



Dear Valued Clients,

At the risk of sounding like a broken record, "can it be six months already?....." Crazy how quickly the year is already flying by. It seems as if everything in the world is changing. Not only the financial climate of EVERYWHERE but even the weather has gone nuts. These changes highlight the co-dependency everything and everyone has on each other and the domino / ripple effect of every action/reaction. The latest spate of floods, earthquakes, tsunamis etc effecting raw materials, crops of every sort, exports, jobs – in short, "life as we know it". Let's not think we can control anything and lets just adapt to what is happening today, what is available today, what is current today and what we can do and achieve today.

Most important of all, stop, breathe, think and realise how lucky we are.

Back to the world of pure lending. You will have all seen the banks having a price war. The four majors are each trying to increase their market share. They have collectively been taking over the bulk of the home loan market steadily, stealthily over the past 3 years and are up to 80% of all lending. This is not good for the Australian public. Yes, we are culprits as much as anyone of participating in the price war with the discounting and refunding of refinance fees etc. However, it is obvious and painfully clear that as in the case of Woollies and Coles, our majors having a monopoly will seriously impact the cost of lending for all of us. If this issue is close to your heart, please bring it up in our loan health check conversations or on an email or phone call and we can offer you some alternatives.



Remember, we also cover commercial loans and business loans and there are often huge savings and structuring benefits when talking to us in this area. In fact, we are passionate about obtaining the right and fair deal for our clients and it's quite a buzz to make a difference.

With Easter around the corner, we at mortgage SELECT Australia, would like to take the opportunity to wish you a great 5 day break. Eat lots of chocolate, enjoy your families and take it easy. Looking forward to catching up with you in the months to come.

*Judith Goorjian*

### Fixed Rates—Is it Time?

This is still the most asked about question. Shall I fix my rates? The current fixed rates range between low 7's and mid 7's. The current variable rates after discounts are in the same range. If you wish to have peace of mind" and security in the knowledge of what your payment will be every month, then fixed is for you. We cannot advise you whether the decision to fix is right or not. Rather we can guide you to help you to make the decision which is right for your particular circumstance. There are a variety of discounts which you could potentially qualify for. Always check with us to ensure you are on the correct rate.



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**INVESTORS:**

**Now is the time to consider Interest Only "in Advance"?**

For those who can afford it, a serious option to be contemplating right now is paying the coming 12 months' interest on your investment property completely in one fowl swoop. What advantage is there? Assume you pay \$15,000 on an investment property loan on 29<sup>th</sup> June and in July you organize your Tax Return for 30<sup>th</sup> June 2011 claiming a rebate of 48.5% on the \$15,000. You would quickly receive back \$7,200 which could be either earning you interest or sitting in an offset account against your non-tax deductible home loan. As you receive rent for the property at say 5% of the value of the property throughout the year, you would add this to the \$7,200 you have received and next year the money would be sitting there ready for you to pay in advance. If this sounds complicated, ring to discuss.

There are various lenders which offer this service and usually offer a special package in May for those who like to pay their interest in advance. Please contact us to discuss further as it must be decided during May to achieve your desired result before end June.



**If you are Self-Employed -  
READ THIS !**

The massive changes in the finance world over the last 3 years have resulted in strict, no flexibility guidelines throughout the lending industry. Self-employed clients **MUST** show evidence of their income. Full Tax Returns AND financials for 3 years for all entities are **mandatory** and in most cases, they must be lodged with ATO Notices of Assessment returned and supplied. Please ensure your figures are quarterly up to date so that you can verify the income claimed.

**Low Doc or Medium Doc Loans?**

As predicted last newsletter, low doc loans in most cases require BAS and bank trading statements to be provided. Here in the office we've made up a new term for those alleged low doc loans, "Medium Doc Loans". Many of you took my advice over the last couple of years and released equity from your properties while you were still able at the usual residential rates. Currently, it is very difficult still to release spare cash and requires a letter from accountant as to the purpose, or purchase evidence of shares/property etc. Please call us to discuss your requirements and allow us to guide you through the regulations.

**IT IS MORE IMPORTANT THAN EVER TO ALLOW US TO GUIDE YOU THROUGH THE SYSTEM !!!**

**We can check your CRAA for you!**

With the credit scoring described in Newsletter 17, it has become increasingly important to have a squeaky clean credit history and even very few enquiries. Multiple enquiries can spell decline in computer scoring language. We have found it an extremely helpful tool to know exactly what the bank will be asking questions about in advance. We are accredited to check your CRAA for you. We have instructions of how this can be achieved, just send us an email and we'll forward them to you. Send to [customer care@mortgageselect.com.au](mailto:customer care@mortgageselect.com.au).



It's not what you CAN do, but what you WILL do that makes the difference in your life.

**85% Loans without Mortgage Insurance**

Two banks are now waiving their mortgage insurance fee for "eligible" borrowers who qualify. Operative wording is "eligible". Call us to find out more.

