



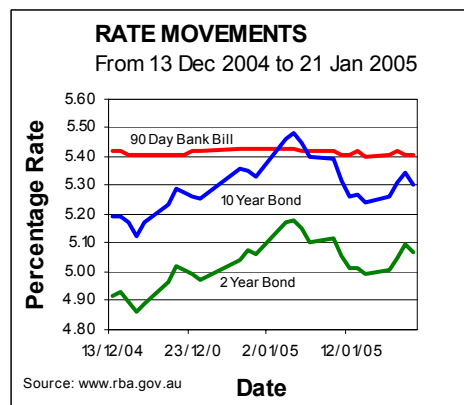
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INTEREST RATES

The official cash rate remains at 5.25% per annum.

Money markets have been very active with some upward movements slashed in the last week by significant rate falls, especially in the long term bond market. Money for ten year bonds has fallen by more than 20 basis points in the past week and are running near the official cash rate.



Opening Quote:

"What counts is not necessarily the size of the dog in the fight, but the size of the fight in the dog."

Dwight D. Eisenhower

Current Market Information As at the 24 January 2005

Official Cash Rate: 5.25%
U.S. Federal Funds Rate: 2.25%

90 Bank Bill Dealers Rate: 5.41%
10 Year Bond (Indicator): 5.32%

Source: Australian Financial Review (24 Jan 2005)

This negative movement in rates is largely driven by concern about Australia's ability to sustain economic growth, coupled with a widening current account deficit.

Expect more volatility on money markets in the coming months with the market not anticipating a rate rise in the first half of 2005.

PROPERTY MARKETS

Latest "unofficial data" released for the 2004 year confirms a slight overall fall in the residential property market in Australia. Anecdotal evidence shows a two tiered market with more affluent property locations performing very well, whilst properties around median prices continuing to fall slightly.

The major threat for the property market in 2005 would appear to be a combination of softening economic conditions and current household debt levels, with any adverse conditions widening the gap between the wealthy and the not so wealthy.

YOUR QUESTIONS AND ANSWERS

Q. I am a business owner and my company had previously traded profitably for years. This year my company made a loss but this was due to the repair of the business premises. Will this affect my borrowing capacity?

A. This type of expense may be considered as an "add back" (it may require verification by your accountant). This is only if the expense is a "once off" and is not part of the normal day to day operation of the business. Adjusting for this may provide a more accurate measure of the available income to serviceability ratio.

Q. I have a \$10,000 Credit Card Debt. I want to consolidate this into my Home Loan – how much will I save?

A. It depends on the course of action you adopt to tackle this portion of the debt once consolidated into the Home Loan. Remember, a Home Loan is generally a 30 year term loan - if you take 30 years to pay out the \$10,000 debt the interest will be \$12,920* (assuming the rate is say 6.57%). A Credit Card Debt paid out in 5 Years at a rate of 18% will only incur \$5,236* in interest. Unless your decision is based on freeing up cash flow, the key is to maintain higher repayments to pay out the debt quickly.

*Source: MCP Group Loan Calculator ([www.mcpgroup.com.au /re-sources/calculator.html](http://www.mcpgroup.com.au/re-sources/calculator.html))

Q. I wish to fix my business debt but want flexibility for extra repayments – what can I do?

A. A popular solution is to adopt a Hybrid Facility – a portion fixed and a portion variable. The fixed portion allows you to budget with some certainty, while your variable portion provides you with the flexibility to retire debt at any time.

Finance Questions can be sent to enquiry@mcpgroup.com.au or your Account Manager. They will be answered promptly and a selection will be published in future newsletters.

TRADE MARKING A COLOUR

What is a Trade Mark? - Trade Marks are signs used to distinguish goods or services provided in the course of trade. They associate a business with goods and/or services that bear a particular sign. This may indicate things such as the characteristics of the goods and/or services. Those wanting such protection must apply to register the trade mark at IP Australia, which is a government body.

Trade Mark and Colour?

In a landmark decision, recently handed down by the Federal Court, oil company BP was granted protection in that it could register a trade mark for the colour green as the predominant colour for its service stations and products.

The *Trade Marks Act 1995* recognises that colour, scent, shape or sound can be a trade mark, provided it is capable of distinguishing, in the course of trade, the proprietor's goods and/or services from the goods and/or services of other persons.

BP had earlier made its applications to trademark the colour, but was refused by the Registrar of Trade Marks. Woolworths had opposed the registration, wanting to be able to use green as part of its own plans to sell petrol.

