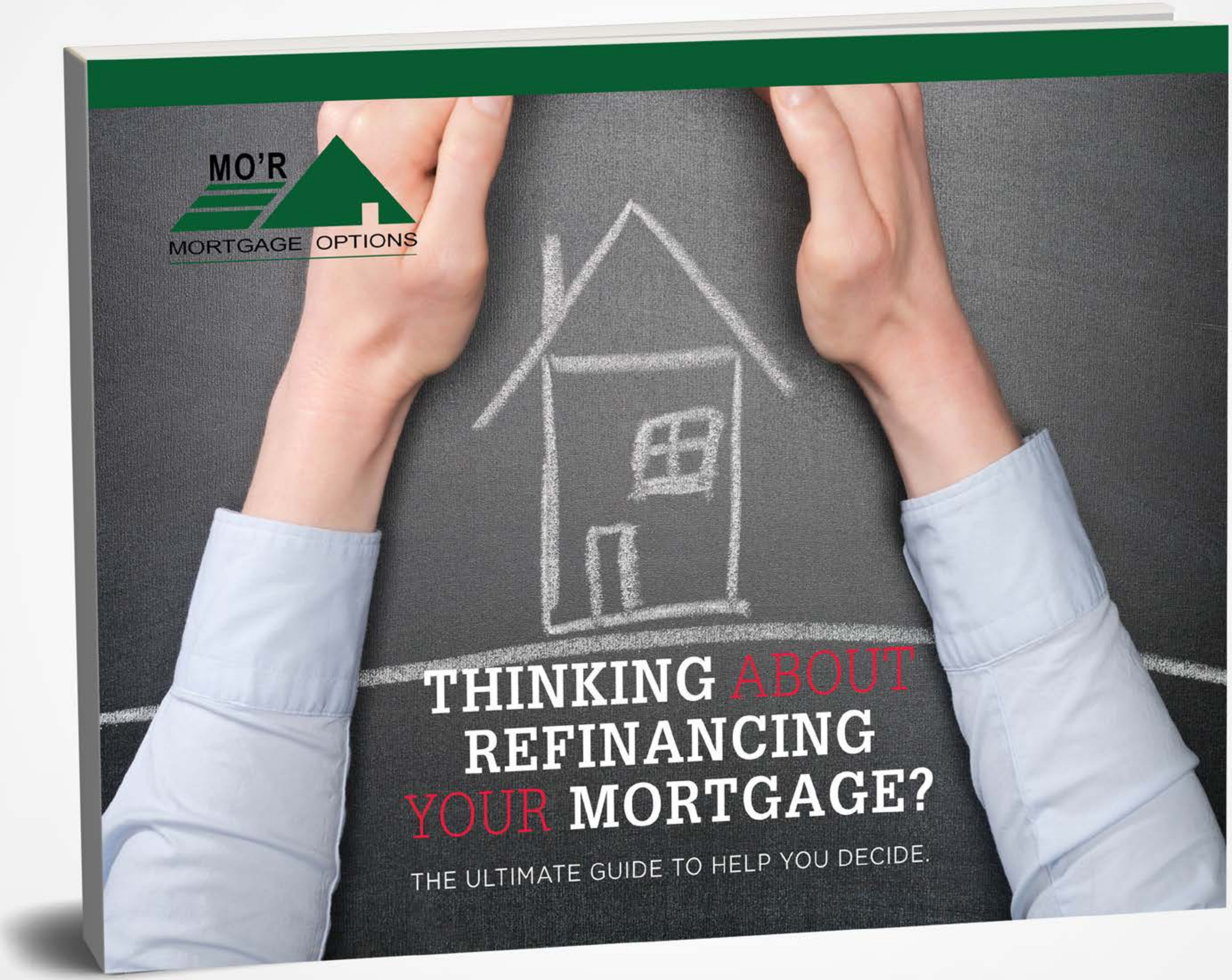
MO'R
MORTGAGE OPTIONS
THINKING ABOUT
REFINANCING
YOUR MORTGAGE?
THE ULTIMATE GUIDE TO HELP YOU DECIDE.