**HUGE! HUGE! HUGE!**

**We have attained our Australian Credit Licence  
The UCCC has changed to the National Consumer Credit Code (NCCP)**

Only a fraction of brokers have attained their own Credit Licence. Most are credit providers under a larger corporation holding a Licence. This is because the compliance, paperwork, training/education, time and ongoing commitment is just too much for them. Not to mention the cost. The bulk of brokers are mobile one man bands with their



office consisting of their mobile phone and the files in the boot of their car. Don't know about you but I would not get advice on the largest purchase of my life from a mobile "ambulance chaser". We at Mortgage Select Australia did not hesitate to take the extra jump to obtain

our own Licence and have found the changes to be

very easy as we were already acting in a manner suited to the licencing requirements. The main change for us has been the papertrail to evidence the compliance to the regulations. Some of you have already seen the increase in signature forms which are now mandatory. Lots and lots more blurb to read. While tedious in its execution, it is actually a wonderful step forward for the industry and we are already seeing the steady decline of broker numbers by making it tougher to enter the industry and onerous to maintain the high compliance standards necessary to stay accredited. It also means that we are able to access dozens and dozens of lenders who will ONLY accredit a Licence Holder. Those brokers who are under someone else's Licence would have to request the Licence Holder to gain accreditation for a niche lender and in most cases they will not do so. They are big giants like the banks and will not jump on every bandwagon their multiple brokers request. **We CAN !**

**CONGRATULATIONS JUDITH !!!**

Having successfully completed **Cert IV** some years ago, Judith has returned to study last year completing her Finance Diploma in November 2011. She has now been awarded with the coveted **Credit Advisor** status in the Mortgage Finance of Australia Association. Working full-time running a business and studying simultaneously is no mean feat. It shows Judith's commitment to the continuity and growth of



mortgage SELECT and her promise to continue to bring top levels of expertise, service and transparency to mortgage SELECT's extraordinary client base.



**WARNING - BUYERS BEWARE !**

**If you're over 60 and paying tax - Listen up**

Did you know at 60 years of age we are allowed to pay all our income into our superfund and then release it as a pension/wage to yourself "tax free"? Brilliant eh? We are not accountants and therefore you MUST check your eligibility with your existing accountant. If you don't have a good accountant, we know some.

Not the first time, Judith recently had an existing client of many years call and say "I need to eat humble pie. Please help me and take me back". Using fictional names, Jill & Gary were conned by a schmick and glossy investment house. They had an in-built finance arm run by mortgage brokers who rely on the leads of this investment house. Why? They do not have the

expertise or ability to set up on their own and make a living from this profession without being fed by these referral sources who pay them a fraction of what is the norm but push through volume. The broker firstly refinanced their existing home loan to another lender. How? By "fraudulently misrepresenting their income" to the Lender. The couple gave him their genuine tax returns. Apparently the broker used the figure on the tax returns (we think) but failed to disclose that Gary no longer worked in the job and had become self-employed and therefore actually did not qualify. This went from bad to worse. When they bought the investment property for a 3 month reno and sale in January, the broker double dipped his fees (paid by the lender and the customer) and placed them in a loan @



over 8% with over \$6K in mortgage insurance which needless to say paid a high commission. The house is now on the market and they have just realized the penalties are many thousands more to discharge (1.8% of the loan). On complaint to the broker he admitted his deception and said he would take the couple down with him if they pursued it. They are stuck paying many many thousands dollars. (Lesson: look by all means then call us and let us check it). Another long term client has just been in an identical scenario. He's been told by an investment house that he MUST use their broker. He called us and said he values our service and do we know of an investment house that will allow his choice of broker as he does not wish to lose us as his preferred provider. HOW AWESOME! Well done young man. Yes, we have someone great in mind for him and he will be so much better off in every way. We can tell you of many more stories,



**We passed with flying colours**

We're very proud to have as a new client a brilliant solicitor who is Head of Policy at the Consumer Law Institute of Victoria. She has worked tirelessly these last few years to bring Regulation to the Lending Industry and was instrumental in the push for reform through ASIC. This Solicitor has changed the face of lending to the betterment of you, the consumer. She came to us through the normal channels, referred by an existing long term client (a Dermatologist who is also Head of the Anti Cancer Council) and was very excited to call us and to actually "test" the new reforms she helped to put in place. We followed our usual protocol and process the same as every client. Being totally honest, transparent and following the guidelines set out for us by both ASIC and our industry body. With only a 3 week settlement her loan settled on time. Her latest response to us **"I have already sung your praises to someone"**. She was an absolute pleasure to care for from whoa to go. As you can see, the caliber of our client base is second to none.

**SHOULD WE WRITE A BOOK OF SCENARIOS OR IS IT TOO DEPRESSING? EMAIL US & LET US KNOW. JUDITH WAS THINKING IT MAY BE A WAY TO HELP THE UNSUSPECTING PUBLIC TO AVOID SOME OF THE PITFALLS..**

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