

Your Home Owners Guide

Everything you need to know

House hunting

Find out what to look for

Financing your home

Uncover your lowest cost loan

The buying process

The mystery explained

Paying your loan off quickly

Simple techniques you can use now

First home owners

Your questions answered

We understand that buying or selling property can be a daunting task, even when you've been through the experience before. That's why we provide our valued clients with Your Home Owners Guide – a highly practical guide that covers all aspects of purchasing and financing property.



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House Hunting

Finding the perfect property will be a lot easier if you do your homework and don't rush the process. It's important to see a variety of properties in order to get a feel for the market so you can make the right decision when the time comes.

Your step-by-step guide to finding your dream home

1. Obtain your finance first before you begin house hunting. Applying for a pre-approved home loan is simple, and having finance approved will put your mind at ease. If you leave it too late to apply for your home loan, other buyers who already have approved finance may beat you to your chosen property. What's more, should you successfully bid at auction without having your loan approved, you could lose your deposit if your loan doesn't come through.
2. Devote at least one day a week to serious house hunting.
3. Talk to real estate agents to get a better idea of properties available and prices in the area.
4. Keep a property checklist. When you visit a lot of properties, individual features can begin to run together in your memory.
5. Invest in an instant or digital camera. It's a good idea to take snaps of various properties, inside and out, particularly details you wish to remember.
6. Once you've found a potential home, arrange for property and pest inspections before exchanging contracts.

Choosing Your Home Checklist

- ✓ What type of area do you want to live in?
- ✓ What type of property will best suit your needs? (House, Duplex, Terrace, or Unit, etc.)
- ✓ Is the area convenient to work, essential shops, schools?
- ✓ Is transport nearby?
- ✓ Is having family and friends nearby a priority?
- ✓ Are lifestyle amenities important? (Beach, pools, parks, views, general shopping.)
- ✓ Are any risk factors apparent? (Suburbs in flight paths, near chemical plants, other air or noise pollution, flood potential or landfill hazards.)
- ✓ What is the development history and development forecast of the area?
- ✓ What is the property price performance for the area?
- ✓ What is the crime rate for the area?

Perform further research by visiting the major Internet property web sites.

Pre-Purchase Inspection

Arranging for property and pest inspections before exchanging contracts is always wise. The fees for these services may seem high at the time, but you are likely to save far more in money, time, and trouble if you discover problems early.

If you are buying a strata property, the seller's solicitor will supply a certificate that should show relevant information about the management committee, insurances, cost of levies, deeds and books. You can also arrange for a pre-purchase strata inspection covering other written records about the strata plan that covers the property. These may reveal undetected structural problems, and also body corporate issues, such as restrictions on the use of common property, adequate funds for maintenance, and the policy on pets.

There are some things you can do yourself. When inspecting a home, look beyond superficial appearances. Simple measures like switching on lights and flushing toilets can sometimes reveal surprises. Very few properties are problem-free, so you also need to be realistic.

Pre-Purchase Inspection Checklist

- ✓ Under-floor areas for ventilation
- ✓ Exterior walls for straightness, cracks, mortar quality
- ✓ Weatherboards for sagging or rot
- ✓ Roof condition, guttering, flues, chimneys, flashings
- ✓ Eaves for water staining that may reveal roof or gutter problems
- ✓ Evidence of water entry or mildew
- ✓ Garages and sheds for water tightness
- ✓ Timber floors for rot, mould, borers, termites
- ✓ Concrete floors for exposed perimeters, cracks, water penetration
- ✓ Wet or damp areas like bathrooms, showers and laundries for cracks, leaks and mildew

When you find a home you like ...

Once you find a property you like, spend time in the local area at different times of the day or night to make sure it fits in with your buying criteria. It would be an unfortunate experience on the first night in your new home to find the nearby hotel runs a nightclub until 6am every night of the week. It would also be a disappointment to find that parking outside your front gate is governed by clearway rules at inconvenient times of the day.

Real estate agents can help you understand the market. But their ultimate interest is to generate big commissions through big sales.

