

FOR ANYONE  
WHO HAS EVER  
NEEDED A LOAN

# SHIRE *first* MORTGAGES

## MORTGAGE NEWS

Issue 4

February 2007

### Briefly:

- Interest rates are on hold.
- NSW State Election in March 2007.
- Rental returns in most capital cities are on the increase making property a more attractive investment.

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### Product Profile—100% Home Loans

When Rob & Jenny first heard advertising for 100% Home Loans they were very excited. Having recently married they were renting, not saving very much and going nowhere fast. Would a 100% home loan mean they could buy a property without spending years saving for a deposit?

The 100% Home Loan evolved because rising property values had priced many first home owners out of the market as they were simply unable to save a deposit. Since the introduction of the Federal Government's First Home Owner Grant Scheme which provides first home buyers with a \$7000 grant (subject to terms & conditions) and the generous stamp duty concessions on first home purchases available in most states, 100% Home Loans have meant that borrowers were able to own their own home that much sooner.

After speaking with Shire First Mortgages, Rob & Jenny were able to use their First Home Buyer concessions and a 100% Home Loan to help them move

into their dream home sooner rather than later.

100% Home Loans are also called No Deposit Loans. Strictly speaking some funders will lend up to 100% of the purchase price or valuation (whichever is the lesser) BUT potential borrowers still need to cover things such as:

- Stamp duty on the purchase
- Lenders Mortgage Insurance Premium (payable where LVR exceeds 80%)
- Funder application & legal fees
- Mortgage Stamp Duty
- Legal costs associated with the purchase

Often these costs can add up to tens of thousands of dollars and they will need to be covered from savings or other sources such as family gifts or government grants.

One of the main benefits of a 100% Home Loan is that the

requirement of borrowers to show a minimum amount of genuine savings is waived by funders. In some cases 100% home loans attract a higher interest rate but many funders do not charge a premium for this type of product.

100% Home Loans can also be used by property investors looking to take advantage of leveraging. Most lenders have different criteria for investors and owner occupiers.

The main pitfall of a 100% Home Loan is the possibility of negative equity. If property prices drop you can be left owing more than what your property is worth.

For more information on 100% Home Loans call Shire First Mortgages today!



### Visit our website and win a Great Aussie BBQ!

Great News for those who haven't already entered our Great Aussie BBQ competition! The competition closing date has been extended until 25th March 2007. Entry is easy and best of all it's free. Simply log onto our website [www.shirefirstmortgages.com.au](http://www.shirefirstmortgages.com.au) and follow the instructions in the competition box to email us with your feedback on our

website and the words "Yes I'd like to win a great aussie BBQ!"

First prize is a Fully Assembled "Downunder" 4 burner gas



BBQ with roasting hood, side burner and a 9 kg gas bottle pictured here.

Unfortunately none of the pictured accessories are included in the prize but we will arrange to deliver it to your home!

Full terms and conditions are also listed on our website.



## Who is the Credit Ombudsman?

If you have a complaint about a credit related product or service that has been provided to you, the Credit Ombudsman Service may be able to help.

The Credit Ombudsman Service provides a free and independent dispute resolution service for the Credit Industry. It provides an alternative to resolving disputes through legal proceedings.

The Credit Ombudsman Service Limited (COSL) considers complaints against brokers and other Credit Industry participants who are members of the service and who have provided credit related products and services to consumers.

A current list of COSL members is available on their website [www.creditombudsman.com.au](http://www.creditombudsman.com.au)

COSL investigates complaints and attempts to resolve them through a process called con-

ciliation. If a complaint cannot be resolved through conciliation, then COSL can make a decision, called an award, that is binding on the Member concerned.

There is no fee to consumers to make a complaint to COSL and the Credit Ombudsman Rules provide more details about the types of complaints covered by the service. The Rules also specify the types of complaints that are not covered. A copy of the Rules is available from the COSL website.

To make a complaint it is always best to contact your broker or finance provider to try to resolve the dispute directly. COSL can provide you with details of the Member's complaints contact person. If the matter remains unresolved then you can contact COSL to make a formal complaint.

Next time you are dealing

with a credit provider ask them if they are a member of the Credit Ombudsman Service. If your credit provider is not a member you are unable to use the COSL service.

