**RE: Fixed Rate Specials**

Hello all,

There is a lot of uncertainty in the market right now, with the banks getting slammed by the Royal Commission and APRA. With banks copping massive fines left, right and centre (including CBA paying a whopping $700m), its definitely concerning.

How will banks recoup these fines? How will banks make up for writing less loans and smaller loans, due to the tighter guidelines existing at present? Smaller loans and less loans, means less profits for the banks. Banks being banks, they don’t like profits to decline, nor do bank shareholders. One potential way for banks to increase profit; is to increase rates on existing loans off their own bat. I am not saying this will happen, but it’s a logical solution for the banks.

The other factor to consider is rates have been low for a long time. The interest rate cycle is due to go up at some point in the next year or two (based on historical trends). Interest rates, like the property market are cyclical, they will definitely go up at some point!

I’m not saying you should switch to a Fixed Rate. I am just extending the courtesy of letting you know what is happening and what is available. If you would like some peace of mind, a fixed rate offers that. Apart from that peace of mind, there are some pretty good rates about at the moment. As a consequence of writing less business lately, some of the banks have brought out some fantastic specials. Especially on investment fixed rate loans, there are some great opportunities.

**Home Loan Fixed Rates (Principal and Interest repayments):**

2 Year Fixed from 3.69% (3.903% comparison rate)

3 Year Fixed from 3.74% (3.907% comparison rate)

**Investment Loan Fixed Rates (Principal and Interest repayments):**

2 Year Fixed from 3.89% (4.284% comparison rate)

3 Year Fixed from 3.99% (4.286% comparison rate)

**Investment Loan Fixed Rates (Interest Only Repayments):**

2 Year Fixed from 4.18% (4.678% comparison rate)

3 Year Fixed from 4.19% (4.642% comparison rate)

Keep in mind, you don’t have to Fix ALL of your loan(s), you can SPLIT your loan in two (if not already). This way you can keep the flexibility of the variable, along with the stability of the fixed rate.

Other key points about a fixed rate are:

* Extra repayments are generally capped at $5K - $10K p.a
* Generally, no redraw (withdrawal of your extra repayments)
* No offset account
* High break costs (potentially) if you need to pay it out early

**We may be able to get the above rates (or close to) with the bank that you are already with. If not and we have to change banks, some of the banks are giving away cash backs of up to $1500 if you refinance. So, if you need to jump ship to a cheaper deal; this will generally make it cost free to do so!**

If you have any questions, please do not hesitate to call me.

Yours Sincerely

Daniel O’Brien

*\*Note: Comparison Rate based on loan of $500,000 over a 25 year term. Conditions apply and fees and charges may be payable.*

*WARNING: The Comparison Rate applies only to the example or examples given. Different amounts and terms will result in different Comparison Rates. Costs such as redraw fees or early repayments fees, and costs savings such as fee waivers, are not included in the Comparison Rate but may influence the cost of the loan.*

*Whilst all care has been taken in the preparation of repayment schedules, graphs and other loan details and estimates of fees, no responsibility will be held for their reliability. We recommend that all loan details and fee estimates be confirmed with the appropriate Lender(s), Government Department and/or your legal representative prior to you making a decision on whether to proceed with a loan.*

*LMI estimates have been calculated using the highest Genworth premium rates based on regulated loans. Please refer to the applicable lenders' LMI Rate Card/Calculator for an estimate of the LMI fees for your client's particular circumstances.*