

# The Insider

Mortgage News and Tips for you

Accrete v. intr 1: To Grow Together  
Agency of Choice Aggregation Services (Pennley Pty Ltd)  
Finance Brokers Licence #3080



## Welcome



Welcome to another edition of *The Insider*, an edition that has both good and bad news.

The good news is that the property market is remarkably brisk not just with first home buyers but with many people taking advantage of good home affordability to upgrade.

As we mentioned in the last edition the property market does appear to have bottomed and be heading back to becoming a normal market both with respect to property values and in buoyancy.

Life does, however, come with challenges. And the challenge for the time being is in getting finance applications accepted by financial institutions in a reasonably timely manner.

As mortgage brokers, we're really earning our keep these days in getting loan applications through

Some Banks are taking up to 2 weeks before they even pick up an application for assessment, plus their lending policies and requirements for high Loan to Value Loans (ie 90%-95%) are becoming increasingly stringent.

At the risk of sounding somewhat pessimistic, mortgage insurers are also being fickle and seemingly inconsistent so my message to you is to be well organised when you decide to apply for a loan and allow some time for the process to happen.

The good news is that funds are available at fabulously low rates but we're really being put through the hoops in getting loans approved.

I trust you'll find this edition of interest. We have reports on fixing a loan, lending for home renovations and mention of the fact that it's a very good time to consider refinancing.

Lisa Welch, Director



## Fixing a loan now has to be tempting - but should you?

**T**o fix or not to fix? That's the question many people are asking, considering the current interest rate level.

If you believe forecasters, the popular view is that home loan interest rates may fall even further.

As a consequence, most borrowers are choosing to stick with variable rate loans, believing fixed rates have not reached levels to justify a switch.

Nevertheless there is the counter view that interest rates won't be reduced further or remain low for long.

And it's interesting to note that a number of the banks have recently nudged interest rates up on their three year and five year fixed rates terms.

This is often regarded as a sign that they believe borrowing costs are nearing their bottom and could soon edge upwards.

Most of the fixed term interest rates are hovering at about 6% so the hesitation to fix is understandable.

But the reality is that the average interest rate level over the past 30 years has been about 9% - 10% so there is the view that fixing at 6% represents a good opportunity.

It is a gamble which we should add is won by the lenders more often than the borrowers.

### "Split" your loan?

If your family has perhaps a double income or is in a position where interest rate increases won't be of concern, then fixing a loan may not be for you.

If you decide, however, that it could be of benefit to give you surety of not being



caught out by an interest rate hike, it's worth noting that you don't have to place all your eggs in one basket or in this case your entire home loan in one basket.

Split loans, a good compromise, allow you to "fix" a part of your loan and leave a part "variable."

Having a fixed rate means being protected for the guaranteed period (3-5 years, etc.) against rate rises.

You need to be aware that if you want to break the loan period a discharge fee is charged for paying out early.

This can restrict you in regards to making extra payments.

Variable rate loans are beneficial when rates are low because more of your payment is applied to the principal. However, you are vulnerable to rate rises.

*Continued page 2*

**SEE INSIDE: 50% tax rebate!**

**If you need business equipment  
there'll never be a better time than now!**



# Have you thought of the alternative to moving?

**Maybe a home renovation could be a better move!**

**If the thought of selling your home, finding another, packing and moving and putting the kids into another school puts you off the idea of moving to upgrade to a new home, maybe you should give thought to renovating your existing home.**

If you like the area in which you live and maybe are loath to leave friends and relatives, but the home just isn't for you anymore, a renovation can be a practical way to go.

We've helped people to finance renovations that range from a complete knock down and rebuilding project to a simple kitchen renovation.

In many cases a renovation not only makes practical sense but can save serious money.

When you move, you're faced with agent selling costs and settlement fees while buying a new house is going to incur stamp duty, settlement fees, moving costs and the many other items you don't think of until they arise.

And of course if you're in a locality that hasn't enjoyed much capital growth during the time you've been living there, a renovation maybe the only way possible to improve your lifestyle.

As a consequence of all of the above, home renovations are definitely in vogue.

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 extensive 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.

It's often possible to simply add the cost to your home loan.

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

We can show you all of the alternatives when it comes to financing so if it's a possibility for you, call us for a no-obligation discussion.

And furthermore, we have a strong relationship with "Addbuild" a reputable building company that has won numerous Housing Industry Association (HIA) Awards. We would be happy to introduce you.

## First home buyers need to get their act into gear!

The good news is that first home buyers now have until September to enjoy the full benefit of the Government's First Home Owner Boost (FHOB).

