



TIFFEN & CO AND THE MORTGAGE DETECTIVE MERGE

Gerard Tiffen of 'Tiffen & Co' and Alison Whittle of 'The Mortgage Detective' are pleased to announce the merger of their two companies. The merger accelerates the two company's objectives to provide customers with the benefits, flexibility and confidence of dealing with a large organisation without sacrificing personal service.

Having been founded on similar philosophies, they have combined their expertise, experience and resources to form one of Australia's most dynamic and professional mortgage broking firms.

In an uncertain economic climate, customers need the reassurance that they are dealing with a well established and professional company. Tiffen & Co and The Mortgage Detective have been at the forefront of providing market leading home loan and commercial finance solutions for over ten years and will continue to do so for many years to come.

The company now has a team of ten mortgage brokers who are supported by experienced administration staff, all of which are professional industry participants. The combined group is now operating out of the one location – 23 Jardine Street, Kingston ACT.

Photos from the merger celebration at the Parlour Wine Room



Tiffen and Co and The Mortgage Detective are proud supporters of 'Movember' – the annual fund raising event and awareness campaign for men's health.

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FIRST HOME OWNERS GRANT TRIPLED



On October 14, First Home Owners Boost was announced as part of the Government's \$10.4 billion Economic Security Strategy.

Under the First Home Owners Boost:

- First home buyers who purchase established homes will have their grant doubled from \$7,000 to \$14,000; and
- First home buyers who purchase a newly constructed home will receive an extra \$14,000 to take their grant to \$21,000.

The initiative is designed to stimulate housing activity and give first home buyers a better chance to enter the housing market.

"The need to boost production of housing by 45,000 new dwellings per annum to meet current underlying demand, the First Home Owners Boost will provide some assistance in achieving this requirement." said the Housing Institute of Australia.

MAKING SENSE OF THE WORLD FINANCIAL CRISIS

What caused the Australian sharemarket to slide?

It all began in the US. Bad lending practices led financial institutions to provide home loans to people who shouldn't have been offered loans in the first place – sub prime borrowers. When interest rates rose, sub-prime borrowers began to default and the US economy started to crumble. Massive residential construction and borrower defaults led to an oversupply of homes. The downturn in the housing and finance sectors dragged down the US economy with reverberations felt across the globe.

What is a sub prime mortgage? Generally these are offered to borrowers with a higher risk of default often related to the borrower's previously poor credit history.

US	Australia
<ul style="list-style-type: none"> • Oversupply of housing 	<ul style="list-style-type: none"> • Undersupply of housing
<ul style="list-style-type: none"> • Significant sub-prime mortgage market 	<ul style="list-style-type: none"> • Non conforming loans account for only about 1 per cent of outstanding loans
<ul style="list-style-type: none"> • Soundness of bank system ranked 40th 	<ul style="list-style-type: none"> • Equal second soundest banking system
<ul style="list-style-type: none"> • Bulk of household debt owned by low income earners 	<ul style="list-style-type: none"> • Bulk of household debt owned by high income earners

Panic gripped the Australian sharemarket on October 10 with more than \$95 million or 8 per cent wiped from the market. 'Black Friday' was the second biggest one-day fall in 21-years as fears of a global recession sparked drops in Asian markets and on Wall Street.

However the magnitude of the 1987 Australian sharemarket crash is still worse than the current period. The recovery took just over six years to the previous highs but nine years to decisively push through the previous high. The period also included the 1991 recession.

The Australian economy is unlikely to tumble to the same depths as the US with the Australian banking system ranked equal second strongest in the world behind Canada (according to the World Economic Forum).

The dramatic fall in the Australian dollar – while bad news for overseas travelers, represents good news for Australia's exporters, especially the farm sector.

The Australian financial system has seen some fallout from the problems in the US, however there has been little in the form of direct exposure. While household debt levels in Australia and the US are comparable, the similarities end there. Borrowers should take comfort in the strength of the Australian banking system and remain calm about the state of the economy.

If you are at all worried about your financial situation please contact your mortgage broker immediately for an obligation free chat.

STRETCHING YOUR INVESTMENT DOLLAR FURTHER

In the current economic climate it is vital property investors get the most out of their investment property.

Depreciation is a tax deduction sitting in your property just waiting to be claimed. It's not something where you spend money each year and try to claw some back, like rates and management fees. Claiming the maximum allowable depreciation can save you thousands of dollars every year for sometimes up to 40 years.

