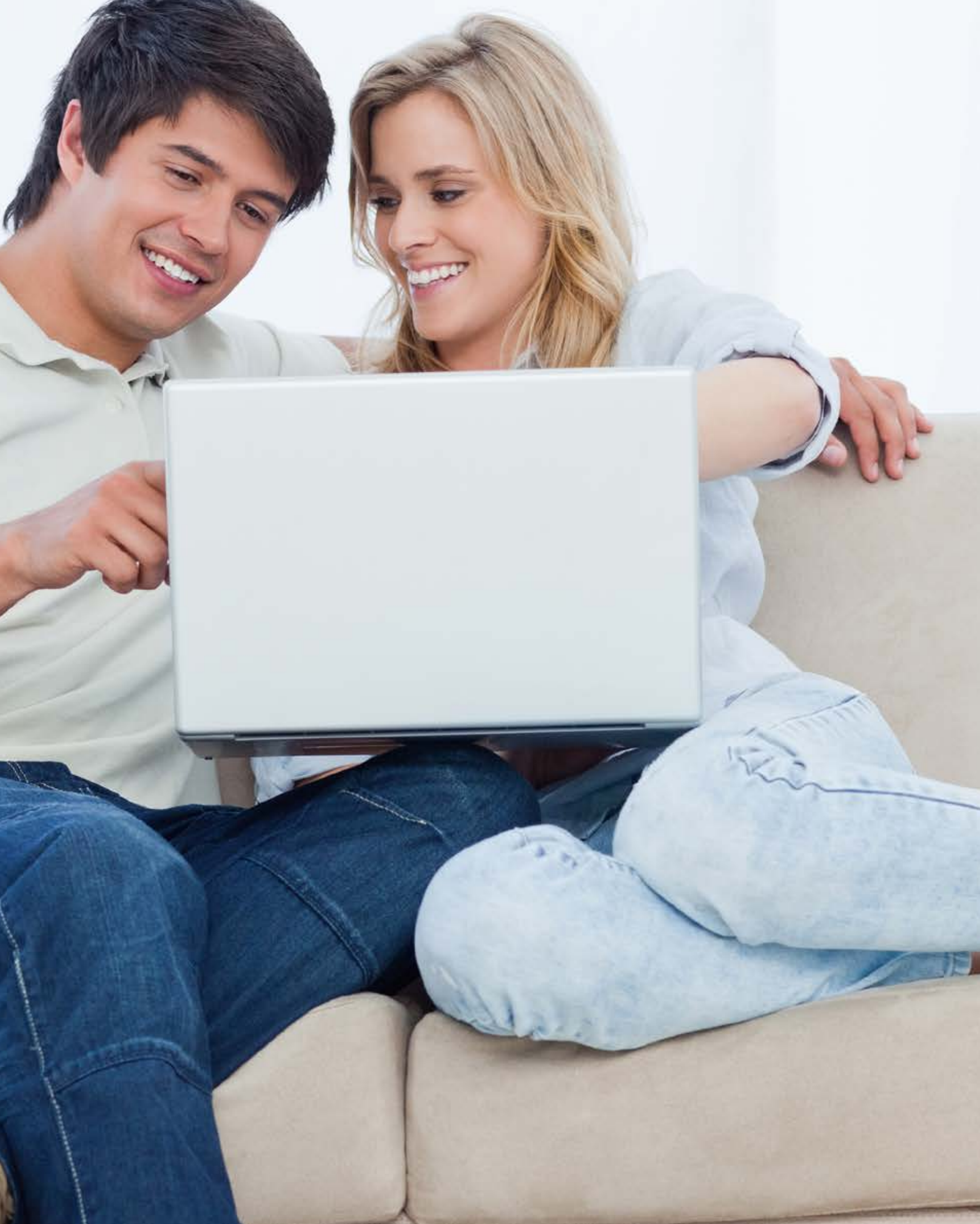
MO'R
MORTGAGE OPTIONS

BUYING YOUR FIRST HOME?

THE ULTIMATE GUIDE TO HELP YOU PURCHASE YOUR FIRST HOME.



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PROPERTY

CONTACT INFORMATION
(02) 6286 6501 | www.mmo.com.au | info@mmo.com.au

MO'R MORTGAGE OPTIONS

WHY WOULD YOU USE MMO AS A FIRST HOME BUYER?

So, you're looking to purchase your first home. Why would you see a mortgage professional (or broker) instead of going directly to the bank? Why would you get someone else involved in the process?

