

The Insider

Mortgage News and Tips for you



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Lo Doc and 95% LVR loans are still alive!



Don't believe all you hear! While new credit protection laws and the financial crisis fall-out just about

killed off Lo Doc loans and loans with 95% loan to value ratio they are still available.

We're pleased to report they're being resurrected by a number of finance institutions. One financier has rebadged it as 'Self Employed Lite'.

Lo Doc loans have been extremely popular with people who had difficulty in providing documentation. Self employed people, in particular found them useful.

Some financiers are offering up to 80% LVR LoDoc, a pretty good offer.

One of the important things to note is that there are a few more requirements. For instance ABN and GST registration is generally required while some may require BAS statements.

95% LVR loans

95% LVR loans, the love of first home buyers in particular, have been as rare as hen's teeth since the major banks tightened up on credit.

However, a couple of the minor banks and a number of the second tier financiers have recently announced new high LVR loans for owner-occupiers.

If you're interested in either of these we're happy to explain them in further detail and can organise appropriate applications for you.

Lisa Welch, Director

New national credit protection laws bring the nation into line with what we've been doing!

New National Consumer Credit Protection (NCCP) regulations recently put into place to regulate practices of banks and mortgage brokers in the offering of finance have us grinning from ear to ear, as most of the requirements align with what we've been doing for some years.

The NCCP regulations are primarily aimed at requiring lenders and those responsible for providing finance to take a greater level of responsibility in ensuring borrowers have the capacity to meet their commitments.

Accordingly, a greater level of documentation is now required, much of which we have always put together for our clients.

The success of a loan application is dependent on the quality of the information and documents provided to the Lender.

We know the importance of "painting a picture" to ensure that all our clients loan applications have the best chance of being approved.

This usually includes details surrounding their current situation and circumstances, but it can be equally (if not more so) important to provide details of our clients previous history and circumstances.

We have seen situations, where one Bank or even Broker hasn't been successful in securing finance, but with a little TLC and a sound lending background, we have been able to turn it around to an "Approval" sometimes more is definitely less (headaches that is!)

With responsible lending criteria being reinforced it is more important than ever to apply for finance through a broker rather than a bank. A broker knows all the details required. If an application goes to a bank and is rejected because of lack of detail – the application is recorded on the applicant's credit file.



Important note for sellers

One aspect of the new credit protection laws is that sellers will need to make a point of asking their real estate agent to ensure the buyer has pre-approval for a loan.

The reason for this, is to ensure that the loan application is more likely to be approved. Loan applications are taking longer to approve and rejections are more frequent.

Awaiting the outcome of a finance application could mean the property being off the market for a considerable amount of time. Having to re-market it following a lengthy period of awaiting an approval for finance would be frustrating to say the least.

Special offers on fixed rates adds to their appeal

A number of special offers being made by a variety of financial institutions in a time of 'interest rate uncertainty' has made the concept of fixing a home loan a proposition worth considering once again.

The idea of fixing a home loan is always slightly contentious. When you fix a loan you're gambling that interest rates will rise above what you've fixed them for so you save money.

The problem is that you can be locked into a rate that can become very unattractive if interest rates fall – as was the case for the unfortunate borrowers in

2008 who fixed at about 9% only to see rates fall in 2009 to their lowest since the 1950s.

While there is plenty of argument to suggest the Reserve Bank is unlikely to raise interest rates in the very near future, there is the possibility of the banks pushing up rates to counter the increase in the cost of wholesale funds – an ongoing consequence of the GFC and the European mess.

What's more, economist, Phil Ruthven is predicting the possibility of interest rates doing a steady climb to be around 12.5% by 2016.

Some of the financiers we're in contact with were at the time of writing this article quoting special deals on three year fixed loans.

One was quoting 6.99%, another 7.05% with others quoting 7.14%; 7.19% 7.28% and so on.

Please bear in mind that interest rates are subject to change daily so these figures may not be precise at the time of you reading this article. Furthermore, there are

establishment and preparation fees that would have to be considered.

Meanwhile if you do choose to fix your rates – you will be in the minority.

The Australian Bureau of Statistics' housing finance data shows fixed-rate loans dropped from a peak of 8% of all dwellings financed in June last year to a low of 2.1% in February and March. There was a pick-up to 2.4% in April.

But there is a good argument to not follow the majority:

One leading market analyst was reported as saying if he was a risk averse borrower he would definitely be locking in as he thought the level of fixed rates represent an opportunity for borrowers.

