

# First Home Buyer Guide.

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Homeloans



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# Where to Start?

## The Process - Step by Step:

1. Find a Broker – Getting expert advice from the beginning is essential
2. Get the Right Product - There are dozens of lenders and thousands of products out there, so make sure you get the right broker.
3. Get Pre-Approval – This will give you an idea of how much you can spend as you begin to look around the property market.
4. Find a Property – Get the experts to help. Pest inspections, building reports, strata reports and anyone else you can think of. Its amazing how much a motivated seller can cover up.
5. Find a Conveyancer – The cover the legal side to your property purchase. Can't find one? Ask your broker.
6. Look at the Contract – Your conveyancer will help you out here. Make sure you understand it completely before you sign.
7. Make an Offer – This is where the fun starts. Whether your buying at auction or making an offer this is where you are really committing. Often a deposit will need to be paid here.
8. Exchange Contracts – This is the written agreement that both parties are committed to the sale.
9. Settlement – This is where stamp duty and the balance of the payment is due.
10. Congratulations!!! You own a Home.

We understand how hard it is for most people to get into their first home. When you do get into your first home it should be the most exciting time of your life. With your Loan Seeker Mortgage Broker with you every step of the way we'll do everything we can to make sure it is.

- This guide has been put together by our team of property experts. It will tell you all the important things you need to know and do — from now until the day when you finally spend your first night in your own place.
- Apart from helping you navigate the road ahead, your Loanseeker Broker can help you navigate the entire process, also saving you valuable time by searching and comparing hundreds of loans from up to 40 lenders including our own popular loans. You will never have to pay us a cent. We get paid by the banks when we settle the loans. Most banks pay us a similar amount so you won't have to worry about your broker being biased, we simply want to find you the best product that meets your needs.



# WHAT A LOANSEEKER BROKER CAN DO FOR YOU



## To help you plan a pathway to home ownership your experienced LoanSeeker Broker will:

- Ask questions that will help you understand your current situation — such as your income, debts and how much of a deposit you've saved
- Show you how much you may be able to borrow and what your repayments would be. This will help you know what sort of price range you can buy in
- Discuss the different types of loans and loan features that might match your needs
- Explain what's involved in applying for a loan and what fees (if any) and associated costs you can expect to pay
- Make sure you know what's ahead by stepping you through the home buying process – from making an offer on your first home right through to settlement and beyond
- Let you know if you might qualify for the government's First Home Owner Grant and any other State or Federal government concessions or financial assistance.

## What to expect when you talk to LoanSeeker.

At LoanSeeker, [our mission](#) is a simple one. We want to make the process of finding the right home loan as pain-free and simple as possible.

To do that, your LoanSeeker Broker will first take the time to get to know you and get a clear picture of where you're at now and where you want to be in the future.

[Your first chat](#) with your Personal LoanSeeker Broker—will usually take about an hour. All LoanSeeker Brokers are fully accredited and industry qualified, so you'll know you're receiving the right advice.

Once you've got a better idea of what's possible, your LoanSeeker Broker will provide options and recommendations from our wide choice of loans. Then, if and when you're ready, they can help you with your pre-approval or your loan application and let you know what paperwork and documentation will be required for the loan you choose

# GOVERNMENT HELP FOR FIRST HOMEBUYERS



Your home purchase could be boosted by a government grant or other concessions available to first home buyers. These vary in each state or territory and your Aussie Broker will let you know what you may be entitled to. The main support you've probably heard of is the which could provide a one-off, tax-free payment to you. In most — but not all — states and territories, the main conditions of the Grant are:

- You must be an Australian citizen or permanent resident buying a new, or building your first, home in Australia
- The property you buy must be a recognised house or unit specifically designed for people to live in
- You or your partner must not have purchased in Australia before
- You must occupy the home for a period of at least 6 months within 12 months of settlement or within 12 months of building completion if it's a new build
- You must apply for the grant within 12 months of settlement or building completion. The grant will be paid at the time of settlement or building completion or where you apply after this time subsequent to your application
- Contracts must be exchanged before any cut-off dates
- Find out more about the First Home Owner Grant at [firsthome.gov.au](http://firsthome.gov.au) or the revenue office website for your state or territory listed below:

<b>NSW</b>	Office of State Revenue	<a href="http://osr.nsw.gov.au">osr.nsw.gov.au</a>	(02) 9689 6200
<b>VIC</b>	State Revenue Office of Victoria	<a href="http://sro.vic.gov.au">sro.vic.gov.au</a>	13 21 61
<b>QLD</b>	Queensland Treasury	<a href="http://osr.qld.gov.au">osr.qld.gov.au</a>	1300 300 734
<b>NT</b>	Department of Treasury and Finance	<a href="http://treasury.nt.gov.au">treasury.nt.gov.au</a>	(08) 8999 7406
<b>WA</b>	State Revenue	<a href="http://osr.wa.gov.au">osr.wa.gov.au</a>	(08) 9262 1400 or 1300 368 364 (country callers)
<b>SA</b>	Revenue	<a href="http://revenueSA.sa.gov.au">revenueSA.sa.gov.au</a>	(08) 8226 3750 or 1800 637 778
<b>TAS</b>	State Revenue Office of Tasmania	<a href="http://sro.tas.gov.au">sro.tas.gov.au</a>	(03) 6166 4400
<b>ACT</b>	Revenue Office	<a href="http://revenue.act.gov.au">revenue.act.gov.au</a>	(02) 6207 0028



**Credit**

**Score**

**Now's the time to check your credit record.**

One of the first things lenders will look at is how you've managed debt in the past. Your personal credit file is a record held in a database accessed by anyone who's ever provided you credit – from buying a TV on hire purchase to signing up with your mobile provider, finance to buy a car, store and credit cards, or a personal loan.

