

## Turning a rundown house into a home



Before

DALE and Janet Murray bought a house in Greenwood with the help of a Keystart loan in April 1999.

They have now turned it into a home by borrowing on the equity they had put into their Keystart home loan.



Nikki, Dale and Janet Murray

After

"We bought what was the worst house in the street, it had been rented for 17 years, and owned by someone who had lived in the North West who had never inspected it," Dale said.

"The place was in a dreadful condition, the carpets had to be ripped up, so for two years we lived on concrete floors which were pretty stark and that did not please Janet too much, but at least we had a home.

"As the interest fell, we kept up the same level of repayments and were able to borrow a further \$8,000.

"When we decided to seek an extra loan, the TLC Society, where we borrowed the Keystart loan, was so prompt in supplying information and the application went through, everything went through smoothly and quickly.

"We have now put in parquet floors, window treatments, security and a limestone retaining wall, which really make a difference.

"Now we and daughter Nikki can invite friends over and be proud of our home."

Dale and Janet advise anyone with a Keystart loan to take advantage of falling interest rates by keeping the same initial repayments, so that either the loan is paid off quicker or they can have access to the extra amount paid for home improvements.

## Minister pleased with Keystart's growth

Tom Stephens is the new Minister for Housing and has embraced the challenge of his housing portfolio, believing that with a dedication to serve the people of Western Australian, he will make a difference.

"The new Labor Government is committed to providing opportunities and programs to help people own their own home and be supported by a safety net if the need arises," the Minister said.

"I am delighted that Keystart, which was begun in 1989 by a previous Labor Government has grown from strength to strength and helped more than 36,000 people into their own homes advancing more than \$3 billion since its inception.

"With lower interest rates and the Federal Government's first-time home buyers grant of \$14,000 for purchasing a new home, there has never been a better time to consider buying.

"The extra initiatives introduced by Keystart to help with home improvements or urgent repairs are further ways of assisting borrowers achieve their aims without having to resort to higher interest rates from other sources."

Mr Stephens said that entering the home market was a big step for low income earners and young families and that he was pleased that the Government was able to make a difference to many Western Australians.

## How to save by paying more

CUTS in Keystart interest rates over this year have meant savings to borrowers of almost \$100 a month.

Since February 2001 Keystart interest rates have dropped by a total of 1.5 per cent, making it even more attractive for low to medium income earners.

However, Keystart Board Chairman Lloyd Guthrey advises people to try to pay the higher amount each month to help pay off their loan quicker.

"The cut from 8.25 per cent in February to 6.75 per cent in April, means on the average loan of \$100,000, repayments drop from \$788 to \$691, a saving of \$97," Mr Guthrey said.

"Yet if payments are maintained at the higher figure the mortgage can be cut from 25 years to less than 19 years, which is a saving of more than \$30,000 and that is a great deal of money.

"The advantage of maintaining the higher payments also means borrowers have access to the extra amount they have paid should they need to redraw this for home improvements, or if there should be a need for emergency repairs.

"It may be you have bought a home which is perfect for a couple, but when children come along and particularly when they grow, more room is needed. Or it may simply be that you

would like some improvements such as a patio, paving or a garage.

"Paying extra off your mortgage is really a great way to save, either to pay off the house earlier or to put away some money for a rainy day."

Keystart was established to assist low to medium income earners, who might not be able to access loans from traditional lending institutions and Keystart is mindful that, at least in the early stages of repaying a mortgage, money may well be tight.

Mr Guthrey said that it was a source of pride that Keystart had gone even further than the Reserve Bank over the past year in cutting its rates.

- In August 2000, the Reserve Bank raised official interest rates by 0.25 per cent, but Keystart did not change its rate.
- In February 2001, the Reserve Bank cut official interest rates by 0.50 per cent, but Keystart cut its rate by 0.75 per cent.
- In March and April, the Reserve Bank cut official interest rates by a total of 0.75 per cent and Keystart has followed suit.

