

HOME LOANS NEWS NOW

A smart read.

August 2006 Issue 7

In this issue...

Interest rates are again a hot topic in the media. If you're considering locking in to a fixed rate, check out our article about fixed versus variable.

Brisbane house prices have been bubbling along in most areas. This issue we've included a list of median prices for Brisbane and surrounding areas for the March quarter 2006. Keep in mind that the "median" price is not the average. It is the middle price of all sales in the suburb during the three-month period from January to March. If there were 100 sales in the area, and you listed them in ascending order, the median price would be the 50th price in that list. So this data is indicative only. To find out the current market value of your property you can pay for a professional valuation, or ask for free appraisals from local real estate agents.

And finally, remember that you can earn \$100 if you refer any new customers to us at Home Loans Now. Be sure to remind your friends and family to tell us you sent them!

Best wishes from the team at Home Loans Now.

When you hit life's speed bumps

Mainstream banks and lenders can sometimes set the bar pretty high. So if your circumstances are a little unusual, or if you've been having some financial hiccups, it can be difficult to get a loan. However, these days there is an alternative finance market which provides borrowing options for people like this.

Non-conforming loans might be a good option if:

- you've been self-employed for under two years; or
- your credit rating is poor (because you've defaulted on loans for example).

In cases like these, a mainstream lender won't always approve finance, but you can often still get a non-conforming loan.

Typically a non-conforming loan will have a higher interest rate. However, once you establish a solid record of making your

repayments on time, you might be able to refinance to a mainstream lender at a lower rate (although you have to be wary of fees that can be charged when you change lenders).

Other conditions might also be stricter than those on a mainstream loan. For example the lender may require you to clear any existing defaults before you apply for the loan.

So there are several disadvantages when it comes to non-conforming loans. However, sometimes it is the only choice a borrower will have.

The good news is that a non-conforming loan can be a great way to get your creditworthiness back on track, if you've been struggling in that regard. So timely repayments are particularly important.

Home Loans Now has several lenders on its panel which offer non-conforming loans.



Who's saying what?

Peter McGrath, Chairman of the Real Estate Institute of Queensland, June 2006:

“Queensland has been very fortunate to have maintained healthy sales activity and limited price volatility as other major states have experienced over the past couple of years.”

Real Estate Institute of Australia, June 2006:

“With rents going up in response to strong demand for rental properties, the opportunities for improved residential property investment yields should catch the attention of property investors across the country.”

John Edwards, Chief Economist of HSBC, July 2006:

“On both the RBA credit measures and Australian Bureau of Statistics housing finance numbers, home lending growth has bottomed out and is beginning to increase – a trend which suggests the national downturn in housing construction will also turn up by the end of the year.”

Maragret Lomas, author of *The Truth About Positive Cash Flow Property*, published 2006:

“People have been making good profits from property in this country for more than 100 years and none of them ever needed to uncover any ‘secret’ or use any magic formula.”

Time to fix your rate?

There's a lot of talk about interest rate rises – which can make property owners nervous. As we pointed out in our inaugural newsletter last year, rates are still quite low from an historical perspective.

However, if you're concerned about your ability to make repayments if interest rates do go up, there is a solution. You can speak to your Loans Manager at Home Loans Now about the possibility of fixing your interest rate.

Fixed rates suit borrowers who need a measure of certainty in relation to their repayments. You can opt for a fixed rate period which will last between one and five years. Some banks also offer fixed terms of seven and ten years.

Many people have the impression that fixed rates are higher than variable rates. While this is true some of the time, there isn't a big difference between the two rates at the moment. Make some enquiries to find out what's on offer – you may be pleasantly surprised.

However, fixed rates won't suit everyone's needs. They are less flexible than variable loans. For example, if you decide to refinance your loan, or sell your home, during the fixed rate period, you are likely to incur a “break cost”. If interest rates at the time are higher than the fixed rate you locked into, there may not be a penalty. But if the interest rates have become lower than your fixed rate, an interest penalty will occur.

You might also incur a cost for switching from a variable to a fixed interest rate in the first place.

And on some fixed rate loans you may be restricted from making extra repayments. These repayments can help you pay off your loan a lot quicker – and therefore help you to pay less interest.

If you want the best of both worlds, some lenders will allow you to fix a portion of your loan, and leave the rest on a variable rate.