BP subsequently has won the right to trademark the colour green in relation to petrol sales.

The court held that the colour green, applied as the predominant colour to the fascias of buildings, petrol pumps, signature boards and spreaders of BP's service stations, and can be registered as a trade mark in respect of fuels and services related to service stations and was therefore a sign distinctive of a traders goods and therefore may be registered.

The court confirmed that a single colour may be registered as a trade mark and that the ability to register a colour mark must be approached in the same way as the ability to register any other mark.

The court held that, to qualify for registration, a colour must be used to distinguish goods or services and not as mere decoration, and that substantial evidence to show the distinctiveness would be required when the Trade Mark application was filed.

Main Reasons - The court identified the following reasons for this finding: -

BP is the only company that used green as the predominant colour when the applications were filed.

BP has made extensive use of the colour green in its image.

The colour green has featured prominently in the company's advertising. Therefore, the colour green in the shade depicted in the applications had acquired a secondary meaning and had become distinctive of BP.

Trade Mark Application - Applications for registration of a single colour will often require substantial evidence to demonstrate acquired distinction. In relation to BP's marks, the court found that customers identify BP's service stations by the colour green alone, therefore associating the colour green with the product and services in question.

Conclusion - This decision confirms that a single colour can be registered as a trade mark and that the ability to register such a mark should be examined in the same way as the ability to register any other mark. However, applicants for single colour trademarks are likely to need to provide strong evidence that the colour mark has acquired distinctions through use by the applicant.

If you have extensively used a single colour as a trade mark in relation to your goods or services, you may consider instructing MCP Commercial Lawyers to file a Trade Mark application.

LODGEMENT OF THE NOTICE OF ACQUISITION AT THE STATE REVENUES OFFICE

As of 31 December 2004, purchasers of land in Victoria will be required to complete and forward two copies of a new Notice of Acquisition. (NOA).

In accordance with current practice, the copy of the NOA for the State Revenue Office must be lodged at the Land Registry with the Transfer of Land form.

The other copy **MUST** be sent to the relevant local council.

The Notice of Acquisition has been amended to include date of birth information about the purchaser as required by local councils for the purpose of compiling accurate electoral roles for local council elections.

This information will also be collected by the State Revenue Office to ensure accurate information for land tax assessments.

Both the State Revenue Office and local councils are subject to the Information Privacy Act 2000 and have obligations under that Act to protect personal information such as date of birth information.

Further, the State Revenue Office is also bound by secrecy provisions (sections 5 to 5D of the Land Tax Act 1958).

If you are currently using a template form, you should replace it with the new Notice of Acquisition form from the SRO website <<http://www.sro.vic.gov.au/>> www.sro.vic.gov.au.

For further information go to the SRO website or contact the Office on 13 2161.



THE NEW FINANCE BROKING CONTRACT – GOOD NEWS FOR THE FINANCE INDUSTRY

MCP is currently making changes to our processes to comply with the new Finance Broking Contract ("FBC") regulations under Part 4A of the Consumer Credit Victoria Act 1995 ("Vic Act"), which we embrace. Vic Act regulates finance brokers, and has been in force since July 1999. The changes are similar to that enforced to NSW brokers last year – to help

build greater consumer confidence in the industry.

MCP is changing its existing Letter of Engagement to fully comply with the new FBC.

FINANCE COMMISSIONS ON RESIDENTIAL MORTGAGES

MCP now discloses current commission rates paid by lenders in our monthly Newsletter.

MCP is generally paid an upfront commission which is a percentage of the settled loan amount, and an ongoing commission (called a trail commission) paid on the outstanding average loan balance. In the past we have verbally disclosed these commissions, with the fees paid usually disclosed in the loan contracts.

Each lender pays a different upfront and trailing commission, however industry standard is 0.60% upfront and 0.25% trail.

MCP is committed to the voluntary disclosure of our commission, notwithstanding this is optional only under the new Finance Broking Contract regulations.

The commission rates are attached in the Interest Rate Schedule (refer to the last page of this update). Lenders commissions not listed are available upon request.

MCP is of the view that we are not influenced by varying levels of commissions with different financiers. Of more importance to us is independence, leading to strong client confidence and trust in our brand.

Commercial lenders negotiate commissions with us on a case by case basis. We are therefore unable to formalise a commercial commission schedule.

