

The Loan Flag

We have competitive finance waiting for you.

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Paying off the mortgage is attractive



For most people, a mortgage will be the biggest financial commitment they will make in their life.

With rates continuing to remain low, not only is your mortgage costing you less, but this is a great opportunity to make a real dent in that loan.

Here are some tips that will assist you to reduce your mortgage:

1. For households that can afford it, it's really worth capitalising on the interest rate cuts by taking it further - either continue making monthly repayments at the old rate or make even bigger repayments. When interest rates go down and you continue making higher repayments, a bigger chunk of your cash goes on the principal of the loan, which means you pay it off sooner.
2. Get into a habit of making additional payments. By making extra contributions on

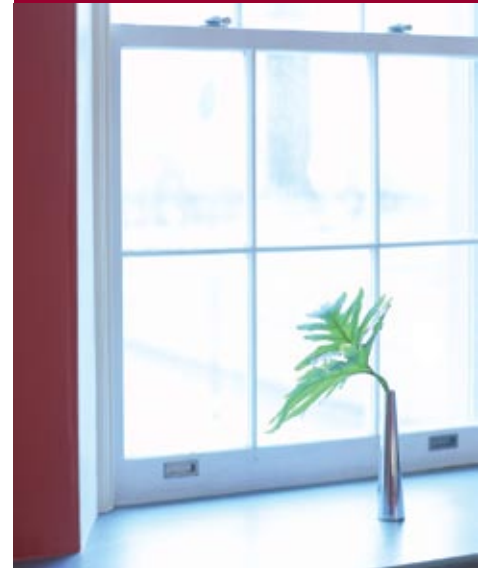
top of the minimum monthly or fortnightly repayments, it will in effect reduce the overall interest you are charged and therefore reduce the term of the loan.

3. If it is affordable, reduce the term of your loan. This will force you into paying that debt off faster. This strategy should only be used if your lender allows you to extend the loan term should you fall on some financial hardship.
4. If your loan has an offset account feature, deposit your salary and savings in there. As interest is calculated daily, every dollar in the offset account will offset the interest on your mortgage account. This could potentially save you thousands or even hundreds of thousands over the course of your loan.

Source | ALCo and Your Mortgage Magazine

Contact your Australian Loan Company representative today for further information on how to pay off your mortgage sooner rather than later.

A window of opportunity for property investors



A window of opportunity looks set to open for property investors during 2009, created by an unusual combination of factors not seen since 1996.

Interest rates have fallen rapidly with the cash rate down at 3% p.a. and likely to fall further. At the same time, rent yields are strong, rental vacancies are low and property prices are in for a flat year. As a consequence, the gap between loan repayments and rental income is narrowing, ushering in a time when investors will be able to buy prime investment property, which will be close to self-funding.

Source | La Trobe | March 2009.

Choosing the right loan



Determining which type of loan best suits your circumstances is not an easy task. There are many to choose from and just as many factors to consider.

There is no one product that suits all borrowers, so seeking advice from a qualified finance broker is critical when deciding on a loan. One common mistake is deciding on a loan purely because it has a low interest rate. Just because the interest rate is low doesn't necessarily mean the loan will suit your needs. Here are some examples of how a broker can help you decide:

- ▶ Are you the type of person that needs to have the reassurance of steady repayments? Then a fixed rate loan might be for you. Whilst fixed interest rates are generally higher than variable rates, it gives borrowers the confidence of knowing the exact repayment amount they need to be making each month or fortnight.

- ▶ Want to take advantage of lower interest rates but want the security of a fixed rate? Then splitting your loan into fixed and variable might be the answer. By doing this, it gives the borrower the safety of knowing that they will be making steady repayments on a portion of the loan yet reaping the benefits of rate cuts on the other portion.
- ▶ Want to do major renovations but don't want the restrictions of a construction loan? Line of credit loans are great for borrowers who are disciplined in their spending, as it allows them to access additional funds from the equity in their home. The lender will give you a limit of how much you can draw in total but it is up to the borrower how much they use of the funds at any time, up to the approved limit.

Speak to your Australian Loan Company representative today to determine what loan suits your current financial needs.

Source | Australian Loan Company

Business Mogul



The Government has released legislation on an additional tax deduction of up to 50% for investments in new assets.

Here is an example of some of the benefits of using asset finance to finance the purchase of a new motor vehicle costing \$50,000 + GST of \$5,000 before the 31st December 2009.

- ▶ Additional \$25,000 investment allowance tax deduction for 08-09 or 09-10 year, depending on when the asset was purchased.
- ▶ \$5,000 input tax credit for GST on the motor vehicle.
- ▶ Tax deductions for depreciation and interest on the loan.
- ▶ No initial capital outlay/deposit.

For assistance with finance quotations, contact your Australian Loan Company representative.

Source | Australian Loan Company

To bond or not to bond - Deposit bonds explained

If you are looking to buy a property and don't have enough cash for your deposit then a deposit bond could be the answer.

Put simply, a deposit bond guarantees the vendor that they will receive the deposit in full. Once you (the purchaser) have completed a simple application form and been approved, a certificate is provided. This is given to the vendor's solicitor.

At settlement the purchaser pays the full price, 100% of the property price and the guarantee certificate is cancelled.

Who would use them?

First home buyers – It can assist if you don't have the full deposit.

Owner-occupier who is moving house - If you have not sold your existing home but have found your new home. The vendor may be willing to wait and accept a deposit bond guarantee.

Buying off plan - Use a deposit bond guarantee because you don't want to tie up your cash for a long period of time - i.e. completion of the property.

Investor - Used to purchase a property where you are using the equity in your existing property.

There are some downsides when using bonds and it is best to seek advice from your Australian Loan Company representative before obtaining one.

Source | Australian Loan Company

Contact your local office for further information:

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