He said he found it difficult to believe interest rates would go lower than they are now and that some big economic issue would have to come into play for that to happen.

In the meantime – if you are interested in them, you can hedge your bets by splitting your loan – having a portion of it fixed, with the remainder variable.

If you're interested in giving further consideration to fixing, do feel welcome to call us for up to date rates.



An interesting time to be in the property market

The best market in which to buy surely has to be a slow market – or even better, a market that has prices drifting downwards and the length of time for properties to be on the market increasing.

This is because there's a wider selection of property to choose from, there's less likelihood of a property being sold before you've compared it with others and you'll always find the seller far more negotiable.

So going by that old adage: 'Buy in gloom sell in glee' you would have to say that after all the negative publicity of a 2.5% decrease in values, the slowest market for 17 months and people generally distracted by the Federal Government elections, now is the time to buy.

But what if you have to sell your own property?

If you're moving upwards to a higher value property then the present time has to be really conducive to your aspirations, especially if you have a reasonable amount of equity in your home.

In fact 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.

While the market is running relatively slowly for all properties, every level upwards is running at a comparatively slower pace. Each level upwards is seeing homes sitting on the market for longer.

This translates into some good buying opportunities. You should get a reasonable price for your property - not top dollar but a reasonable price and you will be able to buy a higher level property at a far bigger discount than you will have given your buyer.

If this is for you, there may not be a lot of time left to get underway.

Entry into a spring market usually livens things up.

What's more, it's going to dawn on people soon that interest rates are likely to remain stable or very close to being stable for more time to come.

All that's needed are a few items of good news for confidence to get the market bubbling again and then everyone will be saying they wished they'd taken advantage of the market slow-down in mid 2010.





Renewed investor activity has sound logic behind it

Real estate agents in a number of Perth suburbs are reporting renewed interest from investors particularly in the lower end of the market.

Recent statistics seem to support what agents are seeing on the ground.

In May, lending to Australian property investors increased to \$6.8 billion – one of the highest sums ever. In addition, figures from the Australian Bureau of Statistics showed lending to property investors rose 11% in the first four months of this year.

So why are investors returning to the market - a market partially dampened by a period of interest rate rises?

Undoubtedly there are those investors who believe firmly in buying when prices are down

Another reason for taking a long hard look at property investment was the disappearance of first home buyers, partly due to the higher deposit requirements by lenders.

This has led to reduced demand for lower priced property and an increase in properties listed for sale – a perfect situation for equity-rich investors looking out for good opportunities.

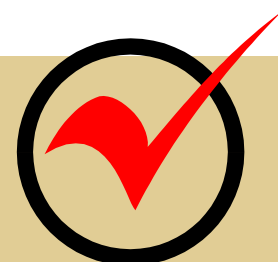
Astute investors are not switched off by today's interest rates, though rates approaching the peaks of 2008 would certainly act as a disincentive. They tend

to think long term. As one investor put it recently, "There's very little chance of losing money on a good property if you hold it five years."

When it comes to monthly income from a property, some see opportunity in today's higher rates.

This is because higher interest rates often translate into a fall in vacancy rates to put upward pressure on rental levels. If this goes hand in hand with renewed health in the WA economy so much the better.

Checklist: things to keep in mind when you're buying and selling



Most home owners have some idea of what they need to do before putting their home up for sale but few are aware of what to do while it is on the market.

- Don't reject a good early offer out of hand – you may not get a better one later. And if you get a good early offer, don't automatically conclude that your asking price is too low;
- If you're not receiving regular feedback from your agent, you should be asking why;
- Trust your agent. Rely on their advice not on what Uncle Ted heard in the pub;
- If your presentation is great and yet your home is languishing on the market the chances are your price is too high. With the internet, today's buyers are savvy when it comes to pricing. They will not bother to look at a home which they perceive to be over-priced;
- Be patient. In a slower market it takes longer to sell. And don't be too sensitive if your agent gives you negative buyer feedback. It's your agent's duty to be

honest with you. See whether you can help in correcting any negative factors;

- Throughout the selling process know what price you're prepared to accept;
- Don't let your guard slip when it comes to ensuring your presentation is up to scratch. It can be a bit of a strain but you'll reap the reward when settlement is achieved.

