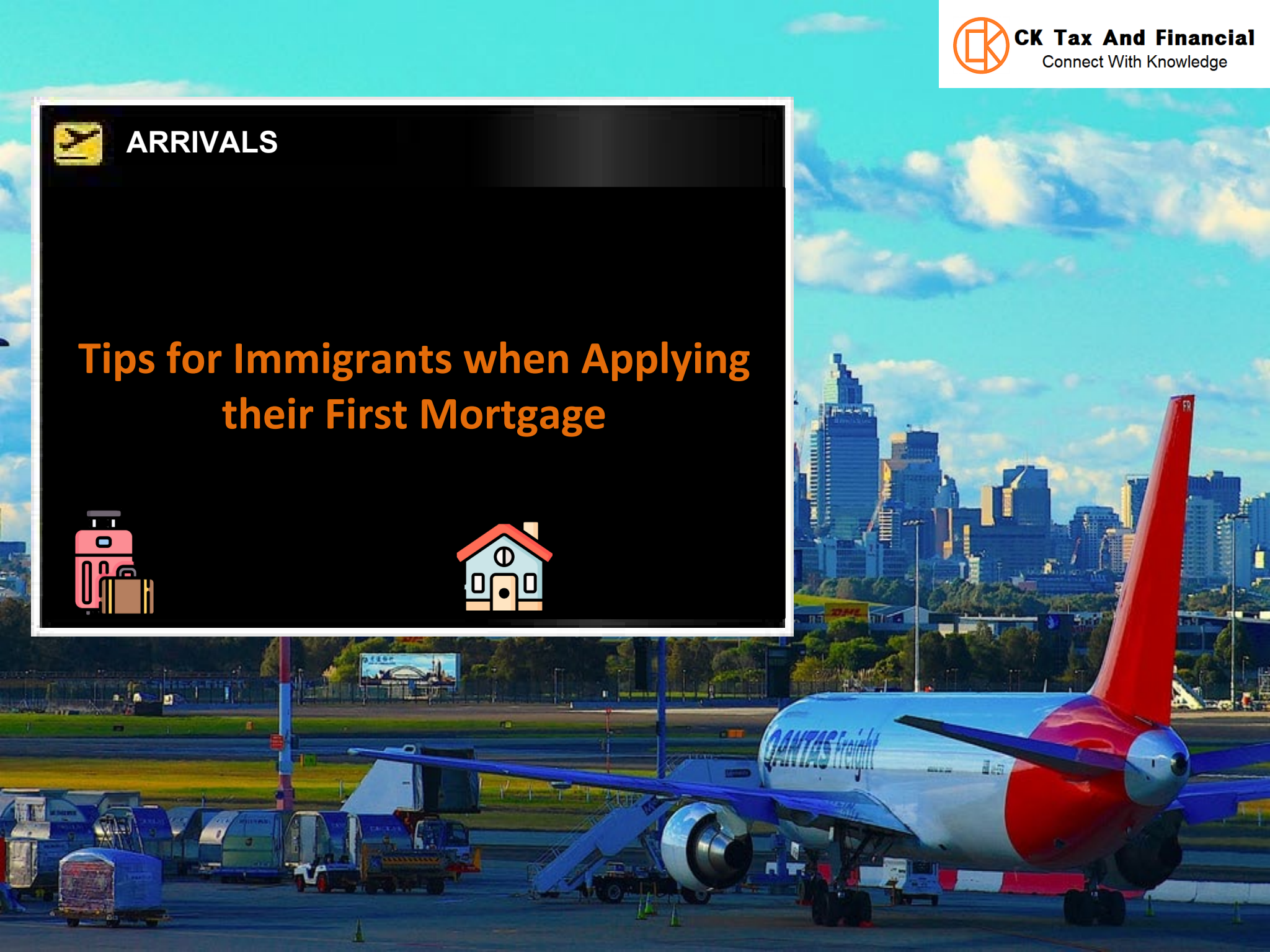




ARRIVALS

Tips for Immigrants when Applying their First Mortgage





G'DAY

Welcome to Australia.



Buying your first home is a big deal. In fact, it's one of the biggest investments most people will make in their lives.

The following guide will help you better understand what to expect when purchasing your first home and getting the mortgage to approve. You'll also find fundamental tips that are applicable anywhere in Australia, along with state-specific information.



DISCLAIMERS

This publication is provided for general information purposes only and is not intended to cover all aspects of the topics discussed herein. This publication is not a substitute for seeking advice from an applicable specialist or professional. The content in this publication does not constitute legal, tax, or other professional advice and should not be relied upon as such. While we strive to keep our posts up to date and accurate, we cannot represent, warrant or otherwise guarantee that the content is accurate, complete or up to date.



