



**Greetings,**

The months and years seem to be flying by and are punctuated by these six monthly newsletters which come around faster all the time. We continue to look for skilled, experienced and loyal staff. John & Catherine would be familiar to you all by now and I'm sure you will agree they are terrific. It seems to be like a needle in a haystack finding these good ones. If any of you know of professional people looking for a change, please pass on our details.

I had a great experience recently. I refinanced my own mortgages and went to a branch to set up accounts, credit cards, pin numbers etc and experienced first hand what you, the clients, must go through. Ughhh !!!! It was a shock to the system. I am in full sympathy and WISH we could do all the technical banking requirements for you ourselves. On opening up a simple savings account I was to use as an offset account, the staff member at the bank started to ask for a full history of assets, liabilities, income etc. I automatically started to answer, until I stopped dead in my tracks and said "why do you need this? I'm only opening a savings account". The answer was they are trained to take a

full history in order for the staff to uncover possible selling opportunities. I had told them I am a mortgage broker myself. Were they really going to think I would refinance my freshly refinanced loans (like settlement was a week before) with a bank employee? To avoid the third degree, I was told you should request "no advice" and they would be obliged to just give you what you want and not spend two hours for something simple. We have set up contacts now with most of our lenders to organise accounts over the phone and do as much as we can to alleviate your banking issues.

Our business continues to grow and the lenders are thrilled with us for our attention to detail, experience and knowledge as well as transparency to the borrower. This filters back down the line to you the borrower, as our loans are rarely declined. The assessors know they will be properly furnished with full document requirements and followed through to settlement unlike a large part of

**SELF EMPLOYED BORROWERS**

When applying for a loan please note that all 2006 company and personal tax returns and financials must be complete by end of November '06. 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.

industry. In return we get brilliant discounts dependant upon the size of the loan. Both on fixed rates and over and above the standard discounts on variable. Our greatest reward is happy clients who also appreciate us and refer to us. Thank you, thank you, thank you. I have also had quite a tough six months health wise and appreciate your concern, flowers, cards etc. Happy to report I am once again my usual healthy self and very grateful to be surrounded by loving family, caring and reliable staff, good friends and great clients. Please take care over the holiday season to drive safely. All here, at Mortgage Select, wish you health, happiness and prosperity in the coming year.

**JUDITH GOORJIAN**



**Warning — Is it time to FIX ?**

25<sup>th</sup> October 2006 I attended a Westpac function where we were told, due to the existing CPI figures, extremely low unemployment driving up wages and impending expectation of rising inflation it has now become likely the Reserve Bank will increase interest rates by .25% at next meeting. This is their "opinion" and involves crystal ball gazing. Based on this assumption we feel it is likely the fixed rates will start to creep up weeks before the Reserve Bank meets to capture the portion of market who decide to fix in readiness. If you are waiting to settle on a fixed rate we would suggest it might be wise to "Lock the Rate In". If you are on variable - CALL US. There are some great rates depending on the term. Knowledge is power. Please let us help you. No Cost to you for our service.

- Contents:
- Editorial
  - Coming Rate Rise
  - Accountant Highly Recommended for Investors
  - Reverse Mortgages
  - Risk Insurance
  - Low Doc No Doc

**Write to us at:**  
**mortgage SELECT AUSTRALIA**  
 21 Marara Road, Caulfield Sth, VIC, 3162  
 Phone: (03) 9578 1968 Fax: (03) 9578 5880  
 Email: judith@mortgageselect.com.au

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### Accountant Highly Recommended for Investors

Did you know that you are able to rent out your existing home for up to 6 years and then sell it without it being considered an investment and having to pay capital gains tax. You are also able to claim negative gearing monthly so that you pay less tax each month and free up your cash flow instead of waiting to claim a refund in a lump sum at the end of the year. Many of you are not claiming the full amount of depreciation available. For this a Quantity Surveyor is the one to see. They will do a full report with depreciation schedule. These are items which must be carefully discussed with your accountant.