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MORTGAGES

PROPERTY

CONTACT INFORMATION
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MO'R MORTGAGE OPTIONS

WHY WOULD YOU USE MMO TO REFINANCE YOUR EXISTING LOAN?

So, you're thinking about refinancing your existing loan. Why would you see a mortgage professional (or broker) instead of going directly to the bank? Why would you get someone else involved in the process?

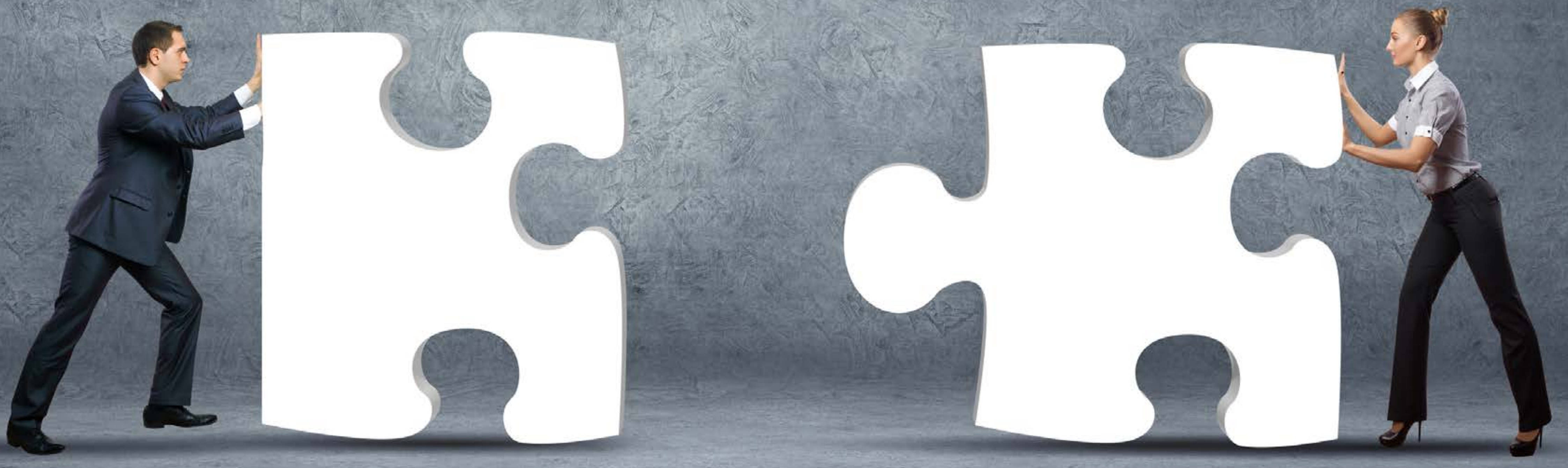
There are actually lots of reasons! A mortgage professional can provide significant benefit, particularly if you find a good one.

Here are some reasons why you should speak to us about refinancing your mortgage.

Great communication

Bank staff are really good at 'bank speak' but not always good at translating it into everyday language. Making the decision to refinance can be a hard one, particularly if you're doing it on your own and trying to weigh up all the options.

Our job as mortgage professionals is to ensure that you understand the process. We'll explain things in a way you clearly understand and answer your many questions – that's what we're here for. We'll handle everything for you to ensure the refinance process is as smooth as possible.



Tailored solution to match your needs

As part of our assessment, we'll help to identify what loan features you really need. There is no point in having a loan with a host of 'bells and whistles', if it doesn't fit with how you like to manage your money.

Your existing loan might already be suitable. But unless you know what other lenders are offering, how can you be certain? It might not be worthwhile for you to refinance to another lender. Perhaps switching to a different loan product would provide you with just as much benefit. We can help you determine what your options are.

As mortgage professionals, we have access to lots of different lenders and lots of different loan products. We're constantly comparing what each one has to offer, so that we can find the right solution for you.