If you've responsibly looked after all your past financial agreements, you'll have nothing to worry about. But if you're not sure, it could be worth checking to ensure there are no defaults or infringements on your record which could impact your loan approval. Credit records are updated and deleted over time – defaults disappear after five years, and serious infringements and bankruptcies go after seven years.

These days there are a number of ways to access and check your credit score online and for free, including [creditsavvy.com.au](https://creditsavvy.com.au).





# DEPOSIT TALK...

## The Deposit is Where it Begins

Maybe you've been living back at home with Mum and Dad. Or you haven't had a big night out for years.

At LoanSeeker, we understand that saving for a deposit can be one of the toughest parts of getting into home ownership.

But it's also the key to how much you might be able to borrow and the type of property you can afford. The more you have as a deposit, the more it can do for you. Here's how:

More loans to choose from.

There was a time when it was possible to borrow 100% of funds for a property purchase, but this is rare today.

Most lenders now expect you to put down at least 5% of the purchase price, possibly more.

The balance — generally up to 95% — may be financed with a home loan. A bigger deposit will give you a wider choice of loans and may mean a better deal upfront with more long-term savings.

A bigger deposit could reward you with a lower interest rate.

A larger deposit means there's less risk for the lender and could put you in the position to negotiate a lower interest rate. Your LoanSeeker Broker would be happy to do this for you.

## Understanding Lender's Mortgage Insurance.

Lender's Mortgage Insurance provides protection to the lender if, for any reason, you default on your loan.

While it's the borrower (that's you) who pays the costs, it doesn't give you any protection so it's worth avoiding. If you can put down a deposit of 20% or more, you usually won't have to pay Lender's Mortgage Insurance.

Pay less in the long run. Depending, of course, on the property you've got your heart set on, a larger deposit could mean you need to borrow less. Lower repayments mean you'll pay less interest over the life of your loan. Check out our Loan Repayment Calculator at [loanseeker.com.au](https://loanseeker.com.au) to see how your deposit affects your borrowing capacity and your repayments





## This is Where Your LoanSeeker Broker can Help

Buying a home is an exciting time for anyone, but when it's your first home... well, that takes excitement to a whole new level

Just as you shouldn't try and treat yourself if you're sick and you wouldn't bother trying to fix your car if it's broken, and the same applies to Home Loans. LoanSeeker has a team of professionals with years of experience waiting to help you find the right loan.

All home loans – and the repayments that you make – are fundamentally based on two things:

### Principal:

The amount of money you borrow

### Interest:

How much you pay to borrow the money, which is calculated on your outstanding principal



## Loan Types

### Variable Loans

This is the most popular type of loan in Australia. The interest rate you pay is linked to (but not the same as) the Reserve Bank of Australia's official cash rate. As the cash rate moves and the market responds, you can expect your repayments to vary (up and down) over the course of your loan

### Fixed Rate Loans

With this type of loan, the interest rate you pay — and your loan repayments — are fixed for a set period, usually between one and five years. Knowing exactly what your repayments are going to be makes budgeting easier and you're also protected from rising rates. On the downside, you could end up paying more than necessary if rates fall

### Split Loans

Get the best of both worlds. With one part of your loan fixed and the other with a variable rate you get some protection from rising rates while you'll still get some benefit from any rate cuts.

## FIXED

The interest rate is fixed for the term you choose usually from 1-5 years.

Your repayments will stay the same for the fixed period.

Fixed repayments make it easier to budget though may limit the opportunities to pay more off your loan.

If you want to switch to a variable rate or refinance, you could be asked to pay 'break charges'.

Some, but not all, fixed rate loans will allow extra repayments up to a set amount each year. Some also offer redraw.

## VARIABLE

The interest rate can vary as factors such as the official cash rate can have an impact.

It can be higher or lower than fixed rates.

As interest rates change, your repayments may fluctuate up or down. You need to be sure you could cope with rising rates and higher repayments.

You can usually make extra payments to help pay off your loan sooner.

Since 1 July 2011, exit fees have been banned on variable loans taken out after that date.

There is usually no limit to the extra payments you can make and typically no extra charges.

## SPLIT

One part of your loan will have a fixed interest rate while the other may fluctuate with the market.

Only the variable part of your loan will be impacted by any rate rises or falls. Your fixed rate repayments remain the same throughout the fixed term.

You generally have some flexibility to make extra repayments, balanced with the reassurance of fixed repayments.

Most lenders provide flexibility in setting the fixed and variable portions to best suit your needs.

