

The Insider

Mortgage News and Tips for you

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2009 seems set to be a memorable year for home owners and investors



Welcome to 2009, a year that seems set to be a memorable one for home owners and property investors.

Why memorable?

For a start, the year begins with the excitement of yet another significant interest rate reduction. The 1% reduction on February 4th has put rates at a much lower level than they were at the start of 2008.

With the possibility of further reductions ahead and low inflation this has to present memorable opportunities and something for celebrating.

Another aspect to 2009 will be the vagaries of property values.

Some doomsayers have said values could fall but of course that doesn't mean it will and in fact property valuers, Hegneys believe the West Australian market bottomed in the September quarter of 2008 and is now easing its way back to becoming a normal, stable market.

There's indications across Australia that property prices in the affordable fringe suburbs, if not actually rising, have firmed.

Higher priced properties took the worst hit in 2008 which brings me to the topic of opportunity.

2009 could be the year of opportunity for you because at this point in time the price differential to upgrade to a better home is at its lowest for many years.

Our story on this subject explains why.

In conclusion, we trust 2009 will be a memorable one for all the right reasons for you stay positive and ignore the doomsayers!

This edition is a busy one - I hope you find it of interest.

Lisa Welch, Director



We've moved to new premises

After considerable contemplation on the pros and cons of moving, Accrete Financial Solutions has a new home.

We've moved from our previous quarters in Balcatta to 87 McLarty Avenue, Joondalup.

The location is near the Shenton Road intersection - opposite the Joondalup Police Station with a handy car park directly opposite.

We've found the new premises more central to services and closer to most of our clients.

Our new telephone number is 9300 3255.



The world could be your oyster as far as the property market is concerned...

If you've been in your home for some years and have built up equity - the world as far as the local property market goes is your oyster.

With property price movement somewhat sluggish, the market offers fantastic opportunities to upgrade to a better home or to use equity for purchasing an investment property.

If you're planning to upgrade to a better/bigger home you may be in a position where you need to sell your existing home first.

If you're selling in a slow market it may mean not attracting a peak price for your property. However, it's important to be aware this also works in reverse.

If you buy your new home in the same market, there's a good chance of picking up an excellent buy. The price adjustment on the more expensive home is likely to have reduced by a higher percentage than the property you're selling.

With interest rates having been reduced and likely to be reduced even further, the additional loan could be quite manageable.



So how good is that?

Furthermore, inflation seems unlikely to be a worry, so if you think about it, the current market for those who have built up equity through their loan repayments and capital growth puts them in a very good position to make a move.

It's much better to make the move now rather than hold until prices rise again as when the price on your home rises, so does the price on the home you're wanting to purchase.

If you're interested in what a new loan will mean to you call us. We're happy to help.



By Stephanie Dillon

Financing car and business equipment - the right finance is imperative

What equipment does your business need? A new truck? Plant and Equipment? Machinery? Office furniture? and Computers?

If you're planning to buy a car or business equipment it's imperative to choose the right finance package that best suits your needs.

If you don't it could cost you thousands and possibly even incur negative tax implications.

Finance Brokers who predominantly provide Home Loan finance may tell you the quickest, easiest and cheapest way to raise the funds is to add it to your home loan.

Whilst this may be true for some, it's not always the best option. It's important to speak to a broker who specialises in this type of finance so you can be given information for making the right choice.

Here is a brief overview of the most popular types of finance:

Finance Lease

In this option, the finance company retains ownership of the equipment and you make regular payments over the term of the lease.

The key benefit of leasing is that the total amount of each lease payment is a tax deduction for your business.

When the lease expires, you also have the option of paying a residual to transfer full ownership to you or simply return the asset to the finance company.

Hire Purchase

This is similar to a lease in that you make regular payments over the life of the contract, however, the asset is held in your business name if the business is paying for

it or in a personal name if the buyer is an individual.

Providing the item is for business purposes, hire purchase allows you to claim both the interest payments and the asset's depreciation as a tax deduction.

The downside is that only the interest portion of the monthly payment is deductible and this is significantly less than the corresponding lease payment.

