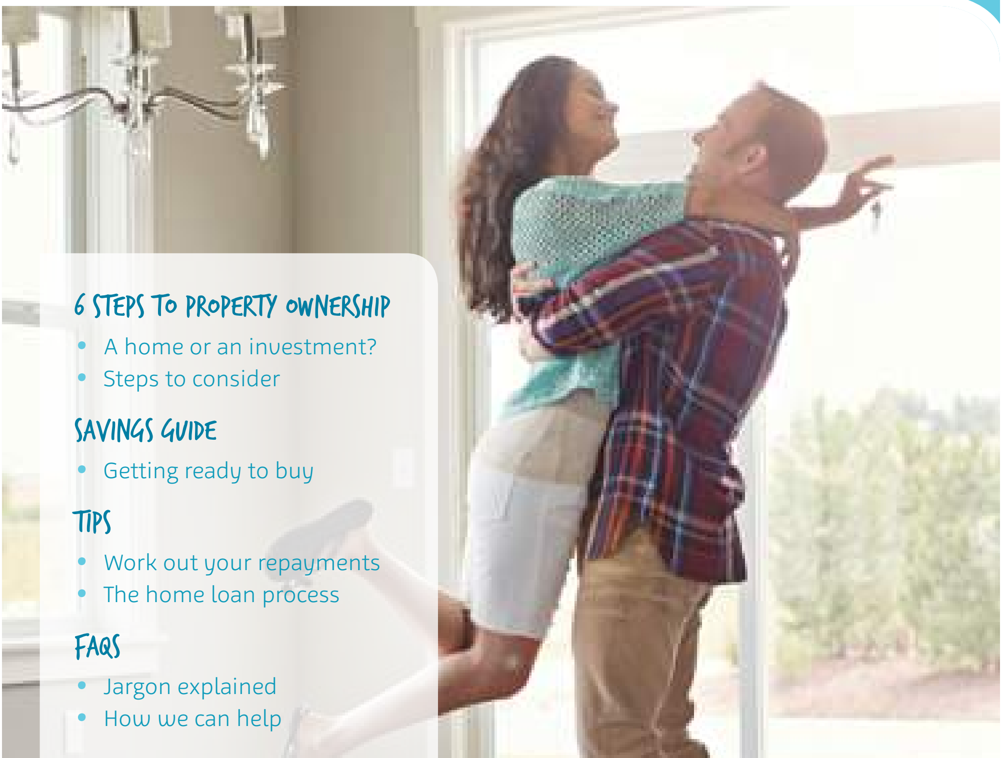
Mortgage Choice

Step by Step Guide

to property ownership
by Mark Paturzo



6 STEPS TO PROPERTY OWNERSHIP

- A home or an investment?
- Steps to consider

SAVINGS GUIDE

- Getting ready to buy

TIPS

- Work out your repayments
- The home loan process

FAQS

- Jargon explained
- How we can help

Better choices for a better life

Home loans | Financial planning | Risk & general insurance | Car loans | Business lending

Is this guide right for you?

Buying a property is one of the biggest financial commitments you'll make. Whether it's your first, second or tenth purchase, you'll have the same important questions and decisions to make.

This step-by-step guide has been prepared to assist you not only along the path to property ownership, but in your overall financial journey.

This is a great tool if you're looking to:

- Purchase your first property
- Upgrade or purchase your next home
- Refinance your existing home loan
- Build your property investment portfolio

It's important to remember this is only a guide to help you ask the right questions and highlight the important considerations.

As your local home loan experts, we can help you assess the mortgage market and find a home loan that's tailored to your individual needs.

As part of the service we offer, we'll meet with you to understand your needs and compare hundreds of competitive loans from our wide selection of quality lenders. We'll also complete the application, take care of the legwork and keep you updated along the way. We are here to guide you through the entire home loan process.

You'll be pleased to know that our home loan service is totally free of charge - the lenders pay us after your loan settles. And, as a Mortgage Choice broker, we get paid the same rate regardless of which home loan you choose from our wide choice of lenders.

This means that you can be sure that what matters to us is the home loan that's right for you.

WE ARE HERE TO HELP, SO PLEASE GIVE US A CALL TODAY.

Contents

A home or an investment?

As there are a number of different considerations with each, it's important to decide whether you wish to purchase an investment property or an owner-occupied home.

In other words, will you buy a property to rent out to tenants or one that you'll actually live in?

The great Australian dream of buying your own home to live in is high on the list of goals for many Australian borrowers. While a home will provide you with a roof over your head that is your own, it can also provide you with a sense of security and can be a great way to future proof your wealth.

Similarly, buying an investment property can also be a great way to future proof your wealth, as property traditionally is a lucrative asset class.

Today, more and more people are initially investing in property, renting it out and then using their knowledge of the property market, as well as possible tax breaks, rental yield and equity (the dollar difference between the outstanding loan balance and the property's current value) gained from the venture, to buy their own home.

"OWNING A PROPERTY MEANS YOU CAN SIMPLY ENJOY THE BENEFITS OF HAVING THE CREATIVE FREEDOM TO LIVE THE WAY YOU WANT TO!"

MORTGAGE CHOICE CUSTOMER

You don't have to own a home before buying an investment property

Priced out of the housing market in your preferred location? Perhaps it's a good idea to consider purchasing an investment property instead. This enables you to get a foot in the property market; then, after a few years, use the equity in your investment to purchase a property as a home.

With Australia's rental market experiencing low vacancy rates, alongside a rapidly growing population,

buying an investment property first could be a clever option. Remember to research rental yield, tenancy demand and capital growth in the immediate area you intend on purchasing in.

