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Foreword:

Thank-you for downloading our E-Book.

Whether you are purchasing your first home, or adding to your investment portfolio, a home purchase is usually the largest investment that you will make in your lifetime.

All too often, the finances are only considered at the time that an offer is made. This book is intended to provide you with some home loan information prior to the property purchase. Pre-planning will help you throughout your property journey. More education will help you to negotiate a better price and you will be in a better position to secure the best home loan deal.

Once you have purchased the property, you will want to minimise the loan costs. This book will provide you with more detail about the different loan types that are available and it will also provide you with some tips and hints on how to pay your loan off sooner.





Chapter One: House Hunting.

There is an old saying that Real Estate experts use all the time; "Location, Location, Location"

Regardless of whether you are buying a house to live in, or for investment purposes, this always holds true. Some things to consider when buying a property include:

- Proximity to schools/ shops/ other amenities
- Ease of public transport
- Is the property on a busy street, or a quiet road
- The quality of the neighbouring properties (it is not generally a good idea to have the best house in the street)

The key to success with property hunting is to do lots of research:

- Look at lots of comparable houses in the area
- Understand what other comparable houses are selling for (don't just look at the asking price)
- Research the suburb. How has it performed over time compared to other similar suburbs
- Are there any proposed changes to local planning/ council guidelines etc.
- It is also a good idea to do some research on the particular property that you are purchasing. How long have the sellers owned the property/ what is the reason for the sale?

We encourage you to request a complimentary Property Report.

Go to <https://www.protegerconsulting.com.au/property-report>

****link to be updated**





Chapter One: House Hunting.

Before you even start looking, it is important to have a clear list of priorities. Define what you must have in a house and what might be nice (but you can live without). It can be a good idea to write down your priorities and use them as a checklist.

Make sure that when you look at any house, look past what is actually there. Consider what your own furniture will look like in the house. Is the property run-down? A quick coat of paint can make a massive difference.

Also look at items such as storage. It is often easy to overlook details such as storage and it can be expensive, or difficult to remedy.

Clearly there is a lot to consider when you are house hunting and this chapter only provides a guide of some of the issues. Enjoy the process!





Chapter Two: Making an Offer

Regardless of whether you are buying a house via an offer and acceptance or at an auction. The most important thing to consider is to have a budget and to know what you can afford (refer to the later description of pre-approved home loans).

It is important to have an upper limit and to keep within your budget. Also don't forget to budget for purchase costs (including stamp-duty etc). Try to avoid getting caught in the emotions.

There are a number of other things that you should consider when making an offer:

1. A building report
2. A pest inspection
3. Are all the appliances working?
4. Are all improvements passed by the local council?
5. Are all the improvements located within the boundaries of the site?
6. Do you have a competent lawyer or settlement agent that can handle the transfer of the title?

Don't forget that the asking price is a guide. As a purchaser you can make whatever offer you deem to be reasonable. As long as you are reasonable with your approach, the initial offer can be the start of a negotiation process and (hopefully) a successful purchase.





Chapter Three: Which loan is right for you?

Pre-Approved Home Loans:

- * Hunt for your dream house with confidence, knowing what you can afford
- * Maximise your negotiating power

Nothing gives you more power than knowing what you can afford, before you start looking. When you find your dream house, you can negotiate with confidence.

Sellers will always prefer to deal with a buyer that has cash, or a pre-approval in place and they are usually more inclined to negotiate with 'genuine buyers'.

As part of the pre-approval process, we will assess your financial position and identify any opportunities to maximise your borrowing power.





Which loan is right for you (continued)?

Basic Home Loans:

Basic home loans are a standard home loan repayable over an agreed term (usually up to 30-years). Because basic home loans have limited features, they usually come with a low establishment fee and low ongoing fees.

Whilst basic home loans are called 'basic' a number of banks offer additional features, such as the ability to redraw surplus payments and the ability to select an interest only term for a period of time.

Basic home loans can be suitable for first home buyers, owner occupiers, investors or for residential construction.





Which loan is right for you (continued)?

Variable Rate Loans:

Variable home loans are usually repayable over an agreed term (usually up to 30-years).

As the name implies, the rate for variable rate home loans moves in line with Reserve Bank movements or the bank's pricing decisions).

Variable rate home loans often come with a range of features, including:

- Interest offset
- Redraw
- Flexible repayments
- Ability to repay early
- Can be used for owner occupiers, investors and construction loans





Which loan is right for you (continued)?

Fixed Rate Loans

A Fixed Rate Home Loan provides certainty of knowing what your interest rate and repayments are for the fixed term.

A range of fixed interest terms are available, usually from one to five- years. The most common fixed loan terms range between two and five years however some lenders will allow a fixed rate of up to ten years.

Fixed rate loans can be either Principal and Interest or Interest Only.

In some cases, you are allowed to make limited additional repayments to help reduce the interest cost.

