



TotalCHOICE

home loans

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Jonathan Oxlade
Principal

Never underestimate the power of good advice. It can mean the difference between sinking and swimming. It can separate the ordinary from the extraordinary.

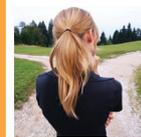
By seeking expert advice for your borrowing needs you can avoid costly mistakes and build a solid foundation from which to navigate future challenges. Check out our article '4 Reasons to use a mortgage broker in 2016' and start out the new year in the right direction with expert advice.

Other topics include 'exit strategies', 'how to choose a home loan term' and 'pay off your mortgage or invest?'

Enjoy this newsletter and feel free to pass it on to family and friends.



HOW TO CHOOSE A
HOME LOAN TERM



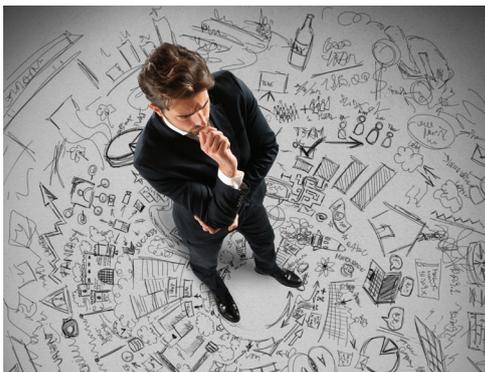
PAY OFF YOUR
MORTGAGE OR
INVEST?



DO YOU HAVE AN
EXIT STRATEGY?



4 REASONS WHY
YOU SHOULD USE A
MORTGAGE BROKER



Some people pay off their home loan in record time, while others take 30 years. Which is better?

Deciding on the length of your home loan term is an important decision because it can significantly affect the amount of interest you pay, as well as have implications for equity and cash flow.

With a shorter-term loan you'll build equity more quickly, which gives you the

opportunity to generate a larger profit when you sell. With a longer home loan term you will pay significantly more interest over the life of the loan, but on the flipside, there is more flexibility and less financial risk.

For example, a 15 year loan of \$430,000 at 4% interest, will cost you \$142,518 in total interest paid and \$3,181 in monthly repayments. A similar loan over 25 years will nearly double your interest to \$250,909 and drop your monthly repayments to \$2,270.

When making a decision about the loan term, think first about your financial plan and how

much you can afford to spend on mortgage repayments. What level of payment can you sustain into the future? Do you have any other high-cost forms of debt? What emergency savings can you fall back on if required?

An option we sometimes suggest is to choose a loan that allows additional repayments at no fee. This allows you to select a loan with a longer term but if you are disciplined you can pay it off as if you had a shorter term.

Give us a call to find out what options are available for your individual situation.

How to Choose a Home Loan Term



Total Choice Home Loans is a Full Member of the MFAA the peak industry association which provides a code of conduct and ongoing professional development for its members. We are committed to keeping up to date with all the latest finance developments and innovations to ensure you get the best product and service everytime you contact us.

Pay off your Mortgage or Invest?



Instead of waiting to pay off your first home, why not invest now?

Investing in a second property provides a good opportunity to build wealth, but it is not for everyone.

If you answer 'yes' to the following questions, chances are that investing in a property might be a good fit for you.

DO YOU HAVE A HIGH CASH FLOW?

As long as your cash flow is high, you are in a good position to buy a second property, even if you have little equity.

If you don't have the available cash flow to fund the additional debt of a second property, you will find it hard to get ahead. For a lender to approve the home loan finance, they will look at whether you have a stable income that is capable of servicing two home loans on top of the cost of living.

DO YOU WANT TO BUILD WEALTH?

Investing while paying off your home loan has the potential to create an additional source of income and widen your opportunity to build more wealth more quickly.

Many people spend a lifetime paying off their home loan and never take advantage of the equity in their property. You can access this home equity to invest in property potentials, providing you with tax benefits and profit through rental income and capital growth.

ARE YOU COMFORTABLE WITH RISK?

It can be hard to find the courage to start a property portfolio because you fear exposing yourself to debt and risk. You can make the choice to play it safe and stay out of debt, or take the attitude that great investment opportunities warrant the risk.

There are ways to minimise risk, such as by seeking expert advice, choosing your investment property wisely and having a strong contingency plan for what to do if things go wrong. A safety buffer of 3-6 months' worth of repayments and living expenses is an important back up if you find you can't meet the repayments.

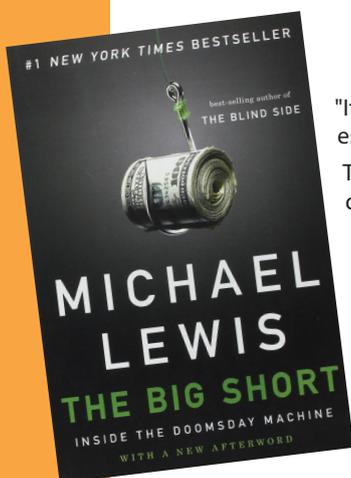
Answer 'yes' to any of these questions? If so, give us a call and we can talk you through the options available for borrowing to invest in a second property.

2016 Expert Predictions

Here's what our economists forecast as the likely factors that will affect our property market this year.

- Interest rates will remain low
- Housing prices will hold up while growing at a slower pace
- Demand from new investors will slow due to APRA's regulations directed at limiting investment lending
- Population growth will continue
- Unemployment will remain steady
- Business confidence will rise

Book Review



The big short

The #1 New York Times bestseller

"It is the work of our greatest financial journalist, at the top of his game. And it's essential reading."—Graydon Carter, Vanity Fair

The real story of the crash began in bizarre feeder markets where the sun doesn't shine and the SEC doesn't dare, or bother, to tread: the bond and real estate derivative markets where geeks invent impenetrable securities to profit from the misery of lower- and middle-class Americans who can't pay their debts. The smart people who understood what was or might be happening were paralyzed by hope and fear; in any case, they weren't talking.

