This e-book was built to help you on your success journey, by the team at OneLife.

http://Onelife.com.au

Also our gratitude goes to those that write in with

their experience to encourage and inspire others.

http://roy-mcdonald.net

1. Skip the honeymoon

Beware of lenders bearing gifts. Introductory or honeymoon rates have long been an important marketing tool for lenders. You are initially offered a cheap rate on your loan to get you in the door but once the honeymoon period is over, the lender will switch you to a higher variable rate of interest.

There are two problems with this scenario. First, the variable rate is often higher than some of the lower basic loans available so you could end up paying more. Second, you need to clearly understand that a honeymoon rate applies only for the first year or two of the loan and is a minor consideration compared to the actual variable rate that will determine your repayments over the next 20 or so years.

You may also be hit with fairly steep exit penalties if you want to refinance in the first two or three years to a cheaper loan. So make sure you fully understand what you are letting yourself in before setting off on a "honeymoon" with your lender.

2. Make repayments at a higher rate

A good way to get ahead of your mortgage commitments is to pay it off as if you have a higher rate of interest. Get a loan at the lowest rate you can and add 2 or 3 points to your repayment amount. So if you have a loan at about 7 percent and pay it off at 10 percent, you won't even notice if rates go up. Best of all, you'll be paying off your loan quicker and saving yourself a packet.

Success story **Harry Charalambous - Transformed Our Lives To Make Way For The Goals To Be Realized**

3. Pay it off quickly

Time is money. There are all sorts of strategies for paying less interest on your loan, but most of them boil down to one thing: Pay your loan off as fast as you can. For example, if take out a loan of $300,000 at 7.07 percent for 25 years, your repayment will be about $2,134. This equates to a total repayment of $640,126 over the term of your loan.

If you pay the loan out over 10 years rather than 25, your monthly payment will be $3,494 a month (ouch!). But the total amount you will repay over the term of the loan will be only $419,290 – saving you a whopping $220,836!

We paid off $596.000. Saving us $70,000 a year with Roy's basic strategies

4. *Make more frequent payments*

The simple in life are often the best. One of the simplest and best strategies for reducing the term and cost of your loan (and thus your exposure should interest rates rise) is to make your repayment on a fortnightly rather than monthly basis. How can this make a difference I hear you ask? It works like this:

Split your monthly payment in two and pay every fortnight. You'll hardly feel the difference in terms of your disposable income, but it could make thousands of dollars and years difference over the term of your loan. The reason for this is that there are 26 fortnights in a year, but only 12 months. Paying fortnightly means that you will be effectively making 13 monthly payments every year. And this can make a big difference.

Using our example from above, by paying monthly, you will need to repay $640,126 over the term of your loan. By paying fortnightly, you will save $48,534 in interest and 4.5 years off the loan. Zero pain to you, major benefit to your pocket.

5. *Hit the principal early*

Over the first few years of your mortgage, it may seem that you are only paying interest and the principal isn't reducing at all. Unfortunately, you're probably right, as this is one of the unfortunate effects of compound interest. So you need to try everything you can to get some of the principal repaid early and you'll notice the difference.

Every dollar you put in your mortgage above your repayment amount attacks the capital, which means down the track you'll be paying interest on a smaller amount. Extra lumps sums on regular additional repayments will help you cut many years off the term of your loan.

6. *Get a package*

Speak to your lender about the financial packages they have on offer. Common inclusions are discounted home insurance, fee-free credit cards, a free consultation with a financial adviser or even a fee-free transaction account. While these things may seem small beer compared to what you are paying on your home loan, every little bit counts and so you can use the little savings on other financial services to turn them into big savings on your home loan.

There are also "professional" packages on offer for amounts over a certain limit, which can be as little as $150,000. There are all sorts of discounts and reductions attached to these packages so make sure you ask your lender about them.

7. Consolidate your debts

One of the best ways of ensuring you continue to pay off your loan quickly is to protect yourself against interest rate rises. If your home loan rate starts to rise, you can be absolutely positive about one thing – your personal loan rate will rise and so will your credit card rate and any hire purchase rate you happen to have.

This is not a good thing as the interest rates on your credit cards and personal loans are much higher than the interest rate on your home loan. Many lenders will allow you to consolidate – refinance – all of your debt under the umbrella of your home loan. This means that instead of paying 15 to 20 percent on your credit card or personal loan, you can transfer these debts to your home loan and pay it off at 7.07 percent.

As always, any extra repayments or lump sums will benefit you in the long run.

