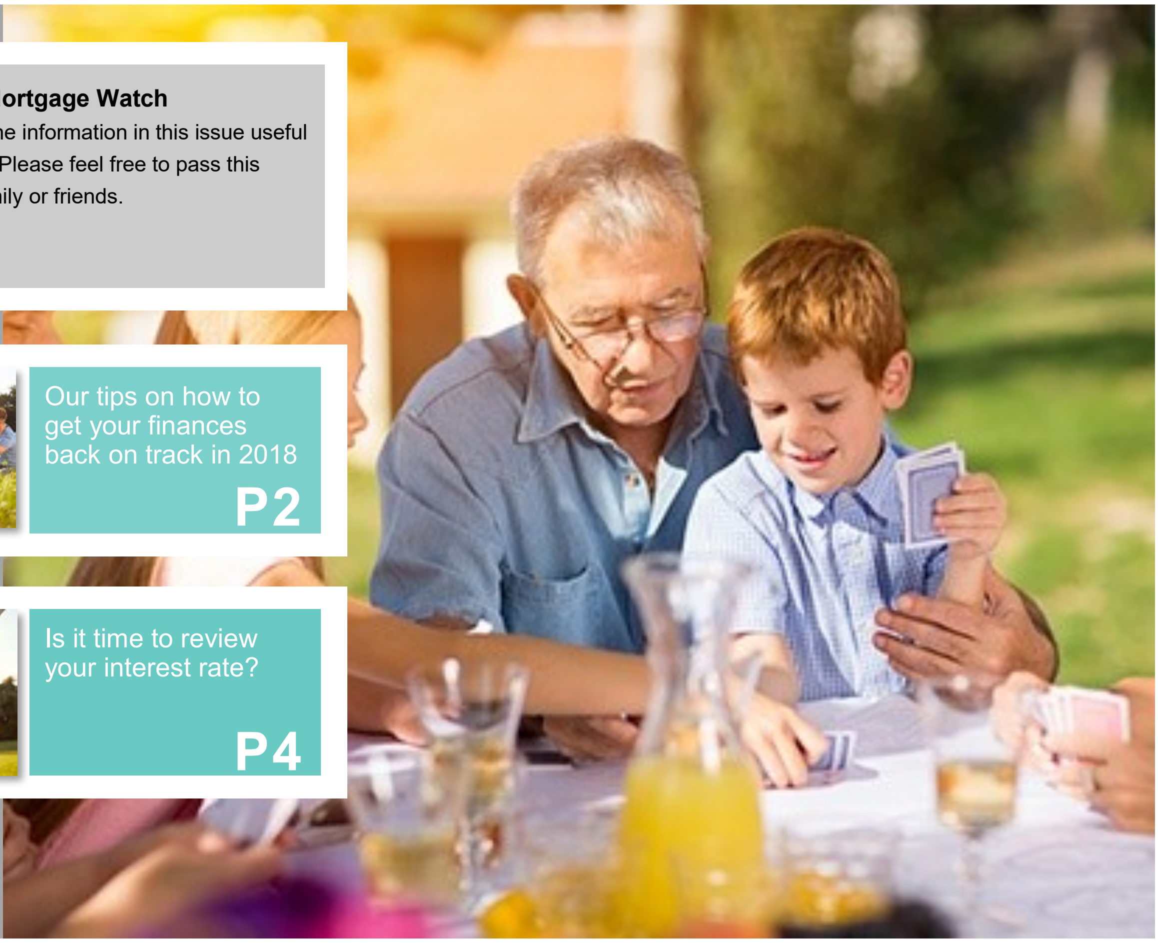

Welcome to Mortgage Watch

I hope you find the information in this issue useful and informative. Please feel free to pass this newsletter to family or friends.

Regards,

Jeremy Zabat

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Cash rate remains at historic low.

The Reserve Bank of Australia (RBA) has kept the cash rate unchanged at a record-low 1.50% for the 18th consecutive month, continuing the longest run of inaction in almost 22 years. Governor Philip Lowe had this to say in his official statement:

“Nationwide measures of housing prices are little changed over the past six months, with prices having recorded falls in some areas. In the eastern capital cities, a considerable additional supply of apartments is scheduled to come on stream over the next couple of years. To address the medium-term risks associated with high and rising household indebtedness, APRA introduced a number of supervisory measures. Tighter credit standards have also been helpful in containing the build-up of risk in household balance sheets.”

What does this mean for you? As the cash rate stands still at 1.50%, there have been a number of lenders including four of Australian’s biggest lenders who’ve changed their interest rates at their own discretion. Over the next few months make sure you keep an eye on any rate movement, and consider whether your current loan is still right for you.

Our tips on how to get your finances back on track in 2018

Setting your New Year's resolutions is the easy part. It's actually following through on those goals that tends to be where a lot of us slip up. Now that we are in February here are three helpful tips for taking control of your financial situation this year.

