

home loan checklist.

Pumped on property.

Home loan checklist

Buying your own home is one of the biggest financial decisions you'll ever make. So take the time to consider your options, shop around for the best deal and find the right loan for you.

How do home loans work?

Save a deposit → Apply for a loan → Get it approved

How do interest rates work?

Type	How it works	Advantages	Disadvantages
Variable rate	<ul style="list-style-type: none">The rate you're charged goes up and down	<ul style="list-style-type: none">Usually able to make extra repayments	<ul style="list-style-type: none">Your lender may put the rate up at any time
Fixed rate	<ul style="list-style-type: none">Allows you to lock in an interest rate, typically for a period of 1–5 yearsMay be offered for an introductory or honeymoon periodReverts to a variable rate at the end of the period	<ul style="list-style-type: none">Your interest rate will not go up during the fixed rate periodKnow how much your repayments will be during this period	<ul style="list-style-type: none">Won't benefit from falling interest ratesMay not be able to make extra repayments

What type of home loan is right for you?

Type	How it works	Advantages	Disadvantages
Standard loan (principal and interest)	<ul style="list-style-type: none">Make regular payments to cover the principal amount borrowed and the interest chargedAs you pay down your loan, you build up equity (the value of your property, less what you owe)Fixed, variable and partially-fixed rate loans (see below) are all variations on a standard loan	<ul style="list-style-type: none">As you pay off the principal, the balance goes downCan usually repay loan in full at any timeA 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 laterMay have option of an offset account, where the amount in your savings account is offset against your loan balance to reduce interest payable	<ul style="list-style-type: none">May be charged a break fee for early pay out or refinancing of a fixed or partially-fixed rate loanIn some cases, a lender may not release your redraw funds when you want them (so check loan conditions)
Split loan (or partially-fixed)	<ul style="list-style-type: none">You pay fixed interest for an agreed portion of your loan and a variable rate on the rest	<ul style="list-style-type: none">Know what repayments will be on fixed rate portionUsually able to make extra repayments on variable rate portionMay benefit if rate goes down on variable rate portion	<ul style="list-style-type: none">Less flexibility than a fully variable rate loanMay be charged a break fee to pay out or refinance the fixed rate portion

Which home loan features should you compare?

- Upfront fees
- On-going fees
 - Account
 - Annual
- Offset available
- Redraw facilities
- Refinancing fees
- Early repayment fees
- Multiple properties discount

Important points to discuss with your lender or broker:

- Your plan for the future.
 - Remember each loan will affect your next purchase.
 - Make sure you choose the best lender for your current situation, based on; your plan for the future, income, debt, deposit, risk.
- You do not want to cross collateralise your properties.
 - You want to make sure your loans are stand-alone.
 - You do not want to tie your principle place of residence to any investments properties.
- You do not want an all monies clause.

Home loan checklist

- Work out your weekly budget.
- Work out what you can afford to pay.
 - Only borrow what you can comfortably afford.
- Get a key facts sheet.
 - Ask your lender for a key facts sheet for each loan you are considering, and use it to compare interest rates and fees.
- Choose your features.
 - Make sure you're not paying for things you don't need.
- Know who you're dealing and make sure your lender or broker is licensed with ASIC.
- Read before you sign.
 - Read the terms and conditions in the loan contract before you sign anything.
 - If you're not sure about something ask your lender, broker or solicitor.

Documents you'll need to prepare for your lender or broker

- Copy of drivers license
- Bank statements
- Credit card statements
- Summary of current debt
 - Credit cards
 - Car loans
 - Other
- Pay slips
- Tax return (last 2 years)
- Loan application
- Property contract
 - House contract
 - Land contract
- Information on any other properties
 - Lender
 - Purchase price
 - Current value
 - Rent
- Trust information
 - Trust deed
 - Tax return (last 2 years)
 - Notice of assessment
- Businesses information
 - Tax return (last 2 years)
 - Summary of current debt

Costs you'll need to take into account when purchasing your property

- Property cost
 - House cost
 - Land cost
- Deposit
- Borrowing costs
 - Lender legal fee
 - Borrower legal fee
 - Property stamp duty
 - Registration of mortgage
 - Registration transfer
 - Progress payment fees
 - Registration discharge
 - Other expenses
 - Lenders mortgage insurance