

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



Build your home
from the ground up

P3



What to look for in a
home office

P4

mortgage watch

Steady as she goes

Off the back of encouraging inflation signs, continued economic growth and the moderation of Australia's property market, the Reserve Bank of Australia (RBA) has announced that the cash rate will remain at 2 per cent for at least one more month.

In the latest statement from Governor Glenn Stevens of the RBA, special mention was made of the favourable financial conditions for prime borrowers:

"Sentiment in financial markets has improved recently after a period of heightened volatility....Funding costs for high-quality borrowers remain very low and, globally, monetary policy remains remarkably accommodative."

"... Low interest rates are supporting demand, while supervisory measures are working to emphasise prudent lending standards and so to contain risks in the housing market. Credit growth to households continues at a moderate pace, albeit with a changed composition between investors and owner-occupiers. The pace of growth in dwelling prices has moderated in Melbourne and Sydney and has remained mostly subdued in other cities."

So, what does all this mean for you? With a change in interest rates just around the corner, now is the time to consider whether your current loan is the right one for you, right now.

3 questions to ask yourself before refinancing your loan



Refinancing your loan has a number of benefits, but just like any major financial decision, you have to ensure that you are doing enough research and asking yourself the right questions. As mortgage brokers, we want to make sure that you get the right loan for the right reasons.

To get you started on your journey, here are three questions you need to ask yourself to ensure that refinancing is the right choice for you.

How much am I going to save?

If you are refinancing after a long period of repayments, you might find that you can improve your home loan interest rate. All those consistent, punctual payments to your lender mean that your credit rating will have improved. This reduces your risk, and your mortgage lender may be more willing to cut you a deal with your new refinanced loan.

This will also help you learn how much you will be able to readjust your budget as a result of your refinancing.

How am I going to use the capital?

There are plenty of ways to use the equity you have unlocked from your home. If you want to re-invest the capital back into property, you have two choices, mostly dependent on the amount of capital you received: either use that new chunk of change as a deposit on a second investment, or use the cash to update your current home or portfolio. Either way, we would advise to make that capital work for you.

How am I planning to manage the new repayments?

Your long term financial plans may need to change due to the shift in the lifetime of your new loan.

Sometimes, refinancing is necessary because your circumstances change and you can no longer afford your repayments. Even if you have refinanced just to access the equity in your current home, you have to double and triple check to ensure that your household budget can handle your new repayments.

Furthermore, your long term financial plans may change due to the shift in the lifetime of your new loan. Make sure you consider the long term as well before committing to a refinancing.

Completing the journey

Are you happy with your answers to these questions? If you think that refinancing is right for you, it's time to complete your journey and bring your findings to us. We'll go even further in depth and see if we reckon that refinancing is the solution to your financial goals.

Build your home from the ground up

There are plenty of products out there for the aspiring first, second or umpteenth home loan seeker. But when you're buying from somebody else, you often have to make concessions. Maybe they aren't as close to the shops as you'd like, perhaps the property doesn't have enough bedrooms - even something like wanting a bigger backyard could tempt you towards that most serious of commitments: the construction of your own dream home.

It's a completely different world when it comes to building. You're having to deal with concepts and terms that even the most seasoned property investor would be unaware of. How long will the build take? What are the local planning codes? How do you choose the right construction company? Where on earth are you going to get the investment capital?

Thankfully, if you're responsible for one of the 200,000 or so building approvals the Australian Bureau of Statistics record per year, the capital is where we have you covered.

