



TotalCHOICE

home loans

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There's no shortage of interest rate offers being advertised, but sometimes the discounts can be confusing or misleading.

Our first article discusses the importance of reading the fine print, looking at the whole home loan package rather than just one element and seeking advice from your mortgage broker.

We also look at some of the most common questions we get asked by borrowers, such as

how to calculate stamp duty and the cost of refinancing (page 2).

The pros and cons of buying off the plan (page 3) and '5 things you didn't know about life insurance' (page 4) are other topics in this issue.

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



**DISCOUNT RATES:
DEAL OR NO DEAL?**



**6 QUESTIONS
MORTGAGE BROKERS
GET ASKED**



**BUYING OFF
THE PLAN**



**5 THINGS YOU
DIDN'T KNOW ABOUT
LIFE INSURANCE**

Discount Rates: Deal or No Deal?



Don't jump at special home loan interest rate deals until you have read the fine print.

Introductory offers, no rate products and percentage discounts are a popular way for lenders to generate interest in their products, but they don't necessarily lead to a cheaper home loan overall. You may find that higher fees accompany the lower interest rate or that you are paying for loan features you don't need.

Borrowers often come to mortgage brokers to help sort out the confusing discounts on the market.

It can be difficult for borrowers to compare loans if it isn't easy to calculate what the actual interest rate is over the full term of the loan.

We tell customers that when choosing a loan, they should look at the whole package, not just one element. It's important to consider your finance needs, what features you want from a home loan and how much it will cost in fees. Depending on whether you're refinancing, renovating, investing, or buying a home for the first time, your loan needs to accommodate your individual circumstance.

When a low interest rate offer catches your eye, always ask for the key details, such as how long the special offer lasts for and what the rate reverts to after that. Check out the comparison rate as this is the actual rate you'll be paying and it is a useful tool to help compare the cost of different loans. Make sure that you read the terms and conditions attached to special offers.



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.

6 Questions Mortgage Brokers Get Asked

Over the years we've fielded thousands of questions by clients on all things home loan, so we thought we'd put together a list of our six most commonly asked questions.

1. Can I pay off my loan early?

Paying off your loan early can save you thousands of dollars in interest repayments, however some loans like fixed rate and interest only loans will limit the amount or regularity of extra repayments you can make. Variable rate loans don't usually impose penalties for early repayment.

2. Should I put extra repayments onto my loan or in my offset?

Making additional repayments to your loan account has the same effect as making them to your 100% offset account. The advantage of using an offset is that you can access the funds again in the future if need be.

3. Can I increase my home loan?

Yes, you can use the equity saved in your property to borrow additional funds. The amount you will be able to borrow will depend on your financial situation and how much equity is available in your property.

There are no penalties for increasing your loan amount if you have a variable rate loan, but if you are on a fixed rate you may have to pay a sizeable fee to break your loan and refinance.

4. Do mortgage brokers really get better deals?

Absolutely! Mortgage brokers are intimately involved with the home loan market and the systems and policies of a large number of lenders. Not only do we know where to find the best deals to suit your individual circumstance, we are in a unique position to be able to negotiate with lenders to achieve special rates and discounts on your behalf.

5. How do I calculate how much stamp duty I have to pay?

Stamp duty is a tax regulated by state government, so the amount will vary depending on property location and value. Some states offer first-home buyer stamp duty concessions and some charge different rates on investment properties.

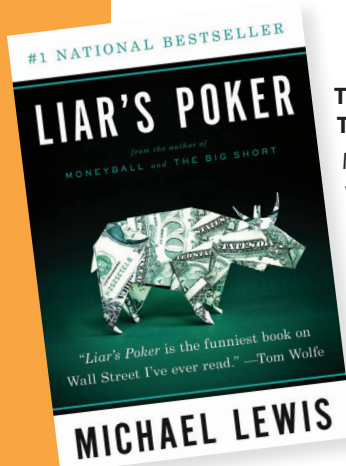
Stamp duty is a significant cost, so it's important to get your calculations right. Contact us for a reliable estimate.

6. Will it cost me a lot to refinance?

There are a number of fees involved with refinancing, so it pays to look at how long it will take you to recoup the costs of refinancing with the savings on the new loan. You can expect to pay stamp duty, as well as fees like discharge, registration, settlement and valuation from your current and new lender. Lender's Mortgage Insurance (LMI) will apply if your new loan is for 80% or more of your home's value.