A property that steadily grows in value could not only enable you to buy more property in the future, but could also see you receive a reasonable return on your investment.

To get one step closer to becoming an investor, it's a good idea for you to speak with a Mortgage Choice financial adviser or accountant to determine the risks involved before making a purchase.

What defines the value of your property?

Whether an investment property or home to live in, the surrounding amenities will impact the value of your property, so it's a good idea to consider some of the following:

- Suburb reputation and location e.g. close to city, waterways, parks
- Proximity to transport
- Proximity to shops, cafés and other entertainment
- Proximity to schools and other educational institutions
- How functional it is in terms of space
- Infrastructure planned for the area - if there are lots of new buildings being constructed, will this impact value?

TIP!

INVESTOR TIP:

Seek professional financial and legal advice

There are a number of tax and legal ramifications associated with owning an investment property, so it's vital to seek professional advice from a financial adviser or accountant before deciding on a strategy. It's a good idea to then involve your solicitor in the purchase.

The 6 steps to property ownership

Before you make a purchase, you need to decide if you'll live in the property or rent it out. Then, follow these simple steps to property ownership.

1

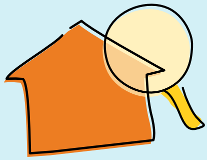
Meet with us at Mortgage Choice

to determine how much you can borrow

2

Property search

and building inspections



3

Make an offer or

place a bid

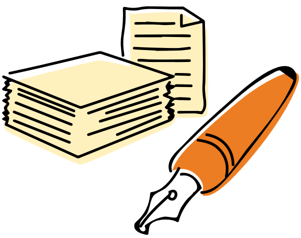
4

Finalise your finance

5

Sign the contract

and pay a deposit



6

Settlement

The 6 steps explained

Step 1: Meet with your Mortgage Choice broker

Establish your borrowing capacity

The best first step you can take in this process is to determine how much you can borrow. Knowing how much you can borrow will allow you to set your purchase price limit and provide an understanding of what your repayments will be.

There are a lot of things to consider when working out how much you can borrow, such as your contribution^, if you are eligible for any government grants or concessions, if there are any specific lender requirements such as genuine savings and how much you can afford or want to repay each month.

TIP!

FIRST TIME BUYER TIP:

Be aware of your other loans and borrow within your means

Other debt, such as personal loans or credit cards will reduce the amount that you can borrow, so it's important to be aware of the implications. Work out what monthly repayment you can really afford. Your property purchase should add to your happiness – not be a burden.

Your maximum borrowing capacity can vary between lenders based on your income, financial commitments and the type of loan applied for. Lenders will also take into consideration things like savings, assets, debts, credit history, employment history, living expenses based on your lifestyle and stability of residence.

TIP!

INVESTOR TIP:

Take a long-term approach

As with all investment strategies, a long- term approach should be taken. If you choose carefully, you could expect good annual returns and, depending on market conditions and personal circumstances, you could look at keeping the property for 7-10 years or more.

Remember to consider the other costs involved when making a property purchase – these can include anything from moving home to stamp duty. See page 18 for our guide to property purchase costs.

While this may seem overwhelming, there's no need to worry. After all, it's our job to help you through the process. As your local home loan experts, we'll evaluate the available options and prepare a borrowing eligibility assessment based on your situation to help you find a home loan that is tailored to your individual needs.

The 6 steps explained

Benefits of a pre-approved loan

Did you know that you can apply for home loan pre-approval? This is generally valid for 3 months and gives you a good idea of how much you can actually spend on your property. The best part about pre-approval is that it can provide peace of mind before you hit the pavement in search of your new home and provide you with better negotiating power.

Loan pre-approval can also help you prepare if you are planning to buy at auction, as – in some States - a winning bid means that you commit to the property on the day and are required to pay a non-refundable deposit. Keep in mind however, if your circumstances change between your application for pre-approval and when you find a property, your pre-approval may be withdrawn by the lender.

To discuss your home loan needs, determine how much you can borrow or organise loan pre-approval, please give us a call today.

NOTE: *^If this is your first home, you will need to consider your deposit contribution.* *See page 17 for our 5 great savings tips!*

Step 2: Search for a property and conduct building inspections

Property search

Once you've determined your purchase price or limit, the next step is to start looking at what's on the market. There is valuable information available in the real estate section of your local newspaper as well as online property sites.

While you'll have some ideas about what you're looking for, it's important to thoroughly research a large selection of suburbs around your ideal location as you might be surprised by what you find.

If saving to buy in your ideal location is a challenge, you may want to consider buying in a less developed or popular area in order to help you get a foothold in the market. If you work hard to put a dent in the loan then, together with capital growth, you could build equity in your first home, creating an opportunity for you to move into the suburb of your dreams a little further down the track.

Once you've found a property that is ideal for you, it's best to engage a legal adviser, like a solicitor or conveyancer, who specialises in the legal aspects of your property purchase.

Building inspections

While finding the perfect property is a major part of the picture, making sure it's free from serious structural problems is equally important. So it's a good idea to have the property inspected by a professional.

This can take place before or after making an offer.

If you choose to arrange this after signing the contract, you may wish to have the contract 'subject to building inspection', meaning the contract is not binding if the property does not satisfy the inspections.

There are a number of inspections that can be conducted: building, pest, electrical, strata (for home units), etc.

Remember to speak to a solicitor or conveyancer regarding the property's contract of sale as they can also arrange an inspection on your behalf.

