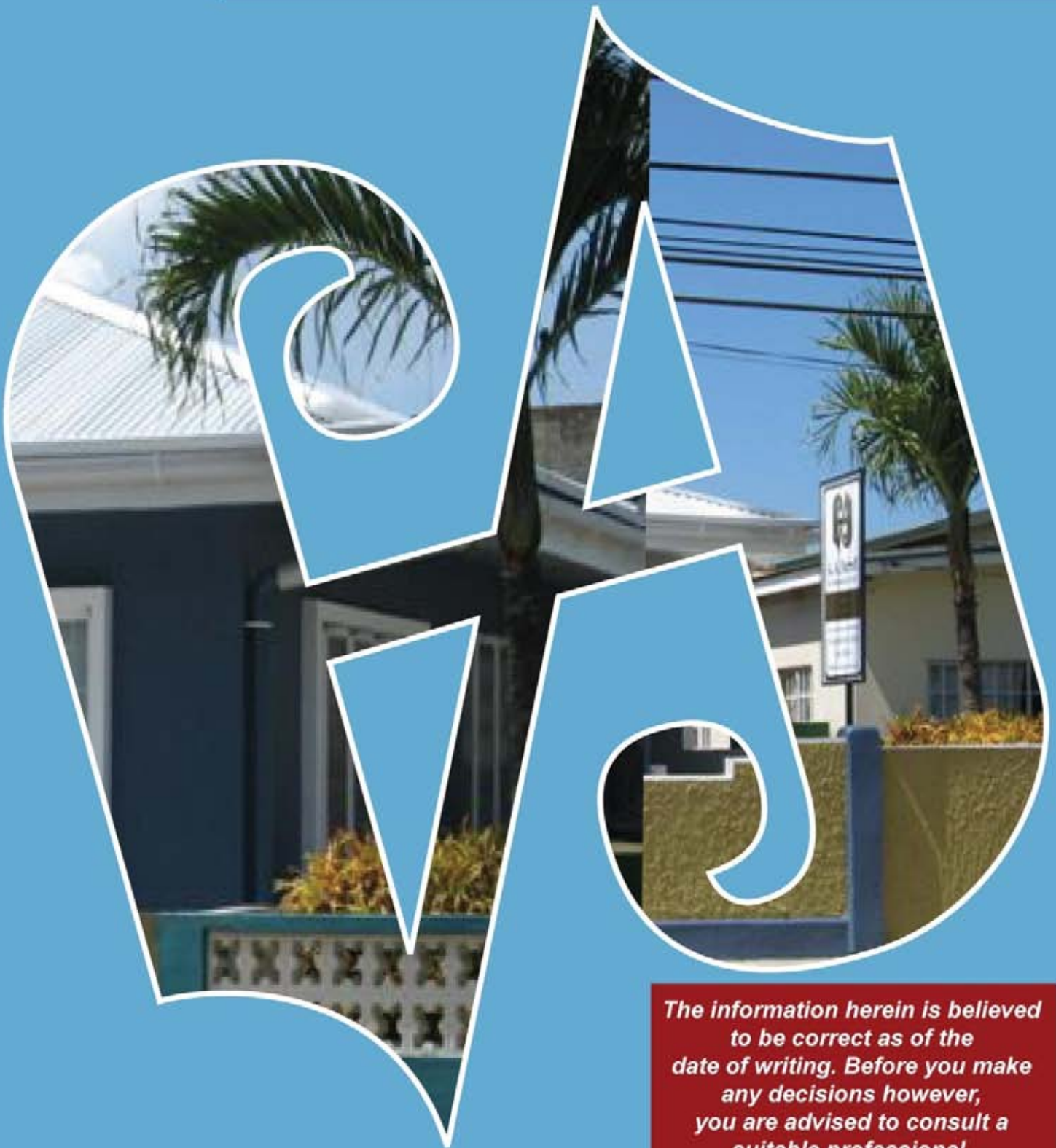




G.A. Farrell & Associates Limited
CHARTERED VALUATION & QUANTITY SURVEYORS
FINANCIAL & PROPERTY CONSULTANTS

JUNE 2009



The information herein is believed to be correct as of the date of writing. Before you make any decisions however, you are advised to consult a suitable professional.

TO BUY Or Not To BUY - that is the QUESTION

BUY:

Many people are afraid to buy a home in times like these. Prices are dropping, the economy seems shaky, people are nervous. Yet, if you are brave enough, this may in fact be the best time to consider purchasing a home. If buying a home fits into your plans, you expect to live in it for at least 5 years and you can qualify for a mortgage loan, then here are some things to consider.

