

KEYSTONES



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Keystone - the stone that holds all the other stones together

The newsletter for Keystone Lending Pty Ltd
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FIXING YOUR RATE

All through the banking industry many subjects are discussed and surprisingly enough the latest talk is of “**fixed interest rates**” - should we or shouldn't we.

The housing market is running hot - no one knows if or when the market will cool. This area is so uncertain that the government and major banks had sought assistance from experts from overseas to determine which way the market was going to go. It is no surprise that even the experts cannot confirm if the market will slow down.

So should we fix our rates, and what are the advantage or disadvantages:

The major advantage is that we “hedge” the rate. This means that as the rate is fixed we will not be subject to any future changes in the rate, either up or down.

The major disadvantages are;

As the rate is fixed we cannot take advantage of any future decreases in the rate.

You are usually limited in the amount of additional repayments you can make, with some institutions charging a fee if you pay over the minimum amount.

If you want to change from a variable rate to a fixed rate the institution in most cases will charge you a fee. If you want to change from the fixed rate back to a variable rate the institution, surprisingly enough, will charge you a “Break cost”. The break cost is the loss the bank would have incurred because they had the rate fixed and allowed for that income over the fixed rate term.

Overall the decision to fix or not should be taken with all care and you should be aware of all the pitfalls and advantages associated with fixing your rate.

THE SERVICE THAT KEYSTONE LENDING PROVIDES IS FREE.

**Keystone Lending
Phone 1300 88 5515**

LENDERS

At Keystone Lending we have access to a large number of lenders (over 30), and all their associated products.

All lenders have different criteria that they lend to and they will all lend a different amount of money to you.

There are your normal "mainstream" lenders who are the major banks, building societies and credit unions. These will all lend you a different amount and rely on you having a "genuine" 5% deposit. They also rely on the mortgage insurer to insure the loan if you borrow more than 80% of the purchase price of the property.

The next level of lenders are the securitised lenders. These will normally lend a similar amount to the mainstream lenders and rely on the mortgage insurers more than the mainstream lenders as all their loans have to be mortgage insured. As the borrower you will normally only pay the premium where you borrow more than 80%. As they rely on the mortgage insurer they will normally only lend on residential property, or rural residential property.

The next level of lender are what is referred to as the second tier lender. These are the lenders that will lend to you if you have enough equity and you have had some credit problems. They base their rate on the level of "problems" you have had with your credit.

As all lenders will lend a different amount you should contact Keystone Lending so that we can maximise the amount you can borrow, just because your own institution says they cannot lend you the money does not mean that some-one else won't.

PRE APPROVAL

WHAT IS A PRE-APPROVAL?

Essentially it is an approval from the lender giving you the OK to purchase a property up to a certain purchase price with a certain loan amount.

It is like looking for the house you want and being able to say to the agent that you are already approved for the loan.

Imagine going in to the real Estate agent or looking through the paper and knowing that you can purchase the house you want. No more looking through houses that you don't need to.

By getting pre-approved for a loan, before you ever begin house hunting, you will know exactly how much you qualify for, and have the proof to show any home seller. In addition, this renders the ideal opportunity to propose a lower price, because they know you have got the "cash" to back up your negotiations. It is like being a cash buyer.

Getting pre-approved is the key to this whole scenario.

Keystone lending can help you with this as we can complete all the necessary documentation and deal with the lender on your behalf.

ADD-ON LOANS

At Keystone Lending we pride ourselves on trying to be your one place to contact for all your loan requirements and this includes add-on loans, sometimes referred to as top ups.

We want you to contact us should you be considering borrowing more funds for whatever purpose.

We will always endeavour to place you back with your existing lender as we have already given you the right loan and believe you should stay there. However there are times when your existing lender may no longer provide you with the service or products that are best for you. We will then look around and find a new lender for you.

It may be that the lender you have at the moment will not lend you the additional amount as their valuation on the property may not be enough.

THANK YOU

A very BIG thank you to all those people who continue to refer other people to me - I treat that as a great compliment because it means I have done the right thing by you

Phone Don or Tony today on

1300 88 5515

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