Fact Sheets & Tips

Part of the Loan Recommendation

This document provides information about your budget, how much you can borrow, a product comparison, our product recommendation and our preliminary assessment of your lending requirements. You may receive an updated preliminary assessment whenever you notify us.

We are licensed to arrange loans and leases under the National Consumer Credit Protection Act 2009 (**NCCP Act**). The NCCP Act regulates the activity of lending, leasing, and finance broking.

Your Broker

Broker	Robert Ward
Australian Credit Licence Number	392625
Phone	02 9468 9600
Email	r.ward@premiumbroker.com.au
Address	Level 10, 1-5 Railway St, Chatswood NSW 2057
Services Offered	We will attempt to arrange for you the loan/s listed within

Contents: Fact Sheets

This document provides additional information about our initial product recommendations to you and our preliminary assessment. It is in addition to your loan recommendation.

Contents: Fact Sheets

You may receive an updated preliminary assessment whenever you notify us.

Benefits of using Premium Broker

Vow Financial Premium Brokers are a group of experienced brokers who have come together to form a strong alliance capitalising on their combined wealth of knowledge & expertise. Each Broker is an accredited member of MFAA and Vow Financial Pty Ltd.

Premium Broker offer a Full Service Model which includes Loans, Leasing, Conveyancing, Insurance, Financial Planning and Property Services. If you want to know more – just let us know.

Benefits:

- **Access to a variety of lenders**
  for you this means I can be your one point of contact for all the lender. I know you want to have properties mortgage to different banks and we can do this
- **Same office as your accountant**
  I can easily grab information from Adrian and his staff to
- **Experience Lenders**
  We actually have 3 experience business lenders in our office. So if anyone is away we can cover for each other
- **Free RP Data Reports**
  We offer these free of charge to clients
- **Easy Finance**
  We try to make it easy as possible for you. Liaising between you and the banks
- **We work for you**
  You are our client, we do not work for the banks we work for you and will always put your interest first
- **We get paid by the lenders**
  In most cases we will never charge you for our service

Disadvantages:

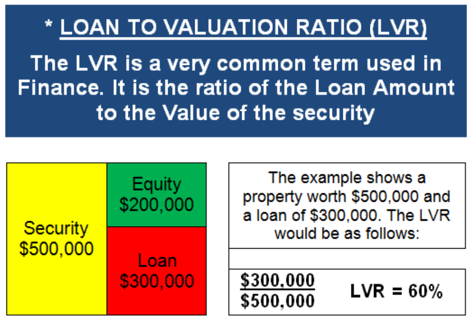
- **Not all lenders represented**
  Whilst the vast majority of lenders use Brokers, there are a few lenders like HSBC and some smaller credit unions who do not use the Broker Channel. We can still compare services from these lenders so just let us know and we can still help.

Lenders Mortgage Insurance

Lenders Mortgage Insurance (LMI) is insurance that protects the lender in the event that you default on your home loan. For borrowers with a smaller deposit, it is one of the most popular ways buying a home. Over 2 million Australians have used Lenders Mortgage Insurance to help them enter the property market. Lenders Mortgage Insurance or LMI is required on most loans where the Loan to Valuation Ratio (LVR*) exceeds 80%.

Loan to Valuation Ratio (LVR)

To work the Loan to Valuation Ratio (LVR) take the proposed loan amount and divide by the valuation or purchase price of the property. LVR is the opposite of Equity. An LVR of 80% is the same as having 20% Equity in a property.



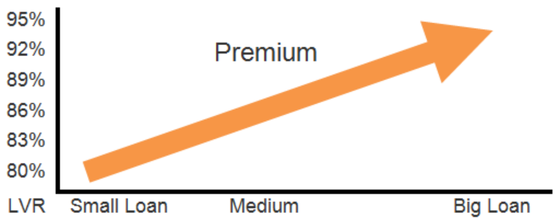
LMI Protects the Bank

LMI protects the lender and <u>not the borrower</u>. The only benefit LMI provides is that it allows borrowers with a minimal deposit to enter the property market.

LMI Premiums

The premium is paid by the borrower at settlement or funding.

The premium amount is determined by the LVR and the amount of the loan. The higher the LVR and the size of the loan the higher the premium.



Other Facts on LMI

- LMI is paid once on settlement.
- It does not affect your interest rate . . . however a higher LVR can
- Both the Lender and the Mortgage Insurer need to approve your loan
- There are only a limited number of Mortgage Insurers in Australia
- Mortgage Insurers can credit score and complete a credit check
- The bigger your deposit – the smaller the premium
- Sometimes an extra few thousand in deposit will save you thousands in premium
- Different lenders have different LMI Premiums
- LMI can be capitalised – this means it can be added to the loan amount (lender criteria applies)

If you have more questions – Ask us. We are here to help.

Parental Guarantee

Borrowers with a small deposit will often have trouble obtaining finance for a property purchase. Some parents assist their children by offering them a gift of cash. An alternative to this is a Parental Guarantee also known as a Security Guarantee.

Most lenders will lend upto 80% of the value of a property without requiring Lenders Mortgage Insurance (LMI). However, in some cases, it is possible to avoid LMI, by using the equity of a parent's property to obtain a loan. Parents who have an unencumbered property or ample equity in their own property may offer this as additional security.

Benefits

Borrowers with a small deposit can use the equity of a parent's property. In many cases this will result in a reduction or cancellation of Lenders Mortgage Insurance (LMI) and can literally save thousands. The example below shows how a Parental Guarantee can save $6,000 in Lenders Mortgage Insurance (LMI).