Those who sign contracts to purchase a newly built home between 14 October 2008 and 30 September 2009 are eligible for a one off payment of \$21,000 in terms of the FHOB scheme.

First home buyers who purchase an existing home are eligible for a one-off payment of \$14,000.

If they miss out on the September deadline but make the move before December 31 this year, they will be entitled to a lower government grant of \$14,000 for a newly built home and \$10,500 for an existing home.

Thereafter the grant will revert to \$7,000 for both newly built and established homes.

Having reported the good news, it's important to note that lending policies are tightening.

First home buyers need to demonstrate a solid savings pattern if they're to receive the best possible support from a lending institution for a 90% or better loan to value ratio.

Simply having the first home owners grant is not enough.

The other alternative is to have a parental guarantee or a 20% deposit.

It's important to note these factors and be prepared for them.

If you or someone you know is interested, it is really important not to wait till the last minute.

In today's lending environment, the sooner you understand what you can borrow and the limitations, the better so call us for a full explanation.

*From page 1*

## Fixing a loan now has to be tempting - but should you?

A split loan allows you to safely fix a selected portion of your loan leaving the rest at a variable rate so that you can attack it with extra payments.

If you're thinking of fixing your rate at some future date, now is a good time to speak with us on how a fixed rate would affect you.

Do bear in mind that if the rates were to edge upwards again fixed rates will move as well so if you want to win on them you have to strike early.

**50% tax rebate!**

# If you need business equipment there'll never be a better time than now!

If you're in business and are planning to buy a new vehicle or machinery in the next year or two, now seems to be the ideal time to make your move.

This is because of the recent increase in the investment allowance rebate from 30% to 50% for businesses with a turnover of \$2m or less.

If you buy the equipment before the end of this year, and have it up and running before the end of next year, you'll



enjoy a tax deduction equal to 50% of the capital cost of the new equipment and motor vehicles.

This would entitle a small business spending \$30,000 on a delivery van for example to claim a tax deduction of \$15,000 in addition to the depreciation it may claim.

## Finance for upgrades

We can source funds for you in a variety of ways - among them is an interesting offer from a financier for money to use for one purpose only - upgrading existing equipment.

Our business finance specialist, Stephanie Dillon reports that this upgrade finance provided by a non conforming loan financier is available on the following conditions:

- The repayments on the new equipment can not exceed more than 25% of



current repayments and goods need to be like for like

- The goods need to be new or no older than two years and you must be able to show 'good conduct' on the existing loan account.

'Non-conforming' means you don't have to provide full financials though some conditions apply.

It's an interesting opportunity ideal for someone wanting to upgrade a vehicle or machinery. Call us - we're happy to provide more detail.

## Fantastic way of raising funds for breast cancer

We were proud to be part of the action in being a sponsor of a 'Long Table Lunch' held recently in Dandaragan to raise funds for the fight against breast cancer.

The event attended by 160 people raised \$13,524.

A lingerie parade incorporated sleep and swimwear provided by Femme De Femme Lingerie, a specialist in lingerie for women who have had a mastectomy.

One of our team members Steph Dillon acted as a model.

The Dandaragan event saw attendees met at the door with our donation - complimentary, beautifully inscribed glasses filled with pink champagne.

Funds were raised by purple work boots being sold plus there was a raffle and a silent auction for jewellery and other items.

The event was a great success attracting a number of sponsors apart from ourselves.

Among them were Justin & Suzie O'Connell (Century 21 Gold Key Realty), Malcolm & Sue Snow (Snap-on-Tools), Ross O'Sullivan (West Coast Liquor), Steve Hamilton (Steve Hamilton CPA), Lindsay Holland (47 Financial Planning), Dene & Tanya (CBD Settlements). Thank you all so much!



*Steph Dillon on the catwalk*



*Linda Brown (Organiser and Accrete Book keeper extraordinaire) and her mum Kerry McMillen... also a breast cancer survivor.*

## Refinancing - rid yourself of high interest rate debts

If you have a large credit card loan, refinancing is something that definitely warrants consideration, particularly in these times of low interest rates.

Refinancing offers the opportunity of consolidating your miscellaneous debts and moving them into a low interest rate loan or home finance package. The real benefit of this is to take the pressure off your weekly pay packet.

To get the maximum benefit of refinancing you need to be aware that there are strategies that should be incorporated in regards to your repayments so it is important to discuss them with this in mind.

## Self employed client of the quarter

# An interesting internet marketing opportunity

If you've got two hours a day to spare for a training session then John Marie and Jenn Lawlor of Plan-B-Pros have a course for you that could be an absolute winner.

