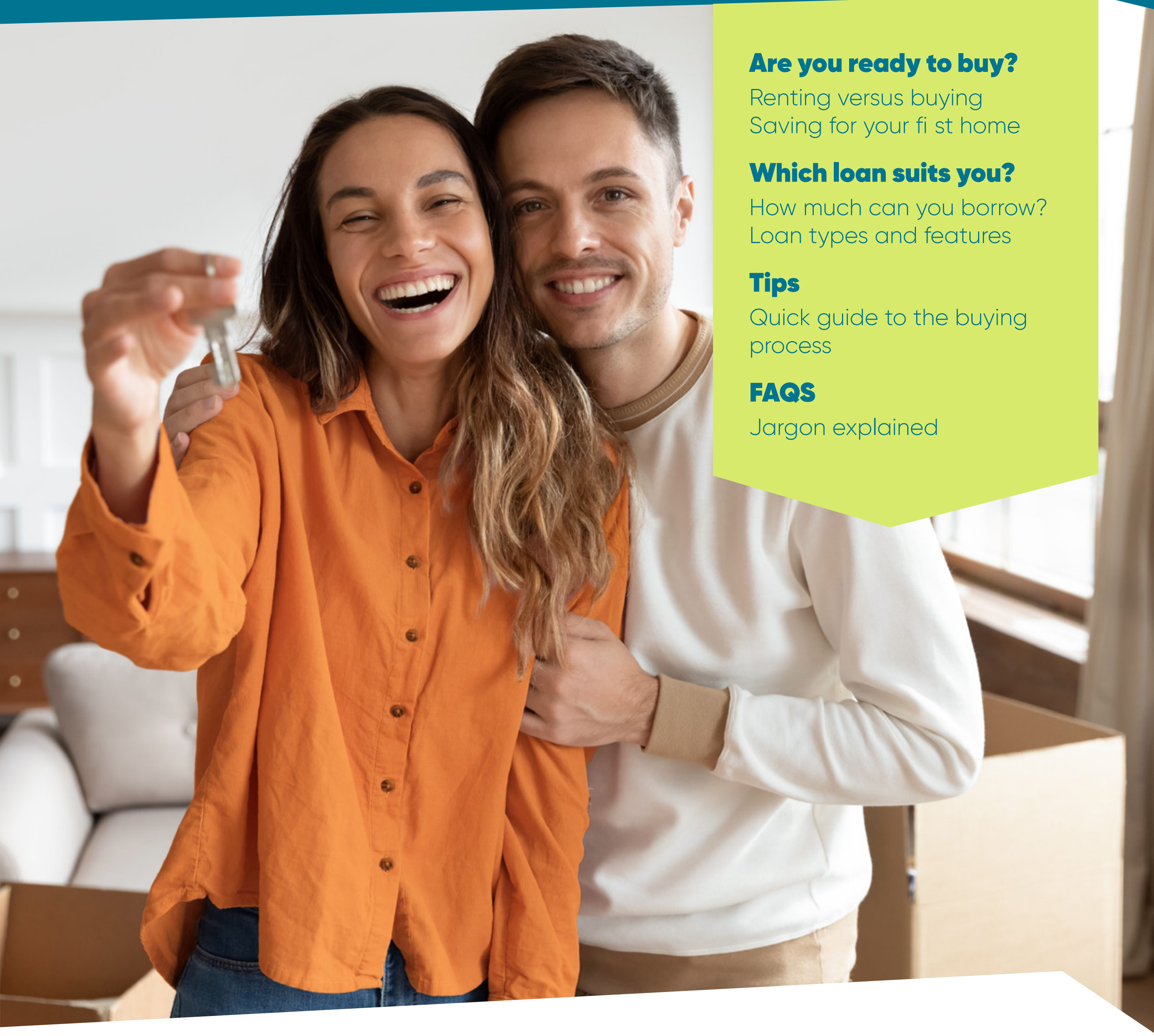
Buying your first home?

Let us help you find the right home loan and guide you through the process



Are you ready to buy?
Renting versus buying
Saving for your fi st home

Which loan suits you?
How much can you borrow?
Loan types and features

Tips
Quick guide to the buying process

FAQS
Jargon explained

Is this guide right for you?

Buying a property is one of the biggest financial commitments you'll make. Throughout the process, you'll undoubtedly have some important questions and decisions to make.

This guide has been prepared to assist you along the path to property ownership and 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.

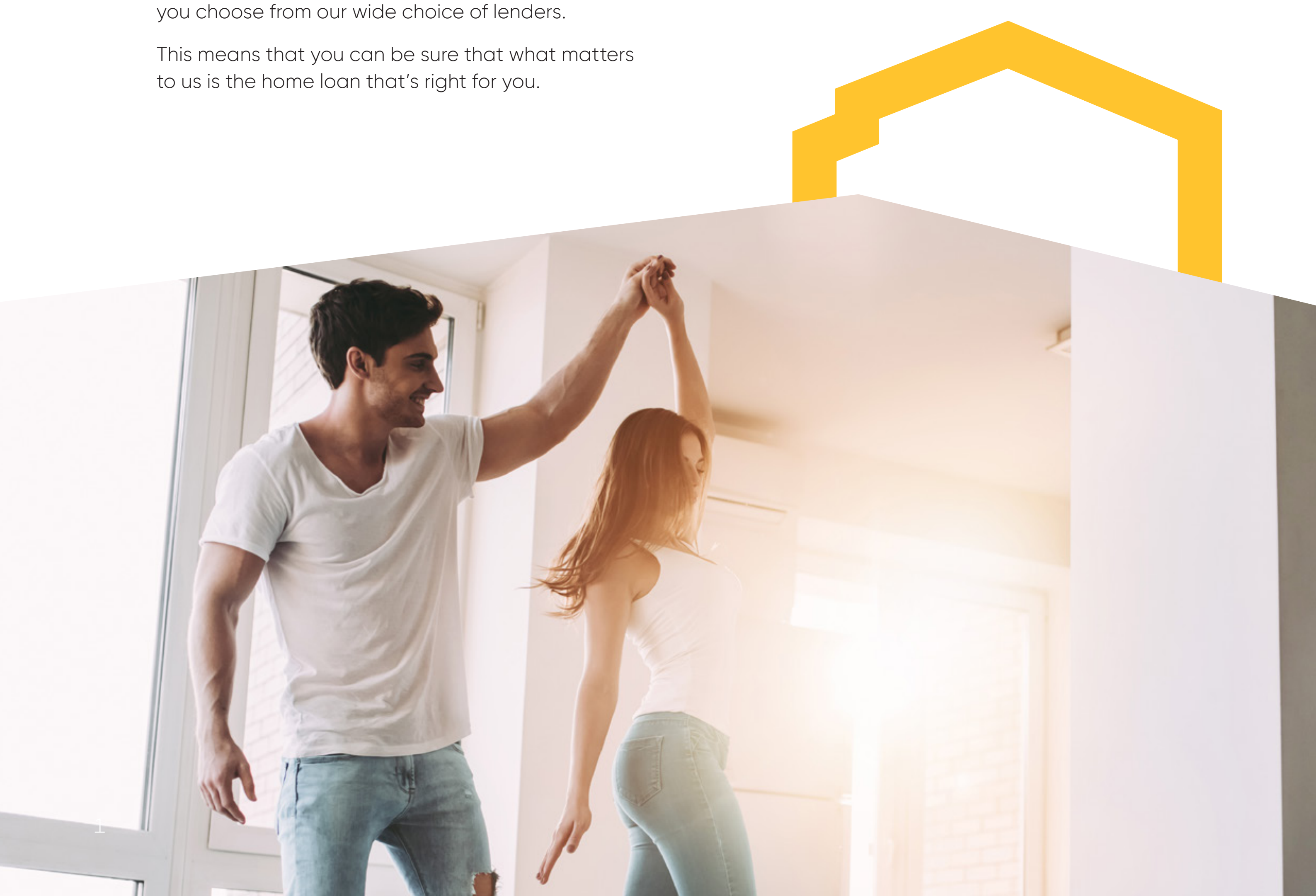
Your local Mortgage Choice home loan expert can help you assess the mortgage market and find a home loan that's tailored to your individual needs.