Good loan structure, competitive interest rates

Lenders don't always help you to secure the most suitable loan structure. Sometimes it's because the person assisting you lacks knowledge, sometimes it's because the lender is focused on their bottom line.

Your loan structure should be set up to suit YOUR long term plans. But it shouldn't come at a higher price. We have assisted many clients save interest costs by refinancing and renegotiating the rates on their existing home and investment loans. We can do the same for you.

Professional advice

Since 2000, we have assisted many clients refinance to more suitable loans.

However, we will not suggest you refinance unless there's enough benefit for you to do so. We'll look at all the costs involved, provide you with the pros and cons and then manage the entire process should you wish to go ahead.

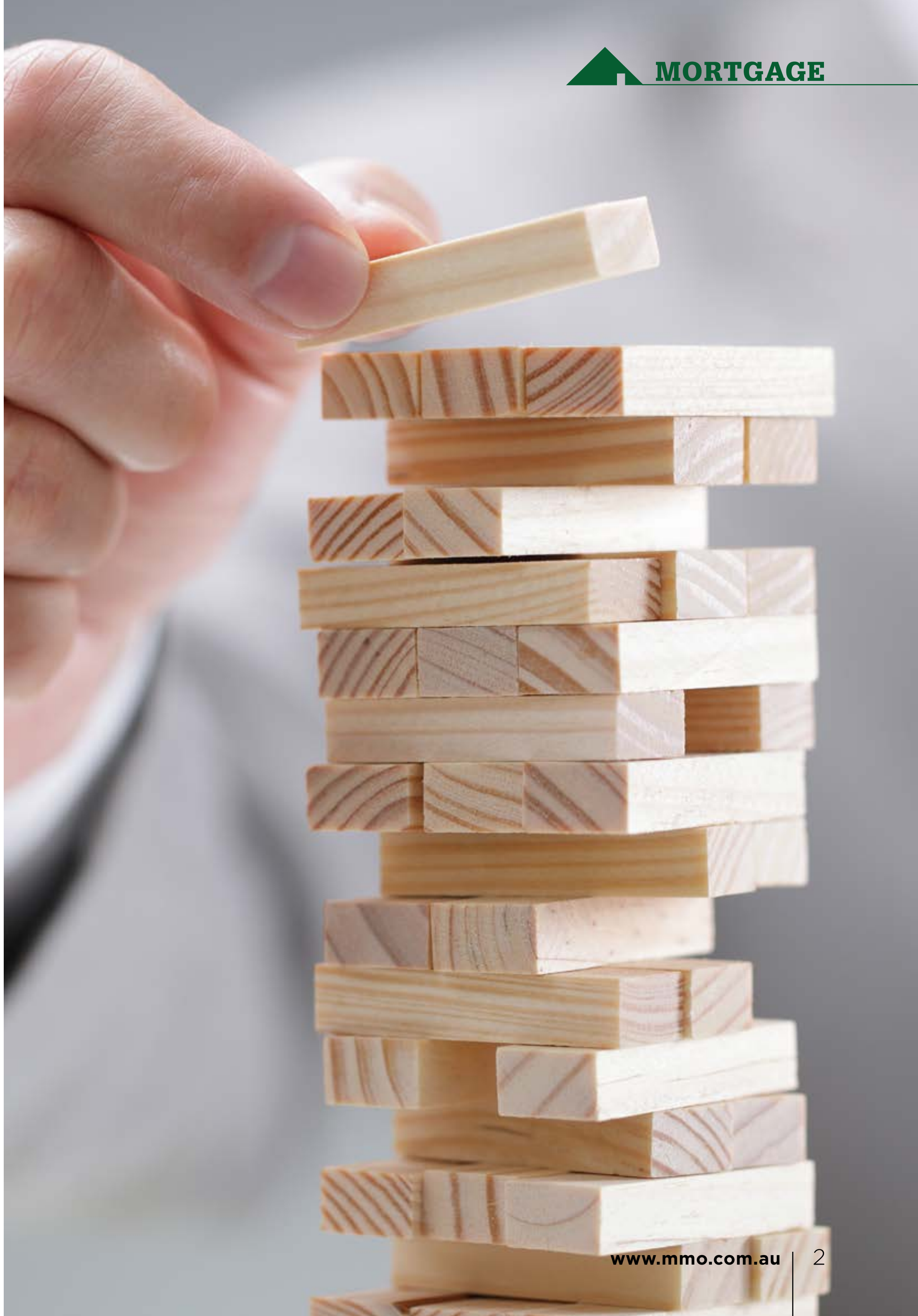
Honesty and integrity

We are proud to say that over the years, MO'R MORTGAGE OPTIONS has predominately grown by word of mouth. Clients happy with our service have referred their family and friends to us. And these clients, also happy with our service, then do the same.

We will always do the right thing by you and will work tirelessly to provide you with the best outcome.

And best of all, you have nothing to lose by calling us. Our service is provided to you absolutely free of charge, free of obligation and comes with no-strings-attached.

> "Michael understood my own family circumstances and how it affected my refinance options. Hard to think of any improvements!"
>
> KEN



SWITCHING FOR A BETTER DEAL

YOUR LIFE NEVER STANDS STILL, AND NEITHER SHOULD YOUR MORTGAGE. YOUR CIRCUMSTANCES HAVE CHANGED (IE. JOB, FUTURE PLANS), IT MIGHT BE TIME TO REVIEW YOUR HOME LOANS.

If your loan doesn't suit your lifestyle or personal situation you could be wasting thousands of dollars a year on extra interest and fees.

You may be able to refinance and find a loan that's more appropriate for your needs, with more suitable features and a competitive interest rate to match.

If you feel that your loan is no longer right for you, speak with your mortgage professional. Here are some key reasons to prompt a review of your mortgage:

Pay off your mortgage faster!

