

# Home Finance.

Everything we do is  
in your best interest.

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## About Loan Market

Loan Market is one of the largest brokerages in Australia and New Zealand today, with over 600 experienced Home Finance Brokers who know the competitive home finance market inside-out.

Loan Market brings to you every major residential, commercial and business bank and secure lender in Australia, along with a wide range of leasing and personal finance lenders and deposit bond providers.

We especially understand the real estate market, and our job is to cut through the confusion to make it easy for you to assess your home loan options and choose the right home finance to suit your situation. Now that's in your best interest.

## How brokers work

Experience and knowledge,  
that's in your best interest

A Home Finance Broker is essential for finding the home loan that is in your best interest. There are plenty of great deals around if you know where to look and who to ask. Every day, Loan Market Home Finance Brokers link home owners, investors and business people with the best finance products available from their panel of major banks and secure lenders.



### Your Home Finance Broker will:

1. Discuss your existing situation, your home loan needs and requirements, and obtain all necessary information pertaining to your home loan application.
2. Explain the types of home loans available to you from a range of banks and secure lenders.
3. Match your home loan requirements to a selection of home loan products offered by our panel of secure lenders.
4. Provide an overview of your 'Purchase Budget' incorporating the relevant costs associated with your home loan application in writing.
5. Provide an in-depth overview of the home loan product or products you select in writing.
6. Complete and package your home loan application and deliver it to the lender's assessment team on your behalf.
7. Act as an intermediary between you and the lender, negotiating the terms and conditions of your loan. They will also answer any questions the lender's assessment team may have.
8. Liaise with your solicitor, real estate agent and accountant and any other related parties to ensure a smooth and timely settlement.
9. Assist with any future home loan requirements, whether you wish to check, change or top-up your loan.
10. Act as a valuable information service beyond the settlement of your loan by providing you with relevant information on the home loan market, updates on products and special offers that may be of interest to you.

# Home loan types

## Understanding your home loan options, it is in your best interest

Your Loan Market Home Finance Broker will assess your situation and help you select the right home loan based on a range of factors including the size of the loan you require, the property you intend to purchase, the deposit you have and your lifestyle.

### Basic Variable Rate Loans

These are sometimes referred to as 'no frills' loans and offer a lower interest rate but fewer features and less flexibility. If you require extra flexibility you may have to pay for it.

### Standard Variable Rate Loans

The standard variable interest rate quoted by most banks and lenders is the lender's 'benchmark rate'. It will vary between lenders and with market interest rate fluctuations. This type of loan is traditionally the most flexible and may include features such as the ability to make extra repayments, redraw funds or split your loan.

### Fixed Rate Loans

Fixed rate loans are based on a fixed rate for a set term, usually between six months and 10 years. This gives you the certainty of pre-determined loan repayments over the agreed period, irrespective of interest rate fluctuations. These loans often don't allow you to make additional repayments, but may be combined with variable rate products as a split loan.

### Introductory/Honeymoon Rate Loans

These offer a low interest rate for an introductory period, usually for the first year. The introductory rate may be fixed, variable or capped, meaning if interest rates rise your rate won't go up, but if rates fall you still benefit. Once the introductory or honeymoon period is finished, the interest rate usually reverts to the standard variable rate.

### Low-Documentation Loans

Low-Doc loans are designed for self-employed or small company borrowers who are unable to provide the required documentation to support a traditional loan application. Generally speaking, the less information required, the higher the interest rate and the greater the deposit required.

### Lines of Credit

Also known as Equity Loans or Revolving Credit, a line of credit allows you to draw the loan balance up to a set limit at any time. The lender assigns you a credit limit secured against your property and when you need cash you draw against that limit, usually by cheque or debit card. As you pay back the loan, the funds become available again. Repayments can be flexible, however the loan balance, including interest charged, must not exceed the set limit.

### Low or No Deposit Loans

Low or no deposit home loans allow you to purchase property with little or no deposit. True no deposit loans are rare, and if you do find one be aware that lending criteria can be very strict and you will need proof of a good income. Higher interest rates may apply and you will need to cover all associated costs out of your own funds. In some cases you may be able to capitalise Lenders' Mortgage Insurance onto your loan balance to avoid having to pay this cost upfront.