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. We're here to guide you through the entire home loan process.

You'll be pleased to know that our home loan service comes at no cost to you - the lenders pay us 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.

Our team in Rosanna are always here to help! Call us anytime on 0419 587 863.



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Your first home! Yes, you can do it!

Buying your first home is an exciting step – it's your opportunity to stamp your character on a place, create wonderful memories and invest for your future. It might seem like a distant dream, but with our help, it is a reality that's just around the corner!

As a home owner, you have the power to improve the value of your asset. You have the freedom to decorate or renovate it to give it a touch of your character, making it a more comfortable place to live as well as boosting its value.

You also have the security of knowing that you can stay in your home for as long as you wish. The ability to 'put down roots' and form community ties often becomes especially important once homeowners start a family. As a tenant, you don't have the same amount of security in the place you call 'home'.

Today's rents are substantial, especially in our state capitals, and the ongoing rent you pay as a tenant is 'dead money' - a constant outlay for which you will walk away with little more than memories.

As a home owner, your mortgage repayments might be higher than your rent, and yes, a home loan is a long term commitment. But in many ways, repaying a loan is a form of forced saving. You're not just paying for a roof over your head, you're building equity in an asset that is likely to grow in value over the years.

Moreover, as long as your home is your principal place of residence, it is a tax-free asset. No other investment offers this complete absence of tax. When you go to sell, every dollar of profit goes straight to you.

Renting versus buying - pros and cons

Renting

- ✓ Allows you to live where you want
- ✓ You don't need a huge deposit to start renting
- ✓ You can move as often as you like/need
- ✓ You don't have to pay for maintenance/repairs

- ✗ You're spending money on something that isn't yours
- ✗ With low vacancy rates, you can face stiff competition
- ✗ In a competitive market, landlords are able to increase rent as they wish
- ✗ There's no certainty around rental payments

Buying

- ✓ You spend money on an asset that grows in value over time
- ✓ A property is a lucrative asset - values climbed 2.4% in the 12 months to June 2016 across the combined capital cities***
- ✓ Owning a home puts you in a good financial position for the future
- ✓ You are able to make repairs, alterations to the property and truly make it your own
- ✓ Interest rates are at historical lows
- ✓ Australia's lenders are aggressively competing for business – they want to finance your property dreams at a good interest rate

- ✗ Purchasing the property isn't the only expense - consider maintenance fees, bills & repairs
- ✗ With property values surging, you may be forced to buy where you can afford and not ideally where you'd like to live
- ✗ Costs associated with buying a property can be significant – Lenders Mortgage Insurance, solicitor's fees, conveyancing fees, pest and building inspections
- ✗ Buying a property requires a significant deposit, which may take years and considerable sacrifices

Could it be cheaper to rent than buy?

According to ABS Data, the average loan size for all owner occupied housing commitments is: $357,200*. The average standard variable rate of our lender panel is currently 4.93%. As such, the average weekly mortgage repayments are: $439. According to RP Data, the average median rent is: $376**. According to these statistics, repaying a mortgage costs about the same as the average national rent – the only difference being once you have paid off the mortgage, the property is yours.

*Data from ABS Housing Finance Data – Feb 2016
**Data taken from RP Data's Quarterly Rental Report – June 2016
***Source CoreLogic RP Data

A quick guide to the buying process

Follow our flowchart to see an overview of the steps involved in buying your first home. More detail can be found throughout this guide.

1 Budget and save

Plan your budget to see how much you can afford to repay, and set a plan to start saving for a deposit.

2 Establish your capacity

Meet with your local Mortgage Choice broker to discuss your finance options and work out how much you can borrow

3 Choose you loan and lender

Work with your Mortgage Choice broker to select the right loan for you and request loan pre-approval. Your broker will take care of the application and paperwork.

4 Operation dream home

Let the fun commence! You now get to search for your new home, safe in the knowledge of how much you can afford to spend.

5 Assess and inspect

Organise building and pest or strata inspection on the home of your choice.

6 Make an offer

To buy through a real estate agent, make an offer and begin negotiating on price. To buy at auction, place a bid and hold your nerve!

7 Sign and exchange contracts

Once an offer has been accepted, contracts are signed and exchanged. At this stage, you will pay your deposit, usually 10% of the purchase price.

8 Cool off

You now have a few days to change your mind about the purchase. If you back out, you may forfeit some of your deposit.

There are regional differences in cooling-off periods, and if you have bought at auction, you won't have the option. Auction purchases are final!

9 Settle and celebrate

Settlement usually occurs four to six weeks following the exchange of contracts. The keys are handed over, and you are officially a home owner!

10 Move in

This is the moment when all your hard work pays off. You can finally move into your new home and get settled. No more renting - you live in your own home at last!

How to save for your first home

Step 1: Prepare a budget

Preparing a budget is the first step to understanding how much you can afford to pay off each month/week, and along with your deposit, this will determine a suitable price range for your first home. A golden rule of property buying is not to overextend yourself. You need a clear idea of how much you can comfortably afford to repay – even if interest rates rise.

