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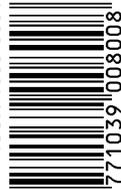
Port Augusta, SA

12-month growth 34%
Gross rental yield 5%



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Mortgage forward thinking?

planning,

For entrepreneur Paul Giezekamp, director and property coach of Property Secrets, it was the rapidly changing mortgage environment which prompted him to develop a mortgage planning strategy to cater for an unpredictable lending future



Paul Giezekamp and Property Secrets staff

With a volatile mortgage horizon in the wake of multiple interest rate rises and inflation instability, Paul Giezekamp has latched onto a financial solution, creating what he considers a positive upheaval within the mortgage industry.

Having previously experienced incorrect loan placement, Giezekamp is adamant that mortgage planning should be an essential part of every mortgage broker's mantra.

"Looking to sell one of my properties, I was told that because the bank controlled it and two other properties via loan cross-collateralisation, the properties would need to be re-valued in order for me to use the equity from the first home," says Giezekamp. "Unfortunately, this also meant that recent dips in the

market worked to my disadvantage, and I was left with a lower amount than I initially expected."

Giezekamp cites this example as an early learning trajectory which would not have occurred had his mortgage broker placed the three properties with individual lenders or, alternatively, had insisted on the bank doing three standalone loans. Unfortunately what ensued were future borrowing restrictions and lower payouts.

Giezekamp is of the firm belief that the negative incident he encountered with the inexperienced broker prompted him to educate and prepare himself for future mortgages.

"There are many more factors to consider than just finding which lender can give you a cheap loan for your current financial needs and lifestyle, with a few

bells and whistles attached for good measure," says Giezekamp. "Mortgage planning goes beyond the mentality of fitting a loan to a borrower before moving on to the next customer. We're now dealing with a more sophisticated and demanding market of borrowers than ever before and our mortgage plans cater for this."

According to Giezekamp, "Clients are hungry for knowledge and want to be empowered in their financial decision making. I believe it's our duty and responsibility to aim to fulfil those needs."

He says that loading borrowers up with multiple loans without a mortgage plan or protection scheme for the worst case scenarios is irresponsible and incompetent, irrespective of whether you're a mortgage broker or a mortgage planner.

Questions a borrower should ask their broker or mortgage planner

- Do you have access to a wide variety of lenders?
- How long have you been in the industry for?
- What are your qualifications or training?
- Are you a member of an industry association and if so, which one?
- Do you have professional indemnity insurance?
- Do you charge brokerage fees?
- Can you offer income and life protection at the same time I take out a loan?
- Are you a property investor yourself?
- Can you supply any client testimonials?
- Will you provide ongoing support once my loan's been approved?
- What can you provide that other brokers or planners can't?





“Mortgage planning goes beyond the mentality of fitting a loan to a borrower, collecting a commission and moving on to the next customer. We’re now dealing with a more sophisticated and demanding market of borrowers than ever before, and our mortgage plans cater for this”

Paul Giezekamp, Property Secrets

“As a property investor, there’s no way I wouldn’t protect myself and my income in case of accident, illness or death,” says Giezekamp.

“I play the same game as the rich do; the rich leave assets with no debt while the rest leave assets and debt.”

Experts advise that you should engage the wisdom of either a qualified mortgage broker or mortgage planner as your number one plan of attack.

The next step is to decide which one better suits your financial circumstances and customer service expectations.

The process

According to Giezekamp, the mortgage planning process should function as a guide to help educate and connect clients through every facet of the home loan process.

“We’re aiming to set the benchmark in this area by identifying the key factors involved in mortgages and then relaying this to clients in a simple, responsible and achievable way,” he says.

A diligent mortgage planner should encompass the following points:

1. Loan preference

“[Property Secrets]’ focus is to understand our clients’ financial needs then conduct an analysis on the best suited lending options for them,” says Giezekamp.

He adds that using the Australian Finance Group’s (AFG) FLEX program helps Property Secrets identify the loans that best suit borrowers’ requirements.

2. Educate

Giezekamp also spends an hour educating clients on the lending process. During this meeting he explains:

- What structure and name the loans should be in – company name, trust name or the client’s personal name.
- Information on mortgage insurers, valuation companies and lenders – what they are looking for and how they operate.
- Determining how many properties the client owns, the lenders, the loan payouts, the repayments, the yearly ongoing property costs and the current set-up of their loans.
- The different types of loan products available to each client’s situation.