Normal Loan with Mortgage Insurance	
$450,000 - Purchase Price $ 50,000 - Cash Deposit $400,000 - Loan Amount $ 6,000 - LMI Premium **$406,000 - Total Loan**	$406,000 - 90% Loan - secured by New Property **$406,000 – Total Loan Amount**

Same Loan with Parental Guarantee – saves $6,000	
$450,000 - Purchase Price $ 50,000 - Cash Deposit $400,000 - Loan Amount $ 0 - LMI Premium **$400,000 - Total Loan**	$360,000 - 80% Loan – secured by New Property $ 40,000 - 10% Loan – secured by Parents Property **$400,000 - Total Loan Amount**

Disadvantages/Risks

A 1st or 2nd Mortgage must be taken over the parent's property. This puts their property at risk and may limit their ability to raise funds for their own finance requirements. Independent financial & legal advice is always recommended.

Release from Parental Guarantee

Parents can be released from the Parental Guarantee with approval from the lenders and all parties to the loan. In normal circumstances the loan can be released by:

- Substitute security with other security or cash
- Repay the loan - to acceptable Lending Ratios (ie normally 80%)
- Revaluation of the new property - to acceptable Lending Ratios (ie normally 80%)

Loan Structure is important

Where possible the loan structure should minimise the exposure to the parents and allow the parents to be released from their guarantee as soon as possible. Some suggestions for this include:

- Parents are Guarantors to the loan – not the borrower
- Obtaining a "Limited Guarantee" for the Guarantors
- Exposing the Parents to the small loan only (ie in our example just the $40,000 loan)
- Accelerate repayments – returning the loan to acceptable lending ratios more quickly
- Get the property revalue every few years

With a proper structure and a good plan – a parental guarantee can be released in a few years.

Genuine Savings

All Lenders require you to demonstrate that you have a deposit to complete the purchase. If you have a limited amount of deposit and require Lenders Mortgage Insurance (LMI) then you may be asked to demonstrate a regular or “genuine savings” pattern. Different lenders have different definitions of what they consider Genuine Savings.

“5% Genuine Savings – over 3 months” – is the general rule (a min 5% of the purchase price needs to be Genuine Savings)

A Genuine Savings Loan - example

If you wished to buy a property for $300,000 you may need to show you have a minimum 5% or $15,000 in genuine savings. If you only had $12,000 saved and the remaining $3,000 was coming from a gift, then your loan could be declined! Below is an example of Savings Account for $15,000. In this case the client is making a regular deposit of $1,420 per month. However the lender would want to know where the additional $3,000 lump sum payment came from.

I want a savings account that gives me MORE!

ING DIRECT
Its your money

Mr Premium Broker
Level 10, 1-5 Railway St
Chatswood NSW 2067

Client Number: 12345678
BSB Number: 111-222
Account Number: 9999999-81
Statement Number: 21
Statement Date: 01/07/2013 - 30/09/2013

MY BALANCE

Opening Balance	Total Money Out $	Total Money In $	Closing Balance $
$8,289.08	$304.50	$7,611.82	$15,596.40

MY TRANSACTIONS

Date	Detail	Money Out $	Money In $	Balance $
1/07/2103	Opening Balance			$8,289.08
2/07/2013	Bank Fee	$2.50		$8,286.58
10/07/2013	Deposit - from Chq Ac		$1,420.00	$9,706.58
1/08/2013	CASH Deposit		$3,000.00	$12,706.58
1/08/2013	Deposit - Extra Savings		$300.00	$13,006.58
2/08/2013	ATM Bank Fee	$2.00		$13,004.58
10/08/2013	Deposit - from Chq Ac		$1,420.00	$14,424.58
10/09/2013	Deposit - from Chq Ac		$1,420.00	$15,844.58
28/09/2013	ATM Withdrawl	$300.00		$15,544.58
30/09/2013	Credit Interest		$51.82	$15,596.40

Lenders would ask what this lump sum deposit was for. In this case a Gift which is not considered "Genuine".

Genuine Savings

- Savings held or accumulated
- Savings in Offset Account
- Term deposits
- Shares or managed funds
- Equity in real estate.

Unacceptable Savings

- Inheritance < 3mths old
- Gifts < 3mths old
- Personal Loans
- First Home Owners Grant
- One off payments
- Bonus Income (sometimes)

Lump Sums Deposits

Lump Sums made in the last 3 months will be questioned and the lender will want to know where the lump sum money came from. If this was a gift or a loan it will not be considered “Genuine Savings”

Get Prepared

If you are considering a loan in the future, and you have a limited amount of deposit then you should understand this policy. With the right advice and planning you can achieve a genuine savings plan over the next 2-3 months. Ask us how.

Other Options & More Information

There are other options such as Non Genuine Savings & Security Guarantee Loans which may better suit your circumstances. Your best solution is to let us know about the deposit you have and we can advise the best course of action.

Discharge of Mortgage

Once a loan has been repaid the lender (the mortgagee) will prepare a Discharge of Mortgage. This is an acknowledgment in writing by the mortgagee (lender) that the loan obligation secured by mortgage has been repaid.

Once a borrower's loan is repaid it is essential that the Discharge of Mortgage and Certificate of Title are lodged at Land Titles Office to enable the removal of the mortgage from the borrower's Certificate of Title.

The mortgagee can normally arrange for the lodgment of these documents on payment of an additional Lodgment & Registration fee.

As an alternative, the borrower can also ask the lender (mortgagee) to provide them with the Discharge of Mortgage form and current Certificate of Title and lodge the documents the Land Titles Office themselves.

REFINANCING YOUR LOAN **DO NOT DELAY**

As soon as the loan is approved you should notify you existing lender.
This will enable them enough time to prepare the discharge of mortgage and will not delay settlement.

What do you need to do?

Each lender will ask you to fill out a Discharge of Mortgage Request. This will instruct the outgoing lender of how you want to proceed or payout your loan.

Where do you get the Form?

As a rule lenders do not make these forms easily available. Usually they will require you to speak to them personally. A skeptic would say this is because they want to re-sell you another mortgage or see if they can offer you a better deal to keep you. So how do you get a Discharge of Mortgage Request Form?