Michael Lewis creates a fresh, character-driven narrative brimming with indignation and dark humor, a fitting sequel to his #1 bestseller *Liar's Poker*. Out of a handful of unlikely-really unlikely-heroes, Lewis fashions a story as compelling and unusual as any of his earlier bestsellers, proving yet again that he is the finest and funniest chronicler of our time.



Do you have an Exit Strategy?

Many of us think long and hard about how to get started in property investment, but few put much thought to what happens when or if we sell.

Panic selling often occurs when a property investor doesn't plan an exit strategy ahead of time and things start to go wrong.

It's important to set your future goals and work backwards to figure out how to achieve them. Your goal might be to retire with a passive income from property or make a profit from renovating. Consider the worst case scenarios that may occur on the way to achieving these goals and have a plan ready to avoid the need for selling your property at a loss.

Think of an exit strategy as a way to protect and make the best use of your finances. Talk to your mortgage broker about whether the recent APRA changes to investment lending have affected the suitability of these exit strategies for your circumstance.

SOME POSSIBLE EXIT STRATEGIES TO CONSIDER ARE AS FOLLOWS:

1. LIVE OFF EQUITY AND RENT

If your goal doesn't require you to own your properties outright, it may make sense to ride out a rough patch by holding onto your property (i.e., resisting temptation to sell), making interest-only payments and living off the equity gains and increases in rental yield. If your portfolio increases at a faster rate than your living expenses, it will support your loan repayments and provide a fund for you to live off.

2. BUY AND FLIP

To make the renovate-and-sell exit strategy work, you need to buy a discounted property and avoid overleveraging by keeping a cap on your renovation costs. Aim to buy and sell within the shortest possible time frame.

3. SELL AND PAY CAPITAL GAINS TAX

Accept that selling your investments will mean paying capital gains tax. You may need to sell to pay off debt or you might have planned to put your profits in the bank and live off the interest. Another variation is to sell half your portfolio and live off the rental income of the other half.

4. PAY DEBT EARLY ON

A high net worth investor may want to consider repaying the portfolio's debt ahead of the withdrawal phase when wealth is typically cashed in. Debt will need to be paid down to a point from where any future revenue from the portfolio is enough to service any remaining debt.

Did you know?

Job loss, extended tenant vacancy or a falling market can spell disaster for your investment property.

TRY THESE SAFEGUARDS.

INSURANCE: landlord insurance, life insurance or income insurance may stop you from having to sell altogether

SET ASIDE A BUFFER: buy some time by ensuring you have a safeguard of money ready that can last you a while to cover costs like mortgage repayments, strata fees and property maintenance.

FUTURE PROOF: only buy an investment property that you have researched well enough to know that it is going to generate a sufficient return to justify the outlay.



4 Reasons why you should use a Mortgage Broker in 2016



The start of a new year is a great time to review your finances. Work may have slowed down just enough to give you a window of time to figure out what processes and practices you can improve upon.

Do you need advice on your home loan? Are you getting the best possible mortgage rates and terms? Do you have a mortgage plan customised to your needs? Are you using the equity in your property to its advantage?

Here are the top 4 reasons why a broker can help get your new year off to a great start.

1. EXPERT ADVICE

Banks deal with all types of loans, whereas mortgage brokers are specialists in selling mortgage and mortgage related products. Whether you are a first home buyer, investor or re-financer, your mortgage broker has the knowledge to expertly guide you through the process. They stay up-to-date with new products, promotions and regulations and are a great source of information about all things home loan.

2. PERSONAL ATTENTION

There are many steps in the home loan process and a professional mortgage broker will help you through: taking care of the paperwork, managing the application process, assisting with settlement. They take the time to work one-on-one with you to evaluate your specific needs and find a lender that suits you personally.

3. SAVE MONEY

Mortgage brokers have access to a large network of lenders, which puts them in the driver's seat when it comes to securing competitive rates and terms that fit your situation. They deliver advice on your financial options, and unlike banks they are not necessary restricted to choosing the products of one lender.

4. SAVE TIME

Often people avoid refinancing their loan because it takes so long to compare one lender to the next. Mortgage brokers can save you the leg work by showing you multiple lender product offerings at just one visit. The amount of time they can save in phone calls and emails to make sure your loan is set up properly and approved on-time is priceless.

DISCLAIMER: This newsletter is intended to provide general news and information only. Readers should rely on their own enquiries before making any decisions touching their own interests. Please do not rely on any part of this newsletter as a substitute for specific legal or financial advice.



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With compliments

Profile

Total Choice Home Loans was founded by Jonathan Oxlade (B.Bus Finance) in 2005 who, with many years finance and industry experience is able to assist all types of clients.

Our service offering is one of a relationship looking at your overall financial situation not just a one off transaction. In conjunction with Integro Financial Consulting and referral to a highly qualified Financial Planner, our business offers clients a full range of financial services and assistance, including Property Investment advice, Wealth protection and Asset protection, Superannuation, Retirement planning.

We aim to offer a long term, value for money, quality service, with hassle free finance solutions while being at all times professional and caring in our dealings with clients and business partners.

Jonathan Oxlade and Total Choice Home Loans are licensed by ASIC credit licence 385844.

Total Choice Home Loans is a proud sponsor of World Vision, whose aim is to help change the lives of children, families and communities in desperate need.



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