Cut back on unnecessary spending
In the interest of saving money, many Australians are planning to limit their spending on frivolous purchases. Galaxy's research found that 47 per cent of Australian millennials were planning to save money by spending less on eating out or buying takeaways. Meanwhile, 32 per cent of all Australians intend to reduce bills by minimising energy consumption, and a savvy 23 per cent intend to switch to cheaper providers or seek loyalty discounts.

Consolidate your credit card debt to a streamlined product
If you have stacks of credit card debt making it difficult to see the path towards financial freedom, you might want to consider consolidating into a single personal loan.

This works by taking out a single loan in order to pay off your various cards. Your finances are then simplified to a single product, making it easier for you to keep track of things and helping you to save money on interest.

For this to be worthwhile, the new loan should have a lower interest rate than that of your existing debt. Talk to our team of loan specialists to work out which personal loan is right for you.

Review your home loan structure
Believe it or not, your savings goals can become a reality in the long-run by spending more now.
Say you've borrowed $300,000 at a fixed interest rate of 3.99 per cent — to pay this off over 30 years, you would need to pay the lender $1,430.52 each month and, if the same rate applied for that whole period, by the end you'd have paid $514,986.08, according to our mortgage repayment calculator.

By increasing your monthly repayment, you can reduce the length of your loan and thereby save on interest. For example, using the same loan as above, if you were to pay an extra $100 each month after the first year, the loan could be paid off in 26 years and 8 months and you would save over $25,000 in interest.
You can also save on interest by switching to a variable loan while rates are low.

Will renovesting be the 2018 property trend?

A panel of economists has predicted three major trends within the Australian property market for the year ahead, says finder.com.au Insights Manager, Graham Cooke. These expected trends come after the panel correctly predicted that the cash rate would remain at 1.5 per cent following the Reserve Bank of Australia's final meeting of 2017.

So, what trends should property investors be looking out for this year?

Predicted trends for 2018:

1. Single-digit growth in eastern capital cities, though with greater potential in Melbourne and Hobart.
2. An oversupply of apartments causing prices to struggle to keep pace with house-price growth or even leading to a collapse of the apartment market.
3. A rise in the popularity of 'renovesting' due to increased prices and greater difficulty in climbing the property ladder.

What is 'renovesting'?
'Renovesting' is another way to say, "improve rather than move". In lieu of selling up, property investors and homeowners may be looking to increase the value of their properties by enhancing what they already have.

By focusing on bettering existing properties, investors are able to boost the value of their current investments without the potential struggle of navigating a difficult property market.

What kind of renovations are worth doing?
Worthwhile renovations can include remodelling bathrooms, refreshing the house's facade, or even something as simple as repainting.

Certain renovations are more likely to add value to your home than others. It's important to consider how much you'll have to spend on renovations and what sort of returns you can reasonably expect.

How can I fund my 'renovesting'?
Renovations often require immediate access to stacks of cash you simply might not have. Fortunately, there are a number of options available to make your renovesting dreams a reality, including:

- **Apply for a personal loan -** a personal loan can finance small renovations with a fixed rate for the entire duration.
- **Use the equity in your home -** borrowing against your home will likely get you a more competitive interest rate but will set you back in your mortgage repayments.
- **Refinance your mortgage -** reviewing your mortgage and securing a lower interest rate can save you thousands of dollars which can instead go towards renovations.

How our team of loan specialists can help you
To work out which finance option is right for you, speak to our team today

Is it time to review your interest rate?

Being aware of your interest rate can save you money in the long term. As the official cash rate and other financial conditions change, it's possible that your interest rate is no longer the best it could be. Therefore, it's important to regularly review your mortgage.

So, when exactly should you reconsider your interest rate?

At the end of your fixed or introductory period
If you have a fixed loan, your rate will revert to variable at the end of the set period. This could be a good thing - variable rates have the potential to be much lower than a fixed rate. However, they can also be higher.

When your fixed period is about to expire, it’s important to ask your mortgage broker if you should refinance to a better rate.

You need tighter control over your finances
Conversely, a variable loan may be causing too many fluctuations in your finances. This may be especially problematic when you have more urgent debts to pay off.

Switching to a fixed rate loan may or may not save you money - that simply depends on how the current variable rates compare to your fixed rate. What is guaranteed with a fixed rate, however, is stability. Budgeting around other debts or loss of income is easier when you know exactly what you'll be paying month to month.

It's been some time since you last reviewed
Optalife financial planners recommend assessing your mortgage at least every 2 years. Leaving it any later may mean that you end up losing significant amounts of money to lenders.

Find out if you’re getting your ideal rate
For help in finding your ideal interest rate and loan structure for your situation, get in touch with our team of loan specialists today.

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