



"The Insider"

Growing together

Edition 2, June 2007



Mortgage News and Tips for you

Can our economic miracle continue?

It's shaping up to be a great year!

Welcome to the second edition of "The Insider" newsletter and isn't it great to see that 2007 is shaping up to be a really great year.

The economy is still enjoying a very healthy boom and there are many signs that this will continue for at least the short term, if not the medium and long term.

It also looks very likely that we won't be getting an interest rate rise this year which should help everybody's budget.

And the issue of changes to stamp duty on real estate transactions has finally been resolved, even if it is only first home buyers who will benefit from the changes.

We're also very pleased to announce that Accrete Financial Solutions has achieved Platinum Broker status.

This award is presented by Choice Aggregation Services in recognition of business growth and customer satisfaction.

It is a significant achievement for us and we'd like to thank all our clients for helping us reach this milestone.

In the meantime, we hope you enjoy reading this edition of our newsletter and if you have any questions about finance, then please give us a call on 9240 6770.

Regards, Lisa and Lorrelle



Western Australia has enjoyed an amazing period of prosperity over the past few years. But many people are now wondering, "How much longer will it continue?"

It's important to all of us as it influences our job prospects, the likely capital growth of our homes and the future prospects for those wanting to improve their personal wealth through property investments.

Traditional economic theory tells us that every boom will be followed by a bust-it's just part of the economic cycle. Or is it?

Australia, and in particular Western Australia, is currently in a unique economic position.

Our last recession was in 1991.

Since then, we've enjoyed 15 years of continuous economic growth-the longest period since World War II. So the real question we need to ask is, "What could go wrong?"

Critical factors

There are five critical factors that will determine how long the current economic boom will continue for.

- The demand for mining commodities currently at record levels. Future demand can only increase as expanding economies like China and India absorb our output faster than we can dig it out of the ground.

As long as the economy remains buoyant, households will be able to continue supporting this level of debt.

- Household debt: because Australia has high household debt levels-currently, our debt to income ratio is 160%.
- Demand for housing where in places like Perth, demand is exceeding supply.



This will keep the price of housing on the increase as the commodity boom continues to attract workers to the state.

- The drought. Even though much of Australia's farming community is drought affected, the cycle of drought must eventually end. And as farmers prosper again, this can only boost the regional economy.
- The labour market. Unemployment is at a 30 year low which is actually constraining many businesses from expanding because they can't find enough workers.

However, migration and increasing part-time participation by mothers and the over 55's are alleviating the situation.

The future?

In a nutshell, the future is very positive. A change in any of the five critical factors could have an impact on the other factors and, in turn, the whole economy.

However, they are also self-supporting too, so that growth in any one factor has a multiplier effect in boosting the other factors.

Our new 105% Home Loan means you can buy your own home without a deposit!

This is great news for home buyers. We can now offer clients a home loan that covers all your fees and the stamp duty too!

We call it the 105 but to you it means your own home with virtually no out of pocket expenses.

That's right; you can buy your own home without having to save a hefty deposit first.

And you won't need a guarantor either.

Our new 105% Home Loan can be used to purchase a home or apartment to the value of \$500,000 with a maximum repayment term of 30 years.

The interest rate is initially higher; however, this will step back to the standard variable rate after 2 years.

Money in your pocket

And if you're eligible for the first home buyer's grant, then you'll actually move into your new home with a sizeable bank balance at a time when you need it most.

As all experienced home buyers know,



there are so many extras to buy when you move into your first home.

But our new 105% Home Loan is not just for first home buyers-investors are eligible too!

So, if you'd like to know more about this great new loan, then call us on 9240 6770. One of our helpful consultants would be happy to discuss it with you.

Here's a quick guide to checking your credit rating



Did you know the information on your credit file can determine your credit worthiness? Well, now it's easy to find out exactly what's on your file.

It sounds a bit like 'big brother' but banks, retailers and credit providers check your credit file in order to determine your credit worthiness.

Your credit file contains details about when you've previously applied for credit and, if you've got into financial difficulties in the past, information about overdue accounts, bankruptcy details and court judgements.

So, what should you do if you've been refused credit? The first step is to check your credit file to identify any problems.

Apply online

The quickest way to obtain a copy of your credit file is to apply on-line.

In Australia, credit files are maintained by Veda Advantage.

You can apply for a copy of your file by visiting www.mycreditfile.com.au

For a cost of \$27 (including GST) Veda will send you a copy by e-mail, post or

fax within one working day of a request being received.

However, if you're not in a hurry, you can apply in writing and a copy of your credit file will be posted to you within 10 working days at no charge.

Once you've obtained a copy of your credit file, check for overdue accounts, known as defaults, or incorrect information on the file that may be affecting your credit worthiness.

