



# mortgage SELECT

Hi everyone,

I can't believe six months has passed already and it is time for Newsletter No 2. I trust you all had a marvellous holiday period over Christmas and Easter and are ready for the slog from now to Cup Day. The mortgage industry is booming, due mainly to the hot property market and borrowers becoming more aware of the variety of lenders now available. I spend up to 20 hours of my week researching new products and lenders. When I come across one worthwhile, I must then do the training, examinations etc to become accredited. Yes, it is very involved and a constantly flowing and changing mass of information. Those of you with smaller loans of less than \$100K will find it not really worth refinancing. Once discharge and establishment costs are taken into account, they eat up the expected savings to be made. Do not think I have not thought of you, it simply is not cost effective for the client. Of course, many of you in the higher bracket \$500,000 - \$1,500,000 have lots to gain and while refinancing is not something you wish to do each year, it may be worth considering.

I look forward to catching up with you.

**JUDITH GOORJIAN**

## Welcome to the new "Loans Co-ordinator"

It has been a great pleasure to have met many of Judiths clients over the past three months. Since being with Judith most of my time has been spent with the administrative duties involved in each loan application. We constantly monitor the loan progress by liaising with the lenders, solicitors and valuers to ensure everything runs smoothly and efficiently.

I take this opportunity to introduce myself. Prior to joining Mortgage Select I was the Office Manager/ Team Leader for The Broker Unit at Bank Of Melbourne. Due to the amalgamation of my unit to SA, my position was made redundant. Having worked for the banks "on the other side of the fence" it is invaluable knowledge to help expedite your loans, navigating through the banking system maze.

Please contact us by phone or email if you have any questions or we can assist you in any way. I look forward to meeting or speaking with all of you in the coming months.

*Sia Barbas*



## THE BEAUTY OF THE OFFSET ACCOUNT

I have placed many of you in Loans with an Offset Account and many of you, while understanding the concept in discussion at my office, then ring me after the loan has settled to enquire whether you should pay fortnightly or monthly.

The offset account is a normal bank account which has been linked to your loan. This means that every cent sitting in that account is balanced against your loan and your loan interest is calculated against the balance each day. It gives the same result as putting your salary into the loan. If you have a \$100K loan and \$10K in the offset account, the interest calculated to be charged on your loan will be against \$90K. There is no

faster way to pay off your loan and it makes absolutely no difference whether you put your money into the loan fortnightly or have it sitting in the offset account. This system is much cheaper than a Line of Credit, with the same result.

The beauty is that there are no lump sum penalties or minimum and maximum amounts imposed upon you for deposits and withdrawals and there is no redraw fee. The danger is that it is very easy to withdraw from your account and "splurge" especially as you see your account balance growing.

This system works extremely well for high income earners and double income couples. If you are on an extremely tight

budget and basically need all you earn for daily living there is not as much benefit. A good idea (only if you are extremely disciplined) is to use your credit card for everything possible leaving your money in the offset account and saving you interest daily. When due, pay the credit card off completely. The banks use our money by waiting 2-3 days to clear cheques, why not reverse the situa-



*"The finest compliment I can receive  
is a referral from my clients and friends"*



## Be Careful of a Knee Jerk Reaction

To Fix or Not is such a controversial issue that I have decided to write once more on the topic. The media is very good at hyping the public up whenever there is a possible rise in interest rates on the horizon. I would like to remind you of the scenario last year. During the year rates rose four times for a total of 1.5%. People became very nervous and started to fix their loans into 3 yr and 5 yr rates which at the time, were much higher than the variable rate. After the

tragedy of 9/11 these same rates dropped all over again and settled to the lowest ever.

Once more the media is talking about a "possible" Reserve Bank rise, next month of .25% with an expected overall increase of approx. 1% over the next year. Whether this will happen is pure speculation.

Please fix your loan for the reason of security, not to try to beat the banks. Although the variable rate has not moved and is unlikely to move without

the Reserve Bank movement, the fixed rates have gone up 2, 3 and 4 times in the last 2 months, cashing in on nervous borrowers. Most 3 year rates are around 6.85% which is a good 1% higher than you need to be paying and 2% higher than introductory rates. Please don't hesitate to call for a chat.



### Self-Employed Borrowers

Please note that all 2001 company and personal tax returns and financials must be complete for future borrowings. **2002 will be needed by 1<sup>st</sup> November 2002.**

### Pre-Approvals

These generally last for a three month period, however, we have been told over and over by the lenders. "If the 3 mth period is over and you haven't yet found the right property to purchase, don't bother re-applying IF nothing has changed in your situation" ie same job, same savings, same status. You will only get the same answer.

While we can help you to choose the best loan for your particular circumstances at the time of the pre-approval, the industry is changing so rapidly, by the time you purchase 3, 6 or 12 mths down the track, a completely different product may suit you better. Let us do the really detailed research once you have



### Congratulations

For those of you who bought into the Kooyong Rd, development on offer in the last newsletter. Well done! It is a fantastic project, the valuers were very impressed and the apartments that sold through an agent, I believe, paid an extra \$30,000 to cover the commissions, which were not needed through this office. You are already ahead before they settle next year.

Well done!

Write to us at:

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### LET ME KNOW !!!

- Looking for one or two bed holiday apartment, fully furnished, in Port Douglas *let me know.*
- Looking for two bed holiday apartment in Byron Bay, *let me know.*
- Looking for garden tool and lawn mower service or repair *let me know.*