



Home Loans

Made Easy For You

"Helping you to grow your money tree"

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First Home Owners Guide

So you are buying your first home and need to know what to do. The following information will take you through the process from start to finish. We wish you all the best with your search for a home and will be happy to help you make it a reality.

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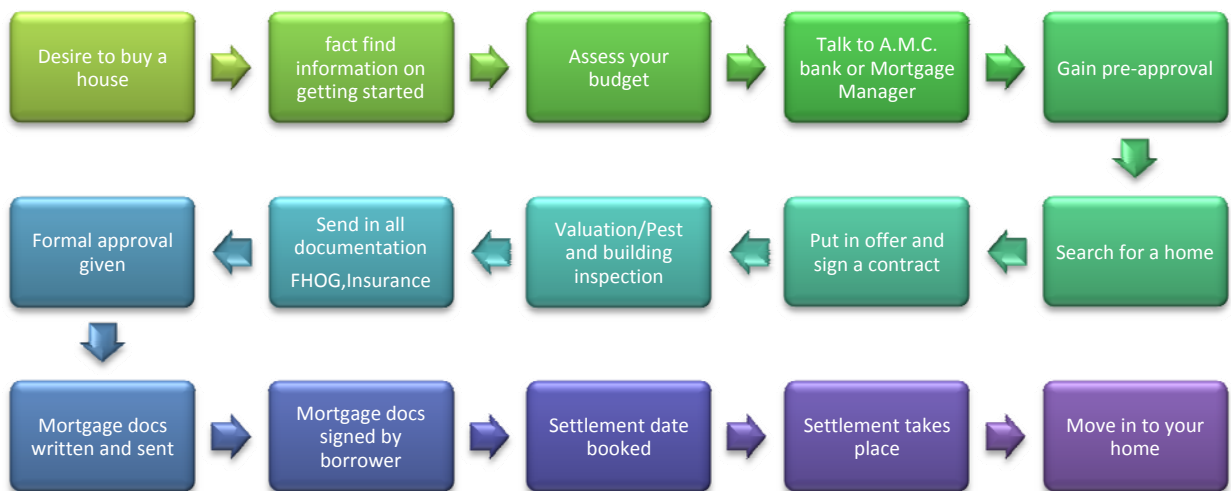
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Flow Chart of Process

The following chart shows the basic loan process.





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The Commitment

Buying a home is a great adventure, however if you don't plan things out you can turn an enjoyable experience into a long term nightmare. If you stay focused on your plan and understand the commitment of owning a home it can be one of the greatest investment's of your life both emotionally and financially.

The most important factor in a home loan is cash flow. Without a positive cash flow you will not own your home for very long. So let's see how much you can afford.

Do you have the income to support not only a mortgage but also the standard of living you want? To give you an idea of how much it costs for a basic loan, the following table shows some repayment examples on various loan amounts at various interest rates over 30 years.

	\$300,000.00	\$400,000.00	\$450,000.00	\$500,000.00
@ 4% p.a.	\$1433 p.m.	\$1911 p.m.	\$2149 p.m.	\$2388 p.m.
@ 5% p.a.	\$1611 p.m.	\$2148 p.m.	\$2416 p.m.	\$2685 p.m.
@ 6% p.a.	\$1799 p.m.	\$2399 p.m.	\$2698 p.m.	\$2998 p.m.

These figures were correct at time of printing and are meant to be used as a guide only. These figures may not be a true indication of individual's repayments; each client is based on their individual merits



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Your Budget

Ok so you are still committed to the dream of getting your first house. The next stage of the journey is to assess your budget and make sure you can afford it. The following budget sheets have been supplied by the Simply Budgets software program. For more information on this program see our services page.

Fill out the following budget sheets, and then enter the totals into the calculation sheet. A few tips to help you do this;

1. Use bank statements where possible to get an accurate figure of spending.
2. Try not to guess figures.
3. When estimating it is better to overestimate than underestimate.
4. Remember you won't be paying rent.
5. Your net income is your pay after tax has been taken out.
6. Don't count on pay you are not yet currently receiving.
7. If you are willing to sacrifice some luxuries, then take them out.

