

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

The cash rate has been cut!

After nearly 3 years of waiting the cash rate has finally moved, with the latest announcement by the Reserve Bank of Australia (RBA) confirming a reduction from 1.50 per cent to 1.25 per cent.

In the official statement released by the RBA, it was stated that this decision is to support employment growth and provide greater confidence that inflation will remain consistent with the medium-term target.

But what does that mean for the housing and credit sectors? Governor Philip Lowe had this to say:

"The adjustment in established housing markets is continuing, after the earlier large run-up in prices in some cities. Conditions remain soft, although in some markets the rate of price decline has slowed, and auction clearance rates have increased. Growth in housing credit has also stabilised recently. Credit conditions have been tightened and the demand for credit by investors has been subdued for some time. Mortgage rates remain low and there is strong competition for borrowers of high credit quality."

"Today's decision to lower the cash rate will help make further inroads into the spare capacity in the economy. It will assist with faster progress in reducing unemployment and achieve more assured progress towards the inflation target. The Board will continue to monitor developments in the labour market closely and adjust monetary policy to support sustainable growth in the economy and the achievement of the inflation target over time."

The cash rate drop has prompted one big question - will the banks pass on the reduction? To find out, get in touch and discover whether you can now save on your current or future loan.



Unsure of your options post-settlement? Your mortgage broker has got you covered

What your broker can do for you post-settlement

After your home loan settles, it's easy to feel like you're being left high and dry now that your broker's job is seemingly done. However, rest assured we aren't going anywhere, and can offer you on-going support even after helping you settle your loan.

Some of the additional services we can offer you include organising a discharge, changing repayment dates, changing between variable and fixed, organising split loans and extending your interest only period. Paying off a mortgage can be daunting, and it is reassuring to know your mortgage broker is there to look after you throughout the entire process.

Organise a discharge

A discharge is used to remove your lender from your Certificate of Title if your home loan is paid in full, you're selling your property or refinancing your home loan. To do this, a discharge process is involved but we can organise it for you.

Change repayment dates

We can organise to have your repayment dates changed if you wish to repay your home loan faster or slower.

Change between variable and fixed

We can help you change your home loan between a variable and fixed interest rate. A fixed interest rate home loan is when your interest rate is fixed and does not change within a specified period. A variable interest rate home loan can change at any time throughout the set period.

Perform a home loan health check

We can also run a quick home loan health check to ensure you're still getting the right deal on your home loan. This is a service free of charge and it's a quick process that can be done in half an hour over the phone or in person.

We're here for you

If you decided to take out an interest-only home loan and want to extend the interest-only period, we can also arrange for your lender to extend it for you.

Any good mortgage broker will be able to offer you all these services and much more post settlement. So, no matter your situation, we will be there for you every step of the way.

If you'd like to learn more about what we can do for you please get in touch with us today



Why it's important to check your credit score regularly.

Your credit score is like going to the doctor for many - you don't have a check-up unless you absolutely need to. The Veda Australian Credit Scorecard, surveying the credit behaviour of people nationwide, proves this to be true for Aussies, with only 30 per cent of people concerned about what's in their credit history.

This is unusual when you delve deeper into the data - Veda also found a quarter of Australians spend money on things that they will struggle to repay. Keeping track of changes in your credit score is an essential part of a healthy financial life. To do that, people need to change their mindset on how important their credit score is and check it more regularly.

The benefits of checking your credit score regularly

- 1. Knowing where you stand** - They say knowledge is power. This is particularly true with your credit score. If you want to borrow money or get a new credit card, financial institutions will check to see if you're a suitable customer based on this score. Know what you are dealing with, and you can plan your application around it.
- 2. Insight into your spending** - By checking on your credit score regularly, you can see what spending habits hurt your budget. This can help you plan for a more financially secure future.
- 3. Ensuring your data is accurate and protected** - No one is better qualified to ensure your credit and personal information is accurate than you. Plus, a regular check minimises the risk of identity theft or other credit issues.
- 4. Fixing mistakes** - Periodically checking your credit score also improves the accuracy of the financial information. Any mistakes, even minor ones, can have a significant impact on your score, so keeping on top of it is a good idea.

How to check it and how often

Credit agency Equifax recommends checking your credit score as regularly as you like, but no less than once a year. This strategy ensures everything is above board and any issues are rectified before you need a good credit score for a loan application.

The Australian Securities and Investments Commission (ASIC) note you can get free credit checks from a number of online providers, including:

- Credit Simple
- Finder
- Get Credit Score

ASIC also mentions you should check your score on more than one platform to ensure all the data is consistent.

Once you're certain of your credit score, you can start to work out a strategy for improving it!

For more information on your credit score loan and how it can help you get a better rate, speak with our team today!



How your credit card affect your chances of getting a loan?

When it comes to the relationship between your credit card history and loan applications, it seems many people are in the dark about what's truth and what's not.

Gather a group of normal Australians in a room and ask them about the role their credit card plays in getting a loan - you will likely get these responses:

- "It's fine that I have multiple credit cards - it means I'm a low-risk borrower".
- "I just need to pay off my monthly card balance and I can secure any loan I want".
- "I don't even use my credit card - the chances of me getting approval is high".

These statements aren't true, however - your credit card could affect your chances of getting a loan in more ways than you realise.

How lenders assess your loan application

Lenders normally focus on one metric to decide whether you're a suitable loan candidate or not - card limit. This shows your repayment capacity, and lenders normally judge the minimum figure to be 3 per cent of your card's limit, regardless of how much you owe when you apply.

What about my credit history?

While your card limit is important, your credit history is another important point to consider when applying for a loan. While a history of debt won't completely rule you out from securing a loan, it will limit your chances of securing a deal with favourable terms and interest rates. Similarly, if you have a good credit history, you'll have a better chance of finding a more competitive loan.

How can I improve my chances of securing a loan?

There are a couple of things you can do to improve your chances of securing a loan:

- Before you apply, you should ask your card provider to adjust your credit limit to the lowest amount possible. This will take some time, and you need to keep a record to show lenders your suitability.
- A bad credit history means you'll have to try harder to make higher payments more frequently in order to be considered a candidate.

For more information about how to improve your chances of getting a loan, contact our team today.



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