NOTE:
ACT: *The seller provides inspection reports.*
WA: *If you wish to carry out inspections, a clause needs to be added to the Offer and Acceptance (contract).*

The 6 steps explained

Step 3: Make an offer or place a bid

Buying through a real estate agent

The most common way to buy a property is by sale through a real estate agent or directly from the owner, both of which are called a 'private treaty' sale.

When making an offer, in some States you may put down a holding deposit[*], which is not necessarily refundable if you decide not to proceed. It depends on the contract and if a cooling off period is applicable; the common amount in many States and territories is 0.25% of the purchase price.

If there is a cooling off period, in which buyers can conduct inspections, it begins once the contract is signed.

Cooling off periods[#] vary across all states and territories:

- NSW, QLD, ACT – 5 business days
- NT – 4 business days
- VIC – 3 business days
- SA – 2 business days
- WA, TAS – no cooling off period

If you wish to terminate the purchase within that period, you may forfeit some of the deposit you have paid. If you withdraw from the purchase after that period, you're liable for the full deposit paid, as per the contract, and you may be sued for any losses incurred as a result of the transaction being terminated. Speak to a solicitor if in doubt.

Remember, the contract is legally binding once signed by the seller and ensures the property isn't sold to a higher bidder.

Buying at auction

The buzz. The excitement. The anticipation. Buying property at auction has increased in popularity in recent years. If this is the property purchase path you choose, be sure that you fully understand the conditions of the auction as read by the auctioneer prior to the start of auction. A purchase at auction is a 'cash' purchase and you are generally entering an unconditional contract once the hammer falls. A cash sale suggests that you essentially have the funds available in the bank, which is where a pre-approved loan works to your advantage.

You can make your offer verbally or through a sales summary prepared by your solicitor or settlement agent. All offers must be submitted to the seller by their real estate agent. A binding agreement does not exist until the offer has been accepted by the seller (the signing of the contract).

At that point, at the auction, a deposit of 10% of the agreed purchase price is generally payable*.

NOTE: **This is not always the case; it depends on the seller and contractual terms.*

*#**QLD:** You need to sign a legally-binding contract containing your offer on the property. Get advice from a solicitor or conveyancer before doing so.*

SA: *When making an offer you must negotiate a deposit to be paid on the property.*

VIC: *The holding deposit is payable on unconditional loan approval (if the contract is subject to finance). If you cancel the contract after the cooling off period, you could forfeit the deposit paid and/or be sued by the seller for any subsequent loss.*

The 6 steps explained

Step 4: Finalise your finance

Is your pre-approved loan waiting for you to take action? Congratulations! You're almost on your way to purchasing your home or investment property.

AS YOUR LOCAL MORTGAGE CHOICE BROKER, WE'LL BE WITH YOU EVERY STEP OF THE WAY.

If you haven't organised your finance yet, give us a call. We'll meet with you to understand your financial and lifestyle goals and help you find a loan product to meet these needs. We'll also help determine your eligibility for any government grants*.

We'll analyse hundreds of loans available from our wide choice of lenders and match your requirements to the features of the loans, providing you with a tailored selection from which you can choose. We'll also explain the features, fees, costs and other details associated with the loan you choose.

Once you choose a loan, we'll guide you through the application process every step of the way.

A. Loan application and lodgement

We'll prepare your loan application and advise you of the supporting documents required (see our guide to required documents on page 19). As soon as you find the property you wish to buy, you'll need to provide us with the contract of sale containing your property's details (you will need to go over this with your conveyancer/solicitor first). Once your initial documents are approved, we'll do the rest.

We'll keep you up to date with status updates such as conditional approval or otherwise. This generally takes between 2–3 business days, depending on lender volumes.

TIP!

INVESTOR TIP:

Consider interest only versus principal and interest loans

When deciding on a loan type, look at interest only versus principal and interest repayments. Although interest only loans will not reduce the loan amount, they do result in lower monthly repayments (perhaps allowing greater contributions to the loan on your principal place of residence).

B. Property valuation and insurance

The lender usually orders a valuation, which is normally completed in 3-5 business days. Your lender may require mortgage insurance approval from its mortgage insurer, and this generally takes place within 1-2 days of receiving the property valuation.

We'll discuss the importance of building solid financial foundations to make sure you can meet your financial commitments, protect yourself, your assets and your loved ones, and be confident in your financial security.

As your home will most likely be your most valuable asset, it's a good idea to consider a wide range of insurances to make sure both your property and your family are protected.

Building and contents insurance can protect you from a range of threats, including loss through burglary or damage by fire, while income protection will help to cover your mortgage repayments, should anything unexpected happen.

TIP!

FIRST TIME HOME BUYER TIP:

Consider a guarantor

Some loans can be guaranteed by a family member (e.g. parent/s). These types of loans help you bridge the upfront expenses gap by providing additional security. So, you may be able to enter the market sooner than expected.

TIP!

INVESTOR TIP:

Carefully consider positive versus negative gearing

Consult your accountant or financial adviser when deciding whether to positively or negatively gear your property. Your adviser will be able to help you determine which gearing option is of greater benefit to your financial needs.

C. Unconditional approval

Finally, your lender confirms with Mortgage Choice the unconditional loan approval and you receive your good news! Then, once your loan documents arrive, we can help you complete them.

For more details on the full loan application process, see our helpful process chart on page 16.

