



Great advice results in the right deal

Although mortgages absorb the biggest chunk of most people's incomes for much of their working lives, many don't do their homework before signing the paperwork.

At Mortgage Link, we build an ongoing relationship with our clients so that we understand your goals during the period that you have the debt - and beyond.

Nowhere in that relationship is the focus placed solely on gaining the home loan with the cheapest rate - if that is your only criterion for choosing a loan you may find yourself with a competitive interest rate but not so competitive structure or a loan that does not suit your immediate and ongoing needs.

We offer an advice based service. Our relationship with clients is a long-term one that looks at the big picture - not just current circumstances, but what do you see over the next three to five years, then 10 to 15 years.

During the period of a typical home loan your needs will change due to employment,

children leaving home, family beginning university studies, windfall gains, and conditions in the marketplace such as the current volatile situation.

A range of factors influence the advice relationship, and the lender and its loan is part of that. Within that area, there are several complexities including interest rates, repayment options, security requirements and penalty implications.

The calibre and worth of the advice offered by our advisers can be compared

with the services of a good lawyer or accountant. People do not hesitate to enlist specialist advice from these professionals when necessary, so they should also recognise the expertise that mortgage advisers can bring to help them fulfil their needs and dreams.

Our goal is to build a trusted relationship with our clients, so that we can satisfy both their short and long-term goals. A sound advice package from an expert - that's the formula Mortgage Link delivers.

Need to refinance, consolidate debts, get a top up maybe?

Knowing how to make your finances fit with your lifestyle is what we are good at. If your mortgage is due for re-fixing, you find yourself with too many short term debts or you would like to borrow some additional funds then let us assist you.

Phone 0800 466 784

www.mortgagelink.co.nz

Confidence is a State of Mind

It's always darkest before dawn, and if you can look through the United States induced economic storm that is swirling at present, then there are some rays of light.

While New Zealand is not immune to the state of flux in the international markets, the impact is diluted for several reasons.

- Most of our major banks are Australian owned, with higher credit ratings than their US equivalents.
- Only a reasonably small percentage of their borrowing is sourced from overseas.
- They deal more directly with their mortgage and business customers.
- There are fewer potential bad debtors (1.5% in NZ compared with over 7% in US).
- Higher interest rates here for several years mean the scale of cheap lending has been much lower.

It should also be remembered that the sub-prime problem (high debt to equity/

short employment history/negative events in borrowing history) caused the US melt-down but this type of lending is not a significant percentage of our industry.

Several local finance companies have been removed from the market because of bad lending, low investor confidence and high offshore funding costs. Their investor's funds are now being diverted into main lenders, which is assisting their ability to lend.

Confidence remains critical as we consider events that will impact on the New Zealand economy. Aside from the General Election on November 8, interest rates seem to be on a downward slide making housing more affordable. As well, tax cuts signaled earlier in the year are kicking in.

Another welcome piece of news was the announcement that the US has agreed to negotiate a free trade deal with New Zealand, which could add up to \$1 billion

to our economy. A federal "bail-out" of the major US lenders (as commentators indicate they need to) should also boost investor confidence.

The basic fundamentals of the New Zealand economy - particularly in dairying, tourism, mining and the export sector with its Asian focus - remain strong while demand for housing is improving and employment rates are being maintained at reasonably high levels.

A recent survey by a property investment website found that the number of people looking to buy more investment property was rising, and many investors have been increasing rents.

So when we look at all these trends, it seems to us there is more to feel positive about than just the improving weather, which also has been a traditional factor in lifting the nation's mood and improving confidence.



Beware – lowest rate may not be best

It may seem a contradiction but the cheapest mortgage does not necessarily have the lowest interest rate.

Glenda French from Mortgage Link Otago says a mortgage is a complex transaction with many ingredients going into the pot – that's why it's essential to have expert advice "We make sure each mortgage is designed for our clients' needs."

Factors to be considered include bank fees, refixing fees, and lenders' insurance fees – if a mortgage includes all of these it could prove more expensive over its life than one with a slightly higher interest rate without the upfront costs.