Chattel Mortgage

This is an alternative to hire purchase or leasing when financing either a commercial vehicle or plant and equipment.

The financier advances funds to the business that can then purchase equipment in their name.

In most situations, a deposit isn't required which is a major boost to the cash-flow of the business.

A major benefit of a chattel mortgage is that the full amount of GST can be claimed back in the first quarter following the purchase.

This is obviously beneficial to those self employed clients who have an ABN and are registered for GST.

A rule of thumb

If you're planning to keep your vehicle or equipment for a longer term (ie 5yrs plus) the general rule of thumb is that a lease may have better tax advantages. A Hire Purchase or Chattel Mortgage is generally better for those who upgrade their vehicle or equipment every 3-5 years.

NOTE: This is very general information. We always recommend speaking with a qualified accountant who can look at the bigger picture and advise you accordingly, based on your specific circumstances.

What to do with those fixed loans?

With interest rates having been reduced recently, several people have called to ask if they can now get out of their fixed loan and into a variable loan.

Whilst it may be disappointing, even upsetting, being locked into a fixed rate loan during a time when the variable rates are decreasing, it's important that you look at your total picture rather than the immediate situation.

And you need to consider the picture over the life of the loan not just the very moment.

Closing a fixed loan incurs costs so a careful analysis of the total picture of your loan portfolio needs to be done to determine whether it's worth incurring the cost of closure.

Most fixed loans are for relatively short periods and are usually for a portion rather than the total borrowing so the impact from suffering a higher interest rate should be relatively small and temporary.

Meanwhile for those people whose fixed loans have expired or are about to expire, we have been arranging the best variable packages to suit their situation.

If you would like to discuss your situation please feel free to contact one of our highly skilled Finance Consultants.

We can analyse your current financial position, make sure you have loan portfolio flexibility and have a strategy best suited to changing circumstances.

STOP PRESS:

Figures release by RP Data and Rismark on Friday January 30th showed national dwelling values fell 1.1% in the December quarter and 2.6% over the course of 2008.

Individual market results for the year ranged from 11.5% growth in Darwin to an 8.8% correction in Perth.

While the figures confirm Australia's property prices are not immune from the economic slowdown, the outlook for 2009 remains stable, according to RP Data and Rismark.

Tim Lawless, RP Data national research director, said Australia's critical dwelling undersupply had, and would continue to underpin domestic dwelling prices.

"Current market conditions will in fact make the property market as attractive in 2009 as it's been in decades," Rismark CEO Christopher Joye added.

"With futures markets pricing in a sub-3% rate by the middle of 2009, home loans rates should fall below 5%, presenting the most attractive borrowing costs in recorded history.

In fact home loan rates in Australia have not been less than 6% since way back in 1970."

Self employed Client of the Quarter

If it's time for you to improve your fitness... Here's a great way to do it with a Free trial

After 20 years in the corporate world running other peoples business's, Phil Williams (Narelle's husband) has decided it's time for a sea change to achieve his goal of running his own business revolving around his passion for fitness.

Phil was a state athlete in his younger days and has run his own martial arts school with a 1st Degree in Tae Kwon Do.

He and Narelle recently purchased a Step into Life® Franchise that specialises in group outdoor personal training for people of all ages and all fitness levels.

Phil has become a qualified Personal Trainer, offering training sessions at Gumblossum Park in Quinns Rocks.

His sessions are offered at convenient days and times.

If you're interested in becoming fitter then why not take the first step by contacting Phil on 0425 390 073 or 9562 3832.

He's offering 3 free training sessions for you to try before you buy - please find complimentary gift training sessions enclosed.



Beware of exaggerations on changes to lending criteria

There appears to be a lot of fear mongering taking place about the availability of loans in the present financial crisis.

While it's true that some lenders have tightened their lending policies and 100% loans are no longer available, the truth of the matter is financial institutions are still lending.

We've had people call us having been given the impression that loans were near impossible to get.

That's simply not true. The changes are not as bad as the rumour mill would have you believe.

Certainly there has been a shift to more conservative lending practices. However, 95% and 97% loans are still readily available with most lenders.

