



Accrete Financial Solutions

Accrete Financial Solutions t/a an agent for Choice Home Loans

"The Insider"

Growing together

Edition 3 2006

Mortgage News and Tips for you



It's Accrete's first birthday!



It's been a year since we opened this office and it was definitely a great move. Our clients have found this to be a convenient location and we're thankful to those of you who have kept in touch and continue to refer friends and family our way, making Accrete an even bigger success.

To say thanks to all of you for your support, we have entered all of your names in a draw for a "Gluttony Package" voucher from the Novotel Vines Resort and Country Club. One of the Vines' "Seven Deadly Sins" packages, the

"Gluttony Package" includes an overnight stay at the resort, with dinner for two as well as full buffet breakfasts and late checkout of 12 noon.

The winners of the package were Graham and Julia Springett of Carramar. We hope you two enjoy it!

This edition of "The Insider" brings you information on several aspects of finance. Family pledges are one way many clients with young adult children are helping their kids purchase their first home.

Reverse mortgages, discussed on page two, are becoming more popular and we've included some information we feel



you should read if you've been considering taking out a reverse mortgage on your home.

With so many new migrants coming into Western Australia from the UK, it seems almost everyone knows somebody thinking of immigrating to Perth. There have been some changes to the Foreign Investment rules which previously stated that all new migrants must purchase a brand new home. Read the story on page three for more.

Well, again, thank you so much for helping make this such a successful first year. We hope you'll continue to keep Accrete Financial Solutions.

Lisa and Lorrelle



Clockwise from top left: Kylie, Lisa, Lorrelle, Joanne and Sharon.

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You can help your children buy a home with a few simple steps

It seems impossible for first home buyers to get started in this market. How can our kids afford to buy a home of their own? We've seen this challenge with many clients and with our own kids as well.

"Affordability is now a very real issue for first home buyers. Less than 6% of homes in Perth are now valued under \$250,000, however first home buyers must pay huge rates of stamp duty for homes over this amount," Real Estate Institute of Western Australia President Greg Rossen said recently.

Did you know there is a way you can temporarily use your home equity to help your kids into their first home? It's called a "Family Pledge" and we've been using it to help a number of clients' children.

Once your children find the home they would like to purchase, you can help them by pledging a 20% deposit using your home equity.

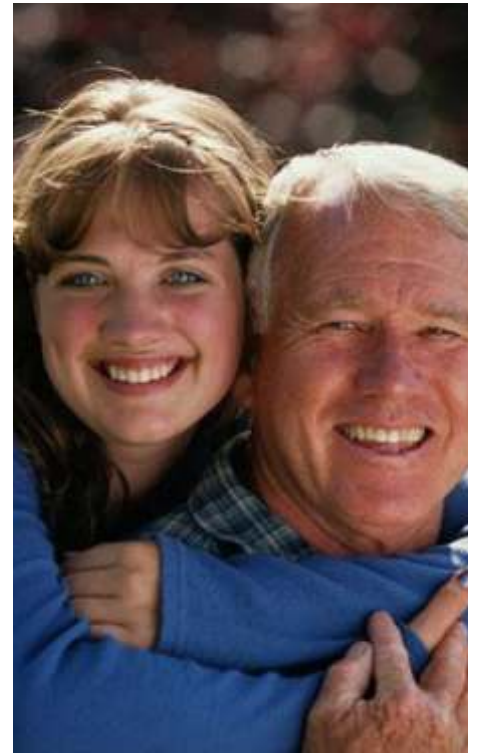
For example, if their purchase price is \$400,000, they would need 20% or \$80,000 pledged.

Using your home equity as collateral, you would guarantee \$80,000 of the amount being borrowed.

In one-to-two years' time, when the home has appreciated and therefore the equity the children have in the home has increased, we have the property re-valued and release you from your financial commitment.

Brokers in our office have used this to assist their own children in purchasing and it's worked well. The home is solely in the children's names, so they still qualify for the First Home Owner Grant. You are only guaranteeing a portion of what is owing for a period of time.