Remember that anything is possible if you believe and desire it enough. If you need help with your budget and setting a goal to get into your first house please call us on 1300 855 177 or email info@hlme.com.au and we will be happy to assist you.

Sample

Regular Income and Expenses Worksheet

Description	Amount	Date	Annually	1/2 Yearly	4 Monthly	3 Monthly	Monthly	4 Weekly	2 Weekly	Weekly	Other	Use Credit Card
Wedding Anniversary												

End of Report

Sample

Long Term Expenses Worksheet

Instructions

The following is a list of repeating transactions that occur less frequently than twelve monthly. Add any of your own to the list. Beside the items applicable to you, enter the expected life span, the cost of replacement, and the current age in months.

Description	Life Span (Month)	Amount	Age Now (Months)
Car 1 Battery	36		
Car 1 Tyres	24		
Car 2 Battery	36		
Car 2 Tyres	24		
Car Replacement	60		
Carpet/Flooring Replacement	120		
Computer Equipment Replacement	36		
Furniture Replacement	120		
Her Drivers License	60		
His Drivers License	60		
Hot Water System Replacement	96		
Refrigerator Replacement	120		
T.V. Replacement	120		
Washing Machine Replacement	120		

End of Report

Sample
Savings Worksheet

Instructions

These transactions are intended to help with saving for less predictable expenses and non-repeating longer term expenses. Please enter any items you would like to include in your budget.

Description	Amount	Date						Balance Now
			Monthly	4 Weekly	2 Weekly	Weekly	Separate A/C	
Baby								
Books/Technical Manuals								
Car Repairs								
Daughters Wedding								
Education Scholarship Fund								
Emergencies/Rainy Day Fund								
Entertainment								
Extra Clothes								
Gifts - Special Occasions								
New Car								
Overseas Holiday								
Retirement Savings Plan								
Tool Replacement								

End of Report



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Calculation Sheet

All amounts should be monthly figures.			
A	Total income		Your combined total income
B	Living expenses		Your total day to day living expenses not including loans or credit cards.
C	Credit card repayments		Your total credit card monthly repayments
D	Personal loan repayments		Your total personal loan repayments
B+C+D=F	Total expenses per month		Add row's B, C and D together to give you this total.
A-F=G	Surplus income		your total income (A) minus F (your total expenses) will give you your surplus income :G.

The amount left in G is your surplus income. With all your expenses taken into account, this should be the amount you can afford to spend on a home loan per month.

We cannot stress enough how important it is to maintain a positive cash flow. It is a great idea to take out insurance such as income protection to protect you as well in case of loss of income. If you would like help in this area please call us on 1300 855 177 or email info@hlme.com.au we will be happy to assist you.



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A Bank, Mortgage Manager or Accredited Mortgage Consultant (A.M.C.)?

Congratulations you have gone through your budget and worked out how much you can afford. Now you need to know where to look to gain the money you will need for the purchase. There seems to be no end of places and people that want to loan you money. How do you decide where to go and who to trust?

In answer to your first question, we believe you should see several people and gather as much information from them as you can. Choose the one with whom you feel most comfortable. They should be informative, not pushy and take time to understand your wants and needs, and explain the process and different options available to you. Only then can you make an informed decision based on non biased information.

Find out as much information as possible and ask as many questions as you can think up. You are making one of the most important financial decisions of your life and no one will care more about this than **YOU!** So don't make your decision on blind faith or clever advertising.

Lenders are made up primarily of banks and building societies (B/S). Banks and B/Ss lend money direct to the customer, as well as pay commissions to mortgage managers and A.M.C's for the introduction of a client to their products. There are some advantages and disadvantages to each option and we believe that the best one to choose is the one that you feel gives you the best service and support with the loans process, and explains everything clearly.