NOTE: **It's important to note that concessions and grants vary across all States and territories. For example, some buyers may benefit from property stamp duty and mortgage stamp duty concessions, while others may be eligible for the First Home Owner Grant, etc. A valuation may be needed to ensure the property represents suitable security for the lender.*

The 6 steps explained

Step 5: Sign the contract and pay a deposit

When you've finally received the contract of sale, you should review it with your solicitor or conveyancer to check that everything's in order before you sign and return it to the vendor. You'll then be required to pay your deposit. The remainder of the deposit is paid generally before the end of the cooling off period or at an agreed date.

If you will be taking out a loan to purchase the property and haven't organised loan pre-approval, it is a good idea to make the contract 'subject to finance'. This allows you to withdraw from the contract if you're not approved for the loan.

After signing the contracts, allow sufficient time for property settlement. This period will vary across all States and territories and can be anywhere from 21 days to six weeks, possibly even longer if you and the seller agree to an extended settlement. Your solicitor or conveyancer will advise you of the settlement date based on the contract of sale.

In Queensland and ACT, it's a requirement of settlement that in the event the property is damaged or destroyed, the purchaser must have building insurance. So stay on top of proceedings by organising this as soon as possible.

NOTE:

SA: *Upon offer acceptance you must appoint a conveyancer/solicitor/settlement agent to transfer property ownership to you. Allow sufficient time for settlement – contracts are generally for 30 days, with 7-14 days to show finance within that period.*

Rules regarding employing solicitors, conveyancers and/or settlement agents vary between States/territories. Check with your mortgage broker for appropriate information for the State or territory in which you are purchasing.

Step 6: Settlement

This is the moment you've been waiting for - the day when the balance of the purchase price for the property is paid to the seller. This is also the time your conveyancer or solicitor will advise you of additional costs such as water and council rates adjustments. They may also request their fees to be paid at settlement.

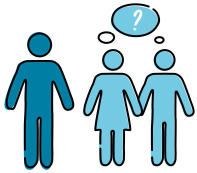
CONGRATULATIONS ON BECOMING AN AUSTRALIAN PROPERTY OWNER!

KEEPING IN TOUCH

OUR SERVICE DOESN'T END ONCE YOUR LOAN SETTLES. WE'LL MAKE SURE THAT YOUR LOAN CONTINUES TO MEET YOUR NEEDS, REGARDLESS OF HOW YOUR LIFE CHANGES.

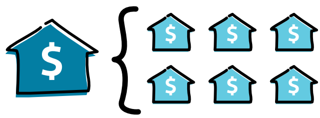
What does a Mortgage Choice broker do?

1. We will ***work with you to evaluate your home loan needs.***

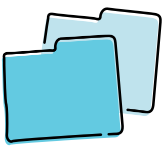


2. We will ***calculate how much you can borrow*** so you know the price range you can afford.

3. We will then ***compare and contrast hundreds of home loan products from our wide choice of lenders.***



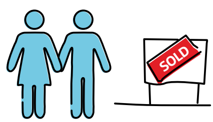
4. And provide ***expert advice to help you choose the right home loan.***



5. We will do all the ***paperwork and follow through the entire process with the lender making it as hassle-free as possible for you.***

6. We may even be able to get you ***pre-approval on your home loan.***

7. We will do all of this at ***no charge to you because the lenders pay us.***



The home loan application process

1

Appointment with a Mortgage Choice broker: We'll meet with you to understand your financial & lifestyle goals. We'll search through hundreds of home loans to find the one that's right for you, calculate your borrowing power, work out repayments and answer any questions that you may have.

1 HOUR

2

Once we've helped you choose the loan that's right for you, we'll help you ***prepare the application*** and guide you through the process.

1 – 2 DAYS*

3

The lender will provide ***Conditional Approval*** while they organise the property valuation and conduct a credit check. We'll stay in touch with the lender and keep you informed along the way.

3 – 5 DAYS*

4

Unconditional (Full) Approval is formal acknowledgment that your home loan application has been approved.

5 – 8 DAYS*

5

Your loan is both a significant financial commitment and a strong financial foundation. We'll cover the cost of a ***discussion with our financial adviser*** to help you manage your money through this major change, work out a plan for the future, and help protect what you're building along the way.

FINANCIALS

5 – 10 DAYS*

6

Once your ***loan documents arrive,*** we'll organise a time to meet and help you complete the documents.

TOTAL

5 – 15 DAYS*

7

Loan Settlement: If you're purchasing a property, your solicitor / conveyancer will organise settlement directly with the lender, according to the settlement date on the contract of sale. If you're refinancing your existing home loan, the lenders will liaise directly to exchange the documents.

TOTAL PROCESS 4 – 8 WEEKS

SOLD

8

Keeping in touch Our service doesn't end once your loan settles. We will stay in touch to make sure your home loan is the right solution for your needs now and in the future.

* Business days above are a guide only and should not be relied upon if entering into a contract.

5 great savings tips

Seeking professional borrowing advice, together with breaking down the saving process into steps, may see you owning your own property sooner than you think.

Here are a few tips to consider:

1. Set a limit

It's a great idea to develop a savings plan with your goal in mind. Set a time limit (say, six months minimum) to work out your regular contributions that will help you achieve your goal.

2. Establish a clever saving pattern

Create a budget that tracks your expenses and train yourself to think about where your money is going. Try to cut down on expenditures by using public transport instead of taxis or perhaps even living with family to save on rent.

If you have a pre-approved loan and are still saving, save the difference between your rent/board (if applicable) and the mortgage repayment you'll soon be committed to. This will help you get used to the reality of being a mortgage holder.

3. Start with a lump sum, if possible

Saving is always easier if you have something to start with. You could achieve this by selling anything you don't need, perhaps making it a fun experience by holding an auction or garage sale with friends. Keep in mind that you will need to show some genuine savings accumulated over a period of at least three months.

