

2013 ANNUAL REVIEW



December 2013

What a fantastic year, though somewhat challenging in parts. Everyone seems to be on the same page when I say that 2014 is going to be a big year! Okay, maybe with the exception of you Rod... but there's always the pessimist (haha). There seems to be a lot of confidence out there in recent months not just from within the property/finance industry, but from a wide range of industries. I think I speak on behalf of most when I say thank God that the Election and all its vagaries are over!

It's been a big year for us on the back of our Strategic Plan from 2012. We still have a lot more work to come to get us where I want, but I'm certainly thrilled with what we've managed to achieve this year. We can't have done it without each and every one of you, so THANK YOU! More on this in 'Home Sweet Loans' on Page 4.

From March 2014, significant changes to Credit Reporting will become effective. **This means that ALL debt/loans/conduct etc in your names will appear on your Credit Checks.** Please see below.

The Property market thankfully has stabilised and losses are few & far between with a quiet confidence in the 2nd half of the year. I expect further consolidation in 2014. Interest Rates appear stable too at this stage with a 50/50 bet on which way the first move will be in 14. Personally, I think the next move will be up... but can't tell you when. Please see Page 3.

Once again, no 'PB' fish for me this year ☹. I guess you actually need to attempt to get a rod and cast it in water to even be a chance of catching a fish... While there is still the odd fishy pic at the end of this update, I thought I would do a pic montage of 2013 on a HSL & personal front. Please see Page 6.

Credit Reporting Changes

Comprehensive Credit Reporting (CCR) is all about a change in the way credit information can be shared by Lenders for the purpose of assessing credit. It will reshape the way lenders assess risk and consumers access credit.

The change beginning in March 2014, brings Australia in line with the vast majority of the rest of the OECD countries.

This will provide credit providers a more complete picture of a customer's credit commitments. Currently credit information about an individual that can be shared by Lenders is limited to credit applications and credit defaults – negative credit reporting. The change in the legislation will open up additional information about the accounts consumers currently have and how well they meet their repayments – positive (comprehensive) credit reporting.

There will be five new data fields for credit providers that form the construct of Comprehensive Credit Reporting that provide insights into the credit behaviour of individuals. These include:

- Date account opened
- Current Limit of account
- Nature of credit account
- Date account closed
- Account payment history (licensed credit providers)

Interestingly, it is being 'sold' as being beneficial to Consumers, as evidenced by the following:

- *It's a fairer system for consumers who have previously experienced difficulties obtaining credit because:*
- *Recent positive behaviour will be registered on their credit profile, counter- balancing the impact of previous poor decisions.*
- *More frequent and comprehensive data means the first symptoms of credit stress can be identified immediately.*
- *CCR does not mean that an individual will be "blacklisted" if a single payment is missed which can occur for a variety of reasons (delayed account set up, absence on holidays, short term cashflow issues for example). An individual's credit score will not be significantly affected by a single event of this type, but a pattern of missed payments and other indicators of credit stress will impact the score.*
- *CCR data means that a much more accurate credit score can be provided for a customer. A credit score will be negatively influenced by serious recent arrears involving multiple missed payments; any defaults or court judgements or bankruptcy, and evidence of multiple credit enquiries being declined in a short period of time. The score will be positively impacted by consistently making payments on time across multiple lines of credit and evidence that credit commitments are being properly fulfilled counts more than not having credit at all.*

Ah ha! Call me a pessimist but I'm failing to see how Lenders will 'positively' view any type of Credit 'misconduct' which is balanced by positive conduct of other accounts... The stated benefits for Lenders:

Sharing comprehensive credit information gives lenders a better picture of applicants and account holders, supporting responsible lending. Lenders are therefore able to provide more differentiated and segmented offers to consumers based on levels of risk. Furthermore, CCR can lead to a reduction in bankruptcies and bad debts as it identifies the over-committed at a much earlier stage.

Gee the lenders get the short end of the stick here huh?! The 'T' view... this is all about getting deep into your Credit conduct, and ensuring ALL debt and conduct is declared and evident. There are many loopholes at present where some of this information can be overlooked or 'forgotten'. I don't personally subscribe to the notion that this is beneficial to the Consumer, but it will be extremely beneficial to the Lenders. I don't have a problem with this whatsoever, but don't 'fluff' it by trying to tell me this is all about 'me'...