If you're striving to be mortgage free, there's a good chance there may be a more appropriate product to meet your needs. Some loans are designed to motivate borrowers to repay them quickly. Now is the perfect time to talk to your mortgage professional and consider whether a new loan will see you on the road to financial freedom – fast!

Better interest rates and lower repayments

Rates and mortgage deals are constantly on the move. To make the most of a competitive mortgage market, you might want to evaluate the loan product you currently have. For example, you may want to go for a lower variable-rate, or lock into a fixed-rate. Break costs can be expensive though, so you'll need to check that you'll come out ahead when all costs are considered.

Consolidate your debt

Consolidating your debts, such as credit cards or personal loans, into your home loan can save you thousands of dollars in interest charges. Rolling your debts into one monthly or fortnightly repayment can also help make juggling your finances a little easier, while also improving your cash flow to.

Avoid monthly fees and charges

Some lenders charge a monthly service fee. Competition between lenders has increased and some now waive administration fees, so refinancing your home loan with another lender can be a smart move to help cut your costs.

Unlocking equity

As you pay off your mortgage you'll accumulate equity in your home. As long as you are capable of meeting your loan repayments, refinancing your mortgage can help you tap into the value that you've built up, using it for other purposes such as home improvements or purchasing an investment property.

HOW **INTEREST RATES** AFFECT YOUR **MORTGAGE**

WHILE RATES MOVE UP AND DOWN YOU SHOULD ALWAYS CONSIDER THE IMPACT THEY WILL HAVE ON YOUR MORTGAGE.

The rate of interest you'll pay on your mortgage depends on a combination of factors. This can include the Reserve Bank of Australia's (RBA) cash rate, your lender and the type of loan you have.

When working through your loan options with your mortgage professional there are a number of issues to keep in mind to ensure that your existing mortgage is the most appropriate for your needs.

The type of loan

Different loan types tend to come with different interest rates. So if your loan has a range of features, such as re-draw, offset accounts or early repayment facilities, you'll usually pay a little more in interest. Alternatively, while a basic loan doesn't have all the bells and whistles of other products the interest rate is typically lower.

