

## Your questions answered

Our panel of experts answers more investment questions from API readers.

### Investing in ex-government housing

**Q** I'm considering investing in property in either Port Augusta or Whyalla (South Australia) due to the mining industry that's located in that area and the fact that the capital gain has risen in that area recently. As it's very difficult to find any three-bedroom properties for under \$200,000, would it be wise to invest in Housing Trust properties in those towns, as they're priced as low as \$115,000 and given time should rise to at least \$200,000?

**A** There is nothing wrong with buying ex-Housing Trust property and ultimately it won't be impacted any differently in terms of return and growth than any other property in the same area. Typically in South Australia the Housing Trust tends to spruce up its properties prior to placing them on the market – it will polish the floorboards and, if needed, re-do the kitchens and bathrooms, which all add to your ability to make on-paper tax claims and increase your cash flow.

I would like to warn against some assumptions you're making, however. Firstly, an assumption that a property 'should rise to \$200,000' can never be made unless you have fully explored the intrinsic growth drivers of an area.

Typically, a mining town lacks growth drivers which result in sustainable growth. Short-term growth is fuelled by the mining industry and, once property has risen to a point where the yields are lower (as rents only rise if there's a housing shortage) it may sit for a long time growing no more. This could stall your ability to continuously leverage against property you own, which is a crucial factor in building a larger portfolio.

Secondly, beware of assuming that past growth means future growth. On the

### Money monitoring

**Q** I have two split loans to finance my home. The first loan has plenty of extra repayments so that the monthly interest is close to zero, but it still has more than \$100,000 in the redraw facility. If I redraw the first loan and use the funds for a down payment on an investment property, is the interest expense on this loan tax deductible? Arguably, the purpose of the first loan will change from consumption to investment.

**A** There's a lot of confusion among investors about what makes borrowings tax deductible. Your question presents a good opportunity to clarify the issue. In a nutshell, it's the purpose for which the borrowings are to be used, not the property against which they're secured, that determines whether they're tax deductible. Therefore, if you redraw funds from your first home loan facility and use them to purchase an investment property, those borrowings will become tax deductible. The fact they're secured against your home is irrelevant. Some investors also believe that if their loan is called 'home loan' by the lender, it won't be tax deductible if they use it to buy an investment property. This is incorrect. If the funds are to be used for investment purposes, they'll be tax deductible.

– Mark Armstrong

contrary, recent strong growth is most often a pre-cursor to a period of stability. If these areas have had noticeably big growth recently and there are no apparent growth drivers (such as growing population, increasing infrastructure and a diversity of industry), the chances of seeing more growth is diminished.

Never buy a property because of surface reasons, such as recent growth, demand from employees of one industry and buyer sentiment.

– Margaret Lomas

### Planning for the long term

**Q** I'm 41 and have bought three investment units in Pymont and Ultimo in the past five years using 20 per cent cash deposits with principal and interest loans. I receive a total of \$1260 per week in rent. The total loan amount is \$771,000 and the value of the properties is approximately \$1,155,000. The units are in good low-rise buildings with low levies and strong rental demand. I have a salary of \$55,000. My idea is to purchase four or five more similarly well-located properties in preferably Sydney or other capital cities until I reach age 55. Then I would sell one unit at age 60 to pay down the debt and live off the rent from the others during my retirement. Does this seem feasible? I'm at the stage where I'll need to use the equity from one of the units to fund the deposit for the next property. I'm hoping for a purchase price of \$350,000. Should I buy a quality one-bedroom unit near the city or go out a bit to, say, the Petersham or Burwood area and buy a quality two-bedroom unit.

**A** The properties you've bought so far are looking after themselves in terms of their cash flows. Since you were able to bring in cash deposits they are geared to the point where you are probably not needing to put too much of your income into these to support them until you can realise their gain.

Your plan to go forward may stall as, on an income of \$55,000 per year and a capital city rental yield of around 4 per cent at best, you may not be able to afford the shortfall you could be facing. If we said you bought four more properties at \$350,000 each, you would need a loan of \$1,440,000 to secure these. The interest on these loans would be \$115,200 per annum, with other

## Beware of assuming that past growth means future growth.

costs of around \$15,000 per annum. With a rental yield of approximately \$56,000, your gross shortfall is \$74,200 per year. If we said that you could get back \$22,260 of this loss by claiming it against your tax and a further \$12,000 back by claiming on-paper costs (probably around \$10,000 per property), it still leaves you with a shortfall of \$39,940 per annum! I'm not sure you would make 60 with such a reduced living allowance as you pour all of your money into these investments.

