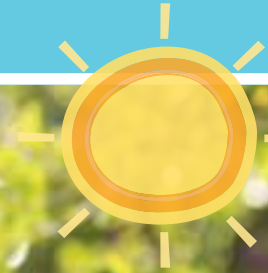


Ready for your next move?

Let us help you upgrade your home loan, or finance a renovation.



WHAT'S YOUR NEXT MOVE?

Should you upgrade or renovate?

YOUR FINANCE OPTIONS

Funding your property purchase

EXTRA COSTS TO CONSIDER

Costs to be aware of when selling your home

WE'RE HERE TO HELP

Our home loan service is at no charge to you

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

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

Your local Mortgage Choice home loan expert 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.

You'll be pleased to know that our home loan service is totally free of charge - the lenders pay your broker after your loan settles. And your Mortgage Choice broker is 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'RE HERE TO HELP SO PLEASE GIVE US A CALL TODAY.



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The information contained in this booklet refers only to loans provided by our panel of lenders with whom Mortgage Choice Limited has an arrangement under which it receives commissions and other payments. Not all brokers sell the products of all lenders.

The information provided in this Guide is for general education purposes only and does not constitute specialist advice. This Guide has been prepared without taking into account your objectives, financial situation or needs. Because of this, you should consider the appropriateness of the advice to your situation before taking any action. It should not be relied upon for the purposes of entering into any legal or financial commitments. Specific investment advice should be obtained from a suitably qualified professional before adopting any investment strategy. If any financial product has been mentioned, you should obtain and read a copy of the relevant Product Disclosure Statement and consider the information contained within that Statement with regard to your personal circumstances before making any decision about whether to acquire the product.

What's your next move?

You've finally built up enough equity to play with and you're wondering which direction you should take. With a growing family, adding a second storey sounds like a good idea. Or should you consider a new address altogether? Let's explore both.

Staying in your current house

You've lived in your family home for a number of years now. It's comfortable. You've finally got the garden landscaping right, you've just reorganised the garden shed, your neighbours are lovely, there are so many wonderful memories of the kids growing up and your partner's rose garden is finally perfect. Do you stay or do you go?

Emotional attachment to your family home can sometimes influence the way you invest so it's a good idea to stay as objective as possible, especially when you're considering moving large chunks of your own money around.

Pros

Staying in your current home may mean avoiding relocation costs like travelling further for work, or finding a new school for the kids, which can take valuable time and money.

Staying put can also save you thousands of dollars in empty costs like stamp duty, agent and legal fees – money that could easily contribute toward your renovations, or a world trip for that matter!

Cons

Sometimes extending out or up can compromise your existing space. Are you ready to sacrifice some of your backyard for a bigger kitchen?

It's important to consider what the average selling price is for comparably sized homes in your area, and be careful not to overcapitalise. Overcapitalisation occurs when you spend too much money on the property and are not be able to recoup these monies if you decide to sell it.



Selling up and moving on

Selling your current home before you buy another can be great if you plan it right. The biggest benefit is that you'll know exactly how much you can spend on the next property. The downside is that you may need to find temporary accommodation in the period between selling your current home and finding a new place. But since you also don't want to put unnecessary pressure on deciding on your next purchase, finding temporary accommodation could be the best thing for you.

Renting your house back? It's possible. Speak to your agent about the possibility of renting your house back from the purchaser of your home. Renting your house back is a great way to savour the very last days there while you search for your next dream home.

You might also want to speak with your agent about negotiating an extended settlement with the buyer. If the buyer agrees, you'll have a little more breathing space when it comes to purchasing the next place.

Buy before you sell

If you see a house that ticks all the boxes, it can be tempting to buy before your current home is sold. The risk here is that it could take longer to sell your home than you anticipate, which could lead you to taking out a bridging loan to tide you over until your home sells.

The worst case scenario, is you selling your home for a lower price than it's worth for the sake of a quick sale. For more on bridging loans, take a look at *My finance options* (on page 5).

TIP!

Do your research before deciding to renovate

It is worth taking a look at a few homes listed for sale to get an idea of the sort of property you can afford, and consider whether the hassle of renovating would be more worthwhile.



Your finance options

If you've lived in your house for 10 years or more, chances are the value has gone up and up.

Since your home is normally a tax-free asset, any profit you make on the sale can go straight towards your new place.

If you need a little more room to move, here are some different finance options you can consider for upgrading your home:

Bridging loan

Bridging loans are used to cover the cash flow gap between buying a new home and selling your old property. These are short term loans (usually less than 12 months) and the repayments are interest-only.

This type of loan can provide a financial lifeline if you buy before you sell but you are in essence paying two loans at the same time, and the interest cost can quickly stack up if your home takes a long time to sell.