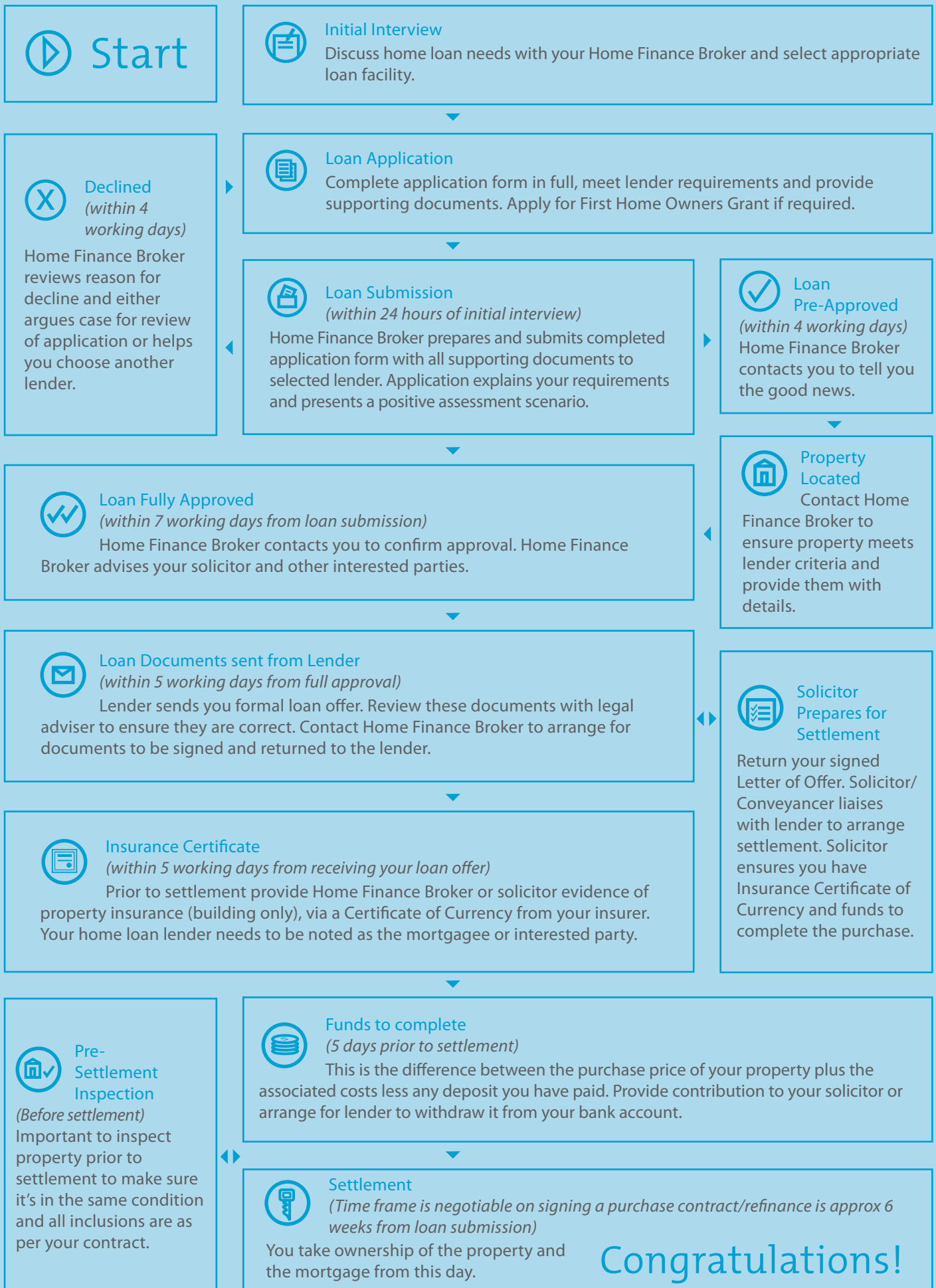
### Bridging Loans

A bridging loan is a temporary loan providing financial cover which allows you to complete the purchase of a new property before selling your existing property. It's also useful for borrowers wanting to finance construction of a new home while still living in the old one. Bridging loans generally attract a higher interest rate.