There are actually lots of reasons! A mortgage professional can provide significant benefit, especially if you find a good one!

Here are some reasons why you should talk to us as a first home buyer.

Great communication

Bank staff are really good at 'bank speak' but not always good at translating it into everyday language. Buying a house can be very overwhelming as a first home buyer, particularly if you're not sure of what's actually going on.

Our job as mortgage professionals is to ensure that you understand the process. We'll explain things in a way you clearly understand and answer your many questions – that's what we're here for. We'll handle everything for you and liaise with your solicitor and real estate agent to ensure everything runs as smoothly as possible.

Tailored solution to match your needs

One lender might be really good at offering loans to first home buyers, while another might be really good at offering investment loans. If you're not sure what other lenders are offering, how can you be certain that the loan you're considering is the right one for you?

Things are changing all the time. In fact, there's never been greater disparity between what individual lenders are offering. Knowing what options are available and which lender to turn to, could mean the difference between securing the home of your dreams or missing out.

As mortgage professionals, we have access to lots of different lenders and lots of different loan products. We're constantly comparing what each one has to offer, so that we can find the right solution for you.

Good loan structure, competitive interest rates

Lenders don't always help you to secure the most suitable loan structure. Sometimes it's because the person assisting you lacks knowledge, sometimes it's because the lender is focused on their bottom line.

Your home loan structure should be set up to suit YOUR long term plans. The right structure now can provide significant benefit later on – particularly if you're thinking that your first home may one day become an investment property.

But it shouldn't come at a higher price. We have assisted many first home buyers negotiate a good rate on their first home loan and we can do the same for you.

Professional advice

Since 2000, we have assisted thousands of clients with many aspects of home ownership and it all starts with buying your first home.

As a first home buyer, there are many things you might not know about a mortgage – things that the bank doesn't always tell you. It's our job to share this 'insider information' with you so that you start out with the right home loan.

Honesty and integrity

We are proud to say that over the years, MO'R MORTGAGE OPTIONS has predominately grown by word of mouth. Clients happy with our service have referred their family and friends to us. And these clients, also happy with our service, then do the same.

We will always do the right thing by you and will work tirelessly to provide you with the best outcome.

And best of all, you have nothing to lose by calling us. Our service is provided to you absolutely free of charge, free of obligation and comes with no-strings-attached.

"Daniel went over and above for us and really took the time to take us through everything - his patience and knowledge was appreciated. Daniel was always one step ahead of the bank and that enabled a very smooth loan approval process."

ALEX & VERONICA

TIPS FOR **SAVING** YOUR **DEPOSIT**

SAVING FOR THAT ALL IMPORTANT DEPOSIT CAN BE TOUGH, BUT HERE ARE THREE WINNING TIPS TO HELP SET YOU ON YOUR WAY TO HOME OWNERSHIP, FAST!

Put your goals in writing:

Setting a financial goal will make it much easier to plan and save successfully. Make a conscious effort to track your expenses so you can see where your money is going and cut back where you can. Small sacrifices, such as taking the bus instead of a taxi, cutting back on buying coffee or bringing your lunch to work can also go a long way towards helping you save.

Beat the credit monster:

Credit card debt, unpaid bills and personal loan repayments can be major setbacks to your saving efforts. As part of your saving strategy get these debts paid off. Start by paying off your debts that have the highest interest rate – typically your credit card. If you can't pay it off in one lump sum, ensure that you pay more than the minimum monthly repayment. You'll not only slash your debt, you'll also have extra funds to channel into other debt commitments or even savings.

Make your savings work harder for you:

