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## Media Release

### Apartment owners paying ‘thousands of dollars’ in excessive interest payments

*Strata-financed apartment upkeep cheaper than re-mortgages or credit cards*

**10 October 2006** – Australia’s two million strata property owners and investors are paying thousands of dollars too much to maintain and refurbish their property.

These unnecessary costs are racked up by apartment owners who are faced with the bill for refurbishment or maintenance of common property. Unaware of the alternatives, the owners often seek a re-financing of their mortgage or, worse still, put it on the credit cards.

For instance, in the typical example below, an owner is paying \$10,274 in excessive interest by paying a \$10,000 common property bill through their mortgage over 25 years as opposed to using strata finance over 3 years.

	Strata Finance		Mortgage	
Interest Rate	10.5% p.a. fixed	10.5% p.a. fixed	7.42% p.a.	7.40% p.a.
Term	3 years	5 years	15 years	25 years
Loan Amount	\$10,000	\$10,000	\$10,000	\$10,000
Interest Cost	<b>\$1,701</b>	\$2,896	\$6,604	<b>\$11,975</b>
<b>Excess mortgage interest payments over strata financing</b>	<b>\$10,274</b>			

Bill Debney, Managing Director of Strata Finance said, “People are basically throwing money away. Faced with the common property bill, they call the bank manager and add it to the mortgage. In one phone call, they’ve immediately doubled the cost of the bill, and they are still paying it up to 25 years later.”

And there is worse, Bill Debney added: “I shudder when I hear – all too often, I’m afraid – that people are using their credit cards to pay these bills. The typical 18% annual interest is bad enough, but many end up only making the minimum payments so the debt doesn’t go away. It’s a mill-stone round their necks.”



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## About Strata Finance

Formed in 2003, Strata Finance's single mission is to provide non-mortgage loan funds to owners corporations (body corporates) for major repairs, maintenance and upgrade expenditure on building common areas.

Strata Finance loans require no personal guarantees, liens, or mortgages for individual owners - with no effect on individual's credit ratings.

As Strata Finance loans are not secured by a mortgage over the common property, its interest rates should not be compared to home loan mortgage rates where the security of their own property is used by homeowners. Strata Finance, however, has many benefits over this type of funding and others. See <http://www.stratafinance.com.au/compare.html>

Further information: [www.stratafinance.com.au](http://www.stratafinance.com.au)

## Media contact

Kevin Fitzsimons, The De Wintern Group, 03 9428 7588 / 0407 318 396