Tips for purchasing a property

- When you find a suitable property and put in an offer make sure you advise the Real Estate Agent the purchase is 'subject to finance – 21 days from acceptance of offer'. The key words are 'from acceptance of offer'.
- Inform the agent that you have spoken with us and that your finance has been pre-approved/ pre-arranged.
- An additional condition of purchase should be 'subject to a building inspection and a white ant report being satisfactory to the purchaser'. This enables you to arrange reports on the

property and if there are any defects then it is the vendor's responsibility to fix them prior to settlement. The clauses must be included at the time of making the initial offer as you can't add it in later. The cost of the reports are your responsibility.

- You will need to nominate a settlement agent/ conveyancer to handle the legal work.
- The settlement date is normally 21 days from finance approval.
- If you are purchasing subject to the sale of another property you must let the agent know and have the clause, 'subject to the prior or simultaneous sale and successful settlement of property situated at... ' put into the offer. It's probable that a 48 hour clause will be invoked which means that if another buyer comes along and makes an offer subject to finance or cash, you have 48 hours to find the finance. If you fail to find the finance the second offer can be accepted.

Meet our self employed person of the quarter

Rebecca Ericksen operates **Baskets 2 Go**, a service of providing outstanding gift baskets - ones that have a 'wow effect'.

Rebecca says she and her team have a passion for creating innovative and stunning gift ideas that are an absolute delight to receive.

Great care and attention to detail is given when preparing the gifts.

"We understand that each delivery we make is unique and special to the person who ordered the gift, as well as the person receiving it so we take great care with what we create to ensure it's a great reflection on the gift giver," she said.

Baskets 2 Go has an enormous selection ranging from Gourmet Food through to Corporate Gift Solutions.



Their service certainly takes the hassle out of shopping.

They offer a same day delivery service throughout the Perth metro area delivering any time between 9am and 6pm

Phone 9408 6115, Fax: 9408 6885, Email: sales@baskets2go.com.au or visit the website www.baskets2go.com.au

Customers' comment

*"Fantastic job! - Thanks again!
Frank and Donna, Landsdale"*

*"As usual we always received the best service from all. You are always prompt in your calls, and expertise. We appreciate all the help you give us and the special touches like birthday cards. Your business goes that extra step to let us know that we are more than just a number to you. Keep up the fantastic job."
Michelle & Dave - Carramar*

*"My partner and I used Accrete Financial Solutions to investigate our mortgage options for buying our first home. Lisa, Libby & Taryn were all prompt, efficient and highly professional, and translated a very daunting process into something which was easy, accessible and much less scary. We were really happy with the service provided and especially with how friendly everyone was, answering as many questions as we had. We were provided with a huge amount of information which helped us to make a very big decision. We would gladly use Accrete Financial Solutions again and are happy to recommend them to our friends and family."
Angharad and Christopher - Carramar*

*"Lisa, Thanks so much to you and the members of your team in supporting us with our investment loan."
Warm regards, Laurel & Murray - Mindarie*

*"Thank you so much Lisa, Taryn and all the team at Accrete. Your work to make my life and the process easier was faultless especially with the "morons" stacked against us."
Justin - Beechboro*

Welcome Mike



Mike joined Accrete in August 2010. He completed his Certificate IV in Financial Services (Finance/Mortgage Broking) in May, 2010 after a long career in the Mining

Industry. Mike's experience in an industry that is deadline driven is a valuable attribute.

Mike and his wife Rochelle, have a long family history in the finance industry. Their family have owned and operated a successful financial planning business for over 40yrs. It was this background and insight into the finance industry that triggered a career change. Mike is a great communicator and has a clear focus on meeting his customers' needs, so we welcome Mike aboard!!

Accrete Finance receives national recognition



Accrete Finance was recently a State Finalist for Business of the Year (2-5 Loan Writer Category) with Choice Aggregation Services.

"Being a State finalist (top 3) for 2010 is a Fantastic result!...We are passionate about the industry we work in, and always consider our clients best interests. So it is really nice to be rewarded and recognised by not only our peers, but also our State & National Office"



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Some of you may be aware that Narelle has been on extended leave for the last few months, fortunately she is on the mend, but unfortunately won't be returning to Accrete Finance as a Finance Consultant.

However, as always, our primary focus is our customers needs, so please contact the office on (08) 9 300 3255 should you need to discuss or have any questions with regards to your finance needs, both now or down the track.

Now may be a good time to have that "Home Loan Check Up"

We wish Narelle and her family all the very best.