

Equity: Own a home and an investment property

Building a property portfolio remains a popular wealth creation strategy in the new decade, with one in seven taxpayers owning at least one investment property, according to the most recent taxation statistics.

Yet, many 'mum and dad' potential investors question whether they can afford to purchase an additional property while continuing to repay their home loan. Using equity may provide a solution.

Often, people who have paid off all or part of their home borrow against the equity they have built up over time - the difference between a home's market value and the unpaid balance of the home loan - to finance the deposit for an investment property purchase.

Spokesperson for Mortgage Choice, Australia's largest independently-owned mortgage broker, Kristy Sheppard said, "Our latest property investor survey found 60% of those looking to buy an investment property before mid 2011 planned to access equity in their home to fund all or part of that purchase."

"It tends to be an 'old school' notion that repaying a home loan in full is a must-do before purchasing more properties. Homeowners who want to build a property portfolio much more quickly move with less caution and capitalise earlier on the inroads they've already made.

"A family home is the biggest financial commitment, and asset, many Australians will ever have. So why not put it to work while you work on paying it off? Depending on how long you have been making repay-

ments and the capital growth accumulated since purchasing, you may be able to use your home equity to increase your personal wealth. Remember, history shows that, on average, house values in Australia double every seven to 10 years.

"Of course, how much you can borrow is subject to lenders' serviceability criteria as well as the amount of available equity, which works as security for the investment loan. This means you don't have to come up with a cash deposit. Keep in mind if you intend to borrow more than 80% of the total property value, ie. that of your home plus the investment property, you will probably be required to pay lenders mortgage insurance, which can be quite costly.

"It is important to note this strategy does require borrowers to take on a certain amount of risk. Before accessing your equity it is necessary to establish whether you can comfortably afford higher loan repayments and which, if any, lender is willing to lend to you. So, it's clever to consult a financial and tax adviser then visit a reputable mortgage broker, who can help you compare finance options and find a lender and loan product suited to your circumstances."

Mortgage Choice identifies three common types of equity finance available:

1. Loan top-up - allows a borrower to increase their home loan amount in order to help fund another property purchase. Extra funds are usually made available via a lump sum payment with interest payable on the entire top-up amount.

2. Line of Credit - allows a borrower to withdraw funds in addition to their home loan amount, up to a limit set by their lender. Interest is also payable on these funds. Line of credit loans generally attract a higher interest rate, are often interest-only and must be carefully managed.

3. Refinancing - allows a borrower to move to a different lender and loan product in order to increase their home loan amount. It's important to shop around as lenders offer different features, fees, interest rates and measure borrowing capacity differently.

Call the customer service centre on 13 MORTGAGE, visit www.mortgage-choice.com.au or www.facebook.com/MortgageChoice or <http://twitter.com/MortgageChoice>.

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About Mortgage Choice

Mortgage Choice, Australia's largest independently-owned mortgage broker, has a national network of hundreds of franchises and loan consultants supported by Group and State Offices. It provides loan advice on, and choice of, products offered by an extensive panel of Australia's leading lending institutions.

A number of the company's consultants provide a broader service offering, also helping customers source personal and commercial loans, asset finance and risk insurance.

Importantly, Mortgage Choice head office pays franchisees the same commission rate for home loans they write, regardless of the rate paid by the lender selected by a new customer - and has been doing so for most of its 17-year history. The company has no products of its own and works in each customer's interests to source a loan that suits their individual needs.

Mortgage Choice has no balance sheet or funding risk, and consistently delivers strong profits and attractive yields. The company listed on the Australian Stock Exchange in August 2004 (ASX sign: MOC) and is a member of the Mortgage & Finance Association of Australia (MFAA).

Recent awards/recognition: 2010, 2009, 2008, 2006 and 2005 MFAA Awards Retail Aggregator/Originator of the Year; 2009 and 2008 BRW Fast Franchises list; No.1 spot on Top 25 Brokerages list by Mortgage Business magazine; 2009 Australian Banking & Finance Awards Best Financial Institution Employer; 2009 Great Place to Work® Institute Best Companies to Work For list; 2009 and 2008 10 Thousand Feet Top 10 Franchise list; 2008 MFAA Awards Best In Mortgage & Finance Industry.

Visit www.mortgagechoice.com.au or call the customer service centre on 13 MORTGAGE.

British girl, 20, 'killed by jealous boyfriend during row at Greek party resort'

A 22-year-old British man has been charged with beating his girlfriend to death after allegedly flying into a jealous rage at a notorious Greek holiday resort on the island of Crete

Luke Walker, 22, allegedly kicked and punched Chelsea Hyndman, 20, during the "fierce physical fight" on Sunday night, it was claimed.

Police said the pair became involved in the heated row in their rented apartment in Malia, where they had hoped to work for the summer.

Prosecutors claimed Mr Walker, of Brierley Hill, West Mids, attacked his girlfriend during a "jealous fight over the attention of other men".

Miss Hyndman, from Castleford, West Yorks., was taken to Venizelos State Hospital in the island's capital of Heraklion, where she underwent emergency surgery but died early on Monday.

A post mortem found she died of "forceful blows to the stomach, which ... caused an internal rupture and internal bleeding that proved fatal".

Police sources said scratches on Mr Walker's body indicated "the victim had also put up



Charged ... Luke Walker is accused of murdering his girlfriend

a strong fight".

"They had been dating for two years but, according to their friends, they very often had serious fights," one source told The Daily Telegraph.

Mr Walker was charged on Tuesday with "causing fatal bodily injuries".

Under Greek law, he faces between five and ten years in jail if convicted.

Malia is renowned for attracting young British holidaymakers who indulge in heavy drinking in the town's numerous pubs and clubs.

Last year Stuart Feltham, 20, was on a night out in Malia

when Marina Fanouraki, 26, allegedly doused him in flammable liquid and set him alight.

Miss Fanouraki was charged with causing serious physical harm but claims she acted in self-defence after he allegedly groped her.

Dozens of friends have post-

ed tributes and pictures of Miss Hyndman on Facebook, the social networking site.

On Tuesday night her mother, Heather, was being comforted by friends and family at the family's terraced home.

"Her mum is in bits. She can't believe it's happened," said her stepfather Neil Lorryman.

It is understood Mr Walker's parents Lindy and Patrick were on their way to Crete and unavailable for comment.

A Foreign Office spokeswoman said: "We are providing the family with consular assistance."

She also confirmed that a "British national had been detained in Greece". She declined to comment further.

Mr Walker will appear before magistrates on Wednesday, where they will decide whether to grant bail pending a trial later this year.

Article from Telegraph