

The personal touch

- something that's missing from the modern world?

It didn't surprise us to hear that one of the big banks was opening more branches because their customers "missed the personal touch". When we first established Mortgage Solutions in 1998, one of our priorities was to keep things personal, and since then our success has demonstrated that we got that strategy right.

We don't sell mortgages: we sell the excitement of a first home, the security of building an investment portfolio, the excitement of owning a business and more. Every one of our customers is unique and every deal is different because mortgages are not a product, they're a tool for making dreams come true. Individual, personal dreams.

Our mortgage brokers have learned that the most important thing they can do is spend time getting to know their customers and building a solid relationship. They have learned that they cannot give the best service until they know what a customer's plans are, what's happening in their lives and what is likely to happen. It's easy to pluck a product off the shelf and fill in the forms, but it's not the way we like to operate.

Your mortgage is a major part of your life, and it needs to fit you and your situation, and your situation is unique to you. For example, if we had two young couples buying their first home, it would be easy to put them into the same mortgage. But one couple may be planning to start a family, whereas the other may want to travel. Or one couple may be recent graduates from university and anticipating rapid increases in their salaries, whereas the other couple may not. And either couple could split up, fall pregnant unexpectedly, face a redundancy or get left an inheritance.

If we had used the cookie cutter approach, the odds are good that neither couple would have had their needs met by the "off the shelf" product selection process. Instead we use the process of learning about our customers so we can structure their mortgage to their situation. And because we know our customers, when something unexpected occurs, we can help them make the right decisions with tailored, personal advice.

Our customers value having someone to bounce ideas off, get information from and who know what's on offer out there from every lender, not just one lender. It's the difference between eating a meal at a restaurant where the food is cooked especially for you to picking up a burger at McDonalds.



For some things quick and easy is perfect, but when it comes to financial advice, personal service and a relationship with an independent and expert adviser can make all the difference.



THIS ISSUE:

1. Banks realise people want service
2. Property investment - still effective?
3. Strategies for self employed people
4. Insurance update

Investment property still effective?

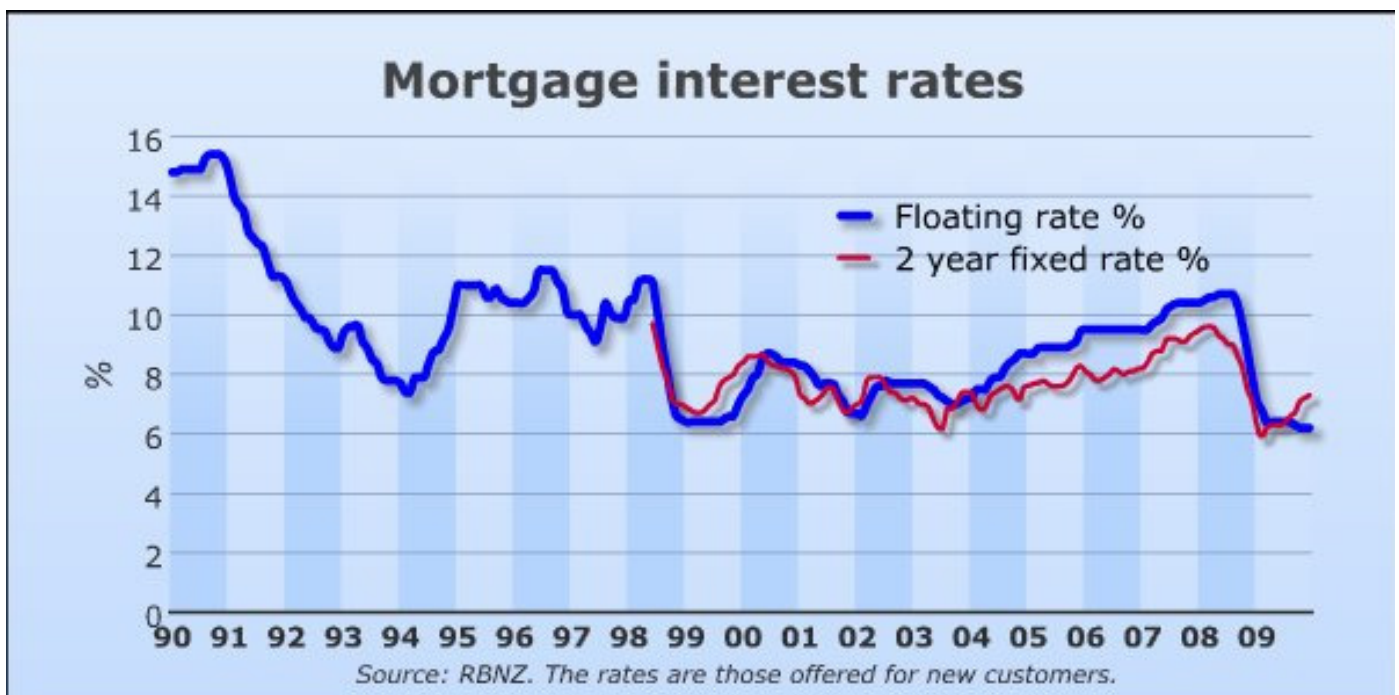
Depending on who you listen to, the forecast for investment property ranges from business as usual to dire and depressing. The Tax Working Group have talked about a land tax, a risk-free rate of return and reviewing depreciation on buildings as part of an overall review of the New Zealand tax system. The Government has announced their response to the Working Group's recommendations and indicated they will review depreciation as a tax deduction in their May 2010 budget.

