

PRO MORTGAGE

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Members of Professional
Lenders Association Network



Welcome letter from the Directors...

Issue 10
Winter 2007

Hi everyone and welcome to our winter newsletter.

The end of the Financial Year (EOFY) has now come and gone. Thank goodness some say. As usual it brought with it a flurry of activity as people look to get their financial matters finalised by the 30th of June. As happens every year the finance industry goes into overload trying to cope with this deadline. Unfortunately, sometimes this deadline is not met. Our advice here is to look at the transaction. Is it EOFY critical. If not wait a couple of weeks, if it is then start early and have your information ready.

Recent announcements on a couple of matters have softened the effect of the Canberra/Goulburn winter a little.

The Reserve Bank has again left interest rates on hold. This is great news for anyone with borrowings and also those looking to get into the property market. Lets hope this continues.

Stage 4 water restrictions in the ACT have been delayed at this stage until 1 November 2007. If the rain gods

continue to be kind the ACT may avoid Level 4 altogether. All of our Goulburn clients must be relieved that the area finally got the downpour that they have been looking for over the past couple of years. Back to Level 3, how good is that.

At ProMortgage we believe that it is important to review you situation on a regular basis. Annually we write to all of our clients inviting you to come in and undertake a review. We encourage you to take up this opportunity. You may benefit.

Below is some information on an exciting new debt reduction program that we have recently taken on board. We are continually looking at ways to add value in the areas of loans and finance and see this as a natural fit.

I hope that you enjoy this edition.

~ Darryl Woodward
Director

"The biggest compliment you can pay us is to recommend our services to your family and friends."

Use your mortgage repayments to build wealth

As part of the service to our clients we are continually looking for ways to add value in the areas of loans and finance.

We have recently been introduced to a program that will substantially reduce the term of a home loan as well as making a start to developing an investment that will grow.

The name of the program is "Quadrant Mortgage Accelerator"

The beauty of this program is that with no increased monthly payments you can potentially save many thousands of dollars in repayments, and have your home paid off many years earlier.

Add to this the establishment of an investment portfolio that grows as your mortgage reduces and you can end up with a sizeable investment asset AND your home loan repaid - in the same time it would take to payoff your home at your current rate.

We have only just been made aware of this program and believe it is in your

best interest to have a look at how it can benefit you.

This is a genuine and compliant program developed by a major financial planning organisation and we are pleased to be able to offer you this opportunity so you can review and consider the benefits the program could provide.

There are new options in loan structures that provide considerable benefits and we should review with you whether it is a suitable investment for you at a face to face meeting so we can explain in some detail the investment repayment approach.

If after our meeting you feel that the strategy would be good for you we will arrange for an authorised financial planner to review your situation and provide you with a financial plan that takes into account your situation and recommendation for the best structure for you with no obligation or cost on your behalf .

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RATE MATTERS

it's somewhat ironic that home buyers and property investors stampede towards fixed rates just when they probably shouldn't.

For most, the fear that interest rates will rise leads them to request a locked-in rate.

Most property owners can handle an interest rate rise or two. But if there have already been a couple of rate hikes and there's speculation that there will be more, fixed rates start to look increasingly attractive.

This fear is inevitably driven by speculation— usually economists comments and musings reported in the media —that the Reserve Bank is considering raising rates.

The irony is that, because of the way money markets work, fixed rates are forward looking. They tend to reflect what's likely to happen to variable rates.

By the time everyone is talking about interest rates rising, fixed rates have usually already risen to reflect this belief.

"Professional money manager's", who spend their days devouring economic reports and reading every word from the RBA, are the people who put a price on money that is offered through banks at fixed rates. If money managers believe interest rates are going up, they set fixed rates to reflect that.

By the time a lay person hears something that makes them believe interest rates are on the way up, the professionals have probably already factored that rise into fixed interest rates.

The opposite also applies. If the professionals think rates are going to be lower in the year or two than they are now, they will start dropping their rates for loans during those periods. Banks market fixed rates to people who hold these interest rate fears.

But lets forget how money markets work for a second. The reason most people seek fixed loan is because it gives them peace of mind— they know exactly what their repayments will be for the period of the loan. Fixed rates make sense for these buyers and investors. If the concern of rising rates is so strong that it's stopping you from sleeping, fixing your rate might reduce stress.

