



TotalCHOICE

home loans

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Principal

Can you still make money from property investment? It's a question that sparks fierce debate, but we in the home loan industry often witness first-hand the value that property brings, not just in financial wealth but in true happiness.

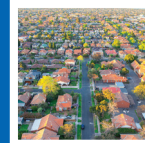
Our article on page 4 – '6 tips for wealth creation' – provides some practical ideas for wealth creation from leading experts, such as developing the right mindset and creating a vision board of aspirations.

In this issue we also look at how a guarantor loan can help you enter the property market (page 2) and how

to achieve home loan pre-approval (page 3).

The article below outlines new research showing that we are holding on to our homes for longer, all the while increasing their value and equity.

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



AUSTRALIANS ARE
SELLING HOMES
LESS OFTEN



HOW A GUARANTOR LOAN
CAN HELP YOU ENTER THE
PROPERTY MARKET



THE ULTIMATE GUIDE
TO HOME LOAN
PRE-APPROVAL



6 TIPS FOR
WEALTH CREATION

Australians are selling homes less often

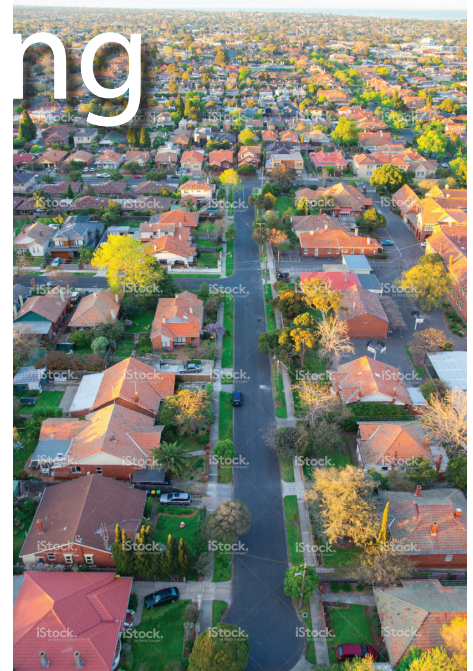
We're holding onto our homes for longer. That's the message from a new Core Logic RP Data study that shows the average time Australians keep their houses without selling has increased significantly over the past decade.

The average length of time a capital city house is owned has climbed by nearly four years since 2004. Comparing homes in capital cities which were sold in 2014, houses are now owned for an average of 10.5 years and units for 8.7 years. A year earlier, in 2013, the average hold period of homes sold was 10.1 years for houses and 8.4 years for units. It's a trend evident across all capital cities, with

Melbourne homes staying with their owners for the longest period – an impressive 11.8 years for houses and 9.7 years for units. Even in Adelaide, where owners kept their homes for only 4.8 years in 2004, this figure has nearly doubled to 8 years.

It's likely that significant equity is available to these home owners who have held onto their homes for substantial periods. How long have you held onto your property and do you know how much equity you have? Equity is a powerful asset that can be used to buy your next home, fund a renovation or pay for a holiday.

Talk to us, your mortgage broker experts, about how to access the equity in your home.



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.

How a Guarantor Loan can help you enter the Property Market



Struggling to save enough to buy a property? You may want to ask your family if they can provide a helping hand in the form of a family guarantee loan. This is when the equity in a family member's home is used as security on your loan.

Also known as a family pledge or guarantor home loan, it is a type of mortgage that allows you to borrow more money and provide less of a deposit. Usually when a loan is more than 80% of the purchase price (80% LVR) you will have to pay lender's mortgage insurance, but a family guarantee means you won't have this extra expense.

It's even possible to avoid paying any deposit because the equity in your family's home can act as a deposit. This 'guarantee' makes it possible for you to borrow the full 100% cost of the home, plus stamp duty and legal fees.

There are many issues to consider when taking out family guarantees and it pays

to keep in mind that loan terms and conditions can vary between lenders. Not all lenders even offer these type of loans, so give us a call and we can advise you which lenders would best suit your situation.

Here are some of the common questions we get asked about guarantor loans. For more detailed advice about any of the following, don't hesitate to get in contact.

DOES THE ENTIRE LOAN HAVE TO BE GUARANTEED?

No, the loan can be split, enabling the equity in your family's property to be used as security for a small portion of the loan, for example 20%. The lender will take a mortgage out over the guarantor's property to this specified amount.

WHO CAN ACT AS GUARANTORS?

Guarantors are usually parents, but some lenders under certain conditions will accept grandparents, siblings, a de facto partner or a former spouse. To be

approved by a lender they must provide enough equity to cover the amount being guaranteed and show proof of income.