- Most prices in Trinidad & Tobago have dropped – some more than 20% from their peak in 2008. Because of this, many people are waiting for the market to drop

Below are some pointers to help you make a decision. They are not all-inclusive and every situation is different. Before making a decision, you should think it through thoroughly and seek professional advice.

further. However, it is nearly impossible to time the market perfectly and you may wait too long and then be forced to buy after the market is on its way up. When this happens, your negotiating power starts to diminish.

- Currently, because of the slowdown in the economy and the real estate market, it might be possible to negotiate with developers and contractors. Ask for extras and upgrades, request a reduction in price or closing costs – remember, there is a lot of competition to find purchasers and you are therefore in a strong position. Even if you are not buying a new home, you can still negotiate. Several homes have been on the market for quite some time and a lot of sellers are now being forced to accept lower prices due to the current state of the market. There are many homes currently for sale, so take your time in selecting the one you like best and then be prepared to negotiate. The large selection of homes for sale gives you more

choices and drives down prices, and sellers are now aware of that. It is also a good idea to get a professional valuation before signing an agreement to purchase as prices may have dropped more than you thought and you may be paying too much!

- Even banks may be willing to negotiate slightly with their terms. Call different banks and get their terms before selecting one. Negotiate for:-

- Interest rates. (The higher the rate, the higher the installment you pay).
- Term (length) of loan. (The shorter the term, the higher the installment although you will pay less over the life of the loan).
- Loan-to-value ratio. (The higher the ratio the more you can borrow – all other things being equal).
- Management fees. (Sometimes called negotiation fees). See if any of the banks will offer you any concessions and under what conditions.

DO NOT BUY:

- Currently, home prices are falling and no one knows when they will stop. Therefore, if you buy today, your home could be worth less next month or next year. No one likes to invest in a depreciating asset and there may be no need to rush. Many people are holding back buying a home and until people start believing it is safe (from an investment standpoint) to buy a home, prices are unlikely to increase. So it may be wise to delay purchasing a house until it appears to be a safe investment economically.

- Economists are forecasting that there will be job cuts throughout Trinidad & Tobago. With the massive private and State construction projects now approaching completion, this seems certain. If you think there is any chance that your job might be in danger, it would be unwise to now go into a long-term debt like a mortgage loan for a home.

- It is important for everyone, especially in today's fragile economy, to have a nest egg to fall back on. Experts recommend that you have 3-6 months of expenses put aside for emergencies. If the cost of buying a home will wipe out all your rainy-

day funds, you may want to save more before buying a home.

- The inflation rate has started to drop and if it continues, interest rates on mortgage loans may follow. When this happens, your mortgage installment will drop and you can therefore afford a larger loan and consequently, a better home. If you feel that you will be buying a home in the latter half of 2009, it would be a good idea to monitor the monthly announcements by the Central Bank regarding the inflation rate and check mortgage interest rates regularly with your bankers.

DECISION:

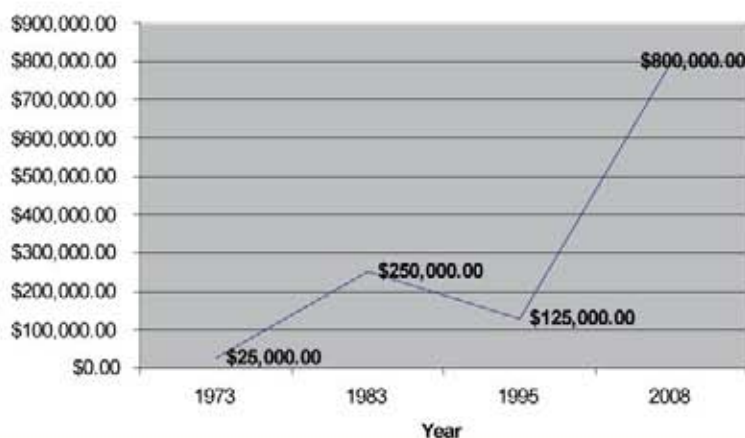
While historical data does not predict what will happen in the future, it may assist you in making a decision. Between 1973 and 1983, real estate prices increased by approximately 900% (e.g. from \$25,000 to \$250,000). When oil prices dropped in the 1980's, real estate prices then dropped between 1984 to 1995 by around 50% (e.g. from \$250,000 to \$125,000). In

the subsequent boom from 1996 to 2008, prices increased by over 500% (e.g. \$125,000 to \$800,000). Therefore, even if you had purchased at the worst time over the last 35 years, (say in 1984 at \$250,000), you would still be showing a large profit. While you would however have had to wait 25 years, you would have made a profit of \$550,000 which is over 200% on your investment.