Planning your budget

Write down everything you spend over a couple of months/weeks, so you can learn exactly where your money is going (e.g. rent, mobile, Foxtel, electricity, gas, car running costs, gym membership, groceries, magazine subscriptions, takeaway, gifts, clothes, internet, health insurance, car insurance, taxis, public transport, socialising).

Make sure you are honest about your expenditure and what things cost - it's better to overestimate rather than underestimate so you don't get caught short. If you don't know exactly how much you spend on something, e.g. electricity, make sure you review past bills and calculate annual costs to determine an average amount. And don't forget to factor some 'fat' into your budget for surprises (e.g. for an unexpected night out).

Once you've finalised your budget, check your bank records and reflect on your strategy regularly to make sure you're meeting your financial goals.

Home loan repayments

Once you have an idea of how much you can afford to pay per week, you can take a look at the weekly repayments chart below to get an indication of the repayment size for various loan amounts and interest rates. You should also take a look at the Mortgage Choice Home Loan Repayments Calculator on the Mortgage Choice website at: MortgageChoice.com.au/repayment-calculator

TIP:
Mortgage Choice Budget Planner

The Mortgage Choice Budget Planner, available on the Mortgage Choice website is a useful tool to help you draw up a personal budget. Download this tool to get started:

MortgageChoice.com.au/budget-tool

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

Amount	3.75%	4.00%	4.25%	4.50%	4.75%	5.00%	5.25%	5.50%	5.75%	6.00%
$100,000	$107	$110	$113	$117	$120	$124	$127	$131	$135	$138
$150,000	$160	$165	$170	$175	$180	$186	$191	$196	$202	$207
$200,000	$214	$220	$227	$234	$241	$248	$255	$262	$269	$277
$250,000	$267	$275	$284	$292	$301	$309	$318	$327	$336	$346
$300,000	$320	$330	$340	$351	$361	$371	$382	$393	$404	$415
$350,000	$374	$385	$397	$409	$421	$433	$446	$458	$471	$484
$400,000	$427	$440	$454	$467	$481	$495	$509	$524	$538	$553
$450,000	$481	$495	$511	$526	$541	$557	$573	$589	$606	$622
$500,000	$534	$551	$567	$584	$601	$619	$637	$655	$673	$691

Step 2: Check eligibility for a grant..

The First Home Owner Grant (FHOG) is designed to help first home buyers purchase or build their first home. The grant is funded and administered through your respective State/Territory Revenue Office.

FHOG - a helping hand!

The First Home Owner Grant is a one-off, tax-free payment to people buying their first home in Australia, provided it is a new dwelling. Lenders may consider it as part of your deposit, although not as part of your genuine savings. It is only paid on the settlement of your property or on the first progress payment if building. As it is administered by the State and Territory Governments, the availability and amount varies between states and territories.

However, there are some general conditions that apply Australia-wide:

- Must be 18 years of age
- You must be buying or building your first home as a person, not as a company or trust
- You or your co-purchaser (typically a spouse or partner) must be an Australian citizen or permanent resident of Australia
- You may still be eligible for FHOG if you own an investment property/s purchased after 1 July 2000 as long as you haven't owned property prior to 1 July 2000, and you have never lived in the investment property/s
- You'll need to live in your first home within 12 months of construction or purchase (minimum periods of occupancy vary between states and territories)
- Couples can only make a single application for FHOG, and will receive only one payment
- The value of your first home (home plus land) must be below a certain value (amount varies between states and territories).

In addition to the First Home Owner Grant, there are a number of State and Territory Government initiatives aimed at making the first home purchase more affordable.

Your Mortgage Choice broker can explain any additional discounts or incentives that may be applicable in your state/territory, or you can check online with your local State/Territory Revenue Office.

TIP:

Applying for the First Home Owner Grant

To apply for the FHOG, download an application form from the relevant government office (see Table 1), or ask your Mortgage Choice broker for assistance.

Table 1: State / Territory revenue offices

State/Territory Revenue Offices	Website
ACT	www.revenue.act.gov.au
NSW	www.osr.nsw.gov.au
NT	www.revenue.nt.gov.au
QLD	www.osr.qld.gov.au
SA	www.revenuesa.sa.gov.au
TAS	www.sro.tas.gov.au
VIC	www.sro.vic.gov.au
WA	www.treasury.wa.gov.au

"Martin and his team at Mortgage Choice in Rosanna were fantastic, really easy to deal with and helped us find the right loan. There was lots of support and guidance with all of the paperwork and quick response times always!"

Zoe, Melbourne VIC

Step 3: Start saving for a deposit

Saving for a deposit is a key step in home ownership. Typically, you'll need to save a minimum of 10% of your home's purchase price, but if you can save more, this will give you some advantages.

The bigger the deposit, the bigger the advantages

Building a deposit demonstrates that you have a strong saving history, something lenders like to see. There are plenty of other reasons to aim for a bigger deposit.

Save on monthly repayments and interest

The bigger your deposit, the less you have to borrow, and that means lower repayments. You'll also pay less in long term interest charges - money you could use to invest or renovate your home.

Better choice of lenders, lower rate

Some lenders will want to see more than a 10% deposit, so having a bigger deposit gives you a wider choice of lenders. It also puts you in a better position to negotiate a lower interest rate.

Tips to get there faster

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 saving target

Saving is always easier when you have a clear goal. Set an achievable target and timeframe for your first home deposit, and allow yourself small treats to celebrate saving milestones.

Did you know

To work out how much you need to save regularly, use our Mortgage Choice Savings calculator on the Mortgage choice website at MortgageChoice.com.au/savings-calculator

2. Establish a clever saving pattern

Track your expenses based on your budget and train yourself to think about where your money is going, while looking at what expenses you may be able to cut back on.

Some examples of where you could save include:

- Use public transport instead of taxis
- Live with family to save on rent
- Take a list when you head to the supermarket to avoid buying on impulse
- Compare prices online before buying
- Separate needs from wants. Is the new outfit really necessary? Takeaway meals, a daily coffee and your gym membership quickly add up.

If you're finding it difficult to save a deposit, a close family member may be able to act as guarantor for your home loan. By using the equity in their property as security for your home, your guarantor can help you close the gap between your savings and the deposit you need.

3. Start living like a mortgage holder

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.

4. Add any windfalls

When you're saving for a home, every penny counts. Add your tax refund, work-related bonuses or financial gifts to your savings pool.

5. Set up an automatic payment to your savings account

Arranging an automatic transfer from your pay into a savings account will ensure your money is saved before you are tempted to spend it.