John and Jenn are experts on marketing via the internet. Their service is to run coaching courses teaching people how to capitalise on the internet for marketing their business.

They can be contacted on 0414215720 or via <http://plan-be-pros.com/index-b.php?id=19958129625pacvd>



John Marie

Jenn Lawlor

## Significant changes to the law of wills from July

West Australian residents need to be aware that changes are taking effect to the legislation pertaining to Wills making it more important than ever for people to have a Will and to ensure they're up to date with their situation.

The reason for this is that legislation has been passed to widen the scope of beneficiaries entitled to make a claim on a deceased estate.

It applies if the deceased person has died without making a Will, or does make a Will but fails to make proper provision for the beneficiary in the Will.

The expanded classes of beneficiaries who can challenge Wills now includes de facto partners (including same sex partners) and former spouses and former de facto spouses.

Furthermore, whereas previously a Will was only revoked upon marriage or re-marriage, a Will is now revoked by a divorce order, decree of nullity or dissolution or annulment.

Given that 1 in 3 marriages in Australia end in divorce, it is likely that this change

in particular will render many people's Wills invalid leading to greater uncertainty in dealing with estates and more challenges to Wills.

After July 2009 the classes of beneficiaries entitled to challenge a Will and make a claim against a deceased estate are to be expanded to include step children who were at the time being maintained by the deceased and Aboriginal or Torres Strait Islanders who have a kinship relationship with the deceased.

The only way to ensure your goods go to the people you want and need to provide for, is to ensure you have a current and valid Will.

A Will is a legal document outlining how you wish your assets to be allocated after you die. Without a Will that correctly reflects your wishes, even if you have only a modest estate the results can be disastrous for those you leave behind.

We can refer you to a Solicitor who has expertise in this area if you do not have one already.

## STAFF NEWS:

We would like to welcome Taryn Lilleyman, a new member to the Accrete Financial Solutions team.

She completed her Certificate IV in Financial Services

(Finance/Mortgage Broking) in January 2008 and obtained her C Class Finance Brokers Licence in February 2008 after previously working in real estate.

Taryn is committed to providing high standards of service and professionalism as well as developing a close and loyal rapport with her clients.

Welcome aboard !!!



## What they're saying about us!

*"Thank you Narelle for all the extra effort you put in to keep things going ie making calls etc it kept my sanity to the edge"*

**Pat - Mindarie**

*"Narelle was wonderful and has really made this time a lot more enjoyable than it looked like it was going to be!. We are so happy and this was truly wonderful. Thanks heaps!"*

**Aaron & Jacqueline - Clarkson**

*"Steph, You have given and done more for me than someone who just arranges finance. Your effort has gone way beyond what anyone could have asked or expected, I will never forget that."*

**Brent - Paraburdoo**

*"Thanks again Lisa for all your help yet again! great service!"*

**Brad & Candis - Greenwood**

*"Keep up the great work!"*

**June - Girrawheen**

*"The service provided by Lisa and Libby has gone well over and above anything we ever expected. From day one we received exceptional, professional and 100% friendly service. We feel like Lisa is a friend we can depend on."*

*"The purchasing of our first home was smooth, exciting, fast and was handled by a person who is knowledgeable, friendly professional & dedicated to her clients. Lisa made this process enjoyable and stress free!"*

*"Libby was always on hand to help us. We will recommend the services of Accrete Finance to any and every person we can, so they can enjoy their financial endeavours as much as we did. Thank you Lisa, Libby & all at Accrete for the fantastic & exceptional service! We absolutely rave about you both!"*

**Bree & Steve - Clarkson**

*"Service was always friendly and Kylie always replied in a timely manner"*

**Lorenzo, Tanya & Paul - Beeliar**



**Lisa Welch**  
Director/Principal,  
Licenced Finance  
Broker FBN2604  
0417 969 845  
lisa@accretefinance.com.au



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



**Stephanie Dillon**  
Finance Consultant  
0401 354 206  
steph@accretefinance.com.au



**Narelle Williams**  
Senior Finance  
Consultant  
0413 561 967  
narelle@accretefinance.com.au



**Libby Wilmot**  
Personal Assistant  
0409 080 082  
libby@accretefinance.com.au



**Taryn Lilleyman**  
Finance Consultant  
0401 350 111  
taryn@accretefinance.com.au

## Accrete Financial Solutions

Suite 13/ 87 McLarty Avenue Joondalup WA 6027  
Telephone: 9300 3255 Fax: 9300 3251  
[www.accretefinance.com.au](http://www.accretefinance.com.au)

