



# media release

25 March 2008  
FOR IMMEDIATE RELEASE

## Is it time to fix your home loan?

CANNEX releases *mortgage star ratings* report today.

With fixed rate loans nearing 30% and climbing, it's obvious many Australians are future-proofing their mortgages by locking in their rates. The vexing question for most borrowers is when to fix rates.

Continual cash rate rises, coupled with all-too-frequent wholesale money market fluctuations are swaying borrowers towards fixing their rates but timing is crucial if any long-term benefit is to be gained.

"If you are stretched to the limit and can't possibly cope with another rate rise, it may be an option to fix," CANNEX financial analyst Lauren Newlands said.

"However, we may well be at the top of rate rise cycle now and it's very likely rates will come down at some stage of the fixed period – leaving you locked into higher repayments."

Rate certainty also comes at a cost if your circumstances change and you have to sell before the fixed contract is up.

"You may well be liable to pay a hefty break cost which can be a nasty surprise to those who believed they were doing the right thing by their finances."

A break cost can be charged when a fixed loan is exited before the full term and leaves the lender with a loss which will be passed on to the borrower. The lender incurs a loss if the wholesale money rates fall after the loan was originally fixed.

"A break cost can be thousands of dollars but unfortunately, there is no fool-proof method of calculating this cost, as many other factors are taken into consideration, not the least the wholesale money market which is very volatile and changes virtually on an hourly basis," Ms Newlands said.

"It really is a case of weighing up your options within your own individual situation before deciding the best way to manage your home loan going forward."

### Example Scenario of Economic Loss:

Loan term:	5 year fixed rate
Loan amount:	\$250,000
Loan interest rate:	8.99%
Repaid after two years (three years to go)	
Wholesale rate at original settlement:	7.69%
Wholesale rate at the moment:	6.5%
Economic loss: \$7,477 (this is the loss to lender, passed on to borrower)	

CANNEX today released its *mortgage star ratings* report to provide consumers with a short list of home loans which may be suitable for their purposes.

CANNEX researched and rated 1750 mortgages, awarding five stars to those offering superior value.

Consumers can download the CANNEX *mortgage star ratings* report free on [www.cannex.com.au](http://www.cannex.com.au)

---

### For further information:

Lauren Newlands  
Financial Analyst  
(07) 3837 4119  
[lauren.newlands@cannex.com.au](mailto:lauren.newlands@cannex.com.au)

Christine Thelander  
Head of Communications  
(07) 3837 4151  
[christine.thelander@cannex.com.au](mailto:christine.thelander@cannex.com.au)

### About CANNEX:

CANNEX provides Australia's only fully interactive online research service in retail and business finance.

Founded in 1992, CANNEX (Aust) Pty Limited is Australia's premier researcher of retail finance information for over 350 institutions such as Banks, Building Societies, Credit Unions, Finance Companies, Brokers, Mortgage Originators, Life Companies and finance related Internet Portals.

CANNEX customers use the extensive database for competitor analysis as well as a means of disseminating their product range. CANNEX also distributes this information to print and electronic media for publication and to Agents, Accountants, Brokers and Internet Portals for use in advising their clients.

### Does CANNEX rate other product areas?

**YES**, CANNEX also rates credit cards, reward programs, low-doc home loans, reverse mortgages, personal loans, deposit accounts, margin lending, package banking, business banking and car insurance. These star ratings use similar methodologies to the mortgage star ratings methodology. This guarantees the quality and transparency of these other star ratings. The use of similar star ratings logos also builds consumer recognition of quality products across all categories. Please access the CANNEX website at [www.cannex.com.au](http://www.cannex.com.au) if you would like to view the latest CANNEX star ratings reports of interest.



### DISCLAIMER

To the extent that any CANNEX data, ratings or commentary constitutes general advice, this advice has been prepared by CANNEX (Aust) Pty Ltd ABN 21 053 646 165 AFSL 312804 and does not take into account your individual investment objectives, financial circumstances or needs. Information provided does not constitute financial, taxation or other professional advice and should not be relied upon as such. CANNEX recommends that, before you make any financial decision, you seek professional advice from a suitably qualified adviser. A Product Disclosure Statement relating to the product should also be obtained and considered before making any decision about whether to acquire the product.

Please refer to CANNEX's FSG for more information at [www.cannex.com.au](http://www.cannex.com.au).

All information contained herein shall not be copied or otherwise reproduced, repackaged, further transmitted, transferred, disseminated, redistributed or resold, or stored for subsequent use for any purpose, in whole or in part, in any form or manner or by means whatsoever, by any person without CANNEX's prior consent. All information obtained by CANNEX from external sources is believed to be accurate and reliable. Under no circumstances shall CANNEX have any liability to any person or entity due to error (negligence or otherwise) or other circumstances or contingency within or outside the control of CANNEX or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication, or delivery of any such information. Copyright 2007 CANNEX (AUST) Pty Ltd ABN 21 053 646.