These strategies always sound like a good idea but in terms of the economics of the deal today, few people can afford to support the loss on such negative cash flow properties long enough to enjoy and profit from the growth.

If you want to add to your portfolio, you may need to look into higher yield properties in areas with evidence of future growth which aren't in capital cities.

While the end result may not be as large in terms of net equity, at least you'll reach the end, especially if you've purchased properties which have higher than usual rental yields, and therefore a much smaller shortfall in terms of income and outgo.

As for subsequent selling of the properties to fund your retirement, do remember that capital gains tax may eat into your profits and make the entire return on this strategy too small to be worth the risk.

There may be other ways to enjoy the equity once you get to age 60 – the portfolio may have become positive cash flow as the yields rise and costs decrease over time, meaning you can get a retirement income from rents without selling.

Alternatively, the equity may be such that drawing against it with a loan for living expenses might work out to be more financially viable than selling. The point is, at the present time you have to focus on your buying strategy. Once you're ready to retire, your selling strategy will be governed by the capital gains tax laws of the day, the property growth, interest rates

at the time and your personal needs for income in retirement. – Margaret Lomas

### Looking for a partner

**Q** I'm a builder and have been buying old rundown houses, renovating them and selling them. I've recently gone through a separation and now find myself with half the money I had to keep on renovating. I remember hearing a few years back about a company or maybe financial advisors that have clients who have money to invest, for example in a development. If you show a sound proposal, they invest as a silent partner, I'd do all the work and they'd collect their share of the profits on the sale of the development. Have you heard of this, and if so where might I find them?

**A** It's not appropriate for me to make recommendations for or against individual companies or investment schemes. However, I can make some general observations regarding issues you should be wary of before entering into this kind of arrangement.

You should have a formal written agreement with your business partner, silent or otherwise. The agreement should clearly outline the nature of your commitment and factor in every relevant factor, such as how much money you'll each contribute to begin with, the role you'll each play in the arrangement and the share of profits you're each entitled to.

Strange as it sounds, one of the most important things about getting into business with someone is working out how you're going to get *out* of business. It's a bit like a marital pre-nup!

The partnership agreement should detail what will happen when circumstances change. For example, if one of you wants to buy the other out or the partnership becomes unworkable, there needs to be a clear process for dissolving the arrangement.

Drawing up these agreements can be

complex, so I suggest you obtain legal advice from a solicitor experienced in that line of work. – Mark Armstrong

### Can I claim it?

**Q** Is mortgage insurance tax deductible or not?

**A** The *Income Tax Assessment Act 1997* enables investors to claim deductions for expenses incurred in borrowing money, to the extent that they use the borrowed money for the purpose of producing assessable income. In other words, if the property is genuinely available for rent, or is generating rental income, you can claim mortgage insurance as a tax deduction.

If you apply to borrow more than a certain percentage of the property's value (usually 80 per cent) the lender will require you to take out mortgage insurance to protect them in the event that you're unable to meet your loan commitments. As such, it's a condition of obtaining the loan and is considered a cost incurred in the borrowing process.

Borrowing costs of \$100 or less are fully tax deductible in the financial year in which they're incurred. If the borrowing costs are higher, the deduction is spread over five years or the period of the loan; whichever is the shorter. – Mark Armstrong

For more Bricks & Mortar Q&As, go to [www.apimagazine.com.au](http://www.apimagazine.com.au)

If you have a question for our panel, email it to: [editor@apimagazine.com.au](mailto:editor@apimagazine.com.au)  
Questions must be 150 words or less and limited to one specific issue.

This information is of a general nature only and does not constitute professional advice. You must seek professional advice in relation to your particular circumstances before acting. This information is also to be read subject to the disclaimer on page 6.