### Professional Packages

Some lenders offer a discounted interest rate to borrowers dependent on profession, income or the amount of borrowings. This discount is usually a set percentage off the benchmark standard variable rate or, in some cases, off a fixed rate. Some professional packages may also require you to take out a credit card and transaction account.

# Home loan approval process



Note: This process, including timeframes, is intended as a guide only.

# Are you sure you are ready to buy?

Get home loan pre-approval, it's in your best interest

## What is home loan pre-approval?

A home loan pre-approval takes the uncertainty out of searching for a property by providing you with an excellent guide to how much you can afford to spend and allowing you to negotiate strongly on price.

It is suitable for both auction and vendor-negotiated purchases, and is definitely worth securing before you begin to search for the right property.

Most banks and lenders will offer home loan pre-approval, which generally lasts for three months.

## The right pre-approval

There are several different types of home loan pre-approval; the most accurate one is a written home loan pre-approval. This may cost some money in processing fees but is the most secure indication of how much you can borrow.

Even with a written home loan pre-approval, there may still be some conditions that need to be met, which include:

- ▶ finding a suitable property
- ▶ receipt of a registered valuation
- ▶ mortgage insurance acceptance (if applicable).

## Other considerations

Securing a formal valuation from the lender you intend to borrow through prior to purchasing at auction or signing a contract may help to speed up the final approval process.

It is recommended you apply for home loan pre-approval for your maximum borrowing capacity. This will provide a clear guideline of your upper price limit, which is especially useful when purchasing at auction.

You can always borrow less, but if you end up requiring more than you had originally planned, your home loan will not need to go through the whole assessment procedure again as you will already be pre-approved for the higher amount.

Once you have found your property, you will need to advise your Home Finance Broker and provide a copy of the contract of sale to the lender to initiate the final stages of the approval process.

It is important to note that a home loan pre-approval is not yet an unconditional approval, so you should ensure that any contract of sale that you sign is endorsed 'subject to finance'.

Full approval of your home loan can take as little as an hour, or it may take a few days if valuations are required.

Once the loan is unconditionally approved, the formal documentation, including terms and conditions, will be forwarded.

# First home buyers

## Home loan help that's in your best interest

A knowledgeable and experienced Home Finance Broker can make buying your first home one of the most exciting times in your life. From sourcing home loan pre-approval through to securing your loan and finally settling on your first home, a good Home Finance Broker will provide all the information and support you need.



## Home loans for first home buyers

There are a number types of home loans particularly suited to or advertised as suitable for first home buyers, including introductory or honeymoon rate home loans, limited guarantor (family pledge, equity guarantee) home loans and low or no deposit home loans. Be aware that the lending criteria for these loans may be stricter than for standard home loans. You will also be able to access standard residential home loans if they are suitable for your situation.

## Financial assistance for first home buyers

First home buyers have access to some of the best government assistance and deposit saver options including the Federal Government's First Home Owners' Grant, state-based first home buyer assistance and First Home Saver Accounts. Your Home Finance Broker will confirm the level of assistance you are eligible for.

### First Home Owners' Grant

The Federal Government's First Home Owners' Grant (FHOG) provides a generous, one-off tax-free payment to eligible first home buyers. The FHOG can be put towards your purchasing costs, and many lenders will allow you to use this as part of your deposit.

### State-based assistance

In most cases, individual states offer further incentives to first home buyers in the form of grants and/or stamp duty concessions. Any applicable incentives are in addition to the FHOG.

### First Home Saver Accounts

First Home Saver Accounts provide deposit saving support for first home buyers, in the form of a savings account with a four-year savings horizon. These accounts attract a government co-contribution and tax concessions apply to interest earnings, making this an effective long-term savings plan.