6. Get your finances in good shape

When you apply for a home loan, lenders will want to know the value of any outstanding debts you have (for example a personal loan or car loan) as well as the limit on your credit card/s (not just the outstanding balance). Aiming to pay off any other debts or asking your card provider to reduce your credit card limit, can improve your chance of loan approval.

7. Make your money work harder for you

Your loan is both a significant financial commitment and a strong financial foundation.

We'll cover the cost of an initial 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.

How much can you afford to borrow?

Step 1: Work out your borrowing capacity

While the maximum amount you can borrow will vary between lenders, the key factors lenders look at are your income and current financial commitments. As a general guide, your mortgage repayments should not exceed 30% of your gross (pre-tax) income.

Your local Mortgage Choice expert can help you understand your borrowing capacity.

TIP:

'How much can I borrow?' calculator

To find out how much you could borrow, check out our 'How much can I borrow?' calculator on the Mortgage Choice website at MortgageChoice.com.au/borrowing-calculator

Step 2: Factor in all the upfront home buying costs

Besides the price of the property itself, there are other costs associated with buying property. Generally, you should allow an extra 5% on top of the purchase price to cover these costs.

Loan application costs

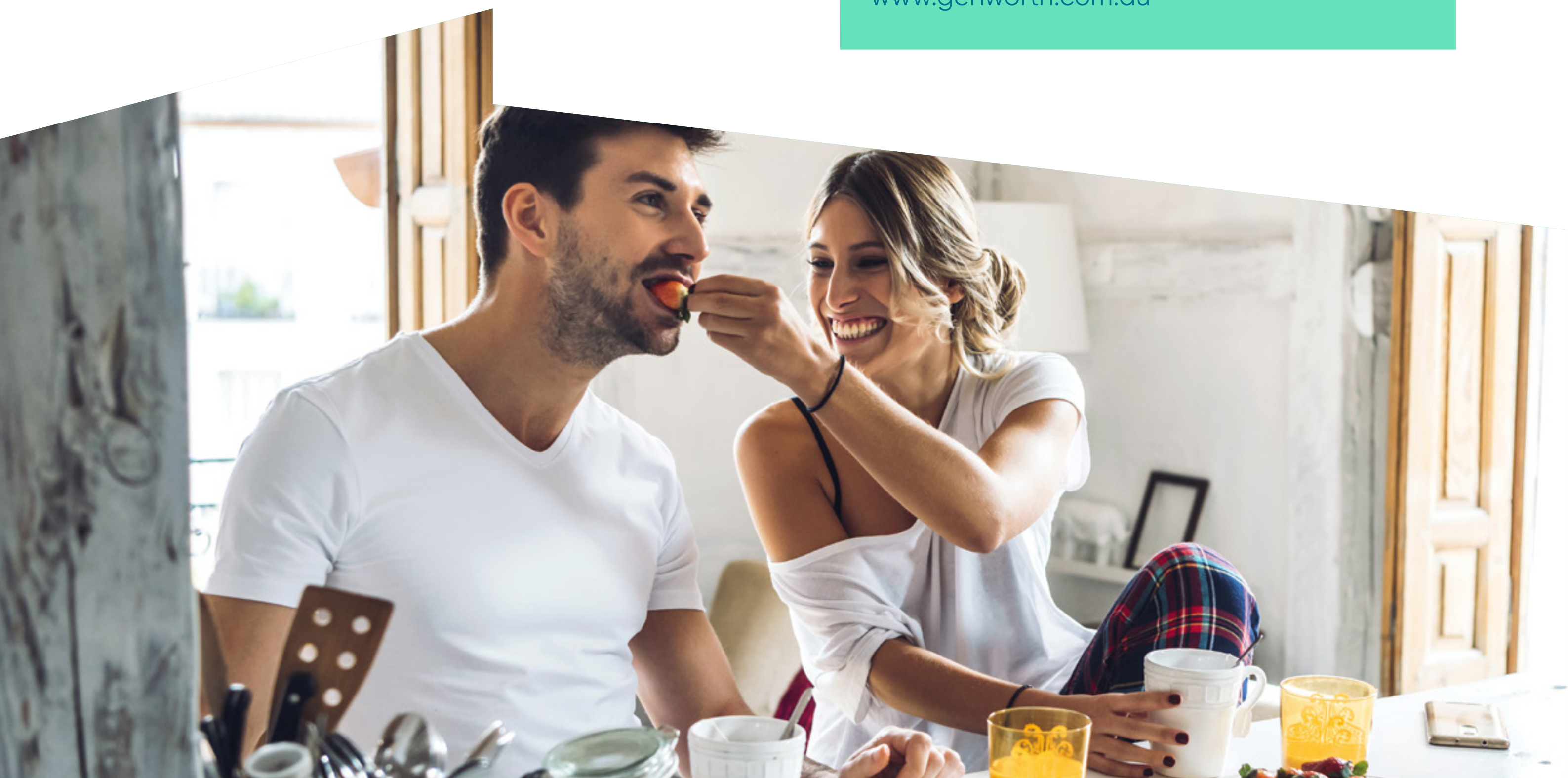
Your lender may charge upfront fees such as:

- Loan application fee – allow for up to $700
- Lender's property valuation fees – these could set you back around $300
- Lenders Mortgage Insurance (LMI) – an insurance that protects the lender, not you, in the event that you cannot repay your mortgage. This one-off payment applies unless you can put down a deposit of 20% or more.

The higher your deposit, the smaller the one-off Lenders Mortgage Insurance premium will be.

Did you know

Your lender may let you add the LMI premium to your loan balance, but this will add to your repayments and your long-term interest bill. To see what you could pay in LMI, check out the LMI Premium Estimator at www.genworth.com.au



Government charges

You may be up for Government charges including:

- **Purchase stamp duty –** a State Government tax paid for transferring the title of a property, calculated on the purchase price. First home buyers may be eligible for significant rebates on stamp duty.
- **Property transfer fee –** a State Government charge to register the transfer of title of the property from one person to another.
- **Mortgage registration fee –** an administrative charge imposed by the Land Titles Office or equivalent for registering the lender's mortgage on the title record for the property.

Government charges vary between states and territories.

Legal fees

These fees are charged by your solicitor or conveyancer to carry out the legal work involved in purchasing real estate. These vary between providers, but property conveyancing fees typically cost up to $2,000.

Home building and contents insurance

Home building and contents insurance is a must-have that protects you financially if your home or belongings are damaged by fire, storm and in some cases, flood, or you experience loss through burglary. Lenders may ask that your property is insured because they have a vested interest in it.

Did you know

Once you have paid a deposit on a property you have a financial interest in it – now is the time to arrange building insurance.

Mortgage protection insurance

This insurance takes care of part, or all, of your mortgage payments if you are injured, become too ill to work, or even die. Costs will vary according to the extent of the cover you get.