### Meet the panel

**Margaret Lomas**, founder, Destiny Financial Solutions,  
[www.destiny.net.au](http://www.destiny.net.au)

**Mark Armstrong**, CPA director, Property Planning Australia,  
[www.propertyplanning.com.au](http://www.propertyplanning.com.au)

INSTITUTION	PRODUCT	RATE	ONGOING FEE	TOTAL UPFRONT FEES	AAPR	MORTGAGE PORTABLE	INTEREST-ONLY AVAILABLE	REDRAW FACILITY	100% MORTGAGE OFFSET	SPLIT OPTION AVAILABLE	EARLY REPAYMENT PENALTY	CANEX STAR RATING
-------------	---------	------	-------------	--------------------	------	-------------------	-------------------------	-----------------	----------------------	------------------------	-------------------------	-------------------

**TOP 10 BASIC VARIABLE HOME LOANS**

Ranked by lowest AAPR (\$250,000 loan over 25 years). 3/12/07

Sapphire Mortgage Service	Investment Classic Variable	7.54%	\$10/m	\$1,255	7.66%	✓	✓	✓	✗	✓	✓	★★★★
Hume Building Society	Investment Interest Saver	7.65%	Nil	\$600	7.68%	✓	✓	✓	✗	✓	✗	★★★★
Citibank	Investment Basic Variable	7.74%	Nil	\$250	7.75%	✓	✓	✓	✗	✓	✓	★★★
NSW Teachers Credit Union	Investment Basic Opt	7.75%	Nil	\$250	7.76%	✓	✗	✓	✗	✗	✓	★★★★
SERVICE ONE Members Bank	Investment Basic Variable	7.75%	Nil	\$600	7.78%	✓	✓	✓	✗	✓	✓	★★★★★
RTA Staff Credit Union	Investment Fastroad Basic	7.79%	Nil	\$630	7.82%	✓	✗	✓	✗	✗	✗	★★★★
Collins Home Loans	Investment Basic	7.65%	\$250/a	\$950	7.82%	✓	✓	✓	✗	✓	✓	★★★★
Yes Home Loans	Investment Basic Home Loan	7.69%	\$300/a	\$835	7.82%	✓	✓	✓	✗	✓	✓	★★★★
Easy Street Financial Services	Investment Easy Street Basic Variable	7.80%	Nil	\$845	7.84%	✓	✗	✓	✓	✗	✗	★★★★
Community First Credit Union	True Basic Home Loan Investment	7.80%	Nil	\$1,003.18	7.85%	✓	✗	✓	✗	✓	✓	★★★★

**TOP 10 PREMIUM VARIABLE HOME LOANS**

Ranked by lowest AAPR (\$250,000 loan over 25 years). 3/12/07

Money Saver Home Loans	Investment Premium Saver	7.35%	Nil	\$1,410	7.41%	✓	✓	✓	✗	✓	✓	Not rated
Homestar Finance	Investment Standard Variable	7.39%	Nil	\$595	7.42%	✓	✓	✓	✗	✓	✓	★★★★★
Memberfirst Credit Union	Investment Variable	7.45%	Nil	\$600	7.48%	✗	✗	✓	✗	✗	✓	Low ranking
Awesome Mortgages	Home loan Standard Variable Investment	7.50%	Nil	\$960	7.54%	✓	✓	✓	✓	✓	✓	★★★★
Resident Home Loans	Investment Resident Home Loan	7.55%	Nil	\$0	7.55%	✓	✓	✓	✗	✓	✓	★★★
Electronic Loan Company	Investment E Rate Saver	7.54%	Nil	\$705	7.57%	✓	✓	✓	✗	✓	✓	Rising star
MyRate	Investment Advantage >\$150K	7.59%	Nil	\$0	7.59%	✓	✓	✓	✗	✓	✓	Not rated
Loan Australia Corp	Flexi-Plus Investment Variable	7.59%	Nil	\$355	7.61%	✓	✓	✓	✗	✓	✓	★★★★★
Meridian Money	Investment AAA	7.59%	Nil	\$654	7.62%	✓	✓	✓	✗	✓	✓	Rising star
Amac	Investment Standard Variable	7.59%	Nil	\$803	7.63%	✓	✓	✓	✗	✓	✓	★★★★★

