

## MORE INFORMATION

Make a list of all the features that you need for your loan and assign a priority ranking to each. Then go out and do your research with different lenders and use a comparison checklist to mark those features which are most important to you. If you find you don't need the bells and whistles available on a Standard Variable, then switch to a Basic Variable with a lower interest rate, maybe up to 1% cheaper.

Before applying for a loan, get the financier/broker to organise a letter which includes all of the conditions which you were told the loan would satisfy. Terms and conditions can change frequently, and the person you spoke to may not be entirely familiar with all of the fine print in your loan contract. If you get the conditions of your loan in writing, the financier is obliged to honour their promise.

Interest Rates: One must be aware that a "low" interest rate is not necessarily the cheapest. You need to take into account 2 things besides the restrictions on a "cheap" rate:

1. What penalties/fees are applied to the loan for certain events (for example, if you wished to make a funds redraw)
2. Is the interest calculated daily and charged at the end of the month? This is called "monthly in arrears" and is the standard practice adopted. However, some lenders may offer a really cheap rate but be charging the interest daily, or at least calculating it "on the daily balance including the interest already accrued so far that month". This is a **daily** "compound interest" calculation and could cost you \$000's if they are calculating it this way and you could end up worse off.

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