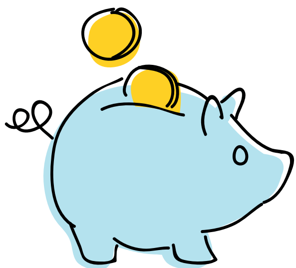
4. Factor in additional purchase costs

Remember it's not just the property you will save for. Consider additional costs such as a solicitor, valuer, removalist and service connections.

5. Use equity from other properties

Subsequent home or investment property buyers may be able to use equity from other properties towards their next purchase.

Alternatively, you could consolidate other loans with your new mortgage and lower your regular repayments. Keep in mind this strategy will stretch the total outstanding debts across your home loan term.



How much will you need to borrow?

Buying a property can be daunting and saving the deposit is often the greatest hurdle. Plus, when purchasing a home there are additional costs you need to consider on top of the purchase price. This guide can help you work out the total cost of your purchase and the loan amount you require. As your local home loan experts, we can also help you work through this and answer any questions you may have. Calculate your borrowing power by visiting us online today.

The total cost of the property purchase is the sum of the following:	
Purchase price	$
Purchase stamp duty	$
Property transfer fee	$
Mortgage registration fee	$
Lenders Mortgage Insurance (LMI*)	$
Conveyancing / Solicitors fees	$
Pest / building inspections	$
Insurance	$
Loan application / Settlement fees	$
Other	$
Total cost of purchase	$

The total customer contribution is the sum of the following:	
Deposit**	$
First Home Owner Grant (if applicable)	$
Other	$
Total customer contribution	$

To work out the loan amount required, subtract the customer contribution from the cost of purchase:		
Total cost of purchase		$
Total customer contribution	Less	$
Loan required		$

*NOTE: Every transaction is different, as are the stamp duty concessions and grants available in each State/territory. We will discuss this in greater detail during our appointment.*LMI may change depending on the proportion of loan to property value.**If gifts are being used as a source of customer contribution, then lenders will need a Statutory Declaration from the provider confirming these are a gift with no repayments required.*

What to bring to your appointment

Below is a list of some basic information that may be required when applying for a loan. It is a guide only and in some cases lenders may ask for additional information as you proceed through the application process.

Originals or certified copies are required for all documents listed below except for Insurance/Superannuation details and Property details (however, a certified copy of the Contract of Sale/ Offer and Acceptance may be required, when applying for the FHOG).

Personal identification

One or more of the following forms of photographic ID

- Australian or foreign passport
- Australian driver's licence
- Australian State or Territory issued proof of age card

OR

One of the following forms of non-photographic ID from each of the 2 groups below:

Group 1

- Australian birth certificate or extract
- Foreign birth certificate
- Australian citizenship certificate

Group 2

- Rating authority - bill sighted less than 12 months old
- Public utility record - bill sighted less than 3 months old
- ATO tax assessment notice less than 12 months old

First Home Owner Grant applications also require:

- Certified copies of ID
- Change of name documentation (if relevant)
- Marriage certificate (if relevant)

Income details (if you are an employee)

- The latest 2 consecutive, computer generated payslips from current employer. Must show business name, ABN and minimum 3 months' year to date income figure
- Current letter of employment with salary component (signed, dated on letterhead, stating start date, business ABN, and year to date income) may be required
- Most recent payment summary (if same employer)

If income includes overtime / commissions / bonuses, the following additional evidence may be required:

- Last 2 years' ATO tax assessment notices
- Last 2 years' tax returns

Income details (if you are self-employed)

- Last 2 years' tax returns and tax assessment notices for all individual applicants and all businesses
- Balance sheets and profit and loss statements covering the most recent 2 years
- Details of external liabilities: leases, hire purchase, overdrafts, company loans and/or guarantees

Income details (other than employment)

- Property rental income statements
- Dividend statements for shares and other investments
- Centrelink letter confirming family payments or other government pensions
- Private pension payment summary or statement
- Written evidence of other regular and ongoing income

Financial contribution details

- Evidence of 6 months' genuine savings from bank account statements, term deposit statements or share transaction records (in some cases only 3 months' evidence may be required)
- If other funds are being put towards the purchase, evidence will be required as to where the funds are currently held, or if the funds are being gifted, a Statutory Declaration from the gift provider will be required

Financial commitments details

- Most recent statements covering the past 3 months for any existing loans (home, personal, lease, hire purchase, etc). Where statements are issued infrequently, interim statements may be required. Internet statements attached to the most recent original statement will generally suffice
- Most recent statements for all existing credit cards and store cards (if refinancing more statements may be required)
- Additional evidence may be required where any of the above is being consolidated into the loan

Property details

- If refinancing - a copy of your most recent council rates notice
- If property is already chosen - a copy of the Contract of Sale (Offer and Acceptance in WA)
- If constructing - a copy of the tender, fixed price building contract, council approved plans, specifications, building insurance, an estimate of expected building costs and any other details you may already have such as property plans and local council approvals

Insurance/Superannuation details

- Superannuation fund statement(s)
- Certificate(s) of Currency for insurance policies

CHEAT SHEET

Guide to refinancing

Why should you consider refinancing your home loan?

With today's competitive lending market and changing home loan products, it's a great time to meet with us to review your personal circumstances and goals to ensure that your loan is working as hard as it can for you.

We'll meet with you to provide a free evaluation of your current home loan, gain an understanding of your circumstances and then compare your loan with hundreds of others, to see if there's a better deal for you.

