

Ready, set, BUY!



Helping you buy your first home

Allan Faint

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ACCREDITED LOAN CONSULTANT
PLAN
AUSTRALIA

So many questions

- How much deposit do I need?
- What are the Government grants?
- How much should I borrow?
- What type of product are best?
- How much are the buying expenses?
- What is Mortgage Insurance?
- How do I protect myself with new debt?

And how do I get started?

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Tips for saving a deposit

- Put your goals in writing
- Beat the credit monster
- Make your savings work for you
- Do a “*trail*” with mortgage expenses



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The First Home Owners grant

What is the grant?

- The First Home Owner Grant (the grant) scheme was established to encourage and assist first home ownership.
- The grant is not means-tested nor is it restricted by the price of the property. The SRO administer the grant with the help of a number of banks and lending institutions who are approved agents.
- We process your “First Home Owners” application on your behalf when applying for your loan facility.

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Are you eligible?

- You and your spouse/partner must not have received a grant in any State or Territory of Australia.
- You and your spouse/partner must not have owned residential property, either jointly, separately or with some other person prior to 1 July 2000, in any State or Territory of Australia
- You and your spouse/partner must not have occupied for a continuous period of at least 6 months, a residential property in which either of you acquired a relevant interest on or after 1 July 2000 in any State or Territory of Australia.
- You must be a natural person (not a company) and at least 18 years of age at the time of settlement or completion of construction
- You (or at least one applicant) must occupy the home as your/their principal place of residence for a continuous period of at least 6 months, commencing within 12 months of either settlement or completion of construction.

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What am I entitled to?

- If you are a first home owner you may be entitled to receive one or more of the following:
 - First Home Owner Grant (the Grant)
 - Tasmanian Stamp Duty Rebate

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Details of incentives

- **First Home Owner Grant**

\$7,000 in grant, not means-tested nor is it restricted by the price of the property for contracts entered into.

A rebate of up to \$4000 Stamp duty will be on the purchase of a home. Rebate on land will be paid when the home construction is completed. If property is over \$350,000 rebate is not paid.

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The Grant today...at a glance

Contract Date	Conditions	First Home Owner Grant	Stamp Duty Rebate		Total
1 Jan 2010 – until notified of change	Established homes	\$7,000*	Up to \$4000#		\$11,000
	Newly Constructed Homes	\$7,000 *	Up to \$4000#		\$11,000
	House and land Construction	\$7,000* paid when Foundation laid	Up to \$4000# paid on home comp		\$11,000

* For contracts entered

For contracts entered into under \$350,000

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What do the Lenders look for?

Capacity

Ability to meet new loan repayments

Collateral

Type of security

Character

Work stability & savings history

Credit (CRAA)

Credit history - Baycorp, Dunn & Bradstreet

Conditions

Meeting the banks lending criteria



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Steps of the loan process

- Determining how much to borrow
- Choosing a lender
- Pre-approval
- Finding a property
- Unconditional approval
- Loan offer documents
- Settlement of the loan



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What loan is best for me?

- What are your goals?

Pay off early, stepping stone

- What features are important?

Re-draw, fixed payments, offset, split loan

- Do you have special requirements?

Payment holiday, early payout



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Types of Loans

- Basic variable
- Standard variable
(includes introductory rate “honeymoon rate” & possible offset account)
- Fixed rate loan
- Family pledge loans



Things to consider

- Loan type
Fixed or variable, Split accounts
- Loan features
Redraw, internet banking, salary crediting, branch network
- Interest rates
Comparison rate, revert rate
- Payment options
Principle and interest, monthly, fortnightly, weekly
- Break cost
Re-financing, selling, exiting fixed loan



Saving interest

	P&I Loan monthly	P & I Loan fortnightly
Total Principal Payments Made	\$200,000	\$200,000
Time To Repay Mortgage	30 years	23 years 8 mths
Repayment Amount	\$1316 p/mth	\$658 p/fortnight
Total Interest Paid to the Bank	\$266,464	\$204,405
Total Repayments	\$466,464	\$404,405
Time Saved	Nil	6yrs,4mths
Interest Saved	Nil	\$62,069

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Loan Scenario



Allen Funn
Home Finance Centres of Australia (Robert)
188 Liverpool st
Robert
c/o Home Finance Centres
188 Liverpool st Robert
Phone: 03 62311211
Fax: 0882112411
Mobile: 0407116648
Email: allen.funn@iifc.com.au

Report prepared for: ???