Income protection insurance

Our ability to earn an income is a tremendous asset, and income protection insurance takes care of it by providing an income stream usually worth around 75% of your normal wage if you can't work because of illness or injury. Premiums are usually tax deductible.

Moving in costs

When you're ready to move into your new home, you'll need to pay a number of costs. These include furniture removal, utility connections - gas and electricity, telephone, council and water rates and postal redirection. Allow for strata fees if you buy an apartment.

Pre-purchase inspection

A pre-purchase pest and building inspection will reveal any building defects, illegal work or pest issues that could be costly to fix further down the track.

Strata search

If you're buying an apartment, a strata search will provide information on any levies, insurance details, disputes, history of repairs and more.

Did you know

For a comprehensive look at the costs you're likely to face, take a look at our Property Purchase Costs fact sheet on the Mortgage Choice website at MortgageChoice.com.au/purchasing-costs

How to choose and apply for a loan

Step 1: Understand the types of home loans available

Almost all home loans work on a "principal plus interest" basis. That means, over the term of the loan, you repay the principal (the amount of money you borrow) as well as interest (the price you pay to borrow the money) charged on the outstanding balance.

Variable rate loans

Unlike a fixed rate loan, the interest rate on a variable loan will move up and down in line with market interest rates. As a result, your loan repayments can vary widely during the term of your loan, and it's worth allowing for the possibility of future rate rises before committing to a variable rate loan.

Fixed rate loans

This loan locks you into a particular interest rate for a set period (e.g. 1-5 years). Your repayments will remain the same, irrespective of how market rates move during the fixed term, which can make it easier to budget for your loan repayments.

Split loans

A split loan divides your loan into fixed and variable rate portions. This gives you certainty of repayments on the fixed rate part of the loan while still being able to enjoy the savings of possible future rate falls on the variable part of your loan.

Interest only

This is a loan in which, for a set period, the loan payments comprise of only interest without any repayment of principal. The interest-only period may run from one year to several years. After this, you need to start repaying the principal or renegotiate another interest only term.

TIP:

Think before you fix

Movements are hard to pick and a fixed rate can work against you if market rates fall. Expensive break costs could also apply if you opt out of a fixed rate before the set term expires.

Splitting your loan between fixed and variable rates may offer a more flexible alternative.

Take a look at a quick video outlining the differences between fixed and variable rates on the Mortgage Choice website at MortgageChoice.com.au/fixed-vs-variable

Line of credit

A line of credit loan combines the home loan with an everyday transaction account from which the borrower can draw cash up to a pre-approved limit. A line of credit loan requires an interest only repayment as a minimum each month if the credit limit has been reached.

The reduction of the loan balance is entirely up to the borrower as there are generally no set repayments. Each month, the loan balance is reduced by the amount of cash coming in and increased by the amount paid for drawings, direct debits or cash withdrawals.

Low-doc loans

Low-doc loans are useful for borrowers who are unable to provide conventional income documentation or for people who may have complicated financial structures (e.g. self-employed). They allow borrowers to minimise the time and effort of collating tax records, bank statements and other documents in order to obtain finance (although they may still be required). Low-doc loans may attract a higher interest rate.

"Martin from Mortgage Choice in Rosanna has supported us since 2014 when we bought our first home, through to refinancing and most recently, selling our house. Martin's experience has meant we've always had the best home loan, saving us money over the years. Martin is supportive, responsive and great to deal with."

Michelle & Aaron, Rosanna VIC

Step 2: Draw up a wish list of features

The interest rate may be the key factor most of us look at when choosing a mortgage and lender, but loan features are just as important.

Think about the sort of features you'd like in a loan and draft a wish list to check that a loan meets your needs.

Feature	Description	Must have	Nice to have
Fee-free extra repayments	Paying just one dollar a day extra off your loan will mean big savings in long term interest and will see you mortgage free sooner. That makes extra repayments (at no extra charge) a feature worth having.	✓	
Portability	Lets you take the loan along with you when you move house, so you could avoid the need to pay break costs for your old loan or establishment fees for a new loan.	✓	
Redraw facility	Provides access to any extra repayments you've made. Handy if you're short of cash in an emergency, but it will put you behind in terms of interest savings.		✓
Mortgage offset account	Lets you put any savings to work to reduce your loan interest charge. The balance of your savings is deducted from the loan principal when interest is calculated. In the end you pay less interest, as more of each repayment goes to reducing the loan balance.		✓

Step 3: Prepare for the application process

Once you've found what you want in a loan, it's time to submit an application.

Preparing for the interview

Lenders will ask a series of questions to find out more about you, your circumstances and your ability to repay a home loan. Some of the things you can expect to be discussed include:

- Your current assets
- Number of dependent children
- How long you've lived at your current address
- Your debt levels
- What you do for a living
- Your employment history
- Your monthly earnings

Your credit history is one of the first things a lender will want to see, so it's a good idea to order a copy of your credit record before applying for a loan. This will give you a chance to repair any black marks that may appear on your file.

You can request a copy of your credit file on www.mycreditfile.com.au.

If you live in Tasmania, you should also contact the Tasmanian Collection Service.

Ask about additional perks

Many lenders provide home loan customers with additional perks like a fee-free transaction account. Enquire about what's available; it could add up to big savings over the course of your loan.

Gather your paperwork

Your lender will want to see key pieces of paperwork. The more documents you have, the faster the process will be.

Get together:

- Income details – either a copy of your employment contract or several weeks of pay slips (plus details of previous employment if you've been in your current job less than 3 years)
- If you are self-employed, income figures from your last 2 years' tax returns (unless you are after a low-doc loan)
- If you've already found a home, your solicitor's and conveyancer's contact details
- If you are approaching the lender for the first time, you'll need to show identification. Bring along your driver's licence, credit card, birth certificate and passport. Only original documents qualify
- Bank account details, bank statements and evidence of savings
- Details of your previous address, if you have moved in the last three years
- Details of your assets (for example shares) and liabilities (personal loans, credit card debts)
- A recent Superannuation statement

Guarantors – are they an option?

High property prices are seeing some first home buyers turn to parents and close relatives to act as a guarantor for their loan. It's an option that can help you get into your first home sooner – but it also brings considerable responsibilities and risks.

What is a guarantor?

Many lenders will allow a related third party to provide additional security to help a family member buy their own home. The person providing this assistance is known as a guarantor.

This is different to being a co-applicant or co-signer. A co-applicant will be included on the loan and will be responsible for the entire loan until such time as it is repaid in full. A guarantor, on the other hand, is linked to a loan by a guarantee. This guarantee can be released and the guarantor's responsibility stopped without the loan being repaid in full.