INSTITUTION	PRODUCT	RATE	ONGOING FEES \$250K	TOTAL UPFRONT FEES \$250K 75% LVR	AAPR FOR \$250K OVER 25 YEARS	RATE REVERTS TO (RATE)	I/O AVAILABLE	REDRAW FACILITY	100% MORTGAGE OFFSET	EARLY REPAYMENT PENALTY	CANEX STAR RATING
-------------	---------	------	---------------------	-----------------------------------	-------------------------------	------------------------	---------------	-----------------	----------------------	-------------------------	-------------------

**TOP 10 INTRODUCTORY 1-YEAR HOME LOANS**

Rates only. 3/12/07

Homestar Finance	Investment Intro 1 Year Construct	7.45%	Nil	\$595	7.42%	7.39%	✓	✓	✗	✓	Rising star
University Credit Society	Investment 1 Year Special Variable	6.75%	Nil	\$609.50	7.76%	7.85%	✗	✓	✗	✗	★★★
Easy Street Financial Services	Investment Intro 1 Year Fixed	7.30%	Nil	\$845	7.79%	7.80%	✗	✓	✓	✓	Not rated
Yes Home Loans	Investment Discount Access 1 Year	7.39%	Nil	\$835	7.83%	7.84%	✓	✓	✗	✗	★★★★
Gateway Credit Union	Investment Honeymoon Intro Fixed	7.24%	Nil	\$0	7.91%	7.99%	✓	✗	✗	✓	Not rated
ANZ Bank	Investment Easy Start Variable >\$150K	7.25%	\$10/m	\$500	7.93%	7.92%	✗	✓	✓	✓	★★★
Industries Mutual Credit Union	Investment True Blue Intro	7.24%	\$8/m	\$600	7.99%	8.04%	✗	✓	✓	✓	Not rated
Qld Professional Credit Union	Investment 1 Year Friendly Home Loan	6.95%	\$10/m	\$679	8.02%	8.05%	✓	✓	✓	✗	Not rated
RESI Mortgage Corp	Investment Low Start	7.24%	Nil	\$1,166	8.05%	8.09%	✓	✓	✗	✗	Not rated
Hume Building Society	Investment Honeymoon 1 Year Intro	7.10%	Nil	\$600	8.06%	8.15%	✓	✓	✓	✗	Not rated

INSTITUTION	PRODUCT	RATE	ONGOING FEE	AAPR	TOTAL UPFRONT FEES	MORTGAGE PORTABLE	INTEREST-ONLY AVAILABLE	SPLIT OPTION AVAILABL	TRANSACTIONAL MORTGAGE	CHEQUE BOOK FACILITY	ATM ACCESS	EFTPOS ACCESS	INTERNET ACCESS	CREDIT CARD TRANSACTIONS	CANEX STAR RATING
-------------	---------	------	-------------	------	--------------------	-------------------	-------------------------	-----------------------	------------------------	----------------------	------------	---------------	-----------------	--------------------------	-------------------

**TOP 10 EQUITY LINE OF CREDIT HOME LOANS**

Ranked by lowest AAPR. 3/12/07

Electronic Loan Company	E Home Loan Line Of Credit	7.57%	Nil	7.57%	\$0	✓	✓	✓	✗	✓	✓	✓	✓	✗	Rising star
Bananacoast Community CU	All-in-One A/C >\$250K	7.62%	Nil	7.64%	\$420	✗	✓	✗	✓	✓	✓	✓	✓	✗	Not rated
Awesome Mortgages	Line of Credit	7.70%	Nil	7.75%	\$960	✓	✓	✓	✓	✓	✗	✗	✓	✗	★★★★★
Awesome Mortgages	Pro Pack	7.60%	\$250/a	7.77%	\$960	✓	✓	✓	✓	✓	✗	✓	✓	✗	★★★★★
Loan Australia Corp	Line of Credit Loan	7.75%	Nil	7.77%	\$355	✓	✓	✓	✗	✗	✗	✗	✗	✗	★★★★★
Select CU	Super Equity Access	7.74%	Nil	7.77%	\$697	✓	✓	✓	✓	✓	✓	✓	✓	✓	★★★★★
Pacific Mortgage Corp	Gold Access Account	7.74%	Nil	7.78%	\$765	✓	✓	✓	✓	✓	✓	✓	✓	✗	★★★
Money Saver Home Loans	Money Saver Line Of Credit	7.60%	\$300/a	7.81%	\$1,410	✓	✓	✓	✗	✓	✓	✓	✓	✓	Not rated
Yes Home Loans	Equity Access	7.84%	Nil	7.83%	\$835	✓	✓	✓	✓	✓	✓	✓	✓	✓	★★★★★
University Credit Society	Mortgage Sec Personal Loan	7.85%	Nil	7.88%	\$609.50	✓	✗	✓	✓	✗	✓	✗	✓	✗	Not rated