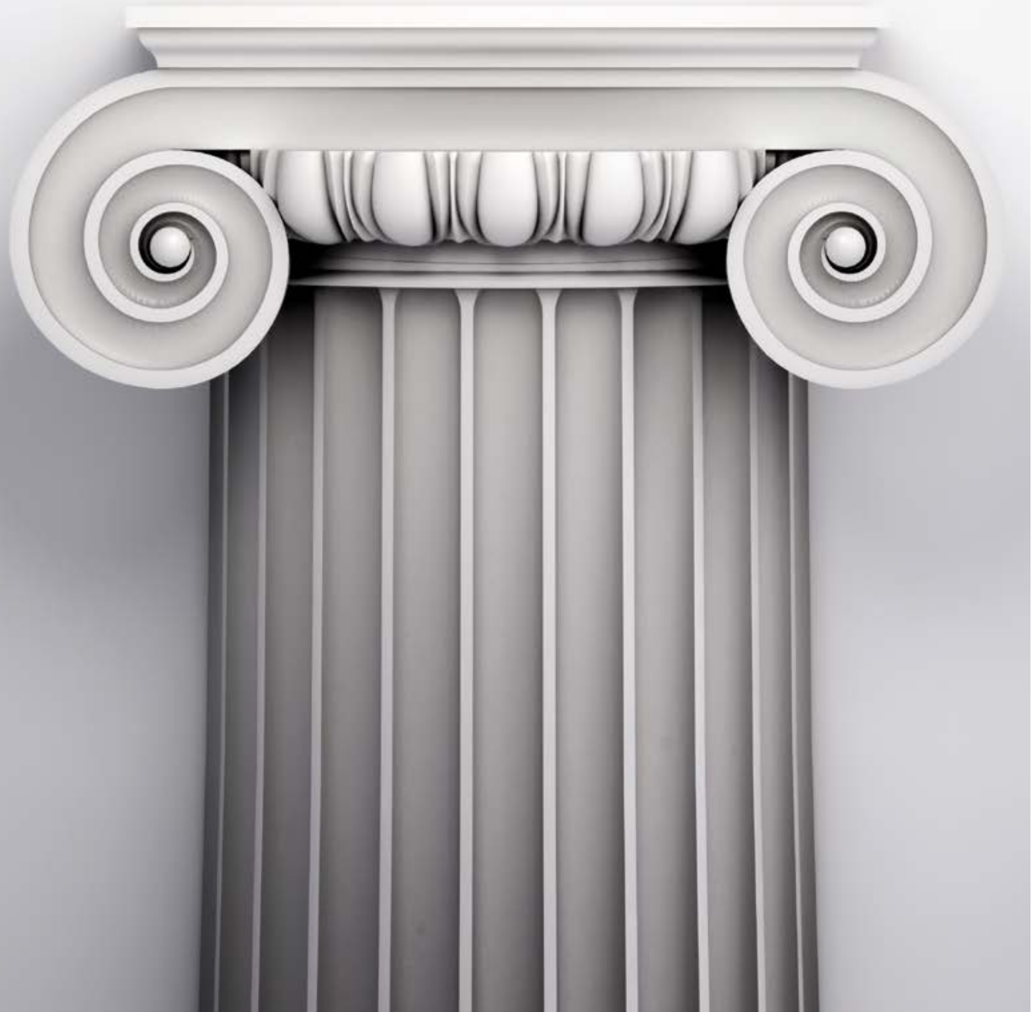
Making cutbacks on your lifestyle is one thing, but putting that money to use is another. Remove the temptation to spend your savings by arranging a set amount to be taken out of your pay each month and put directly into a savings account. Shop around and seek a high interest rate savings account to get the best returns – many lenders offer online savings accounts with higher interest rates.

ANOTHER OPTION - A FAMILY GUARANTEE LOAN:

+ **A family guarantee loan** uses equity in your parent's property (as well as the property you purchase) to secure your new loan.
+ **It can reduce** the amount of deposit you need to save, or eliminate the need for a deposit entirely.
+ **It can only work** when parents are willing and able to assist and when there is sufficient equity available.
+ **Contact us** for more information on whether a family guarantee loan might work for you.

"Thank you, thank you, thank you! We are very excited and grateful to finally be in our beautiful new home. We are absolutely appreciative and happy with the wonderful service you provided from the very start all the way through to now. You are fantastic at what you do and we couldn't have done any of this without you."

BONNIE



BORROWING WITHIN YOUR MEANS

WHILE YOUR LENDER WILL GIVE YOU A MAXIMUM BORROWING AMOUNT, IT'S ESSENTIAL THAT YOU DETERMINE YOUR OWN BORROWING CAPACITY WHEN SEARCHING FOR YOUR NEW HOME.

The choices you make when taking out a mortgage have long lasting implications – so you need to approach borrowing with a healthy attitude.

How much you can borrow and how much you should borrow can be two very different things. While your lender should not let you borrow more than you can afford, ultimately the choice is yours – so be careful not to over commit yourself. When determining your borrowing capability, start by measuring your income against expenses, including your mortgage repayments.

Lenders use a similar method to work out how much to lend you. As a general rule, the bigger deposit you have and the higher your income, the more they should be willing to lend.