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Borrowers are using A.M.Cs more and more, for their variety of choice and skill in comparing thousands of loans and tailoring the right loan for your individual needs. A bank has the disadvantage of only offering their brand and products. If another lender has a loan that would be more suitable to your needs they are unlikely to offer it.

Mortgage Managers have access to multiple lenders as well as sometimes having their own labelled lending products. Mortgage Managers usually offer to help you manage your loan and help you with it using tools like budgets etc. They normally charge a fee for this service on top of the commission paid by the banks. The management fee is payable by you the client and can range from \$3000.00 to \$6000.00.

The majority of A.M.Cs do not charge a fee for service as they are paid a commission from the lender for their service. However as the lenders have recently reduced this commission we may see a fee for service model become more popular.

A.M.Cs are now strictly regulated and most will use an aggregator to go through the lenders. At Home Loans Made Easy For You we use PLAN Australia as we believe they offer the most professional service. You can visit them at www.planaustralia.com.au. Whoever you use make sure that they have the right accreditation. Amongst other requirements, they should be a member of a governing body like the [MFAA](#) or [FBAA](#) and hold a CERTIV in financial services mortgage broking.

An A.M.C. is able to choose from multiple lenders so you can gain a true comparison of home loans on the market. Rather than going to only one lender, you can compare loans from 25+ lenders.

Remember that brokers are paid a commission from the lender and you should make sure that the broker discloses how much they will be paid by the lender. Some lenders offer higher commission than others. You want to make sure that the loan is in your best interest and not the brokers.



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At HLMEFY we disclose all our commissions up front for you to see. A great A.M.C. could help put you into the most suitable loan for your needs and as a result help you save thousands of dollars and a lot of heartache.

Which one is most suitable for you is up to you to decide. Remember not to rush into anything and to get an overall feel for each so you can make an informed well rounded decision. If you would like to talk to one of our Accredited Mortgage Consultants please call

1300 855 177 or email info@hlme.com.au we are always happy to help you.



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Pre-Approval

This is an excellent tool to have before you start looking for a property. It allows you to know how much you can be approved for conditionally and if you see something you like you can submit an offer, or sign a contract subject to finance being formally approved. Pre-approvals are subject to certain conditions depending on the individual's circumstances and may contain some of the following:

1. Fully completed purchase contract.
2. Valuation of security.
3. Evidence of savings and or deposit.
4. Fully completed First Home Owners Grant.
5. More proof of income.

Pre-approvals often have a time frame, and in most cases the interest rate is indicative only. This means the rate can change up or down between the time of approval and settlement of the loan. There are ways to lock in rates during this time if you are worried about an increase, but this does incur a fee from the lender.

The Search for a home

There are many ways to find a house for sale. Arguably the easiest way is via the internet. It is fast and you are able to search through many properties quickly in the comfort of your own home. You can even specify exactly what you are looking for in your house (how many bathrooms, bedrooms, carports etc.).

Two sites to try out if you have not done so already are;

www.realestate.com.au

www.domain.com.au

Once you get a feel for what is available you can start to get a checklist of what you want. Remember your budget and how much you can afford. When you have found a few that you like go out and inspect them. It is always a good idea to view a property several times at different times of the day, to get a better idea of noise and also the neighbourhood. You may want to ask people who live in the area what they think of the place.

When you find a place that ticks all the boxes for you, the next step will be to put in an offer or sign a contract with the seller. If you are signing a contract make sure there is the clause "subject to finance and building and pest inspection". That way if the



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Valuation does not come up to par, or it fails a building and pest inspection you do not have to buy it and you get your deposit back.

Remember to not buy just on emotion. It is unlikely that you will live in the property for the rest of your life. Buying a house can be one of the best investments you make so buy wisely and do your homework. Try and buy 10% under market value and know that you can always go up in your offer but rarely will someone let you lower an offer once put forward.

Happy house hunting!



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Legal Representation

Having the right solicitor is very important as it can save you from making costly mistakes. If you do not have a solicitor or know of one it is a great idea to start asking around to get someone that is good.

