

the mortgage bulletin

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News from Brett Lucas

With the end of the financial year rapidly approaching now is a good time to sit down and assess your financial goals. Setting yourself up for a great financial future requires planning. A home loan is one of the largest financial commitments you will make.

With such a competitive market place there are many great options for you to choose from. This is where I can help you. Together, we can make an assessment of what is required to either begin or expand on your property portfolio. Call me today.

To Fix or not to Fix

Fixed-rate home loans have a reputation for rigidity, but with an extended range of loans on offer this option could be one that suits your current situation.

Ask yourself these simple questions:

- Can you afford another interest rate rise on your home loan?
- Is too much of your income going to your home loan repayment?
- Are you under increasing debt pressure?
- Could you benefit from a home loan review?

If you have answered 'Yes' to any of these questions now may be the time to contact me with regards to your possible options.



Making a line of credit work for you THE BENEFITS OF USING A LINE OF CREDIT

A line of credit is a pre-approved amount of money that can be borrowed and used in instalments or as a lump sum. This flexible loan provides people with the ability to consolidate all outstanding debts and reduce their loans quickly.

Lines of credit usually require the borrower to offer security for the loan, such as a principal place of residence or investment property. There is no defined term over which payments must be made because using the funds is entirely up to the borrower. However, the balance outstanding at any time must never exceed the approved credit limit.

A line of credit requires borrowers to pay interest only on the money they use. Interest rates are variable and are generally lower than credit cards, even though the available credit limits can be much higher. Some lines of credit also allow borrowers to capitalise the interest until they reach their limit. Most of these loans have a monthly or annual fee payable.

Lines of credit are popular with property investors. Those building a property

portfolio and on the lookout for the next bargain in a growth area need their finance approved and waiting so they don't miss out on good opportunities to buy when they arise. Investors after a capital gain can use the line of credit to purchase the property then use it to make the repayments. Renovators only have to pay interest when money is drawn down to pay for each stage of their project. Also, interest paid on a line of credit used to purchase or improve income-producing property can be tax deductible. Discuss this with your accountant first.

Regular income can be paid into a line of credit to reduce the principal owing on the loan and, in the case of a property purchase, build equity. Longer-term investors can change a line of credit loan to a principal and interest or variable rate loan when it suits them to take advantage of cheaper interest rates.

As a general rule, lines of credit are suitable for people who are financially responsible, have no problems sticking to a budget and who are not tempted to spend just because money is available. ♦