What is a mortgage broker?

Our job

- **Liaise between clients and banks**
- **Do all the research and legwork** (e.g. competitive interest rates, suitable product specifications and repayment options)
- **Look at your financial position**
- **Find the product that best suit your needs**

Advantages of using a broker

- **Save money**
- We will look beyond the mortgage interest rates to take into account all the other fees that will apply
- **Save time**
- You only need to send us a few documents and provide a few signatures
- **Speed things up**
- We have direct access to banks and lenders

How do we get paid?

- We offer home loan advice and recommendations to borrowers **without charging anything.**
- This is because we work on your behalf to negotiate the best deal, for example, lower interest rates, waived fees or extra bundled services for your mortgage.
- After settlement, **the bank will pay commission to us** as fee for introducing the customer.

We have access to 40+ lenders in Australia



Application Timeline



Minimum Required Documents



CK Tax And Financial
Connect With Knowledge

FOR CITIZENS & PERMANENT RESIDENT VISA HOLDERS



Personal Identification

Personal identification is required by every home loan lender in order to verify your identity.



Proof of Income

Your proof of income will help to determine your home loan eligibility. The documents you provide will vary based on your conditions of employment.



List of Expenses, Assets and Liabilities

Your spending and The value of assets and liabilities will be used to determine your loan serviability.



Property details

Financial institution requires the full details and valuation report of your new property.



Home loan requirements can vary from lender to lender, but you can generally bet that they'll need some key information: your personal details, details about the property, how much you need to borrow and your financial situation.

01

AGES

The minimum age is 18.
If your age is over 75 at the end of loan term, a suitable exit strategy is required.

02

CAPACITY TO REPAY

- Full time
- Casual
- Self-employed
- Directors wage
- Overseas income

03

RESIDENCY

Australia resident
(can be living overseas)

Permanent resident
(must be living in Australia)

04

NON-PR VISA HOLDER

If your visa has 4 years eligibility, or subclass list out by bank (e.g. 482), you can still apply but subject to FIRB approval for property purchase.

The first thing lenders assess is applicant's employment history and current income. There are many types of income accepted by lenders.

01

PAYG

Applicant with PAYG income only have to provide 3 months payslips (6 months for casual job) and salary credit record.

Please consult your broker if you work in the company less than 3 months or salary pay by cash.

02

OTHER INCOME

Some lenders might not accept 100% of following income as the amount is not fixed & guaranteed

- Overtime
- Bonus
- Commission
- Rental income
- Investment income

03

SELF EMPLOYED

If you are ABN sole trader, bank will require 2 NOA
For ACN applicant only 1 year financial statement required.

Bank also accept Accountants Letter and Directors wages, please consult your broker on this issue.

04

OVERSEAS INCOME

If you are Australia citizen and working overseas, the bank will still accept the foreign income as PAYG income.

Some regions like Hong Kong and Singapore will be assessed at 100%.

Expense and Liabilities



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The next thing lenders assess is applicant's spending habit and liabilities, to ensure you can comfortably afford the mortgage repayments.

01

MIN. EXPENSES

All lenders has a minimum expenses benchmark for household, based on number of member and income level.

For example, min. expense of family with \$100k income and 2 kids is \$3,778.

02

OTHER EXPENSES

Some expenses not included in min. expenses benchmark will lower borrowing power drastically, speak to your broker early for advice.

- ◆ Private school fee
- ◆ Lease payment
- ◆ Life and accident insurance

03

CREDIT CARD

Bank does not focus on outstanding amount, they focus on three areas

- ◆ Credit limit - assessed at 3.8%
- ◆ Spending habit - lower it before application
- ◆ On time repayment and any late fee