Median house prices - March quarter 2006

Brisbane area

ACACIA RIDGE	\$235,000	CARSELDINE	\$370,505
ALBION	\$350,000	CHAPEL HILL	\$470,000
ALDERLEY	\$415,000	CHELMER	\$655,000
ALGESTER	\$310,200	CHERMESIDE WEST	\$356,125
ANNERLEY	\$377,500	CHERMSIDE	\$343,750
ARCHERFIELD	\$220,000	CLAYFIELD	\$646,500
ASCOT	\$745,000	COOPERS PLAINS	\$307,000
ASHGROVE	\$448,330	COORPAROO	\$431,500
ASPLEY	\$338,000	CORINDA	\$405,250
BALD HILLS	\$271,500	DARRA	\$235,000
BALMORAL	\$490,000	DEAGON	\$260,000
BANYO	\$292,500	DURACK	\$260,000
BARDON	\$545,000	DUTTON PARK	\$470,000
BELLBOWRIE	\$347,500	EAST BRISBANE	\$420,000
BELMONT	\$395,000	EIGHT MILE PLAINS	\$439,500
BOONDALL	\$320,000	ELLEN GROVE	\$540,000
BRACKEN RIDGE	\$310,000	ENOGGERA	\$372,500
BRIDGEMAN DOWNS	\$554,500	EVERTON PARK	\$320,000
BRIGHTON	\$297,500	FAIRFIELD	\$410,000
BRISBANE CITY	\$446,500	FERNY GROVE	\$352,000
BROOKFIELD	\$782,000	FERNY HILLS	\$327,000
BULIMBA	\$615,000	FIG TREE POCKET	\$542,500
CALAMVALE	\$338,000	GAYTHORNE	\$355,000
CAMP HILL	\$418,000	GEEBUNG	\$284,000
CANNON HILL	\$371,000	GRACEVILLE	\$425,000
CAPALABA	\$310,000	GRANGE	\$431,500
CARINA HEIGHTS	\$348,000	GREENSLOPES	\$386,250
CARINA	\$338,500	HAMILTON	\$752,500
CARINDALE	\$509,000	HAWTHORNE	\$549,500

Continued on page 4

Tricks of the trade

What are the most common questions asked about home loans? We asked Senior Loans Manager Tricia Green for the low down.

Q: How much can I borrow?

A: Your borrowing capacity varies from lender to lender. When calculating this figure the lender will take into consideration your gross or net salary, any other income (such as government benefits or rental income received), as well as your current credit commitments (such as personal loan or lease repayments, and credit card commitments). They will also include continuing financial commitments such as HECS, rental expenses and maintenance. The lender will also include a margin (also known as a qualifying rate) to allow for interest rate rises.

Q: Does my deposit need to be saved over a period of time?

A: Not any more. Most lenders and mortgage insurers have relaxed their policies in this regard. In most cases some sort of deposit is still required however this can be from a non-refundable gift, sale of an asset, first home owners grant or tax return. In some cases it can even be borrowed.

Q: If I have an unpaid default can I still get a home loan?

A: This will depend on the amount of the default and the reason it occurred. Most lenders would like to see the default paid prior to giving approval. However there are non-conforming lenders who will consider finance without the default being cleared. And in some cases non-conforming lenders will consider finance even if you don't have sufficient funds to clear the default.

If the loan is mortgage insured (that is, you have less than 20% equity or deposit) the mortgage insurer has the last say as to whether the loan is approved. They are normally a little more cautious regarding defaults and will consider the loan on a case by case basis.

Q: What is the difference between a "low-doc" and "no-doc" loan?

A: Low-doc loans (or low documentation loans) are mainly for self-employed people who for various reasons can't prove their actual income. The client is asked to make an income declaration without having to give proof. The income figure declared is used to assess serviceability on this loan and all existing credit commitments.



No-doc loans (or no documentation loans) are again mainly used for self-employed people but in this case they don't wish to make an income declaration or provide proof of assets or liabilities. The bank relies on the equity held in, or contributed towards, the property.

Tricia works at our Toowong office. She can be contacted on 1300 135 137 or mobile 0412 664 390.

Need a Home Loan?

One Call Explains It All

- Whether you are buying your first home, buying an investment property or looking to refinance your current loans, your options have never been wider or more varied.
- Home Loans Now are trained and experienced finance professionals who make it their business to find the most suitable finance options from our wide panel of lenders.
- Our friendly lending managers go out of their way to understand each mortgage product and explain them to you, simply and clearly in plain English.
- Home Loans Now are always approachable and committed to delivering a first class service for our customers.

We have all kinds of financial products for all kinds of people.

- First Home Buyer Loans ■ No Deposit Loans
 - No Doc Loans ■ Low Doc Loans
 - Construction Loans ■ Interest Only Loans
 - Line of Credit Loans ■ Commercial Loans
 - Equipment Finance Loans ■ Leases – Cars etc.
- Loan Arrears, Rate Arrears – No Problem!**

We do **NOT** charge brokerage fees

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MIAA
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Median house prices - March quarter 2006 Continued from page 2