My advice to each and every person... make your payments on time every time. You won't have any issues!

Interest Rates/ Property Market

The current Cash rate sits at 2.50%. We have only seen 2 cuts totalling 50 basis points this year. Did this have the desired effect? I don't think so! Meant to stimulate the economy, home owners just put the extra money away. In the last RBA meeting for the year, the Board stated:

Recent data on prices and wages show inflation consistent with the medium-term target. The Bank's assessment is that this is likely to remain the case over the next one to two years.

Hence, I believe we are in for few cuts in the coming 12 months and personally I think the next move could be up. I don't see any drastic upward movement for at least 1-2 years until such time the economy stabilises, which going by Treasurer Hockey's spiel this week could be a few years away yet. In a nutshell, CPI will have to increase significantly to warrant such moves.

Fixed Rates were as low as we've seen this year and those who took advantage of 3 year rates under 5.00%... Congratulations!! You can still get 2 year rates <5.00%, but not sure for how long as we've seen the 3 year rates back over 5.00% in recent months.

Some property trivia for you:

Figures compiled by the Real Estate Institute of Queensland show London Road (Belmont/Gumdale) notched up the most million-dollar-plus sales in Brisbane in 2013. Nine London Road properties sold throughout the year, with the most expensive changing hands for \$3.2 million.

This is a nice lead in to the property scene. There's people out there with money and are prepared to spend it on property! Buying in London Rd is not an 'investment' decision but a 'lifestyle' one, and when money is being spent on 'lifestyle' again, you know confidence in the market is back.

The 2nd half of 2013 has certainly been welcomed by everyone in the property industry. HTW in the last Review for the year wrote:

Amongst all this the Australian property scene had its silver streak showing. Markets that have lay dormant since the GFC started getting back their old buzz. It really did seem to sneak up and take everyone by surprise around mid-year when a whole lot of action started taking place amongst the capitals.

Brisbane looked set to be a very flat performer through the first half of this year. While no one was concerned about a fall in market performance, we still appeared to be treading water. Post June, there was a change in the wind. The beat has been growing stronger. While we have been watching some wild times in Sydney and Melbourne with their high auction clearance rates punctuated by high bidders exceeding vendor reserves by tens of thousands of dollars, Brisbane has remained confidently cool. Our team reports no galloping price gains, but sale volumes are up and buyers are competing. Most agents you engaged for a chat in October and November were lamenting the lack of available stock, with more than a couple finding it hard to keep the listings book topped up.

Standout performers for 2013 are Sydney with an increase of 12.5% in dwelling values, followed by Perth with 8.9% and Melbourne 6.6%. Brisbane saw 2.8% added to our bricks & timber.

My favourite indicator for how the market is travelling is the 'Vendor Discounting' stats. This is the measure of the final Sale Price in comparison to the original Asking (Listing) Price. Earlier

this year, Brisbane was running at a year high of 8.7% (Houses) & 7.8% (Units). Currently, these figures sit at 5.8% & 5.7% respectively. This tends to indicate that both parties are talking as opposed to here's 20 cents... no bugger off I want a \$1!

T's Crystal Ball for 2014? Similar to this year in the value action – somewhere between 2-5%. Activity? I'll stick my neck out and say an increase on the past 6 months, but I'd be happy with more of the same!

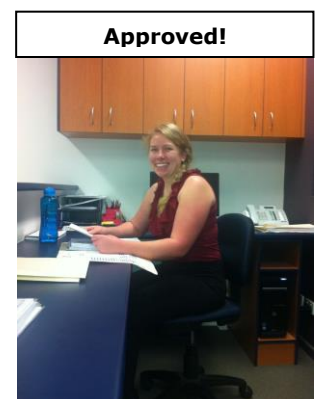
Home Sweet Loans

How I started last year's review:

2013 is a big year for us as a business. We have highlighted several areas through our recent Business Review & Strategic Planning that will require investigation/research & implementation to assist us in expanding to the next level. While we are in the minority since the GFC who have actually increased their business levels, we are completely equipped to support a major increase in Business. Our existing business has supported us wonderfully to date, but we need to source 'new' business at a much greater level. We have identified several channels/mediums, and we'll be focusing our energies on these options early in 2013. I am hoping with the successful increase in business, my much touted Client Service Manager role will finally be filled!

How did we go?

