

# The Insider

Mortgage News and Tips for you

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



**W**elcome to the first edition of The Insider, for 2010, an issue with a diverse range of articles that should be of

interest to you.

If there's any particular topic that relates to the finance industry that you would like to see covered, do feel welcome to contact us and we'll see what we can do.

An issue relating to the finance industry that you may not have heard about is that the head body of the Mortgage and Finance industry, the MFAA has cancelled membership of more than 1500 brokers – quite a staggering number!

The reason for this is that these people have been found not to have the correct qualifications for providing this type of service – or they were working in just a part time capacity. By far the majority of these people were in the Eastern States.

After a number of scandals some 20 years ago the Finance Broking Industry, especially in Western Australia, is extremely keen to ensure that it runs at a very high standard. Accordingly, it works diligently to ensure this.

We can only applaud that approach. We certainly don't want to be in an industry carrying a tarnished reputation which is why we ensure that all our team members are fully qualified and work in the best interests of our clients.

The year will see lots happening in the world of finance. We'll do our best to keep you posted.

**Lisa Welch, Director**



## Consumer Credit Insurance – Choice says to be wary

**W**hen you take a loan through a bank or some of the financial institutions these days you may be offered Consumer Credit Insurance.

Essentially, Consumer Credit Insurance (CCI) covers you if something happens that affects your capacity to meet the payments on your loans. It covers the loan payments and is usually available for three types of risk: death, sickness /accident or unemployment.

CCI is generally available with a mortgage, personal loan or credit card. It is optional and should not be confused with mortgage insurance, which is usually compulsory if you have a home loan deposit of less than 20%.

The premium is included within the loan borrowed.

At first glance the concept of this package seems to be good.

However, CHOICE, the consumer protection group, claims CCI, is vastly more

expensive than a life insurance policy; about 12% of all claims are rejected which is much higher than most other insurance options and only 15% of premium income is returned in claims payouts.

It says that people should protect themselves and their family in the event of the unexpected happening but claims the smarter options are:

- life insurance through your super fund
- income protection insurance, trauma and total disability insurance which gives coverage in the event of an illness, accident or disability and can be a tax deductible item.

We believe that as your Finance Broker, we have a duty of care so whilst CCI may have its downfalls, we strongly recommend, that you should have adequate "Risk Insurance". We can put you in contact with a Financial Planner who specialises in this type of cover.

# Possibility of a 3 year property boom says economist

**P**erth's 2010 property market has begun with a degree of excitement thanks to the great run in December 2009 and January.

Property sales in Australia totalled nearly \$1 billion in December 2009 to give a strong indication of the pent up demand for property and a very good indication of the confidence that has returned.

In the wake of the buoyant December figures, chief economist, Frank Gelber of economic forecaster, BIS Shrapnel said he believes Australian house prices could boom for at least three years.

He said there was very little to stop prices booming – even if the RBA increased interest rates by a full 1%.

His point is no doubt fuelled by the fact that the non-bank lenders are now returning to the market to improve credit availability.

And that brings us to ask the question. Could the market really sustain the level of capital growth that has occurred in the past two decades?

We constantly hear the opinion expressed that we must come to a point when affordability is stretched to the point that capital growth can only run parallel to wage growth.

But then there's a booming population growth and strong wages in the mining industry adding pressure to property values and rental levels.

And there's now the situation where much of the property market is actually benefitting from the global financial crisis.



The GFC led to dramatic cuts in interest rates. This has made loan repayments more affordable and increased property buyers' borrowing capacities.

This sets an interesting scene for 2010.

Interest rates are not expected to rise much beyond 1%.

So with interest rates remaining relatively low and credit availability improving, it's hard to imagine anything but buoyancy throughout 2010 and probably well into 2011.

Mr Gelber could indeed be right.

## Are you aware that the way you apply for a loan could affect your credit rating?

**It's a fact, you need to be careful if you're tempted to explore online your options for taking a loan.**

The reason we're highlighting this is because you can easily make loan investigations to the point where enquiries register on your credit file.

A record with a considerable number of entries is certain to attract attention from a prospective lender especially if an application is rejected.

We strongly recommend you use our services for research. The reason for this recommendation is that we're aware how far you can go before it registers and furthermore we have information on loan packages that you would find impossible to obtain.

As a matter of interest Accrete is an "Authorised Agent" for Veda (the national credit rating bureau).

Having this facility helps us to help you. With your permission we can make immediate checks on your behalf to ensure there are no problems to be overcome and if there is, we're able to develop the application in a manner that will satisfy the prospective lender.

One of the worst strategies when applying for a loan is to supply insufficient information.

With lending institutions being far more stringent than in the past it is crucial to set up a loan application in a manner that will satisfy likely queries. Providing information in a piecemeal manner is a surefire way to get them offside.

It's one of the key reasons why many clients and Real Estate Agents are using the services of a reputable Finance Broker.

## Important note

With Banks tightening their Lending policies and servicing criteria on a weekly, sometimes daily basis it's more important than ever to "get it right the first time".

It's important to completely research the options beforehand, so that your application has been submitted to the right lender/bank.

Unfortunately even if you have a pre-approval from a lender/bank – it doesn't mean that your loan will be automatically approved.

We are seeing more and more clients with pre-approvals have their applications declined after they have found a suitable property.

Always check with your Accrete Finance Consultant before purchasing a property – a 10 minute phone call could be the difference between your application being approved or declined.

# A home renovation or move? For many, a 'reno' wins the day

**N**ew kitchen cupboards, fixtures, paint and more. Home renovations are becoming increasingly popular.

Many homeowners feel it's more cost-effective to have their own home altered



or extended to suit new needs instead of having to sell, go to the trouble of finding a new home and then have the upheaval of moving.