INSTITUTION	PRODUCT	RATE	ONGOING FEES FOR \$20K LOAN	TOTAL UPFRONT FEES	INTEREST-ONLY AVAILABLE	LUMP SUM REPAYMENTS	EARLY REPAYMENT PENALTY	REDRAW FACILITY	100% MORTGAGE OFFSET	CANNEX STAR RATING
-------------	---------	------	-----------------------------	--------------------	-------------------------	---------------------	-------------------------	-----------------	----------------------	--------------------

**TOP 10 1-YEAR FIXED HOME LOANS**

Ranked by lowest nominal rate. 3/12/07

Qld Professional Credit Union	Investment Standard Fixed	6.95%	Nil	\$679	✓	✓	✗	✓	✓	★★★★★
Powerstate Credit Union	Investment 1 Year Fixed	7.09%	Nil	\$715.25	✗	✓	✓	✓	✓	★★★★★
Lifeplan Funds Management	Investment Flexi Smart 1 Year Fixed	7.24%	Nil	\$451	✗	✓	✓	✓	✗	★★★★★
Memberfirst Credit Union	Investment 1 Year Fixed	7.25%	Nil	\$600	✗	✗	✓	✓	✗	★★★
Hibernian Credit Union	Investment 1 Year Fixed	7.70%	\$20/m	\$1,150	✓	✗	✗	✗	✗	★
Gateway Credit Union	Investment 1 Year Fixed	7.79%	Nil	\$0	✓	✓	✓	✗	✗	★★★★
Sapphire Mortgage Service	Investment Classic 1 Year Fixed	7.84%	\$10/m	\$1,255	✓	✓	✓	✓	✗	Not rated
Sapphire Mortgage Service	Investment Plus 1 Year Fixed >\$150K	7.84%	Nil	\$430	✓	✓	✓	✓	✗	★★★★
NSW Teachers Credit Union	Investment Option 1 Year Fixed	7.88%	Nil	\$250	✗	✗	✗	✗	✗	★★★★★
B & E	Investment Discounted 1 Year Fixed	7.89%	\$8/m	\$650	✗	✓	✓	✓	✗	Not rated

**TOP 10 3-YEAR FIXED HOME LOANS**

Ranked by lowest nominal rate. 3/12/07

Meridian Money	Investment Lifestyle Flexi Fixed 3 Year	7.74%	Nil	\$654	✓	✗	✓	✓	✗	Rising star
mecu	Investment 3 Year Fixed	7.79%	Nil	\$595	✗	✗	✓	✗	✗	★★★
Sapphire Mortgage Service	Investment Classic 3 Year Fixed	7.84%	\$10/m	\$1,255	✓	✓	✓	✓	✗	Not rated
Sapphire Mortgage Service	Investment Plus 3 Year Fixed >\$150K	7.84%	Nil	\$430	✓	✓	✓	✓	✗	★★★★★
NSW Teachers Credit Union	Investment Option 3 Year Fixed	7.88%	Nil	\$250	✗	✗	✗	✗	✗	★★★★★
Pacific Mortgage Corp	Investment 3 Year Fixed	7.89%	Nil	\$1,064	✓	✓	✗	✗	✗	★
Horizon Credit Union	Investment Horizon 3 Year Fixed	7.89%	Nil	\$935	✓	✓	✓	✓	✗	★★★★
Sydney Credit Union	Investment 3 Year fixed	7.90%	Nil	\$768	✓	✓	✓	✓	✗	-
SERVICE ONE Members Bank	Investment 3 Year Fixed	7.90%	Nil	\$600	✓	✓	✓	✗	✗	★★★★
Encompass Credit Union	Investment 3 Year Fixed	7.90%	Nil	\$910	✗	✓	✓	✗	✗	★

