

Liberty Trust

PO Box 2211, Whakatane



Quarterly Newsletter No. 8 - January 1993

Greetings everyone,

We hope you have had a blessed Christmas and restful break. At our December meeting the Trustees decided that December was not a good time to send out a newsletter, judging by the response we have had to previous Christmas newsletters. We will aim for newsletters in January, April, July and October in future.

At this time of the year we often have time to pause and consider the New Year ahead and reassess our goals and priorities. In answer to a recent telephone enquiry I described contributing to Liberty Trust as the alternative to paying interest to the world. The statement seemed so simple, yet I was struck by the realism of the situation. We all have the choice; shall we pay interest to the world or to God's Kingdom? To date you have given approximately \$380,000 in the form of contributions. From this we have lent \$505,000 in mortgages to 19 members so far. Four of these have repaid their mortgages.

Mortgages Update

A further 3 small mortgages totalling \$88,000 were advanced in the last 3 months. This brings the total to 19.

A question we are often asked is "How is Liberty Trust working out?" The answer is that we have now given mortgages to 22% of our original members whereas our computer model said we would have only given 20% by January 1993. So we are 2% ahead. It is good to see the projections verified. We have had the benefit of \$18,400 in contributions from Group 2 people so far, but this has been insufficient to influence the number of mortgages lent.

There are 2 reasons why we are ahead - Firstly we have benefited from those who have had to resign, we didn't expect this. The second reason is that 4 of our 19 mortgages have already been repaid as couples have purchased more expensive houses and chosen not to transfer their existing Liberty Trust mortgage. Another has just advised that they have sold and are shifting to Australia.

Banks

Large fluctuations in mortgage lending rates in recent weeks have highlighted the fact that New Zealanders are most vulnerable to world currency fluctuations. How stable are world financial markets? It reminds us of the parable of the man who built his house upon the sand!

On the subject of banks, we advised in our last newsletter that you should check, if taking out a mortgage with a bank, whether there will be a penalty charge if you later refinance with Liberty Trust. In order to be more accurate we wrote to the banks in Whakatane. Over the page are their answers in brief:-

Bank Penalty Interest Charged on Early Mortgage Repayment

Bank	Variable Rate	Fixed Rate
ANZ	Nil	Nil
BNZ	3 Months	3 Months
Countrywide/ United	* Nil	3 Months
National	*3 Months	*3 Months
Postbank	Nil	1 Month
Trustbank/ Westpac	Nil	* Some

Notes:

- * Countrywide/ United requires 1 month notice - which we believe is reasonable.
- * National charges 3 months interest for mortgages under 3 years old and 1 months interest for mortgages older than 3 years.
- * Trustbank & Westpac charge "some" interest on fixed rate depending on the term of the mortgage
- * Housing Corporation - we didn't ask them. They have never charged additional interest in our experience.

Most home mortgages have interest rates, which vary up and down. Only the National Bank and Bank of New Zealand say they will charge additional interest on these. The National Bank charges up to 3 months interest on these, depending on how long the mortgage has run, while the BNZ charges 3 months interest in all cases. There is therefore a considerable range between banks.

Note: We would stress that you should not rely on this information but check with your bank when taking out a mortgage. The above information is based on phone calls and a brief questionnaire. It is no more than a guide based on the replies we received.

Lastly

The trustees have decided to change from Countrywide to Trustbank. This is because we have found that our Investorline account is no longer paying us top money market rates of interest, and because we are concerned that Countrywide has recently become an overseas owned and controlled bank. On the contrary Trustbank is 100% New Zealand owned by community trusts and gives its profits back into worthy causes in the community.

With this newsletter is a page showing your reference number, and our new bank account number. Would all those who contribute or sponsor please take the page to their bank and ask them to amend their automatic payment to our new account at Trustbank.

Thank You.

The Trustees