If you would like more information on Family Pledges and helping your child get started, feel free to contact us on 9240 6770.



Retired homeowners:

Are you asset rich, but cash poor?

You spent decades paying this house off. You love the location. The kids live just around the corner. Your favourite shops are close by. The ocean or river is at your doorstep. Whatever the reason, you don't want to move.

Still, at the golden age of retirement many couples have chosen to downsize. They'll sell, freeing up the equity they

have in a home they paid off years before. They then purchase something smaller, less expensive and easier to take care of and have some cash left over to enjoy life.

This is a great solution for someone who's happy to move. If you're not...if you really want both - to stay where you are and to have money to enjoy life - there is a way to achieve it.

Reverse mortgages allow you to access the equity you have in your home. Depending on your age, you can borrow up to 20% of your home's value.

The money you borrow can be paid to you in a lump sum or in installments and can be used for any purpose, including travel, vehicle purchase or helping your children get started with home ownership.

The loan only becomes repayable when you sell or permanently vacate your home or both owners have passed away. However, it's important to keep in mind that interest will accrue over the life of the loan.

It's also important to us that you realise a reverse mortgage is not your only option. If you see yourself in the same position as we've described above, call your Accrete Finance Consultant and we can sit down with you and explain your choices.

Legal advice requirement:

It's a requirement with reverse mortgages that you seek both legal and financial advice prior to signing up for one of these loans. After speaking with us and with your family, should you wish to proceed with a reverse loan, we can put you in touch with an associate of Accrete Financial Solutions who can provide both types of advice to you at a reduced rate.

If you're interested in finding out more, please contact your Accrete Finance Consultant now.



Visit us online!
www.accretetefinance.com.au

There's more than one way to finance your home renovations



New kitchen cupboards, fixtures, paint and more. Home renovations are becoming increasingly popular. Many of us are either guilty of frequent trips to Bunnings or calling tradespeople to work on renovations to our homes.

With the real estate market booming the way it has been, a lot of homeowners feel it's more cost-effective to alter their own home to suit new needs instead of having to sell and find a new one. So, how do you finance your home renovation venture?

There are a number of options for renovation finance, which depend on:

- How much you need to spend
- Over what period of time
- How long you want to take to pay it back

Homeowners needing to spend just a few thousand and who are comfortable making repayments over five years might like to take out a personal loan to cover the costs.

Others with more intensive work to do, which might cost in the tens of thousands - who are actually adding rooms or an entire level to the home - would want to consider an increase to their home loan. You're living in the home and will be enjoying the alterations. You could add the costs of them to your home loan and pay them off at a lower interest rate?

There are plenty of options. It just depends what you have planned.

We can show you all of the possibilities when it comes to financing your home renovations. Call us for a no-obligation discussion now.

Business Owners: Do you know about your options in equipment finance?

What is it that your business needs? Newer trucks? Factory equipment? More office furniture and computers? Whatever it is that you need to purchase, you have several options in finance for acquiring it.

Here's a quick explanation of three types of leasing and hire purchase:

Finance Lease: Your monthly lease payment is a tax deduction for the life of the loan. A residual is payable at the end of the loan to transfer full ownership to you.

Hire purchase: The goods are held in

your business name, allowing you to claim the interest payments and the asset's depreciation as a tax deduction.

Chattel mortgage: An alternative to hire purchase or leasing when financing plant and equipment. The main difference is that the GST can be claimed back within the first quarter following the purchase.

Whether it's a new car or truck, office furniture, computer hardware or other plant and equipment, you have access to excellent finance options.

We're in contact with a number of lenders providing competitive rates on

Changes to Foreign Investment rulings that new immigrants should know about!

What a challenge! If you have moved here from overseas or know someone who is trying to, you're likely aware of the 'new housing' requirement set out by the Foreign Investment Review Board. Well, there have been some important changes made to the rules...

If you're not aware, the rules stated that in most cases, new immigrants must purchase either vacant land, an existing home for redevelopment purposes or a new apartment, townhouse or house.