**TOP 10 5-YEAR FIXED HOME LOANS**

Ranked by lowest nominal rate. 3/12/07

Meridian Money	Investment Lifestyle Flexi Fixed 5 Year	7.74%	Nil	\$654	✓	✗	✓	✓	✗	Rising star
Sapphire Mortgage Service	Investment Classic 5 Year Fixed	7.84%	\$10/m	\$1,255	✓	✓	✓	✓	✗	Not rated
Sapphire Mortgage Service	Investment Plus 5 Year Fixed >\$150K	7.84%	Nil	\$430	✓	✓	✓	✓	✗	★★★★★
Pacific Mortgage Corp	Investment 5 Year Fixed	7.89%	Nil	\$1,064	✓	✓	✗	✗	✗	★
Horizon Credit Union	Investment Horizon 5 Year Fixed	7.89%	Nil	\$861	✓	✓	✓	✓	✗	★★★★
SERVICE ONE Members Bank	Investment 5 Year Fixed	7.90%	Nil	\$600	✓	✓	✓	✗	✗	★★★★
one direct home loans	5 Year Fixed Investment	7.94%	Nil	\$60	✓	✓	✓	✗	✗	★★★★★
Alliance One Credit Union	Investment Your Choice 5 Year Fixed	7.95%	Nil	\$717.75	✗	✓	✓	✗	✗	★
Resident Home Loans	Investment 5 Year Fixed	7.95%	Nil	\$0	✓	✓	✓	✗	✗	★★★★★
Newcastle Permanent	Investment 5 Year Fixed	7.99%	Nil	\$0	✓	✓	✓	✗	✗	★★★★★

INSTITUTION	PRODUCT	RATE	ONGOING FEE	AAPR	TOTAL UPFRONT FEES	MORTGAGE PORTABLE	INTEREST-ONLY AVAILABLE	SPLIT OPTION AVAILABLE	CHEQUE BOOK FACILITY	ATM ACCESS	EFTPOS ACCESS	INTERNET ACCESS	CREDIT CARD TRANSACTIONS	CANNEX STAR RATING
-------------	---------	------	-------------	------	--------------------	-------------------	-------------------------	------------------------	----------------------	------------	---------------	-----------------	--------------------------	--------------------

**TOP 10 TRANSACTIONAL HOME LOANS**

Must be a transactional mortgage and ranked by lowest AAPR. 3/12/07

Meridian Money	KickStart 6 Month Introduction	6.29%	Nil	7.55%	\$654	✓	✓	✓	✗	✓	✓	✓	✗	Rising star
Meridian Money	Kickstart 18 Month Introduction	7.22%	Nil	7.56%	\$654	✓	✓	✓	✗	✓	✓	✓	✗	Rising star
Meridian Money	Kickstart 12 Month Introduction	7.09%	Nil	7.57%	\$654	✓	✓	✓	✗	✓	✓	✓	✗	Rising star
MyRate	Investment Advantage >\$150K	7.59%	Nil	7.59%	\$0	✓	✓	✓	✗	✗	✗	✓	✗	Not rated
MyRate	Advantage Rate >\$150K	7.59%	Nil	7.59%	\$0	✓	✓	✓	✗	✗	✗	✓	✗	Not rated
mecu	First Home Buyers Loan	7.59%	Nil	7.62%	\$595	✗	✗	✓	✓	✓	✓	✓	✓	★★★★★
Meridian Money	AAA	7.59%	Nil	7.62%	\$654	✓	✓	✓	✗	✓	✓	✓	✗	Rising star
Meridian Money	Investment AAA	7.59%	Nil	7.62%	\$654	✓	✓	✓	✗	✓	✓	✓	✗	Rising star
Dnister Ukrainian Credit	Investment Premier Variable	7.60%	Nil	7.63%	\$698	✓	✗	✗	✓	✓	✓	✓	✗	★★★★
Dnister Ukrainian Credit	Premier Variable	7.60%	Nil	7.63%	\$698	✓	✗	✗	✓	✓	✓	✓	✗	★★★★

Key: /m=per month; /a=annual; /s=semi-annual; AAPR=annualised average percentage rate.