Here are some factors to take into account when determining how much you should borrow.

How much debt can I handle?

Don't over commit. Borrowing too much can be a big strain on your personal life and lifestyle. Think about what aspects of your lifestyle you may be willing to give up, and those that you can't.

Am I being realistic?

Houses are like stepping stones – it's best to start with something extremely manageable. You can then move towards your dream home as your personal earning capacity and equity grows.

What are my plans?

Think about what the future holds – both personally and financially. Are you a one or two income household and is this likely to change in the future?

What about interest rates?

Consider how any rate rise will impact on your ability to make repayments and factor that in when setting your borrowing limits. And don't forget, there are added extras when purchasing a house, like solicitors and application fees, as well as ongoing commitments including rates and utility bills – so consider these costs when determining how much you can borrow.

> The overall service for a first home buyer was excellent. Michael arranged everything and presented it to me in easy to understand steps.
>
> MITCHELL

GET A HEAD START WITH A PRE-APPROVED LOAN

COMPETITION FOR PROPERTY CAN BE FIERCE. PUT YOURSELF AHEAD OF THE PACK WITH A PRE-APPROVED LOAN.

What's pre-approval?

Sometimes referred to as an approval-in principle, pre-approval is a general indication of how much you're able to borrow based on the information you provide to your lender.

Although subject to terms and conditions, a pre-approval basically gives you the green light on a new home loan even if you've not yet decided on a particular property.

The amount of the pre-approval is usually determined by your ability to meet the loan repayments. Most pre-approvals are valid for up to three months.

There are usually terms and conditions attached to a pre-approval. You will need to provide more information to formally secure the loan once you've located the home you wish to purchase.

How do you get pre-approval?

To kick start the pre-approval process you'll need to give your mortgage professional some key documents.

These should include proof of your income – such as a letter from your employer or copies of your pay slips – proof of identity, and details of any assets you own.

Other paperwork might include details of any existing loan commitments and limits on credit cards. Once your financial status has been given the tick of approval by the lender, you'll receive a pre-approval notification that will see you on your way to home ownership.

WHY OBTAIN PRE-APPROVAL?

+ **Peace of mind –** a pre-approval gives you the confidence of knowing how much you can borrow when buying a property.
+ **Jump the queue –** having your home loan pre-approved enables you to seize the opportunity and act quickly when you find the property you want.
+ **Stronger bargaining power –** a pre-approval can sometimes help you negotiate a better price with the seller, especially if there are fewer stringent conditions upon the sale.
+ **Ability to bid at auctions –** under auction conditions a pre-approval allows you to bid for the property you want with confidence.

"Being first home buyers, the processes involved in purchasing a property can be quite confusing, however Brendan and Michael's friendly customer service, professionalism and attention to detail was much appreciated and ensured that everything was attended to in a timely manner. I will definitely recommend MMO to others."

KATHERINE

LENDERS **MORTGAGE** INSURANCE

LENDERS MORTGAGE INSURANCE CAN HELP YOU ENTER THE MARKET SOONER.

Lenders Mortgage Insurance (LMI) helps Australian homeowners enter the market earlier by allowing you to borrow a higher percentage of a property's value.

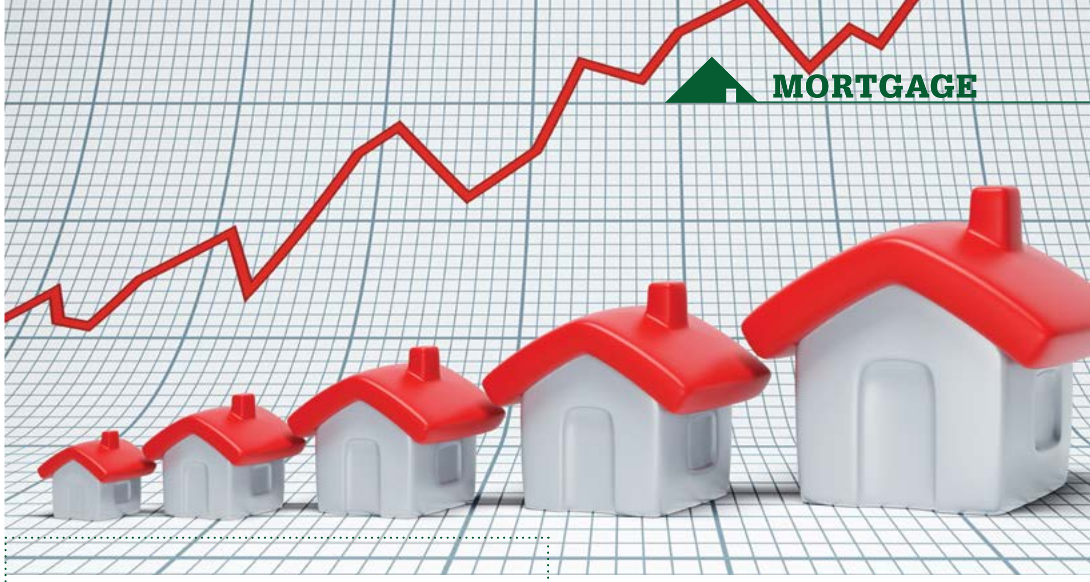
For first home buyers, particularly those struggling to save a deposit but more than comfortable to meet their mortgage repayments, it can be a key tool to break free of the rental trap.