1. You can ask us and we will email the correct form.
2. You can ask your lender. They must provide you with the form.
3. Website – sometime the lender will have the form on their website – this is rare.
4. Website – below is a link to a Gadens Solicitors website where they store many of the lenders discharge forms

   Gadens Lawyers – NMS
   https://www.gadensnms.com.au/Discharges/authorities.asp

First Home Owners

First Home Owners Grant (New Homes) - $15,000

The Scheme has been established to assist eligible first home owners to purchase or build a **new home**.

$15,000 FHOG (New Homes) is available for eligible applicants when the contract date is on or after 1 October 2012.
$10,000 FHOG (New Homes) is available for eligible applicants when the contract date is on or after 1 January 2014.
In the case of an owner buider the commencement date is the day the laying of the foundations commenced

First Home Owner Grant (New Homes) scheme is available to first home owners buying or building a new home and who meet the following eligibility criteria:

- At least one applicant is a permanent resident or Australian citizen.
- Each applicant is a natural person over 18 years of age.
- This is the first time an applicant and/or their spouse/de facto will receive a first home owner grant in any State.
- At least one applicant will occupy the home as their principal place of residence for a continuous period of at least six months, commencing within 12 months from the date they are registered on title.
- All applicants and/or their spouse/de facto have not owned a residential property, jointly, separately or with some other person, in any State or Territory of Australia before 1 July 2000.
- All applicants and/or their spouse/de facto have not owned on or after 1 July 2000 a residential property and occupied that property jointly, separately or with some other person in any State or Territory of Australia for a continuous period of at least six months.
- The total value of the property does not exceed the cap amount. Currently $650,000

First Home New Homes Scheme – exemptions upto $20,240

The First Home-New Home scheme provides exemptions on transfer duty for people who are buying their first home in NSW. This includes buying vacant land on which they intend to build their first home.

Full Exemption	= Properties less than $550,000
Concessions	= Properties between $550,000 & $650,000
Full Exemption	= Vacant Land less than $350,000
Concessions	= Vacant Land between $350,000 & $450,000

An 'eligible purchaser' is a natural person (i.e. not a company or trust) at least 18 years of age who has not, and whose spouse/defacto has not:

- at any time owned (either solely or with someone else) residential property in Australia
- at any time been the holder (either solely or with someone else) of a leasehold interest granted by the Commonwealth in residential property in the Australian Capital Territory
- previously received an exemption or concession under the Scheme.

More Information:

Source: www.osr.nsw.gov.au/benefits/first_home/

YouTube Video: www.youtube.com/watch?v=lv3sgQGTUDY

Fixed or Variable

In general terms a variable rate is more flexible than a fixed rate. Fixed rates offer a lot more certainty for the short term and this is why they are popular with many borrowers.

Fixed		Variable
✓	Certainty of Rate	✗
✓	Certainty of Repayment	✗
✓	Potential Break Costs	✗
✓	Rate Lock	✗
✗	Rate can go up & down	✓
✗	Additional Repayments	✓
✗	Offset A/c Linked	✓
✗	Redraw	✓

*The above table is of a general nature. Some lenders have special conditions or niches such as allowing a maximum amount of $10,000 in additional repayments. So please refer the actual lenders product description.

I want a Fixed Rate, but also want an offset and ability to repay more.

The answer is a Split Loan.
A split loan is simply two loans (and two loan instalments) that are secured by the same property.

Some options include:

- 50% Fixed and 50% Variable
- 80% Fixed and 20% Variable
- $50,000 Variable & the rest Fixed

Split Loan - How much should I fix?

This is ultimately your decision and you can choose any split you want.

Make your offset work:
One theory is that the minimum variable loan amount should be equal to the most amount of repayment you believe you can repay.

Working example:
Mr Smith thinks he can potentially repay $50,000 each year in additional repayments. He wants to fix in most of his $450,000 loan for 3 years. Potentially he will be able to repay an additional $150,000 over 3 years and therefore he should have a minimum variable loan of $150,000.

Example of Split Loan	
Split - Fixed	$300,000
Split - Variable	$150,000
Total Loan	**$450,000**

With a minimum $150,000 variable loan Mr Smith can repay/redraw/offset the entire $150,000, reducing his interest without penalty.

Example of Repayments	
Split - Fixed	$1,500 pm
Split - Variable	$760 pm
Total Loan	**$2,260 pm**

Fixed Rate Loans

Fixed Rate loans occur when the interest rate is fixed at a predetermined rate for an agreed term. Whilst they protect the borrower from interest rate rises they do not reduce in times of interest rate falls. The standard fixed terms offered by most lenders are 1,2,3,4, and 5 years, although some lenders have offered fixed rates for periods of 10 or 15 years.

Benefits of a Fixed Rate

Certainty of Rate

During the agreed term, the interest will not change regardless of what happens to variable interest rates. It therefore provides the borrower with its major benefit - certainty of rate.

Certainty of Repayment

As the interest rate is fixed, the monthly repayments will remain exactly the same.

Choice of Repayments

Fixed rates are usually offered on a choice of Principle and Interest, Interest Only, or Interest In Advance terms.

What is a Rate Lock?

Up until the loan has settled the “quoted” Fixed Rate is indicative. This means the actual rate you get may change between the time you applied for the loan and settlement. Some lenders may offer you the chance to lock in the rate at the time of application. This is known as a “Rate Lock”. To do this you will normally need to sign a Rate Lock Form and/or pay a Rate Lock Fee.

BEWARE – Fixed Rate can increase

Without a Rate Lock your actual interest rate may be higher than what you thought.

What happens at the end of the Fixed Term?

At the end of a fixed term the borrower usually has the option of reverting to the lenders standard variable rate or they can apply to fix for another term. A Switch Fee may be applicable at this point. If you do not notify the Bank of your intention the Bank will automatically revert the Bank’s Standard Variable Rate which may be uncompetitive.

