



## Mortgage Link to target more opportunities for advising clients in 2008

Mortgage Link is moving into a new year confident that our diverse range of services will improve further to meet our clients' needs in the ever changing and sometimes challenging mortgage market.

Our business has traditionally been tied closely to the residential property market. Mortgage Link brokers already offer exceptional advice to their clients on these services (house purchasing) along with fixed rate renewals and annual reviews.

One of the key objectives of 2008 for our group is to improve and implement more of these advice-based services.

"What we mean by that," says CEO Rod Templeton "is that we are wanting to position ourselves to not only be required by our clients at a time a real estate transaction takes place.

"We believe there are opportunities for Mortgage Link to work with our clients in a proactively advisor based manner, rather than what we have been experiencing lately

whereby clients seeking assistance in a mortgage stress environment."

Examples include at a time of a career change when a move from a fixed rate loan to a revolving credit facility may be more beneficial, or one of the mortgage contributors is on parental leave so a discounted interest rate with capitalised payments could be a preferred option to ease cashflow. Another example is when a valuation increase creates an investment opportunity.

These are trigger points, which are regularly affecting people. "Mortgage Link wants to make these situations easy for clients, and provide advice-based processes to assist," Rod says.

This year has been a challenging one for all involved in the financial industry, particularly mortgage holders who came off their previously attractive fixed interest rates.

With several interest rate increases this year, we can take heart from economists' predictions that we should see some interest rate relief by the middle of next year.



### Festive Greetings

Mortgage Link would like to take the opportunity to wish all our clients a happy, safe Christmas and prosperous New Year. We value our relationship with you and look forward to working with you in 2008, offering improved residential, commercial and consumer products and broking services.

Ask us the tough questions

Finding your new home is just the start. Getting finance and knowing how to make it fit with your life (and your plans) is the next stage. But relax, with us it's not difficult. We can help you to work out what you can afford, assist you to find the most appropriate deal, with the right rate, term and conditions.

Phone 0800 466 784 or see contact details on back page. [www.mortgagelink.co.nz](http://www.mortgagelink.co.nz)

## Lotto delight for new home-owners

Imagine winning a major Lotto prize the same weekend you move into your first home.

That was the fate of a South Otago couple, Tania Jacobs and Mark Marsh. The couple didn't discover their stroke of luck for many hours given the upheaval surrounding their move.

It was only when Balclutha-based Jude Moore, of Mortgage Link Otago, who arranged their home loan, dropped by that the tickets were found and checked soon after. Jude had a sixth sense that the couple might be the winners once she heard the town had collected a big prize.

Tania says the windfall was a welcome bonus. "It's made a huge difference to our situation. We knew with buying our first home that the first year would be the hardest and that money was going to be



Tania Jacobs and Mark Marsh with their son, Oakley.

tight. The Lotto win took the pressure off. We used it to clear our debts and put a lump sum onto the mortgage and invested the rest."

The prize capped an eventful few weeks with Jude working incredibly hard to ensure the couple could buy a home. "We weren't the world's best savers but Jude took all the pain out of the loan process," Tania says.

"She found us a deal with an interest rate that suited us as well as telling us how much we could borrow. I always thought that if you wanted a mortgage you had to go to the bank to get it, but there are so many more options out there and having a mortgage broker like Jude to do it is hassle free and that's fantastic."

Convenience was also important and they appreciated being able to fit in their loan appointments when they were both home from work. "It would've been near impossible to get us both to a bank at the same time."

Jude says she finds it rewarding to be able to "go the extra distance" for her clients and is enthusiastic about working in a small community.

## Tips for building a new home

**In our last newsletter we brought you some tips on what to look at in buying a section. We now look at some practical ideas when it comes to building that dream home.**

Many of the "horror stories" associated with building a new home can be avoided by doing your homework, says Brian Honeybone, Managing Director of Honeybone Builders and judge for Master Builders House of the Year.

### Before you start:

- Spend time making your wish list.
- List your requirements and be specific.
- Research building materials, appliances, heating, fixtures and fittings and know what is available and what will meet your needs.
- Avoid having to make decisions "on the fly". This will keep the project to time and eliminate cost overruns and the possibility of regretting a decision later on.

### Choose your professionals carefully:

- Before choosing your architect, builder or housing company, ask people who have built previously for their recommendations and experiences.
- Confirm the qualifications of your professionals and ask to see examples of their recent work.
- Choosing a Master Builder, Registered Plumber and Registered Electrician is wise as their work is guaranteed.

