



Advantage
GROUP

**Having all your eggs in
one basket can be
a good thing...**



“Realise your Dreams with **The Advantage Group**”



Grant Renshaw
Senior Lending Manager

Financially speaking we are generally advised that “having all your eggs in one basket” is a risky strategy and when it comes to an investment portfolio we agree entirely.

However when it comes to dealing with one company that can guide you through the maze of, what we term, wealth creation strategies then “eggs all together” is a very good thing.

Just to expand on that, Tina Barresi, our principal accountant, and I work closely with Advantage clients. Understanding their situation from an accounting perspective helps me tailor, say, an investment loan or a refinancing package. Similarly my clients can benefit from that shared knowledge with Tina advising on other targeted wealth creation initiatives. We have the resources to help you plan for the future.

“It’s a matter of trust”.

Further on in this publication I analyse the effect of the “Sub Prime Loan” meltdown in the US. One of the principal effects, globally, is the lack of funds available to our lending institutions to provide loans to you, the consumer. When something is in short supply the price goes up and that’s what is happening and that is why, outside of the Reserve Bank’s cash rate, lenders are increasing interest rates. We have no control over that. So if you receive a notice from the lender advising that your interest rate has increased contact us if that creates a problem.

If your repayments have increased to a point of discomfiture call me to make an appointment. We’ll discuss refinancing your loan to allow you to manage interest rate increases now, and in the immediate future.

Consolidating debt

The real interest rate on certain credit cards can be around 25%. Personal loans can run to 17%. It makes sense to consolidate your debts, pay your cards out and then have an overall interest rate on all your debts of around 8–9%.

If you feel like you’re drowning in debt give us a call – in most cases we can ease your financial burden.



Adelaide Domestic Real Estate Seminars with Property Investment Planning

Like all major cities in Australia, Adelaide has its boom cycles, not as spectacular as say Sydney, but nor does it have the same level of “busts”.

Over the last 100 years, properties have increased at just over 9% per annum. So in 11 years (on average) your home/investment could double in value. Additionally you have occupied the house or had a substantial return of investment, and/or a tax write off.

There are of course caveats - where you buy, how you structure the debt and who guides you through that are major considerations.

If you would like to hear investment experts offer their advice at no-charge and at no obligation, we urge you to attend one of the regular seminars conducted by “Property Investment Planning”.

They will suggest a personalised plan of action and you will gain a great deal of knowledge about the most important investment in your life, your family home.

Call us now to arrange your attendance.



Ryan Tugwell
Mobile Lending Manager

We welcome our new Mobile Lending Manager

Hi my name is Ryan Tugwell and I am writing to introduce myself as the new Mobile Lending Manager for Advantage Finance. I have been a part of the Advantage Finance team since July 2007.

Prior to joining I was employed by the Commonwealth Bank. Most recently as Residential Lending Manager at the Bank’s Victor Harbor and Strathalbyn Branches. I performed that role successfully for a period of 3 years, before being promoted into the Mobile Lending Management position for the Southern Area of South Australia.

During my time with The Commonwealth Bank I gained many skills associated with achieving funding solutions for my clients. In particular I learnt to treat clients the way in which I like to be treated. I look forward to the possibility of meeting with you and tailoring a finance package to suit your needs.

I can be contacted at the office on 08 8351 5444, my mobile 0402 429 449 or by email r.tugwell@advantagefinancesa.com.au

Tax Credits to boost Housing Investment

This is one of the positive aspects mooted for investors in the coming budget. As the article points out the details could be complex.

Ascertaining eligibility should be left to your financial advisor. When the legislation is enacted and you want to assess your own situation give us a call. If we can’t personally work through the details we can certainly link you with a specialist legal firm that can.

The Federal Government will begin providing tax credits

of \$6,000 per dwelling to Corporate Investors in this year’s budget to encourage billions of dollars of superannuation and institution funds into affordable housing projects.

Federal Housing Minister, Tanya Plibersek said the Government would allocate 3500 Tax Credits costing about \$21 million in 2008-09 in a modest start to the National Rental Affordability Scheme, which has been costed at \$603 million over 5 years. Under the scheme, the Government

estimates that over five years it will leverage \$2.5 billion of private investment in new affordable housing, by generating a sustainable financial return. Tax credits are not the only benefit for corporate investors, recent legislative changes have provided the potential for zero capital gain tax for corporate investors operating out of a self-managed superannuation fund. The legal structure behind these types of ventures is complex, as such, legal advice is strongly recommended.



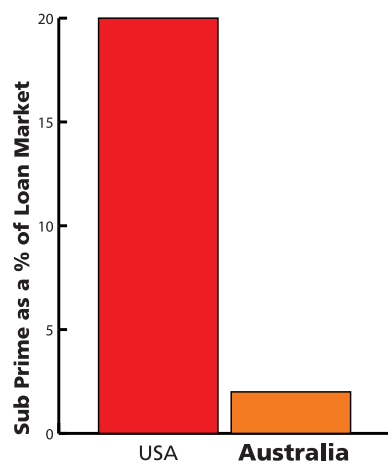
US Sub-Prime vs Australian Low Doc Loan Market

In recent months, the collapse of the US Sub-Prime loans market has sent shockwaves through the US housing industry.

It is now well documented that the fallout from this collapse has had an effect in the general community. In the US, even Walmart, that barometer of US spending, has noticed an unseasonal drop in turnover.

The unease and devaluation of the stock markets around the world can also be attributed to nervousness engendered by the Sub-Prime loans collapse. The unfortunate result is that the world wide market is now short of money and as a result the organisations we arrange funding from have had to increase their rates.