Beware of real estate agents:

If they quote expected selling ranges. They are likely to under-quote the expected selling range by between \$25,000 and \$75,000 - so add to their range.

If they talk of the potential for medium-density developments in the local area. Such talk might mean a block of flats has been planned for next door. Check with the local council to discover if any building applications have been lodged by your future neighbors.

If they mention recent work completed to the house or flat. Recent work may have been carried out to cover any flaws in construction. Builders' or architects' inspections can detect most problems such as rising or falling damp, leaking roofs and the need to re-stump.

Beware if an agent refuses to pass on to the vendor an offer before auction. Agents may refuse to pass on an offer before auction in case the vendor actually accepts it. Agents don't like missing out on their auction fees!

If everything checks out, the next step for you will be the actual buying process

The Buying Process

Steps in the buying process include the contract, deposit, conveyancing and settlement.

The Deposit

While monetary gifts from family or friends are a great way to quickly save your deposit, most lenders will want you to show 6 months' regular savings history before they'll approve your loan application.

As a general rule, you'll need a deposit of at least 5% of the property value. Other costs to consider are legal fees, stamp duty on the property, and if you are borrowing more than 80% of the value of your home you'll be liable for a one off lender's Mortgage Insurance fee.

A deposit of 10% should be considered the minimum for a first home buyer. Obviously, the more you put down the better.

Deposit Bonds

Deposit Bonds is a guarantee (also known as a deposit guarantee) issued generally by insurance companies to the vendor. It acts as a substitute for the cash deposit between signing a contract and settlement of the property. At settlement the purchaser is required to pay the full purchase price including the deposit. The use of a deposit bond does not remove the obligation of the purchaser to pay the full deposit upon settlement.

The deposit bond can be issued for all or part of the deposit amount required. Acceptance of the deposit bond in lieu of a cash deposit is at the sole discretion of the vendor.

Should the purchaser default under the contract of Sale/Offer, the vendor can claim the amount guaranteed from the deposit bond provider. The deposit bond provider will then seek to recover this amount from the purchaser. Deposit bonds can be useful for property buyers in various situations including: buying off the plan, purchasers waiting for funds to come through from another source, investors who have equity in their home.

Making the Offer / Purchase

If you are buying at an auction, you are required to pay a deposit (usually 10% of the purchase price) immediately.

If you are buying privately, you are usually required to pay a holding deposit (can be anywhere between \$2,000 and 10% of the purchase price). For a private treaty sale, paying a holding deposit does not mean that the agent or seller holds the property exclusively for you. They may show the property to other people who are interested and even exchange contracts with someone else if they can get a better deal. If this happens or you change your mind, the holding deposit is refundable.

Contract of Sale

The Contract of Sale, prepared by the agent or by the vendor's (the current owner of the property) solicitor, outlines your offer, the date of settlement, and any conditions that must be met before the sale goes ahead. Discuss the Contract of Sale with your solicitor before you sign it. There are two kinds of offers - unconditional and conditional.

Unconditional offers

This is an outright offer to buy the property. You should be 100% sure that this is the property you want, and that you have access to the money to buy the property. Once the vendor has accepted your offer, you are legally obliged to go through with the sale.

Conditional offers

A conditional offer is also a binding contract, provided that all your conditions are satisfied. You can only back out now if one or more of your conditions are not met. Conditions may include:

- Subject to valuation - the sale will only go ahead if the valuation is acceptable to both you and your bank.
- Subject to finance - the sale will only go ahead if your bank approves your finance. Look for at least 14 days for finance approval.

- Subject to acceptable title search- the sale will only go ahead if there are no ownership, access or other claims recorded on the property title. Your solicitor will do this for you.
- Subject to an acceptable builder's or engineer's report the sale will only go ahead if you are satisfied that the house or land it is on are sound.

You may wish to set other conditions eg subject to certain repairs being carried out. Talk to your solicitor about anything you are unhappy or unsure about. Don't sign your Contract of Sale until you are happy with the conditions.