It is recommended that you have a solicitor to do your conveyance and title searches. They will be able to check things such as;

- Are there any rates owing on property?
- Are there any planned developments for the area?
- Are main roads going to be putting in a road through the property?
- Does the property flood?
- Are there any illegal structures on the property?

How many searches you have done will be up to you, but it is a good idea to converse with your solicitor for more information on these. You can expect to pay between \$350.00 to \$1800.00 depending on who you use and what you have done. Remember you often get what you pay for.

F.H.O.G. (First Home Owners Grant)

You can download the FHOG application form from the government website <http://www.osr.qld.gov.au/fhog/first-home-owner-grant/index.shtml>

You will find all the latest information on the FHOG on this site, to answer all the questions you have. The official government site is the best place to get the information as it is the government who sets the laws and regulations for this grant. You can also ask your lender or A.M.C. for a copy of the FHOG application form. Make sure that you fill it out correctly and clearly.

To be eligible for the Grant, you and any joint applicants must satisfy all the eligibility criteria.

For more information visit the QLD government website;

<http://www.osr.qld.gov.au/fhog/first-home-owner-grant/index.shtml> or call and speak to one of our A.M.C.s by calling 1300 855 177 and we will be happy to assist you.



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Valuation and Building Report

Once you have signed a purchase contract your lender will usually request a valuation be done on the property. This is normally paid for by the lender as part of the application fee but can be a cost that is incurred by the borrower. A valuation is done to ensure the lender and or mortgage insurer that the property is worth at least the contract price. Sometimes when the LVR (loan to value ratio) is under 80% a valuation is not required by the bank. It may be a good idea to have one done independently if this is the case to make sure you are getting a good market price for the house. If the value falls short the borrower will need to put in the difference or find another property to buy or have the seller drop the price accordingly. In some cases the valuation can be looked at and amended if there is just cause to do so. One good rule to buying property is to buy 10% under market value so if the value comes in low think twice and be objective about the purchasing decision.

We recommend getting the Valuation done first as it does not often cost you anything. Once you have received a Valuation back all ok, then look at getting your building and pest inspection done. This is a cost to you of around \$300.00 - \$800.00 depending on who you use, so once again do some homework and ask around. It is wise to use an established company that has a good reputation especially in regards to the pest and termite inspection. A company's guarantee is not worth much when they are no longer around to back it up.

Pre-Approval Becomes Formal Approval

Once the lender has received all the necessary documents they can then issue you with a formal approval as long as everything has met their policies and guidelines. A letter of offer is usually sent to you (the borrower) telling you of the loan details. The mortgage documents are written up by the lenders legal representatives and issued to you or your solicitor which ever you have chosen.



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Mortgage Documents

Once you or your solicitor have received the mortgage documents you will then need to sign them in front of your legal representative. Make sure that you have an understanding of the documents and ask as many questions as necessary to your solicitor in order to understand them. The person who wrote the application up with you and helped you choose the loan should have explained most of the fees involved so nothing should come as a surprise. Do not sign anything that you are unsure of as it may cost you dearly. Once the documents have been signed they are sent off to the bank. The banks solicitors then check them and process the documents preparing for settlement.

Settlement Day

Once all the documents have been collected and processed, the bank's solicitors will liaise with your solicitor for a time to settle the loan. This is where the solicitors meet and give out the cheques. It is also the day that the house becomes officially yours. All that is left now is to move in and enjoy your new home.

Conclusion

So, that is the basic process of getting your first home. It may seem like a mountain at the moment but it is one well worth climbing and it only takes one step at a time. We hope to have made things a little easier for you and would love to have the opportunity to look after you through the process.

For more information on home loans please visit our website www.hlme.com.au and feel free to call us on 1300 855 177 or email info@hlme.com.au. We are always happy to assist in any way we can.

Best Wishes

Jay Longden

Managing Director (A.M.C.)

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