Risks relating to a Fixed Rate

Limited Flexibility

Most Fixed Rate Loans have strict restrictions and DO NOT ALLOW additional repayments. A few lenders will allow some additional repayments however these are usually limited, such as allowing one month’s repayment in advance or a maximum of $10,000 per annum. These restrictions can be avoided by Split the loan into two loans part fixed and part variable.

Break Fees

The borrowers are unable to vary the repayment amount during the fixed term without cost. Most lenders penalise the borrower if additional repayments are made or if the Fixed Rate Period is broken. This penalties are known as:

“Economic Costs”
“Early Termination Interest Adjustments” **“Break Fees” or**
“Early Repayment Fees”.

Automatic Rollover

If you do not advise the lender otherwise the Fixed Rate will automatically rollover to the lenders Standard Variable Rate which may be at an uncompetitive rate.

RP Data Reports & Finding an Investment Property

We provide our clients a range of PR Data Reports to assist with researching the right property.

How do you get a Report?

Please contact at any time and ask for a report?

Just email us:

- Address and/or URL link to the property

Need Help finding an Investment Property?

Premium Broker has access to some of Australia's leading property and research companies?

Just let us know:

Types of Reports Available:

RP AUTO VAL (Automatic Valuation)

- Estimated Value
- Estimated Price Range Sales History
- Location Highlights
- Past Comparable Sales
- Suburb Snapshot

RP CMA (Comparative Market Analysis)

- Estimated Price Range
- Property Details
- Sales History
- Single Property Mapping
- Properties - Sold within a radius
- Properties - On the market
- Properties - Market Comparison
- Suburb Profile

RP CMA (Comparative Market Analysis)

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- Property Details
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- Suburb Profile

RP Property List Report – Radius Search

- Within a Radius of 1.0km of the property
- Within the same Suburb
- Same or similar features (ie bed, bath, car)
- Sold with the last 12 months

RP Property List Report – Block or Street Search

- Within the same Street or Block of Units
- Same or similar features (ie unit or house)

RP Data - Disclaimer

In compiling theirreports, RP Data has relied upon information supplied by a number of external sources. The report is computer generated ans is based on one or more statistical models and assumptions, which may not capture all relevant factors or features of the property such as:

- a change in the economy,
- future planned infrastructure
- environmental contamination on the property
- incorrect data
- major improvements to the property – such as a renovation
- favourable sales in the past – ie sale to a related party at a discount
- incorrect advertising
- changes to the property – ie subdivision or consolidation

Accordingly, RP Data reports should not be relied upon by you or any other person, including when making any decision in connection with this or any other property.
Contains property sales information provided under licence from the Land and Property Information ("LPI"). RP Data is authorised as a Property Sales Information provider by the LPI.

Offset Accounts

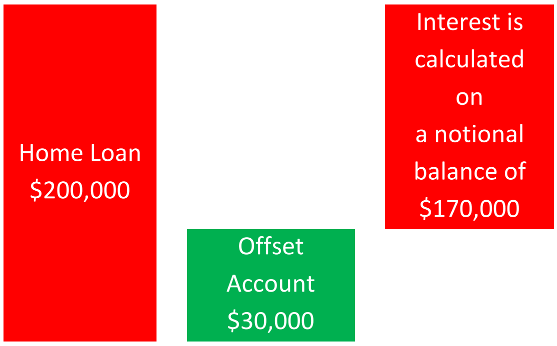
An Offset Account can help you make the most of your income and other available funds to reduce interest payable on your loan and reduce your loan term. It also gives you access to your available funds whenever you need them.

Offset Accounts come in two forms:

1. **Transactional**
A transactional account allows you to make day to day purchases and deposits using eftpos, cheque book, internet and phone banking.

2. **Non-Transactional**
A Non-transactional offset account works like a cash management account with deposits and withdrawls made via the internet or phone banking.

EXAMPLE - OFFSET ACCOUNT
In the following example you have:
- a $200,000 Home Loan (owing)
- a $ 30,000 100% Offset account
in effect, you will only pay interest on your home loan on a notional balance of $170,000



Things to watch out for

Are there additional fees?
You should check for any fees charged on the offset account including transaction fees.

100% Offset
Some offset accounts are not “100% offset”. This means the Bank does not pass on the full amount of the offset benefit. This is especially the case with fixed rates.

Accessibility
You should check to see if your money in the offset account is easily accessible.

Additional Interest Rate
You should also check that you are getting the best rate. Some Banks charge an additional interest rate if you take an offset facility

Similar Products

Line of Credit (or All in One Facility)
Used in the same way will have the same effect as having you money in an offset account.

A traditional loan with REDRAW
will have a similar effect however some lenders can charge for this. Depending on your situation there may be longer term differences. Please refer to our Fact Sheet “Offset or Redraw”

COMPARE IT TO A TERM DEPOSIT?

One way to look at an offset account is to compare it to a term deposit or similar cash management account. The deposit rate will actually be the same as your loan. For example if you are paying 7.0% on your loan you will effectively be receiving 7.0% on your deposit.

Offset v Redraw

If you currently have a mortgage on your residential property it is a good idea to pay if off as quickly as you can. With most mortgages you can make extra repayments in one of two ways:

1. REDRAW OPTION

Additional repayments:

- made directly into the loan account
- easily accessed via redraw
- reduce your interest expense
- redraw subject to ATO Purpose test

