



Tips to help you manage your mortgage

- Be **realistic** about what you can afford to borrow and repay.
- Understand that borrowing calculators only give you approximations. **Get the facts.**
- Planning to renovate or have kids? **Check your plans aren't going to stretch your budget too far.**
- **Cover your income and mortgage with insurance** in case of illness, death and disability as well as unemployment.
- **Reconsider the kind of property you want to buy** if your budget looks too tight.
- Borrow a loan amount allows lets you to save money for emergencies.
- Don't rely on what the figures say you can borrow – **ensure you can make the repayments if interest rates rise.**

Other things to consider if you're struggling with your mortgage repayments...

Change your mortgage to an interest only loan for a few years

On a \$350,000 loan over a 30 year term at 4.50% the repayments on a principal and interest loan are \$1,773. On an interest only loan the repayments are \$1,312 – saving \$461 per month. Remember if you choose an interest only loan you will not be paying any principal off your home, so don't leave it too long before you sort out your budget and get back to paying your principal as well.

Fix the rate for a couple of years

Most fixed rates have factored in future interest rate rises.

However, if you need peace of mind, help with budgeting and know your actual monthly repayments for a period of time, then this option may suit you. **There are some great, very low 3 and 5 year interest rates at the moment. Call us for our best rates.**

Line of credit

If you have equity in your home you can apply for a line of credit (LOC) to help get you through a period of financial stress. For example, if your home is valued at \$500,000 and your debt is \$300,000, you have equity available that can be borrowed against for other uses provided you can still service the repayments. This works by using the line of credit to pay the shortfall of your mortgage repayment. The interest will be capitalised in the LOC until you start repaying the debt. Be aware that this option does require a degree of discipline to ensure your current equity is not 'frittered away' on non-essential expenditure.

Take a repayment holiday

If you're ahead on your loan repayments why don't you take a repayment holiday? Some institutions allow you a period of time where you do not have to pay your usual monthly mortgage payment if you are ahead on your repayments. This money could be better used to pay a consumer debt, maxed out credit cards or unexpected bills. It could also be handy if you temporarily lose your job.



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If you are suffering mortgage stress - or think you may be at risk - we are here to help. We can take a look at your personal situation and suggest options.

Don't wait until it's too late! Calling the office is a good place to start.