- If you choose a housing company, be aware that they will use several builders and contractors so you should ask who will be responsible for your home and ask to view examples of their recent work.

### Contracts:

- Do not begin any part of your project until you have signed contracts.
- Get your solicitor to check what you are agreeing to and to provide any appropriate advice.
- This removes the "assumptions" of the project and provides protection by detailing who is responsible for what and confirms pricing and project deadlines.
- By using a Master Builder you will receive a seven-year Master Build Guard Guarantee.

### Your house plans and specifications:

- When you get your plans, ensure you understand them and the specifications. If not, ask.
- Do not assume anything.
- Check that what you wanted is included and be aware of the cost.
- Don't assume prices for any items.
- Exceeding your budget and having to find further finance half way through the project will not only add to your stress but may mean your home is over capitalised.

*Honeybone Builders has been a member of the Master Builders Federation since 1965. Brian will provide more building tips in future issues.*

# Mortgage Link can help ease loan stress

Mortgage Link brokers can help ease home loan stress that has been fuelled by this year's interest rate rises and recent sharp increases in petrol prices.

Several options are available, ranging from switching to interest-only mortgage repayments to a total restructure of debt.

Rachel Baucke-Bartlett of Mortgage Link Kaitaia has helped clients feeling the 'financial squeeze'. One couple own a business as well as some investment properties. They were considering building a house for immediate sale but Rachel's research led them to abandon that idea.

"We found that houses in the price bracket they were aiming at weren't selling, so they would have been paying \$120 a day in interest for as long as it remained unsold," Rachel said.

"A better option was to restructure their existing lending so that in the short-term it became interest only, and they also changed from a floating rate to fixed. This has made a big difference to how they feel about their lending.

"Other clients go through a solution driven interview which encourages them to dream about what they ultimately want to achieve and then set goals that suit their financial circumstances. This system is particularly successful when the option to enter into more consumer debt arises, as we can then ask them, 'is borrowing extra money going to take them closer or further away from their goals'. It helps clients refocus so they can prioritise what they believe is important.

Rachel believes there should be a stronger emphasis in schools on practical issues, such as the impact of consumer debt and how to go about buying a first home.

Mortgage Link broker Michael Paris advises clients to lock into a fixed rate home loan so they know exactly where they stand with budgeting. "The market is volatile and although interest rates will probably start to come down next year, they will drop slowly," Michael said.

He also advocates amalgamating all hire purchases or personal loans into the home loan to take advantage of lower interest rates.

He said a three-month holiday from principal repayments would be suitable for someone under short-term pressure, such as those changing jobs, but people under more financial stress might be better off to choose interest-only repayments for a longer period.

Tony Copping of Mortgage Link Coastwide said he and business partner John Noble have built up more than 50 years combined experience in the industry so are well placed to advise, should clients feel cash-strapped.

Options include a mortgage health check, for which he would look at ways to restructure, any increase in the property's equity and extra borrowing that may have affected the affordability of the home loan.

Revolving credit is another option but requires a high level of discipline, says

Tony. "Clients need to have worked out a stringent budget and stick by it - no arguments. Without this, it won't work."

Effectively it's a large overdraft facility. The amount can be structured so the client enjoys the benefit of this facility and any fixed rate by splitting total loan/debt owed to the lender into separate loans.

Clients have all their income paid into one account. They withdraw only enough cash to cover discretionary spending while other major household expenses are paid for by credit card, which is cleared from the overdraft account monthly.

The client saves interest through the debt being reduced fortnightly by way of all income going into the account. Interest is calculated by lenders based on the outstanding daily balance. The lower the daily balance, the less interest is payable.

What makes a broker better?

Our friendly winning team have all the right advice and answers.

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## Outstanding brokers

Mortgage Link brokers were once again recognised as top performers at the New Zealand Mortgage Broker awards, held in Rotorua recently.

Craig Seton of Mortgage Link Manawatu won the Central North Island region for the fifth time since 2002 having been runner-up last year.

Glenda French, licensee of Mortgage Link Otago, was the regional winner for Otago/Southland for the second successive year.

Other Mortgage Link NZMBA finalists were: Lindy Neilson (Eastland), Mark Childs (Wairarapa), Karen Mooney (Marlborough) and Gary Burton (Central Otago).

