

HOME LOANS **NEWS** NOW

A smart read.

October 2005 Issue 4

In this issue...

When you borrow money, your credit history is a really important factor. In this newsletter we explain exactly *who keeps what* information about you.

If you're curious about the idea of "equity", and how it can be used to your advantage, read our interview with Loans Manager Warren Wright to learn more.

And this month we also explain how the property cycle works, and look at what the experts are saying about the current market conditions in Queensland.

Best wishes from the team at Home Loans Now.

Understanding your credit rating

"If you have a good credit history, it really helps your chances of having a loan approved on the best possible terms," says HLN Senior Loans Manager Tricia Green. "On the other hand, if you've defaulted on previous loan arrangements it can make it much harder to get credit in the future."

So what exactly is a credit rating, and how can you find out whether you have a good one?

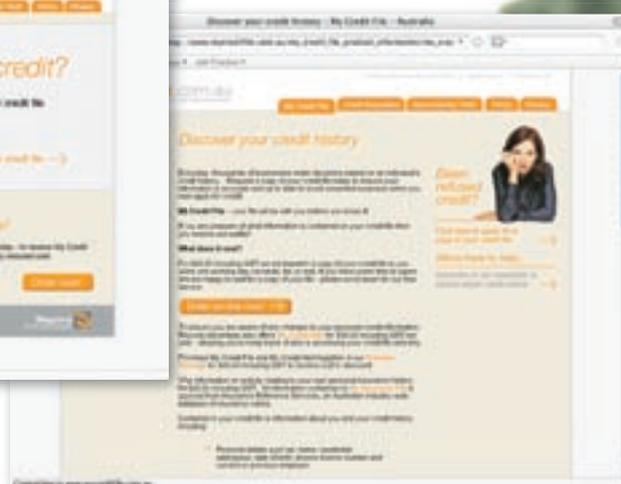
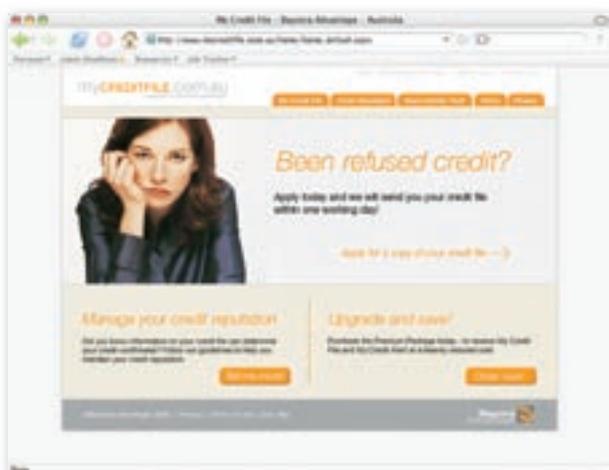
When you apply for any form of credit, the bank, retailer or credit-provider checks up on your credit worthiness. They can look up your "credit file" through an organisation such as Baycorp Advantage. If you've accessed any credit in the last seven years, these organisations will have a credit file which shows how much you've borrowed and for what purpose. Your file will also show any details of bankruptcies, court judgements, overdue accounts and any directorships or proprietorships you've been involved in.

"If you have defaulted on a payment at some stage, it will show up on your credit file for five years, even once it's been paid," Tricia explains.

You can access your own credit file by contacting Baycorp Advantage. Check out www.mycreditfile.com.au to find out how.

There are a number of things you can do to make sure that you keep a good credit record. Baycorp Advantage recommends:

- Pay all your bills on time.
- Call your credit provider(s) ASAP to alert them if you're having any problems making payments.
- Review your credit file to make sure the information is correct. The review may also alert you to any overdue accounts you may have forgotten.
- Monitor your credit file to ensure no one is using your identity fraudulently.



Who's saying what?

**PRDnationwide Research,
August 2005:**

"An analysis of five major projects (in Brisbane) containing off-the-plan prestige unit stock available for sale shows that, on average, units are priced to achieve a gross rate of around \$8,000 per square metre when sold."

**REIQ Research Manager,
Fiona Bergin, September 2005:**

"Essentially, the (Brisbane) suburbs that recorded small or moderate increases in their median price (in the June quarter) were those with aggregate medians under \$400,000. And importantly, these suburbs are also seeing more sales activity than higher priced suburbs."