Properties

Howrah			
State	TAS	Mortgage Registration	\$88.00
Value Of Property	\$349,000.00	Land Transfer Registration	\$131.00
Loan Type	1	Discharge Registration	\$0.00
Application Fee	\$700.00		
Original Stamped Amount			
Value Of Land	\$0.00	Buyers Contribution	\$30,000.00
Existing Loan To Refinance	\$0.00	Funds Required	\$359,627.50
Transfer Stamp Duty	\$7,510.50	Total Loan Amount	\$320,628.00
Mortgage Stamp Duty	\$0.00	Excess/Shortfall	\$0.00
First Home Buyer Established	YES		
	YES		
		LMI (Estimate)	\$10,710.00
		Final Buyers Contribution	\$35,000.00
		Final Loan Amount	\$321,638.00

Fees

Description	Amount
Legal Fees	\$1,000.00
council rates	\$1,200.00
water rates	\$500.00
Total	\$2,500.00

Loans

Loan 1			
Lender	Australian First Mortgage		
Product	Secure Option 95		
Loan Amount	\$331,638.00	Repayment Type	Principal and Interest
Monthly Loan Fee	\$20.00	Monthly Repayment	\$2,143.00
Interest Rate	6.59 %pa	Fortnightly Repayment	\$889.00
Comparison Rate *	6.93 % pa	Acc. Fortnightly Repayment	\$1,072.00
Term (years)	30	Weekly Repayment	\$463.00
		Acc. Weekly Repayment	\$539.00

* Note: Comparison Rate based on loan of \$120,000 over a 21 year term. Conditions apply and fees and charges may be payable

WARNING:

The Comparison Rate applies only to the example or examples given. Different amounts and terms will result in different Comparison Rates. Costs such as redraw fee or early repayment fees, and even savings such as fee waivers, are not included in the Comparison Rate but may influence the cost of the loan.

Whilst all care has been taken in the preparation of repayment schedules, graphs and other loan details and estimates of fees, no responsibility will be held for their reliability. We recommend that all loan details and fee estimates be confirmed with the appropriate Lender's Government Department and or your legal representative prior to you making a decision on whether to proceed with a loan. LMI estimates have been calculated using the highest Government guarantee rates based on completed loans. Please refer to the applicable lender's LMI Rate Card/Calculator for an estimate of the LMI Fee for your client's particular circumstances.

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Pre-approval

- A preliminary home loan approval to begin your property search
- Allows you to put in an offer – include “subject to clauses for safety” e.g. building inspection. Auction bids are final, so all inspections and property checks to be done before hand
- Check on deposit terms i.e. Cash vs Deposit bond



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Lenders Mortgage Insurance

- What is LMI?
- When does LMI apply?
- Who is covered by it?
- How much can I borrow with it?



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Unconditional loan approval

- An independent property valuation is needed to ensure that the property represents suitable security for the lender
- Once this is done, usually by the lender, an unconditional loan approval is obtained



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Loan offer documents

- Once the loan is unconditionally approved, the chosen lender will forward the relevant loan contracts and documentation.
- You should have these loan documents reviewed by your solicitor/conveyancer prior to signing



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Settlement

- Once all of the documents are signed, including FHOG, and are returned to the lender, settlement is booked
- Settlement should occur as stated in the contract of sale
- Your solicitor/conveyancer will attend the settlement. All disbursements will be paid and the property will be transferred into your name



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How long does this take?

- Application and supporting documentation
- Pre-approval
- Find your property
- Unconditional approval
- Loan offer documents
- Settlement



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The 10 golden rules

Before you buy your first home:

1. Review your financial situation
2. Keep track of your saving history (separate account?)
3. Work out your finances first - before you start shopping
4. Check your FHOG eligibility
5. Explore all the options with your Mortgage Broker
6. Gain a pre-approval and arrange a deposit bond if needed
7. Take advice from professionals, not well meaning friends
8. Engage a solicitor/conveyancer
9. Find suppliers for reports: building inspection, pest report
10. Consider a valuation report – especially if buying at auction



Things to consider...

- ✗ Don't judge a loan on the rate alone
- ✗ Don't pay for features you won't use
- ✗ Don't take too much notice of unbelievable rates
- **Debt reduction programs**
- **Decide what really counts**
- **Service matters**



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How we can help you

- Professional home loan advice
- We save you time and money, sourcing up to 30 different lenders
- Increase your chance for finance and ultimately a property
- Our service is free (we are paid by the lenders)



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Take the first step...



Allan Faint HFCA
Hobart
03 62315255

Book your complimentary consultation today to discuss your individual needs and have all of your questions answered.

I am here for every step of the way to guide you to your goal of home ownership



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