When assessing which loan best suits your needs, ask your mortgage professional to explain how the different features might work for your personal situation.

For example, if you're looking to pay your mortgage down quickly or would like flexibility in your repayments, it may be worth paying for the features needed to do this most effectively.

The type of rate

Rates move up and down in line with the current economic cycle. Borrowers can choose to fix their home loan rate – or 'lock in' a rate for a set period of time.

If you're considering this option, it's important to remember that a fixed interest rate can be higher than the current variable rate. However, if rates are on the rise and you're concerned they'll keep going up, fixing your rate will ensure consistency in repayments each month.

Alternatively a split loan can give you the best of both a fixed-rate and variable-rate loan. This means that if rates rise, a proportion of your loan will be protected – minimising the impact of higher monthly repayments. If on the other hand rates fall your fixed-rate will remain higher and the variable part of the loan will fall.

It's important to remember that break costs can apply when you break a fixed term loan.

LESSEN THE IMPACT OF THE RATE RISE

Should rates rise, there are a number of effective ways to lessen the impact on your finances:

+ **Factor in possible hikes –** Leave room for a number of interest rate rises when you assess your borrowing capabilities. You may have to reduce your mortgage amount or purchase property that's at the lower end of your price range as a result.
+ **Interest only –** If you're really struggling to keep up with rate hikes, you can consider changing to an interest-only loan. While it's not always an effective long-term strategy for owner-occupiers, it might be an option while you deal with the here and now.
+ **Refinance –** Your situation may have changed from when you first took out your mortgage – for example you've now only got one person in the household earning a salary. Rates between lenders can change. Ask your mortgage professional what mortgages are available that better suit your situation.

"I have no doubt Daniel has gone above and beyond the call of duty to assist us to improve our personal financial wellbeing and achieve a high level of customer satisfaction with us. We are very much appreciative for this and as a result will definitely recommend the services of MO'R MORTGAGE OPTIONS to others."

ALEX AND VERONICA

MORTGAGE

HOW TO MANAGE YOUR MORTGAGE MORE EFFECTIVELY

WHILE THERE'S NO GETTING OUT OF MORTGAGE REPAYMENTS (UNLESS YOU STRIKE A FINANCIAL WINDFALL!), A HOME LOAN REVIEW CAN HELP TO REMIND YOU OF THE LITTLE THINGS THAT CAN MAKE PAYING OFF YOUR LOAN EASIER.

HERE ARE FIVE PROVEN TIPS TO BETTER MANAGE YOUR MORTGAGE

Set a budget

Work out your expenses (fortnightly or monthly) and factor in your mortgage repayments.

You might need to cut back on spending in certain areas to make sure your mortgage is a priority. Keep a diary of your spending and stick to your budget.

Cut your debt

Reduce the number of credit cards you have (ideally down to one) as well as their credit limits and be sure to pay your monthly bills in full. Having a mortgage means taking control of your spending.

Pay more than the minimum

Split your monthly mortgage repayment in two and make your repayments fortnightly, helping to save on interest charges. Through this strategy you will essentially make 13 monthly repayments over the course of a year, rather than 12 – which will drive your principal down and potentially save thousands in interest repayments over the life of your loan.

When extra funds come your way, like tax refunds, put them straight into your home loan as well – it can really make a difference in the long term.

Just keep in mind that you may be charged a fee for making additional payments on your mortgage depending on the type of loan you have.

Direct debit

Arrange for your mortgage repayments to be direct debited from your pay, so you always make them on time.

Don't be late

If you're struggling to meet your repayments, speak to your mortgage professional. Refinancing may be one option available. It may be better to extend the loan term rather than to default.

STAND ALONE VS CROSS COLLATERALISED SECURITIES

ARE YOUR EXISTING LOANS CROSS COLLATERALISED? IT'S A STRATEGY USED BY LENDERS TO TIE UP MORE OF YOUR SECURITY THAN THEY ACTUALLY NEED – FOR THEIR OWN BENEFIT. HERE WE COMPARE **STAND ALONE LOANS** VS **CROSS COLLATERALSATION** TO HELP YOU DECIDE WHICH IS MOST SUITABLE FOR YOU.

