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An innovative home loan you need to be aware of

At Blue Key Finance we have good news for borrowers concerned about just how high rates will rise, a new breed of 'capped' mortgage can offer shelter from the storm.

The fixing gamble

When we see a rise in fixed rate mortgages is when the door may already have closed on opportunities to make savings this way. Today's 3-5 year fixed rates range from around 7.29—7.74% p.a.—about 1.36% more than you'll pay with most variable loans. On a mortgage of \$300,000, opting to fix could mean paying an extra \$4,080 in interest in the first year alone, particularly if rates rise slowly as many economists are predicting.

It's this sort of gamble that typically sees homeowners shy away from fixing. This explains why fix rate loans account for less than 3% of all new loan approvals.

Capped rate home loan—flexible shelter from rate hikes

Traditionally the choice has been between fixed, variable or split loans. An innovative product from Bankwest now helps take the 'what if' out of home loan interest rates. It is the only one of its kind currently available in the Australian market.

It's essentially a variable home loan so you pay less when rates go down, and in the event that rates rise during the capped period you're guaranteed not to pay more than the capped rate, providing peace of mind if rates continue to rise.

This product has a variable rate of 6.25% p.a. as at 28/12/2009, with the added protection of paying no more than 7.99% p.a. before 10 November 2012.

Product at a glance

Bankwest will lend up to 90% of the value of the property and allow you to add the mortgage insurance premium on top of the 90% loan to value ratio. There is a \$700 application fee, \$12 monthly account keeping fee, free redraw and you need to borrow at least \$100,000 to be eligible for this product.

A 'Capped rate home loan cap purchase fee' is payable in order to cap the interest rate. The fee is 0.15% of the loan amount and is payable upfront at the time of application.

A 'Capped rate home loan prepayment fee' is payable each time you repay 50% or more of your amount of credit before the capped term expiry date. This fee is 1% of the amount of the loan being repaid. An offset feature is not available and this product is not for construction purposes either.

Cheapest balance transfer credit card

After all the Christmas merriment and mayhem of post Christmas sales, most of us will approach NYE with a credit card balance nightmare. This is why it's important to know what is the cheapest balance transfer credit card out in the market today.

Product at a glance

The Bankwest lite MasterCard offers an amazingly low 1.99% p.a. on balance transfers for 12 months. Plus, you can save more with Australia's lowest MasterCard purchase rate of 9.99% p.a. You can get up to 3 additional cardholders for free. And the annual fee is just \$59.

The best thing about the Bankwest lite MasterCard is that it is also the bank winner of Money magazine's cheapest credit card category, so it's a great card even after you pay your balance transfer.



Enjoy a coffee while taking in the following article ...

“... a new \$500,000 investment project will remain cash-flow positive until interest rates are between 6.75% and 7.25% ...”.

Property investors can expect cash returns

Investment property owners will continue to enjoy positive cash returns on investment property despite rising interest rates.

For investment property owners on \$75,000 a year, a new \$500,000 investment project will remain cash-flow positive until interest rates are between 6.75% and 7.25% depending on whether the property is a high-rise apartment or free-standing house. For those earning \$150,000, interest rates would need to go as high as 7.5% for high-rise or 8% on free-standing houses.

Depreciation is a key factor in achieving positive or neutral cash flow.

The calculations above are based on over 20 years' worth of depreciation data. When looking to invest make sure your accountant or property advocate calculates the particular investment over different rising interest rate scenarios. Furthermore, as interest rates rise, you need to ensure as an investor that you are maximizing your tax depreciation allowances.

Three things first home buyers need to know

Can you believe more than 170,000 first home buyers (FHBs) bought their first home with the help of the Federal Government's First Home Owner Boost between October 14, 2008 and September 30, 2009.

From January 1st, 2010 to June 30, 2010, FHBs purchasing an established home will now only be entitled to \$9,000 and those wanting to construct are now only entitled to \$18,000.