The awards recognise best practice, service to customers, innovation and quality of advice in the mortgage broking industry. Nominations are made by the lenders brokers deal with.

Craig said that the key to his success was showing improved processes.

*"You must always be planning ahead as doing the same things each year is actually going backwards in today's competitive environment."*

Glenda said her success was based on hard work and top service. Glenda and fellow licensee Jill Clearwater believe top service is even more crucial in a tighter market and the office has concentrated on this aspect with a strong focus on staff training. Glenda's award capped a memorable year for Mortgage Link Otago, which was named as the Broker of the Year at Mortgage Link's annual conference.

## Recipe for Success



Rob and Bernice Cowan, new owners of the Mayfair Café, with Sandra and Kevin Algar and Mandy Byrne from Mortgage Link Hutt Valley.

Upper Hutt couple Rob and Bernice Cowan have found that Mortgage Link has been “the gateway to their dreams” – helping them to buy their first home and, more recently, a business.

Rob, who was head chef at the award-winning Mayfair café, set his heart on becoming its owner when the former owners decided it was time for a fresh challenge.

Sandra and Kevin Algar of Mortgage Link Hutt Valley used their expertise to guide the couple through a long-running process that included making the loan application and performing due diligence on the business.

“The information required is more complicated than for a residential property. We can analyse it and assist with cashflow forecasts to ensure that the client is comfortable with the level of borrowing and that the business can afford to make repayments. Of course, they still need to take advice from their own accountant and lawyer,” Sandra said.

The lender praised the calibre of the proposal Sandra presented, which made it easy to approve the loan and the Cowans took over the business in September.

Rob and Bernice said that they trusted the Mortgage Link staff from the outset. “When the Mayfair opportunity came up, we were concerned because we are only in the third year of our mortgage and we have just refinanced too. Sandra told us to let them do some number crunching and of course the rest is history.”

As first-time business owners, the couple know they have a lot of hard work ahead. However, with 15 years experience in the industry, they are confident about their future. “Good reliable staff are the foundation of a seven days a week business, then knowing the nature of the beast, and setting expectations not just for the team but for yourself too,” Bernice said.

Rob has travelled widely, and while working as a chef, has picked up many ideas that have made the café’s food a mouth-watering experience. So much so, it has been awarded Top Cafe in Upper Hutt for 2005 and 2006.

Bernice, who is from the Philippines, grew up helping her mother run their family restaurant and has also helped friends establish three food-related businesses. She intends helping at the cafe part-time while continuing to work as an Analyst for IT company, EDS.

The couple say their first few weeks as owners have been rewarding, with local people welcoming the new venture. Rob promises that although he may tweak the menu to make the most of seasonal produce, traditional favourites such as his giant scones and the classic big breakfast will continue.

## Rental Returns By Region

This table shows the median rental return for September 2007.

REGION	2BRM FLAT	3BRM HOUSE
KAITIA	\$170.00	\$240.00
WHANGAREI	\$210.00	\$285.00
TAKAPUNA	\$332.00	\$455.00
AUCKLAND CITY	\$360.00	N/A
AUCKLAND – REMUERA	\$367.00	\$580.00
AUCKLAND - WEST	\$295.00	\$337.00
HAMILTON CITY	\$190.00	\$290.00
TAUPO	\$200.00	\$280.00
ROTORUA	\$165.00	\$230.00
TAURANGA	\$240.00	\$300.00
GISBORNE	\$175.00	\$240.00
NAPIER	\$245.00	\$280.00
NEW PLYMOUTH	\$200.00	\$300.00
WANGANUI	\$160.00	\$212.00
PALMERSTON NORTH	\$180.00	\$250.00
MASTERTON	\$150.00	\$205.00
KAPITI	\$235.00	\$300.00
UPPER HUTT	\$197.00	\$310.00
WELLINGTON CITY	\$330.00	\$512.00
BLenheim	\$220.00	\$290.00
NELSON	\$210.00	\$295.00
WEST COAST	\$155.00	\$212.00
CHRISTCHURCH CITY	\$235.00	N/A
TIMARU	\$160.00	\$220.00
QUEENSTOWN	\$210.00	\$350.00
DUNEDIN	\$220.00	\$270.00
INVERCARGILL	\$150.00	\$200.00

N/A: where insufficient information has been lodged or properties in this category have not been rented during the period.