If this is the only change it is our opinion that property investment is still a valid mechanism for creating wealth and generating an income. While the suggested changes will impact on the viability of some property portfolios, especially portfolios that have been based around the tax benefits of property investment, the impact on a well structured and carefully developed portfolio will

be very limited. We believe that the Government was unwilling to hit property investors too hard as they offer an essential service to the one third of New Zealanders who rent their homes. A high percentage of renters are on lower incomes and increases in cost to landlords will inevitably result in increases in rent for tenants.

However, property investors will face changes and potentially increases to their tax. We believe that with the correct strategies and careful planning the impact of any changes can be minimised, and in some circumstances may even work to the investor's advantage. The most important thing a property investor can do is to ensure their portfolio consists of good properties, their ownership structure is well planned and their lending is managed. With those in place, property will always be an effective investment.

Interest rates continue to move upwards



The most recent review of the OCR saw the rate retained at 2.50%, unchanged since June 2009. It looks likely that the rates will commence rising by June, something that is being factored in by the money markets as the shorter fixed rates increase. The longer rates have been increasing for some time now, but the shorter fixed rates have been stable, but that is likely to change.

So what should you do? The answer to that question

is not simply determined by interest rate movements, but by your personal circumstances. You need to look at your personal cashflow, future life events (wage movements, family changes etc) and your medium and long term goals to make the right decision. Acting purely on the current or projected interest rate is very much short term thinking and something that frequently causes financial difficulties further down the track. Contact your Mortgage Solutions broker to discuss what is the best option for you.

*"No great man ever complains of want of opportunities."
- Ralph Waldo Emerson*

Finance hard to get for self-employed?

- Not necessarily

The recent global economic crisis resulted in many lenders reviewing their strategies for financing self-employed, whether that was for a mortgage or simply an overdraft. As a result a lot of self employed people are finding that finance is hard to get - just when they need it the most. With the economy moving steadily back into recovery having access to funds is vital to allow a business to consolidate, take advantage of opportunities and grow.



Fortunately finance is often still available for self employed people, even when the banks turn them down. Our brokers regularly get approached by business people who have been turned down by their bank, and frequently the problem is one of presentation.

We find that success in structuring an application comes from knowing our customer and their circumstances, hence our brokers spend a lot of time getting to know an applicant, learning about their business and their circumstances. Then it comes down to presentation to the lender in the language they use and putting forward the facts deemed important by a banker.

If you or someone you know is in business and needs to raise money, call us. We're more than happy to sit down with you, look at your application and identify what needs to be done to get the deal approved.

First home buyers don't need 20% deposit?

A major change to the mortgage lending landscape in 2008 was the end of low or no deposit mortgages for first home buyers that were commonplace. Most lenders changed to needing a 20% deposit for first home buyers, except the Welcome Home Loan from Housing Corporation which provided a much needed pathway to home ownership with the ability to get a home with less than a 5.0% deposit.

However many first home buyers either didn't fit the criteria of the Welcome Home Loan, or were looking for properties that were outside the limits (\$280,000 - \$350,000 depending on area). That meant, for a \$280,000 home a deposit of \$56,000 was needed, something that was outside their resources.

Fortunately times have changed, and as the property market has recovered, many lending institutions are now a lot more realistic. For first home buyers with stable employment, good incomes, a good credit history and the ability to service debt we can access mortgage finance from banks with a 10% deposit (less in some circumstances). If you or someone you know wants to get into their first home (including people returning to the property market), contact us. We can assist with banks, second mortgages and the Welcome Home Loans.

Is the financial crisis biting your wallet?

While we are moving into recovery, unemployment is still high and some customers have found their financial circumstances changed for the worse. If that is you, and if things are tight call us now. Our brokers are very experienced in juggling money and finding ways to make 90 cents do a dollars work. There are almost always ways out of even seemingly dire situations with a bit of imagination, skill and work.

The important thing is not to give up, but take control of the situation as soon as possible.

*"First say to yourself what you would be; and then do what you have to do."
- Epictetus*

Changes to insurance

Well documented problems with finance company failures and disclosure issues with some "financial advisors" has necessitated the entire financial services industry to under go an extensive review, including insurance and mortgage brokers. This is something we welcome as we have always gone to a lot of trouble to ensure that we not only sell good products, but know what we're doing and keep abreast of industry developments. Our advisors will complete professional development courses to ensure maximum compliance with the new Financial Advisors Act. This can only result in a more professional service being provided to our clients.

The tax status of insurance and insurance payouts is under review, and there are likely to be changes to the levels of cover needed and premiums due. We suggest you contact your Insurance Solutions broker to arrange a time to discuss this when your policy anniversary falls due.

Are your insurance premiums too high?

With the current economic environment some people are finding they need to juggle their finances and make decisions about what fixed outgoings they maintain. Unfortunately we are finding these same people cutting back on insurance because they are unaware of a solution and see premiums as a cost with no immediate pay-back. If you find yourself in this situation contact our insurance team, even if you got your insurance from another supplier, because in our experience there are almost always ways to manage things to cut your outgoings without losing the all-important cover.



Phone now:

0800 LENDING
0800 536 346

Email: enquiries@mortgagesolutions.co.nz
www.mortgagesolutions.co.nz



Yes please, I'd like to find out about:

Reviewing my mortgage or refinancing

Investing in property

Buying a Business

Buying a first home

Reviewing my insurance

Name: _____

Address: _____

Suburb: _____ City: _____

Phone: _____

Email: _____