

The Loan Flag

We have competitive finance waiting for you.

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Plan to succeed

It appears that every day you pick up the paper or turn on the news there is another 'financial crisis'...

The share market had a 'rally' then the share market took a 'dive', the property market is holding, then you are told auctions and property sales are slowing, major mortgage funds are freezing redemptions and the Reserve Bank of Australia is reducing rates again. It makes it very difficult to know what to do. It does help to have a plan, a financial plan. There are many aspects of our lives whereby we have a 'plan' or 'insurance' in case the unexpected happens and yet it is quite often that people are caught out without a plan, or do not stick to the plan, when the financial markets turn in a way investors did not expect. We do not have to be market experts to have a general understanding

that markets, share markets, property markets and economies all take their turns in rising and falling, so why are we so surprised when it happens? The exception to this is potentially the 'Generation Y' citizens born from 1980 and later who would not have really experienced financial volatility as previous generations have over the years.

Prudent investors will either already have a financial plan in place or will move to have one. Having a financial plan means you can continue to monitor your investments and resist the temptation to change your investment goals or investment strategy (including your retirement strategy), unless it is part of your plan. Your Australian Loan Company representative can refer you to a specialised financial adviser to assist you in this regard.

Source: Australian Loan Company

Business Mogul

Did you know that self managed superannuation funds now have an ability to borrow for property in their own right (some conditions do apply)?

Break costs on fixed rate loans



More than 43,000 people in Australia took out a fixed rate mortgage during March and September of last year.

Since then, interest rates have fallen substantially, thus causing a large number of borrowers to re-think their position and break their existing fixed rate loan facilities. But at what cost?

Fees charged to break a fixed rate mortgage vary from lender to lender, but in general a borrower has to compensate the lender for the economic cost of breaking the contract. The amount will usually depend on the time left on the fixed-rate contract and the difference between the borrower's interest rate and the fixed rate the lender is now advertising – though lenders may use other reference rates.

Before refinancing, your Australian Loan Company broker will liaise with your existing lender to determine what this cost will be.

Source: Australian Loan Company

If you manage your own superannuation fund and are considering purchasing property – residential or commercial, it may be beneficial to consider borrowing. Your Australian Loan Company broker can supply further information.

Source: Australian Loan Company

Mortgage tricks and traps

We have all seen those ads from lenders offering the latest product that is apparently the cheapest in the market with no fees or for a limited time a low interest rate.

You've probably wondered if it really is too good to be true. Chances are it is! Below are some common marketing gimmicks lenders have used to try to win your business:

"No Application Fees" – As a borrower you might think this is a great discount; however you must look at the whole picture and see the overall cost of the loan compared to a lender who does charge a fee. Some lenders that don't have application fees may have higher interest rates or higher charges for using the same loan facility.

"Limited time offers on a low variable interest rate" – Have you ever seen a discounted rate well below the standard variable rate which is being offered for a limited time? Beware, these rates are called "introductory" or "honeymoon" rates and can be quite costly. The "honeymoon" rates are offered for a short period of time i.e. the first 12 months of the loan and after that period they can revert to a higher rate than the lenders standard variable rate.

"Zero fees" – This is another trick being used out there. Whilst one lender might advertise zero fees, many may use different wording like charges, or disbursements. Another thing to consider is that they may have a higher interest rate or less features than other products.

"Low Comparison Rate" – Comparison rates were introduced by the Government to help borrowers gain a clearer picture of the true cost of a loan. It was also a way to compare the different loans available in the market. The idea was, the lower the comparison rate, the cheaper the loan. However, because the method of calculating a comparison rate is formula based, they cannot factor in a lot of things such as types of loan features, hidden fees, discounts and rebates. Therefore, depending on your circumstances, a loan which has a lower comparison rate than another might work out to be more expensive.

So what is the solution to falling for these tricks and traps? Speak to your Australian Loan Company broker, they will be able to assess what is suitable for you and go through the specifics of a loan to make sure you don't pay more than you have to.

Source: Australian Loan Company

Looking for asset finance?



Are you looking to buy a new car or equipment for your growing business?

Your Australian Loan Company broker has access to an online Asset Finance Calculator and they are able to supply you with an instant quote and loan comparison of various lenders. They also have the ability to submit an online application for you on the spot.

Speak to your broker for more details.

Advantages of using a broker



You have probably wondered why someone would consider going to a mortgage broker when they could simply go directly to a bank. Here are some key reasons why it would be advantageous to seek advice from a mortgage broker:

- ▶ They will work with you to identify your needs
- ▶ They have access to an array of loan products with many different lenders
- ▶ With their lending experience they will help you to understand the various deals that are on offer, explaining all the features and details
- ▶ They will lodge your application for you
- ▶ They will deal with the lender for you
- ▶ They have stronger negotiation powers with some lenders as there is already an existing relationship
- ▶ They will arrange all paperwork necessary to secure the home loan mortgage, this may include building or home insurance, valuations and so on
- ▶ They will be there after your loan has settled and work with you to ensure your loan continues to offer you the outcome you need.

Source: Australian Loan Company

Contact your local office for further information:

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