Please consult your Keystart Retailer if you have any queries.

# Fun in Armadale Parks

COMMUNITY activities have really taken off in Armadale with adults and children meeting their neighbours and making new friends.

Keystart and the Armadale City Council have joined forces in the Neighbourhood Improvement Program (NIP) which aims to make Armadale a better place to live, which should increase property values.

Keystart spokesman Gerry Costigan said that community consultation had shown that it was important to keep young people occupied because frequently bored youth created problems for the whole community.

"NIP has tried to generate community activities and entertainment and encourage others to pick up the baton," he said.

"We now have the Police and Citizens Youth Club running activities for adolescents and the Lions Club is planning a barbecue," he said.

"During the summer five events were held in the parks, which are under going

a make-over, and this attracted the children and their parents, with up to 100 people attending each event.

"The entertainment was simple but effective with the PCYC's slippery pole proving particularly popular, but providing a great challenge to the young participants.

"Other entertainment included a bucking bull, bouncy castle, face painting and

music provided by an indigenous musician.

"The council is putting a lot of work and money into the Hollybush and Neerigen precincts in particular, and as well as improving the parks to make them more user friendly, is carrying out road works and footpaths.

"Information on park improvements is on display and we hope residents will take the opportunity to see these."

Fun and games



Everyone pitches in



## Think before Bankruptcy

Tips from our Money Managers, Diane Stephenson & Olga Cooper.

Fortunately bankruptcy is not common among Keystart borrowers. Keystart's safety net is there to take into account the occasional altered financial circumstances of a borrower, and may help some avoid bankruptcy, but nevertheless a question sometimes asked of a Financial Counsellor is "**Will I lose my house if I go bankrupt?**"

When a person goes bankrupt all of their property (other than that, which is protected, by section 116 of the Bankruptcy Act) becomes the property of their trustee.

### A house is not protected property!

What happens to your house should you ultimately decide to go bankrupt depends on the equity in the house (the difference between what the house is worth and what is owing).

If there is equity, the trustee who is administering the law may sell the house.

Some people there might have only a small amount of equity or they may owe more than their house is worth (*negative equity*). Whether there is equity or negative equity, the same law applies in regard to the house. Because there is no financial gain to the trustee to sell the home and if the owners wish to continue

to live in the home and can manage to meet mortgage payments, they will almost always be able to stay in the property. (Section 302 of the Bankrupt Act) states that a mortgagee cannot repossess a property just because that person is bankrupt). As long as they keep up the payments!

Sounds too good to be true! Well it may be, judge for yourself.

Going back to that great bankruptcy law, it states, "all property vests in the trustee." In the case of a house it stays **vested for 20 years** (section 127). That means any time up to 20 years after the date of your bankruptcy the trustee may sell your property. A caveat is sometimes placed on the title that shows that someone else has an interest in the property (ie the trustee).

People who are considering bankruptcy need to be well informed and should seek the advice of a Financial Counsellor.

**To find a Financial Counsellor close to your area, ring 9221 9411.**

*Diane Stephenson and Olga Cooper are experienced Financial Counsellors. Olga works with Anglicare helping people in the southern suburbs and Diane works with the City of Wanneroo in the northern suburbs.*

## Where are we?

If you need information or advice on your Keystart loan, your first point of call should be your Keystart retailer, unless your loan is directly managed by Keystart.

### TLC Building Society

77 Stirling Street, Perth 6000. Ph: 9328 2322  
Country callers toll free 1300 364 606

### University Building Society

136 Stirling Highway, Nedlands 6009.  
Ph: 9389 0000

Country callers toll free 1800 627 444

### Western Homebuyers Building Society

Level 1, 263 Adelaide Tce, Perth 6000.  
Ph: 9219 7444

Country callers toll free 1300 657 344

### Westland Building Society

229 Stirling Highway, Claremont 6010.  
Ph: 9384 4888

Country callers toll free 1800 442 214



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[www.keystart.com.au](http://www.keystart.com.au)