

MONEY

THE WEEK
AT A
GLANCE



Action stations: Talk to your lender immediately to decide whether it is realistic to work your way out of defaulting on your mortgage or whether the only option is sale.

Prevent bringings the house down



Noel Whittaker

TUESDAY'S rate cut will be welcomed by borrowers but there is still a growing number of people who are losing their homes because their mortgage has fallen into arrears.

In many cases such a drastic outcome can be avoided. This is why the purpose of today's column is to tell you what to do if you are in danger of having your home repossessed.

Unless you are monitoring your bank statements carefully, the first indication your lender is considering action will be when you receive a Default Notice. This means that your situation is serious.

It may come as a shock but don't ignore it. Treat it as a call to action. Your first step should be to go to the ASIC website moneymart.gov.au and click on Managing Your Money. This will take you to a

section called Problems Paying Your Mortgage, which contains a wealth of information to help you get back on track.

It also includes case studies about people who have successfully re-stored their finances.

This is the time when you need to identify what is causing the problem. It could be a sudden event such as loss of a job or sickness but usually it is the slow accumulation of credit card debts and personal loans that have built up because you have been spending more than you earn.

If this is the case, you had better start budgeting quickly. Talk to your lender immediately to decide whether it is realistic to work your way out of the problem or whether the only option is sale.

If the situation appears hopeless, adopt what is called "a sale with dignity" strategy.

This means working with the lender to market the property in an orderly manner with the aim of achieving the best price possible.

The higher the sale price, the more you will have left to start again when the loans have been paid off. You should also involve both a solicitor and a financial counsellor.

Falling behind in your mortgage can be a frightening experience but there is a wealth of resources to help you keep your home and get back on track

The first will ensure your rights are protected, and the second should be able to assist you to handle your finances better.

The ASIC website will help you here too. Its number 1800 007 007 that will enable you to contact a financial counsellor in your area.

If you are unable to make a satisfactory arrangement with your lender, you will probably be referred to the Financial Ombudsman who has the power to freeze proceedings until your affairs are sorted out.

This process will not stop the interest accruing but it will give you more time to achieve the best outcome possible.

Don't offer to give up your superannuation under the hardship provisions without advice about whether this is the best option for you. It is an asset that has built up because of employer contributions and is designed for your retirement.

A major feature of super is that it is one of the few assets that cannot be touched by the Trustee in Bankruptcy and is therefore immune from any claims on you.

It, and any equity you can salvage from your home, may well be the only assets you have left if repossession is your only option.

Falling behind in your mortgage can be a frightening experience but there is a wealth of resources available to help you keep your home and get back on track.

The quicker you use them and take action the more likely success will be.

Noel Whittaker is a co-founder of Whittaker Macnaught Pty Ltd. His advice is general in nature and readers should seek their own professional advice before making any financial decisions. His email is noelwhit@gmail.com or follow him on Twitter @NoelWhittaker

BEST BULLS

	Price	% rise
Transpacific Debt refinanced	\$0.75	21.0
Aurora Oil & Gas Increased production	\$3.23	9.5
Fleetwood Corp Shares break through barrier	\$12.92	8.6
Glyphon Minerals Encouraging drill results	\$1.55	7.6
Virgin Blue Profiting from Qantas woes	\$0.39	6.9

WORST BEARS

	Price	% fall
OneSteel Poor first-half result	\$0.97	-23.6
White Energy Continued downturn	\$1.51	-14.9
Aquarius Platinum Poor quarterly report	\$2.56	-13.2
Bluescope Steel Strong Australian dollar	\$0.76	-12.1
Paladin Energy Uranium production falls	\$1.39	-11.2

Source: Jamie Egan, Burrell Stockbroking.

WORLD INDICES

	WEEKLY CHANGE
ALL ORDS	4344 -67
DOW JONES	11985 -246
FTSE100	5527 -175
NIKKEI	8801 -249
HANG SENG	19843 -176
NZSE	3332 +6
COMMODITIES	
GOLD (BULLION, \$US/0Z)	1754.55
OIL (WTI, \$US/BARREL)	94.27

CURRENCY WATCH

	BUY	SELL
Brunei	1.541	1.12
Canada	1.156	0.943
China	7.446	5.697
Denmark	6.53	4.706
Egypt	7.156	5.004
Euro	0.802	0.7
Fiji	2.145	1.57
French Pacific Franc	105.03	75.193
Hong Kong	8.868	7.313
Indonesia	10932	7614
Japan	88.92	74.59
Jordan	0.867	0.601
New Zealand	1.418	1.233
Norway	6.767	4.886
Oman	0.513	0.335
Papua New Guinea	2.687	1.787
Philippines	51.751	37.791
Saudi Arabia	4.605	3.265
Singapore	1.481	1.149
South Africa	9.38	6.929
Sweden	8.012	5.814
Switzerland	1.059	0.786
Taiwan	36.994	26.498
Thailand	36.052	27.72
United Kingdom	0.869	0.603
United States	1.099	1.001
United Arab Emirates	4.403	3.259
Vanuatu	115.79	77.28
Vietnam	25.600	17.233