How to update

So what should you do if the information on your credit file is incorrect or needs to be updated?

If there is an overdue account on your file that has been paid but has not been updated, then contact the credit provider and ask them to request Veda Advantage to update your file.

Stamp duty threshold doubled for first home buyers!

First home buyers rejoice! You can now save up to \$20,700 in stamp duty thanks to a doubling of the exemption threshold.

The State Government has finally addressed the ludicrous situation of having a \$250,000 threshold on the exemption of stamp duty for first home buyers.

With the boom in housing in recent years, the median house price in Perth has rocketed to around \$450,000.

The previous threshold was set in 2001 when median house prices were around \$250,000.

This growth in house prices has made it increasingly difficult for potential first home buyers to purchase a home.

New thresholds

Effective midnight 9 May 2007, the first home buyer exemption threshold has been doubled from \$250,000 to \$500,000 for home purchases and from \$150,000 to \$300,000 for vacant land purchases.

As a result, it is estimated that 88% of first home buyers will pay no stamp duty

at all, with an additional 6% receiving a partial exemption from stamp duty.

The following table shows the amount of stamp that can be saved by first home buyers

Home Value	Stamp Duty Saved
\$300,000	\$6,600
\$325,000	\$9,900
\$350,000	\$13,200
\$375,000	\$14,450
\$400,000	\$15,700
\$425,000	\$16,950
\$450,000	\$18,200
\$475,000	\$19,450
\$500,000	\$20,700

It's important to note that until the new exemption threshold is legislated by State Parliament, first home buyers must pay their stamp duty upfront, and then apply for a refund.

Refunds from the Office of State Revenue can take up to 4 weeks.



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



With the real estate market booming the way it has been, many home owners feel it's more cost effective to upgrade their own home to suit new needs rather than having to sell and find a new one.

So how do you finance your home renovation project?

There are several options for renovation finance which depend on:

- How much you want to spend
- Over what time period of time you'll be spending the money
- How long you want to take to pay it back.

Home owners who plan to spend just a few thousand dollars and who are comfortable making repayments over a couple of years might consider using a credit card or taking out a personal loan.

But for others with more extensive work to do, such as adding a room or another storey which might cost in the tens of thousands, then a better option is to increase their home loan.

By adding the renovation costs to your existing home loan, you will pay off the renovations at a lower interest rate than using the credit card or personal loan options.

Plus, you'll be living in the home and enjoying the added benefits of the alterations.

So, whether it's a personal loan or a top-up to your existing home loan, talk to your Finance Consultant at Accrete.

We can then go through all the possibilities when it comes to financing your home renovations.

Simply call us on 9240 6770.

Getting into the driver's seat... the easy way!

Pouring through classified listings, trawling websites or driving from car yard to car yard... does anyone have the time these days?

Kylie Symonds is a busy Finance Consultant with Accrete and she doesn't have the time to shop around for a car either.

But, like the rest of us, she still wants the best deal in town.

So, when it came time to update her car, Kylie found that using a Car Broker was the key to saving time while still getting the best price.

Here's how it works...

Kylie knew the make and model of car she wanted, so she simply rang a Car Broker who located all the available vehicles in Perth and negotiated the best price on her behalf.

So, if you're thinking about updating your vehicle, then talk to your Finance Consultant at Accrete.

They'll work out how much you can borrow, then put you in touch with our Car Broker.

You'll save a lot of running around plus you'll end up with the best deal on your car and the finance to go with it.

STAFF STUFF



Holiday 'fever' is spreading through the office at Accrete.

Lorrelle is back from her 'working' holiday in Samoa.

"It was great!" she said.

"We built two homes in a little under two weeks. It was hard work but also very rewarding.

"Working with a group of strangers (who later became good friends) and achieving what we did was just amazing!"

Next to jump on a plane is Lisa, who heads off in June for a well earned break.

She'll be taking a coach trip around Europe to visit several countries.

Lisa is looking forward to finding that museum which has all the heads and arms from the statues in all the other museums around the world...

And finally, Sharon is celebrating her 40th Birthday (oops! sorry, 29th birthday...) with a holiday in the USA.

She'll be flying out in July for a 2 week holiday she won by reading the Top 5 Guide.

It just goes to show that entering competitions sometimes pays off with a really great prize!

We're pleased to announce that Robyne McKay has joined Accrete as a Finance Consultant.

Robyne has completed her Certificate 4 in Financial Services and has extensive experience in providing accounting and administrative solutions to small and medium sized businesses.

Her understanding of the needs and expectations of self employed clients is one of her strongest attributes.

Robyne joined Accrete in February and she's fitting in really well with our team.

Finance Broking will both compliment and add another dimension to her already successful bookkeeping business.



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