

Money Matters

The how and why of lending plus
some other stuff.....

What drives the markets

- Consumer spending
- Demand / availability of property
- Cost of living
- Government policies
- Economic forecasts
- Environmental issues
- Employment or unemployment

How will the fuel price affect you?

Looking at 80 cents per litre and the current 145 cents /litre

Assuming the extra money was taken as a loan repayment your current mortgage rate would have risen by:

Loan amount	% increase to rate
\$400 000	0.56%
\$350 000	0.64%
\$300 000	0.75%
\$250 000	0.90%
\$200 000	1.11%

This is based on 55 ltrs (tank full) being used each week – one car.

If you have two cars using one tank double the figures above.

Current state of the market

- Indicators as to where things are going – the easy ones
 - Housing approvals
 - CPI
 - Retail spending
 - Average Fixed rates
 - 1 year 6.85%
 - 2 year 6.85%
 - 3 year 6.85%
 - 4 year 6.99%
 - 5 year 6.99%
- The major 3 Banks' current standard variable interest rate is 7.32% (current at time of publication 12/0905) Lower fixed than variable – Indicates rates may fall.

Where to from here

- Fee based income for the banks
 - More fees and charges lower interest rates
- Broker driven market
- Shrinking industry
- Non - banks servicing niche markets
 - Low doc loans
 - Non conforming

Broker or Originator

- Broker is a loan packager, passes the work off for others to underwrite and manage.
 - Broker – aggregator – underwriter – bank – then the usual hassle of finding someone who can help
- Originator, packages, underwrites, manages the loan, has more contact with the client for the day to day.
 - Originator – Underwriter – Funder – Mortgage manager (same as originator) easier transaction due to less parties and the driver being the originator.

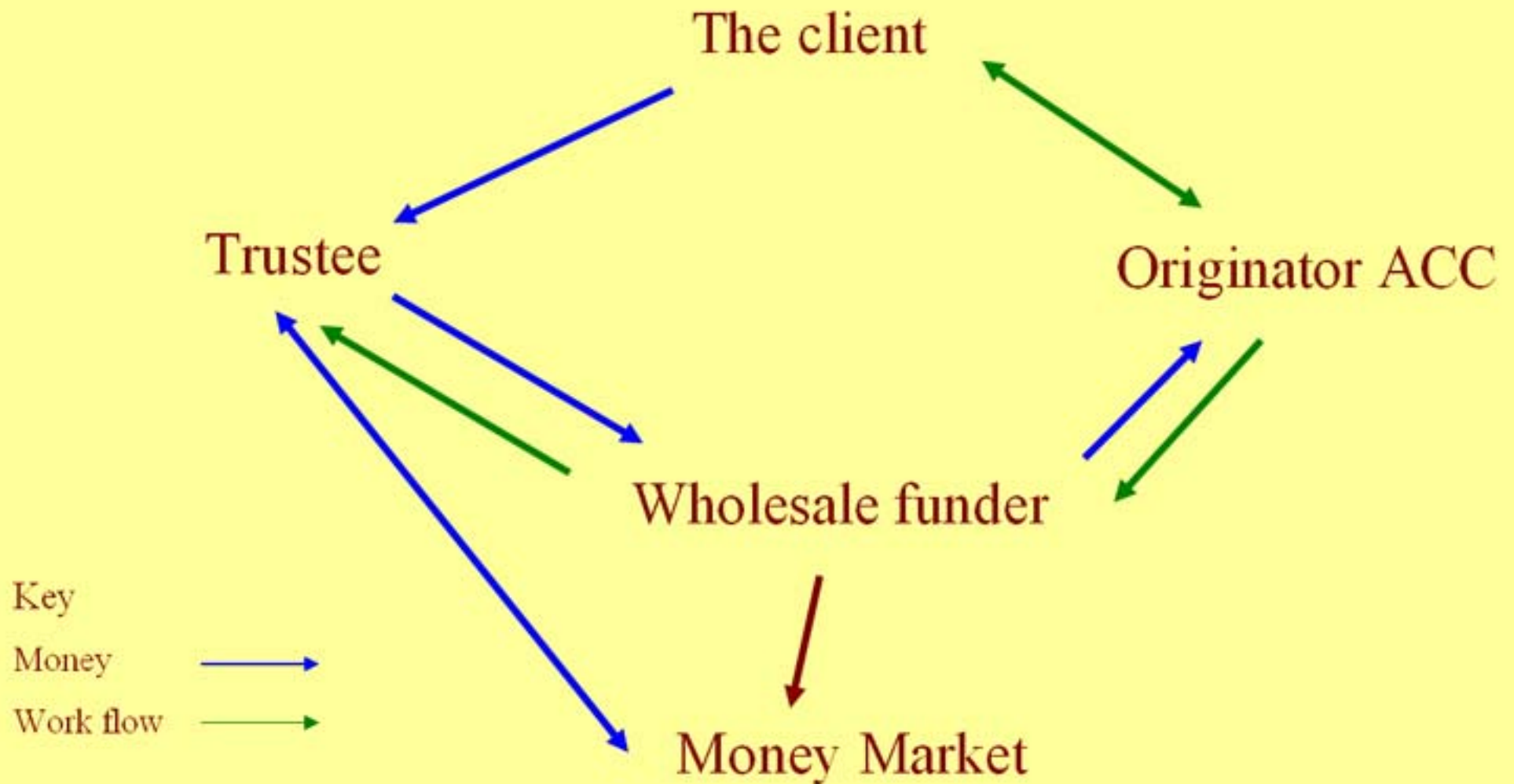
So where does the money come from...

Very basic

- Banks
 - Customer deposits \$10 in a term deposit the bank can lend out \$8
- Non - banks.... ACC, Wizards, RAMS, etc.
 - Wholesale funders go out to the money market and sell bonds that have a rating e.g. AAA+. Super companies are required to invest in funds where the capital is guaranteed and interest is highly likely to be paid thus AAA or BBB rates etc

The non - bank structure

Called securitisation



So what should you look for?

- Someone that knows what they are talking about – experience.
- Understands your situation and can offer better solutions/structures.
- Long term commitment to you; because each person has a different way of doing things, its important that they are there in the future otherwise it will cost you money restructuring your loans.
- Ease of access to your loan and lending manager.
- Most important, you get what you want from a loan.
 - Flexibility
 - Low rate
 - Minimal or no ongoing charges
 - Line of Credit or Mortgage reduction facility
 - etc

Why ACC?

- Established since 1996, experienced.
- Backed by one of the largest wholesale funders and underwriters.
- Understands that the structure needs to be right from the outset.
- Will help with most forms of funding.
- Understands the underwriting guidelines and funders requirements.
- We have a high customer retention rate, we are still looking after clients who joined us in 1996. (highly unusual for the mortgage industry)
- We assist & guide you through all aspects of your purchase/refinance
- Small enough to care and big enough to look after you

For all your finance needs...now and in the future

What we can do?

- * Home loans, nationally and in New Zealand.
- * Investment loans in Australia & New Zealand.
- * Construction loans.
- * Show you ways to use your loan to your advantage via mortgage reduction or through a Line of Credit.
- * Commercial property loans
- * Vehicle finance, Personal loans, Lease, CHP etc.
- * Equipment finance.
- * Development finance.

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