# Investing in property

## Investment finance that's in your best interest

The range of investment loans and loan features available to suit both new and experienced investors ranges from simple home loans to more complex loans that allow you to manage tax, gearing and repayments.

Borrowing options available to investors include: principal and interest variable rate home loans; interest only variable rate home loans; line of credit loans; principal and interest fixed rate home loans; interest in advance; and interest only fixed rate home loans.

Which investment finance method you choose will depend on a number of factors, including whether or not you are carrying existing personal debt. Generally speaking, it is better to pay off personal debt first, minimising investment debt as much as possible during this period.

Always seek advice from your accountant on investment and taxation rules for your particular situation prior to making a decision on investment methods. This is particularly important when you are considering investment relating to your superannuation.

To get the most out of the borrowing side of your property investments:

1. Make sure you review your property investment loans regularly to ensure you are on the best deal available. Over the course of a long-term property investment plan, the type of loans available and your situation may change dramatically.
2. Be disciplined about the kinds of add-ons you pay for with your investment loan. Only get features and benefits you will really use. They all cost you money.
3. Do the math and change loans if there is a long term benefit. Even though the costs can add up to anywhere from hundreds to thousands of dollars, changing to a more sensible structure or lower interest rate now may actually save you quite a bit more over a long investment period. With the help of a good Home Finance Broker, you won't even need to do most of the work.

# Moving home

## Bridging loans, that's in your best interest

Bridging loans provide a convenient way to finance the purchase of a new property while your current property is being sold, or build a new home while you live in your current home.

### How does a bridging loan work?

A bridging loan is a temporary financial solution for the period between two stand-alone home loans. Your lender

takes security over both properties and lends against these properties until the sale and purchase process on both is completed. Bridging loans usually operate as an interest only facility, with many lenders offering interest rates comparable to the standard variable rate, or only slightly above.

Some lenders may allow you to capitalise the interest on a bridging loan, relieving you of the necessity of making loan repayments during the bridging period. If you choose to capitalise the interest you will most likely have a slightly higher new home loan to cover the capitalised interest.

When you sell your first property, the proceeds of the sale are applied to the bridging loan, and any remainder becomes the end debt or new home loan. At this stage your home loan will usually revert to the lender's standard variable interest rate or the interest rate you have negotiated.

# Car loans and Personal loans

## Additional finance options that are in your best interest

Your Loan Market Home Finance Broker has access to competitive personal loans and car loans. When you are applying for a home loan, if you are considering a car loan or personal loan, it is worth discussing the pros and cons of integrating this borrowing with your home loan or investment loan to ensure your overall borrowings are in your best interest. Your broker can advise you on how to structure the most effective borrowing.

### Personal loans

Personal loans cover a variety of expenses including paying for an upcoming holiday, buying new furniture or a car, or even to cover education fees. Your personal loan may potentially be acquired through the equity in your property, secured against the asset you are purchasing, such as furniture, or unsecured if there is no tangible asset. Variable and fixed interest rate options are available; the interest rate may be fractionally higher on an unsecured loan.

### Car loans

Car loans are a very specific type of loan product designed to suit the purchase of a car, whether brand new or second-hand. A car loan is generally secured against the vehicle; you will only have clear title once your loan is paid off in full.

Variable and fixed interest rate options are available, and there are generally no penalties for additional repayments or early repayment regardless of the interest rate option you choose. Loan terms will vary, but expect from one to seven years.

You may need to pay a deposit, with most businesses accepting either a cash deposit or trade-in.



# Reducing your mortgage

## 10 tips that are in your best interest

### 1. Make extra repayments

Both consistent and ad-hoc additional repayments such as bonuses and tax returns work to reduce the principal on your loan faster. The earlier in the loan term you begin making additional repayments, the greater the benefit in terms of time and money saved.

### 2. Make your first repayment on settlement date

Your first home loan repayment will generally fall due one month after settlement. Making your first repayment on your settlement date reduces the principal before the first lot of interest accrues on the amount you have borrowed.