More key reasons why refinancing could be right for you:

- Increase the amount of money at hand for day to day living
- Repay a loan faster and save on interest
- Consolidate debts (remember, this will stretch those debts over the entire loan term)
- Increase the loan amount to buy an investment property or to make property improvements
- Increase the loan amount to access funds for education or to buy personal goods such as a vehicle
- Extend the loan term so regular repayments are reduced
- Switch to a cheaper or more suitable property loan.

Refinancing considerations

To help determine if refinancing is the best solution for you, we'll meet with you to:

- Establish why you want to refinance
- Confirm aspects of your existing loan, such as the current interest rate and type of rate (variable or fixed), ongoing fees and available features
- Decide what aspects of a loan are most important to you
- Figure out what loan features you 'need' as opposed to 'want'
- Consider options from all types of lenders, because a more suitable option may be from a lender you are unfamiliar with
- Assess future requirements e.g. how flexible the product will be if you change your plans later on
- Determine the costs of refinancing, because it may be cheaper to keep the existing loan rather than pay additional fees.

A Home Loan Health Check is a smart option

With hundreds of home loan products on the market and your ever-changing personal circumstances, we highly recommend you undertake a free Home Loan Health Check before making the decision to refinance.

JUST GIVE US A CALL TO FIND OUT MORE.

"I'd definitely recommend Mortgage Choice to anyone considering a loan. It means there's no need to have direct involvement with the lender and the process could be a lot easier than you think. With the help of your broker, you could be popping some champagne corks of your own sooner than expected."

Mortgage Choice Customer

CHEAT SHEET

Working out your weekly home loan repayments

Our simple guide can help you work out what your weekly home loan repayments might be on the amount you are planning to borrow, based on a 30 year loan term. Changes to your interest rate and the loan term, as well as the frequency of your repayments will all have an impact on your final repayments. Alternatively you can find us online to calculate your repayments today.

We are here to help you look at the options and work out the ones that will best suit your circumstances.

Amount	3.50%	3.75%	4.00%	4.25%	4.50%	4.75%
$100,000	$104	$107	$110	$113	$117	$120
$150,000	$155	$160	$165	$170	$175	$180
$200,000	$207	$214	$220	$227	$234	$241
$250,000	$259	$267	$275	$284	$292	$301
$300,000	$311	$320	$330	$340	$351	$361
$350,000	$362	$374	$385	$397	$409	$421
$400,000	$414	$427	$440	$454	$467	$481
$450,000	$466	$481	$495	$511	$526	$541
$500,000	$518	$534	$551	$567	$584	$601

Repayments are indicative per week based on a 30 year term. Interest rates are quoted per annum.

WEEKLY REPAYMENTS

5.00%	5.25%	5.50%	5.75%	6.00%	6.25%	6.50%	6.75%	7.00%
$124	$127	$131	$135	$138	$142	$146	$150	$153
$186	$191	$196	$202	$207	$213	$219	$224	$230
$248	$255	$262	$269	$277	$284	$292	$299	$307
$309	$318	$327	$336	$346	$355	$364	$374	$384
$371	$382	$393	$404	$415	$426	$437	$449	$460
$433	$446	$458	$471	$484	$497	$510	$524	$537
$495	$509	$524	$538	$553	$568	$583	$598	$614
$557	$573	$589	$606	$622	$639	$656	$673	$690
$619	$637	$655	$673	$691	$710	$729	$748	$767

Frequently asked questions

How can Mortgage Choice help me more than a lender can?

Finding the most suitable home loan available on your own can be difficult. That's where We can help. As your local Mortgage Choice home loan experts, we'll compare hundreds of loan options from a wide range of leading banks and lenders to find the right loan for your needs. And, best of all, our service is at no charge to you.

Can my loan be arranged quickly?

Yes, as your home loan experts, we'll save you the time needed to research the right loan, and do the paperwork on your behalf. Most importantly, since We have built such a strong relationship with our lenders, I know which lenders can process your loan the fastest.

Will I pay upfront fees for my loan?

Some lenders do charge upfront fees to cover the loan application and/or property valuation. We'll crunch all the numbers to ensure that you have a detailed plan of potential fees.

Won't it cost me more than going direct?

No. Many financial institutions support the services provided by professional mortgage brokers, as this saves lenders costs that they would otherwise incur themselves in promotion and providing equal localised face-to-face customer service.

What if I don't qualify for the size of loan I want?

Each lender's loan policies vary, meaning they all calculate the amount of money they lend differently. A key advantage of visiting Mortgage Choice is that We can tell you the loan amounts you can borrow from each panel lender.

FOR A LIST OF LENDERS, PLEASE SEE MORTGAGECHOICE.COM.AU/HOME-LOANS/OUR-LENDERS

Can I take out a loan with a friend or family member?

This is possible. However, get legal advice on how to structure the property ownership and the joint loan exit process. We can help you with the loan process.

Can I have a loan approved before I go property hunting?

Yes, many people do this for peace of mind. It also reassures real estate agents that you are a serious buyer. A 'pre-approval' is normally valid for 3 months, with a possibility of extension. To give unconditional approval, the lender usually requires a valuation of the property and verification of the loan application information.

What is mortgage insurance?

There are two types: Lenders Mortgage Insurance (LMI) and Mortgage Protection Insurance (MPI).

LMI is dependent on the percentage of the property's value you'll borrow (i.e. Loan to Value Ratio - LVR). LMI usually applies to loans with an LVR in excess of 80% and covers the lender, not the borrower, in the event of loan default or a capital loss at the time of property sale.