04

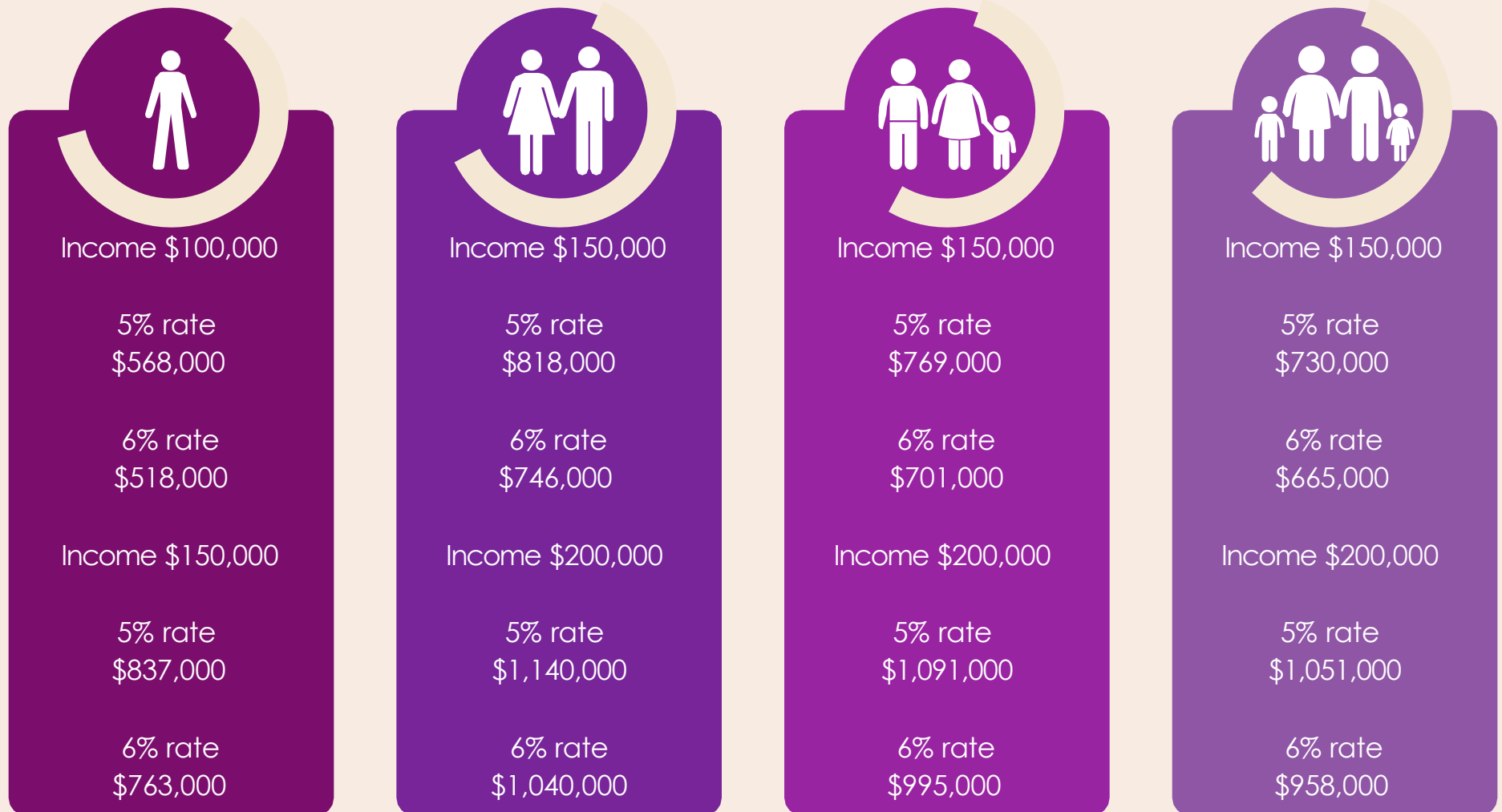
CAR LOAN

Many applicant fail to get home loan approval due to high amount of car loan repayment.

Avoid purchase new and luxury car before application, or consider consolidate car loan into your home loan.

Your Maximum Borrowing Power

Your borrowing power is determined by number in your household, interest rate, income and expense level. Assume 70% LVR, Westpac figure used.



Property Details



Loan-to-Value Ratio (LVR)

$$= \frac{\text{Your Borrowing}}{\text{Value of property}}$$

The details and value of your property affect many things

- Max LVR is 95%
- However, you will have to pay extra for Insurance (LMI) if LVR over 80%
- Lower LVR = Lower Interest Rate

There are other factors also affecting the maximum LVR

- Postcode - Not all postcode can get 95% home loan. In some remote area, only 80% or lower allowed. Every lender has their own postcode matrix
- Size and Density - Apartment in high density area, or size is smaller than 50 sqm, max LVR may be limited

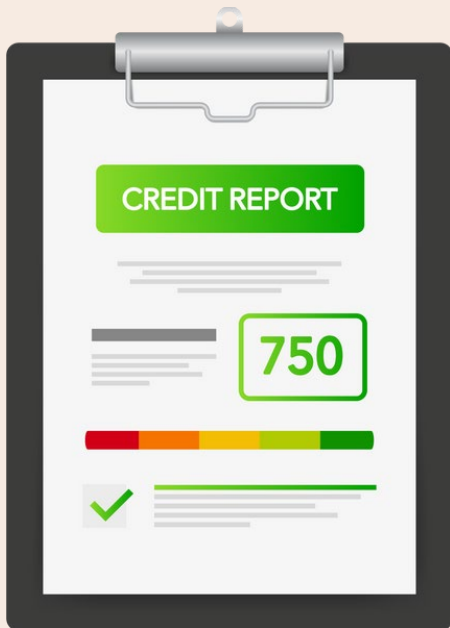
Contact your broker early for valuation before looking for property!