A stand alone loan structure is when one loan is secured by one property. Cross collateralisation is when one loan is secured by multiple properties.

AN EXAMPLE

Your existing home is worth $550K and owner occupier loan is $250K. You'd like to buy an investment property for $400K and require new borrowings of $420K to cover the purchase price and costs.

Using a stand alone loan structure in Figure 1, a new loan of $320K could be secured solely by your new investment property (80% to avoid Lenders Mortgage Insurance). Another loan of $100K could be secured solely by your existing home to provide sufficient funds for the purchase.

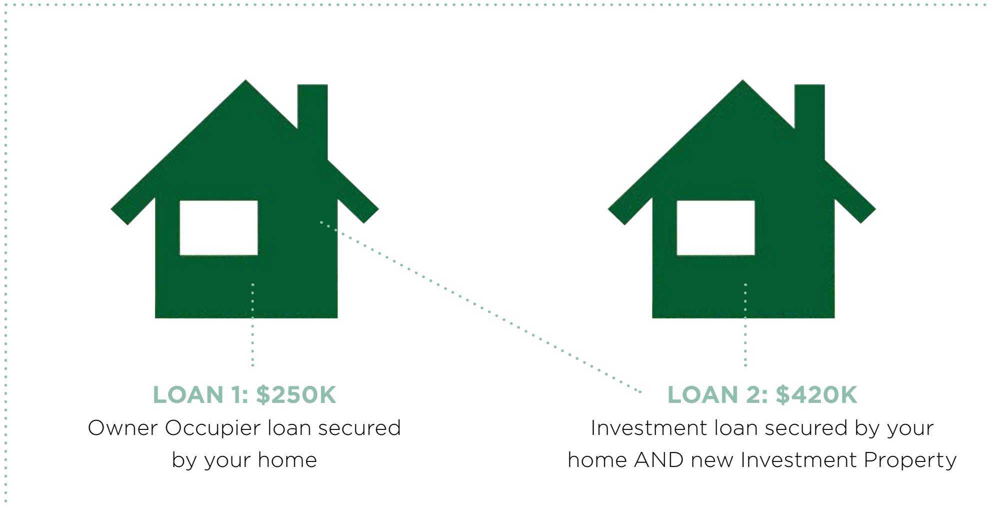
Alternatively, using a cross collateralised loans in Figure 2, a new investment loan of $420K could be secured by your existing home AND your new investment property.

Since both options will provide $420K tax deductible debt and allow you to purchase the investment property, why should you prefer a stand alone loan structure to a cross collateralised one? The pros and cons of each are summarised on the following page. Call us today for more information.

MO'R MORTGAGE OPTIONS

Figure 1
STAND ALONE LOANS

Figure 2
CROSS COLLATERALISED LOAN



STAND ALONE LOANS – Figure 1

Advantages	+ Greater flexibility + Can sell/ buy additional property without altering existing loans + Ability to diversify loan portfolio (i.e. some fixed, some variable, use of multiple lenders) + No equity dilution
Disadvantages	+ You will have more loans

CROSS COLLATERALISED LOANS – Figure 2

Advantages	+ Fewer loan splits
Disadvantages	+ Lender can control multiple assets to recover debt if required + Can be harder to move to another lender + Accessing available equity can be time consuming and costly + Equity dilution (due to non-performing properties) can limit equity available for additional purchases + Having all loans with one lender can reduce borrowing capacity

**This does not constitute tax advice – you will need to discuss your personal situation with the ATO or your accountant. Prior to our final recommendation in regards to specific loan products, we are required to complete a preliminary assessment to ensure a specific product is suitable for your requirements, objectives & financial situation. This document provides information about what options might be suitable for you but does not in any way provide a final recommendation with regards to specific lenders, specific loan product or loan amounts. Information provided is subject to change at any notice.*

MO'R MORTGAGE OPTIONS

DID YOU KNOW THAT AN OFFSET ACCOUNT HELP YOU

SAVE INTEREST?