This is a once-only payment by the borrower and in some cases can be added to the loan.

We can insure the outstanding balance or repayments of a loan. It can cover such events as death, temporary/permanent disablement and unemployment. It will not be a requirement of the lender for this to be in place.

Interest only repayments - is this a good idea?

There are instances where it's beneficial to the borrower to make interest only payments rather than making principal and interest repayments. All borrowers should be made aware that this is a viable option in some cases, especially new borrowers.

Speak to us and a Mortgage Choice financial adviser today about what will suit your situation.

If I want to invest, how should I structure my home loan?

Generally, the longer a property is held, the more capital growth it will likely build and this equity can be accessed to purchase an additional property/ies.

Based on your investment strategy, it's worth considering how much you should borrow, any possible tax benefits, LMI you may pay depending on the deposit and purchase price, principal and interest versus interest only repayments, and more.

While the minimum monthly repayments are necessary, there may be a particular loan structure that will help you achieve your goals sooner.

Get financial advice about what is best for you.

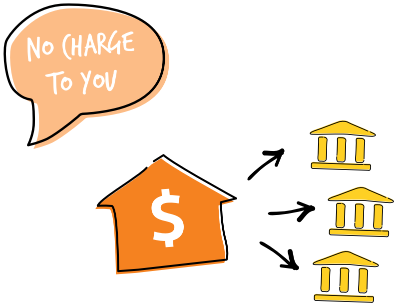
"WITH THE SUPPORT OF MY MORTGAGE CHOICE BROKER, MY HOME LOAN WAS ORGANISED IN JUST A FEW WEEKS. IT'S NOT JUST ABOUT FINDING THE RIGHT HOME. KNOWING YOU HAVE THE LOAN THAT SUITS YOUR NEEDS IS A GREAT FEELING TOO."

MORTGAGE CHOICE CUSTOMER

How does a Mortgage Choice broker get paid for sourcing a home loan?

1

Our home loan service is at no charge to our customers as the lenders pay Mortgage Choice a commission on the loan when it settles. ***This doesn't affect the deal you get from the lender.***



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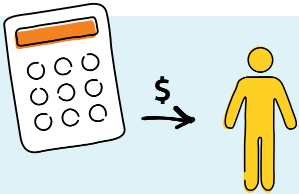
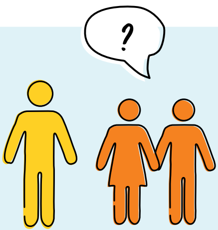


Mortgage Choice then pays a commission to the broker.

3

At Mortgage Choice, we pay your broker the same rate no matter which home loan you choose from our wide choice of lenders.

4



This means you can tap into your broker's expertise at no charge, and save yourself time and hassle looking for the right home loan option.

Jargon explained

Application fee / Establishment fee

Fee charged to cover or partially cover the lender's internal costs of considering and processing a loan application. The fees are sometimes required to be paid upfront and are not usually refundable unless the loan is refused.

Assets

A list of what an individual currently owns, such as real estate, savings accounts, cars, home contents, superannuation, shares etc.

Basic variable rate loan

A loan which has an interest rate that varies according to market forces. The interest rate charged is lower than a standard variable rate loan but the loan may have fewer features.

Break costs

Costs incurred when a fixed rate loan is paid off before the end of the fixed rate period, or when additional payments are made in advance.

Bridging finance

A short term loan that covers a financial gap between the purchase of a new property and the sale of a currently owned property.

Capital gain

The monetary gain obtained when you sell an asset for more than you paid for it. Such gains may be taxable.

Community title (specific to NSW)

A property title where several dwellings are erected on an estate and the owners own their property and land on freehold title, but have shared access to community facilities e.g. swimming pool, barbecue area, tennis court etc. All property owners pay levies for upkeep of the community facilities.

Company title

A type of ownership for a unit/flat/apartment in a building that is owned by a company. A purchaser buys particular shares in the company which gives the purchaser the right to occupy a specific unit/flat/apartment. Lenders are generally not enthusiastic about lending on company title properties.

Comparison rate

This is a rate that includes both the actual interest rate and the upfront and on-going loan fees, expressed as a single percentage.

Construction loan

A loan specifically for the purpose of funding the building of a new dwelling. Can also apply to major renovations or improvements.

Daily interest

Interest calculated on a daily basis, on the outstanding balance of the loan or investment account.

Deposit

An initial cash contribution towards the purchase of the property, usually payable on exchange of contracts.

Deposit bond

A substitute for cash deposit that guarantees the purchaser will pay the full deposit amount by the settlement date. Institutions providing deposit bonds act as a guarantor that payment will be made.

Equity

The value of an asset not subject to any lender's interest, e.g. a property worth $500,000 with an outstanding mortgage debt of $150,000 - equity is $350,000.

Equity loan

A loan that uses the equity in your property to borrow for any personal purpose, including personal investment. It usually operates like an overdraft, where the borrower has a set credit limit to which they can draw funds. The term Equity loan can also refer to a Line of Credit loan.

First Home Owner Grant (FHOG)

Various State Governments provide financial grants to purchasers of their first home, to assist in meeting the purchase costs.

Fixed interest rate

An interest rate set for a fixed period. At the end of the fixed rate period, most lenders will allow you to fix again at the prevailing rates or revert to their standard variable rate.

Freehold title

The form of property ownership where a parcel of land fully belongs to the owner.

Genuine savings

Funds that have been accumulated or held for a certain period of time prior to applying for a loan.

Guarantor

A guarantor is a third party to a loan who is helping the borrower obtain finance by offering additional security support. Guarantors are generally limited to spouses or immediate family members. A guarantor may be liable for the loan debt if the borrower defaults.

