

The good news is that unemployment rates continue to be at their lowest level in more than 33 years.

The not such good news is that interest rates were increased by the Reserve Bank in August and they may increase rates again towards the end of the year. During the next few months some lenders may increase their rates as a consequence of the sub-prime mortgage crisis in the USA. A more detailed explanation is included in this Newsletter.

Judge Ourselves

We judge ourselves by what we feel we are capable of doing, while others judge us by what we have already done.

Henry Wadsworth Longfellow

Is your home loan still competitive?

In the past banks offered a 0.7% discount off the standard variable home loan rate if the loan exceeded \$750,000. Now the minimum loan to qualify for this 0.7% discount has been reduced to \$250,000.

Please contact us if you would like to check if your home loan is still competitive.

So Much Month

Why is there always so much month left at the end of the money?

Anonymous

Explanation of the Global Credit Crisis

The cost of funds for many lenders in Australia and the rest of the world has increased as a result of the Global Credit Crisis. This was caused by the poor quality of sub-prime mortgages in the USA.

These sub-prime Home Loan Mortgages were made to Borrowers with poor credit histories, where neither an upfront deposit or the ability to service the mortgage (lo doc) was required.

The sub-prime mortgages were bundled together (i.e. securitised) and sold to investors (in many cases Hedge Funds). The Hedge Funds also borrowed from other lenders to acquire the sub-prime mortgages.

The Crisis was triggered when the income from the sub-prime mortgages was less than anticipated as many of the borrowers were defaulting on their mortgage due to higher rates and declining house prices. The

defaults are expected to escalate when the honeymoon rates granted to these borrowers expire in a few months time.

The Hedge Funds have suffered significant losses and some have been forced to close down. Entities that lent to or invested in the Hedge Funds have also incurred losses.

In view of the above, banks and lenders are reassessing lending practices. There is a growing reluctance to lend and lenders are now charging higher interest rates.

Good News

We are very happy to announce the birth of the following babies:

Darren's son Oliver born on the 4th September

Rebecca and Jason's daughter Alexia born on the 17th October

Congratulations to all the proud parents.

Nice Guys

It's not true that nice guys finish last. Nice guys are winners before the game even starts.

Mort Walker

Hardship Options

The recent increase in interest rates has increased the number of borrowers that are in arrears on their home loan. It should be noted that "under clause 25.2 of the Banking Code of Practice, banks are bound to work with borrowers in difficulty and to inform them about the Credit Code's Hardship Options. This is not the case with non-bank lenders".....Sydney Morning Herald 10th October 2007.

Patience

Patience is something that you admire in the driver behind you, but not in the one ahead.

Bill McGlashen

Fully Maintained Cars

Fleet owners often finance cars under operating lease agreements which allows them to return the car to the lender at the end of the contract.

Benefits of this arrangement are as follows:

- Full maintenance option i.e. all maintenance costs included in the lease payment
- No risk on disposal of used cars
- Off balance sheet funding
- Fleet administration including registration and CTP renewals

We can now also finance smaller fleets or a single car on this basis.

The Australian Dollar

The Australian Dollar is at its highest level against the USA Dollar in more than 20 years and has also appreciated against most of the major currencies this year.

Year	\$US	YEN	Pound	\$Sing
1965	1.14	403	0.39	3.25
1975	1.33	392	0.59	3.15
1985	0.66	165	0.51	2.10
1995	0.71	61	0.45	0.99
1999	0.67	81	0.40	1.21
2003	0.66	77	0.41	1.15
2007	0.88	101	0.43	1.29

This table shows that in 1965, 1 Australian Dollar bought 403 Yen - now it will only buy 101 Yen.

The Value of Used Cars

Glass's Guide revealed the following:

- Buyers of large cars are worse off today than they were 10 years ago. In 1997 a 3 year old Falcon was worth 60% of its original retail price. The equivalent today is 41% of its original price. (Data from Pickles Auction show this as low as 34%)
- Used car values have decreased because the new car sales are growing at a faster rate than the population growth resulting in an oversupply of used cars.
- Australian-built cars have poorer resale values than vehicles built in other countries.
- Cars that provide the greatest depreciation risk are those painted in fashionable colours, so choose a conservative colour such as white, silver or dark grey.
- Paying a high premium for extra options doesn't necessarily increase the value of the car. Options that are popular today may become standard features in a few years time such as satellite navigation.

Keeping up with the Neighbours

Every family has the choice of keeping up with the neighbours or with the creditors.

Anonymous

" Help" only a click away

If you wish to find out some information on "money" matters, and you google the word "money", the search engine will return 658,000,000 results..... not very helpful.

Be Wise

It is better to be wise than to seem wise.

Origen

Current Interest Rates

	Oct 2007	Comparison Rate
Leasing, Chattel Mortgage & CHP rates - from	8.75%	
Mortgage Rates - from		
Variable rates	7.49%	7.51%
3 year fixed rate	7.69%	7.89%
5 year fixed rate	7.74%	7.98%
Home Equity Loan	7.62%	

The Comparison Rates are based on an amount financed of \$300,000 payable over 30 years.

What we do

If you are purchasing a car, computer, equipment, office furniture and fittings, property or refinancing a loan, we can arrange or provide the finance.

This finance is provided by a range of lenders depending upon your circumstances.

We are able to source finance at highly competitive rates because of the volumes that we generate.

Our clients are private individuals, salaried employees, sole traders, small businesses as well as large corporations and public companies.

We also assist clients who are experiencing difficulties obtaining finance. The principal operators of the company are members of the Institute of Chartered Accountants of Australia.

We take care of all aspects of the lending process thus totally freeing up your time.

Who to contact:

Arnold Hurwitz (B Comm ACA), Gary Braude (B Comm ACA), Darren Goodman (B Comm), Jason Mikellides, Rebecca Barwell and Paula Hurwitz (B Comm ACA).

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