Who can be a guarantor?

Guarantors are generally limited to immediate family members. Normally, this would be a parent, but it can include siblings and grandparents. Some lenders will allow extended family members and even ex-spouses to be a guarantor to a loan, but this varies depending on the lender.

Benefits for first home buyers

As a first home buyer, having a guarantor can offer you several benefits. Guarantors are especially useful if you only have a small deposit, as providing a guarantor can potentially mean avoiding or reducing the cost of Lenders Mortgage Insurance (LMI).

For example, if you wish to purchase a $400,000 property and need to borrow $380,000. This loan has a Loan to Value Ratio (LVR) of 95%, which would incur LMI. If a family member is willing to provide a guarantee for the home loan, using the equity in their own property as additional security, the LVR would reduce and avoid the need for LMI, saving you approximately $11,600.

However, regardless of your guarantor's upfront contribution, keep in mind that as the borrower, you will be responsible for your loan repayments – you'll need to be able to service the entire loan with your income.

Considerations for the guarantor

It's important to realise that guarantors effectively offer to take on responsibility for the home loan if repayments can't be met. So it's not something to take lightly. It pays to consider how they would cope financially if the unexpected happens, and the lender turns to them to make good on the loan. Their own financial wellbeing could be compromised – at worst, they could risk losing their own home.

Some lenders allow guarantors to impose a limit on the sum they guarantee. And, over time, they may be released from their role as guarantor as the loan is paid down or as the home equity rises.

Anyone considering being a guarantor for a property loan is advised to seek independent legal and financial advice before accepting the role. In fact, most lenders will insist on this, prior to accepting a guarantee.

TIP:

Thinking of being a guarantor?

If you're thinking of becoming a guarantor, speak with your Mortgage Choice broker about what is involved

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

1 hour

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.

2 Prepare the application

1-2 days*

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.

3 Conditional Approval

3-5 days*

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.

4 Unconditional (Full) Approval

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

5-8 days*

5 Discussion with our financial adviser

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.

6 Loan documents arrive

5-10 days*

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

7 Loan Settlement

5-15 days*

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

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.
Total process 4-8 weeks

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

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
- ◯ 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 your income/salary) 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

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.

How to purchase your first home

Step 1: Find your dream home

You've done your homework, now comes the exciting part... searching for your first home.

Whether it's features or location, most of us compromise with our first home, and it pays to be flexible, especially when it comes to the type of property and the area you buy into.

Your home is also a major investment; one that should grow in value over time.

Find out how much other properties in the area have sold for recently or ask your Mortgage Choice broker for a free property report.

This way you'll know what a reasonable market price is for the property you like.

Follow our five key tips to make your first home purchase an excellent investment.

- **Don't be blind-sided by renovation possibilities.** Renovations can be expensive, time-consuming and plain hard work, so make an honest appraisal of a "renovator's delight". If you don't have the time, skill or money to undertake a major renovation, scratch the property from your list of potentials.
- **Allow plenty of time to secure loan pre-approval.** The last thing you need is the hassle of trying to secure last minute finance as the clock ticks by to settlement. Pre-approval allows you to search for your dream home with peace of mind, knowing what you can afford.
- **Don't over-commit yourself financially.** Your first home should bring great pleasure, not leave you so financially stretched that you can't enjoy it. Work out what you can comfortably afford, allowing for the possibility of a few interest rate rises, and stay within this limit.
- **Imagine the property with you in it.** When you buy a property, it generally comes empty, so disregard any of the vendor's designer furniture or electronics collection and picture how it will look with your own furniture.
- **Buy with your head not your heart.** Your home is also an excellent long-term investment, so buy in the best area you can afford, and aim for the best position within that suburb. You can always make changes to the property, but you cannot change its location.

A number of factors can help to identify a home with healthy growth potential.

- **Condition of the property:** Inspect the roof and insulation and check if the neighbouring properties are in good condition. Also make sure to check for damp patches and cracks inside, particularly if there are problems outside.
- **Location:** Does the location offer proximity to transport, medical facilities, schools, shops and lifestyle venues like restaurants?
- **Suburb value:** Is the suburb you are looking to buy in growing in value or are adjoining suburbs experiencing rising value? You can ask your local Mortgage Choice broker for a suburb scorecard which shows the growth rate over the past few years.
- **Development:** Check with the local council to see if any developments are planned for the area. These could have a significant impact on the value of your home.
- **Noise:** Make sure you consider the noise generated by nearby commercial operations, schools, busy roads, railway lines or flight paths.
- **Parking:** Does the home have off street parking? This could be a crucial detail in an inner city area.
- **Outlook and features:** Coastal, river or bush land views are attractive. Distinctive features, from a period fireplace to a landscaped garden create scarcity, and in property, that adds value.
- **Privacy:** Even the perfect home will be compromised by a block of units overshadowing the back fence.

TIP:

Create a features list to easily compare properties

Draw up a list of features that you would like your first home to have...balcony, air conditioning, built-in robes, car park, view and so on.

Take it with you to home inspections to note the features each property offers. Use this as a scorecard to compare between homes.

Get a free CoreLogic RP Data property report

When you're making a move in the property market, you want to make sure the asking price is right. Are you paying too much? A CoreLogic RP Data Comparative Market Analysis (CMA) property report can tell you:

- the property's sales history
- recent comparable property sales
- area profile
- recent median sales price for the suburb

Book an appointment with Mortgage Choice today and request your property report.

YOUR REPORT VALUED AT

$49

Only redeemable from the broker or franchise represented on the voucher. Voucher entitles holder to one CoreLogic RP Data Comparative Market Analysis (CMA) report. One report per customer, or at discretion of broker. Mortgage Choice are authorised providers of CoreLogic RP Data CMA reports. Mortgage Choice reserves the right to refuse any voucher for any reason they see fit.

Step 2a: Make an offer and buy through a real estate agent

It's thrilling to find the home that's right for you, but now's the time to take extra care.

Before making an offer on a property, make an honest assessment of how well suited the home is to your needs.

- Are there sufficient rooms and adequate storage space?
- Would you need to redecorate?
- Try out the heating system, water (water pressure in the shower, flush the toilet) and lighting
- Examine windows, doors and locks for adequate security
- Inspect the roof and insulation
- Check for damp patches and cracks inside, particularly if you found problems outside
- Have a look at the neighbouring properties - are they in good condition?
- Listen for outside noise and view the property at different times of the day and week
- Which way is the property facing? North-facing is good for light

Don't appear overly enthusiastic

If the property ticks all the boxes, play down how much you like it for extra bargaining power.