Loan top up

Most home loans offer 'portability' - the freedom to take your loan with you when you move, so if you're happy to stay with your current loan and lender, one way to fund your new house is by increasing the balance of your loan.

This process is called 'topping up', and as the name suggests, you just add a bit more on to the loan. It's a great low cost option with a small administration fee and paperwork that we'll guide you through.

TIP!

A loan top up will increase your repayment amount

A bigger loan will mean increased monthly repayments if you plan to stick with your original term, or you can make the repayments more manageable by extending the loan term.

Refinancing

Refinancing involves taking out a new loan and paying out the old one. Let's face it. A bank or finance institution is really only interested in you when you're new business. Once they've secured your business, their competitiveness may seem to disappear. That's where we come in.

Mortgage Choice is in the business of looking after you and your loan, every step of the way.

Once we've helped you find the right loan for your situation, we will check back with you from time to time to see if it's still doing the best for you. If it's not, we'll be more than happy to find you another product with another financial institution at no cost to you.

The only fees you'll need to pay are administration fees when transferring your loan over to another bank which we can discuss when or if that time comes.

Weigh up the savings of refinancing against the expense involved. If you can trim 0.5% from your home loan rate, refinancing could put you in front financially.

The power of a pre-approved loan.

Buying your new home with confidence will help you buy with clarity. A pre-approved loan will give you:

1. A clear spending limit

You'll know how much you can borrow, so you can focus on properties within your borrowing limit.

2. Extra negotiating power

It tells vendors you're a serious buyer and in a position to act quickly. This gives you extra clout for price negotiations.

3. Bid with confidence at auction

It lets you bid with confidence up to your approved loan limit.



Extra costs to consider when selling

Estimate not guesstimate!

Your local real estate agent can provide a market appraisal of your home but they may bump up the figure to secure a listing. More detailed information is available for a fee through online price reports prepared by research groups like Australian Property Monitors and Residex.

A valuation carried out by a Certified Practising Valuer (CPV) or Residential Property Valuer (RPV), which involves inspections inside and out, can provide a more accurate figure.

TIP!

Our home loan service is at no cost to you

One aspect of moving that you won't have to pay for is the home loan service provided by us. The lender pays us after your loan settles, and our brokers are paid the same rate regardless of which home loan you choose from our wide choice of lenders.

Choosing a quality real estate agent

It's sometimes difficult to choose the right agent, so ask your friends and family for a recommendation. You will understand first hand what it was like to deal with them from start to finish. After all, selling your home for the best amount, with the best vehicle behind it, will be the ultimate driving force in getting the results you want.

Don't automatically pick the agent who offers the highest appraisal on your home. Look for agents who are actually making sales. 'Sold' signs will indicate their strike rate.



Marketing your home

The agent can only do so much in encouraging buyers to purchase your home. Your agent will suggest to market your home, either in the local paper, in flyers or on specific websites. Whatever the strategy, bear in mind that marketing the sale of your home may or may not be included in the agent's selling fee.

Paying someone to declutter your home and shaping it to look like you've just stepped into the perfect Zen home is an easy way to woo potential buyers and is money worth investing.

Spruce up and repair

You know that light fitting that's dangling in the lounge room a bit too low? Or the missing door handle on one of the bedroom doors? Hiring a professional handy man to tie up the loose ends you've been meaning to for years is ideal. After all, a lasting impression is everything. You want potential buyers to notice the wonderful floorboards, not the things that need fixing.

Hire a professional cleaner to give your home the once-over before the run of inspections. Leave it to the experts. They always do a better job!



TIP!

Take a look at your home through a buyer's eyes

Make a list of items that clearly need repairs and attend to them before listing your home for sale.

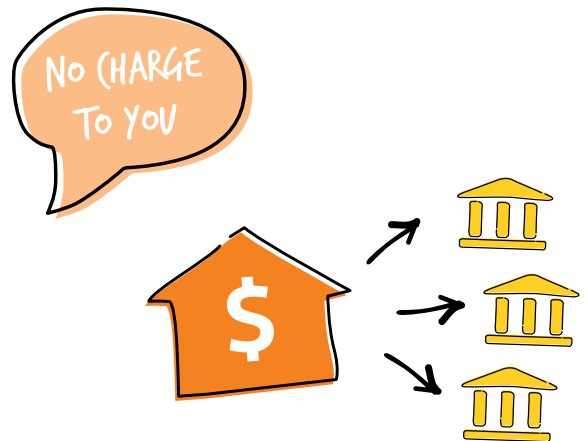




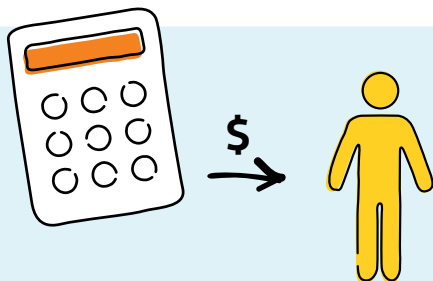
How does a Mortgage Choice broker get paid?