Book Review



Liar's Poker MICHAEL LEWIS

**The time was the 1980s. The place was Wall Street.
The game was called Liar's Poker.**

Michael Lewis was fresh out of Princeton and the London School of Economics when he landed a job at Salomon Brothers, one of Wall Street's premier investment firms. During the next three years, Lewis rose from callow trainee to bond salesman, raking in millions for the firm and cashing in on a modern-day gold rush.

Liar's Poker is the culmination of those heady, frenzied years—a behind-the-scenes look at a unique and turbulent time in American business. From the frat-boy camaraderie of the forty-first-floor trading room to the killer instinct that made ambitious young men gamble everything on a high-stakes game of bluffing and deception, here is Michael Lewis's knowing and hilarious insider's account of an unprecedented era of greed, gluttony, and outrageous fortune.



Buying Off the Plan

Buying off the plan can go horribly wrong or wonderfully right, so what can you do to ensure the scales tip in your direction?

When buying a property that has not yet been built, it is important to prepare thoroughly before you commit and engage your mortgage broker early on in the process.

Knowing what you are up against and what might go wrong can give you the winning edge. Here are some of the issues you may encounter.

DROP IN VALUE

If property values fall in the period between deposit and settlement, your property may be valued at less than you paid for it. This means topping up your deposit to meet the loan to valuation ratio, or making a new arrangement with your lender, an option that has become more difficult following changes to the lending environment.

Avoid this scenario by buying well in the first place. Research the growth potential and trends for the location, looking at statistics on employment, demographics, median apartment price growth, vacancy rates and rents. Is there transportation and infrastructure? Any other planned housing developments?

VARIATIONS IN DESIGN AND QUALITY

The finished project may differ to what you anticipated. Even if you view display suites and artists' impressions, the developer may later change the design and finishes.

To safeguard yourself against disappointment, it's essential to have a comprehensive contract that sets out in plain English the details of the proposed development plans and quality of fixtures and fittings. The brand and model of the fittings should be clearly outlined, as well as information about whether the buyer can select appliances and what happens if an item is unavailable.

Did you know?

You've heard about the risks of buying off the plan, now here are the benefits...

- Government concessions like stamp duty exemptions and grants
- Capital gains from the property value rising during construction
- Low initial outlay with deposit as low as 10%
- More time to save because you don't have to pay the balance until construction is complete
- Choice of apartment type and option to customise floor plans and finishes
- Potential tax and depreciation benefits if you are purchasing the property as an investment

The contract should answer questions like: what are my rights if the design is altered? Can I make changes to the finishes? Can I visit the site during construction?

CONSTRUCTION DELAYS

The development may never get off the ground or it may be delayed by planning approvals, poor weather or bankruptcy.

It's important to check out the credentials of the developer, builder and architects - find out about past projects and financial performance. Obtain proof of insurance from the developer and know that the builders are licensed and qualified.

Seek independent legal advice to ensure that the contract of sale contains all the relevant terms for the exchange, such as your rights if the construction is delayed, if the building doesn't proceed or you withdraw from the contract.

5 Things you didn't know about Life Insurance



1. The Life insurance included in your superannuation policy may leave you short of cover

Unless you have chosen to increase your insurance level (and increase your premiums), the default life insurance provided by your super fund will be at a minimum level and probably won't include trauma insurance or long-term income protection cover.

It is important to find out what you are covered for and consider the benefits of taking out a stand-alone life insurance policy.

2. Your age may affect the premium you pay

If you have a stepped life insurance premium, it is assumed that the older you get the more likely your health will deteriorate, therefore your premiums will increase with age.

Level premiums are at a fixed rate so they won't increase as you get older, but they are generally more expensive in the beginning.

3. Life Insurance is best taken out when you are young

It pays to take out life insurance when you are young and healthy because the premiums are less expensive than waiting until you are older and more likely to experience health problems.

4. Only the breadwinner needs life insurance

There are financial consequences if something happens to the stay-at-home parent in a family because the income earner may need to find the money to outsource child care, cooking and cleaning.

Life insurance gives the surviving partner the added benefit of financial assistance if they need to take time off work to help the family adjust.

5. You don't need to die to enjoy its benefits

Many people think that life insurance only comes into effect when you die, but it can also offer financial support for injury, illness or disability. In the event that you are no longer able to work, life insurance can cover loss of income and out-of-pocket expenses like medical treatment, debt repayments and the cost of living.

Rehabilitation can also be included as an optional benefit, helping you get back into the workforce by covering the cost of rehabilitation, equipment and workplace modifications. You should always get independent financial planning advice and read the Product Disclosure Statement (PDS) before making any decisions.

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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