"Some times it's preferable to take a loan at a higher rate over a shorter period and then when circumstances suit, you can increase your repayments," Glenda says. "Even a small extra sum each payment can save thousands of dollars and take years off your loan. Why lock yourself into smaller repayments over a longer period of time? The borrower may then be able to take a lower interest rate, as can be the case at present."

Mortgage Link advisers have the inside running on lenders that offer client incentives, such as nil banking fees. They also know which lenders offer packages to businesses so that their employees will sign up with them. These arrangements include waiving of fees, interest rate discounts if available and cheaper insurance.

Government departments, local bodies and education providers are among

those employers that have packages with lenders.

Ian French of Mortgage Link Nelson agrees that the cheapest interest rate isn't always the best mortgage. He looks at the needs of each customer including the type of banking required, fees on personal banking transactions, lump sum repayment requirements, flexibility of lender, roll over/refix fees, top-up ability options, loan portability options, repayment holiday options and so on.

Karen Mooney of Mortgage Link Marlborough stresses that homework is vital so that short /medium /long term goals, plans to sell, and repaying lump sums are part of the mix. "Another consideration is whether the structure is correct for tax purposes and, most importantly, what are the economists predicting in the cycle of interest rates. That's why you need a broker who is experienced and qualified to ask the right questions."

"We calculate the risks by assessing a person's affordability and structuring mortgages to minimise costs as much as possible. For instance, if someone has increased exposure with a large mortgage, then having the lending split so that it does not roll off all at the one time may reduce their sensitivity to interest rate changes."

"Once again, it is very much individualised and every mortgage needs to be discussed with an expert (your independent Mortgage Link adviser)."

Mortgage Link (NZ) Limited

To contact your local Mortgage Link office
Go to www.mortgagelink.co.nz
Or call 0800 466 784

IN BRIEF

Tips For First Home Buyers

Author Shelly Bridgeman says the drop in interest rates and falling property values mean it's the best time for years for first home buyers to enter the market. She's written a comprehensive guide "Buying your First Home" to help Kiwis to make the step. Among her tips – before purchasing, become an expert on your area by visiting lots of open homes and talking to real estate agents, and make sure the property you buy has a renovation list that you can handle.

Improvement To Kiwisaver

Under the current KiwiSaver scheme members can apply for mortgage diversion, allowing them to put half of their 4 per cent contribution back into reducing their house debt. However, because of criteria restricting mortgage diversion to table mortgages, it effectively rules out anyone with even a small revolving credit facility. Finance Minister Michael Cullen said those rules had now been relaxed, so that the majority of mortgages will qualify, provided the diverted contributions reduce the home loan.

Makeover For Website

Our website has been given a makeover and we are thrilled with the results. Features include: finding a broker, a mortgage calculator, market comment from some of the big players in the sector, as well as in-depth information about Mortgage Link. So check it out at www.mortgagelink.co.nz

Waikato Wins

Mortgage Link Waikato has won the Broker of the Year award at Mortgage Link's annual national conference, which was held recently in Christchurch.

Other category winners were:

Team of The Year – Mortgage Link Waikato

Highest Office Producer – Mortgage Link Manawatu

Highest Individual Producer – Michael Paris, Mortgage Link Waikato

Rookie Of The Year – Brent Jaslarz, Mortgage Link Manawatu

Individual Of The Year – Paul Maher, Mortgage Link North

Most Improved – Mortgage Link Coastwide.

National Honours

Mortgage Link brokers were once again recognised as top performers at the New Zealand Mortgage Broker awards. Craig Seton of Mortgage Link Manawatu won the Central North Island region for the sixth time since 2002 and was runner-up as the top New Zealand broker. Glenda French of Mortgage Link Otago was the regional winner for Otago/Southland for the third successive year. Finalists also included Karen Mooney (Mortgage Link Marlborough), Mark Childs (Mortgage Link Wairarapa) and Gary Burton (Mortgage Link Central Otago). The awards recognise best practice, service to customers, innovation and quality of advice in the mortgage broking industry.