Arrange a pre-purchase pest and building inspection

This will cost upwards of around $500 but it is an essential investment. It could save you thousands of dollars in unexpected repair costs. Use the defects as a negotiating tool only if you can genuinely afford to rectify the problems.

Obtain a copy of the contract of sale

Arrange for your solicitor/conveyancer to check the contract carefully. You are bound by the contract once you sign it.

Ready to make an offer?

Pitch your first offer below the price you're actually prepared to pay. Very few properties sell for the asking price and you should have an educated guess at the price the vendor wants - make an offer at some point below this. It's important you submit your offer in writing, specifying how much you are willing to pay, and include any conditions you wish noted such as a time frame for moving in.

Here's a suggestion for the wording of an offer to buy a property. The actual wording should be determined by your individual circumstances.

> Dear {Real Estate Agent}
>
> Further to our inspection yesterday and review of the contract we would like to place a formal offer of AUD$$$$ as consideration for the vendor's property
>
> {address}
>
> This offer is subject to:
>
> 1. Legal review of the contract and strata report;
>
> 2. Property valuation; and
>
> 3. Any other requirements as necessary.
>
> As we are in a position to move quickly, we are also happy to discuss earlier settlement timelines with the vendor.
>
> Should you have any queries or feedback please contact me on ph {xxxxx} or email {xxxxxx}.
>
> Regards,
>
> {Name}

Secure your purchase

Once you and the vendor have agreed on a price, you need to pay a deposit and sign the contract. Until this happens, the vendor can accept a higher offer from someone else.

Step 2b: Place a bid at auction – fast, exciting, final

Unlike private treaty sales, where the price is negotiated between buyer and vendor, auctions move quickly and when the hammer falls - the sale is final.

In fact, the bidding can all be over within a matter of minutes. At auctions, the property is sold to the highest bidder and there is no cooling-off period. As a buyer, you may feel under intense pressure when bidding, so it takes a cool head and a careful strategy to buy at auction.

Prior to the auction

Undertake pre-purchase inspections

Be sure to organise a pest and building inspection report on a property long before auction day. If the report identifies key faults, ask the selling agent if you can take your builder for an inspection of the property to get an idea of likely repair costs. It is vital that you know exactly what you are buying and what it will take to bring it up to your desired standard.

Ask your solicitor to check the contract

Do not bid on a property until your solicitor has given you the all-clear. Contracts for Sale are complex and without the benefit of a cooling-off period, you will have to live with any nasty surprises about the property if you're the highest bidder on auction day.

Arrange loan pre-approval

Making a bid at auction without the certainty of loan finance is a very high risk strategy. It makes more sense to secure loan pre-approval as this will give you confidence as a bidder and set a limit on your bidding power.

Set a limit – and stick to it

With loan pre-approval under your belt, you should have a good idea about how much you can afford to pay for a property. But this doesn't have to equal your highest bid.

Only pay what you believe the property is worth based on similar homes you've seen in the area. Paying more than this could mean waiting years for your home to grow in value.

Register to bid

Check if you need to register to bid. This is a requirement of some state governments, and where it applies you will be given a bidding number to use.

When auction day arrives

Remember to bring your cheque book along to the auction. If you are the winning bidder, you will be required to pay a deposit of 5% to 10% of the purchase price on the spot.

Before bidding starts, the auctioneer will give a full description of the property and then invite bidding to begin, usually from a nominated starting point. Where possible, avoid bidding early - you may push the price up prematurely. It can pay to wait until bidding is drawing to a conclusion (and bids are being made in small increments) before raising your hand.

If the auctioneer declares the property is "on the market", it means the vendor's reserve price (the minimum they will accept) has been reached and the property will be sold when the hammer falls.

If bidding stalls prior to this, the property will be passed in and you have the option of entering further negotiations with the agent.

Finally, stick to the golden rule - no matter how intense the pressure, resist the urge to bid above your budget. It could mean facing difficulties funding your property once the excitement dies down.

How to purchase your first home

Step 3: Exchange Contracts and Settle

Cooling-off period

Once you've signed the contract to purchase your property, you may have a cooling-off period before you are locked into the purchase (this period varies between states and territories and there is no cooling-off period for auction sales).

If you decide to rescind the contract, you must formally notify the agent in writing, and within a set number of "clear business days" after you (the buyer) have signed the contract. Ask your solicitor about the cooling-off laws that apply in your area as they vary between states and territories. Make sure you get legal advice before notifying the estate agent or vendor that you intend to back out of the purchase.

And then... Settlement!

Finally the big day has arrived, and the property will officially become yours. There are generally two types of settlement that happen with most property purchases:

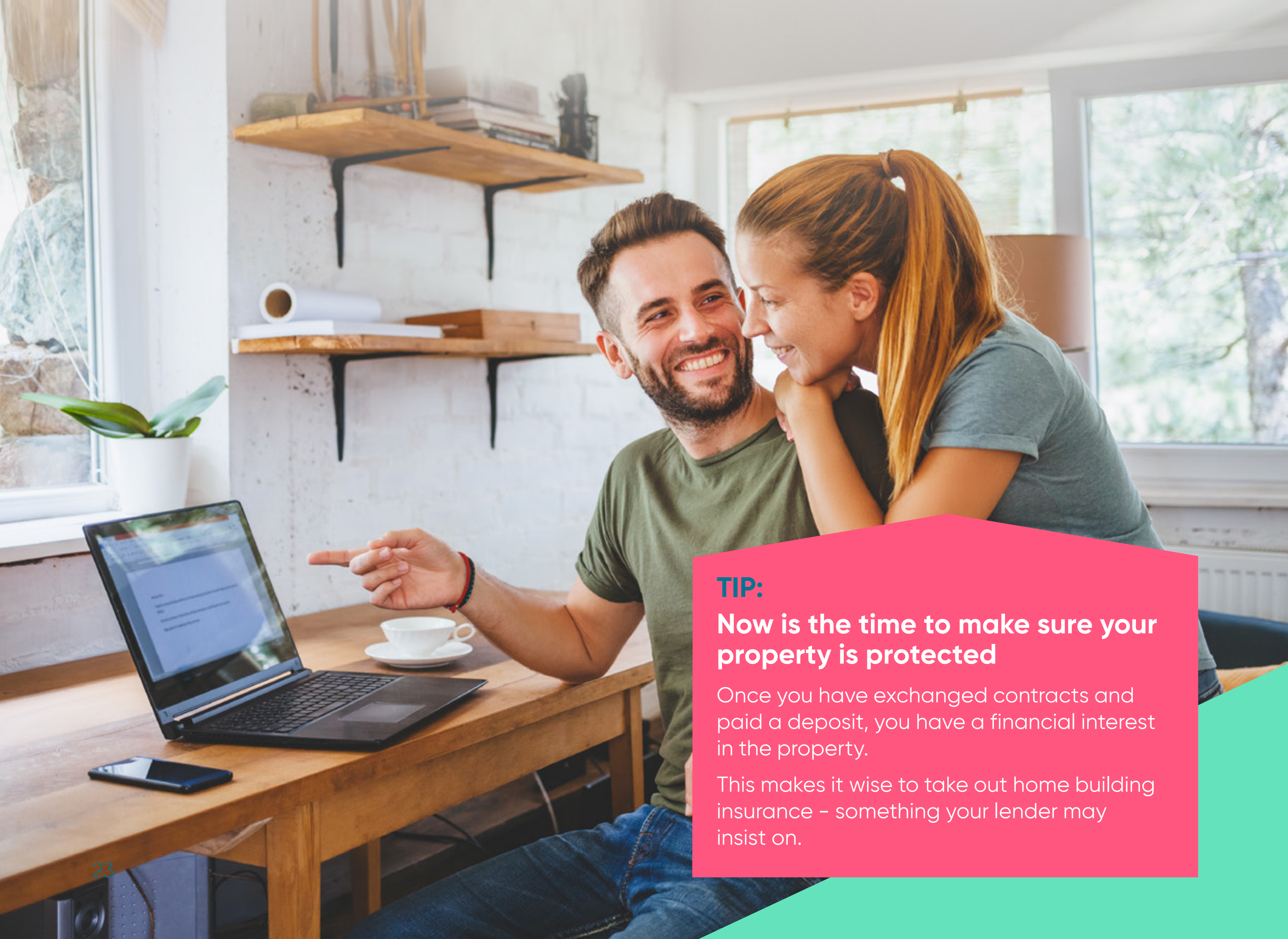
Settlement of the property: when the balance of the purchase price is paid to the seller. The buyer receives the keys and becomes the legal owner of the property.