COSL has been set up to protect consumers against providers who breach codes and standards of practice or relevant laws. If your credit provider is not a member it may be in your best interest to only deal with one who is.

When dealing with Shire First Mortgages you can be sure you are fully protected. We have been full members of the service since its inception. Brochures are available in our office and we would be happy to provide you with any further information if you wish.



CREDIT OMBUDSMAN SERVICE LIMITED

## Do you need mortgage protection insurance?

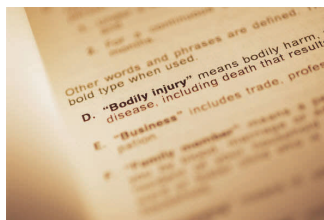
A mortgage is a major financial commitment that will need to be met—even in the event of serious illness or death. An important step in arranging your mortgage is to carefully consider your protection needs.

Analysts have estimated that most Australians only have about 29% of the insurance cover they need. This figure becomes even more concerning when you read statistics which indicate that between the ages of 25 & 60 1 in 8 people will die and 1 in 3 will suffer a serious illness.

One way of easing concern about your mortgage repayments should tragedy strike is by taking out mortgage protection insurance.

This type of insurance will

help you reduce or pay out your mortgage in the event of death and/or serious illness. The amount insured is usually the same as the loan taken out. In most cases the first 3 months cover is free giving you time to consider you and



your family's insurance needs in detail before having to pay any premiums.

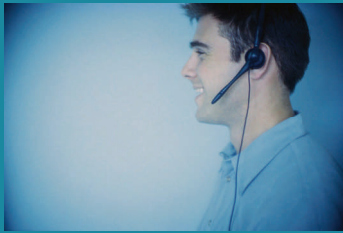
Mortgage Protection Insurance is normally arranged at the time of applying for a loan or a loan increase. However,

in some cases some companies can offer this type of protection for existing loans.

When Shire First Mortgages set up a loan for Sandra she wanted to be sure her loan would be taken care of in case of a serious illness. For only a few dollars each week, we were able to arrange for Mortgage Protection Insurance at the time of her loan application meaning she no longer has to worry.

If you would like to know more about Mortgage Protection Insurance why not log onto our website at [www.shirefirstmortgages.com.au](http://www.shirefirstmortgages.com.au) and read more in the Products section.

For a quote please call us and we would be happy to discuss your options with you.



**At its meeting on 6th February 2007 the Reserve Bank decided to leave the cash rate target unchanged at 6.25% By placing interest rates on hold the Reserve Bank has provided some good news and welcome relief for both home buyers and investors.**



## What happens if I can't make my loan repayments?

You know the story. It's costing you more each week to fill the car since petrol prices went through the roof plus the recent interest rate increases have put a strain on your finances. But somehow you've managed to hold it all together. THEN.....all of the kids' sports registrations are due in the one month or the fridge breaks down and the washing machine goes out in sympathy or worst of all you lose your job. You suddenly realise you can't meet the mortgage payments this month. What do you do?

The first thing you need to do is to know that you are not alone. Statistics from the Mortgage & Finance Association indicate that about 0.3% of Australian bank loans are non-performing, meaning that a very small proportion of bank loan repayments have stopped or are late.

Short term cash flow problems happen to everyone and most credit providers are happy to be flexible providing you keep them informed. This

means that the next thing you need to do is to talk to your credit provider or broker as soon as you become aware you may not be able to meet the repayments.



In some cases your cash flow crisis will be temporary and you can arrange to defer repayments by a week or two. This may be enough to ease the pressure.

If your changed circumstances mean that you can meet some but not all of your monthly loan commitment your options include:

- Changing your loan to an interest only basis. This will reduce your monthly repayments. Check with your lender or broker about fees associated with this change.

- Entering into an arrangement to pay a reduced loan repayment for a defined time (say 3 months). After this period you will need to pay extra each month to catch up. The important thing your lender will be looking for is how you propose to clear any arrears.

Probably the worst mistake you can make is to do nothing. Wherever possible lenders will try to make arrangements with you to get your account in order and to keep you as a customer.

Remember, communication is the key and there are many options available to you.

If you are having trouble making your monthly commitment or know of someone who is, why not give us a call. We would be happy to discuss your options and provide you with a free, no obligation loan health check.