It's possible the relaxing of the rules may be related to the land shortage crisis. It's been very difficult for anyone to even acquire a vacant block, let alone new immigrants, who have been limited in what they were allowed to purchase.

Due to some relaxing of the rules, non-residents or temporary residents may be allowed to purchase established dwellings, depending on their visas.

We've found this out through the sheer number of home purchases we've helped new residents with in the last year.

We've been helping a number of families preparing to move here from the UK. They've been qualified by the review board based on their deposit and proof of foreign income.

If you're wondering about how the rules apply to your situation, contact our office to discuss it.

Don't assume you or your immigrating relatives won't be able to purchase an existing home first.

You can also find in-depth information about purchasing Australian real estate on www.firb.gov.au

the above equipment finance products. We can provide you with options that you may wish to discuss with your business accountant, to see which best fits your business's financial structure.

Note: Since everyone's financial situation is different, we always recommend you seek advice from your accountant before choosing any of the products mentioned here.

Don't spend this summer worrying about your finances

Like the average family, since building or buying your home, you may have completed renovations or acquired a new car, boat or other luxury item via personal loans or credit cards.

The payments on these various debts can be overwhelming. Debt consolidation is an excellent plan for getting back on track with your finances.

The savvy way to handle it is shown in the following example:

Smith family finances

Home Loan:	\$250,000 at 7.32% (25yrs)
Car loan:	\$30,000 at 9.0% (5 yrs)
Credit cards:	\$5,000 at 19%
Boat loan:	\$20,000 at 9.0% (5 yrs)
Total debt	\$305,000

Current monthly payments:

Home loan:	\$1,818
Car loan:	\$625
Credit Cards:	\$150
Boat loan:	\$415
Total:	\$3,008

You could continue to pay these loans separately at various interest rates and waste thousands on interest - not too mention the stress of owing money to several different lenders with different payment plans.

Alternatively, add all these debts together and obtain one 25-year home loan (or even 30 years) for \$305,000. You would then have only one new monthly payment of \$2,218. But don't stop there!

Cut up your credit cards (keep one for

emergencies). What you don't want to do next is go out and rack up new debts at high interest rates so that you're facing this same situation again in a year's time.

The crucial step

The best thing you could do is keep paying \$3,008 per month on the new loan. The extra \$790 being added to the mortgage each month will result in the mortgage being payed in full - along with all of those high interest debts - in just 13 years instead of 25 years. If you can't, pay as much extra as you can comfortably manage.

A major bonus is that the extra payment is up to you. Therefore you can reduce the payment to \$2,218 at any time without having to seek permission or incur costs with the bank.



ALL Repairs and Maintenance Service can help you with almost any maintenance or repair job you may have around your home.

See our website for the list of 52 ways we can assist you, including electrical or plumbing issues, gardening, cleaning and so much more!

Call us now on 9209 3988 and mention this ad to receive the special 10% discount offered to clients of Accrete Financial Services.

www.armsaustralia.com.au

Staff stuff

We welcome **Libby Wilmot** to our team as an assistant to Lisa and Lorrelle, liaising with clients and lenders and generally providing excellent service. Libby has a long term background in real estate, so she knows the ins and outs of real estate transactions and has been a big help to clients in that regard.

Nilan Chandratilake has joined Accrete and, while he does work with all types of finance, he offers an extensive wealth of knowledge with respect to commercial finance both for Australian and overseas investments.

Did you know that a portion of every

transaction settled by Accrete Financial Solutions is donated to the **Make-A-Wish Foundation**? It all adds up - and it definitely did last year. Our aggregator, **Choice Aggregation Services** added our donations to all others made by Choice agents and donated over \$113,000 to the charity!

Have you received a survey? After having **Accrete Financial Services** handle the processing of any loan for you, you should have received a survey, asking you to evaluate the service you received. Please always share any feedback you may have. We care about what you think because we want to see you return to Accrete and to tell all of your friends about our services.



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