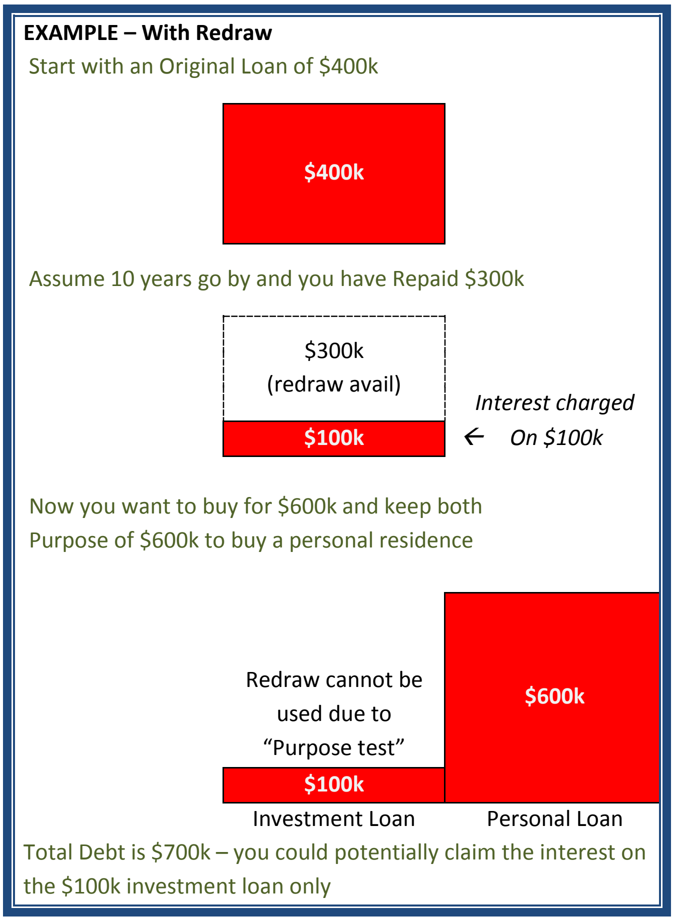
2. OFFSET OPTION

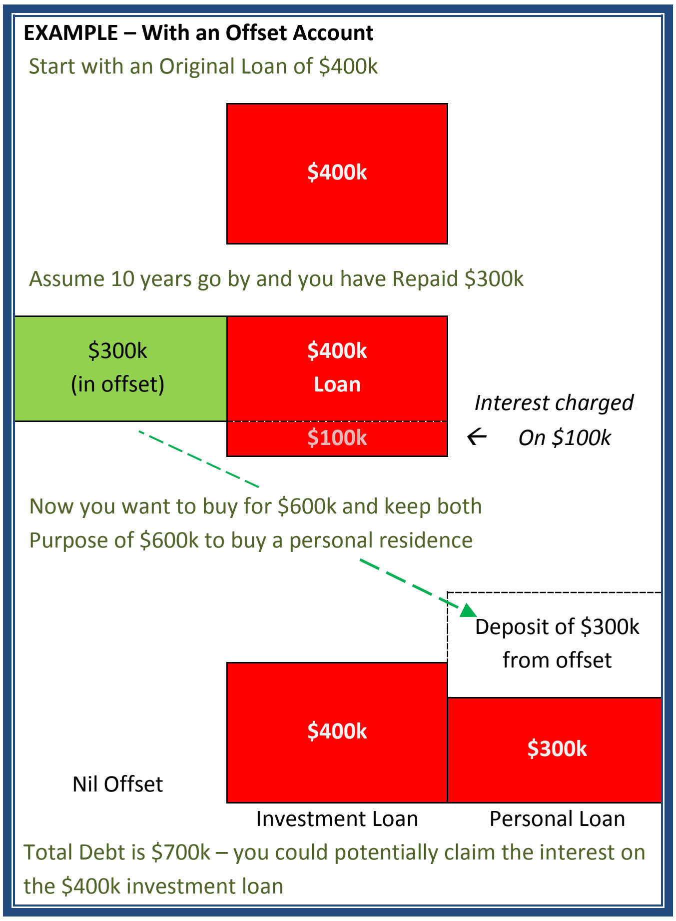
Additional repayments:

- made into a linked offset account
- easily withdrawn from the offset account
- reduce your interest expense
- redraw not subject to ATO Purpose Test

The Purpose Test

When you redraw funds you need to advise the ATO (via your accountant and tax return) whether the purpose of the redraw was for investment or personal use. For example – Assume you redraw money from your Investment Home Loan Account to build a swimming pool at your principal place of residence. Whilst the loan is Investment – the purpose of the redraw was for a Personal Use. The redrawn amount may not be claimed as a tax deduction for the Investment property.

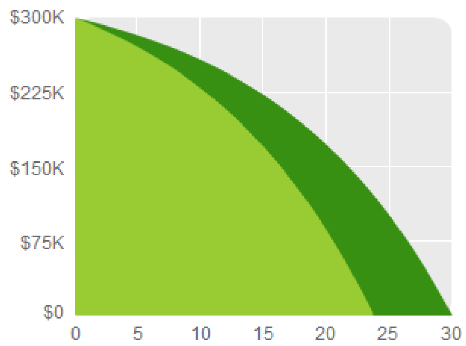




Adrian Sibbick of Hudson Financial Pty Limited has provided the following advice regarding the subtle difference between redraw and offset facilities.This should strictly be considered as general advice and your individual circumstances may differ. We therefore recommend you speak to your accountant or financial planner for your own personal advice. Adrian is a CPA Accountant.

Weekly, Fortnightly, Monthly

Most Lenders will offer you the option of paying off your loan Weekly or Fortnightly or Monthly
Which one is right for you?



Can you save money paying off my loan weekly instead of monthly?

The quick answer is **<u>YES</u>**. By paying off the loan weekly or fortnightly you can reduce over 6 years off the term of the loan.

How does this happen?

You actually pay more (out of your pocket) when you pay off weekly or fortnightly.

To calculate your instalment amount, lenders divide your monthly instalment by either 2 (fortnightly) or by 4 (weekly)
A month is rarely equal to 4 exact weeks (unless there are 28 days in February), therefore you end up paying more. See the table below as an example.

Can I achieve the same repaying my loan monthly?