8. Split your loan

Many borrowers worry about interest rates and whether they will go up but don't want to be tied down by a fixed loan. A good compromise is a split loan, or combination loan as they are often known, which allows you to take part of your loan as fixed and part as variable. Essentially this allows you to hedge your bets as to whether interest rates are going to rise and by how much.

If interest rates rise you will have the security of knowing part of your loan is safely fixed and won't move. However, if interest rates don't go up (or if they rise only slightly or slowly) then you can use the flexibility of the variable portion of your loan and pay that part off more quickly.

9. Make your mortgage your key to financial product

Mortgage products known as all-in-one loans or 100 percent offset loans allow you to use your mortgage as your key financial product. This means you have one account into which you can pay all of your income and draw from your living expenses by using a credit card, EFTPOS or a chequebook, as well as making your mortgage repayments.

These types of accounts can make a huge difference to the speed at which you pay off your loan. Because your whole pay goes into your mortgage account you are reducing the principal on which interest is charged. Sure, you might take a couple of steps back as you withdraw living expenses but careful use of this sort of product can get you thousands of dollars ahead of where you'd be with a "plain vanilla, pay once a month" home loan.

These loans work well when you are able to make additional payments towards the loan. If you are only able to make the equivalent of the minimum repayment on your loan (and not put in any extra) you may be better off with a cheaper standard variable or basic variable loan. However, it's not unusual for dedicated borrowers using these types of loans to cut the term of a 25 year-old loan to less than ten.

10. Use your equity

If you have already paid off some of your home, you are said to have equity. Equity is the difference between the current value of your property and the amount you owe the lender. For example, if you have a property worth $500,000 on which you owe $150,000, you are said to have home equity of $350,000, which you can re-borrow without having to go through the approval process by accessing it through your existing loan.

Many lenders will allow you to borrow using your equity as collateral. Most lenders will allow you to borrow up to about 80 percent of the loan-to-value ratio (LVR) of your available equity. If you are careful, you can use this equity to your advantage and help to pay off your home loan sooner.

Using an equity loan to improve your property could be a good way to ensure that your home increases in value over time. But larger expenses such as cars and holidays that would have been paid by credit card are more affordable on the lower rate of your home loan.

11. Switch to a lender with a lower rate

It may sound like a simple idea but switching out of your current loan and taking out a loan at a lower rate can mean the difference of years and thousands of dollars. If you have a loan that is tricked up with all the features, or even if you have a standard variable loan, you might find that you could get a no frills rate that is as much as a percentage point cheaper than your current loan.

However, before you jump the gun, check out what it will cost you to switch loans. For example, there may be exit fees payable on your old loan and establishment fees and stamp duty on your new loan. Work it all out and if it makes sense, go for it.

12. Forgo those minor luxuries

This is the bit you don't want to read. Once you have a mortgage, your life is likely to be luxury-free (or at least pretty close it it). Think of all the weight you will lose by giving up your favorite indulgent snack. For the sake of your health you should quit smoking and drink less anyway. Take your lunch from home and save on bad fast food. Trust me, your body will thank you for it.

If you're still not convinced consider the following example. A typical day ay include a pack of smokes ($10), a coffee and donut ($5), lunch ($12) and a couple of beers after work ($8). That's $35 a day or $175 a week or $750 a month or $9,100 a year.

Assuming a mortgage of $300,000 at 7.07 percent over 25 years, by making $750 in extra repayments each month, you'd save more than $175,000 in interest and be mortgage free 11 and a half years sooner.

No one is saying you should live a convict existence but just cutting down a little on your expenses will see you reap future financial benefits.

13. Stay informed – don't forget about your mortgage

With any long-term commitment, there is always the temptation to let your mortgage roll along, make your repayments as they fall due and think as little about it as possible. As long as you keep up the repayments, there's not much else you need to do, right?

This attitude can be a mistake. Keep yourself up to date with what's happening in the marketplace. You might find that there's an opportunity to put yourself well ahead of the game. Rates change, new products and changes in the market itself may allow you to seize an opportunity or negotiate a better deal.

Stay informed and stay ahead of the game.

14. Get a cheap rate and invest the difference

When interest rates are low, like now, it is usually safe to say that inflation is also low. Thus, bricks and mortar may not be the best place to invest. Try getting the cheapest home loan you can find and make the minimum repayment. This allows you to use the extra cash to invest in other, more profitable areas.

You may find that the return you get on shares or some other type of investment means that you have creates a nice little nest egg which you can use to pay off a bigger chunk of your home loan than you might otherwise have been able to do.

But beware – high returns often mean high risks. Before undertaking any investment, invest in a consultation with a qualified financial adviser.