Quantity surveyors are recognised under Australian Taxation Office (ATO) legislation as qualified to estimate construction costs for depreciation purposes. Accountants and real estate agents may sometimes estimate depreciation figures, but they do not have the construction knowledge or expertise to accurately determine the depreciation deductions available in an investment property. Most importantly the ATO does not recognise their figures for inclusion in a tax return. Using the services of a quantity surveyor who specialises in depreciation will ensure you get the maximum deductions available. Best of all, the fee associated with compiling tax depreciation report is 100 per cent tax deductible.

Many investors remain unsure about whether it is worthwhile obtaining a tax depreciation report for a residential property that was built before 1985. Current tax legislation states that any residential property built before 17 July 1985 can not claim the capital works allowance as a deduction. This often results in the investor not thinking to obtain a depreciation report as they believe that their property is too old to do so. However it is worth enquiring about any property – even one that is 100 years old!

Older properties that obtain an income by the way of rent should be eligible to claim a deduction for the plant and equipment items contained within the property. Some of these items include:

- Hot water service
- Dishwasher
- Smoke alarms
- Air conditioning
- Curtains and blinds
- Ovens
- Carpet
- Security systems
- Light shades
- Floating timber floors

Once you have obtained your tax depreciation schedule there is nothing further for you to do. You simply take it to your accountant, and lodge it with your tax return. The schedule remains valid for the entire time you own the property.

If you are unsure about your property's depreciation potential please contact your mortgage broker for a referral to a quantity surveyor.

MORTGAGE STRESS RELIEVED

You could almost hear the collective sigh of relief across Australia as The Reserve Bank of Australia (RBA) cut interest rates by 1 per cent on October 7 in the most aggressive rate cut in 16 years. Australia's central bank cut the official cash rate by one hundred basis points to 6 per cent, from the previous 7 per cent, to help insulate the market from an intensifying crisis.

The decision represented the first 100-basis point reduction since May 1992, and the first interest rate movement of that magnitude since December 2004, when the RBA raised rates the same amount.

If at all possible the team at Tiffen & Co | The Mortgage Detective recommend all borrowers continue making repayments as if interest rates were still at their previous highs. That way you will start building a nest egg of funds available for redraw, and reduce your monthly interest.

If you are unsure if your home loan has a redraw facility please contact us today on (02) 6260 7880

OFFICE CLOSURE

Tiffen & Co | The Mortgage Detective will close over the Christmas period from: Thursday 25 December 2008 and re-open on Monday 5 January 2009.

All the staff wish you a safe and Merry Christmas.

NEED A RESIDENTIAL OR COMMERCIAL LOAN?

Call one of our consultants to talk about a loan today on 6260 7880



BUYING AT AUCTION

Some people only buy or sell a home once or twice in their lifetime, so how do inexperienced buyers compete with auctioneers who have conducted thousands of auctions?

Get educated! Not only will you need to conduct comprehensive research the value of the property, but you will need to learn the tricks of the auction trade. To help you get started here are a few tips:

- Know the maximum value of the property by comparing it to other recent sales in the area
- Know exactly what you're purchasing eg. what fixtures and fittings are included?
- Be firm about the maximum amount you're willing to spend
- Have your maximum loan amount pre-approved
- Ask the real estate agent what method of payments for the deposit are acceptable

Unlike sale by private treaty, a contract is exchanged on the day of the auction. If you are successful at the auction, you'll be required to sign a binding contract and pay a deposit when you sign the contract.

It is then vitally important you make an appointment with your mortgage broker on the next business day to get your finance underway.

Auctions have a bad reputation for being frenetic and financially dangerous. There's no doubt the stakes are high for vendors and buyers, and mistakes can be costly for both the seller and the buyer. But remember auctions can be fun, and the thrill of snagging a bargain can last a lifetime.

Tiffen & Co | The Mortgage Detective are authorised agents for Deposit Power deposit bonds. A Guarantee Certificate can be issued prior to you attending an auction. The Guarantee amount is fixed, but not the property details, so you can attend a number of auctions with the one bond. You simply complete the vendor and property details on the Guarantee Certificate when you are the successful bidder.

For further information please contact your mortgage broker.

BOOK REVIEW

How to put \$3,000 In Your Pocket – Guaranteed

The rising costs of food and fuel are hurting big time – we all need to get hold of Dr John's new book called, 'How to put \$3,000 In Your Pocket – Guaranteed'. There are 50 thrifty (and healthy) tips to help you out in these tough times. "Everyone needs to read this little gem – even the kids"



THE TEAM



Gerard Tiffen



Emelia Jurkiewicz



Peter Williams



Stephanie Brennan



Kim Boyd



Alison Muir



Tom Leahey



Jeanette Jessup



Alison Whittle



Gerard Heffernan



Belinda Wylks



David Friend



Alice Dawson



Patrick Bouquiaux



Niki Strachan