Fixed rate loans can be used by owner occupiers or investors.

Costs usually apply if you wish to repay the loan early so some caution is required. If you are concerned that rates might rise, you can often lock the rate at the time of application (usually for a fee), ensuring that the advertised interest rate is fixed at the time of your application for a specified period of time





Which loan is right for you (continued)?

Line of Credit

A Line of Credit is designed to enable you to turn your property equity into a ready source of funds up to an agreed limit.

Funds can be used for any purpose and any principal repaid is available to be redrawn.

Salary, dividends or other payments can be credited to this account and funds can be accessed via ATM, phone banking, EFTPOS or branch network (if applicable).

Extra repayments or lump sum deposits allowed at any time without penalty.

In some cases, the interest rates can be mixed between fixed and variable.

Some care is required with Lines of Credit because there is no requirement to make principal repayments. This means you could get to the end of your loan term and still owe the same amount as at the start.





Which loan is right for you (continued)?

Investment Loan/ Self-Managed Super Fund Loan

Every investor's circumstances are different. Whether you are looking to purchase your first investment property or you wish to re-arrange or grow your finance for your existing property portfolio, we can help.

Investment lending is becoming more complex as a result of additional regulation. Banks have reacted to the regulation in different ways, some have increased their interest rates, others have changed their loan criteria, many have done both.

We will work with your accountant, or financial planner to ensure that your Investment or SMSF Loan is structured to achieve your financial goals.





Which loan is right for you (continued)?

Specialist Home Loans - Self Employed or Credit Impaired:

Specialist Home Loans are offered where borrowers do not meet normal lending criteria, including self-employed, a history of late repayments, loan default, previously bankrupt or casual workers. Typically the information requirements for Specialist Home Loans will be different to the requirements for 'normal loans'.

Specialist Home Loans can be used for a range of reasons including property purchase (owner occupied or investment), refinance or debt consolidation.

We understand that there can be a range of reasons for previous loan conduct and more importantly circumstances can change.

Whatever your circumstances, a specialist loan may help your property purchase and give you a chance to prove your repayment ability.

At the appropriate time, we anticipate that you will move back to a 'traditional lender'.





Which loan is right for you (continued)?

First Home Owners:

Buying your first home is a massive step towards financial independence and there are a range of loans available for first home buyers.

We make an assessment of your needs and then help you to make a well-informed decision.

You may be entitled to reduced Stamp Duty (depending on the purchase price). For more details on the concessional Stamp Duty rates, please refer to:

https://www.finance.wa.gov.au/cms/State_Revenue/Duties/Transfer_Duty/First_Home_Owner_Rate_of_Duty.aspx

If you are constructing a new house, you may be entitled to the First Home Owners Grant. For more details on the FHOG, refer to:
https://www.finance.wa.gov.au/cms/State_Revenue/FHOG/First_Home_Owner_Grant.aspx

In some cases, you may not need a deposit (if you have support of family members) or you may only require a low deposit.





Which loan is right for you (continued)?

Debt Consolidation:

Life is getting increasingly complex. We all have a range of monthly commitments and sometimes a range of repayments can get too much.

If you are struggling with your monthly expenses and cannot get ahead, we can help. We will look at a range of strategies designed to get back in control to save money and stress.





Chapter Four: Other things to consider

When you buy a house (and have a home loan) you should think about ways to protect yourself.

Now that you have such a large asset, you will naturally have taken insurance to protect the home against fire/ flood etc.

Have you considered what would happen if you were unable to work? How would you make your mortgage repayments?

In the same way that you insure your largest asset, you should think about insuring your income.

Another thing to consider is your will. If you have a will, you should consider updating it to reflect the fact that you now own a house. If you do not have a will, you should consider writing one.





Chapter Five: Maximising your Property Value

The benefit of owning a house compared to renting, is that you can do what you want with the house and garden. You don't have to worry about whether the landlord will object and you will receive the benefit of the money that you spend on the house.

A simple way to improve value is to make sure that you have a tidy front garden and your street appeal is maximised. People get their first impression of your house based on your front garden, so it makes sense to invest some time and effort into having a neat, well presented garden and landscape.

Other areas to consider are regular maintenance of your property. Dripping taps, or lights that don't work can detract from the overall appearance and indicate a lack of care.

On the inside, there's nothing like a fresh coat of paint to rejuvenate a tired area.

Renovations can be done progressively over time and do not need to be major in nature.





Chapter Six: Closing words

Buying a home is a big decision and is not one that should be entered into lightly.

Property ownership should be considered as a long-term investment, so the full costs need to be considered up-front.

Whilst property values can be cyclical, property has historically been one of the most sought after assets and the long-term gains can be rewarding.

We hope that this guide has been helpful to you and has provided you with some additional information to help your buying decision.

Proteger Financial Solutions

