

THE PATH TO PURCHASE

A few things to know

1

What is Lenders Mortgage Insurance?

Lenders Mortgage Insurance or LMI is a one-off payment (if you borrow more than 80% of your home's value) added onto your home loan, which helps you purchase a home with a smaller deposit. It's an insurance policy that protects the lender against any loss they may incur.

2

What is a Loan to Value Ratio? (LVR)

LVR is the percentage of the asset amount you're borrowing over the total value of the property you purchase (loan amount/property value = LVR). A good rule of thumb is that the bigger your deposit is, the lower the LVR.

3

Do I have to pay stamp duty?

Stamp duty is the amount of tax that you pay on a property purchase. Some buyers can get caught off guard with this fee as they do not consider it when creating their budget. The amount of stamp duty you will pay depends on the price you paid for the property.

4

Am I eligible for a government grant?

Two key grants may be considered for your circumstances. The first is the First Home Guarantee Scheme, where you're not required to pay Lender's Mortgage Insurance (LMI). The second is the First homeowners grant. Your broker will guide you on your eligibility here.

5

What deposit do I need?

Generally, most banks recommend that you deposit at least 20% of the property purchase price. The higher the deposit, the less risk you will oppose to the lender. Most banks will accept a lower deposit; however, you might be required to pay LMI and be considered a more high-risk borrower.

6

What is an offset account?

An offset account (everyday/transaction account) is linked to your home loan. The account balance or proportion of that balance is 'offset' daily against your home loan resulting in only being charged the difference between the loan balance and the amount offset; therefore, the lender is charging you less interest.

7

What's a guarantor, and who can do it for me?

A guarantor on a mortgage is a person who provides their property as security for the home loan (parent, sibling or grandparent). They will have no requirement to service the home loan repayments. As a guarantor, having sufficient equity and stable employment assist with the options for a guarantor application. A discussion with your broker will assist in understanding the eligibility.

8

What is the process to get approved and settled?

These are the typical steps from application to settlement: Conditional pre-approval, Property Valuation, Apply for the loan, Unconditionally approved, Sign the documents, Settlement and move in.

9

When should I engage a solicitor or conveyancer to act on my behalf?

We advise you to engage with one of these professionals prior to finding the property you are interested in, and the real estate agent provides you with a copy of the sales contract.

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MEET TONY



MEET STEVE