**Access your loan online through our website!**

Simply log onto [www.shirefirstmortgages.com.au](http://www.shirefirstmortgages.com.au) and click on "Client Access" where you will find links to your funder's internet banking site.

## Financial resolutions for the New Year

The new year is a time for reflection on the year gone by while making resolutions for the one to come. So why not take the opportunity to use this time to improve your finances? Here are four finance improving resolutions for the new year.

I will find my lost super. If you've changed jobs, name or address in the past ten years you could be one of the thousands of Australians with missing super. To relocate your lost super contact previous employers to find out whom the super was paid to, then contact that fund direct. The Australian Taxation Office (ATO) also has a service available to locate lost super funds — Log onto [www.ato.gov.au](http://www.ato.gov.au), go to the "For Superannuation" page and click on "Find your lost super."

I will organise myself for tax time. Despite all your good intentions, did you find it difficult to track down all those



receipts when it came time to file your tax return? You could be missing out on some serious deductions. Get organised through creating a simple system to organize your tax receipts and other items—it can be as simple as a shoe box where you place receipts to a more in-depth filing system. The ATO web-

site also has advice outlining which records should be kept and filed as a deduction.

I will save. Do it the old fashioned way and get a money box—preferably one you can't open without breaking. Throw a few coins in everyday and you'll be surprised how it will add up. By the end of the year you'll be able to splurge on something for yourself.

I will have a loan health check. Over time your circumstances can change and your old mortgage may no longer suit your needs. At Shire First Mortgages we will automatically contact you each year to make sure your mortgage still suits you. However, if you would like any information why not give our office a call or log onto our website [www.shirefirstmortgages.com.au](http://www.shirefirstmortgages.com.au) to request a mortgage check up.



FOR ANYONE WHO HAS  
EVER NEEDED A LOAN

SHIRE *first*  
MORTGAGES

Your first choice for a  
smarter mortgage.

Established since 1999

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Visit our website:  
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MFAA  
FULL MEMBER

FBAA  
Finance Brokers Association of Australia  
ACCREDITED  
MEMBER

ACCREDITED MEMBER OF  
PLAN  
AUSTRALIA

## Mortgage News —For anyone who has ever needed a loan

### Welcome to 2007!

2007 is going to be a FANTASTIC year! Just this morning the Reserve Bank announced its decision to keep interest rates on hold. The collective sigh of relief from home owners and investors alike could surely be heard all over Australia. At Shire First Mortgages we are optimistic that this positive step will help stimulate new opportunity for all borrowers— as lenders find both rate driven and non rate driven ways to attract business. Where there is healthy competition amongst lenders there is only ever one winner and that is YOU, the borrower. We hope to be able to help you explore and take advantage of these many opportunities over the coming months.

This month also sees the advent of another lunar year. 2007 is the Year of the Pig and we wish all of our customers Kung Hei Fat Choy. The Chinese New Year is traditionally a time to clean your house and sweep out the bad luck of the previous year as well as casting aside old grudges and earning reconciliation and forgiveness.

There's lots happening this quarter. Don't forget to enter our free online competition for your chance to win a BBQ. Entry is not limited to existing customers so why not tell your family and friends to enter too.

Don't forget if you have ANY questions about your loans or a great loan product you heard about give us a call. It would be our pleasure to help you.



Neil



Susanne



Deanne

### DID YOU KNOW?



People born in the Year of the Pig (1911, 1923, 1935, 1947, 1959, 1971, 1983, 1995 & 2007) are marked by their warmth and geniality. Their scrupulously clean homes are focused on comfort for themselves, their family and visitors. Funding this lifestyle requires considerable hard work, making the Pig one of the most industrious of the Chinese Zodiac signs.

Pigs are creative and intelligent and are content to accept the world as it is. They use their sharp minds for the benefit of others, but must take care that their good natured generosity is not abused.

## Kung Hei Fat Choy

**The greatest compliment you can pay us is  
to refer us to your family and friends.**

**If you know of anyone who needs a loan or who needs a review of their current mortgage situation we would be honoured if you would tell them about Shire First Mortgages. Feel free to pass on this newsletter or give us a call and we will mail one out to them.**

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