



"The Insider"

Growing together

Mortgage News and Tips for you

Welcome to 2006

Here it is, your first edition of "The Insider" in 2006. We've had some time to get settled in our new digs and we are loving it here.

We would like to thank you for all of the good wishes we've received in support of our new business venture. The ongoing support via returning clients and referrals has been overwhelming and very much appreciated.

Those of you who haven't yet visited our Erindale Road location, feel free to come by some time and say hello.

We also have some new staff, whom you can read about on page 4.

New legislation

Did you know there's been a change in stamp duty legislation? It affects homeowners and small business owners who are refinancing. Make sure you read about it here.

We hope you'll enjoy this edition of "The Insider" and please feel free to contact us regarding any of the topics you read about here.

Send us your business card!

We're taking the opportunity to give something back to our clients' friends and family by helping you to 'grow' your business.

We'll be creating a classified-type section in future publications.

If your business provides a trade service or other service that homeowners would find useful, send your business cards to Accrete Financial Solutions PO Box 957, Balcatta WA 6914 by the end of April, 2006 to be published in our next edition.

How to beat stamp duty

New stamp duty rule is a break for borrowers!

This is great news! A new amendment to the Stamp Act 1921 allows "for an exemption from mortgage duty for mortgage refinancing loans undertaken by owner-occupiers of homes and small business owners."

This means if you've been thinking about changing lenders on your home or small business loan but were deterred by the cost of mortgage duty payable, it's no longer a concern.

As long as you're not refinancing for more than the original amount of your loan, there's no mortgage duty payable.

If you ARE topping up your loan, over

and above the original principal amount, you need only pay mortgage duty on the amount over the original principal.

For example, if you originally borrowed \$200,000, and now owe only \$150,000, but are planning to borrow \$250,000 on your refinance, you would only pay duty on the additional \$50,000 above your original principal.

As mentioned above, this also applies to small business loans. Under the Stamp Act, a loan is considered a small business loan if both the original loan and the new loan are for less than \$5,000,000.

For more information or an analysis of your situation for refinance purposes, call us now.



INSIDE:

Why fixing may not be for you

Know someone migrating from overseas?

100% lenders: Making it easier

To grow together

Why fixing may not be for you

By Lorrelle McCormack, Director

You can't predict the future. Yes, everyone would like to save money on their home loan, but it's important to remember that our lives change. This is why the rate is not the only reason to choose a fixed loan.

Currently, fixed rate loans are sitting at 6.5%-6.79%, which is comparable to many standard variable rate loans.

Also, some lenders have virtually the same rate for one, two and three year fixed rate loans an indication that they don't expect rates to vary much during those periods. After all, a bank isn't going to lend you money at a rate they know they'll lose on, are they?

Though the rate is a much-considered

point of any mortgage product, I'd like to also draw your attention to what a fixed loan really means to you, and how it can restrict you in ways you may not realise.

If you're planning on making aggressive extra repayments throughout the life of your mortgage, be aware that many fixed rate loans restrict the amount you can pay down a loan per year by either a percentage (15% of the principal) or a flat amount (\$5,000 maximum).

Also, consider life changes in the future. Refinancing or even topping up your loan means breaking the current loan agreement, which usually results in a discharge fee and penalty.

You may not be thinking of moving during the term of your loan, but if you



HEDGING YOUR BETS: It pays to look to your future needs.

decide to increase your loan to purchase investments or other worthwhile items, it will cost you to break the loan.

It's for the above reasons that we always take clients' personal goals and future plans into consideration before making any loan recommendation.

Know someone migrating from overseas?

It's been a continuously busy time for finance in recent months.

There's still a lot of buying, selling and upgrading going on. One trend that stands out is the number of home purchases we're processing for overseas migrants.

Remember, you do not necessarily need to be a permanent resident of Australia in order to purchase property here.

It just means there are certain policies and procedures to follow, including seeking approval from the 'Foreign Investment Review Board' (FIRB).

We've recently handled a number of home purchases for medical professionals who are new to Australia, with a number of them choosing Carramar to buy or build their new homes.

Of course, these families are subject to



MIGRANT INFLUX: Western Australia is experiencing a boom in migrants from the eastern States and overseas.

consideration by the FIRB and often real estate agents will assist with the application.

There are different classes of visas, some more restrictive than others.

What is applicable to you may not be

applicable to someone else and vice versa.

If you, or someone you know, are new to Australia and thinking of purchasing a home, your best move is to speak to us, as we have considerable knowledge in this area and will be able to assist you.

100% lending: Making it easier



Great news! If you've been trying to save a deposit for a home, you've just been moved that much closer to your goal. The days of scrimping and saving to raise a down payment for a home are gone.

You may have heard of lenders' requirements for "5% genuine savings" - where borrowers were required to show proof that they had saved their deposit genuinely over a lengthy period, usually three-to-six months.