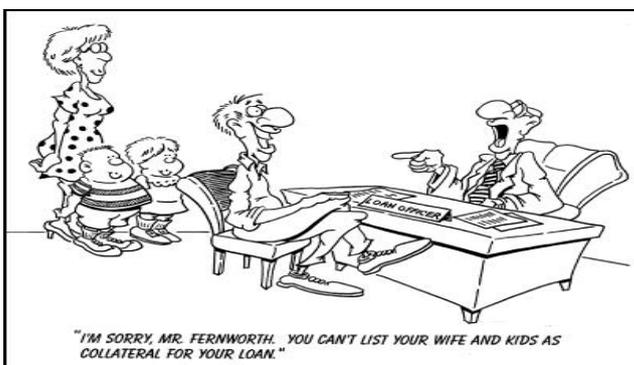
### Reverse Mortgages - What are they and how do they work ?

There are a number of products around and I would need a short novel to explain all the detail on all of them however I will give you a general overview. Reverse mortgages are predominantly for the retired elderly. They allow a small percentage of the existing home to be used as a mortgage at a fixed rate of approx 8% in order for the owner to utilise some of this equity to improve their lifestyle, go on the trip they've always dreamed of or help their children and grandchildren. The amount lent is dependant upon the age of the owner as it is expected to be paid back on the death of the owner when the home is sold by the beneficiaries. The amount borrowed has no repayments as the interest incurred is added to the existing loan amount, ie: borrow \$100K - after one year the loan amount is \$108,000.

If the owners are only 60 and live to 95 the loan would grow to a rather large amount therefore the borrowing may need to be smaller, say \$50,000.

However if the owners were a sprightly 79 the life term could

reasonably be expected to be 19 years less of the much younger 60 year olds and therefore their borrowing could safely be greater. Nevertheless it is based on a small percentage of the equity of the home. The loan can be taken in one lump sum or can be drip-fed monthly to simply top up those pension payments which do not provide much of a lifestyle in the twilight years. I have seen the joy on one set of grandparent's faces when they lent \$30K to each of their three married grandchildren for a deposit on their first homes and said with property rising as it is they wanted to see their children and grandchildren enjoy some of the inheritance during their lifetime rather than once they are gone. There are a few different products in the marketplace, let us compare them for you to ensure you pick the one which suits you best.



### Risk Insurance is on the Way

It has surprisingly been a huge undertaking to add these products to our range. We are extremely careful with advice we give to our clients and have done copious amounts of research to ensure that we have a full and comprehensive product range to offer you. Many of you have requested these features of life, trauma and other various insurances covering the mortgages you have taken, be added to our suite of offerings. Hoping the full suite may be available in the new year. We will send you separate correspondence when this is launched. Thank you for your patience.



### Low Doc & No Doc Loans

We are continuously asked about these loans as they become more and more popular. A few years ago it was mainly solicitors giving loans assessed against the security of the property provided and not assessed against income at all. The lenders realised they were missing on a huge portion of the market who could afford loans but did not have their paperwork up to date or had largely cash businesses and did not show a true reflection of their income on their taxes. There are more and more products coming onto the marketplace offering loans without having to show tax returns. There are some variables. Most of these loans lend up to a maximum of 80% of the value of the property. They also request a once-off mortgage insurance payment if between 60% and 80% of the property value is borrowed. There are a couple of lenders who do not request this insurance payment, however, their rate is not quite as low as the others. This has to be carefully weighed up as to the size of the loan and the amount of premium against the extra rate to be paid. In many cases, applicants will need to show an ABN registered for 2 years. Please be careful as the ATO is targeting these borrowers wondering how they can afford to pay off big loans when their tax returns show very low taxable income. It has become very specialized just keeping up with the ongoing changes in this segment of the industry. Give us a call if you wish more information in this area.