

# OPPORTUNITY COSTS

As a borrower, it can be difficult to focus on factors other than getting the cheapest interest rate. If a borrower has indicators that may potentially affect their borrowing power, such as defaults, self-employment or having no genuine savings, solutions can be tricky to navigate.

AFM have a vast selection of Near Prime and Specialist products readily available to allow borrower's to obtain finance easier than ever before. This means borrower's don't have to wait years for their situation to suit a bank's policy. Below is an example of the potential savings of obtaining a Near Prime or Specialist loan now, compared to waiting for the situation to fit a Prime loan policy.

Principal & Interest - 30 Year Loan Term	Buy TODAY	Buy in 1 Year	Buy in 2 Years
Loan Type	Refresh Specialist	Enhance Variable	Enhance Variable
Interest Rate (p.a.)	6.39%	3.74%	3.74%
Property Value (assuming prices appreciate 3% per annum)	\$500,000	\$515,000	\$530,450
Deposit (20% LVR)	\$100,000	\$103,000	\$106,090
Loan Amount Required	\$400,000	\$412,000	\$424,360
Monthly Repayment	\$2,499.41	\$1,905.71	\$1,962.88
Weekly Repayments	\$576.38	\$439.48	\$452.67

How much extra will my repayments be if I choose a Specialist Home Loan today?			
Extra Per Week		\$137.01	\$123.81
Extra Per Month		\$593.70	\$536.53

Additional funds borrowed		\$12,000	\$24,360
Extra Repayments <i>How much extra do I have to repay today compared to taking out a loan in 12 or 24 months time?</i>		\$7,124	\$12,876
Extra Deposit Required		\$3,000	\$6,090
Increase in Property Value <i>(based on a 3% increase)</i>		\$15,000	\$30,450

<b>Total Opportunity Cost</b> <i>Does not include extra costs such as rent which at \$400 per week can add over \$20,800 each year</i>		\$22,875.60	\$48,023.28
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**FOR AN EXTRA \$123 PER WEEK YOU COULD BE \$48,023 BETTER OFF COMPARED TO WAITING TO PURCHASE IN 2 YEARS WITH A LOWER RATE**

Help your customer find the best solution, contact our Scenarios Team

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