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Buying your own home is one of the biggest financial decisions you'll ever make.

So, take the time to consider your options. We can assist you with the best deal and find the right loan for your needs and circumstances.

How do home loans work?

This is how a typical home loan (or mortgage) works:

- **Save a deposit:** The more you save, the lower the amount you need to borrow and the less you will pay in interest over the life of the loan.

- **Apply for a loan and get it approved:** The lender approves a loan in principle, enabling you to look at a property within a set budget.

  Once you've decided on the loan amount, we can help you finalise the loan documents with your lender.

- **Offer the property as security:** All lenders will require a mortgage over the property as its security for the loan. But, if you fall seriously behind on your repayments, the lender has the right to sell your home to get its money back.

Home loan checklist

- [ ] **Do a budget:** Use our budget planner

- [ ] **Work out what you can afford:** Only borrow what you actually need and can afford. Use our link to ASIC MoneySmart mortgage calculator to work out your repayments.

- [ ] **Get a preliminary assessment:** We will provide you with a preliminary credit proposal and assessment.

- [ ] **Choose your features:** Typically, the interest rate on a 'no-frills' loan will be lower than on one that offers more features. So, make sure you're not paying extra for things you don't need.

- [ ] **Know who you are dealing with:** Lenders and brokers must be licensed with ASIC (or an authorised representative of someone licensed). Our ASIC license number is 48999.

- [ ] **Read before you sign:** Read the terms and conditions in the **loan contract** before you sign. Ask questions if there's something you are not sure about. Never sign blank forms, or leave details for the lender or us (acting as your broker) to fill in.

Work out how much you can afford to borrow

- ☐ **How much do you need for a deposit?** As a rough guide, aim to save 20% of the purchase price, plus enough to cover costs. If you borrow more than 80% of the purchase price, you may have to pay the lender's one-off mortgage insurance (LMI). This insurance protects the lender from the borrower not be able to repay the loan.

- ☐ **How much can you afford to repay?** Taking out a loan will mean you have less money for other things. Use our budget planner tool to understand where your money goes. And use our link to ASIC MoneySmart's mortgage calculator to work out how much you can afford in repayments.

- ☐ **Can you afford all the costs?** Include up-front costs like stamp duty and legal fees; and ongoing costs like loan repayments, land and water rates, house and contents insurance and repairs.

- ☐ **Are you a first-time home buyer?** You may be eligible for a one-off payment through the Australian Government's First Home Owner Grant scheme (see firsthome.gov.au).

What key facts you should consider

We can help you look at the important information in considering a home loan, such as:

- Loan amount and term (we review our lender panel and make these the same for easy comparison)
- Type of interest rate
- Personalised comparison rate (interest rate with fees included)
- Repayment method and frequency
- Establishment fees (if any) and ongoing fees
- Total amount to be paid back (loan amount plus fees)
- What happens if interest rates rise?
- How you can repay your home loan faster?

How do interest rates work?

Type	How it works	Advantages	Disadvantages
Variable rate	The rate you're charged goes up and down	Usually able to make extra repayments	Your lender may put the rate up at any time
Fixed rate	Allows you to lock in an interest rate, typically for a period of 1 to 5 years May be offered for an introductory period or honeymoon period Reverts to a variable rate at the end of the period	Your interest rate will not go up during the fixed rate period Know how much your repayments will be during this period	Won't benefit from falling interest rates May not be able to make extra repayments May be charges a break fee for terminating the fixed rate period early

What type of loan is right for you?

Type	How it works	Advantages	Disadvantages
Standard loan (principal and interest)	Make regular payments to cover **principal** amount borrowed and the **interest** charged As you pay down your loan, you build up **equity** (the value in your property, less what you owe) Fixed, variable and partially-fixed loans (see below) are all variations on a standard loan	As you pay off the principal, the balance goes down Can usually repay loan in full at any time A **redraw** facility may be available at no extra cost, enabling you to pay in more when you can (to reduce your interest) that you may redraw later May have the option of an **offset** account, where the amount in your savings account is offset against your loan balance to reduce interest payable	May be charged a break cost/fee for early repayment or refinancing of a fixed or partially-fixed rate loan In some cases, a lender may not release your redraw funds when you want them (so check loan conditions)
Split loan (or partially fixed)	You pay fixed interest for an agreed portion of your loan and a variable rate on the rest	Know what repayment will be on fixed rate portion Usually able to make extra repayments on variable rate portion May benefit if rates go down on variable rate portion	Less flexibility than a fully variable rate loan May be charged a break cost/fee to pay out or refinance the fixed rate portion