



mortgage SELECT

Greetings!

How fast is time marching? Scary. I must say a lot has happened in the last six months. Marnie has passed her Mortgage Industry Exams with 97% - **Well done Marnie!** I employed another full time staff member - unfortunately not up to our standard and am looking again. We have added quite a few lenders to our portfolio as they have upgraded their products. We have also expanded substantially with 18 brokers as part of the group. As always, we are very busy due mostly to referrals from the clientbase. This is the best feedback possible as well as the best compliment. We are trying our utmost to keep up with the birthdays and anniversaries which is getting more difficult as the client

base grows but we are determined to not forsake this valuable method of catching up and making sure you are prompted to have a loan check or to do one if needed on the spot.

I still spend at least 20 hours a week analyzing different products/lenders. Also putting much time into various training which relates to this industry.

I recently attended a 3 day seminar in Sydney on Real Estate and wealth creation and am so impressed with this particular outfit that I am flying to the USA to attend a 5 day boot camp in Arizona. Hey, no time for shopping or sightseeing -

I'll be in and out in a week.

Apologies on behalf of the banks and lenders at present. Large proportion of lenders are dealing with staff shortages etc and the service is deplorable. Sometimes we get lucky but there are many loans which involves us calling a number of times a day to get them moving and returning loan offers a number of times till they are done correctly. We are watching like hawks to try to catch their many mistakes. Marnie handles all loans from lodgment to settlement so any queries during the process should be directed her way. Holiday season is coming upon us quickly, please drive safely and have a terrific season - wishing you health, happiness and prosperity for the coming year.



SELF EMPLOYED BORROWERS

When applying for a loan please note that all 2003 company and personal tax returns and financials must be complete by end of November. Many self-employed clients automatically send us a copy of their full returns (co & personal) as soon as they are done. This enables us to do a full assessment when you make loan enquiries.

Refinancing - worth it or not?



Firstly, might I say it is worth it for some clients and not for others. Certainly it is also dependant on the clients income level. A \$500 p.a. savings may be great for some and for others - they would not bother. The determining factor is often the size of the

loan.

Imagine a small loan of \$50,000 which could attain a half per cent reduction - sounds good? What does it really mean? .5% on \$50K is \$250 per year. Titles Office charges \$59 to discharge and \$59 to register the mortgage plus there is always at the very least an admin charge by the existing lender to release your Title and loan and often there is an application fee or valuation fee from the new lender. This can add up to \$1,000+. Analysis - definitely not worth it for the small loans. \$600K loan? Yes, a \$1K fee to

save \$3K each year. I think it's worthwhile - you decide. Remember, if buying an investment property, it can be a good time to refinance existing home loans as you would pay some of the fees for a new loan regardless of the refinance.

On the upside - here in Victoria - there is no stamp duty on mortgage for refinancing provided all perimeters are the same, such as same borrowers. Any increase **will have** the stamp duty charged. Qld has the same ruling for owner occupiers only. Investment e charged fresh mortgage stamp duty on each move. Ugghh!

Final decision - worth looking into but in a very controlled manner as all costs must be taken into account.

Higher Rates!!!



Certain banks have begun to reduce the level of discounts they are giving on the professional packages. Suprisingly, one is even changing "exisiting" clients' rates. The packages move so regularly that it is wise to check with us at all times when querying your loan. Please also check with us after speaking with Customer Service as we have had quite a few cases of misinformation and misadvice by badly trained bank staff.

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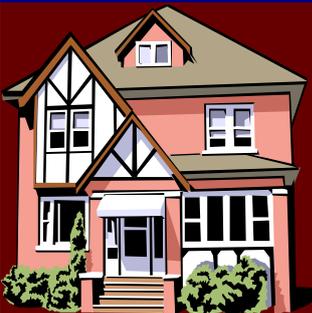
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"Good habits are hard to create but easy to live with. Bad habits are easy to create but hard to live with."

"The finest compliment I can receive is a referral from my clients and friends"

CRAA - Warning! Warning! Warning!

Did you know any unpaid bills or claims which are itemized in your credit report can stop you from loan approvals, credit card approvals etc. They must show as **paid** and will remain on your report for up to 7 years forcing you to supply a "Letter of Explanation" each time you apply for credit. If you have bought a number of properties and are graduating to a low doc loan, any glitch on your Credit Rating, whether paid or not, can limit you to certain loans and preclude you from better deals. It is most important to pay all bills on time and handle all your finances in an exemplary manner to ensure your continued financial health and the opportunity to increase your property portfolio. This also applies to your existing loan payments. If an existing or a new lender is assessing your ability to take on increased debt, the first thing they will do is look at how you have conducted

the payment of your existing loans. If there are arrears showing it will create warning signals for the lenders that these borrowers cannot successfully conduct their existing situation.

Recently, I have had a number of clients who have been shocked to find a default on the credit report. This was placed by an insurance company in dispute with the client about a car accident. Legal advice has suggested to pay the amount in dispute with a covering letter claiming no liability and the intention to pursue the matter further.

If you wish to check your own Credit Report the number to call is **13 31 24**.



Low Doc / No Doc Loans - What are they?

Not too long ago the only way to borrow money without showing that you have the income to cover the loan was to get a loan through a solicitor or private lender on very high rates and fees.

They would lend approx 65% of the value of your property. Now, everyone is jumping on the bandwagon. A month does not go by where we are not dragged off to a training session with another lender who is now offering a loan based on equity with no evidence of income. There are over a dozen in the marketplace with varying criteria, terms and rates and many assess on a case by case basis. Some are as low as normal loans but the criteria to qualify are pretty strict - others have a higher interest rate but will look at a higher lend or even a

glitch on your credit rating. Some will only quote a rate on assessment of the deal. There are brokers evolving who specialise in only this form of lending and in many cases charge the client a pretty hefty fee for their expertise. As we also get paid from these lenders the same as any other, it is rare to find us charging a fee. If we have your tax returns then we cannot be a party to a fraudulent misrepresentation of your income for the purpose of gaining the loan. **It is a criminal offence.** Again, we look at the long term plan of what you wish to achieve and spread the risk around to make sure you are covered for your future

Crystal Ball Stuff - who knows?.....

Although the Reserve Bank has not yet made a move, the fixed rates are marching up rather frequently in very small increments each time in anticipation of expected rate rises. I believe the banks are expecting the usual knee jerk reaction from the hype in the press and are setting themselves up nicely to catch the fall-out. Please check my past articles in the newsletters on my website www.mortgageselectaustralia.com.au reregarding this topic as they are still relevant and up-to-date. If you are not sleeping at night due to worry about future interest rates then you are a prime candidate to fix. Call us for further discussion.



"New Opportunity"

For investors in the higher bracket - we have 2 townhouses in Elwood - 17.5 sq and 21.5 sq approx 2 weeks from completion, going for \$750K and \$850K respectively. Fantastic location, very contemporary, superb finish. Any interest please call Judith. Other Elwood project is still awaiting a VCAT ruling and therefore not yet available.