The requirement was actually stipulated by mortgage insurers who

Purchase price	\$250,000
Required deposit (5%)	\$12,500
Add fees	+\$2,849
Total down payment	\$15,349
Less First Home Owner Grant	-\$7,000
Net down payment	\$8,349

Example: You only need \$8,349 to purchase a \$250,000 home!

wanted to make sure the borrowers would be capable of setting aside the necessary sums each month toward their home loan repayments.

A handful of our lenders recently dumped that policy, opening the floodgates for the many people trying to get into this market.

These lenders no longer require the 5% to be saved over time.

In fact, you can obtain the funds from anywhere you like.

They could even be raised by selling an item of value or received as a gift.

A further bonus for borrowers is that you can now add the mortgage insurance premium into your loan as well, bringing the total percentage you can borrow up to 97% of the purchase price.

If you've been trying to save to purchase a home, or know someone who has, give us a call and we can discuss this great opportunity further.

Why you should always hire a professional building inspector

By Lisa Welch, Director

"Subject to a satisfactory building inspection report." It's the phrase that should be included in every offer to purchase you ever make.

Whether you're purchasing a new or an established home does not matter. Having a professional inspector's report completed will cost you a little money up front, but save you heaps in the long run.

I can tell you from personal experience that when I bought my current established home, I hired a building inspector who was very conscientious

and went through the entire home.

He found cracked roof tiles - a fair bit of damage really. While it cost me about \$300 for the report, it cost the seller \$600 to repair the damage.

There is also new legislation being introduced that will make 'building inspections' a standard clause built into every HIA building contract, which will require an inspection to be completed by an independent building inspector at each progress claim. The exact details are yet to be advised. We'll keep

you informed as we learn more on this. The strong demand in Western Australia's housing sector and the resulting shortage of trades has had an impact on the quality of built form and this new legislation, if it is passed, intends to prevent any future problems for new homeowners.

In the meantime, please do consider always having an inspection performed, no matter how old or new the home is. I can provide you with the contact details of a qualified inspector if needed.

Buying and selling?

A little bit bigger. A little bit smaller. Maybe just something different. If you're planning on changing homes, don't forget to plan your finance first!

Pre-approval can save a headache in most transactions.

While you might have a good idea of what your home will sell for in this market, the proceeds will be different once mortgage discharge fees, settlement fees and other costs are subtracted.

Since you plan on buying at the same time or soon after, it's important to know exactly how much money you'll need to purchase. You don't want to find yourself a few thousand short for the new purchase because of a few unexpected costs.

Your Accrete finance consultant can help establish what you need, and obtain pre-approval to avoid hiccups.

What if you don't sell first?
No problem.

If you're selling because you've already found the perfect new home, we have access to a number of bridging loan products that will allow you to buy the new home before your home is sold.

Some people prefer to buy first to make sure they get the home they want. Others buy first to make sure they don't end up having to rent in the interim.

Whatever you choose, your Accrete finance consultant will find the perfect mortgage solution for you.



Remember, pre-approval from Accrete will allow you:

1. **Peace of mind.**
2. **Knowledge of exactly how much you can spend.**
3. **Awareness of all of the costs involved in hanging homes.**

Staff Stuff

Keeping you informed of happenings around our office...

Accrete is off to a great start, having placed in the top 10 performing agents of Choice Aggregation since starting up in September.

If you're thinking of building **Kylie Symonds** may be a good person to talk to as she's currently building a home herself. She's also sitting her exam at the Securities Institute and will soon have her finance broker's licence.

Accrete newcomer **Sharon Cocklin** has established "Immigrate Perth", a business which helps people moving from overseas settle into life in Australia. See www.immigrateperth.com

Nilan Chandratilake and **Shaun Fraser** are operating their business Commercial Capital in offices adjoining ours. They work with investors to raise capital for large overseas development projects. If you're interested in knowing more about this, contact Nilan on 0403 963 130 or Shaun on 0419 042 120.



Lorrelle McCormack
Director/Licensed Finance Broker
0411 084 557
lorrelle@accretefinance.com.au



Lisa Welch
Director/Licensed Finance Broker
0417 969 845
lisa@accretefinance.com.au



Kylie Symonds
Senior Finance Consultant
0408 628 605
kylie@accretefinance.com.au

Welcome to our new team members...



Joanne Drozd
Administration Manager
0411 611 078
jo@accretefinance.com.au

Among her other administrative duties, Jo will be assisting the finance consultants with parts of the lending process, so you may receive a call from her at some point to help facilitate your loan.



Sharon Cocklin
Finance Consultant
0424 286 725
sharon@accretefinance.com.au

Sharon and her husband immigrated to Perth from the UK in October 2003 and will become Australian citizens on February 22. Sharon has a Business Studies degree and a lot of knowledge to offer newcomers to Australia.