### 3. Look for a cheaper rate with good flexibility

Look for a loan with a low rate that has the flexibility you require to make additional repayments.

### 4. Pay loan fees and charges up front

Pay establishment fees, legal fees and Lenders' Mortgage Insurance (if applicable) up front rather than capitalising them into your loan.

### 5. Look for loans that offer features without a charge

Some loans will charge a fee for every additional feature, but some won't. You can save the cost of fees if you know what you're likely to use and find a loan that doesn't charge you to use it.

### 6. Negotiate to make savings

Negotiate with your lender on your loan terms. As a guide, interest rates and establishment fees in particular are good places to start your negotiations.

### 7. Cut back on expenditure

Reduce expenditure on vices and redirect the money into your home loan instead. Smoking, an after-work beer, morning coffee and that afternoon chocolate fix all add up over the course of the week. Add to that buying at least one lunch, breakfast or dinner a week and you could be putting more than \$50 extra a week into your loan.

### 8. Look outside the big banks

The big banks aren't the only, or even the best, places to borrow money. Many smaller banks, specialist lenders and credit unions have very competitive loans available.

### 9. Make use of internet banking

The convenience and cheapness make this an ideal tool to arrange your finances in a way that is most beneficial to you. Schedule payments to go when you derive the most benefit in terms of your home loan.

### 10. Review your loan regularly with your Home Finance Broker

Reviewing your loan regularly will help you to assess its effectiveness and take steps to correct any waste if necessary.



# Insurance

## Insuring your assets is in your best interest

Protecting your home or investment property is an essential step of property purchase, but it's not just your property that needs cover.

### Building and Contents Insurance

Building and contents insurance protects the structure of your property and your belongings from damage up to an agreed value. Check what events are covered before signing any policies as many will exclude specific events that may be relevant to the area your property is located in. Events you may be protected from include: fire, explosion, storm, theft, impact by vehicles, flood, and malicious and intentional damage (by a 3<sup>rd</sup> party).

Depending on your policy, your contents insurance may also include cover for items that are generally stored in your home while they are outside the property eg. your laptop. You may need to pay extra for this feature. Check your policy to ensure you have new-for-old replacement and for any hidden additional costs such as cover for jewellery.

### Landlords Insurance

Landlords insurance provides cover for flats, units, apartments and houses which are leased or rented to tenants. Depending on your policy you may be covered for: accidental damage, malicious damage and vandalism, public liability, loss of rent due to property damage, rent default, and rebuilding costs in case of complete destruction.

### Protecting your mortgage repayments

An important step in arranging a mortgage is to carefully consider how you, your partner or your family would cover your repayments in the event of serious illness, injury or even death. Depending on your budget and requirements, Mortgage Protection Insurance, Income Protection Insurance or Life Insurance may cover your needs. As a general rule, if you have good life insurance you will not need additional income or mortgage protection insurance, but as products do vary widely we strongly recommend you consult a qualified insurance expert to determine your specific needs.

### Lenders Mortgage Insurance

When you borrow more than 80 percent of the value of the property, chances are you will be liable for Lenders' Mortgage Insurance (LMI) costs. LMI is a fee you pay that protects the lender from losses should you default on your loan.

### Other types of insurance

Other insurance products you should consider include:

- ▶ Car Insurance
- ▶ Boat Insurance
- ▶ Travel Insurance
- ▶ Health Insurance



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# Document checklist

When applying for a home loan you may need to provide the following documentation. This supporting documentation substantiates your income/expenditure and assets/liabilities. Your Home Finance Broker will confirm which documents will be required at the time of your application.