The main difference between an offset account and a savings account is that instead of earning interest on money sitting in a transaction account, you save interest at the rate you're paying on the loan it is linked to.

This can work to your advantage as the interest rate you pay on your home loan is generally higher than the rate you earn on a savings account. This means that for no additional risk, you can save more interest that you could earn, as per the following example.

AN EXAMPLE

If your $500,000 home loan was linked to a 100% offset account containing $50,000 cash, the lender will only charge you interest on the net debt you owe i.e. $450,000.

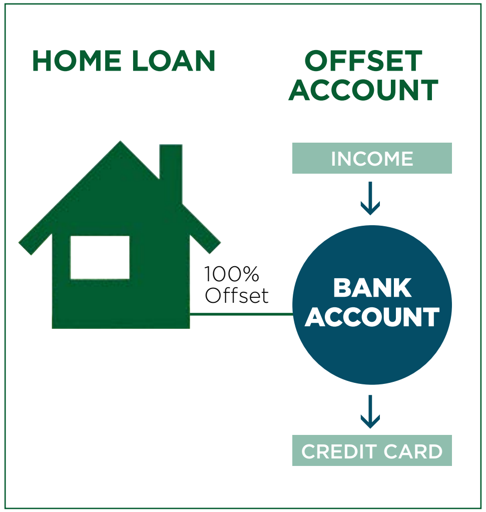
Since interest is calculated on a daily basis, to gain the most benefit, you should try to leave as much cash as possible in your offset account *for as long as possible.*

If we take this further, let's say your home loan has an interest rate of 5%p.a, with the rate on a savings account being 1.5%p.a.
Over one year, you could earn $750 in interest with your $50,000 in a savings account.

However, if this was offset against your mortgage instead, you could potentially save $2,500 in interest over the same year.

In this example, you are not only $1750 ahead, but since you haven't 'earned' any interest, there is no reportable interest income.

An offset account can also work to your advantage if you plan to make your current home an investment property at some point in the future. It can help you to save interest on your loan, whilst saving up a deposit for your next purchase. Talk to us to find out how.



> Brendan has an in-depth knowledge of the finance industry, and has applied this knowledge to add value to virtually every aspect of our financial arrangements.
>
> GARRIE & CHRISSIE

MAXIMISE YOUR INTEREST SAVINGS

Since interest is incurred on a daily basis, the longer you can keep money in your offset account, the more interest you can generally save.

Many clients like to use a credit card to pay for all their expenses and then pay this bill off in full at the end of the month. This way, you end up keeping more money in your offset account for longer which helps to reduce your interest costs.

If you don't currently have an offset account linked to your home loan, or you want to know how one might work for you, we can help.

*Please note this general information is provided as a guide only. You will need to refer to the PDS provided by your specific lender to ascertain specific information about any specific products provided by lenders. Whilst an offset account can provide benefit, further investigation is required to determine whether it would be appropriate given your specific situation.

FIXED LOAN VS VARIABLE LOAN –

WHICH ONE MATCHES YOUR STYLE OF MONEY MANAGEMENT?

Everyone likes to select the type of loan that will save them the most money! However, it can be difficult to get the timing precisely right with a fixed rate loan. Even the experts get it wrong from time to time, so it's very important to make your decision based on the overall features of the loan.

The questions below can help you to determine which type of home loan may suit you best....

1 Do you have a budget and like to stick to it?

2 Do you like to know exactly what your loan repayments will be each month?

3 Do you get worried when people start to talk about rising interest rates?

4 Do you plan to keep your property for at least one year?

5 Are you pretty sure you won't win lotto this week?

6 Whilst you'd love to make additional payments to your loan, do you find that money left over at the end of the month generally finds its way out of your bank account?

If you answered mostly 'yes' to these questions, then a fixed rate loan might be the one for you.