Negotiation, acceptance and deposit

In choosing a price, consider recent selling prices for comparable homes in the same area, how long the house has been on the market, how hot or slow the market is, and whether the home needs any major repairs. We can provide all the reports you need to assess the purchase price. The vendor may accept your offer straight away or may negotiate on the price or other aspects of the sale. The real estate agent will act as the 'go-between' until you and the vendor reach a happy medium. If you cannot agree on a price, you can withdraw your offer. Remember that if there are any changes to the Contract of Sale, you should let your solicitor know before you sign. Once both you and the vendor have signed the agreement, it is legally binding and this is what is referred to as 'exchange of contracts'. You will normally be expected to pay all or part (10%) of your deposit directly to the real estate agent on signing the agreement. It will be placed in a trust account until all conditions have been met.

Cooling Off Period

After the exchange of contracts in a private treaty sale there may be a cooling off period during which time you may be able to change your mind and withdraw from the contract to buy the property. You should check with your solicitor/conveyancer about whether a cooling off period applies to your contract before exchange of contracts takes place. Generally speaking, there is no cooling off period for contracts exchanged following a successful auction bid.

Consumer Protection Legislation

Purchasers of residential property have the added safety net of consumer protection laws, under the Trade Practices Act and the various Fair Trading Acts. For example, if a vendor used false advertising to promote a property, the purchaser could seek a court order to cancel the contract and get their deposit back, or they could claim damages.

Insurance

You'll need to arrange for Home/Buildings insurance upon exchange of contracts and contents insurance from the time you move in. If you're purchasing a home unit you'll need to obtain a Certificate of Currency from the body corporate's insurer to make sure the property is adequately covered. (Your solicitor/conveyancer may obtain this for you.)

Settlement

This is when the buyer pays the balance of the purchase price and takes ownership of the property. Final settlement varies between States and Territories but normally takes place up to six weeks after the exchange of contracts. The title deeds (if any) will be handed over to your lender, or to you if you purchased the property without borrowing. Finally, the keys are handed over to you.

How the settlement process works

1. Your solicitor/conveyancer will prepare and arrange for you to sign a Transfer of Land document. You should ensure that this is done at least two weeks prior to the settlement date. This document will be handed to your lender at settlement. Your lender will register it at the State/Territory Title's Office on your behalf. Upon registration the property will be changed over to your name.
2. Your solicitor/conveyancer will contact your lender, the seller's solicitor/conveyancer, and any other interested parties to arrange the date, place and time of settlement.
3. Your solicitor/conveyancer should advise you one week prior to the settlement, of the exact date, time of settlement and the amount of funds that you are required to provide prior to settlement (if applicable). This amount is usually required to be paid by bank cheque one day before settlement.
4. After settlement has taken place, the vendor's solicitor will contact the real estate agent and advise them to hand over the keys to you.
5. Your solicitor should contact you and confirm settlement has taken place. They will also send you a Statement of Adjustment to show you how the funds have been disbursed to the parties involved.

Financing Your Home

Where do I start finding a home loan?

There are so many home loans on the market these days with an increasing variety of rates, fees and features that it really pays to shop around.

The main challenge is to look beyond interest rates and include all the costs with the loan, also the features that a home loan offers. Often there is a trade off between interest rate and flexibility. Make sure the loan suits your circumstances and the way you want to pay it off:

Borrowers in the market for a competitive home loan need to educate themselves about the different home loans which are available on the market. The easiest way to do this is have Access One produce a Mortgage Comparison Report for you.

Borrowers need to decide which loan features they need. Fixed or variable rate. Loans which offer redraw facilities are popular as they allow borrowers to repay more than the minimum regular mortgage repayments and withdraw surplus repayments. Some lenders offer free redraw facilities, others charge.

If you have surplus disposable income, then a line of credit loan or 100 per cent offset account might be the ticket. Once you've determined the type of loan that best suits your needs, it's time to go mortgage shopping.

Flexible Vs Basic Loan

It's important to decide whether you want a mortgage with fancy features or whether you want a basic loan at the cheapest price. The answer will depend on your circumstances and preferences.

