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Starting from Scratch

While renovating or moving home may be more traditional methods of solving a housing issue, knock down rebuild projects are becoming an increasingly popular housing strategy. According to the Housing Industry Association around 21,000 rebuild projects are undertaken every year in Australia and this is expected to trend upwards.

Why knock down and rebuild?

There are a number of reasons to consider a knock down rebuild project. The chief reason for knocking down a home is because it's beyond repair. As a general rule of thumb, the more work that needs to be done to a property, the more value a rebuild will offer. When it comes to especially old houses a rebuild is often the most cost effective solution.

In established inner city metropolitan areas where land is

increasingly in short supply, rebuilding is also sometimes the only way to get into a neighbourhood, or stay in one.

Many people also consider a knock down rebuild when a home is no longer suitable for their lifestyle but they don't want to change location. Many of us have a strong affinity with our local community and a rebuild project means this need not be disturbed.

People are often attracted to rebuilding because it can be much less stressful than renovating. We've all known friends who have spent months living without kitchens or bathrooms; a rebuild can be a much more hassle free solution.

Rebuilding and financing

The real financial benefit of a knock down rebuild is the fact that there are no hidden costs. Renovations are notoriously difficult to budget for, with unexpected hurdles

likely to conjure up countless additional expenses. Because of this finance can be difficult to arrange compared to a rebuild, which is fairly straightforward.

Of course, building a new home isn't cheap either, so it's important to seek professional building advice as well as a range of quotes to determine what will be most cost effective solution for you. And when it comes to financing your rebuild project be sure to enlist our expertise – we can find the financial solutions that best suit you.

Important points to consider

Be sure not to overcapitalise – a new home always involves unexpected expenses.

If you're knocking down your existing home you're going to have to pay for rent during that time, or find somewhere to live. So factor in possible extra costs.



It requires careful consideration but knocking down an old home to build another can prove a rewarding move.

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Unlocking your investment opportunities



Ensure your share of burgeoning property opportunities by unlocking the equity in your home to fund an investment property

There's no doubt the current market is offering one of the most opportunistic times to invest in property in years. Interest rates are low, prices have softened and tight vacancy rates are ensuring strong rental returns.

But while some home owners may think their current mortgage commitments will bar them from making a move into the investment market, the reverse may in fact be true.

What is equity?

If there is sufficient equity in your home you can actually use existing property to fund further purchases and boost your property portfolio.

Essentially, equity refers to the value of your current property today, minus the balance you owe on your home loan. So, for example, if your home is valued at \$400,000 and your current loan

balance stands at \$250,000, you have \$150,000 in equity up your sleeve.

This equity can be a powerful wealth building tool, enabling you to broaden your investment opportunities and take advantage of prospects that might otherwise be out of reach.

In the current market a home equity loan is particularly appealing, meaning you can leverage off the strong purchasing conditions now characterising the market – namely low interest rates, soft prices and strong rental returns.

Tapping into your equity

If you're keen to build your property portfolio and think equity release sounds like something for you, give us a call to uncover exactly how much you'll be eligible to borrow. We'll also be able to

help identify which lender and product will be right for you.

Just how much you'll be eligible to borrow will depend not only on the amount of equity you have built up in your home but your ability to service your loan repayments.

In basic terms, lenders will take into account your net income as well as your current commitments, existing debts, regular outgoings and living expenses to determine exactly how much you can borrow.

Remember, your lifestyle aspirations and other financial goals will also influence how much debt you should take on, so think carefully about any other financial commitments you may have coming up or changes to your personal circumstances.

Beating tougher lending standards



The days of 100% loans are all but gone so borrowers now need to ensure they have some savings at their fingertips.

The global financial crisis and resulting economic downturn have had significant consequences for home buyers.

Just last year borrowing 100 % of the cost of a home was commonplace however home buyers today are facing substantial deposit requirements as lenders adjust their lending standards in line with the deteriorating economy and expectations of rising unemployment.

The majority of mortgage lenders now require a deposit of between 5 and 10% with many requesting evidence that the deposit was saved over time, which is commonly referred to as 'genuine savings'.

For many would-be home buyers these changes are disappointing as many have the income to service a mortgage, but just don't have the cash to stump up the deposit.

While your new home may now be a little harder to secure, don't despair.

Here are some tips below to help you enter the market sooner.

Boosting your borrowing prospects

Start a regular savings pattern now – banks will look for a good savings history; it shows that you're able to manage your money.

Lenders are implementing tougher requirements when it comes to lending – this might include looking deeper into your employment history (i.e. how long you've held a position for); so if you have a good job, stick with it.

Boost your borrowing power by eliminating other debts and liabilities – it may be better to pay off any outstanding loans, reduce and eliminate credit card debts and reduce credit card and / or overdraft limits; even if you're not using them, high limits will reduce your borrowing power.

Documentation is also more important – be sure to have all supporting documents ready to speed up the process; this includes pay slips and group certificates.

Be realistic – don't seek a loan size you know you cannot afford.

Be prepared for knockbacks – getting a home loan is no walk in the park.

Give us a call on 9381 8311 – we'll be able to assess your borrowing capacity, advise on lender criteria and direct you to the appropriate lender and product types to suit your needs.

Contact Us

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