FTRA REQUIREMENTS

Under Financial Transactions Reporting Act (FTRA) laws, lending institutions are required to comply with the collection of '100 points' of personal identification, by obtaining two (2) or more documents which indicate the identity of the borrower. Unfortunately, as each lending institution interprets the FTRA act differently,

there are some inconsistencies in the industry as to what exactly constitutes 100 points.

As a general rule MCP advises all finance clients that they obtain:

- A Current Drivers Licence (40 points); and
- A Current Passport or Birth Certificate (70 Points)

This would satisfy '100 point' ID requirements for all lenders.

Both documents need to be consistent with each other (e.g. Names must be identical) and where inconsistencies occur (e.g. A passport may show a maiden name for a female applicant) the document should be accompanied by relevant documentation (e.g. a Marriage Certificate or Same Name Statutory Declaration).

If the above mentioned documents are not available other popular alternatives are:

- A Medicare Card (25 Points) showing the applicant name;
- A Credit Card (25 Points) showing the applicants name;
- A Council Rates Notice (25 Points) showing the applicants name and address; or
- 12 Months Mortgage Statements (25 Points).

Some lenders may require certified copies – however this is rare.

FINANCIER NEWS

ING BANK

ING Bank are widely considered to be a leading financier in the fixed interest mortgage market for commercial and residential property lending. Most recently, the ING Bank have reduced their 1,2,3 and 5 year residential fixed interest rate products by a considerable margin. In particular, their 1,2 and 3 year fixed rate products (6.60% pa) represent good value in today's mortgage market. These products are up to 10-19 basis points (0.10 - 0.19%) lower than the major lenders (refer to the attached rates schedule).

CITIBANK

Citibank are now offering a standard variable low documentation loan at

the competitive rate of 6.99% p.a. for all loans which exceed \$200,000.

For commercial property, a new variable rate commercial mortgage which has a base rate of 7.45% pa. This product is available to new banking business and incurs a flat application fee of \$500 for all applications made in January 2005 (for secured property loans only).

ANZ BANK

The ANZ Bank have introduced initiatives that they plan to implement in the 2005 calendar year. These include a Rapid Refinance product option which allows the ANZ to settle refinance loans without the receipt of a property title. This results in a greater level of expediency for all refinances, saving several days on their existing refinance turnaround times.

Just a reminder that ANZ's commercial unit also have a loan which is specifically tailored for the purchase of taxi licenses, at a rate of the current SVR plus a 0.5% buffer margin (e.g. 7.92% pa).

MACQUARIE MORTGAGES

Macquarie have a very competitive low documentation loan which is complete with healthy step down rates. Currently, Macquarie's low doc loan starts at 7.3% pa and steps down by 0.25% in the first two years and by 0.30% pa in the final year, resulting in an applicable rate of 6.50% pa.

ADELAIDE BANK

The Adelaide Bank now has an exceptional three year fixed rate of 6.50% pa. This has been reduced from 6.90% pa which was the applicable rate for December.

HSBC BANK

Acting much like an "asset loan" the HSBC Bank will now will lend up to 60% against property in Metropolitan Areas on a Lo Doc basis (generally standard residential security) at HSBC's standard variable rate of 6.97% p.a. This may prove to be beneficial for borrowers who do not wish to state their income as a "borrower declaration" is the only document which is required to be signed. No income levels are required to be given to HSBC Bank.

WESTPAC

As a continuation of the Low Doc theme in this edition of the MCP monthly newsletter, the Westpac Bank have now relaxed their low documentation policy as of December 2004. Low Doc applications will now:

- Have no interest rate margin added to the standard interest rate for investment and home loans;
- Be a maximum of \$1 million, which is considerably higher than other major lenders; and
- Be available to be secured by a larger selection of security properties.

In breaking news, the Westpac Bank has announced that they will offer a 0.7% discount under their Premier Advantage Package for borrowers who lend above \$500,000.

They will also finance lenders mortgage insurance, allowing mortgage insurance premiums to be paid over a thirty (30) year term (P&I).

INSIGHT INTO REVERSE MORTGAGES

As stated in previous editions of our monthly newsletter, MCP emphasises that Reverse Mortgages may be one of the bigger growth areas in the mortgage industry over the next few years. Already in the UK and US, reverse mortgages account for a significant amount of business in their respective markets.

There are now a number of lenders and credit unions offering reverse mortgage products in Australia. These comprise of two major lenders (CBA and St George), a non conforming lender (Bluestone Mortgages) and several credit unions and smaller financial firms.