**Australian Consumers'
Association, September 2005:**

"Many consumers do not have enough home building insurance because an unreasonable onus is placed on them to calculate the cost of rebuilding their home in the event that it is destroyed."

**REIQ Sunshine Coast Zone
Chair, Lloyd Edwards,
September 2005:**

"Noosa Shire is suffering from a continued shortage of stock in the mid price range and with very little new development on the drawing board, Noosa could buck the trend and show good growth in both unit and house prices because of this supply shortage."

Tricks of the trade

We asked our Loans Manager Warren Wright to offer some tips for people who are curious about accessing the equity in their home. Warren has been working in finance for over 23 years. He has a wealth of experience in both personal finance (home loans and personal loans) and commercial finance (including leasing of vehicles and equipment).

Q: What is "equity"?

A: Equity is the amount of an asset that you actually own. For example, if your house is worth \$300,000 and you have a loan of \$200,000 then your equity in that property is \$100,000.

Q: Who might want to access the equity in their home?

A: Any home owner who doesn't have cash saved for a project, idea or purchase. You could use your equity to purchase anything – from a car to an investment property. Or you might use the funds for a renovation.

Q: How do you go about accessing your equity?

A: Talk to us at Home Loans Now about your "wish list". We can discuss with you how much the various lenders may be willing to lend you. You'll generally be able to borrow up to 80 per cent of the value of your home without incurring mortgage insurance. (This insurance can add up to a few thousand dollars).

For example, if you have a home worth \$300,000 that is fully paid off, you would probably be able to access \$240,000 (or more if you pay mortgage insurance). If you still have \$200,000 owing on your

Leasing Now

Are you looking to lease a car, a commercial vehicle or some other income-producing plant and equipment? Our new business, "Leasing Now", can act as your broker, finding you the most suitable leasing product from some of Australia's most trusted providers. These include Macquarie Bank, Suncorp, Commonwealth Bank, Westpac, St George Bank and Esanda.

There are plenty of options available, including novated leases, finance



mortgage on a \$300,000 property, then you could probably access \$40,000 (or more with mortgage insurance).

Q: For people who are borrowing to renovate, are there any traps to be aware of?

A: It's important that you know exactly how much your renovation will set you back. Get firm quotes for any work to be done so that you aren't left out of pocket. And when you are working out how much to borrow, allow a buffer so that you can cover any unexpected expenses.

Warren works both at our Toowong and Morayfield offices. He can be contacted on 1300 135 137 or mobile 0438 884 371.

leases, commercial hire purchase, chattel mortgages or personal finance. These options each have their own distinct benefits, depending on your circumstances.

Ask your accountant or tax agent for advice about the tax implications of the various options. Then contact the Leasing Now team, who will help you to find the best deal.

For more information visit our website www.leasingnow.com.au or give Warren Wright a call on 1300 135 137.

Property cycles and where the property market is now

The time that you buy into the market is one factor which determines how quickly you will experience a capital gain, or increase, in the value of your property.

The property market moves in cycles. Generally speaking there is a “boom”, followed by a downturn in the market. Then there is a “bust” or the “bottom of the market” followed by an upturn and another boom. However, over the long term the overall trend is for property values to increase.

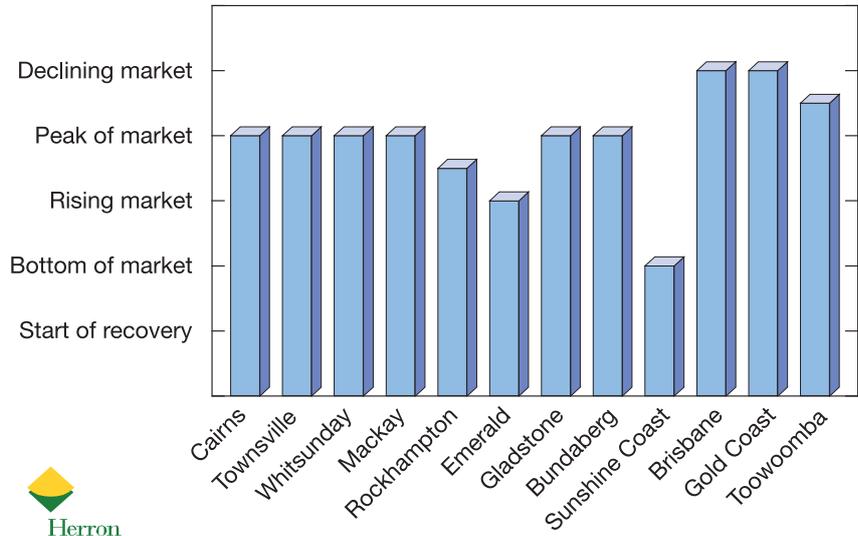
So where is the property market right now? Property valuation firm Herron Todd White have put together a graph of their observations of the property market. (See Graph 1). As you can see, different property markets even within the same state can be experiencing different conditions.