A flexible loan, which includes most standard variable loans, typically offer features such as allowing you to repay your loan early without penalty or repay extra when you feel like it. Flexible loans will also allow you to make weekly or fortnightly repayments rather than monthly payments, Some basic accounts don't allow this. Flexible loans, which are priced above basic variable loans, can

also offer valuable features such as offset or lines of credit facilities.

If you do get a basic variable loan, make sure you have some repayment options which allow you to cut your interest bill. Shop around for a basic loan with as many features as possible. Remember, it's not just interest rate, but what you can do with your home loan that is important.

Fixed Vs Variable

A fixed rate loan is best for people who like the security of knowing their repayments. A variable rate loan is best for people who like to keep their interest costs to the very minimum and who are happy to gamble on the future direction of interest rates.

Introductory or Honeymoon Loans

So called because the bliss doesn't last, honeymoon loans offer borrowers a discounted rate of interest for a brief introductory period. After this period (typically 12 months) the loan usually reverts to the standard variable rate.

The disadvantage is when the honeymoon is over, your repayments rise steeply. What's more, honeymoon products often come with hefty exit penalties if you try to pay out the loan early.

Line of Credit

This type of loan revolves around credit secured against a residential property, allowing access to funds when needed. These products are creative ways to raise funds for investment by providing cash up to a pre-arranged limit.

The advantages is you use the money you need and pay it back when you can, Interest rates tend to be lower than credit cards or personal loans. The disadvantages are if you are not a good budgeter it can reduce the equity in your residential property.

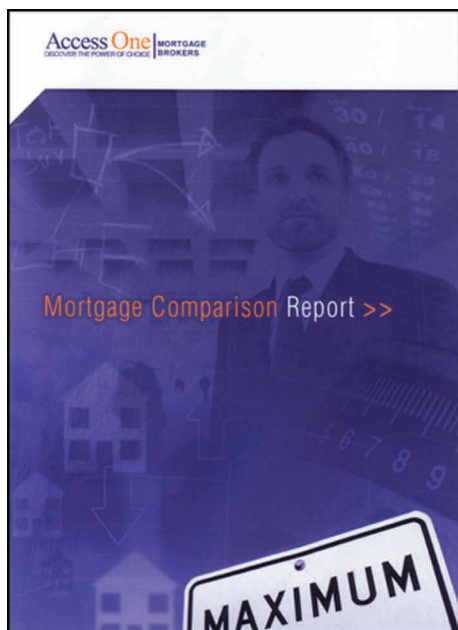
Low-doc loan

A low-doc or no-doc loan is ideally suited for investors or self-employed borrowers looking to refinance, purchase or renovate. No tax returns or financial reports are required. Advantages: Simple income declaration form No tax return No financial records Fully serviceable loan options, redraws, line of credit, variable or fixed rates, P&I or interest only loans. Cons: Generally a higher interest rate

How To Bring It All Together

A mortgage broker can assist you by making sure that your mortgage application is complete, and presents your case for finance in the best possible light. A mortgage broker is also aware of the different serviceability requirements for each lender, and can direct you towards lenders who will be more sympathetic to your present financial situation, especially if your first application is not approved. Before an application is forwarded to a lender, it is reviewed by an Access One staff member in order to identify and correct any missing or incomplete information, thereby ensuring the greatest chance of approval.

Access One has designed a detailed report called The Mortgage Comparison Report the report takes the confusion and hours of phone calls to different lenders researching the best rates features and fees. The report combines the effects of all fees and charges, their interest rate and any other payment options and combines it into a single effective rate which can be used to compare loans accurately.



What the report will tell you

Analyses more than 30 different lenders

Our lender panel consists of all the major lenders you know and some not so major that offer some of the best interest rates on the market.

Lenders you qualify for

Each lender will lend a vastly different amount due to each lender having different lending criteria. The Maximum Amount Comparison section gives you a picture of what a lender will lend you at their maximum amounts based on your income.

Mortgage comparison table

The top ranked loans we have calculated based on your requirements are listed in order of lowest loan comparison rate. Those loans with the lowest rates represent the best value over the term of the loan.