Secondly, since last week the Rudd Government also announced it will allow states and territories to set a price cap, based on the property value, for recipients of the FHOG. Western Australia, NSW, Victoria and the Northern Territory have all jumped on board, setting their caps at \$750,000, while Queensland has set its cap at \$1 million.

FHBs may also be eligible for stamp duty concessions in some states and territories. In Victoria, those buying a home to live in for at least 12 months, valued between \$130,000 and \$550,000 will be eligible to receive a stamp duty savings of up to \$3,100.

Use our 'Downloads' webpage for ...

At www.bluekeyfinance.com.au, we have a webpage titled 'Downloads'.

Our **Downloads Webpage** gives you access to **downloads on handy hints & brochures** with topics that include:

- *Moving house checklist*
- *Property Inspection Checklist*
- *DIY Checklist for Home Buyers*
- *FHOG application form*
- *Building and Renovating Guides*
- *Construction: What to consider*
- *The Role and Responsibility of each professional during the mortgage process*
- *Rental property guide*
- *Investment loan structures*
- *Break Costs Explained*
- *Income Tax Withholding Variation form*
- *Bridging finance and deposit bonds*
- *What to consider with a body corporate*
- *Car finance and car insurance tips*

"Did you know you can download our comprehensive 'Moving house checklist' & 'Property inspection checklist'?"

FAQ

Q) What a client needs to post to us with their FHOG application:

1. **Certified** copy of the Contract of sale, dated and signed by the vendor as well;
2. **Certified** copy of identification for each applicant **and their spouse/partner and** it has to be a 'Category I' identification which is one of the following:
 - An Australian citizen:** Australian birth certificate, Australian passport or citizenship certificate
 - Citizen of another country:** Current passport, evidence of permanent residency or permanent residence visa
 - A New Zealand citizen:** Current passport (and they must be living in Australia at settlement date). Passports without an electronic tag, a certified copy of the page displaying the stamp of last date of entry in Australia is also required.
 - Change of name:** If your name is different to that recorded on FHOG application and/or supporting documents then evidence is required and to be certified;
3. Certified copies are properly certified by an authorised person (i.e. a legal practitioner, JP, Magistrate, Police Officer, Dentist, Veterinarian, Pharmacist, CPA, Minister of Religion, or a Medical Practitioner). On the photocopied document the certifier writes the following: **'I certify that I have sighted the original document and this is a true copy of it'**. This certification must also have the certifier's name, title, and be signed and dated;
4. Double check that your FHOG application has been completely filled in (for e.g. dates of birth, maiden name, declarations signed and dated after the contract of sale date, all boxes ticked, volume and folio number provided);
5. Ensure that the 'witness' provides their full name and is not related to you, or your spouse, or your partner;
6. Statutory declarations (if applicable) must be original only;
7. Additional supporting evidence required if any of the following applies:
 - Now married – a certified copy of your marriage certificate
 - Now divorced – a certified copy of your divorce certificate
 - Now widowed – a certified copy of the death certificate of your spouse/partner, or
 - Now separated – a statutory declaration with the following information:
 - The name and date of birth of your former spouse/partner
 - The date you were married or commenced your domestic relationship
 - The date you separated
 - Your former spouse/partner's current address (if known), and a statement to the effect that you do not live together and have no intention of resuming cohabitation

A popular question for First home buyers



Blue Key Finance Pty Ltd

We are a full member of the Mortgage & Finance Association of Australia (MFAA). We liaise with our panel of over 25 residential lenders and 15 commercial lenders offering over 400 home loan products to find you the best finance structure and product to suit your specific needs. We specialise in housing loans, commercial finance, personal loans, lease finance, deposit bonds, general insurance and mortgage protection insurance. We organise immediate preapprovals, unconditional approvals, refinancing and answer any enquiries you may have. You deal with one professional from interview to settlement and beyond.

Phone: 03 9700 7033

Fax: 03 9700 7044

E-mail: enquiry@bluekeyfinance.com.au

Web: www.bluekeyfinance.com.au