Through financing a higher proportion of a property's purchase price, lenders take on a higher level of risk that you will fail to meet mortgage repayments.

As a result of taking on this higher level of risk, the lender charges you a LMI Premium. They use to insure the loan which protects them against any loss should they need to repossess and sell the property. It is important to be aware that LMI only covers the lender if you default on your mortgage, not you.

The bigger the percentage of the property's purchase price you have to borrow, the greater the amount you're likely to pay on LMI. If your deposit is less than 20 per cent of the value of the property, you will most likely need to factor LMI into your home loan.

LMI is usually paid as a one-off lump sum at the time of settlement but in many cases it can also be added into the loan amount and paid off over the life of the loan – a term known as capitalising the LMI. Speak with your mortgage professional to assess whether this option is right for you.



HOW **INTEREST RATES** AFFECT YOUR **MORTGAGE**

WHILE RATES MOVE UP AND DOWN YOU SHOULD ALWAYS CONSIDER THE IMPACT THEY WILL HAVE ON YOUR MORTGAGE.

The rate of interest you'll pay on your mortgage depends on a combination of factors. This can include the Reserve Bank of Australia's (RBA) cash rate, your lender and the type of loan you have.

When working through your loan options with your mortgage professional there are a number of issues to keep in mind to ensure you're getting the most appropriate mortgage for your needs.

The type of loan

Different loan types tend to come with different interest rates. So if your loan has a range of features, such as re-draw, offset accounts or early repayment facilities, you'll usually pay a little more in interest. Alternatively, while a basic loan doesn't have all the bells and whistles of other products the interest rate is typically lower.

When assessing which loan best suits your needs, ask your mortgage professional to explain how the different features might work for your personal situation.

For example, if you're looking to pay your mortgage down quickly or would like flexibility in your repayments, it may be worth paying for the features needed to do this most effectively.

The type of rate

Rates move up and down in line with the current economic cycle. Borrowers can choose to fix their home loan rate – or 'lock in' a rate for a set period of time.

If you're considering this option, it's important to remember that a fixed interest rate can be higher than the current variable rate. However, if rates are on the rise and you're concerned they'll keep going up, fixing your rate will ensure consistency in repayments each month.

Alternatively a split loan can give you the best of both a fixed-rate and variable-rate loan. This means that if rates rise, a proportion of your loan will be protected – minimising the impact of higher monthly repayments. If on the other hand rates fall your fixed-rate will remain higher and the variable part of the loan will fall.

It's important to remember that break costs can apply when you break a fixed term loan.

LESSEN THE IMPACT OF THE RATE RISE

Should rates rise, there are a number of effective ways to lessen the impact on your finances:

+ **Factor in possible hikes –** Leave room for a number of interest rate rises when you assess your borrowing capabilities. You may have to reduce your mortgage amount or purchase property that's at the lower end of your price range as a result.
+ **Interest only –** If you're really struggling to keep up with rate hikes, you can consider changing to an interest-only loan. While it's not always not an effective long-term strategy for owner-occupiers, it might be an option while you deal with the here and now.
+ **Refinance –** Your situation may have changed from when you first took out your mortgage – for example you've now only got one person in the household earning a salary. Rates between lenders can change. Ask your mortgage professional what mortgages are available that better suit your situation.

"Thanks so much for all your help, and your patience! We were reminiscing about coming in to your office with barely any savings – you set us on the right track and you have no idea how many times we've referred to that table you provided with deposit/interest/repayment details. You made the process really simple, so thanks!"

