

## Don't Know Where All Your Money Goes?

As the name suggests, Ezybudget is an extremely simple and inexpensive way for you to keep track of what you are earning and how you are spending it.

Whether it's monitoring personal income and expenses or conscientiously preparing to buy that first home, invest in property or shares or salary sacrifice a motor

vehicle, Ezybudget's on-line budgeting system includes an extensive range of built in formulas to enable easy analysis of your financial position.

Ezybudget truly is an exciting way to help you better understand and monitor your ongoing financial affairs.

For further details, contact any of our Finance Consultants on 03 9854 3500.



## New Arrival

Congratulations to our Finance Consultant Andrew Sanger and his wife Juanita, on the arrival of their baby girl, Tahlia Skye. Born on 18 August 2006, weighing 6 pounds 14 ounces. Baby, parents and brother Jai all doing well!



## Our Promise

### Integrity and independence

We represent your interests, not those of financial institutions.

### Personalised service

You can call on us and count on us at all times.

### Long - term commitment

Our business is built on solid, enduring client relationships.

### Experience

Based on thorough knowledge and extensive expertise.

### Tailor - made solutions

Customised plans and products to meet your specific needs.

Disclaimer : While every care has been exercised and the recommendations and other statements herein are based on information believed to be accurate and reliable, no Liability (unless required by Law) can be accepted for any error or omission including negligence however caused.

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

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## Why Use a Finance Broker?

These days, with interest rates moving up and so many different loans and lenders in the market, you should rely on a finance broker to do all of the investigative legwork for you.

A good finance broker will be able to source the most suitable loan for your circumstances at the most competitive interest rate available. Special deals with the majority of banks and financial institutions are available - it is just a matter of seeing if you qualify for them.

Confused about buying a mobile phone? Which plan is the best? Leasing and mortgage products have become just as complicated and deliberately so. Financial institutions know it is becoming more and more intimidating to consider reviewing or even refinancing your loan facilities.

“Legwork” - that’s what home buyers appreciate most about finance brokers, according to the latest Mortgage Industry Association of Australia (MIAA) Home Finance Survey.

This national survey shows 80 per cent of clients consider time saving one of the most important benefits of using a finance broker, followed by access to a wide range of loans (78 per cent) and the level of expertise brokers offer (77 per cent). The survey shows a high awareness of finance brokers (89 per cent) among clients. Mr Phil Naylor, MIAA CEO, says the survey also shows customer satisfaction levels are extremely high and customers are willing to buy other loan related services from finance brokers.

“Finance brokers are clearly living up to their reputation for providing expert and professional assistance to clients.” “It’s not surprising that brokers are the fastest growing

source of loans. They offer a unique service to clients who are looking for a product that best suits their needs.”

Even a small difference in the interest rate can make a big difference to the amount you pay. For example, take two mortgage loans, one charging 7.15% per annum, and the other charging 7.65% per annum. The half a per cent (0.50%) difference on a \$150,000 home loan over 25 years, can cost you an extra \$14,579.00.

Let’s go back to basics....

### What is a finance broker?

A finance broker is your intermediary between you and the end lender who your loan facility is arranged with.

### How much does a finance broker cost?

It will depend on which finance broker you use. There are 3 types:

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## The Mortgage of a Lifetime

YOUNG home buyers struggling to break into the property market are for the first time being offered mortgages that could last a lifetime.

GE Money has become the first Australian lender to offer 40-year mortgages, while at least two banks have started testing consumer reaction to 50-year loans.

With property prices again on the rise in Melbourne and the Reserve Bank of Australia expected this week to announce the second interest rate rise in three months, other lenders are expected to follow suit.

Extended mortgages were first offered in the United States two years ago where they were aimed at average and low-income earners unable to enter hyper-inflated housing markets.

They are also available in Europe and Britain, where borrowers can take out 35, 40 and 45-year loans.

Long-term mortgages reduce monthly repayments by hundreds of dollars but lengthen the standard loan by 10 to 20 years, adding hundreds of thousands of dollars in interest payments if the loan runs its course.

"There is no restriction," said Evan Dwyer, GE managing director of small-to-medium enterprises.



Daniel Di Conza  
Director

"We will allow a regulated loan to go to 40 years if it is full-income verified.