Loan selection snapshot

Based on the mortgage comparison table the best loan is chosen based on comparative rate and features best suited to your position. The loan selection detail is a snap shot of the particular lender chosen; it covers important information such as interest rate, payment amounts and all costs associated with taking out this loan

Requesting your Mortgage Comparison Report is as easy as visiting

www.access-one.com.au and going to the free Mortgage Comparison Report page. Complete the form and just hit send. Alternatively call us on **1300 722 278** and we'll set things in motion straight away.

First Home Owners

First Home Owners Grant Explained

What is the First Home Owner Grant?

The First Home Owner Grant is a one-off grant payable to first home owners that meet the eligibility criteria. State and Territory governments throughout Australia provide a payment of \$7,000 for an established house or a new home that has not previously been occupied.

Am I eligible for the First Home Owner Grant?

The scheme covers only the purchase of a first home in Australia. If people are married or living in a de facto relationship, they must make a joint application with their spouse or de facto. Neither of them can have owned a home, whether individually or with any other person.

People will be eligible to apply if they:

- are buying or building their first home
- are an Australian citizen or permanent resident
- intend to make the home their principal residence, and start living in the home within a reasonable time

The payment will be the same regardless of income.

Trusts and companies will not be eligible for FHOS payments.

The payment will be the same regardless of the area in which people are buying or the value of their first home. It does not matter if people are buying a new or established home. The home can be a house, unit, flat or any other type of self-contained, fixed dwelling that meets local planning standards. Fixed dwellings will include demountable dwellings where these meet local planning standards.

The benefit will only be paid for the purchase of a principal place of residence - not for a holiday house or investment property, for example.

How do I apply?

Access One has all the relevant applications for all states for the FHOG when completing the lenders application we fill out the FHOG Application as well and submit it with the lenders application.

When will I receive the payment?

- For the purchase of an existing dwelling, payment will be made at settlement.
- For a building contract, payment will be made on the first progress payment.
- For an owner-builder, payment will be made on certificate of occupancy/completion.

More Information

More information about the scheme and how to apply can be obtained by ringing State and Territory revenue offices on the following numbers:

| | |
|--------------------|----------------|
| New South Wales | (02) 9685 2122 |
| Victoria | (03) 9628 6777 |
| Queensland | (07) 3404 3956 |
| Western Australia | 1300 363 211 |
| South Australia | (08) 8226 3750 |
| Tasmania | (03) 6233 3465 |
| ACT | (02) 6207 0029 |
| Northern Territory | (08) 8999 6086 |

First Home Buyers

Want to make a really informed decision? Be armed with as much relevant information as possible before making your first big purchase? You can access extensive research on both real estate and the economy in general through Access One, and it's free. If you are considering buying your first property call Access One **1300 722 278** or get a free Mortgage Comparison Report which will outline everything you need to purchase a home.

Paying Off Your Home Loan Faster

Hundreds and thousands of people in Australia are throwing their money away by choosing the wrong mortgage! You can easily half the cost of your mortgage. Sounds impossible? It's not that hard when you know how. All it takes is 2 easy steps:

1. Get the best mortgage! In simple terms this really means getting the lowest cost mortgage.
2. Apply simple proven interest saving techniques.

As you will see, it's not all about complex products or investing in expensive mortgage reduction software. If you follow through with these two steps I guarantee that you will dramatically reduce the cost of your mortgage.

Fortnightly Repayments

You can save money by making repayments fortnightly. If you divide your monthly repayments in half and make your repayments once a fortnight, you make one extra repayment each year.

Dividing your minimum monthly repayment into two fortnightly or four weekly payments can reduce the term of your loan in two ways:

1. because there are more than two fortnights or four weeks in every month, dividing your original monthly repayment into two or four means you actually pay more over the course of a calendar month.
2. when interest is calculated daily, the more frequent repayments result in less interest being charged to your loan over the course of a month.

Extra Payments

Making additional repayments beyond what's required in your minimum monthly repayment is one of the best ways to reduce the total interest paid and term of your loan.

