



'All About You' Financial Solutions — Making Loans Easy

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Financial Solutions
Making Loans Easy

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Buying at Auction

Auctions are a fast, practical and effective way to make a home purchase or investment. If you're considering buying at auction, here are a few pointers to give you a head start over the competition.

Have your finance pre-arranged:

This is an area where we can add real value and get you organised in advance ensuring certainty of your financial situation before placing a bid. It's a good idea not to place a bid on a property until you have pre-approved finance. It could cost you an enormous amount of money to break the contract if you cannot obtain appropriate finance to complete the purchase. In addition, by having pre-approved finance you'll have a good indicator of how much you can spend, allowing you to bid within your means.

Read the contract:

Source a copy of the sales contract as soon as you can or at least before the property goes to auction. The estate agent should be able to send a copy through. Ensure that you receive some legal advice on the contract to ensure it's suitable. If you're serious about bidding on the property, you can also negotiate on some of the terms of the contract before it goes to auction.

Do your research:

Research the area, property prices and past and current sales to give you a good idea on what the property is worth. While you might have formed an emotional connection with the property, ensure that the investment stacks up financially and that there are good prospects for capital growth.

Inspect thoroughly:

Inspect the property inside and out before the auction and take note of all its defects. Also arrange a pest and building inspection before it goes to auction. What may first seem like a bargain may not be the case if you need to spend money redoing the plumbing, electrical/structural work, or demolishing an illegal structure on the land under Council order.

Treat it as a business deal:

Considering the bidding process as a business deal will help you to remain objective and make clear decisions. If you are an impulse buyer or have an emotional attachment to the property, ask a trusted family member or friend to bid on your behalf. They will have no emotional attachment and will help you to make clear decisions on the big day.



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Size does matter



Investing in property? Read more on the pro's and con's of investing in apartments.

A unit can be a sound investment, but with so many styles of units available, it can be hard to determine which will provide the greatest return for you.

There are pros and cons associated with each purchasing decision. Ultimately, one of the most important factors to consider before purchasing a unit is its location.

A well positioned unit does present many advantages and often provides very attractive returns. If you need assistance researching the market ring us and we can help you access property reports and other related information.

Moreover, investors should make sure they buy in a block that is well positioned, desirable and well-maintained.

With these key points in mind you can start to consider the style of unit that best suits your needs. Here are some of the pros and cons with each:

STUDIO APARTMENTS

Pros

A new demand is emerging for accommodation that services career oriented, single people and independent retirees. Escalating levels of divorce and separation are also fuelling demand for trouble-free

affordable accommodation, and studios are becoming increasingly attractive to both young and older Australians. This can help ensure strong interest from tenants and potential rental returns.

Cons

The main disadvantage of a studio flat – other than its size – is that it may not rise as quickly in price as one and two bedroom units. Moreover, mortgage lenders' acceptance of studio apartments as security has traditionally not been as strong as one and two bedroom units, potentially making securing financing more difficult.

ONE BEDROOM APARTMENTS

Pros

Investors should expect to see a high rental return and should not have too much of a problem sourcing tenants for the property, provided it is close to the inner city. A one bedroom unit is generally larger than a studio apartment and can therefore command a greater rental fee from the occupant/s.

Cons

Data from Residex has found that many young professionals today are looking for a unit that has two or more bedrooms, so that they can use the second one as a study or work studio. In addition,

renters sometimes seek a property that can fit into any future lifestyle changes, e.g. having a child, which may result in the ending of their tenancy.

TWO BEDROOM APARTMENTS

Pros

Two bedroom apartments usually achieve the highest rental return for investors. And provided they are located near water, close to the city, or in an overall good location near transport, shops and schools, finding occupants is generally easy. Additionally, two bedroom apartments usually have a greater resale value.

Cons

Two bedroom apartments are traditionally more expensive than one bedroom or studio apartments; the entry level price is therefore higher and can be a barrier for some buyers.

Remember, while there are differences to each type of unit. Your investment selection will most probably be dictated by how much you're able to comfortably borrow. If you'd like to explore your investment options and borrowing capacity ring us on 9381 8311 and we will be happy to work out your borrowing capacity.

Loans for the Self Employed



We have experience in helping the self employed obtain the loan they want on terms they are happy with. Speak to us today!

The credit crunch and resulting squeeze on liquidity, coupled with the Australian government's recent crackdown on responsible lending, has made it harder for the self-employed to secure a home loan.

But with 1 in 10 Australians now self-employed, there is still a strong finance industry servicing this sector and opportunities are still available for self employed borrowers – they just need to know where to look.

Here are a few steps that will help self-employed applicants find a home loan to suit their needs:

Talk to one of our Finance Brokers:

One of our dedicated Finance Managers can assess your financial situation and help find a loan that suits your needs. We are a good starting point for self-employed borrowers as we can also give you a range of other information to help make the process of securing finance simpler, and

importantly, less stressful.

Keep record:

Ensure all your business records are up-to-date, simple to review and well structured – and this is not just for tax purposes. If you can highlight a savings history, regular income and a functional, well structured business that turns a profit for at least a two year period, you will significantly broaden your borrowing opportunities.

Look beyond the banks:

Non-bank lenders, including credit unions and building societies, may offer low doc and other loan products not offered by the banks. They may also have different requirements, so it pays to see what the alternative lenders are offering.

Serviceability:

Self-employed borrowers can be attractive to lenders if they can demonstrate ability to service a loan, regardless of business/cash flow fluctuations. Highlight other commitments you've been able to service on a regular basis. Again, we can help package up a good case for securing finance.

At 'All About You' Financial Solutions, our team have extensive experience in assisting self employed people obtain the loan they want on the terms they are happy with.

Ring us today on 9381 8311 and we can help with your individual requirements quickly and with the minimum of stress.

Economic Wrap



After three consecutive rate rises, the Reserve Bank of Australia (RBA) left the official cash rate on hold in June.

The RBA has raised the official interest rate six times since last October, pushing it from the historic low of 3 per cent last year to a more neutral setting of 4.5%.

Renewed signs of global economic weakness have brought the RBA's spate of rate hikes to a grinding halt however.

Escalating debt problems in Europe have had a significant flow on effect on global markets and the RBA is still trying to establish the potential impact on domestic inflation pressures.

While the European Union has worked hard to contain the Greek sovereign debt crisis, the RBA said in its June board meeting that it would take a 'wait and see approach' to the actions of European nations to bring budget deficits under control.

As such, economists are speculating that the RBA will keep interest rates on hold for the foreseeable future.

AMP chief economist Shane Oliver says the problems in Europe as well as softening housing demand will push the RBA to keep the official cash rate at 4.5% until at least August.

The latest statistics from Residex show that while demand for housing has weakened compared to earlier this decade, the house market still grew in value by 1.9% in the last few months while the unit market increased by 3.4 %.

In the two dearest markets, Melbourne's house median value grew by 7.7% and Sydney's by 3.5%. Overall, all capital city house markets except Perth increased in value in the last twelve months.

Although rates have remained stable, borrowers should consider reviewing their home loan to ensure it's still the most appropriate for their needs.

If your situation has recently changed – for example you have a new job or a child on the way – your current mortgage may not be the best for you.

If you'd like to run through your options, or discuss how the most recent rate rise will impact your mortgage and repayments, please feel free to contact us on (08) 9381 8311 or via email contact@allaboutyoufinance.com.au

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