		Please tick <input checked="" type="checkbox"/>
PROOF OF IDENTITY	▶ Passport/Visa/Citizenship Certificate	<input type="checkbox"/>
	▶ Drivers Licence (please magnify if possible)	<input type="checkbox"/>
	▶ Marriage Certificate	<input type="checkbox"/>
	▶ Birth Certificate	<input type="checkbox"/>
	▶ Medicare Card (please magnify if possible)	<input type="checkbox"/>
Note: Certified copies of ID documents may be required – refer to your Home Finance Broker for more information		
INCOME	▶ Two most recent payslips (computer generated with employee's & employer's name)	<input type="checkbox"/>
	▶ Letter from employer stating position, commencement date, gross base wage, gross income year-to-date, regular overtime and allowances and advising if still on probation (signed & dated on company letterhead)	<input type="checkbox"/>
	▶ Copy of employment contract	<input type="checkbox"/>
	▶ Most recent PAYG payment summary(s)	<input type="checkbox"/>
	▶ If self-employed – last 2 year's full tax returns and assessment notices and financial statements – personal/trust/company	<input type="checkbox"/>
	▶ Centrelink Statements	<input type="checkbox"/>
	▶ Centrelink Entitlement Letter	<input type="checkbox"/>
	▶ Proof of existing rental income – tenancy agreement, agency statement	<input type="checkbox"/>
	▶ Proof of proposed rental income – rental estimate letter from agent	<input type="checkbox"/>
	▶ Rates notice on any existing owned properties	<input type="checkbox"/>
ASSETS	▶ Most recent statement for all savings accounts	<input type="checkbox"/>
	▶ Copy of superannuation statements, share certificates etc.	<input type="checkbox"/>
	▶ Copy of sale contract on existing home or settlement letter from your solicitor if the deposit is to come from the sale of an existing home	<input type="checkbox"/>
	▶ Copy of deposit receipt paid to your real estate agent	<input type="checkbox"/>
	▶ Statutory declaration (if any part of the deposit is a gift), stating the amount of the gift and that it is non-repayable	<input type="checkbox"/>
	▶ Rates notice on any existing owned properties	<input type="checkbox"/>
	▶ Most recent statement for all credit cards	<input type="checkbox"/>
LIABILITIES	▶ Most recent statement for all personal loans, leases etc.	<input type="checkbox"/>
	▶ Copy of loan statements for 6 months on any existing mortgages	<input type="checkbox"/>
	▶ Copy of contract of sale for property being purchased	<input type="checkbox"/>
OTHER	▶ Home Insurance certificate for all properties owned	<input type="checkbox"/>
	▶ Copy of plans, specifications and fixed price contract (construction/renovations)	<input type="checkbox"/>
	▶ Cheque for establishment fees if required. Value: \$ _____	<input type="checkbox"/>

# Budget planner



Weekly

**Food**

- Groceries
- Green Groceries
- Meat

**Travel Expenses**

- Fuel
- Car Registration
- Car Maintenance
- Public Transport
- Tolls/Parking

**Personal Expenses**

- Clothing
- Shoes
- Beauty/Cosmetics
- Hair Care
- Dry Cleaning

**Health Costs**

- Gym
- Sports
- Doctor/Dental
- Chemist
- Maternity

**Education Costs**

- School/Uni Fees
- Extra Activities
- Child Care
- Other

**Lifestyle Costs**

- Entertainment
- Alcohol
- Cigarettes
- Gifts
- Holidays
- Lunch
- Take Away
- Pay TV/DVD rental
- Hobbies
- Magazines
- Internet