Settlement of a loan: coincides with settlement of the property. It's when the lender transfers the borrowed funds to the seller or the seller's mortgage holder.

The majority of people hire a solicitor/conveyancer to handle the transfer of the property. Once the settlement is complete, your solicitor will need to transfer the name of the property from the vendor to yourself (the buyer).

This is called the Registration of Titles, and incurs a separate fee. Then the home is officially yours.

Time to celebrate!



TIP:

Now is the time to make sure your property is protected

Once you have exchanged contracts and paid a deposit, you have a financial interest in the property.

This makes it wise to take out home building insurance – something your lender may insist on.

Moving in and managing your new loan

Tips for moving in...

You're officially a property owner! Now it's time to get settled in your new home.

It's time to pack up your belongings and call in the removalists. The physical process of moving into a new home can be tiring, but follow our tips to streamline the process - and maybe even pocket a few extra dollars in the process.

Declutter

It's often not until we move that we realise how many belongings we accumulate. Rather than take all your possessions along to your first home, why not sort out those things you want and those you really don't need?

Hold a garage sale or even advertise a few items on websites like eBay (www.ebay.com.au) or Gumtree (www.gumtree.com.au) to convert your clutter into cash.

Hire a removalist

If you're keen on using a professional removal firm, contact the Australian Furniture Removers Association (www.afra.com.au) for services in your area.

Or, enlist the help of friends

Alternatively, ask friends, family or work mates for feedback on any companies they have used. Always
get a written quote before going ahead with a professional removalist.

As a first home buyer, it's likely that you're keen to save money on the moving process. For the price of a truck rental, you may be able to take a do-it-yourself approach to moving.

Have utilities ready to go

Remember to arrange for utilities (phone, power, internet, water) to be connected in your new home prior to moving in. Similarly, give plenty of notice to your current utility providers that you will be closing the account, otherwise you could face unnecessary bills.

Don't forget to contact the Post Office to organise a redirection of mail to your new home.

Tips for paying off your mortgage sooner...

If you have never had a mortgage before, it's worth realising it doesn't have to take 25 or 30 years to pay off a home. Here are some tips to help you become mortgage-free ahead of time.

Can't pay more? Pay more often

There are 12 months in a year, but did you realise there are 26 fortnights? If you divide your monthly loan repayment in two and make payments every fortnight, you'll make the equivalent of 13 monthly repayments every year - that's an extra month's repayment without feeling the pinch.

Make extra repayments

Even small amounts can make a major difference. If you buy two cups of coffee a day and you cut that down to just one, you could be saving around $10 a week that you could put towards your mortgage.

Add windfalls to the home loan

Lump sum payments like an end of year salary bonus or your annual tax refund can make a surprising impact on your loan. Make it an annual habit for even bigger savings.

Get an offset account

With an offset account, all of your salary goes into a transaction account that is linked to your mortgage. Every dollar you keep in this account is offset against your loan, reducing the balance on which interest is calculated. Used carefully, this can get you thousands of dollars ahead.

Use redraws wisely

A redraw lets you take out any extra payments you've tipped into your home loan. It can be a handy feature, but use it sparingly. Dipping into your loan too often will reduce the interest savings made by the extra repayments, and you may also be charged a fee for each redraw.

Give your home loan an annual health check

In a competitive market, it pays not to be complacent about your home loan. Mortgages are constantly evolving, and an annual checkup with the help of your Mortgage Choice broker can show if your loan still suits your needs.

TIP:

Moving in and powering up!

Moving gives you a good opportunity to change power providers.
Websites like www.goswitch.com.au show the range of different electricity providers in your area – including those that deliver eco-friendly 'green' energy.

We're here to help

We know buying your first home can feel like a daunting task. That's where 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.

Introducing Money Chat

Got a question? We have the answer

At Mortgage Choice, we know buying property and taking control of your finances can be a little daunting. With so much information available, it can be difficult to know where to start.

That's why we've put together Money Chat, a series of short videos that answers some of your commonly asked questions.

To look at the videos, visit MortgageChoice.com.au/money-chat

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 home.

"We initially used Martin from Mortgage Choice in Rosanna to purchase our first home three years ago. He provided a brilliant service and did not have a second thought to return when it was time to upsize to a new home. On both occasions he spent a lot of time to find the right solution for our circumstance. He's extremely approachable and present for his clients, couldn't recommend highly enough."

Glenn, Ivanhoe VIC

How does a Mortgage Choice broker get paid?

1

Our home loan service is at no charge to our customers

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

Saving yourself time and hassle looking for the right home loan option.

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.

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.

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		**$**

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 ongoing 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.

- property investment loans
- car and personal loans
- equipment finance & business lending
- insurance

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.

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