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.**



2



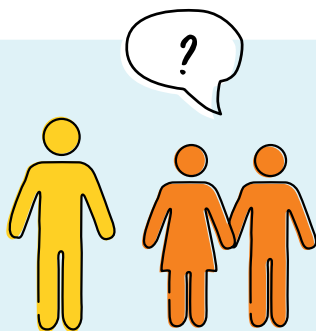
Mortgage Choice then pays a commission to the broker.

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.

We're here to help

Finding the most suitable home loan for your needs can be difficult.

We can talk you through the available options for funding your upgrade. This will let you know exactly where you stand in terms of borrowing options, leaving you free to focus on selling your current home and choosing your next home.

Your local Mortgage Choice home loan expert can help. We will compare hundreds of loan options from our wide panel of banks and lenders to find the right loan for your needs. And, best of all, our home loan service is at no charge to you.

Save time. Save hassle.

As your home loan expert, we can save you the time - and hassle - of visiting multiple lenders. We'll even take care of the loan application paperwork and liaise with your chosen lender all the way through to settlement, keeping you informed along the way.

Will I pay upfront fees for my loan?

Some lenders charge upfront fees to cover the loan application and/or property valuation. As your home loan expert, we will crunch all the numbers to give you a detailed plan of potential fees.

How do Mortgage Choice brokers get paid?

At Mortgage Choice, the only thing that matters to us is the home loan that's right for you. As a Mortgage Choice broker, we get paid the same rate regardless of which home loan you choose from our wide choice of lenders.

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

A key advantage of partnering with your local Mortgage Choice home loan expert is that we can tell you the loan amounts you can borrow from each panel lender and run you through your options if you wish to borrow more money.

Protect what you have worked hard for

Along with managing the loan process on your behalf, we'll work with you to make sure you have the right insurance in place to protect yourself, your family and your assets should the unexpected happen.

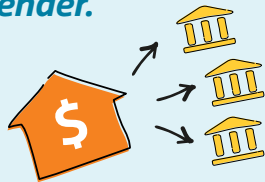
The bottom line is that we'll focus on the finance so you can focus on what matters to you - finding your next home.

1

Our home loan service is at no charge to our customers

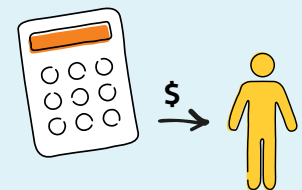
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This doesn't affect the deal you get from the lender.



2

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.

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

Transfer stamp duty (or contract stamp duty) may be payable when borrowing to purchase a home. It's calculated on a sliding scale based on the purchase price of the property.

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.

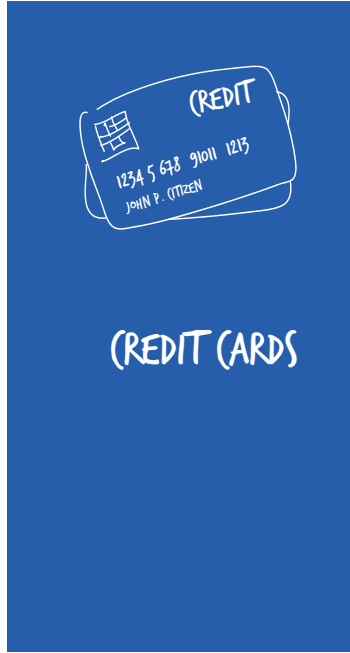
Variable interest rate

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

NOTE:

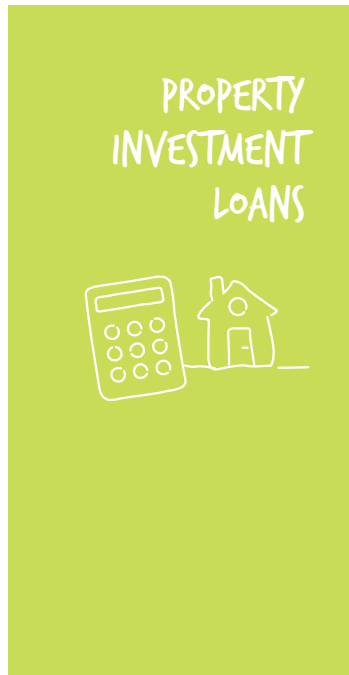
*Who can help with a title search in your state or territory?

- 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



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.



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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