If you can afford it, regularly add a little bit extra to the amount you repay each fortnight. An extra \$40 a week may not seem like much money, but it will make a

significant difference to the amount you end up repaying over the life of a 30 year home loan. However, make sure that your loan allows you to make additional repayments without penalty. Fixed-rate and basic (or 'no-frills' loans) often have restrictions on extra repayments or charge a fee for the privilege.

Make your surplus cash work harder

Use cash savings to help pay off your loan quicker. Remember the old saying 'a dollar saved is a dollar earned' If you have a home loan at 7 per cent, every extra dollar you pay off the principal is another dollar you are not paying 7 per cent on each year. If you instead put that extra dollar into a savings account you are only going to earn 3 or 4, perhaps 5 per cent at the most. Therefore putting savings into your loan earns you twice as much as a savings account.

These days, redraw facilities available on most standard variable loans allow you to take back those extra payments if needed anyway

Save with a line-of-credit loan

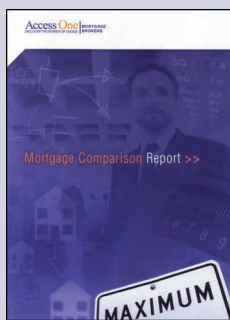
Disciplined borrowers can make use of the increasing range of line-of-credit loans, also called all-in-one loans, which offer the chance to make every spare dollar work to reduce your home loan. These loans allow your income to be paid directly into the loan account to reduce the loan outstanding sooner than waiting for the repayment due date. You are also effectively making larger repayments because you only withdraw the money you need to live on each month, leaving all surplus cash in the loan account to reduce the balance. In this way, the loan can be paid off much quicker and thousands in interest saved. Line-of-credit borrowers must be disciplined, however, and not withdraw more money over time than is going in. Income must exceed your total expenses by at least the value of your principal-and-interest loan repayment before there is any financial benefit.

The Next Step

Want to make a really informed decision? Be armed with as much relevant information as possible before making your big purchase? You can access extensive research on both real estate and the economy in general through Access One, and it's free. If you are considering buying a property to live in or investment call Access One **1300 722 278** or get one of the free Reports which will outline everything you need to purchase a home with all the information you need to make an informed decision. Also available online at <http://www.access-one.com.au>

Poor choices can cost you money

We've done the research for you



Mortgage Comparison Report

Our Mortgage Comparison Report analyses more than 30 different lenders. If you already have a loan, it reveals whether you're paying too much in interest, and recommends a specific loan package that will give you the lowest total cost over the life of your mortgage. Gone are the hours of phone calls to different lenders researching the best rates features and fees. You get lenders you qualify for-Maximum amount you can borrow, monthly repayments for the loan, Itemised estimates of settlement costs, all you need to make an informed decision.

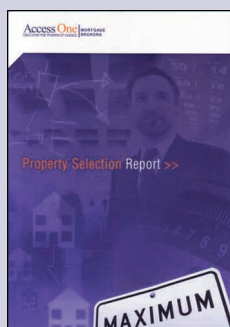
Customised for: **First home buyers | Purchases | Refinances | Pre-Approvals**



Investment Forecast Report

This free Investment Forecast Report will give you the complete low-down on your property before you make the biggest purchase of your life!. This Report uses a three-pronged approach to put your property under the investment microscope. It will provide you with a better understanding of the suburb and likely performance of the property in which you're considering investing. In particular this report will reveal what similar properties in the area are worth The optimal loan package for your investment; and your indicative weekly holding cost, rental yield and possible tax savings.

Customised for: **Multi Property buyers | Purchases | Investment only**



Property Selection & Mortgage Report

This Reports contains statistical information on a particular postcode including median house prices, capital growth rates over various historical periods, projected capital growth rate, combined with recent historical sales data related to the same property (if available) and recent historical sales for properties in close proximity to the address in question. Together with our mortgage comparison data finds your optimal loan package for your purchase making this report a complete resource for anyone wishing to purchase a property.

Customised for: **First home buyers | Purchases | Pre-Approvals**

Access One | MORTGAGE
DISCOVER THE POWER OF CHOICE | BROKERS

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