As you can see from the above, while

there are many reasons not to buy now, there are also several advantages why buying now might make sense. It is important to remember when purchasing a home that while it is a very good investment, there are other factors involved such as quality of life, pride of ownership, etc. In the final analysis, the decision is yours and you have to carefully consider your personal circumstances before making a decision.

Movement in price over the years of a house valued at \$25,000.00 in 1973.



for you. When doing this, look at your past bills and see which plan would have saved you the most money.

- Look at the cable channels that you are paying extra for and see if you are really looking at them frequently. If not, you may want to consider canceling them.

- Keep your gas tank full. When you do this, you reduce gas consumption.

- Shop carefully and resist the temptation to buy impulse, non-essential items.

- Vacation locally. Not only will you save money, but you will also help the local economy.

- Do not stop saving at the bank. Rather, make sure that your money is earning interest at a competitive rate. Money Market accounts are relatively safe, very liquid and offer high returns than traditional bank savings accounts.

- Do not stop paying your insurance. You might want to have your financial situation reviewed and make sure you are getting the best value for your money bearing in mind your personal circumstances. Remember, it is seldom a good idea to cancel an insurance policy if you have had it for some time. However, your needs change over time and it is important that you update your insurance.

- Also, do not forget to ensure that you have adequate house insurance. Too little can result in disaster.

For further information, please see our October 2007 newsletter. If you do not have a copy, you can call our office or visit our website at www.gafarrell.com.

DO'S AND DON'TS TO SAVE MONEY

- Cut down on your electricity usage. There are many ways that this can be done easily and relatively painlessly.

- Turn off air-conditioning units (wall and split) on leaving a room if you will not be going back in the room for some time.

- Ensure all windows and doors are securely closed when air-conditioning units are on. Many of us are guilty of having the door ajar although the air-condition unit is on. This puts extra strain on the unit and wastes electricity which increases your bill.

- Always have a full load when using the clothes dryer. Air-conditioning

units and clothes dryers are among the biggest users of electricity.

- Use florescent bulbs (and unplug power chords from the wall when items are not in use). Florescent bulbs last longer than ordinary bulbs and use less electricity. They are also better for the environment. While on the environment, conserve water as much as possible. Cut down on lawn watering, use a bucket in car washing and turn off the water while brushing teeth.

- Cut down on telephone calls. Consider using e-mails where convenient. Also look at the calling plans offered and see which one makes most sense

Current Mortgage Terms Available:

Property Type	Loan to Value Ratio	Term (years)	Interest Rate	Payment Factor
Residential	80-90%	30	9 - 10%	0.0088 – 0.0080
Commercial	65-70%	15	10 - 13%	0.0127 – 0.0107
Land	65-85%	15	9 - 11.25%	0.0115 – 0.0101

Humour

The dream of the older generation was to pay off a mortgage. The dream of today's young families is to get one.

There is no longer a need for the neutron bomb. We already have something that destroys people and leaves buildings intact. It's called a mortgage.

If you think no one cares you're alive, miss a couple of house payments.

If you want to know exactly where the property line is, just watch the neighbour cut the grass.

This country is great. It's the only place where you can borrow money for a downpayment, get a 1st and 2nd mortgage and call yourself a homeowner.

A housewarming is the final call for those who haven't sent a wedding present.

Dates to Note

Thursday 11th June
Corpus Christi

Friday 19th June
Labour Day

Sunday 21st June
Father's Day

Saturday 1st August
Emancipation Day

Monday 31st August
Independence Day

Thursday 24th September
Republic Day



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Useful Information

	Multiply By	To Obtain
1 Acre	43,560	Square Feet
1 Acre	4	Roods
1 Acre	160	Perches
1 Rood	40	Perches
1 Perch	272.25	Square Feet
1 Mile	5,280	Feet
1 Mile	1,760	Yards
1 Square Mile	640	Acres
1 Link	6.9	Inches
1 Chain	66	Feet
1 Quarree	3.2	Acres

www.gafarrell.com