In this month's update MCP has profiled four lenders whose products are easily accessible in the Eastern states of Australia. All have their advantages and limitations. A profile can be found on page five (5) of this update. Please contact our office if you require any further information.



ADVANTAGES AND DISADVANTAGES OF INCORPORATING A COMPANY

A Company is a legal entity set up and owned by shareholders and managed by directors. Once created, it is an entity in its own right, and so operates like a natural person, pays tax, and can sue and be sued in its own right.

It is governed by a set of rules called a constitution (or replaceable rules) under the Corporations Law of Australia.

The Australian Securities and Investments Commission (ASIC) is the federal government body which administers Company Law.

Below are the basic advantages and disadvantages of incorporating a company, compared to natural persons.

Advantages:

- The tax rate for Companies is 30%, while the top rate for individuals is approximately 48% (with Medicare levy).
- A Company Director or officer is generally not liable for trade debts and other Company liabilities unless he personally guarantees the debt.
- A Shareholder's liability is limited to the paid value of their share.
- Creditors cannot gain access to Shareholder assets.
- Individuals can carry on a business without exposing all their personal assets to the risk of the business failing.
- A Company has continual existence.
- Transfer of ownership is simply done by transferring shares in the Company to someone else (or business can be sold out of the Company).

Disadvantages:

- Regulation provided one acts honestly and reasonably and takes advice, generally potential for liability is low.

- Time to administer [usually undertaken by accountant].
- Cost (annual fee payable to ASIC, accounting fees for Tax Returns).
- Privacy (public can search ASIC company records).

FOOTY TIPPING COMPETITION FOR THE 2005 AFL SEASON

After the success of the 2004 Footy Tipping, MCP Group are again hosting the AFL Footy Tipping Competition. A donation of \$5.00 will be made to a charity (of the \$25.00 entry fee), which will be matched by the MCP Group.

The competition will again be accessed through our website at www.mcpgroup.com.au.

There will be prizes for the best tipsters as well as prizes awarded throughout the home and away season.

We will forward the finer details of the competition to you in the next month. The competition is open to our business partners, clients and staff.

We look forward to you being a part of it and wish you every success in your tipping this year.





REVERSE MORTGAGES SCHEDULE

Please refer to the table below as a guideline of the reverse mortgage products readily available. Further information is available from our office upon request.

	<i>Bluestone Mortgages</i>	<i>Commonwealth Bank</i>	<i>St George Bank</i>	<i>Ornig - Seniors Home Equity Release Loan</i>
Indicative Application Fee	Does Not Apply	\$950	\$750	\$680 Application Fee
Indicative Legal Fees	Unascertainable	Included in application fee	Included in application fee	Unascertainable
Indicative Valuation Fees	Varies (depending on Valuer).	Included in application fee	Included in application fee	\$220 Valuation fee payable on application
Indicative Interest Rate	8.95% fixed for the life of the loan (or until it is varied)	8.07% variable	8.07% variable	8.75% Fixed for two (2) years reverting to the standard variable rate thereafter
Ongoing Fees	\$12.50 Ongoing Fees	\$12 per month	\$10 per month	\$8 per month
Start Age	60 Years Old	65 Years Old	63 Year Old	65 Years Old
Maximum Lend of Property Value (As Per Ages)	Age 60 - 62, starting at 11% from age 60 (with 0.50% annual increments). Minimum amount of \$30,000.	Age 65-69, 20% or \$275K (Minimum Amount of \$40,000)	Age 63-64, 15% or \$150,000K (Capital City Metro Area Only). Minimum borrowing amount of \$10,000.	Age 65-69, 20% (Minimum Amount of \$20,000)
	Age 63 - 69, starting at 13% at age 63 (with 1.00% annual increments)	Age 70-74, 25% or \$325K	Age 65 - 69, 15% or \$150,000 (Other Regional Areas are Accesptable at this Age)	Age 70-74, 25%
	Age 70 - 85, starting at 20% at Age 70 (with 1.50% annual increments).	Age 75-79, 35% or \$375K	Age 70-79, 20% or \$200,000	Age 75-79, 30%
	Age 85+, maximum loan to value ratio is 45%	Age 80-84, 40% or \$400K	Age 80+, 25% or \$250,000	Age 80-84, 35%
		Age 85+, 45% or \$425K		Age 85+, 40%
Maximum Loan	No more than \$1 million	As per guidelines above	As per guidelines above	No More than \$750,000
Top up fees	\$500 (includes valuation)	\$300 (plus \$200 valuation fee)	\$400 (Includes Valaution)	\$680 (Includes Valuation)
Benefits	Excellent for those wanting a fixed term and also want to access up to 45% of equity in their property. High maximum loan amount.	Can have the funds provided as a weekly, fortnightly or monthly income stream.	Can have a 100% offset facility attached.	May lend to a maximum loan size of \$750,000 at a relatively high LVR of 40%
Limitations	If you top up the facility, the fixed interest rate would be replaced with the new fixed interest rate at that time.	Every two years customer must pay \$200 for an update valuation assessment of the security property.	Maximum loan to value ratio is 25%, future flexibility is limited	Higher Interest Rate than Major Lenders for the Same Product