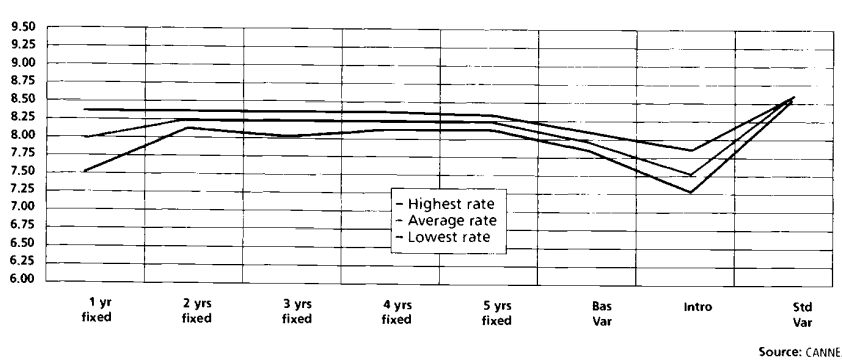
You'll find daily-updated interest rates (supplied by CANNEX) for a wide range of Australian financial institutions at: [www.apimagazine.com.au/rates](http://www.apimagazine.com.au/rates).

INSTITUTION	PRODUCT	RATE	ONGOING FEES	TOTAL UPFRONT FEES	I/O AVAILABLE	MORTGAGE INSURANCE REQUIRED	MAX LVR	MAX LOAN	PURPOSE	SPLIT OPTION AVAIL	MORTGAGE PORTABLE	MIN PERIOD SELF EMPLOYED	FIXED OR VARIABLE
<b>NO DOC PRODUCTS (FIXED &amp; VARIABLE)</b>													
											Alphabetical by institution. 3/12/07		
AIMS Home Loans	Gold No Doc 3 Year Fixed	7.64%	Nil	\$660	4	4	70%	\$1,000,000	Residential/Investment	✓	✓	No min	fixed
Citibank	Self Cert 70 1 Year Fixed	7.79%	\$8/m	\$649	4	4	70%	\$2,500,000	Investment	✓	✓	12mths	fixed
Citibank	Self Cert 70 2 Year Fixed	7.90%	\$8/m	\$649	4	4	70%	\$2,500,000	Investment	✓	✓	12mths	fixed
Citibank	Self Cert 70 3 Year Fixed	7.90%	\$8/m	\$649	4	4	70%	\$2,500,000	Investment	✓	✓	12mths	fixed
Citibank	Self Cert 70 4 Year Fixed	7.95%	\$8/m	\$649	4	4	70%	\$2,500,000	Investment	✓	✓	12mths	fixed
RAMS	Self Employed Pro Pack	7.47%	\$300/a	\$595	4	>60%	80%	\$1,000,000	Residential/Investment	✓	✓	2yrs	variable
AIMS Home Loans	Gold No Doc Variable	7.64%	Nil	\$660	4	70%	70%	\$1,000,000	Residential/Investment	✓	✓	No min	variable
Citibank	Self Cert 70 Mort Plus >\$300K	7.66%	\$8/m	\$649	4	Always	70%	\$2,500,000	Investment	✓	✓	12mths	variable
Collins Home Loans	Multioption No Doc	7.74%	Nil	\$55	4	Always	70%	\$1,000,000	Residential/Investment	✓	✓	2yrs	variable
BMC Mortgage	BMC No Doc	7.85%	Nil	\$660	4	70%	70%	\$1,000,000	Residential/Investment	✓	✓	No min	variable

