

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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mortgage watch

Cash rate unchanged for 7th consecutive month.

The Reserve Bank of Australia (RBA) has elected to leave the cash rate on hold at the historical low of 1.50%. Governor Philip Lowe had this to say in his official statement:

“Lenders have recently announced increases in mortgage rates, particularly those paid by investors. Financial institutions remain in a good position to lend...Conditions in the housing market continue to vary considerably around the country. In some markets, conditions are strong and prices are rising briskly. In other markets, prices are declining. In the eastern capital cities, a considerable additional supply of apartments is scheduled to come on stream over the next couple of years. Growth in rents is the slowest for two decades.”

“Growth in household borrowing, largely to purchase housing, continues to outpace growth in household income. By reinforcing strong lending standards, the recently announced supervisory measures should help address the risks associated with high and rising levels of indebtedness.”

So, what does all this mean for you? Despite the recent cash rate hold there have been a number of lenders, including the Big 4, who have recently changed their interest rates at their own discretion. Keep a close eye on any rate movement, and consider whether your current loan is the right one for you, right now.



Have you considered the possibility of a personal loan?

If you think loans are only useful for buying a home, you might be missing out on some golden financial opportunities. Home loans are just one end of a spectrum that's much, much wider. Have you ever considered the wide range of things you could do with a personal loan?

Perhaps you've always wanted to go on an expensive holiday, or you're interested in fixing up your car but don't have the money available right now. In situations like this, where you need one infusion of cash and you're willing to repay it later, a personal loan might be a perfect solution. Let's go over how these loans work and what you can do to secure one.

Working with a good credit provider

Purchasing a home is just one possible use for a good personal loan. In truth, if you're able to find low-interest loans that you can realistically repay, you can put them toward all sorts of financial needs. According to the Australian Securities and Investments Commission, there are plenty of loans available for people who can recover the money they owe within a specific time, usually between 1 and 5 years.

To get a loan, you'll need to develop a solid partnership with a credit provider. This provider will want to see hard proof that you're a responsible borrower who can repay what you owe. This may include pay slips, bank statements or credit card bills.

Choosing the right loan on the first try

It's only natural to search the world for deals, shopping around everywhere for the lowest loan interest rates you can find. However, News.com.au reported that people have actually been led astray by searching too much.

Lending expert Greg Symons told the news source that the more loans you apply for, the worse you'll look. "It's not advisable to apply to multiple lenders at a time," Mr Symons said. "The more inquiries [there are] on your credit report, it will diminish your credit score considerably."

Instead, try to get it right on the first try. Look around, find one lender you can trust, then stick with them.

Getting help from a knowledgeable broker

There are many options available when it comes to personal loans. These include secured, unsecured, fixed and variable loans. It's hard to know which option is best for you. Fortunately, working with us - your local mortgage broker - can help you figure that out.

We will do the research for you, find the right loan and guide you through the whole process. All you have to do is pick up the phone and call us today!

Purchasing additional property? Land tax might be a burden.

Some people work hard their whole lives just to afford one house. They accumulate wealth slowly and eventually have the cash saved up to make the down payment and pay off the mortgage to own a home. For other individuals, just one piece of property isn't enough - they want more.

There are many benefits to owning additional property. You can use it as an investment. You can have a second home as a holiday destination. You can rent a place out and use it to make additional income. All of the above can be worthwhile - but owning extra property comes with a significant drawback. Have you thought about land tax?

Who needs to pay tax in Australia?

When you buy another home, mortgage repayments are far from your only financial burden. According to the NSW Office of State Revenue (OSR), a variety of property stakeholders might be required to pay land tax. This includes anyone who's a sole owner, joint owner or proprietor of a company that owns additional property beyond their home.

You might own land that's vacant, or reserved for future development purposes. Alternatively, you might have a second home that you're using for holidays, renting or simply holding onto as an investment. The OSR has made it perfectly clear that any of the above can be subjected to land tax obligations.

Minimising your financial burden

While land tax can potentially hurt you financially, there are some ways to be creative with your money and avoid being crippled by tax payments, according to RealEstate.com.au. One strategy is to pay attention to depreciation schedules - if your property is losing value as it ages, you can measure those decreases and deduct them from what you owe.

Additionally, if you decide to sell some of your property, you can fix things so your deals are timed right after July 1, thus putting off any capital gains taxes for a year. This is a great way to protect some of your wealth from the ATO in the short term. If you're confused about this process, don't worry. Speak to us—your local mortgage broker— who can help by lending professional financial advice.

A good broker can help navigate the landscape

You might not enter the property investment process as an expert, but you can gain a bit of the necessary expertise by talking with someone like us, who have been through it before and know what to expect.



Considering property investment for your retirement? Know the pitfalls

As you go about saving money for your retirement, you have a lot of leeway with the cash you put away. You can put it in a savings account, or invest it in small-time purchases of stocks and bonds. Alternatively, though, you could put those investment dollars toward a bigger purchase. What about a house?

There are few markets stronger than real estate. If you buy property with your retirement money now, it's very likely to appreciate in value over the next 20 years. For many people, if you can afford a big purchase like a home, it's probably the right thing to do.

Be forewarned, though, that pitfalls do exist.

Is your purchase a risky one?

If you're going to purchase property as part of your retirement portfolio, you need to be aware of the specific risks that exist with whatever home you're considering buying. If something goes wrong, you might find yourself having to pay for a whole lot more than just mortgage repayments.

According to the Industry Skills Councils, the ability to conduct quantitative and qualitative analysis of property risk is crucial. What sorts of issues might present themselves with the home you're buying? Is it old and decaying, possibly in need of repairs? Is it in an area

that's prone to natural disasters, such as hurricanes? Use both data and your own observations to assess what you might be up against.

Handling the ensuing tax burden

In addition to the fallout from risks that might come up, the other concern you need to think about is taxation. Real Wealth Australia cautions that in addition to making a down payment when you buy, you will also need to hand over 2 or 3 per cent of the purchase price in stamp duties.

A small percentage of this might not seem like much when you're buying your morning coffee, but with a house, it can be tens of thousands of dollars. It's important to prepare for this burden. Working with capable Australian mortgage brokers can help you anticipate these challenges.

Find a mortgage broker to help you

Have you decided that despite the challenges involved, you're ready to begin investing in property nonetheless? If that's the case, the next step is to speak to us, as we can assist you in that process.



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