

Housing Prices Predicted to Rise, Protection for Your Family and Family Home, Mortgage Defaulting Rare and Top New Years Resolutions

To All My Valued Clients,

Happy New Year! I hope the break gave you all some time for some much-needed R&R and some catching up with loved ones. I know once Christmas Day was finished I was able to relax and really enjoy spending time with family and friends.

We're well and truly back to work now, though. With First Home Buyers backing out of the market slightly many investors are snapping up much of the entry level houses on the market and trying to get in before rental prices sky-rocket even further. We are also planning an investment seminar with some colleagues of ours in real estate and accounting for all of our clients wanting to invest in property. If you or friends or family are thinking about buying an investment property, attendance is a must to become well-informed before starting the process. Email us now to register your interest or to refer someone you think should come along.

In the meantime, please enjoy some financial and property news. As always, all questions and enquiries are welcome any time at Pride Mortgage Services.

Until next time ... Pauline

Less than half a percent of all mortgagees will default

With three interest rate rises in the last three months of last year, many people may begin to get nervous about their mortgages. Phil Naylor, Chief Executive of the Mortgage and Finance Association of Australia (MFAA) says that "the percentage of defaulters is less than half a percent of all mortgage holders" and that industry releases claiming that defaults may double are just "scaremongering".

Even with the recent interest rate rises, mortgage repayments are lower than they have been for most of the last few decades. Higher repayments are, of course, harder to make, but in almost all cases they won't cause the loss of homes.

New Year's Resolutions

With each New Year comes new New Year's Resolutions. www.new-years-resolutions.com.au publishes a list of the top Resolutions every year, and at the top of the list for the last two years has been "Get out of debt or save money".

The list is also filled with other good intentions, such as: taking better care of your body or quitting a bad habit; developing a new skill or talent and changing employment circumstances. To keep these resolutions people will go see their doctors, start attending classes or lessons and talk to their bosses or job recruiters. How do you get help to organise your finances? Talk to your mortgage broker!

If you – like many people – have credit cards that have gotten out of control or are otherwise struggling to afford many different repayments (eg. Home, car, personal, credit card), Pride Mortgage Services can help you consolidate your loans, replacing them all with one monthly repayment.

If you are beginning to worry that your Superannuation will not maintain your lifestyle well enough when you retire, Pride Mortgage Services can show you how you

can add to your nest egg and possibly add extra rental income to your retirement.

If you just feel that your mortgage isn't shrinking enough we can help you evaluate whether your loan product still meets your needs and see if different features or a different loan may suit your current circumstances better.

So don't let your New Year's Resolution be forgotten and put on next year's list. Call us and let us put in place a system to ensure you reach your financial goals.

TOP 10 NEW YEAR'S RESOLUTIONS FOR 2009

1. Get out of debt or save money
2. Lose weight
3. Develop a healthy habit (e.g. healthy eating, exercise)
4. Get organised
5. Spend more time with family and friends
6. Develop a new skill or talent
7. Work less, play more
8. Other
9. Break an unhealthy habit (e.g. smoking, alcohol, overeating)
10. Change employment

TESTIMONIAL

We would like to say thank you from the bottom of our hearts for all the help and support you've given yet again with the purchase of our new home. Your service has been nothing short of outstanding and excellent and we truly believe you have nothing to improve on. We have not only a financial advisor but a true friend. We can't thank you enough Pauline.
J. Pollock and M. Zammit – Mount Annan

The Studio, 119 Fifth Avenue, Llandilo, NSW 2747

T 02 4777 5536 F 02 4777 5516 M 0404 852 740

E pauline@pridemortgageservices.com.au W www.pridemortgageservices.com.au

HOUSING PRICES PREDICTION

There are “experts” that predict everything from housing prices collapsing to a boom not seen for decades. No one can tell you what will happen with 100% certainty, but below are some factors that may impact the housing market, so you can decide what you believe.

Things that may push prices up are:

Strong Economy: despite the GFC, Australia’s economic growth is predicted at about 3% this year (compared to 1% in 2009), which will bring up the price of houses.

Strong Population Growth: As well as steady birth rates, Australia is expecting over 200,000 new Australians migrating in 2010, increasing demand for houses and driving up prices.

Under-supply of houses and competitive rental market: It’s already difficult to find a rental property, but with population boosts adding more renters to the market, rental prices in Australia’s capitals are tipped to jump by 2-10% this year. Renters will do the math, and those who can will try to buy. Investors will also flock to the market in larger numbers when rents begin to rise yet again.

74% of Australians believe now is a good time to invest in property. Second and third preference for investments were term deposits and superannuation with 68% and 63% of Aussies trusting them – The Australian

Things that may hold prices still or push them down are:

Interest rates rising: There may be a few more interest rate rises this year, but it shouldn’t be anything catastrophic. Even if interest rates get into 7%, it will still be fairly tame by historical standards.

“Bubble Bursting”: If house prices have been unduly inflated for a period of time that they will need to drop to compensate for this. This assumes that there has been a property bubble of late. Figures suggest that there has not been. There was slight inflation attributed to the First Home Owners Grant, but

even taking this into account, our property prices have been on plateau for a large portion of the last housing cycle, suggesting that we have been due for increasing prices for some time.

Departure of the FHOG: will mean there’s less demand at the entry level of the market... except that these are the homes investors also target to turn into rental properties. Now that First Home Buyers are dropping slightly, investors are flocking back to the market. (They are also having less trouble meeting the banks new stringent lending policies than the new home buyers would have.)

Housing approvals have been falling: in November and December, but the size of loans continue to increase.

Finance expert Michael Pascoe has noted that journalists will pick on one statistic and blow it up into a story to pad out the news when things are quiet. There may be enough negative statistics at any one time to turn into a story, but our current “surge in employment and the continuing surge in population means people have to be housed”.

Most predictions have housing prices growing at about 9-10% this year.

We, at Pride Mortgage Services, are planning an investment seminar over the coming months. If you have any interest in coming along and having a listen, please send us an email and we’ll keep you in the loop. You don’t need to be an existing client, or have massive savings to attend. It is a no-obligation event, which may just be the right first step if you’ve been wondering how property investment works.

Email: pauline@pridemortgageservices.com.au and register your interest TODAY.

Is your family protected if something happens to you?

The tragedies at beaches this Summer have seen at least one group of children orphaned, with Joseph and Carole Sherry drowning whilst trying to save their children from a rip at Ballina. Joseph Sherry was the cousin of my childhood neighbour and had spent many days playing in our yard. This couple have left behind their three children.

Current Age	Female (Non-smoker)	Male (Non-smoker)
21	\$8.83	\$12.89
30	\$11.38	\$14.74
35	\$13.98	\$16.72
40	\$19.14	\$21.28
45	\$27.06	\$31.73
50	\$40.66	\$53.73

Affecting me even more was the news that two of my clients have been diagnosed with cancer. Our thoughts and prayers are with them and their families. Bad news like this makes me realise, even more than usual, how important it is to protect your family and the family home.

As you know, I am a authorised representative of Australian Life Insurance and am able to offer you Life Insurance that includes partial payouts for serious illnesses. Included is a sample of the Monthly Premium prices per \$100,000 of cover, for your consideration. (PLUS you get 3 months free cover. Call us to organise protection for your family and the family home now.)