WHAT ARE THE RISKS FOR THE GUARANTOR?

There are risks involved, which is why it is important for the guarantor to know what they are getting into. Some lenders even require legal advice is sought to ensure the guarantor understands that if there is a default on repayments, they will be the ones held liable.

HOW LONG DOES THE GUARANTEE HAVE TO BE IN PLACE?

If the loan is structured correctly, the guarantee doesn't need to be in place for the entire duration of the loan. Once you have repaid the portion of the loan that is guaranteed or your property has increased in value, the guarantor can be released.

FINANCE
FOCUS

One in three households have a mortgage¹

Owner occupiers account for two in every three purchases in Australia²

Australians owe \$1.45trillion in mortgages³

[1] John Collett, Sun Herald, "An uneasy budget" 1 May 2016

[2] Ken Morrison, AFR, "Negative gearing: tax debate disguised as housing," May 2016

[3] Clarissa Bye, Daily Telegraph, "Death of the Aussie dream," 7 March 2016



The Ultimate Guide to Home Loan Pre-Approval

When it comes to shopping for a property, home loan pre-approval can give you the winning edge. It shows real estate agents that you are serious about buying a home and it places you in a good position to move quickly and get your financials sorted ahead of other buyers.

Although it is not a guarantee of how much you can borrow, a pre-approval gives a clear indication of what you can afford. Like any type of shopping, it helps to know in advance where you can safely buy and where you can only window shop.

There is no cost involved to obtain pre-approval and as your mortgage broker we can guide you through the process, helping you to understand your borrowing capacity and the type of home loan that might suit.

WHEN TO APPLY

Apply for pre-approval once you are ready to take the next step from inspecting and researching properties. Typically, pre-approvals only last 90 days so don't apply for one until you are seriously considering purchasing.

WHAT TO HAVE READY

The lender will ask you to verify your personal and financial details and provide evidence in the form of pay

slips, tax returns, bank statements and identification documents. You may also have to provide information about any outstanding debts. To ensure a reliable and accurate pre-approval, be honest about any anticipated changes to your personal circumstances, such as a redundancy or starting a family.

WHAT'S THE NEXT STEP?

Pre-approval is not a guarantee of finance from a lender so you will still have to obtain full (or formal) approval once you have found a property. It's not until you have this final approval that the loan application is binding. The benefit of having obtained pre-approval is that it will significantly speed up the paperwork process.

WATCH OUT FOR

Pre-approvals can be called conditional approval, indicative approval or approval in principle but their meaning is the same.

Don't confuse these with a 'pre-qualification assessment', which means a quick investigation of what you might expect to be approved for. It can be done over the phone or on the internet and is based only on the information you supply to the lender, so does not involve a credit check.



Did you know?

YOUR PRE-APPROVAL MAY BE REJECTED IF:

- The property is unsuitable to the lender as security
- Your credit file shows you have made multiple pre-approval applications
- Your credit rating is too low
- Your situation changes, for example you change jobs, have children or take on a new credit card or loan
- You have loans or credit cards that you don't disclose and the lender finds out
- Interest rates increase and the lender believes you will not be able to meet repayments, particularly if you have borrowed the maximum allowed.



6 Tips for Wealth Creation



Whether you dream of being a millionaire or just wish you had more money, there are actions you can take to set you on the path to wealth creation. Here are the top tips most commonly recommended by wealth creation experts.

1. Be clear about what you want

Create a list of goals, things you want to have and dreams you want to realise. Use words and images to create a vision board of these aspirations and position it somewhere you will see every day.

2. Get right back up each time

Setbacks happen and it may seem like you are never going to reach your goals, but it is important to keep plugging away. When things don't go as planned, look for another way.

3. Put enjoyment first

If what you are doing to make money is draining and oppressive, it might create financial wealth but it will never create true wealth. Focus on what gives you purpose and don't forget that true wealth incorporates happy relationships, good health and the freedom to make choices.

4. Create systems

It's not enough to run a business, you need systems in place that allow your business to run in your absence. Automating parts of your business is one way to free up your time, allowing you to achieve more in the same amount of time.

5. Learn from the right people

It's no excuse to say that you are not smart enough. Surround yourself with experts and learn from the right people. Work with coaches and mentors, read widely and listen to audios – the more you absorb, the more you realise that wealth is possible for anybody.

6. Develop the right mindset

The right mindset can fire up your creativity and inspire you when others doubt your ability. Be solution and results focused and don't be afraid to take calculated risks and do things differently. A positive attitude will help realise that wealth creation is possible provided you set your mind to it.

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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