- ✓ We doubled the level of business we wrote in previous years! It was a bit of a dream to say that's what I hoped to achieve, but we actually did it! Now for the next level...
- ✓ Signed a Contract with Stockland to service 3 Communities – Augustine Heights, Sovereign Pocket (Deebing) & Vale (Waterford). Yes, this has meant 7 days a week... From this, we have also developed relationships with a few Builders and I hope to significantly expand on this in 2014.
- ✓ Sponsored the Bayside United FC Junior in-house competition for the 2013 & 2014 seasons. This gives us exclusive naming rights to the Comp and Jersey's and signage exposure around the Club. What a great Club and absolutely ecstatic to be involved in Soccer again, even though I got roped into joining the Clubs O35's team midway through the year – which has resulted in a Hernia... Oh well, did it for the team haha!
- ✓ Client Service Manager... FINALLY a full time person in the chair! While it took a while, and not without some angst, we finally found the right person for this role in Rachel Rosenberg. Rachel has been on board for approx. a month now and has taken to the role like a duck to water! I have no doubt she will become a valuable asset to our business. Please join me in welcoming Rachel and you can look forward to hearing her cheery voice in the near future!
- ✓ Bought a new car! Ok ok, it was a highlight for me anyway... ☺



So where to for 2014? Now that Rachel is on board, I intend to spend more time on the road networking (a steak at the Norman IS networking) and building new relationships. While we are yet to complete our planning process, some of the new initiatives I have in mind include a more productive presence at BUFC (coffee/muffins etc on a Saturday morning), Home Buyer nights & Event attendance. Spending a 'day' at Businesses to provide Home Loan advice to staff/employees is another option I'd like to explore.

Thanks to everyone who entered our Ashes comp! What a fantastic response and congratulations to the following winners:

David Phillips
Paul Stevens
Javed Khan
Brad Oats (MIA)
Daniel Jaraminas
Mark Lingard (Sub Adrian Rich)



Certainly more of these types of Comp's on the cards! It was great to catch up on a social level and I know everyone enjoyed the Cricket & the Italian Lunch.

Home Sweet Loans - Housekeeping

On our website is our '**Budget Organiser**' Template. This Organiser has been designed to assist you in implementing a budget or simply tracking your expenses. It's amazing where your money goes once you decipher it on paper! You can download this for FREE! I'm also open to any suggestions on how we can improve it too!

Home Buyer Guides - The Home Buying Essentials and Property Investment Essentials. These 24 page colour booklets are packed with information for those who haven't purchased a home (ever or in a long while), or anyone considering dipping their toes in the Investment pool. If you would like a FREE copy, or know anyone that could benefit from them, please email me or request from the HSL website...



PLEASE NOTE that we are here to assist during the Application process, and post Settlement. If you require any assistance whatsoever once you have your loan in place, please call us at anytime. This alleviates any issues that you will encounter dealing directly with your respective Lender, especially when it comes to Product switches and Discharges/Releases.

We Value Your Thoughts!

Gift Vouchers, Movie Tickets, a night at the Footy, lunch/dinner at sumptuous Restaurants – the more of your family & friends you refer, the greater your rewards! We also conduct a regular competition through our Quarterly Magazine. Throughout the year, we conduct several competitions that are exclusive to our 'Email Alert' members & Facebook 'Likers'.

HAPPY NEW YEAR AND THANKS FOR ALL YOUR SUPPORT IN 2013!!

2013 in Pics...



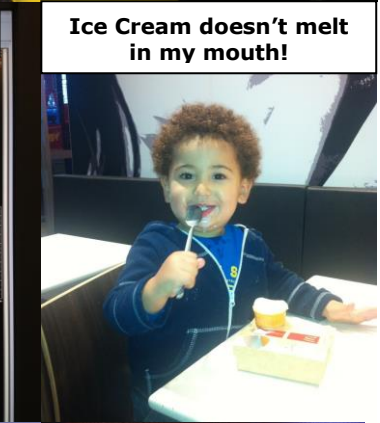
Super 6 Runners Up U7's



Super 6 Runners Up O35's



10 cents anyone?



Ice Cream doesn't melt in my mouth!



Dippimin, Dippimum...



Little Princesses



Maiden Voyage



Thanks Mel D!



What a beautiful part of the World we live in...!!



Should help me process your loan faster... haha!



Go Lions!