"But it is not something we are deliberately marketing as an affordability issue.

"In Australia, we have found this product is more popular with investors."

According to mortgage broker Acceptance Finance, which has sold the GE loan, most people who are attracted to longer loans pay them out or refinance long before the expiry date.



"The average loan is paid out in seven years," said Acceptance Finance director Daniel Di Conza.

"And with increased competition and as mortgage brokers have become 45 per cent of the home loan market, it would be rare for someone to allow their loan to run the full term, particularly in a 40-year loan.

"The main benefit of a 40-year term is that the applicant can minimise their repayment during the initial years, when in most cases cash flow is tightest.

"The GE loan allows applicants to make additional repayments once their cash flow is sufficient to do so, therefore they are reducing the loan term and the interest charged."

But shadow federal finance minister Lindsay Tanner sounded a note of caution in a climate in which increasing interest rates would "put enormous pressure on finances and a lot of hard-working families". "Before celebrating the arrival of the latest loans people should look very carefully at the fine print," he said.

*Extracted from The Age - 30 July, 2006*

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Finance brokers who do not charge you a fee. The lender will usually pay them a fee once the loan has settled and an ongoing fee for the length of your loan (called "trailing commission"). Finance brokers (including Acceptance Finance) often operate this way.

Finance brokers who charge you a fee (or commission) and also receive a one-off commission and a trailing commission from the lender.

Finance brokers who only charge you a fee and do not receive any payment from the lender for introducing the loan. This type of finance broker is not as common as the other two types.

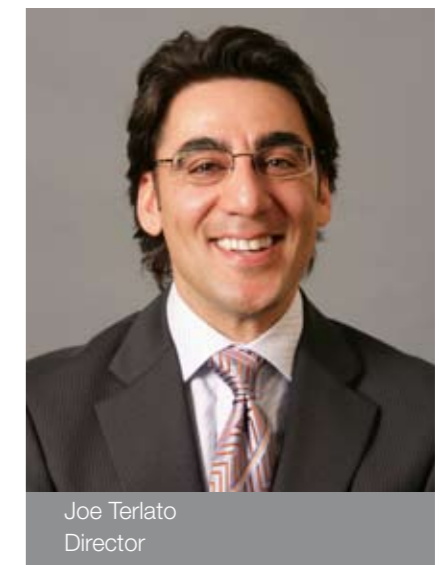
Finance brokers should be able to provide you with great value and find you a loan that suits your needs with a competitive interest rate and an appropriate structure to suit either your tax or investment strategies. For most people this service and access to industry knowledge can be invaluable, not only saving a lot of time and effort in shopping around for a loan but also maximising opportunities to achieve your financial goals.

Always ensure you are dealing with someone who is a member of the MIAA.

The world of loans, leases or mortgages, is vast and complex. There are so many providers, so many products, and complicated tax and accounting implications.

### Who knows what will work best for you?

I invite you to call and pick our brains. It won't cost you a cent, but it could save you a fortune.



Joe Terlato  
Director

## Lease Payouts: The Pitfalls, Penalties and Pain!

Behold, the holy trinity questionnaire of finance arrangement: -

- Is my finance approved?
- What is the interest rate?
- When can I collect my car?

Throw in another question next time you finance a vehicle.

- What are the penalties (or 'early termination fees') if I pay out my contract early?

Then stand back and watch the colour rise on your bank manager's face! If you don't ask, you won't know.

There are no set rules or industry regulations in place regarding the early termination fees, costs and penalties which are applied at the early payout stage. Some bankers are reluctant to admit these fees even exist - they will use clever wording, tie a red ribbon around it, anything to make it look better and to convince you that there are no "fees" as such. In the final analysis, there can be a number of penalties which are quite expensive and can dent your cash flow. These penalties may include :

- Requirement to pay full interest calculated on the term of the loan
- No rebate or discount offered on the payout figure
- Withholding 40% of the interest if the loan is paid out before 24 months
- A break-cost fee anywhere from \$500 - \$1,000
- Payment of all account keeping fees for the remaining months of the loan

It's important to take into consideration the termination ramifications of your finance arrangement. By asking about the penalties, you could save yourself some pain at the end!

For all your leasing enquiries, please contact Giulia Polizzi on 03 9854 3500.