MADS & DYLAN

MORTGAGE

HOW TO MANAGE YOUR MORTGAGE MORE EFFECTIVELY

WHILE THERE'S NO GETTING OUT OF MORTGAGE REPAYMENTS (UNLESS YOU STRIKE A FINANCIAL WINDFALL!), THERE ARE WAYS TO MAKE PAYING OFF YOUR LOAN EASIER.

Here are five proven tips to better manage your mortgage.

Set a budget

Work out your expenses (fortnightly or monthly) and factor in your mortgage repayments.

You might need to cut back on spending in certain areas to make sure your mortgage is a priority. Keep a diary of your spending and stick to your budget.

Cut your debt

Reduce the number of credit cards you have (ideally down to one) as well as their credit limits and be sure to pay your monthly bills in full. Having a mortgage means taking control of your spending.

Pay more than the minimum

Split your monthly mortgage repayment in two and make your repayments fortnightly, helping to save on interest charges. Through this strategy you will essentially make 13 monthly repayments over the course of a year, rather than 12 – which will drive your principal down and potentially save thousands in interest repayments over the life of your loan.

When extra funds come your way, like tax refunds, put them straight into your home loan as well – it can really make a difference in the long term.

Just keep in mind that you may be charged a fee for making additional payments on your mortgage depending on the type of loan you have.

Direct debit

Arrange for your mortgage repayments to be direct debited from your pay, so you always make them on time.

Don't be late

If you're struggling to meet your repayments, speak to your mortgage professional. Refinancing may be one option available. It may be better to extend the loan term rather than to default.

BETTER BUYING

ARM YOURSELF WITH SOME ESSENTIAL BUYING SKILLS FOR PURCHASING PROPERTY VIA AUCTION OR PRIVATE SALE.

Both private sale and auction have positive and negative points from a buying perspective. Once you've found your dream home, keep these points in mind when purchasing under either situation.

Buying via private treaty

A private sale is popular from a buyer's perspective for several reasons, but top of the list would have to be the control and flexibility it can offer.

Note: Terms and conditions of this buying method may vary according to state.

Pros

In a private sale, as a buyer you're in a strong position to negotiate the terms and conditions of the sale to suit you. You can make several offers over a period of time, without rushing or being locked into a binding contract. There is typically a cooling off period after your offer has been accepted which also gives you the chance to pull out of the sale should you change your mind.

Cons

On the flip side, one of the downsides of a private sale is the possibility that multiple offers may be made to the vendor without your knowledge. This can work against you if another party makes a higher offer that is accepted by the vendor, when you might have been willing to make a similar offer eventually.

Buying at auction

Purchasing a property at auction involves bidding against other parties, and the competition can get hot! For this reason, purchasing at auction is often preferred by experienced or confident buyers, but less experienced or first time buyers can purchase at auction too.

Pros

Buying a home at auction allows you to see your competition face-to-face, and get an idea of how many other parties are interested in the property. It also gives you the chance to make a higher offer than a competing buyer, something a private sale doesn't always give you the scope to do. Moreover, there's the advantage of knowing the property is yours there and then, rather than having to spend weeks or months in negotiation.

Cons

One of the disadvantages of buying at auction is the limited scope to negotiate the terms and conditions of the sale contract. After a final bid is accepted, there is no cooling-off period – you must put the deposit down immediately. The other possible downfall is the tendency for competition to drive up the purchase price. Be careful that you don't get tempted in the heat of the moment into making a bid that's beyond what you can afford, or have budgeted to spend.

PROTECTING YOUR PURCHASE

WHEN IT COMES TO BUYING YOUR NEW HOME, THE INSURANCE IS JUST AS IMPORTANT AS THE HOME ITSELF.

There are a number of types of insurance you'll need to consider: building or home insurance, contents insurance and mortgage protection insurance to name a few.

Building or home insurance

Depending on the type of loan you've taken out, it may be compulsory for you to take out building or home insurance to safeguard the lender's interest in the property. Even if this is not mandatory, it is strongly advisable.

Building or home insurance covers you for damages to your property or its fixtures. Depending on your level of cover, you may be able to protect yourself for anything from fire and storm damage to burglary.

Essentially, home insurance covers the cost of restoring your property to its present condition if it is damaged. Make sure you read and understand the policy as insurance cover can vary from issuer to issuer. Also, don't underestimate insurance costs, as you may end up out of pocket should disaster strike.