Table 2: Comparison of the four (4) most available Reverse Mortgage products in the market (Eastern States).

INTEREST RATE SCHEDULE

A selection of our financiers' most competitive Interest Rates. Rates displayed are generally discounted - and may not apply to your situation. This is a guide only. Comparison Rates are available upon request.

Retail Lending		Variable Rates (Inclusive of Discounts)				Fixed Rates				Commission Rates (%)	
		Featured	L.O.C.	Basic	Lo Doc	1 Year	2 Year	3 Years	5 Years	Upfront	Trail
MAJORS	ANZ Bank	6.47%	6.47%	6.47%	6.47%	6.70%	6.70%	6.55%	6.95%	0.60%	0.20%
	CBA	6.37%	6.47%	6.56%	6.57%	6.69%	6.69%	6.69%	6.99%	0.70%	0.25%
	NAB	6.57%	7.22%	6.57%	N/A	6.69%	6.79%	6.57%	6.99%	0.60%	n/a
	Westpac	6.47%	6.72%	6.49%	7.47%	6.75%	6.79%	6.69%	6.95%	0.50%	0.25%
OTHER LENDERS	AMP Bank	6.40%	6.75%	6.49%	7.05%	6.89%	6.69%	6.69%	6.99%	0.50%	0.25%
	Adelaide Bank	7.07%	7.17%	6.54%	7.82%	6.65%	6.65%	6.50%	6.99%	0.60%	0.25%
	Bank West	6.57%	6.57%	6.45%	7.27%	6.65%	6.65%	6.65%	6.85%	0.50%	0.25%
	Citibank	6.60%	7.15%	6.56%	6.99%	6.75%	6.79%	6.69%	6.99%	0.65%	0.25%
	GE Money	n/a	n/a	7.85%	8.15%	n/a	n/a	n/a	n/a	1.00%	0.50%
	HSBC Bank	6.60%	6.78%	6.44%	7.97%	6.75%	6.75%	6.69%	6.89%	0.60%	0.25%
	ING Bank	6.99%	7.05%	6.45%	6.99%	6.60%	6.60%	6.60%	6.85%	0.60%	0.25%
	Macquarie	6.55%	7.00%	6.55%	7.30%	6.75%	6.80%	6.80%	6.95%	0.60%	0.25%
	St George	6.37%	6.47%	6.49%	7.07%	6.69%	6.59%	6.49%	6.89%	0.60%	0.25%
	Suburban Management	6.79%	7.15%	6.49%	7.59%	7.00%	7.05%	7.10%	7.20%	0.60%	0.25%

Must be fully secured by Residential Property - Rates are Indicative Only. More lenders available upon Request (Selection provided only).

Commercial Lending		Variable Base Rates		Fixed Rates			
		Standard	Overdraft	1 Year	2 Year	3 Years	5 Years
COMMERCIAL	ANZ Bank	7.42%	8.35%	7.00%	6.99%	7.03%	7.24%
	ING Bank	7.35%	8.45%	7.30%	7.40%	7.50%	7.65%
	Citibank	8.10%	8.20%	7.59%	7.64%	7.69%	7.79%
	Bankwest	7.15%	8.25%	Available Upon Request			
	Members Equity	7.49%	N/A	Available Upon Request			
	St George	8.05%	8.42%	Available Upon Request			
	Westpac	7.30%	7.70%	7.00%	7.10%	7.25%	7.45%

Must be fully secured by Commercial Property - Rates are Indicative Only. More lenders available upon Request (Selection provided only).

As Comparison Rates may be misleading in some instances (the rates we quote are subject to specific criteria being satisfied). Comparison Rates are provided upon request, tailored to your specific scenario for any number of products. A comparison rate schedule (based on Standard Variable & Fixed Rates only) is provided on our website.