



Call Us: 1300 554 925
OZWide Loans: Widening Your Loan Choices

1. We're here for you!



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This is a very exciting time as the level of competition between banks, credit unions and other lenders means there are attractive loan packages. These lenders are looking for business and as your mortgage broker we're in the best position to arrange a deal that suits your particular needs.

The market place has never been more complex with all that is on offer from the more basic, right up to more complicated products that need considerable thought and management.

So, as well as our ability to help you choose the best available product, you have the added benefit of our ongoing assistance and support.

It's often nice to be able to pick up the phone and talk to a real person and know they understand your circumstances and genuinely want to help.

As everyone's circumstances change from time to time; be it redundancy, promotion, an addition to the family, or potential retirement, all can mean it's time to review your loan arrangements and make sure your finances continue to work for you.

Remember, we're here to help and we're only a phone call away.

This Issue:

1. We're here for you!
2. Home Ownership: Getting Started
3. Might a Mortgage Offset Account work for you?
4. What's this joint tenancy stuff all about?

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2. Home Ownership: Getting Started



Australians have had a long-term love affair with owning real estate, and why not, home ownership brings with it lots of advantages, financially and otherwise.

The question is, how can first home buyers get a start with home loan interest rates rising and real estate in our major cities being so expensive.

A tried and tested way to start is to save, save, save and build up as big a deposit as possible. This money will also need to cover all of the additional things like legal fees, pest inspections, building inspections, removalist fees and the like. These additional costs can be many thousands of dollars just on their own.

While you're building that savings record, you're also importantly showing a potential credit provider that you could make repayments based partly on your savings pattern. In lodging a loan application that savings history may make all of the difference in getting that loan approval through.

Profile

At OZWide Loans, our aim is to help you find a loan suited to your needs from our panel of lenders and to ensure that your experience with us is of a high standard.

Our team of consultants are fully qualified and experienced Lending Managers. Their experience comes from working in the finance industry through the Major Banks, Building Societies and Credit Unions. Experience levels range from local lending and equipment finance management to regional and state management levels.

Then of course, there's the first home owner's grant of \$7,000 tax free. While not enough on its own, the grant through an approved lender can assist as part of the deposit. There are a number of eligibility requirements but they do not relate to the applicant's income or value of the real estate being purchased. The grant however does not extend to a purchase solely of vacant land.

Other things to note are that each applicant needs to be over 18 and at least one applicant has to live in the home as their principal place of residence for a continuous period of six months, commencing within 12 months of settlement or construction of the home.

There are also schemes in various places where stamp duty is waived or reduced for first home buyers, where eligible first home buyers receive an exemption on or reduction in transfer duty and mortgage duty on homes within certain valuation limits. There are other criteria in addition to the valuation of the home which need to be met to receive the exemption or reduction. For an eligible home purchase that can be a saving of many thousands of dollars.

As your mortgage broker we are happy to research your options and provide you with the details necessary for you to make an informed decision.

While the first home you buy may not be in exactly the area you're after, or might be a unit or smaller home, in the long run it gets that foot on the first rung of the property ladder.

3. Might a Mortgage Offset Account work for you?



Here's an idea that's been around for some time and might just be a different way to manage some of your savings. It might also help pay off your loan that much sooner.

It's called a mortgage offset account and it may be something that can work for you. These kinds of accounts are available with most lenders, though not all have this kind of product.

Some lenders will allow 100% offsets, while others are not so generous. Typically you can withdraw from and deposit to this savings account just like any other and usually the monthly loan repayment comes from the offset account by direct debit.

Basically a 100% mortgage offset account works like this, it's a savings account opened in combination with a mortgage but as two separate accounts. Broadly speaking, when its time to calculate the interest due on your mortgage for the month, the amount in the savings account is deducted from the balance of the loan. So if your mortgage balance is \$300,000 and there is \$100,000 in the offset savings account, you'll pay mortgage interest on \$200,000, not the mortgage balance of \$300,000. This then reduces the interest you have to pay on the loan for that month and for the time the funds are in the offset savings account.

If you then make your normal loan repayment you're paying off more of the principal sum than you would otherwise with the result that next month the total interest charge is less. In the long run, that should mean paying off the loan faster and possibly saving you thousands.

There's an added advantage. If you were to put that same \$100,000 in a term deposit instead, you may have to declare the interest earned in your tax return and pay tax on it. Using a mortgage offset account means effectively you don't earn any interest on the deposit account, so there's no interest to declare with respect to the offset account.

Now this product probably won't suit everyone, and you'll need to have a careful look at the lender's terms and paperwork to ensure this product is suitable to you. It's certainly also worth chatting to your tax accountant or qualified adviser about it to make sure a mortgage offset account will fit into your overall financial plan and to suit your individual circumstances and needs.

With our many years of experience in the industry, we are able to show you how the various products work and recommend the ones that will suit your own personal circumstances.

Our service is completely free of charge to you, however other fees may apply. We are paid by the lenders and will disclose this amount to you so that you can be assured our recommendation is in your interests.

Book Review

Golden Rules of Wealth

Technology is taking over. Now you are free to invest both locally and off-shore; cards have replaced cash, and you are continually bombarded by new investment products and changing laws. Yet, knowing how to invest successfully is more important than ever, because welfare is being strained as people retire earlier and live longer. Once you understand the basic investment principles you'll be able to work out a strategy that's right for you, and change it when necessary.

With over forty years of banking and finance experience, internationally renowned author Noel Whittaker has produced a book that will be as relevant in the future as it is today on how to make money, how to invest it wisely and how to avoid the traps.

Available at all Dymocks for \$20.99. Simon & Schuster Australia

Did You Know?

Population Growth

According to the latest Australian Bureau of Statistics records, we have one birth in this country every 1 minute and 59 seconds, one death every 3 minutes and 54 seconds, a net gain of one international migrant every 4 minutes and 47 seconds leading to an overall total population increase of one person every 2 minutes and 11 seconds.

So, if you thought the supermarket queue was getting longer or your neighbourhood growing a little

faster than you had imagined, you're probably right.

This also leads to the fact that at the time of writing this there were now 20,800,000 of us.

* Sources:
www.smh.com.au
www.ninemsn.com.au
www.bom.gov.au

4. What's this joint tenancy stuff all about?



It has nothing to do with renting a property, but is a decision that needs to be made when two or more people are buying a property together. It refers to how they own the property. This will ultimately determine how the property is dealt with if one of the owners passes away.

It is important to know the two types of ownership.

Joint Tenancy is based on the principles of survivorship or how one's property is to be dealt with if one of the owners dies. This means that on the death of one of the owners the surviving owner(s) automatically receive the deceased person's share of the property.

Usually a death certificate is required to be lodged, with a Notice of Death to bring this about. However, it is automatic and occurs regardless of what their individual last will and testament may say.

Tenants in Common on the other hand, is where the owners may possibly want an individual share in the property with that share being disposed of by their will rather than that share automatically going to the survivors.

Under a joint tenancy, each owner has the same rights with the others regarding legal ownership, enjoyment, possession and sale of the property; in other words they all share together in the whole of the property equally, not in separate shares. Under a tenancy in common on the other hand, each owner has a separate and distinct share, and these shares may be different in size or percentage.

So, this is obviously an important decision to make. When the time comes for you to decide what's best for you, make sure you talk to your solicitor or conveyancer and accountant to get further advice based on your individual needs and circumstances.

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