Contents insurance

Contents insurance protects you in the case of loss or damage to your personal belongings and items in your home, such as white goods, clothing and furniture. While you may already have contents insurance, it's a good idea to update it after a move into a new property – especially if you've decked out your new house with brand new furniture and appliances.

You'll usually have a choice between two types of contents insurance: a policy that replaces the old goods with new ones or you can opt for an indemnity policy, under which you'll receive the depreciated value of what was damaged.

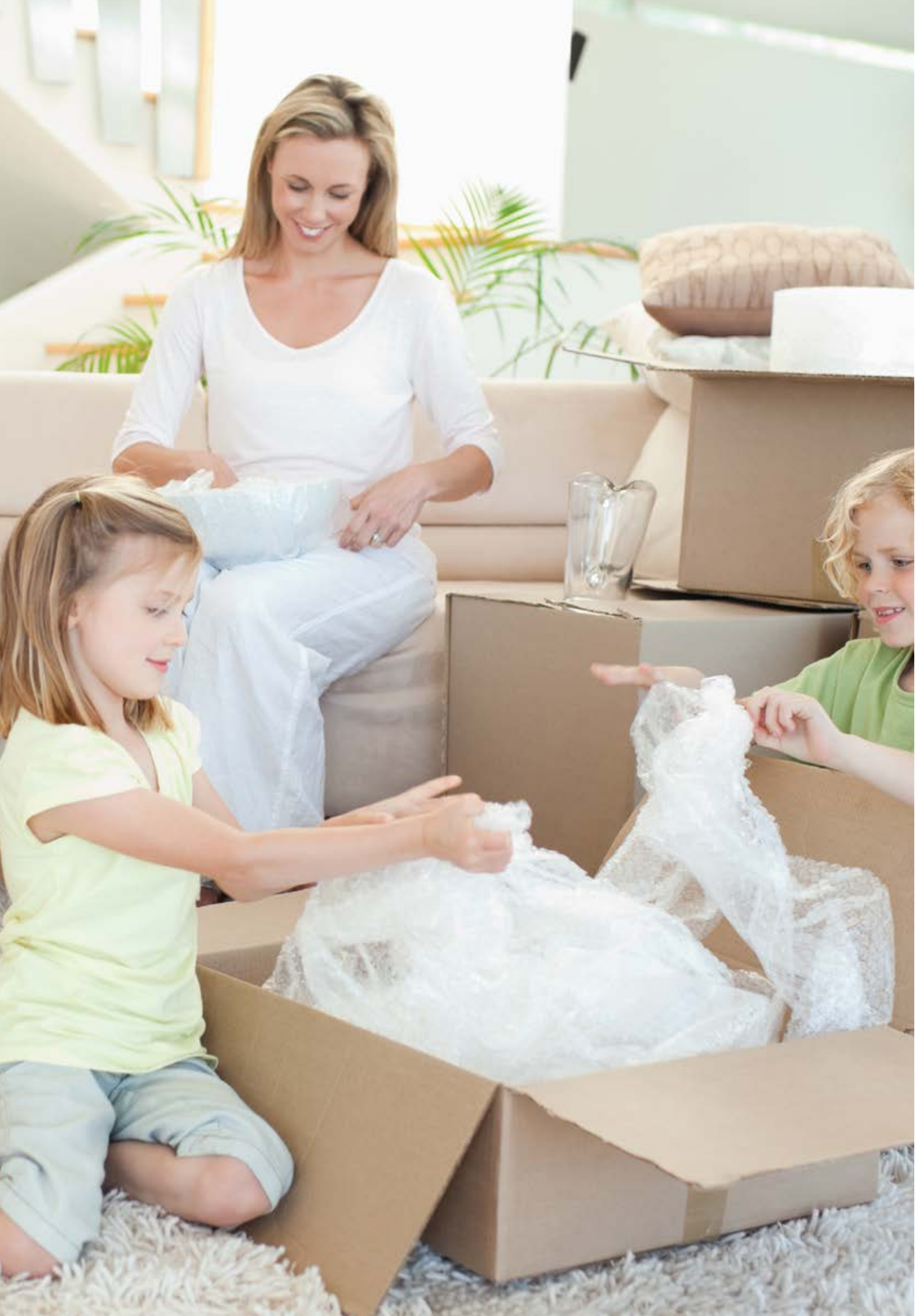
Mortgage protection insurance

Mortgage protection, while not mandatory for borrowers, can be an effective tool to help cover your mortgage should you find yourself unemployed, unable to work through injury or are diagnosed with a serious illness. Typically mortgage protection insurance covers the cost of your mortgage for the period of the claim, providing you time to re-enter the workforce or focus on regaining your health.