With a fixed rate loan, you'll be able to accurately plan your loan repayments as they'll be the same each month. You will also be able to sleep each night free from worry about rising interest rates. Since you're not planning to sell your home soon (which would break the fixed rate period), you don't need to worry about any break costs. If you're not currently in a position to make additional repayments to your loan, 'additional repayment' penalties that may apply will not be relevant either.

If you answered mostly 'no,' then maybe a variable rate home loan will better match your money management style.

With variable rate loans, repayments rise and fall with interest rates. But if you have the capacity to cover any increases in repayments, variable home loans can provide lots of useful features.

These include: the ability to make additional repayments at no cost; use of a redraw facility; use of an offset account; and the flexibility to refinance or sell your property without incurring 'break fees.' (Discharge fees may still apply).

Having a home loan that suits your individual situation is important to helping you achieve your goals, so you need to make sure you get it right.

TIPS TO GET A GOOD PROPERTY VALUATION

Refinancing will generally involve a valuation of your existing property. Since the main purpose of a valuation is to assess the size, functionality and location of a property (including the land), the obvious way to get a good valuation is to have a good property in a good location and not overcapitalise with costly improvements.

But is there anything else you can do to get a good valuation result?

Here are some of MMO's Top Tips.

Present your property like you would for an open home

It may sound obvious, but make sure your property is nicely presented. First impressions do count, even with valuers who seem to be primarily concerned about taking measurements.

The valuer is trying to assess what a buyer would pay for your home in the current market. If gardens are overgrown, you are missing some door handles and you've got some rooms half painted, it's easy to see why this could negatively impact the valuation.

Know the 'Unimproved Value'

The Unimproved Value of your land (as reported on your Rates Notice) is calculated using statistical analysis. It's not completely accurate but it can provide valuers with an estimate of how much your land is worth, so it's helpful to have your most recent Rates Notice handy.

Share any knowledge of recent comparable sales

Keeping an eye on prices in your area can give you an idea of what your property may be currently worth. Valuers advise that the best time to get a valuation is when a few properties that are very similar to yours have sold recently. These prices will have a direct impact on your valuation, so if there have been some good sales recently, maybe it's time for a valuation to calculate how much equity you have.

Attending nearby auctions is a good start. Whilst valuers are generally aware of sales data, very recent sales may not appear in their figures just yet. If you have recent and relevant information, it can't hurt to pass it on to the valuer.

But don't embellish the facts hoping to get a higher valuation. Valuers have a pretty good understanding of property prices in your area.

> Working with MMO was the best experience we've had when applying for a home loan. Their knowledge of the market & loan structures meant that the tailored solution was excellent & something we never thought we could achieve.

IAN

> It was very easy for me as you looked after everything and took the hassle out of the process. MMO negotiated an excellent interest rate for my new mortgage and helped me to understand the process.

ROBYN

The valuer can only assess what is actually there*

The valuation performed on the day is the estimated valuation of your property ON THE DAY. It cannot take into account any improvements you have planned, started or are thinking about, because we all know that these may not be completed. If you want a valuation to take into account these improvements, you better start (and finish) them before the valuation day.

*The exception to this, is when a 'as if complete' valuation is conducted. This applies when you've got building plans for renovations or improvements. The lender will want to value the 'proposed end state', to determine whether they should lend money for the extensions. In these cases, you need to make sure the valuer has been given clear instructions so they don't turn up expecting things to be complete.

Prepare a list of any recent improvements

Anything that makes the job easier for the valuer can work in your favour. If you've completed some recent property improvements, pass this information on. But bear in mind that 'money spent' does not necessarily equal 'increase in value.'

Treat an outdoor living area as part of your property

Outdoor living areas are extremely sought after and can sometimes add more value than their cost. This is because for a large part of the year in Australia, they can increase the overall living space of a home and as a result, buyers can be willing to pay more for properties that have them.

So, when preparing for valuation day, make sure your outdoor living area is as appealing as possible i.e. clean, tidy, functional and free from pet waste.

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