

BORROWING ESSENTIALS



Credit reference

The lender we choose together is going to do a credit check on you. They'll be looking at any credit applications made by you and will be checking if you've defaulted on payments or have an infringement referenced in your name or your company's name if you are self-employed. Make sure that you have a 'clean slate' by checking your credit report. If something appears that you are unaware of, advise the agency immediately. You can order your personal credit file online. Enter your personal information, pay by credit card and your credit file will be forwarded to you as a PDF file. You can print out your credit file to your appointment or call us on 1300 622 207 and order your credit file over the phone.

How much can I borrow? Know your limits

The amount you can borrow depends on what you are buying and how much money you have left when you account for all your fixed commitments from your net income. As a general rule of thumb, you should be paying less than one third of your income on your mortgage repayments. Firstly, draw up a weekly budget. We can then help you to work out how much you can borrow and what type of loan will suit your budget and lifestyle.

What deposit will I need?

Most lenders require 10% deposit and a history of savings. If you are borrowing more than 80% of the purchase price you will be required to pay mortgage insurance (which means an additional fee). The more you can put down as a deposit, the less you will have to borrow, the lower your repayments and the less you will have to pay over the lifetime of your loan. We will look at your personal circumstances and work with you to determine your deposit requirements.

Deposit bonds

A deposit bond is a guarantee to the vendor, by an insurance company, that they will receive their 10% deposit, even if the purchaser defaults on the contract. You, the purchaser, are able to provide this guarantee to the vendor by paying a small premium to the insurance company. Purchase funds are paid at settlement. In the ordinary course of events, settlement takes place, the purchase price is paid in full and the deposit bond simply lapses.

Should I buy with someone else?

The most common way to buy a property with two or more people who aren't married or in a de-facto relationship is through a tenants-in-common arrangement. This allows the property ownership to be split any way - not necessarily into equal shares. Three people can buy a third each, or it can be divided in other proportions.

It means your share of the property can be left to the person of your choice when you die. This is in contrast to a property owned under a joint tenant arrangement (usually by couples) where the property is held in equal shares. If one owner dies, their interest passes to the other owner. Shared property ownership only works if strict ground rules and a tight contract are in place. Everything needs to be in writing. Your legal representative should be consulted.

The two most important points you need to cover is what happens if one owner wants to sell their share and what happens if an owner cannot meet the repayments.

WE CAN DETERMINE YOUR BORROWING CAPACITY, HOW MUCH DEPOSIT YOU MAY REQUIRE AND CAN ALSO ARRANGE THE DEPOSIT BOND IF REQUIRED.