Afterall, if you like the area you're living in, it does make sense.

Sure it can mean living with some degree of chaos if the renovation is a major one but when you weigh it up against moving home, maybe it's not so bad.

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
- The time you want to repay the loan

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 - might be best having an increase to their home loan.

There are a number of options.

We can show you all of the possibilities when it comes to financing your home renovations so if it's something that could be a possibility for you, call us. We would be delighted to help.

## What to do in the event of financial hardship

**We have seen an unprecedented increase in the number of financial hardship cases and Mortgage Sales.**

A recent email from the 'Credit Ombudsman Service Limited' or "COSL" has also commented that due to the Global Financial Crisis, the subsequent unemployment rates and the drop in property values they expect 'financial hardship' cases to remain the single largest source of complaints over the next 12 months.

COSL has provided some "Tips for Borrowers" which are as follows:

- Act quickly – If you believe you have defaulted on a loan repayment, open the lines of communication and advise your Lender as soon as possible
- Request a Variation to your loan terms – Ask your Lender to vary your terms, this could be by converting to interest only payments, extending the loan term, capitalising the interest (equity permitting) waiving fees or requesting a 'repayment holiday' for a period of time
- Act Reasonably – Your Lender should act reasonably when assessing your request to vary your repayments
- Keep Notes –keep records of phone calls, emails and correspondence from your Lender – ie;
  - o The type of contact (phone, email, fax)
  - o The date and time of contact

o Where it was sent (Lender and Department)

o The name and contact details of the person you have been liaising with

Aside from obvious financial pressures that can be associated with financial hardship cases, there is also the emotional stress.

Personal and emotional stress/depression can effect relationships with family and friends, partners, and work colleagues.

It is very easy to become overwhelmed, so if you, or someone close to you, isn't coping there are a few contacts specifically related to people experiencing financial hardship and/or depression that can be associated with financial hardship

The below services provide "Free" counselling and legal advice/services:

### **Financial Counsellors Association of Western Australia:**

Website: [www.financialcounsellors.org](http://www.financialcounsellors.org)  
FreeCall: 1800 889 364  
Phone: (08) 9 325 1617

### **Consumer Credit Legal Service:**

Website: [www.cclswa.org.au](http://www.cclswa.org.au)  
Phone: (08) 9 221 7066



### **Lifeline Western Australia:**

Website: [www.lifelinewa.org.au](http://www.lifelinewa.org.au)  
Phone 1: 13 11 14  
Phone 2: (08) 9 261 4444

You can also find more information relating to Financial Hardship cases at ASIC/FIDO and COSL:

### **ASIC/FIDO**

Website: [www ASIC.gov.au](http://www ASIC.gov.au)  
Website: [www.fido.gov.au](http://www.fido.gov.au)  
Phone: 1300 300 630  
Email: [infoline@asic.gov.au](mailto:infoline@asic.gov.au)

### **COSL:**

Website: [www.creditombudsman.com.au](http://www.creditombudsman.com.au)  
Free Call: 1800 138 422  
Phone: (02) 9 273 8400

# Car loans on rise

**A**ccording to reports, the purchasing of motor vehicles rose by a staggering 400% in December compared to December 2008.

The results follow a report from the Federal Chamber of Automotive Industries which found new car sales were up 6.2% in December compared to the previous month.

The increase is believed to have been a result of greater confidence in the

economy and also because of the Federal Government's business tax breaks on new business equipment which concluded in December.

Now that the tax break has concluded it will be interesting to see if car sales continue to rise.

If you're thinking of taking a loan to buy a vehicle don't forget to contact us as we may be able to obtain a more attractive loan than you can obtain from elsewhere.

## Customers' comment

*"Keep doing what you guys are doing..You guys are the best!"*

**Mo - Clarkson**

*"Narelle was very helpful and informative – thanks Narelle "*

**Onesimus and Beth - Waterford**

*"Thank you (Lisa) for the patience and support you have shown us in dealing with our many requests. We really value your service and will highly recommend you to our family and friends"*

**Jarrad and Dayna - Kelmscott**

*"I was provided fantastic assistance once again!"*

**David and Sharon - Mount Claremont**

*"How can you improve on perfection!..I am overwhelmed by the personal customer service - it's rare these days!"*

**John and Paula - Merriwa**

*"Excellent Service yet again Kylie"*

**John and Janet - Jindalee**

*"It was an absolute pleasure to do this process with the knowledge that we had Narelle to call on for any questions, clarification or info needed.*

*Fabulous communicator! Great attitude to life! great sense of humour!"*

**Nicole and Lydia - Booragoon**

## Consolidate your debts and save!

**With interest rates gradually easing their way upwards it pays to be conscious of the fact that debt consolidation can substantially reduce your repayments.**

Consolidating your high interest debts such as credit card debt into your home loan could be the best move.

Not only can you reduce your level of repayment but reduce interest being paid.

## Staff News



**Congratulations to Taryn and husband, Adam on the arrival of their new baby girl, Keeley.**

## Two new members join our team



Kim Gifford has joined our team as a licenced finance broker (FBN 4638).

Kim has been involved in the financial industry in administration and as a personal assistant since 2004 and as a broker since 2007 when she completed her Certificate IV in Financial Services(Finance/Mortgage Broking).

Her philosophy fits in well with that of Accrete as she strongly believes in the importance of customer service through finding the most suitable finance package for client needs



Bev Williams has joined Accrete in the challenging role of Administration Assistant.

Bev's experience and knowledge has been gained from 12 years in the banking industry (ANZ loan processing) and this, coupled with her attention to detail, and customer focus will ensure that our clients receive the best service possible.



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