INSTITUTION	PRODUCT	RATE	TOTAL UPFRONT FEES FOR \$250K LOAN	ONGOING FEES	MAXIMUM LOAN TO VALUE RATIO (LVR)	MAXIMUM LOAN AMOUNT	AVAILABLE FOR BUSINESS PURPOSES	MORTGAGE PORTABLE	SPLIT OPTIONS AVAILABLE	LINK TO REWARDS PROGRAM	PRINCIPAL-INTEREST/INTEREST ONLY OR BOTH
<b>LOW DOC PRODUCTS (≤ 80% LVR)</b>											
											Alphabetical by institution. 3/12/07
AIMS Home Loans	Gold Low Doc Variable	7.74%	\$660	Nil	80%	\$1,000,000	✓	✓	✓	✓	Both
AMP Banking	Standard Low Doc Variable \$250K-499K	7.63%	\$550	\$199/a	80%	\$499,999.99	✓	✓	✓	✓	Both
ANZ Bank	Low Doc 80 \$250K-699K	7.57%	\$500	Nil	80%	\$699,999.99	✓	✓	✓	✓	Both
Aussie Home Loans	Aussie Express Low Doc	7.80%	\$600	Nil	80%	\$2,000,000	✓	✓	✓	✓	Both
Austral Credit Union	Standard Low Doc Variable	7.55%	\$700	Nil	80%	\$1,000,000	✓	✓	✓	✓	Both
BankWest	Easy Doc Home Loan	7.99%	\$700	Nil	80%	\$2,500,000	✓	✓	✓	✓	Both
Better Choice Home Loans	Low Doc Saver 80	7.79%	\$730	Nil	80%	\$1,000,000	✓	✓	✓	✓	Both
Bluestone	Lite Blue Clear 80% Res	7.74%	\$495	Nil	80%	\$1,250,000	✓	✓	✓	✓	Both
Colonial	Low Doc Loan 60-80% LVR	8.07%	\$700	\$8/m	80%	\$1,000,000	✓	✓	✓	✓	Both
Commonwealth Bank	Economiser Low Doc	7.56%	\$700	\$8/m	80%	\$1,500,000	✓	✓	✓	✓	P+
eChoice	Premium Choice Low Doc No	7.53%	\$0	Nil	80%	\$1,000,000	✓	✓	✓	✓	Both
GE Money	Self Cert Level 1 80%	8.09%	\$990	Nil	80%	\$1,500,000	✓	✓	✓	✓	P+
Homeloans	Hassie Free All Purpose	7.65%	\$1024	\$12/m	80%	\$2,000,000	✓	✓	✓	✓	Both
Mortgage House of Aust	Access Low Doc Saver 80	8.20%	\$820	Nil	80%	\$1,000,000	✓	✓	✓	✓	Both
NAB	Tailored Home Loan Variable Low Doc	8.07%	\$600	\$8/m	80%	\$2,500,000	✓	✓	✓	✓	Both
Police & Nurses Credit	Low Doc Home Loan	8.05%	\$650	\$5/m	80%	\$600,000	✓	✓	✓	✓	Both
RAMS	RAMS Low Doc Variable	7.99%	\$895	\$96/a	80%	\$1,000,000	✓	✓	✓	✓	Both
RESI Mortgage Corp	Business Pack Low Doc	7.79%	\$616	Nil	80%	\$3,000,000	✓	✓	✓	✓	Both
Suncorp	Back to Basics Low Doc	7.49%	\$600	Nil	80%	\$1,250,000	✓	✓	✓	✓	Both
Virgin Money	Virgin Low Doc Variable	7.59%	\$310	Nil	80%	Unlimited	✓	✓	✓	✓	Both

Key: /m=per month; /a=annual; /s=semi-annual; AAPR=annualised average percentage rate.

**MORTGAGE RATES YIELD CURVE**



**DISCLAIMER**

All information contained herein on pages 72-74 shall not be copied or otherwise reproduced, repackaged, further transmitted, transferred, disseminated, redistributed or resold, or stored for subsequent use for any purpose, in whole or in part, in any form or manner or by means whatsoever, by any person without CANNEX's prior consent. All information obtained by CANNEX from external sources is believed to be accurate and reliable. Under no circumstances shall CANNEX have any liability to any person or entity due to error (negligence or otherwise) or other circumstances or contingency within or outside the control of CANNEX or any of its directors, officers, employees, or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication, or delivery of any such information. The information on pages 72-74 is also subject to the disclaimer on page 6.

You'll find daily-updated interest rates (supplied by CANNEX) for a wide range of Australian financial institutions at: [www.apimagazine.com.au/rates](http://www.apimagazine.com.au/rates).

SOURCE: CANNEX (WWW.CANNEX.COM.AU)