Interest Only (IO)

A loan in which only the interest on the principal is repaid with each repayment for a specified period.

Introductory (honeymoon) rate

A reduced interest rate offered for a specified period of a loan, usually the first twelve months.

Joint tenants

Equal holding of property between two or more persons. If one party dies, their share passes to the survivor/s. This is a common arrangement for married couples.

Lenders Mortgage Insurance (LMI)

A form of insurance taken out by the lender to safeguard against a financial loss in the event of a security being sold due to the loan going into default. The borrower pays a once-only premium. The insurance covers the lender, not the borrower.

Jargon explained

Liabilities

A person's debts or financial obligations, including existing credit card debts and personal loans.

Line of Credit

A flexible loan arrangement with a specified credit limit to be used at a borrower's discretion. Also referred to by some lenders as an Equity loan or All in One loan.

Loan to Valuation Ratio (LVR)

The ratio of the home loan amount compared to the valuation of the security. Commonly called LVR e.g. for a loan of $400,000 on a home valued at $500,000, the LVR is $400,000 divided by $500,000 expressed as a percentage i.e. 80%.

Mortgage

A form of security for a loan, usually taken over real estate. The lender (mortgagee) has the right to take the property if the mortgagor fails to repay the loan.

Mortgagee

The lender of the funds and holder of the mortgage.

Mortgagor

A person who borrows money and grants a mortgage over their property as security for the loan.

Non-conforming loan

Specialist lenders provide these types of loans to borrowers who fall outside the normal eligibility requirements of mainstream lenders.

Offset account

A transactional account linked to the home loan. The balance held in this account offsets the balance in the home loan, helping to reduce the interest paid and the overall term of the loan.

Ombudsman

An arbitrator that provides an avenue through which customers can make complaints about their loan consultant or lender and have it dealt with independently.

Principal

The outstanding loan amount on which interest is calculated.

Principal and Interest (P&I)

A loan in which both principal and interest are paid with each repayment during the term of the loan.

Redraw facility

A loan facility whereby you can make additional repayments and then access those extra funds if necessary.

Refinancing

To replace or extend an existing loan with funds from the same lender or a different lender.

Security

Usually the property offered as security for a loan.

Settlement date

Date on which the new owner finalises payment and assumes possession of land. Sometimes called the "draw down" date, as this is the date the loan is usually fully drawn.

Stamp duty

There are two main types of stamp duty that may be payable when borrowing to purchase a home:

- Mortgage stamp duty
  (loan stamp duty)
  Mortgage stamp duty will be payable in NSW only, if purchasing in a company name or for loans for non-housing related purposes.
- Transfer stamp duty
  (contract stamp duty)
  Calculated on a sliding scale based on the purchase price of the property.

Jargon explained

Standard variable loan

A loan which has an interest rate that varies according to market forces. The loan usually has comprehensive features, such as offset and redraw facilities.

Strata title

The form of property ownership most commonly associated with units, apartments and townhouses, where the owner holds title to a particular unit, which is called a lot, in a strata plan.

Survey

A plan that shows the boundaries and the building position on a block of land

Tenants in common

Where more than one person owns separate, defined portions of a property. If one person dies, the relevant portion passes through the deceased's estate rather than to the other property owner/s as with joint tenancy. Each owner can hold a specific share of ownership and has the right to dispose of their interest.

Term

The length of a loan or a specific portion within the loan.

Title search

A request to the relevant government office* to ascertain the ownership of a specified property and any encumbrances, covenants and easements that may be recorded on the title.

Torrens title

Torrens title is the most common form of property title in Australia. The Real Property Act (RPA) is the legislation that governs the operation of Torrens title. Ownership of the property is registered with the relevant government office* and evidenced by the Certificate of Title, which shows the current owner's name and any other interests in the property e.g. mortgages.

Unencumbered

A property free of encumbrances (mortgages) or restrictions.

Valuation

A report (often required by the lender), detailing a professional opinion of property value.

Variable interest rate

An interest rate that varies during the term of the loan, in accordance with market forces.

NOTE: **Who can help with a title search in your state or territory?*

ACT: *Access Canberra*

NSW: *Land and Property Information (LPI)*

NT, TAS: *Land Titles Office*

QLD: *Department of Natural Resources and Mines*

SA: *Land Services office*

VIC: *Land Victoria*

WA: *Landgate*

CREDIT CARDS

EQUIPMENT FINANCE & BUSINESS LENDING

CAR AND PERSONAL LOANS

Why choose Mortgage Choice?

Because we care about helping Australians afford to live the life they want to live. With specialist services available from qualified Mortgage Choice experts - both mortgage brokers and financial advisers - we help you take control of your finances, so you can enjoy the things in life that matter to you.

INSURANCE

PROPERTY INVESTMENT LOANS

Why choose Mortgage Choice?

Right loan for you. At Mortgage Choice, the only thing that matters to us is the home loan that's right for you. So, as your Mortgage Choice broker, we're paid the same rate no matter which home loan you choose from our wide choice of lenders.

Wide choice. We can compare hundreds of highly competitive home loan options from a wide choice of lenders, including the big banks.

Less stress. We make it easier for you by preparing the paperwork, lodging the application and following up with the lender for you as your loan progresses to settlement.

No cost to you. There is no charge to you for our home loan service because the lender pays us after your loan settles.

Range of products. We can also help you with financial planning, commercial loans, car loans, personal loans, asset finance, general insurance and credit cards.

TALK TO US TODAY

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