

Feedback Survey Competition Winners

Our commitment to delivering exceptional client service is paramount to the success of our business. As part of our ongoing commitment to customer service, we regularly survey our clients for feedback on our service standards. In the December 2007 quarter, we received a resounding "thumbs up" from 98% of our clients in all aspects of customer service. Thank you to everyone who has participated in our client feedback surveys and for the many complimentary and supportive comments we have received.

Congratulations to the following clients, who took part in our feedback survey competitions in September and November 2007 :

Helen Janisewski

September feedback survey competition. Winner of an iPod Nano valued at \$200.00

Lucy Stronach

November feedback survey competition. Winner of a \$200 Coles Myer Group Gift Voucher

Wedding Bells!

Congratulations to our Finance Consultant Sally Thomas, who wed her long time partner Jeff Whitworth on Saturday 9 February 2008. Sally and Jeff spent their honeymoon in Fiji. Our heartfelt congratulations to the happy couple. We wish you both much happiness for your future together !



INSIDE THIS ISSUE

Interest Rates - Shop Around!	1
Happy New Year!	1
Why Use Acceptance Finance for Leasing?	2/3
Competition Winners	4
Wedding Bells!	4
Quotes of Note	4



Interest Rates - Now's the Time to Shop Around!

The most recent announcement by the Reserve Bank and our major banks to increase rates means many things for many borrowers. In January, the National Australia Bank increased their standard variable rate loans by 0.12%, ANZ 0.20%, Westpac 0.15% and CBA 0.10%. These increases were outside the Reserve Bank's guidelines.

Just last week they again increased their interest rates by more than the Reserve Bank's increase of 0.25% The CBA increased its interest rate by 0.30% and the NAB by 0.29%.

It begs the question – just how far will the banks go on interest rates now?

Borrowers are staring down the barrel of more rate increases this year, regardless of whether the Reserve Bank continues to tighten monetary policy again.

NAB was the first major bank since Westpac in the early 1990s to raise

variable rate mortgages outside of the official moves by the Reserve Bank. This was quickly followed by the other major banks. The financial institutions have all followed like sheep, however all at varying increases in interest rates.

Look at the differences between the major banks headline interest rates now:

ANZ	-	9.02%
CBA	-	8.97%
NAB	-	8.98%
Westpac	-	8.97%
St George	-	9.02%

Compare this to the pricing we can obtain from the same and other banks with rates from 8.23%.

Australian Consumers' Association spokesman Christopher Zinn said National Australia Bank's re-pricing of variable loans could set a precedent for pricing trends in the broader market.

Continued - Page 3



Happy New Year!

Happy New Year from the team at Acceptance Finance! 2007 was a fabulous year, with a move to our new office and an ever expanding team of experienced staff. We thank you for your support during 2007 and look forward to supporting you throughout 2008.

Quotes of Note

"Money without brains is always dangerous." **Napoleon Hill**

"Be who you are and say what you feel because those who mind don't matter and those who matter don't mind." **Dr Seuss**

I am easily satisfied with the very best." **Winston Churchill**

"There's no half-singing in the shower, you're either a rock star or an opera diva." **Josh Groban**

"A positive attitude may not solve all your problems, but it will annoy enough people to make it worth the effort" **Herm Albright**



If you do not wish to receive this newsletter in future, please email : enquiry@acceptancefinance.com.au

Why Use Acceptance Finance for Leasing? For Reduced Payouts on Prestige Car Loans

Clients who finance a vehicle through Acceptance Finance, with a loan amount of \$75,000 or more, will now benefit from an additional discount on their payout figure, should they decide to terminate their loan prior to the scheduled maturity date.

Why a Prestige Loan?

Research has found that buyers of prestige and luxury vehicles in the \$75,000 + bracket are more likely to payout their loans early – often to upgrade to a new model! 68% of vehicle finance contracts are terminated at 30 months and the average term is 48 months.

The deceptive “Rule of 78”

It is common for luxury car financiers in Australia to use the outdated “Rule of 78” calculation when determining early payout amounts for clients. This method, discouraged by the ATO, penalises most early payout

customers as it does not account for interest on an actuarial basis.

Some practitioners of the Rule of 78 actually claim that their method contains no penalty, when in fact most early payout customers subjected to the Rule of 78 pay considerably more than they would under an actuarial method. We believe our clients need to be aware of such pitfalls and we offer our services to check any offers from other financiers and identify any hidden risks or costs.

How can we help?

Our funders calculate early payouts on a discount basis, where unpaid and future repayments are “discounted” to provide an early payout amount. While this calculation also contains a portion of unearned interest, the following table demonstrates how in the most common early payout scenarios, a preferential early payout calculation will save money for you, compared to Rule of 78.

When is the prestige car loan payout figure better?

Hire Purchase	36 months	48 months	60 months
50% Balloon Payment	17 months		
40% Balloon Payment		23 months	
30% Balloon Payment			30 months

For example: In a 48 month loan with a 40% balloon payment, a Prestige Car Loan will provide a better payout compared to Rule of 78 calculation from month 23 onwards.



Why Use Acceptance Finance for Leasing? For Our Automatic Replacement Car Policy

Our replacement car policy has been developed to take the hassle out of arranging finance for a replacement vehicle. Where a finance application is for a replacement vehicle being supplied by a LMCT and the finance amount is under \$100,000, we will now no longer require financial statements under the following conditions:

1. Where the monthly repayment on the new car does not exceed the monthly commitment on the car being replaced by more than 20% or where the finance amount sought does not exceed 20% of the amount financed on the car being replaced; and
2. Where the existing credit has been in place for a minimum of 18 months and has good credit history (i.e. no dishonours or arrears history etc.)

Please note that this policy does not apply to Private Sales or Sale & Hire/Lease Back transactions.

For further information, please contact our Leasing Manager Giulia Polizzi on 9854 3556.



Interest Rates - Now's the Time to Shop Around! (continued)

"This is a real line in the sand that the banks have drawn," he said.

Senior banking industry sources told Business Daily that Australian borrowers were now exposed to "a more fluid pricing environment" in which politicians were less likely to influence or "jaw-bone" lenders on their pricing of credit products. "These Interest rate increases may well be a catalyst for more regular variations in the pricing of Australian mortgages," one senior banker told BusinessDaily.

"Now that the convention has been broken between movements in the Reserve Banks cash rate and the Banks variable interest rate changes, we will probably see mortgage interest rates become more fluid.

What does this mean for us as customers? It's a fantastic opportunity to really shop around. Competition in the Australian mortgage market is in full flight!!!

According to industry data, some 40 per cent of new mortgages and up to 80 per cent of refinancing is now sourced through finance brokers!

There are really only two ways to reduce your debt more quickly :

- get the lowest effective interest rate possible (the effective interest rate is where all fees and charges have been factored into the rate); and
- make regular extra repayments.

If, like most people, you are concerned by this interest rate volatility, the most important thing to do is to make educated decisions based on your individual circumstances. Sit down with us to discuss your options. Re-assess your current facilities. Let us compare them to what else may be available to you in this market. We have the technical knowledge and expertise to assist with a review of your current financial position. It may appear on face value that moving to a fixed rate may seem like the most obvious option, but it may not be the best move for your situation. Let Acceptance Finance do the research, assess your loan and provide appropriate solutions to suit your needs.

For further information, please contact Acceptance Finance on 9854 3500.