We have found that the major shift has been with 'Lo Doc' and 'Non-Conforming' Loans (ie poor credit history). This type of lending is still obtainable, but there are fewer players in this market and the risk is reflected in the interest rates.

Insurance coverage to protect you from the downturn

How's your insurance coverage?

If there's something we strongly recommend for borrowers it's appropriate insurance coverage especially protection from being forced to sell the family home or investment property in a time of crisis.

With job losses becoming more prevalent it's a good idea to consider if income protection insurance is for you.

Furthermore, investors would be wise to be covered for landlord's insurance as a means of protection in the event of a tenant being unable to pay rent.

It's important to speak to a reputable licensed financial planner for your needs.

If you don't know someone who can help you call us as we're happy to refer you to an expert who we have confidence in recommending.

A handy service for car buyers

If you're not one to enjoy tramping around car yards you might give thought to trying WA Car Locaters.

Whether you're looking to buy or sell your car, or simply up/downgrade, WA Car Locater say they can help.

The company was established by Michael Lamont in 2005 as a way of assisting car buyers find the vehicle they need and save them from paying more than needed on their new or used vehicle and vehicle accessories.

Michael is able to negotiate better prices and find the best vehicle suiting the client's needs; or get the best price for a vehicle the client wants to sell, all at no cost to his clients as the car dealership pays him his fee.

He works to budget restrictions and personal preferences, and even delivers the vehicle to your door!

All you have to do is contact Michael on 0418 918 420 or email Michael@wacarlocater.com.au with your name, contact details and the vehicle you want to buy or sell and sit back, relax, and let them find the car.



REMINDER: Time is running out on First Home Buyer Boost

If you or someone you know is thinking of taking up the Federal Government's extension to the long standing \$7,000 First Home Buyers Grant, they need to be aware that its term concludes on June 30th 2009.

At this stage the Govt hasn't given an indication that the scheme will be extended past 30th June 2009.

The extension takes the First Home Buyers Grant on buying an established property to \$14,000 and \$21,000 for building a new home.

The grant extension term of reference is that June 30 is the closing date which means the contract to purchase needs to be accepted before June 30 2009.



Smart borrowers!

It's interesting to note that according to a survey, three out of four mortgage holders are taking advantage of lower interest rates to pay off their mortgages faster, rather than instructing their bank to reduce their repayments so they can pocket the saving.

When asked by the Australian National Retailers Association if their monthly repayments had changed because of the recent interest rate cuts, 74% of those surveyed said there had been no change.

Of the remaining quarter who had instructed their bank to cut repayments, about half were using the money to pay off other debts such as credit cards.

Only 3% said they had reduced payments to spend money on discretionary items.

STAFF NEWS:

Extra certificate for Stephanie

Stephanie Dillon has completed Certificate 4 in Mortgage Broking.

This means she's now able to expand her services.

With six years experience predominantly in equipment financing and leasing she has a lot to offer business clients in particular.



Milestone for Narelle

Narelle has recently achieved a "Bronze Milestone Award" for her sales figures for October from Choice State Office. Well done Narelle!



What they're saying about us!

Our primary focus at Accrete is to provide an outstanding level of customer service. So it's fantastic to receive such positive feedback from our clients.

"Your progress phone calls were terrific, I felt confident my finance request was being monitored and managed efficiently. The whole process went very smoothly thanks to your great service"

Alana - Greenwood

"Wonderful service! It was a pleasure dealing with you all"

Richard & Tamara - Clarkson

"Narelle went beyond her role to help us through the purchase of our property. Thanks so much"

Rob & Leanne - Wanneroo

"Nothing needs improving, your service and staff are excellent and we will be highly recommending you"

Steve & Becky - Quinns Rocks

"You can't improve perfection. You guys are wonderful! Stress and hassle free, just what I needed"

Jodi - Merriwa

"Our thanks to you all for such fabulous services, help and followup. We are overly impressed with your service & will highly recommend you wherever necessary. Thanks again!"

Tim and Audrey - Quinns Rocks



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