And there's nothing more important than your health, right?

But you need to be aware of the trade off... though it will probably cost you more, the certainty could make it worthwhile.

*This is an edited extract from *The Power of Property* by Karina Barrymore and Bruce Brammall (Wrightbooks/ John Wiley & sons), rrp \$29.95

10 tips to sell your home FAST...

1 First impressions count- make sure your homes makes a good impression with a well groomed front yard.

2 Get with times-

Your home can feel instantly updated by changing fixtures such as cupboard handles and doorknobs.

3 If it's broke, fix it-

Don't ignore your grotty carpets or the cracked hot plate— prospective buyers won't! these little things are easy to fix and will improve the chances of selling your home.

4 Freshen up-

Nothing can give your home a better lift that a fresh coat of paint. Light, neutral colours are best as they can make rooms feel bigger and appeal to most people's tastes.

5 Time for spring cleaning- have your carpets professionally cleaned and tidy your house from top to toe.

6 Less is more-

Remove unnecessary furnishings to create a spacious and inviting atmosphere for your home.

7 Improve the mood-

Ensure your home feels warm and inviting by opening blinds and using lamps to create a cosy atmosphere.

8 Don't let the dogs out-

Don't shatter the illusion of a pristine home with dog hair, or worse...! Be sure to remove all traces of pets while your home is on the market.

9 Rent it-

Shipping in furniture for the sale period may cost a few hundred dollars but it could add thousands to the sale price. There are specialists who can deck out a room to an entire home.

10 It's the little things-

Give your house a fabulous finish with last minute touches such as fresh flowers and the delicious smell of coffee or home-baked cake.

SPLITTING YOUR LOAN OPTIONS

The RBA's Decision to leave interest rates steady at 6.25 per cent p.a. was fantastic news for mortgagees and investors; better yet are the predictions of a stable rate environment for the remainder of the year. So what options are available when it comes to choosing or refinancing your mortgage?

Homeowners have been on an uphill ride lately and with three interest rate hikes in 2006 alone its no wonder many borrowers locked into fixed rates to protect themselves. Calmer prospects, however, bring with them an opportunity to reboot your home loan's saving potential where rates are concerned.

Steady interest rates create the perfect environment to test the features and flexibility of your home loan. Loan options, such as splitting your rate, can really make a difference to the overall amount you payback.

Split loans— also called 'combination loans'- combine the advantages of variable and fixed interest rates into a single loan. The key to split loans is flexibility—you can decide what portion of the loan is fixed or variable to suit your needs and current market conditions. Just remember that the fixed proportion of the loan will be locked in for a set time frame— usually one to five years— and there may be break costs if the loan is repaid early.

With steady interest rates for the foreseeable future, now could be the time to make your move and select higher variable rate component on your loan: for example: 65 per cent variable, 35 percent fixed.

Most banks and lending institutions offer fixed and variable rate loan packages— so call us to discuss ways to maximise the different loan features. Here are a number of key considerations.

Why select a split product? Split loans are versatile and can be used for investment and owner-occupied property purposes. Through splitting your loan you get the best of both worlds— the security of a fixed interest rate occupied with the flexibility of a variable rate.

Take advantage of variable rates. Higher variable rate loans are suitable for times of economic certainty and unchanged interest rates. This gives you the opportunity to make additional payments to your variable rate loan to suit your needs. The goal? Paying off your overall loan faster!

PRO: you are protected at times of high interest rates through the fixed rate portion of your loan

CON: Lenders might charge set-up, account and discharge fees on both portions of your loan

COOKING WITH GAV... 'Chicken & mushroom casserole'

Ingredients: • 1 tablespoon olive oil • 1 onion, chopped • 1 stalk celery, chopped • 2 cloves garlic, crushed • 500g chicken tenderloins • 3/4 cup white wine (optional) • 400g mushrooms, sliced • 1 can cream of mushroom soup • 1/4 cup sour light cream • 2 tablespoons chopped parsley

Method: Heat oil in a large heavy based saucepan. Add onion and celery and cook until soft. Add garlic and cook a further minute. Add chicken and cook until browned. Add wine, if using, and mushrooms. Cook a further couple of minutes. Add soup and sour cream and season with pepper (check for salt, often the soup contains a fair amount) cook until warm though. Stir through parsley and serve.

Serve with risoni or rice. Serves 4.