<u>YES</u>, there are other ways to achieve the same or similar result without varying your repayment frequency. All you have to do is pay more than the minimum amount. For example instead of paying $2,000 pm pay $2,167 pm

Example			$350,000	@		5.50%
Instalment	Frequency		Total		Repayment Term	
$2,000	Monthly	x 12	$24,000		30 yrs	0 Mths
$500	Weekly	x 52	$26,000		23 yrs	6 Mths
$1,000	F/Nightly	x 26	$26,000		23 yrs	7 Mths
						Equivalent amount
$2,167	Monthly	x 12	$26,000		23 yrs	9 Mths

Our Recommendations:

<u>1. Match you loan repayments to your pay</u>

If you get paid monthly then you should consider paying off your loan monthly. The reason is that it is much easier for you to budget when they are matched:

Weekly Pay	consider paying your loan	**Weekly**
Fortnightly Pay	consider paying your loan	**Fortnightly**
Monthly Pay	consider paying your loan	**Monthly**

<u>2. Pay off your loan as quick as possible.</u>

We think it is a great idea to pay off a loan as quickly as possible. Where possible you should be paying off the loan quickly.
If your get paid monthly and you want to repay more – just increase your monthly instalment by 1/12th.

For example if you monthly instalment is $2,000 per month – then increase it to $2,167 per month.
It will take 6 years off your home loan

FINANCIAL
ACCREDITED PARTNER
PremiumBroker

Your Credit Rating

Your credit history can decide if you get finance or not. Manage it incorrectly and it will be very difficult or more expensive to obtain finance. Below is some general information to help you maintain a good credit history.

"Any incorrect default listings or other errors could make it hard for you to get access to finance"

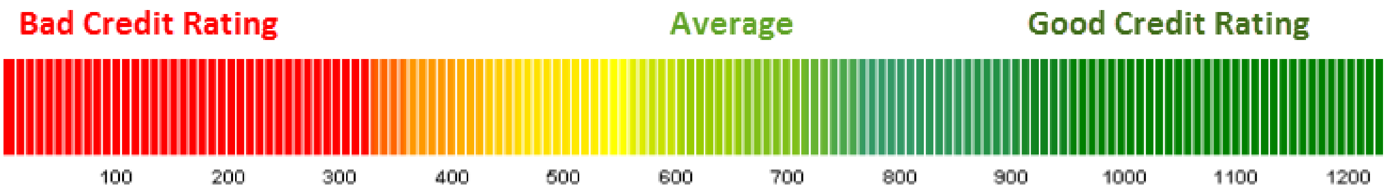
What type of Credit Information is collected?

	Before 2012	Additional Information Since 2012
Details about you:	• Your Name, Date of Birth, Drivers Licence • Your Address, Employment & Occupation	
Credit inquiries:	• Date & Amount of an Application • Credit Provider Name • Current Status	• Type of Credit (ie Mortgage, Lease, Credit Card) • Date Opened & Date Closed • The Current Limit & Repayment Performance History*
Serious credit infringement:	• Payment arrears of 60 days or more • Cheques dishonoured twice • Default Payments & Clearouts	
Public Records:	• Court Judgments & Writs, Bankruptcy order Your Business ie Directorship	

In 2012 the Federal Government agreed to amendments in the Privacy Act allowing credit reporting companies & lenders to obtain more information. The aim was to facilitate better assessment of consumer credit risk by creating greater transparency.
*This is the big difference, up until 2012 credit reporting companies could only report of serious credit infringements.
Credit Providers now allowed to report on slow, late, inadequate or inconsistent repayment history. Pay your bills on time!

What is your credit rating score?

Some credit providers use scores as part of their credit risk assessment process. These scores may look at information on your application or your credit file or both. Credit agencies such as Veda Advantage provide a range between 0 & 1200.



Concerned? Please let us know

Let Premium Broker know!

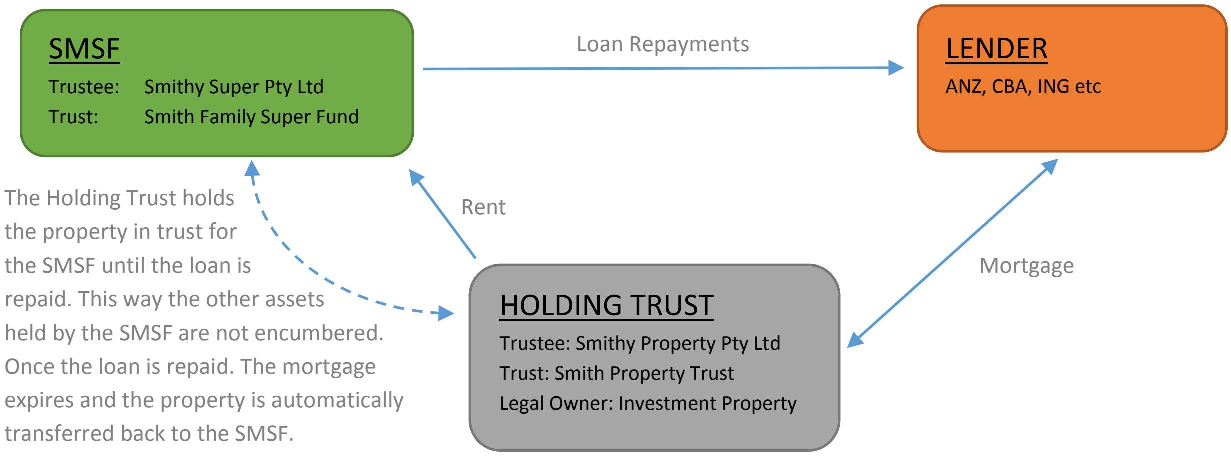
Your best chance of getting finance approved is to let us know. If we are fully aware we can help. We can provide you with more information, put you in contact with people that can help or order a Credit Report for you. In most cases we can work out a solution if we know upfront.

Click her to check your credit report www.mycreditfile.com.au   Click here for [Sample Credit Report]()

SMSF Loans

A Self-Managed Super Fund or SMSF is a trust where funds or assets are and managed on behalf of a maximum of four individuals, to provide future retirement benefits. Subject to certain exemptions, all members of an SMSF must be trustees of the fund or directors of the funds corporate trustee.

