



✓ YOUR HOME LOAN CHECKLIST

Below are 8 simple steps to help you start your home loan journey:

- 🏠 Review your finances.
- 🏠 Calculate how much you can afford to borrow.
- 🏠 Educate yourself about home loan types and features.
- 🏠 Understand how home loan fees work.
- 🏠 Compare home loan types, fees and features.
- 🏠 Discuss your options with a mortgage broker and seek out independent advice.
- 🏠 Weigh up the pros and cons of the mortgage information you have obtained, and then make an informed decision based on your own needs.
- 🏠 Arrange to meet with a mortgage broker and have the home loan contract drawn-up.

🏠 HOME LOAN TERMS, FEES AND FEATURES

Below is a list of general terms, fees and features to assist you in the home loan process:

General Terms	Definition
Annual Percentage Rate (APR)	The annual rate that is charged to borrow from a lender.
Balloon Payment	The residual payment that is due at the end of the loan term. This is often a lump sum principal repayment.
Credit Report	A detailed financial report about an individual's credit history, usually over the last 5 years.
Deposit	The amount of money that a borrower will need to have in order to take out a loan.
Interest	The amount of interest a borrower will repay over the term of the loan.
Interest Rates	The rate of compound interest that a borrower will repay to the lender.
Loan to Value Ratio (LVR)	The amount lent expressed as a ratio to the valuation of the property.
Mortgage Broker	An individual or company that represents lenders and then markets these lender's products to borrowers.
Principal	The amount a borrower has borrowed from a lender for a home loan.
Repayment Frequency	The expected duration of repayments. This can be weekly, fortnightly or monthly. By paying a loan more frequently a borrower can reduce the interest they pay over the term of their loan.
Trustee as Borrower/ Guarantor	A loan that is written in the name of the trustee or guarantor.

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Fees	Definition
Application Fee	A loan establishment fee that is an upfront cost.
Break Costs	This is a fixed rate loan charge that is applied if the loan is terminated before its term has expired.
Conveyancing Fee	A legal service fee that is charged for the settlement of a home.
Deferred Establishment Fees	This fee applies to loans that are paid out early, usually within 5 years of the loan being established.
Exit Fees	The discharge fee or costs associated with a loan if a borrower terminates the loan before the end of its term.
Lender's Mortgage Insurance	This insurance covers the lender for loan repayment defaults. If a borrower lends a high percentage of a property's value then the lender may require the borrower to take out this type of insurance.
No Annual or Ongoing Fees	No additional fees or charges for keeping the account with the lender.
Property and Title Search	The fee to search for the property title.
Upfront Mortgage Fees	The fees a lender can charge for the establishment of a loan. These are usually an additional charge that is not added to the amount borrowed.
Valuation Fee	The fee charged for a lender to have a property valued before agreeing to provide a loan. This fee is payable even if a loan is not approved. It is advised that a borrower be pre-approved for a loan before they agree to pay this fee.

Features	Definition
Australia Post Deposit	The option to pay a home loan at an Australia Post outlet.
BPay In	The choice to make home loan repayments from the borrower's nominated bank account.
BPay Out	The option for a borrower to make personal payments out of their home loan account.
Capitalising of Interest	A feature that allows a borrower to skip mortgage repayments if they have made extra repayments and these repayments are more than the required mortgage payment figure.
Capitalising of LMI	The addition of the Lender's Mortgage Insurance premium to the cost of the loaned amount.
Cheque Book	A cheque book that is linked to the borrower's home loan account.
Credit Card	A credit card that is linked to the borrower's home loan account.
Deposit Book	A deposit book that allows the borrower to deposit money into their home loan account.
Debit Card	An electronic card that allows the borrower to access their account to pay for services and goods.
Direct Debit	Automatic home loan repayments that are made from a nominated account.
Home Loan Portability	A home loan that can travel with the borrower from home to home. This means that the borrower keeps the same BSB and account number.
Internet Access	24/7 loan access via the internet.
Mortgage Offset Accounts	Also known as an offset account or offset facility, this account allows the borrower to deposit money, which generates interest. But, instead of the lender paying this interest to the borrower, they simply deduct this amount from the borrower's mortgage. The tax advantages for this type of account are excellent.
Phone Access	Access to your home loan via phone.
Redraw Facility	This allows a borrower to redraw extra money they have paid into the loan for other expenses. For many home loan owners this is an excellent way for them to save and reduce the amount of interest they repay.
Redraw Repayment	An extra payment that can be made on a home loan that can then be redrawn at a later date.
Salary Credit	A borrower's salary is deposited directly into their home loan account. This then reduces the principal of the home loan and the overall interest paid by the borrower over the term of the loan.

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