**Services**

- Telephone
- Mobile Phone
- Electricity
- Gas
- Water
- Rates
- Maintenance

**Insurance**

- Building
- Contents
- Car
- Health
- Life
- Income

**Financial Commitments**

- Mortgages
- Rent
- Leases
- Credit Cards
- Personal Loans

**Total Expenses**

**Annualised Outgoings**

x52

**Total Annual Outgoings**

+



# Monthly repayment guide\*

\$ Amount	200K	250K	300K	350K	400K	450K	500K	550K	600K	650K	700K	750K	800K	850K	900K	950K	1M	2M
3.50% p.a.	898	1122	1347	1571	1796	2020	2245	2469	2694	2918	3143	3367	3592	3816	4041	4265	4490	8980
3.75% p.a.	926	1157	1389	1620	1852	2084	2315	2547	2778	3010	3241	3473	3704	3936	4168	4399	4631	9262
4.00% p.a.	954	1193	1432	1670	1909	2148	2387	2625	2864	3103	3341	3580	3819	4058	4296	4535	4774	9548
4.25% p.a.	983	1229	1475	1721	1967	2213	2459	2705	2951	3197	3443	3689	3935	4181	4427	4673	4919	9838
4.50% p.a.	1013	1266	1520	1773	2026	2280	2533	2786	3040	3293	3546	3800	4053	4306	4560	4813	5066	10133
4.75% p.a.	1043	1304	1564	1825	2086	2347	2608	2869	3129	3390	3651	3912	4173	4434	4694	4955	5216	10432
5.00% p.a.	1073	1342	1610	1878	2147	2415	2684	2952	3220	3489	3757	4026	4294	4562	4831	5099	5368	10736
5.25% p.a.	1104	1380	1656	1932	2208	2484	2761	3037	3313	3589	3865	4141	4417	4693	4969	5245	5522	11044
5.50% p.a.	1135	1419	1703	1987	2271	2555	2838	3122	3406	3690	3974	4258	4542	4826	5110	5394	5677	11355
5.75% p.a.	1167	1458	1750	2042	2334	2626	2917	3209	3501	3793	4085	4376	4668	4960	5252	5543	5835	11671
6.00% p.a.	1199	1498	1798	2098	2398	2697	2997	3297	3597	3897	4196	4496	4796	5096	5395	5695	5995	11991
6.25% p.a.	1231	1539	1847	2155	2462	2770	3078	3386	3694	4002	4310	4617	4925	5233	5541	5849	6157	12314
6.50% p.a.	1264	1580	1896	2212	2528	2844	3160	3476	3792	4108	4424	4740	5056	5372	5688	6004	6320	12641
6.75% p.a.	1297	1621	1945	2270	2594	2918	3242	3567	3891	4215	4540	4864	5188	5513	5837	6161	6485	12971
7.00% p.a.	1330	1663	1995	2328	2661	2993	3326	3659	3991	4324	4657	4989	5322	5655	5987	6320	6653	13306
7.25% p.a.	1364	1705	2046	2387	2728	3069	3410	3751	4093	4434	4775	5116	5457	5798	6139	6480	6821	13643
7.50% p.a.	1398	1748	2097	2447	2796	3146	3496	3845	4195	4544	4894	5244	5593	5943	6292	6642	6992	13984
7.75% p.a.	1432	1791	2149	2507	2865	3223	3582	3940	4298	4656	5014	5373	5731	6089	6447	6805	7164	14328
8.00% p.a.	1467	1834	2201	2568	2935	3301	3668	4035	4402	4769	5136	5503	5870	6237	6603	6970	7337	14675
8.25% p.a.	1502	1878	2253	2629	3005	3380	3756	4131	4507	4883	5258	5634	6010	6385	6761	7137	7512	15025
8.50% p.a.	1537	1922	2306	2691	3075	3460	3844	4229	4613	4997	5382	5766	6151	6535	6920	7304	7689	15378
8.75% p.a.	1573	1966	2360	2753	3143	3540	3933	4326	4720	5113	5506	5900	6293	6686	7080	7473	7867	15734
9.00% p.a.	1609	2011	2413	2816	3218	3620	4023	4425	4827	5230	5632	6034	6436	6839	7241	7643	8046	16092
9.25% p.a.	1645	2056	2468	2879	3290	3702	4113	4524	4936	5347	5758	6170	6581	6992	7404	7815	8226	16453
9.50% p.a.	1681	2102	2522	2942	3363	3783	4204	4624	5045	5465	5885	6306	6726	7147	7567	7988	8408	16817
9.75% p.a.	1718	2147	2577	3007	3436	3866	4295	4725	5154	5584	6014	6443	6873	7302	7732	8161	8591	17183
10.00% p.a.	1755	2193	2632	3071	3510	3949	4387	4826	5265	5704	6143	6581	7020	7459	7898	8336	8775	17551

\*Figures quoted are indicative only, individual loan contracts may vary. Based on a 30 year loan.



[www.loanmarket.com.au](http://www.loanmarket.com.au)