Under the Superannuation Industry (Supervision) Act 1993 (Cth) (SIS), a trustee of a SMSF is allowed to borrow to purchase an investment property. You have to have a SMSF or are planning to do so. If you haven't yet set up a SMSF, speak to you financial advisor, accountant or give us a ring and we will be able to assist you.



How it works

1. Your SMSF uses a Holding Trust to purchase the property. This trust is temporary until a time when the loan is repaid. This allows the lender to take a mortgage over the property without encumbering the other assets in the SMSF.
2. Your SMSF applies for the SMSF Loan with the Lender.
3. The Holding Trust buys the property (ie pays the deposit and exchanges contracts)
4. The Holding Trust mortgages the property to lender.
5. Your SMSF pays the deposit, collects rent, pays the usual outgoings on the property and makes the loan repayments. It manages the property in the same way as any other real estate investment.

What you'll need to apply

- Certified copy of SMSF Trust Deed
- Certified copy of Holding Trust Deed (sometimes called a Property Trust, Bare Trust or Security Trust)
- Evidence of ability to service the loan (e.g. tax returns, rental estimates).

Important

It's important to remember that investing in property with your SMSF is a long-term investment strategy, and it's best that you get independent financial advice. If you need to speak to a Financial Planner or need more information – please contact us at Premium Broker. For basic information, visit the [ATO Self-Managed Super Fund webpage.]

Our Loan Approval Process

This is an indicative process as the amount of time it takes will vary from lender to lender. We will keep you informed of the process as much as we can and you are free to contact us at any time to enquire about the process. We recommend you get legal advice before signing any legal document and returned the documents as soon as possible.

LOAN SUBMISSION	**1-7 Days**	We usually require a day or two to put together your loan submission
CONDITIONAL APPROVAL	**1-7 Days**	Approval may be subject to a valuation or in some additional information.
LOAN PROTECTION REVIEW	**0-2 Days**	Complimentary Review of your loan protection position.
UNCONDITIONAL APPROVAL	**2-14 Days**	Unconditional Approval.
FREE INSURANCE QUOTE	**0-2 Days**	Complimentary Quote of your Home & Contents or Landlord Insurance.
DOCUMENTS	**2-7 Days**	The Lender will send Loan Documents which need to be signed & returned.
SETTLEMENT	**3-10 Days**	The day you own the property and can pick up the keys.

Complimentary Loan Protection Review

The Government's Responsible Lending (NCCP) initiative is designed to protect you and ensure that you could afford a new loan now and in the future. It is therefore our duty to ensure that if things go wrong, you your family and your assets are protected. Once the loan is approved we will arrange a free review of Loan Protection and Financial Plan.

What delays the Process?

INCORRECT OR INSUFFICIENT LOAN STATEMENTS & DOCUMENTATION

Loan Statements should be original and no less than 30 days old (ie original + internet listing is OK).
Please ensure signatures are the same on all documents & ensure you use your FULL and LEGAL name
Why is it important? – Incorrect documents can cause the submission to go the back of the end of the queue.

VALUATION DELAY

If a valuer requires access to your property please make sure you and/or the tenant are available ASAP.
Why is it important? – Valuations can be delayed by weeks if access is not granted.

RETURNING MORTGAGE DOCUMENTS

Please ensure you return documents as soon as possible.
Do not cross out or amend the document – if there is an error lets us know
Why is it important? – Lenders do not allow amendments; they will have to send the documents again.
Some clients can take weeks to return the documents and this can delay the settlement.

REFINANCING or CONSOLIDATING

If you are paying out a loan you need to give the outgoing lender as much time as possible.
You need to obtain Payout Figures and in most cases complete a Discharge of Mortgage Request.
Why is it important? – The outgoing lender can postpone settlement if they do not receive enough notice.
This is the most common reason for a delayed settlement.

Disclaimers

Not Taxation or Legal Advice

This Loan Recommendation & Preliminary Assessment does not constitute or contain taxation and/or legal advice. Whilst we take reasonable care in providing the information contained in this document, the adviser with whom you have dealt may not be a licensed taxation agent or legal practitioner. Before acting on this information, consider the appropriateness of this information having regard to your personal objectives, financial situation and needs. We recommend you obtain legal and financial advice specific to your situation before making any decision.

Does Not Constitute a Loan Approval

This Loan Recommendation & Preliminary Assessment is a guide only. It does not in any way represent an approval from a lender. We will help you to choose a loan or lease which is suitable for your purposes. Additionally, we will provide you with information on a broad range of financiers and products. Once you have chosen a loan or lease that is suitable for you, we will help you to obtain an approval.

Information you have provided to us

In preparing this Loan Recommendation & Preliminary Assessment we have relied on the information that has been provided to us from a number of parties including you. These include software providers, lenders, aggregators, mortgage managers, solicitors and legal advisers, accountants and auditors, printers and mailing services, insurers, collection agents, conveyancers and government agencies which regulate our products and services and other institutions. We take no responsibility for this recommendation if the information provided is inaccurate or incorrect. Whilst we take reasonable care in providing the information, we cannot guarantee the accuracy of any information or advice provided by any third parties.

Is the information correct?

If you believe anything contained within this Loan Recommendation & Preliminary Assessment is incorrect, it is your responsibility to notify immediately. Once your loan has been approved you will be required to sign a loan agreement of contract which will detail your full terms and conditions applicable to the loan you have selected.

Your Privacy is important to us

In handling your personal information, we are committed to complying with the Privacy Act 1988 and the National Privacy Principles. We collect personal information from you when you apply for or use our products and services. In providing products and services to you it may be necessary for us to provide your personal information to other organisations with which we conduct business. This includes Vow Financial Pty Ltd (ACN 138 789 161) which is our mortgage aggregator. Your personal information is only provided to those entities to the extent necessary to enable us to provide our products and services to you. For a full copy of our Privacy Statement and Consent please contact the adviser with whom you have dealt.