3. Protect

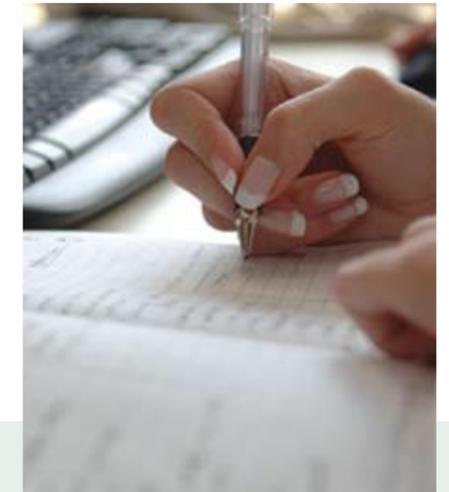
According to Giezekamp, being affiliated with AFG enables Property Secrets to be accredited with Lifestyle (Allianz and TOWER joint venture).

The utilisation of their products offers clients income protection and life protection.

“Our governing responsibility is to make sure clients have the ability to consider the sensibility and fundamental need for protection; expect and hope for the best but be prepared for the worst case scenarios,” says Giezekamp.

“Finding out about [the client’s] loan preferences and property portfolio provides a good indication on the best ways to offer [them] various protection options.”

Giezekamp says it’s imperative you make sure your mortgage planner is a member of at least one of the major industry bodies – the Mortgage & Finance Association of Australia (MFAA) or the Finance Brokers Association of Australia (FBAA)



4. Check

It’s a vital requirement to gain access to borrowers’ personal credit history files in order to accurately assess their future borrowing potential. Again, being accredited works as a major advantage.

“Once we have the client’s permission, we can instantly obtain their credit files to establish their previous borrowing movements,” says Giezekamp.

“The report provides details on lenders [the client has] approached, loans they’ve taken out and any defaults that have occurred – the good, the bad, and sometimes the ugly.”

5. Structure

Reviewing the client’s financial situation assists in providing the best suited loan structure to support their future investment goals, tailoring principal and interest, interest-only, fixed, variable, mixed rates, split, line of credit (LOC), and redraw facilities.

6. Start point

“For clients who have property, we recommend they free up the maximum amount of equity through refinancing, to get the best possible start point,” advises Giezekamp. “We do this so our clients have their property equity liquid for future deals.”

A savings account balance for first-time investors is their start point. This combined with their salary structure will dictate what the client will be able to purchase.

7. Pre-approve

Depending on what a borrower wants to purchase, whether the property needs renovation, or if it’s land that needs to be constructed on, a mortgage planner will match the appropriate loan to a borrower’s requirements prior to them searching for a property.

8. Track to settlement

“AFG provides us with state of the art online loan tracking systems, designed to monitor the communication between the mortgage planner, borrower and lender over the course of the loan process, concurrently enabling us to update our loan file and our clients on a daily basis,” says Giezekamp.

Qualifications and accreditations

Given that the brokering industry is currently self-regulated in most states, the draft Finance Broking Bill released in 2007 is likely to spur national regulation into effect later this year or in early 2009.

This regulation will impose entry requirements for people entering the industry, ongoing requirements to maintain professional standards, membership of an external dispute resolution scheme and enhanced consumer products.

While qualifications vary from lender to lender and no unified regulation presently exists, mortgage planners are advised to undertake a Certificate IV in Financial Services in order to become an ‘accredited mortgage consultant’.

Members are bound by a code of practice, have personal indemnity insurance and access to an independent dispute resolution scheme.

Giezekamp, a member of AFG, says it’s imperative to make sure your mortgage planner is a member of at least one of the major industry bodies – the Mortgage & Finance Association of Australia (MFAA) or the Finance Brokers Association of Australia (FBAA).

AFG members have access to more than 800 financial products, providing training and compliance to their members enabling them to present to clients a selection of lending options to best suit their borrowing needs.

Where to from here?

Giezekamp is adamant that mortgage planning is paving the way for the new generation of borrowers and investors.

“My goal is to revolutionise the mortgage industry, to empower borrowers by giving them quantifiable targets to set and achieve throughout the planning process and foster a sense of security and accomplishment,” says Giezekamp.

“I’m living proof that it can and is being done.” **YM**

For more information, visit www.propertysecrets.net.au or phone 1300 653 790

* Disclaimer: Please note mortgage planners are not financial planners