You can access loan features like redraws and extra payments while the fixed portion gives you a little more certainty around your long-term budget.

WHICH  
LOAN DO  
I CHOOSE

FIXED  
VARIABLE  
OR SPLIT?





## SOMEOTHER LOAN FEATURES TO UNDERTSAND

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Your choices aren't just limited to the interest rate. In addition to those choices, here are some other loan types you are likely to come across.

### Standard Vs Basic

'Basic' home loans come with a lower rate by giving you fewer features (and maybe less flexibility) than a 'standard' loan. The definition of 'basic' varies between lenders, so it's worth checking that a basic loan won't limit your ability to make extra repayments and pay off your home loan sooner. You only want to pay for features you're actually going to use, but keep in mind that the cheapest loan isn't necessarily the one that's right for you. Your LoanSeeker Broker can tell you more

### Package Loans

A package loan bundles your home loan with other financial products such as a transaction account and a credit card, often with fee waivers or discounts. Packages may also offer a discount on the interest rate that usually applies for the life of your loan. An annual package fee may apply so you need to be confident that any fee waivers and the rate discount outweigh the cost of the package fee. Your local LoanSeeker Broker will show you how a package loan could work for you.

### Offset Account

If you have some extra cash or 'rainy day' savings, you may be able to put that money to work for you. A savings or transaction account can be linked to your home loan and a positive balance can offset your outstanding loan balance to help reduce your interest.





## ...MORE LOAN FEATURES

### Line of Credit

When you have some equity in your home, a line of credit could let you tap into that equity.

Unlike a traditional home loan, a line of credit doesn't provide you with funds in one lump sum payment. It gives you access to funds up to your approved limit with the freedom to withdraw the money when you need it – for home improvements, investing or even a holiday. Think of it like a credit card with a big limit with your home as the security. You only pay interest on the funds you actually use but keep in mind that at some point you'll need to repay the principal amount, too.

### Low-doc Loans

If you're self-employed or don't have all the documents normally required as proof of your income, a low-doc loan offers a solution for you. Rates — either fixed or variable — are generally higher than standard loans but may be reduced over time if you make all the required repayments on time. It's not necessarily your only option if you're self-employed. Many lenders will consider self-employed borrowers just like regular borrowers provided you have good records (including tax returns) for your personal income too.



## OTHER COSTS TO CONSIDER



When you're working out your budget, as well as what and where you can afford to buy, there are some other upfront and ongoing costs you'll need to consider.

Your LoanSeeker Broker can give you a clear picture of what to expect so you can plan your budget with confidence.

### Buying Costs

There are a variety of costs involved with buying a property.

You'll need to budget for:

- Stamp duty — see right
- Pre-purchase pest and building reports
- A strata search if you're buying an apartment
- Conveyancing costs (legal fees)
- A loan application fee
- Insurance which may be required as a condition of your loan. Ask your LoanSeeker Broker for details.

### Stamp Duty

Stamp duty is a tax charged by the state and territory governments on the purchase value of your home. What you pay will depend on where you live and what you are purchasing. The good news is that as a first home buyer, you could qualify for concessions on stamp duty. Your Aussie Broker will let you know what concessions may apply. You can find out more on the website of the revenue office in your state or territory and work out what you could be up for with our online Stamp Duty Calculator at [Loanseeker.com.au](https://Loanseeker.com.au)

# LENDERS MORTGAGE INSURANCE



**Lenders Mortgage Insurance** lets you get into your dream home sooner. Yes it might be an extra expense, but with the ever increasing cost of homes the majority of first home buyers require LMI.

LMI is required by Lenders if your deposit is less than 20% of the purchase price of the house, or in other words your LVR (Loan to Value Ratio) is greater than 80%.

The amount you will be required to pay will depend on the size of your loan, the type of property and your chosen lender. It's typically charged as a one-off premium, which you may be able to include in your overall loan amount.

Talk to your LoanSeeker broker for more info.





# ONGOING COSTS OF HOME OWNERSHIP



## The Ongoing Costs

- – Council rates
- – Electricity, gas and water charges
- – Strata fees if you buy an apartment
- – Furniture for your new home
- – General maintenance
- – Home and contents insurance.

When you deduct all of these expenses from your take home pay, you're looking for a figure that will comfortably cover your repayments and give you some room to move too. There are always unexpected costs down the track and your lender may even want to see that if interest rates go up, you could comfortably meet the higher repayments.

If you've considered all of the costs above, you've now got a budget. It will be very helpful for your LoanSeeker Broker in finding the loan that will be right for you. You can also use our online Borrowing and Loan Repayments calculators to see how much you may be able to borrow and what your repayments will be at <sup>15</sup>  
[Loanseeker.com.au](https://Loanseeker.com.au)

The background of the advertisement is a photograph of a street scene. On the left, a person's leg in a black boot is visible. In the center, a white scooter is parked. The background wall is covered in colorful graffiti, including a large blue and white abstract design and a yellow face with a wide grin. The overall atmosphere is urban and artistic.

# Feel Ready?

**Get In Touch  
With Your Personal  
LoanSeeker Broker.**

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