Glossary of Terms

A quick guide to understand the terms used in the finance industry. This is by no means a complete list of terms and acronyms used, but it will give you a good start.

Application fee:
Also called an establishment fee, it's paid to set up your loan and usually includes legal fees and valuation charges.

Appreciation:
An increase in the value of a property due to changes in market conditions or other causes. The opposite of depreciation.

Arrears:
To be behind in a repayment.

Body corporate:
An administrative body made up of all the owners within a group of units or apartments of a strata building. The owners elect a committee which handles administration and upkeep of the areas shared by the owners.

Break costs:
Also known as economic costs or exit fees. They are charged by an institution to recoup interest lost through a borrower refinancing with another institution or paying their loan out early. Break costs are normally only charged on fixed rate loans where the amount of interest the institution would receive is easily calculable. It can also be charged well into the variable portion of a honeymoon or introductory rate home loan. Some institutions also charge a flat fee on top of their break cost charge. They may refer to this fee as a "deferred establishment fee".

Bridging loan:
Finance to buy a new property before an existing property has been sold.

Building insurance:
Insurance which covers the cost of rebuilding or repairing a property following structural damage, for example by flood, fire, storm and subsidence.

Certificate of title:
The certificate detailing the ownership and land dimensions of a property.

Certificate of currency:
A document issued by an Insurance company indicating that a formal policy is currently in place for the insured property.

Company title: A property title that applies when owners of units in an apartment block form a company. Each has shares in the company that owns the land and buildings. The owner of the shares is entitled to exclusive occupation of a flat. However, if you want to alter occupancy in any way, you must have the company's approval to do so.

Contents insurance:
A policy insuring household contents against theft and damage.

Comparison rate:
An attempt to express some of the costs of a loan into a single interest rate. These 'costs' include the nominal interest rate, some 'up-front' fees and on-going charges. It does not include fees and charges based on future events which may not occur e.g. redraw fees, progress payments etc which are not typical of all loans. The aim of the comparison rate is to help consumers make a more informed judgement of the costs of a loan, and in so doing, help them to compare various like loan products and services offered by the various lending institutions.

Contract of sale:
A legal document that details the conditions relating to the sale/purchase of the property. This document is legally binding when signed by both the vendor and buyer.

Conveyancer:
A person qualified and licensed to handle all documentation for the sale and or purchase of a property.

Conveyancing:
The legal process where ownership of a property is transferred from the vendor to the buyer.

Credit History:
A record of an individual's open and fully repaid debts. A credit history helps a lender to determine whether a potential borrower has a history of repaying debts in a timely manner.

Life Assurance:
A form of insurance by which someone's life is insured. Life assurance policies can run parallel with a principal and interest home loan, so the loan will be repaid if you die before the end of the term.

Line of Credit:
This loan lets you free up the equity you have in your home for other purposes. It provides you with a revolving line of credit through a convenient single account that you can use daily.

LMI – Lenders Mortgage Insurance:
Insurance written by an independent mortgage insurance company protecting the mortgage lender against loss incurred by a mortgage default. Usually required for loans with an LVR over 80%.

Low Doc Loan:
Are a flexible financing solution for self-employed people who have income and assets, but may not have the usual paperwork at the time of application.

LVR – Loan to Value Ratio:
The ratio of the amount of your loan to the appraised value. The LVR will affect products available to the borrower and generally, the lower the LVR the more favourable the terms of the products offered by lenders.

Mortgage term:
The length of time over which you agree to pay back your mortgage, usually up to a maximum of 30 years.

Negative gearing:
See Gearing.

No doc loan:
No-document home loan (or no-doc loan for short), applicants simply fill out an application form stating their income and assets.

Off The Plan:
When you buy a property from the Plans only and not the finished building. The Purchaser will not be able to inspect the property or see the standard of finishes, the practical layout, the size and dimensions or the outlook. However the Purchaser may be able to view a display unit and sample finishes.

Offset Account:
An account linked to a mortgage account so that the interest earned is applied to reduce the interest on the mortgage.

Pre-Approval:
A home loan pre-approval confirms how much you can borrow from your lender. It is conditional upon the property you wish to purchase being acceptable security, and your lender confirming your income and other information provided in your application.

Private treaty:
A sale of a property at an advertised price that can be negotiated.

Redraw facility:
This allows you to access any additional payments you have made on your mortgage. It is not a feature of all loans and may attract a fee, and also have a limit.

Reverse Mortgage:
Is a flexible financing solution for seniors who are retired and are generally aged 60 and over. It allows you to access the equity in your home without limiting your lifestyle. This loan for seniors enables you to access the equity in your home for such things as home improvements, the purchase of a new car, payment of medical expenses, taking a holiday or simply to supplement your income. A reverse mortgage does not require repayment until the applicant moves out of the home on a permanent basis (e.g. moves into permanent age care or dies).

Settlement:
The finalisation of the property purchase where your solicitor/conveyancer and the lending institution exchange money and documents so that you become the legal owner of the property.

Serviceability:
The one key aspect that all Lenders look at. They need to know if you can afford to keep up the monthly repayments to your loan. Lenders vary in the way they calculate serviceability, so the amount you can borrow will vary from Lender to Lender.

Stamp Duty:
A mortgage may attract government duty depending on the purpose of the loan; this varies from state to state. Contact us to confirm if duty applies to your situation.

Strata title:
A strata title is the most common title associated with townhouses and apartments and is proof of ownership of a unit. Individuals each own a portion, known as a 'lot'. They share common property, which can comprise: external walls, roof, foyers, fences, lawns or a pool. All owners contribute to the maintenance of these facilities.

Utilities:
Electricity, gas and phone supplies.

Valuation:
A written assessment of how much a property is worth by a registered valuer.

Variable rate:
The opposite of fixed rates, variable rates go up and down as interest rates rise and fall.