



Mortgage Brokers Australia

Dear Valued Client

Mortgage Brokers Australia wishes all our clients and friends a very happy and safe Christmas and New Year.

To finish off 2004, we have good news on interest rates which has encouraged First Time Buyers back into the market with the assistance of 100% home loans and family pledge loans.

It's holiday time! Note the public holidays are different this year and we added helpful information on how to stay informed during the storm season.

Other articles include: Deposit Bonds, how they work as a great option when your funds are tied up until settlement on a purchase.

Also as a big thank you to our clients who refer business to us, MBA is giving away free movie tickets in 2005.

Thinking of New Year resolutions or just revaluating your short and long term goals for 2005? This could include work, investment, family and lifestyle choices. If you make any changes in these areas, a health check on all loans can ensure they are working with you to meet your needs.



We appreciate your feedback on this newsletter and if have any topics you would like to discuss with us, please contact us.

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Public Holidays



Christmas Day holiday - Monday 27 December 2004

Boxing Day holiday - Tuesday 28 December 2004

New Years Day - Saturday 1 January 2005

New Year's Day public holiday - Monday 3 January 2005

Australia Day – Wednesday 26 January 2005

Storm Season

Brisbane can take a battering during storm season (generally considered to be from November until end of March). Be informed about what you can do to protect yourself, your family and your possessions.

- ? Energex has provided a guide to staying safe this storm season:
- ?

www.energex.com.au/pdf/community/STORM_PACK.pdf



No Rate Rise From Santa this year

(exert from Australian Broker Magazine)

Four months ago economists were predicting another Reserve Bank rate rise before the election, with another to follow before Christmas.

Now the inconceivable has happened. The talk from some analysts has switched to the possibility there will be no rise before Christmas and that the next move may well be down. What has caused all the difference? In short it is the rising price of oil.

We may be reaching the point where the international price of oil is doing the RBA's work for it, a great relief to those who have been concerned about rate rises.

Melanie Hay, ANZ's senior economist, said that under current pricing structures a rise of 10c per litre at the bowser dampens spending to the same degree as would a 25bp rise in the RBA's cash rate.

The ANZ assertion may have sound a bit far-fetched until the RBA released a research article at the end of October titled Oil Market Developments and Macroeconomic Implications.

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First Time Buyers



The housing boom was kicked off with low interest rates and the introduction of the First Home Owners Grant. As property prices have increased First Home Buyers were starting to get blocked out of the market.

We are now seeing a new resurgence of the First Home Buyer due to the government's continued support, lenders providing new loan products for first time buyers and interest rates remaining low.

First Home Owners Grant

The Commonwealth government introduced the \$7,000 First Home Owners Grant in July 2000 to help offset the effects of the GST for first home buyers. (For more information on the First Home Owners Grant the website is: www.osr.qld.gov.au)

Stamp Duty Concessions

One of the largest expenses incurred when purchasing a property is stamp duty. The individual state governments are responsible for collecting stamp duty on land and on mortgages. In Queensland, people who buy their first home may also be eligible for a transfer duty and mortgage duty concession.

For first home buyers, no duty applies to the purchase of their home up to \$250 000. Currently, where the price exceeds \$250 000, home concession duty applies to the first \$250 000 with a sliding scale rebate applying to homes over \$250 000 up to \$499 999.

100% Home loans / Family Pledge

Lenders have brought out loans for First Home buyers that have good incomes but limited or no savings history, lending up to 100% of the purchase price. Alternatively Family Pledge is a option which allows family members (the term 'family member' refers to parents, grandparents and siblings) with equity in their own property,

to help customers bridge the deposit gap and cover up front borrowing expenses, by providing a limited guarantee in support of our customer's loan application. Our customers will be able to maximise the amount they can borrow against their own security, i.e. the purchase property, with this additional limited guarantee from a family member.

We can talk to you, your friends or family members about the loan products available that can help First Time Buyers into their first home as well as excellent professional products with discounts for the life of the loan.

Why use cash?

YOUR MORTGAGE MAGAZINE - SEPTEMBER 2004

Deposit bonds are guarantees issued by insurance companies that can be used as a substitute for cash deposits between the contract signing and settlement on property purchases, including first home purchases.

When you enter into a contract to purchase residential property, you are usually expected to pay a cash deposit of up to 10 per cent of the purchase price. This deposit is typically held in the real estate agent's trust account until settlement, when it is paid to the property vendor on completion of the purchase.

Alternately you can use deposit bonds, which are typically issued by insurance companies, and act as an alternative to cash deposits until settlement when you complete the purchase by paying the full purchase amount, including the 10 per cent deposit.

"Deposit bonds are a simple and cost-effective way of securing residential property," says Steven Watters, general manager of Deposit Power. "They act as a substitute for the cash deposit between signing contracts and settlement."

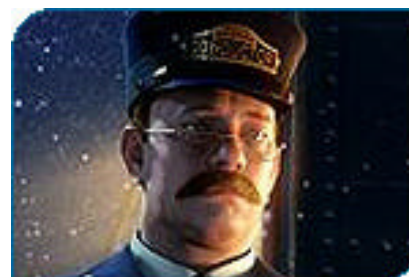
The appeal of a deposit bond is that it can cost as little as 1 per cent of the bond's value. A \$50,000 bond, for example, can cost as little as \$500. With approval often granted within 24 hours, deposit bonds are cheap,

efficient and secure.

There are two types of deposit bonds: Short-term bonds - for periods up to six months and are most commonly used to purchase existing property either through private treaty or at auction.

Long-term bonds - for terms in excess of six months and are often used to buy property off-the-plan or where there is often a considerable delay between purchase and settlement.

Free Movie Tickets



We have noticed as MBA has grown, many of our new clients have been referred by our existing clients.

As a thank you from us we have put in a new system to kick off the New Year – any new loans referred from an existing client will receive a thank you gift of movie tickets. So make sure if you do recommend us that your name is mentioned.

Housekeeping

Have you given our office your e-mail address? If not please send it to :

enquires@mortgagebrokersaustralia.com.au



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