If you are wondering where property values in Brisbane are heading in the future, consider the predictions recently published by property research company Residex. In Graph 2 you will see that Residex is predicting slow but steady growth for Brisbane house prices in the next few years. They attribute much of this growth to the resources boom which is supporting the Queensland economy.

In Graph 2 you will notice that house price growth in Brisbane slowed right down in recent times. (NB. It is price growth, expressed as a percentage, that has decreased, and not house prices). This slowdown was an inevitable part of the property cycle.

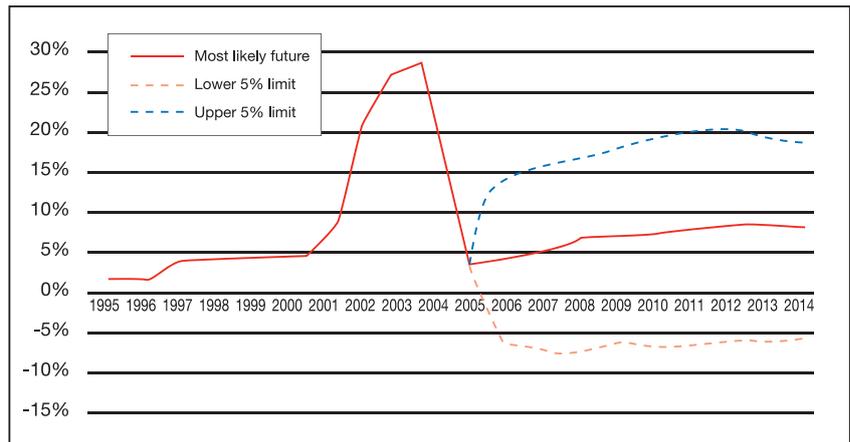
“Brisbane needed to slow down because it could not possibly sustain the price levels given the land volumes available, and the loss of investment competitive advantage compared to Sydney and Melbourne, particularly in the rental return stakes,” Residex reported.

Graph 1: Stage of Property Cycle



Source: Herron Todd White

Graph 2: Brisbane House Price Inflation Projections



Source: Graph reproduced by permission from the email newsletter of Residex Pty Ltd.

To sign up for Residex’s free email newsletter, go to: www.residex.com.au/newsletter

Hello Morayfield!

Home Loans Now recently opened an office in Morayfield Shopping Centre, located near the entrance to Woolworths.

Loans Manager Stuart Smith says, "The Caboolture Shire is a thriving area, with young families moving into the district all the time. There are a lot of new housing developments which is a good indication of a growing local economy.

"Since the Morayfield branch has opened, we have had a number of queries from people who find that the shop is less intimidating than a bank. They feel free to approach us and ask questions in an informal atmosphere, unlike having to approach a bank manager where they need to make an appointment.

"We have had a number of enquires regarding 'no deposit' home loans, family assist packages, loans for self-employed, and borrowers who may have had difficulties in getting finance in the past. People have been surprised at the number of different products that the major banks may not offer, but we have access to, which may get them into their first home."

If you're in the area, drop in for a chat with our consultants Stuart Smith, Bob Ogilvie and Warren Wright. The team are happy to assist you to apply for a loan. Or they can review your current loan to make sure it's suitable for your circumstances.

Even if you're not looking for a loan at the moment, come in for a chat about what you might need to do in order to work towards that goal.



To contact our consultants call 1300 135 137 and arrange for a mobile visit at your convenience. Or drop in and see us at our Morayfield or Toowong offices.

Free Home Loan Consultancy Service

- Home Loans
- Investment Loans
- Refinance
- Debt Consolidation
- Credit Impaired

- Servicing All Suburbs
- Over 25 Lending Institutions
- Experienced Loan Managers
- MIAA Full Member



2005 FINALIST

ORIGINATOR OF THE YEAR (2-5)

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Established since January 2000

The Home Loans Now consultant had 110% product knowledge and gave 110% service!

K.G., Sunnybank Hills

HOME LOANS NOW
A smart call.

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