The essence of the problem is this, borrowers with little income or assets, in some cases on welfare, were cajoled by unscrupulous and often unlicensed brokers into borrowing funds that were never going to be paid back. In some cases, the first payment wasn't even met."



There have been attempts to draw parallels between the US housing loan market and the situation here. For a start, the 'No Doc' market, as we term it, is small compared to the US market. In percentage terms, the Sub-Prime share is around 20% and in Australia around 2%.

Speaking for the Advantage Group at least, that's not our market. We promote Low Doc Loans.

"Low Doc does not mean No Doc"

We always ensure there is sufficient information supplied to satisfy us that repayments can be easily met. Unforeseen situations though can arise such as unemployment and illness which then have a bearing on the clients' ability to pay. In those instances we would arrange a refinancing package to allow the family to stay on track.

People should be aware that information required by the broker from the borrower includes:

- Two years business history.
- ABN.
- Assets and liabilities statement.
- Income certification.

We also ensure that we have:

- 100 point identification.
- Record of the interview.
- A loan purpose checklist.
- Discourse with all parties for a joint loan.

On this basis, borrowers can arrange a loan for up to 80% of the property valuation. Interestingly, many people are under the impression that 'low doc' loans attract a higher interest rate than full doc loans from traditional lenders. The current rate low doc is between 7.75% to 9.0%.

The low doc product is succeeding in the marketplace because there is a huge market out there for it. There are a great number of people in Australia who are enjoying home ownership who were denied funding by traditional lenders and found access to their dream by talking to a low doc finance broker.



Is the Grass Greener on the other side?



Generally speaking, consumers believe that changing lenders for any reason will get a better deal for them. In reality this may not be the case, this is due to the cost of transactions.

The grass is NOT ALWAYS greener on the other side.

To change your lender, you will, in most cases, be charged for the following:

- Discharge fees - depending on the time of the loans existence.
- Discharge registration fee - title discharge fee from the LTO.
- Registration fee - to register the new mortgage another LTO fee.
- Lenders mortgage insurance - protection insurance for the lender over 80% lend of the valuation of the property.
- Application fees.
- Valuation fees.

It can potentially cost thousands of dollars to set up with a new lender. So why do it? In most instances consumers don't have a close enough relationship or trust with their mortgage broker/bank manager to feel comfortable to discuss ongoing needs - e.g. reduce their interest rate - and they may feel that the cost of changing outweighs the benefit being delivered.

But sometimes the grass is greener!

If you are dissatisfied with your current lender and want to move your loan to Advantage Finance, we can explain how you can minimise your transaction cost to achieve a better outcome in the longer term.

For example - if you want to sell your property we can setup a 'Portability Loan' and you will avoid the many loan setup costs and associated duties by keeping your existing loan for the next property you buy. Instead of many fees and charges it may be a simple increase of your current loan to achieve that next personal purchase or even investment property.

If there are aspects of your loan through Advantage that you are unsure of, please call us today to set up a meeting.

click!



Keep up to date with latest information and calculators at our website.

www.advantagefinancesa.com.au

Take control of your finances today!

Advantage Accountants (SA)



Nettina Barresi
Principal Accountant

B. Comm (Acc)
Member NTAA

We are now operating from our new premises in Kent Town. This is conveniently located close to the city.

Advantage Accountants (SA) Pty Ltd has moved to offer clients extended services. In the New Year we have incorporated a full training facility where clients can be trained in **MYOB, Beginners & Advanced and Bookkeeping.**

Courses commence in February 2008.

Let us guide you to a better understanding of your Business.

Please register your interest now.

Wealth Creation Tips

The Advantage Group now offer the **Advantage Personal Budget or Business Budget** to our clients.



Sadly, living costs are increasing - we can help you to monitor, understand and control your outgoings.

We cannot stress too much the importance of budgeting in both your Business and Personal lifestyle.

Budgeting is an essential tool for planning for the future.

Introducing our new Advantage Team Members



Tameika

We would like to introduce our Administration Officer Tameika who greets you, our clients, on the phone at the Advantage Group.

Her role includes all administration & reception duties at the Advantage Group.

Tameika is 22 and works with both Advantage Finance and Advantage Accountants.



Petra

Petra has recently joined the office at Advantage Accountants (SA) Pty Ltd.

She is a qualified bookkeeper who takes great pride in her work and most importantly our clients. She is currently offering clients a bookkeeping service. This includes receivables, payables, general accounting and Petra has great knowledge of and specialises in Payroll Advice.

To find out more about our bookkeeping services please ring the office on 08 8363 0499.



Jacqui

Jacqui is a Graduate Accountant who recently joined the practise of Advantage Accountants.

She is assisting the Principal Accountant.

Jacqui has great taxation knowledge and her skill extends to taxation & legislation requirements.

Advantage Talking Tax Tips

Changes to Superannuation

The changes to Super from 1 July 2007 help to make Super easier to understand, improve incentives to work and save for your future. They offer you more flexibility in how you can draw on your Super savings when you retire.

For more information we recommend that you speak to the Advantage Group before making any decision about your Super.

Business Activity Statements

If Business Activity Statements are lodged through their Tax Agent they are given a one-month extension from the due date of lodgement on the BAS, this includes an extension for lodgement and payment.

If you would like to discuss our BAS services please call the office on 08 8363 0499.

"Tax Credits to boost Housing Spending By Eddie Manci" article was reprinted courtesy of 'The Juice'



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