Brisbane area continued	
HEMMANT	\$315,000
HENDRA	\$492,500
HERSTON	\$479,000
HIGHGATE HILL	\$591,000
HOLLAND PARK WEST	\$373,000
HOLLAND PARK	\$375,000
INALA	\$198,000
INDOOROOPILLY	\$533,000
JAMBOREE HEIGHTS	\$310,000
JINDALEE	\$340,750
KANGAROO POINT	\$510,000
KARANA DOWNS	\$280,000
KEDRON	\$359,500
KELVIN GROVE	\$390,000
KENMORE HILLS	\$560,000
KENMORE	\$380,000
KEPERRA	\$295,000
KURABY	\$415,000
LOTA	\$343,000
LUTWYCHE	\$407,500
MACGREGOR	\$381,000
MANLY WEST	\$365,000
MANLY	\$455,000
MANSFIELD	\$368,000
MCDOWALL	\$427,500
MIDDLE PARK	\$376,500
MILTON	\$417,500
MITCHELTON	\$338,000
MOGGILL	\$369,250
MOOROOKA	\$332,500
MORNINGSIDE	\$377,500
MOUNT GRAVATT EAST	\$315,000
MOUNT GRAVATT	\$350,000
MOUNT OMMANEY	\$580,000
MURARRIE	\$296,900
NATHAN	\$317,500
NEW FARM	\$645,000
NEWMARKET	\$410,000
NEWSTEAD	\$771,000
NORMAN PARK	\$444,500
NORTHGATE	\$299,200
NUDGEE	\$275,000
NUNDAH	\$372,500
OXLEY	\$300,000
PADDINGTON	\$487,000
PARKINSON	\$395,000
PINJARRA HILLS	\$670,000
PINKENBA	\$350,000
PULLENVALE	\$845,000
RED HILL	\$460,000
RICHLANDS	\$250,000
RIVERHILLS	\$310,000
ROBERTSON	\$520,000
ROCHEDALE SOUTH	\$288,275
ROCKLEA	\$245,000
RUNCORN	\$308,000
SALISBURY	\$319,000
SANDGATE	\$380,000
SEVEN HILLS	\$400,000

SEVENTEEN MILE ROCKS	\$452,000
SHERWOOD	\$488,500
SHORNCLIFFE	\$395,000
SINNAMON PARK	\$425,000
SPRING HILL	\$695,000
ST LUCIA	\$650,000
STAFFORD HEIGHTS	\$323,825
STAFFORD	\$313,000
STRETTON	\$500,500
SUNNYBANK HILLS	\$340,000
SUNNYBANK	\$360,000
TAIGUM	\$340,500
TARINGA	\$520,000
TARRAGINDI	\$380,000
TENNYSON	\$545,000
THE GAP	\$385,000
TOOWONG	\$450,000
UPPER BROOKFIELD	\$810,000
UPPER KEDRON	\$416,000
UPPER MOUNT GRAVATT	\$310,000
VIRGINIA	\$300,000
WACOL	\$267,500
WAKERLEY	\$446,250
WAVELL HEIGHTS	\$362,500
WEST END	\$517,500
WESTLAKE	\$443,000
WILLAWONG	\$473,500
WILSTON	\$495,000
WINDSOR	\$462,500
WISHART	\$338,500
WOOLLOONGABBA	\$407,500
WOOLOOWIN	\$429,000
WYNNUM WEST	\$330,000
WYNNUM	\$379,250
YEERONGPILLY	\$409,000
YERONGA	\$455,000
ZILLMERE	\$277,500

Pine Rivers area	
ALBANY CREEK	\$356,250
ARANA HILLS	\$337,000
BRAY PARK	\$268,750
BRENDALE	\$283,750
BUNYA	\$535,000
CAMP MOUNTAIN	\$590,000
CASHMERE	\$436,500
DAKABIN	\$348,000
DAYBORO	\$377,500
DRAPER	\$586,000
EATONS HILL	\$377,500
EVERTON HILLS	\$336,000
FERNY HILLS	\$327,000
GRIFFIN	\$309,000
HIGHVALE	\$586,250
JOYNER	\$378,750
KALLANGUR	\$254,500
KURWONGBAH	\$368,750
LAWNTON	\$254,000
MANGO HILL	\$357,000
MOUNT SAMSON	\$630,000
MURRUMBA DOWNS	\$349,000

OCEAN VIEW	\$450,000
PETRIE	\$275,000
SAMFORD VALLEY	\$647,500
SAMFORD VILLAGE	\$465,000
SAMSONVALE	\$427,500
STRATHPINE	\$252,500
WARNER	\$358,000
WIGHTS MOUNTAIN	\$561,250

Caboolture area	
BANKSIA BEACH	\$380,000
BEACHMERE	\$262,500
BELLARA	\$277,500
BELLMERE	\$319,000
BONGAREE	\$331,500
BURPENGARY	\$298,500
CABOOLTURE SOUTH	\$216,000
CABOOLTURE	\$225,000
DAGUILAR	\$225,000
DECEPTION BAY	\$235,000
DELANEYS CREEK	\$316,250
DONNYBROOK	\$330,000
ELIMBAH	\$320,000
MORAYFIELD	\$275,000
MOUNT MEE	\$270,000
NARANGBA	\$325,000
NINGI	\$337,750
SANDSTONE POINT	\$325,000
STANMORE	\$545,000
UPPER CABOOLTURE	\$311,000
WAMURAN	\$377,500
WOODFORD	\$248,000
WOORIM	\$425,000

SOURCE: PRDnationwide

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