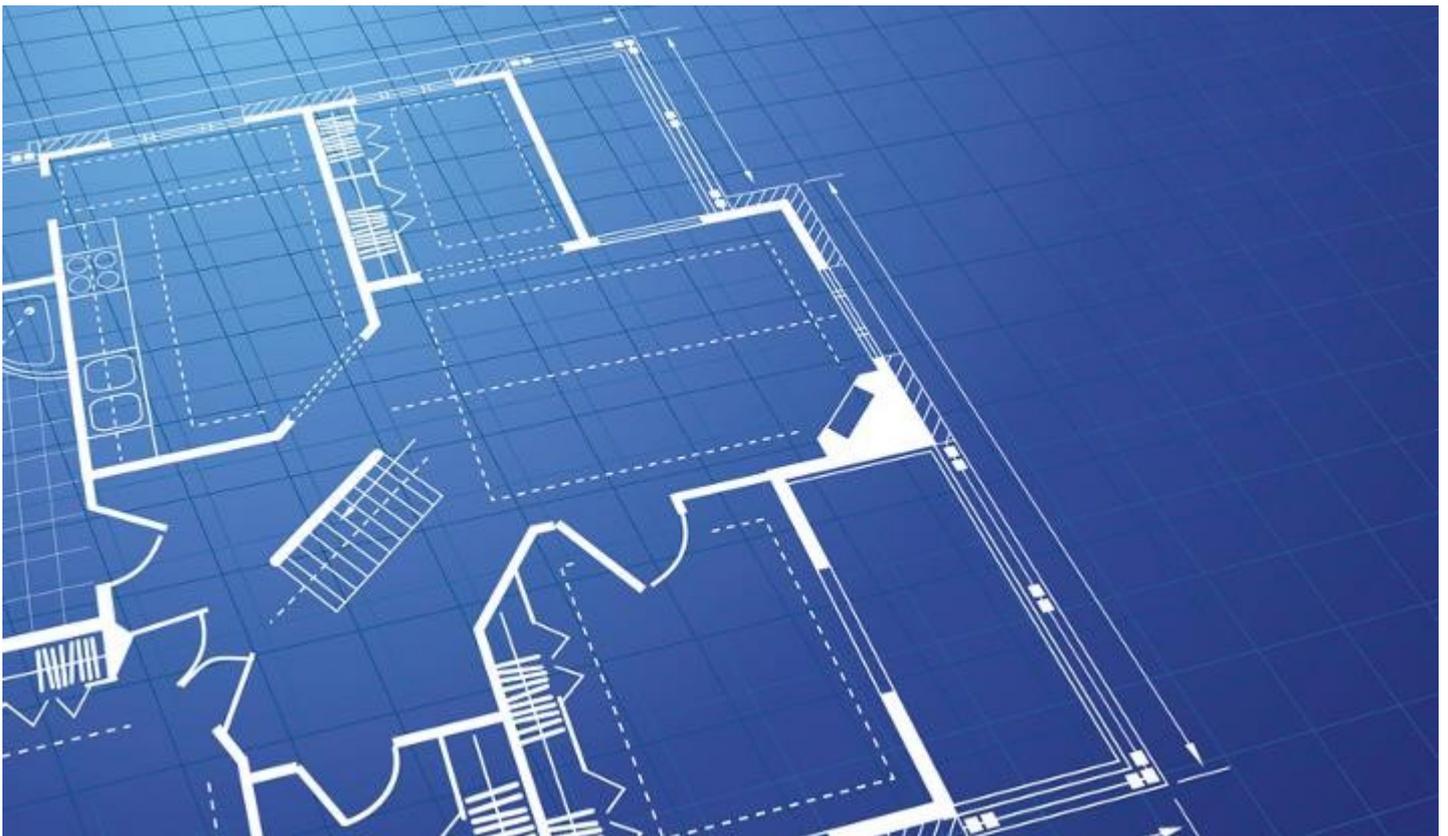
Construction loans: a suitable proposition

One of the main benefits of building instead of buying is your access to specialised construction loans. These work by allowing you to draw only what you need for that particular stage of construction. So if you need \$50,000 for the purchase of some vacant land, that's what you draw, and that's all you pay interest on.

Once you get to actual construction, you can draw another sum to pay for the services of your builder. At each major stage, you can keep drawing only what you need and only pay interest on what you have drawn so far, instead of the whole lot at once.

That way, you have to spend a lot less over the life time of your loan and can invest it back into your brand new home!

For more information on a range of construction loan providers, get into contact with us today.



What to look for in a home office

The stereotypical view of the office is an off-white room, filled with beige furniture and other uninspiring stuff that is nevertheless essential to the running of your business.

So when you're looking for a new property, armed with a new home loan, what should you look for to ensure you get the best environment to run your business?

A room with a view

Who says an office has to be drab? You're working at home here, so why should you maintain that air of cold professionalism? You can spruce up and redecorate as much as you like, but there is one major factor that you should always take into account when reviewing a home that has an office: the windows.

A survey by the Real Estate Buyers Agents Association of Australia revealed that natural light was the third most wanted aspect of a dream home - do you agree? Large, uncovered windows could be just the ticket to spreading that light around. In addition, ensuring that you have a view of some plant life could be the key to ensuring you stay sane even during the most difficult of workdays, says one study published in the journal of HortTechnology.

A mountain of paperwork

As you run your business, you'll be making stacks of paperwork. Whilst we live in an increasingly digital age, there are still plenty of invoices, statements and other nefarious things to deal with. You have to have somewhere to store them, particularly if you are self-employed. While low documentation loans are certainly an offering, it might be better to ensure that you have all of your financials easily at hand.

The solution? Ensure that you have storage space in your office. A nook, a cranny, anywhere you can put a filing cabinet. You'll thank yourself for your organisation later.



Plenty of power points

Despite the paperwork, the world of small business is all about staying agile and up-to-date with the latest technology. In fact, digital disruption is set to affect 65 per cent of the Australian economy in the near future says Deloitte, so it will pay to get on board with all the latest tech. So what does that mean for your office?

Power points. Lots of power points.

While a lot of technology has gone wireless, you're still going to need chargers plugged into the wall. The tablet, the phone, the computer, all of these need powerpoints. While you can certainly install them afterwards, wouldn't it be easier to look for a place that already has them accessible? So keep an eye out for them when you're looking for your next home.

But first, you have to find the right loan. Make sure you get in touch with us and start your journey to a new base of operations for your business.



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