

October 2006  
Issue No. 3

## SERVICES

HOME LOANS

INVESTMENT LOANS

COMMERCIAL LOANS

BUSINESS LOANS

LEASING

HIRE PURCHASE

LOW DOC LOANS

CREDIT IMPAIRED LOANS

Welcome to the next edition of "The Oracle" review. Many have asked about the pros and cons of a line of credit mortgage, the featured article should give you the information you need to make an informed decision. *Angelo Benedetti*

### Line of Credit Mortgage

If a graph of your annual income looks like the teeth of Jaws, you're obviously in need of flexibility... a line of credit mortgage may just be the option for you.

Line of credit mortgages are generally interest only loans with no set term for the loan to be repaid. This gives the borrower the freedom to decide when they will make payments on the principal, a useful tool for those with incomes that ebb and flow or for property investors looking to take advantage of investment opportunities.

One of the main concerns for a line of credit mortgage is that the speed in which the loan is repaid is dependent on the borrower. Borrowers will therefore need to exercise a level of discipline, and there is a very good reason why.

A Line of credit allows you to make the bulk of your day-to-day purchases or payments with a credit card. By using the credit card - and the interest free period it entails - you can then channel the majority of your wage into your loan until your credit card payment is due. This effectively reduces the balance of your loan for part of the month, therefore reducing the interest payable. This is known as offset savings. If you are disciplined, you pay the credit card off each month by using funds from the line of credit. If you are not, you can find yourself in a bind.

Line of credit mortgages typically have a higher interest rate than a standard loan so it's important to weigh up the benefits of offset

savings compared to a more traditional principal and interest mortgage. While offset savings will contribute to helping you own your own home faster, only additional repayments will really help you drive your mortgage down at a quicker rate.

### Build right, build confident

It's an unfortunate fact that building disasters do happen. But for those contemplating building or renovations, incorporating some



key measures into your plans should ensure a much better result.

Whether you're simply adding another bedroom or building your dream home, you can take comfort that there's a trusted and respected organisation to help. Listing one of its core aims as "making Australian building standards and regulations more acceptable to the industry and responsive to end user's needs," it makes sense to have the Master Builders Australia as your first port of call when searching for a quality builder.

To secure membership, builders must show a genuine interest in the integrity of the industry and prove they have the required skills and expertise to meet quality standards.

You can search for a builder in your local area via the website. Once you've confirmed credibility through registration with Master Builders Australia, your next, and perhaps most important planning step, is to shop around and ask lots of questions.

There are a number of things that need to be considered when sourcing a builder; one key suggestion is to make sure you tell each builder that you are getting other quotes - this will keep them on their toes. Some other important tips include;

Cheaper isn't necessarily better, so back up quotes by speaking with previous clients or through obtaining testimonials; any builder worth their salt will feel comfortable giving you access to past clients.

Listen to your gut instincts and let them contribute to your final decision: will your project be a priority and will you feel comfortable having the builder around your home when you're not about?

Some builders will also be better at certain types of jobs than others. Determine each builder's specialisation and match that to your project.

By using these practical measures in your planning, you'll be taking a big step forward to achieving peace of mind once construction gets underway.

If you would like to discuss your options, please call Angelo Benedetti for a no obligation assessment.

117 WEST TCE  
ADELAIDE SA 5000  
PO BOX 10114  
ADELAIDE BC SA 5000  
TELEPHONE 08 82316471  
FACSIMILE 08 8231 6473  
MOBILE 0415 979 908

EMAIL  
admin@oraclelend.com.au  
www.oraclelend.com.au