CRACKING THE CODE OF INTEREST RATES

How we've helped you....

The RBA cash rate keeps climbing these days, which means one thing: your home loan interest rates are on the rise too. But hey, don't fret! We've been working hard to make a positive impact on your financial situation.

Here's what we've done so far:

- We make it a point to review our customers' loans every year and check out what interest rates they're dealing with. If we find that your interest rates are a bit too high for comfort, we don't just sit back and watch. Nope! We roll up our sleeves and get in touch with those lenders to work some magic. We negotiate like champs to get you a sweet **discount on those interest rates**. This is called Pricing! Of course, the actual discount depends on the bank's conditions and your loan situation. But hey, we're all about making your financial life a little easier, one interest rate at a time!

- We're not just limited to one trick, my friend! We go the extra mile to explore alternative options for you, like **switching up your home loan package.**

- When the value of your property skyrockets, we jump right in and help you **refinance your loan**, all in pursuit of that better deal you deserve. And here's the best part: we'll take care of coordinating the property valuation with your preferred lender. We've got the process covered so you can focus on enjoying the benefits of that sweet, sweet valuation increase.

DID YOU KNOW.....

The world's largest residential mortgage was recorded in 2006. It was a whopping $9.8 billion loan taken out for a luxury mansion called "The One" located in Bel Air, Los Angeles. This extravagant property covers 100,000 square feet and features mind-blowing amenities like a bowling alley, a nightclub, and even a casino. Now that's taking home loans to a whole new level!

CRUSH HIGH INTEREST RATES WITH SAVVY STRATEGIES!

Hey, we get it. Interest rates can be a real buzzkill, especially when they're on the rise. But no worries! We've got some killer strategies to help you combat those pesky high rates. Stay tuned for future editions where we'll dive into each of these points and share some awesome customer success stories. Let's conquer those rates together, hassle-free!

Focus on Asset Selection

Believe it or not, higher rates don't have to bring down asset values. In fact, some areas have seen price appreciation even in the face of rising rates. The secret sauce? It's all about carefully choosing top-notch assets. In a high rate environment, only the crème de la crème will thrive.

Guess what? We're cooking up some amazing tools that'll give you a detailed yet lightning-fast analysis of property purchases. Get ready, because in next month's edition, we'll unveil these game-changing tools. Stay tuned, folks!

Using Equity to your Advantage

A clever move in the realm of rising rates!

Many of our savvy customers have seen their assets appreciate over time by holding onto properties. You can totally use this to your advantage. Whether you're refinancing or making a new purchase, consider borrowing a buffer. Even if you don't end up needing it, here's the juicy part: the lending rules around "cash out" and "equity release" have become more lenient in the past 12-18 months. That means you can easily borrow up to 80% Loan-to-Value Ratio (LVR).

Now, for a fresh purchase, here's a nifty trick: if you're extracting equity for the 20% deposit, why not take it a step further? Borrow around 30% plus the deposit, with that extra 10% acting as a safety net if rates keep climbing. You can stash those surplus funds right in the loan itself (through redraw) or park them in a linked offset account. Boom! That means no additional interest expenses.

The Return of Fixed Rates

Blast from the past!

So, when rates started climbing back in May 2022, banks wasted no time in hiking up their fixed rates, leaving them well above the variable rates. It was a bit of a wild ride, driven by market uncertainty and the banks' attempt to make up for the super generous fixed rates they offered throughout 2021.

Now, here's the scoop: while fixed rates may not always be the best long-term rate decision, we're seeing some competitive 1 and 2-year fixed rates hitting the scene. Depending on the bank and the Loan-to-Value Ratio (LVR) of your loan, going for a 1-year fixed rate could give you rate certainty in the short term while keeping the door open for flexibility down the road if rates decide to take a dip.

But here's a crucial tip: in a future scenario where rates start falling (yeah, it could happen in 12+ months), keep in mind that breaking a fixed rate contract could incur some costs if the fixed rate is higher than the variable rate at that time. Banks might be dangling those enticing 3-year offers in front of you right now, but remember, they could end up being way above the market by the time the term ends.

Non Bank Alternatives

A breath of fresh air in the lending realm!

Here's the deal: non bank lenders have a little more freedom compared to traditional banks. They don't have to strictly follow APRA guidelines when it comes to lending standards. In fact, we've got two awesome lenders in our corner who apply buffer rates of 1% and 2% respectively when assessing their own loans. Meanwhile, the banks are bound by a 3% buffer, which can limit borrowing capacities. But fear not, we've got some lenders who assess loans without the need for a buffer, which can be a big help.

Non bank lenders can be a lifesaver, especially when it comes to tight servicing. If you've made purchase commitments months ago and need a lending solution that works, they've got your back.

Oh, and here's a juicy side note: we've even got one major bank that allows for a 1% buffer on loans being refinanced only. Sure, there might be a few strings attached, but it has proven to be helpful in the refinance space.

Different Lending Structures

A game-changer for customers juggling multiple property purchases or self-employed individuals who want to maintain separation between their property portfolios and their business.

Here's the deal: we're talking about segregating property purchases into a company or company ATF trust structure. This way, these properties are kept separate from your main household or income source. The best part? As long as the income generated by the properties inside this structure can cover the debts, it won't impact your personal borrowing capacity. It's like having a financial fortress!

But wait, there's more! SMSF lending is a special subset of this lending structure magic. It provides a way for you to purchase properties, even if your personal borrowing capacity is capped. The gap between interest rates for non-SMSF and SMSF loans is gradually shrinking, and guess what? Some lenders are now willing to lend up to 90% for residential properties within an SMSF.

Get ready for a monthly dose of financial goodness with our exciting newsletters! We're here to keep you in the loop about all things tropical finance news and other fascinating tidbits that will boost your knowledge and keep you informed.

But hey, here's the deal - if you feel like we've provided value to you in any way, we'd be over the moon if you could help us out. Spread the word and refer someone you know who might be in need of loan assistance. Sharing is caring, right?

So, buckle up and stay tuned!

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