15. Run an offset account

Instead of earning interest, any money you have in your offset account works to offset the interest you are paying on your home loan. For example you may have a mortgage of $300,000 at 7.07 percent and an offset account with $50,000 in it earning 3 percent.

This means that $250,000 of your loan is accruing interest at 7.07 percent but the rest is accruing interest at just over 4 percent (7.07 percent on your loan less the 3 percent the $50,000 in your offset account is earning). Imaging home much you can save!

Of course the best sort of offset account pays the same rate as your loan (100 percent offset).

16. Pay all your mortgage fees and charges up front

Some lenders allow you to add the amount you borrow instead of coming up with cash for your upfront costs. While this can seem a blessing try to avoid doing this. Consider the following example:

Borrower A borrows $300,000 over 25 years at 7.07 percent. Her upfront costs are $1,000 but she has enough cash to make sure she can cover these. Her total repayment over 25 years will be $640,126.

Borrower B takes out the same loan but doesn't have enough cash to cover the upfront costs. So he borrows $301,000, at the same rate. Her total repayment over 25 years will be $642,215.

Two thousand odd-dollars might not sound like a huge amount but what could you buy with it if it stayed in your pocket?

17. Pay your first installment before it's due

With most new loans, the first installment may not become due for a month after settlement. If you can manage it (and your lender will let you), pay the first installment in the settlement date. If you do this, you will be one step ahead of the lender for the term of your loan. Every little bit counts.

18. Shop around and make sure your lender knows it

One of the most powerful tools you can have in the search for the best home loan is information. Make sure you have rung half a dozen lenders and brokers (as well done some internet research) before you start talking to your preferred lender about getting a new loan or refinancing your existing loan.

Make sure you know what rates and features are offered by each of your lender's competitors on comparable products. Be ready to tell the lender what you are looking for and don't be afraid to ask for extras. If they want your business, and you know what you are talking about, they may be prepared to work that little bit harder to get your business.

Don't be afraid to walk out if you aren't getting the best possible deal you can.

19. Make sure your loan is portable

If there is any chance that you will move house during the course of your loan (and let's face it, there is a strong chance), make sure that your lender will allow you to transfer your loan to a new property and that it won't charge you the earth for the privilege.

Be careful. If you sell up and buy a new house, you could find yourself down thousands in discharge costs on your old loan and establishment fees on your new one.

20. Avoid bringing finance

Someone once said bringing finance is so called because it allows you to "pylon" the debt. The joke's appalling, but so is bringing the finance. Unless you get your timing right you could find yourself with two home loans at the same time – with the bringing finance element costing you an extra couple of percent premium on the standard variable rate.

Consider using a deposit bond or selling before you buy, as it will be much more cost effective for you than another loan.

21. Choose the loan that suits your needs

Choosing a loan is about knowing what you want. Draw up a table of potential home loans and rank them. Make a list of all the features that are important to you and rank them according to importance. Give each feature a score out of 5 – one for unimportant right through 5 for indispensable.

Use this technique for ranking the loans on offer and pretty soon you'll see the one that's right for you. Remember, different loans have different purposes so you need to match a loan to your need. Remember, different loans have different purposes so you need to match a loan to your need. Taking out an interest only loan suitable for investors if you are planning to live in the house is just foolish.

Ditching the features you don't need can save you up to 1 percent on the interest rate of your loan. Over 25 years that's a whole lot of money you've just saved yourself.

22. Don't be afraid of smaller lenders with cheap rates

Since the advent of the mortgage managers over the past five or six years there's been a lot of talk about smaller and "non-traditional lenders" and how they have forced interest rates down. With the property boom, plenty of opportunities sprang up for smart lenders with low fees willing to take on traditional lenders and many have done very well indeed.

Some borrowers worry about what might happen if their lenders get into financial trouble. Keep in mind that you've got their money – so don't worry too much. There are some smaller lenders whose names might not be readily familiar but whose rates might be enough reason to get in touch.

23. Find out if your profession will get you a discount

Some lenders offer discounts to specific professional groups or members of professional organizations. Ask your lender if your occupation qualifies you for any discount. You might be pleasantly surprised.

24. Read all about it

Information is your greatest weapon against the mortgage monkey, which has taken up (or is about to take up), residence on your back. By staying informed about what is going on in the home loan market, you might be able to stay a step or two ahead of your lender. And if you can stay one step ahead, you are already on your way to paying of your mortgage faster.

Bonus Tips

Property Launch Presented by: Harry Charalambous and Roy McDonald

More, Great tips from Roy McDonald.
Access to his Book;
$1 into $1 Million Dollars in 7 Years or Less as a free download
8 Video's of Roy McDonald going through the book with you
***And* more great tips to support you on your journey to success..**

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