Speak with your mortgage professional if you'd like more information on any of these types of insurance – in many cases we can put you in touch with the right people.

TIPS TO FINDING THE RIGHT INSURANCE

+ **Take time to shop around:** Compare the price of each policy with the cover offered – don't go for a cheap deal with very little cover or pay top money for cover you don't really need.
+ **Engage specialists:** Speak with your mortgage professional for options on the insurances related to your new property purchase – they'll be able to arrange the policies for you or alternatively refer you to a specialist.
+ **Keep documents secure:** Remember to keep copies of your insurance policies, receipts and photographs away from the house, as they won't be much help to you if they are damaged. Leave a set at your parents or a friend's house, for example.



PREPARING YOUR FAMILY FOR THE BIG MOVE

big move

WHILE MOVING INTO A NEW HOME CAN BE VERY EXCITING FOR SOME FAMILY MEMBERS, IT CAN BE MORE CHALLENGING FOR OTHERS.

One of the most daunting parts of moving can be sharing the news with the kids. Communication is the key to a smooth transition, so keep some of these tips in mind when the time comes!

Share from the start

If you have children, it's best to break the news early on. They will feel involved and it will also give them time to get used to the whole idea. Chat about their fears and uncertainties and try to be understanding.

Be positive

Your attitude will influence your family, so be enthusiastic. Be realistic – adjusting could take time and not every family member will be as excited about the move as you are. Older children in particular could be very reluctant to leave their social network.

Be prepared

Make a list of the positives about the new house or neighbourhood, so you can mention these when you break the news. Think about the possible negatives as well so you can be prepared to tackle those head on.

Inform them

Provide your kids with lots of information about the new house and area, and what they can expect. If they will be attending a local school, find out as much information about it beforehand and pay a visit before the move. This should help them feel more secure and make the adjustment easier.

Keep them involved

Younger children may be frightened if they have not experienced a move before. Giving them the opportunity to help pack a special "moving kit" of their own, with prized toys and activities for the road or to keep them busy while you unpack, gives them a sense of control and security, as well as being a lot of fun.

Older children could enjoy the opportunity to be involved in decoration of their new living space – which room, where their furniture would look best or selecting a new colour for the walls!

NEW HOME, NEW COMMUNITY

HELP EASE THE TRANSITION TO YOUR NEW HOME, BY HAVING ALL THE LITTLE THINGS ORGANISED AHEAD OF THE MOVE.

Moving house can be one of life's more exciting experiences, it can also be one of the most stressful.

+ Mail: Keeping on top of bills is a must, so make sure your post is redirected to your new address as soon as possible. Make sure you remember to notify your bank and any other service providers or regular billers about the move. The last thing you want is to be late in paying an account or to miss out on any important news.

+ Utilities: Find out about utilities (water, gas, electricity and phone) and what you need to connect (including costs) before the big move to ensure your life continues to run smoothly once you're in your new home.

+ Schools: If your move involves a change in school for your children make sure this is sorted out well before the move. Include them in the decision process to help them get excited about the move, rather than being upset and anxious.

+ Amenities: To help your family settle in, find out as much as you can about your new community so you can explore and discover it together. Establish the locations of any facilities that would appeal, such as sporting clubs, gyms, parks and even video shops.

+ Neighbours: Pop over and say hello to your new neighbours. It's always handy to have a good relationship with the people in your neighbourhood, and they might have some tips to help you settle in quickly to the area.

+ Budget: Moving into a new home is as good a time as any to take a look at the family budget and reassess your spending priorities, as well as factor in any changes that might have occurred now that you've moved. Keep in mind that interest rates may rise in the future – so make sure you factor this into your budget.

The best advice when making a move into a new home is to be organised and not to take the move too seriously. Enjoy discovering your new neighbourhood and make the most of that new home feeling!

> "Thanks very much for the advice and for all your help throughout the process. You have made a monumental task very easy to navigate and I am very grateful."
>
> ALAN

CONTACT INFORMATION

(02) 6286 6501 | www.mmo.com.au | info@mmo.com.au

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