Credit Score



A number used to represent your reputation as a borrower. Calculated based on the information included in your credit report, this number helps lenders determine if they are willing to lend money to you.

Here are something you should do or avoid 2 years before your home loan application to improve your score:



Things you should do

- Pay your bills and credit cards on time and in full
- Check your credit score regularly to ensure accuracy



Things you should not do

- Late or missed payment
- High credit balance
- Multiple applications in a short period of time
- Pay in 4 service, e.g. Afterpay also affects your credit score

Consult your broker for credit report to ensure your score meet the lender's standard.

Basics of Home Loan Advertisement

Basic

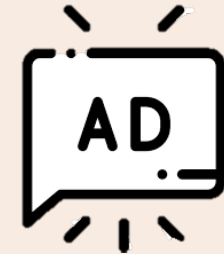
Cheapest with least features

Package

With offset and more features + annual fee

Fixed rate

Lock the interest rate for a period of time



Basic variable rate

Take advantage of our simple, low rate home loan³ with no ongoing fees.

Variable rate	Comparison rate ²
4.99 % p.a.	5.03 % p.a.

Features and benefits

- ✓ Low variable rate and no ongoing fees
- ✓ Make unlimited additional repayments
- ✓ Access to unlimited redraws if you're paid ahead (\$500 minimum redraw)

Fees

Learn more

Enquire now

Variable rate with offset

Enjoy extra flexibility, features and discounts when bundled with a NAB Choice Package.

Variable rate	Comparison rate ²
6.67 % p.a.	7.03 % p.a.

Features and benefits

- ✓ Access to an offset account
- ✓ Make unlimited additional repayments
- ✓ Additional discounts and benefits with the NAB Choice Package

Fees

Learn more

Enquire now

2 year fixed rate

Gain additional certainty and discounts when bundled with a NAB Choice Package.

Fixed rate	Comparison rate ²
6.09 % p.a.	7.11 % p.a.

Features and benefits

- ✓ Repayment certainty during fixed term
- ✓ Pay ahead up to \$20,000 during fixed term
- ✓ Additional discounts and benefits with the NAB Choice Package

Fees

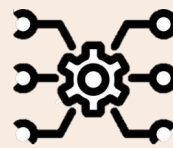
Learn more

Enquire now

Comparison Rate

Includes the interest rate + fees and charges, to identify the true cost of a loan. Use this to compare with other lenders.

Common Features



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Interest Only

You can choose to pay interest only for 1-5 years (10 years for investor).

This gives tax benefit to investors, and brings down the ongoing repayment amount and makes it easier to budget.

Offset

An offset account is linked to your home loan and allows you to deposit and withdraw funds, just as you would a transaction account. The balance is then offset against the amount owing on your home loan.

Redraw / Extra Repayment

Similar to Offset, but extra repayment is putting money into your Home Loan Account and reduce the balance. Bank allow you to withdraw any extra payment made anytime through online banking without charges.

No Fee

Some features like offset comes with a cost, between \$10 per month to \$400 year and higher interest rate. If you only need Basic Home Loan with redraw/extra repayment, there is \$0 fee with lower interest rate.

Split

A split rate loan lets you fix a portion of your home loan, which can provide some security if rates rise, while keeping the remaining portion variable, allowing you to take advantage of features like an offset account.

Repayment Holiday

Enables a break from loan repayments when you may need to direct your cash elsewhere. Lenders may provide a repayment holiday of between 3 to 12 months if you've made enough additional repayments.

Fees and Charges



Application fee

You may come across application fees described as 'establishment' or 'set-up' fees. How much you may pay varies between lenders, between \$100-\$600.

Valuation fee

Your lender may also ask you to pay a valuation fee. This covers the cost for a lender to have the home you're planning to buy professionally valued before your mortgage can be fully approved, usually between \$200-\$400.

Settlement fee

Settlement fee is a fee payable to the bank to cover the cost the bank incurs in establishing your loan. The fee ranges between \$0 to \$600 depending on the lender. If you opt for the package, the settlement fee usually waived.

Annual package fee

If you bundle a number of financial products together such as a home loan, offset transaction account and maybe a credit card, the bank will charge annual fees between \$250-\$400 per year.

Discharge fees

A small minority of lenders may pass on the admin costs associated with ending your loan either when you pay it off in full or if you refinance to a different lender. These discharge fees can range from \$75 to \$395.

Loyalty tax

Loyalty tax means the bank charging higher interest rates and fees to long-term customers, who have been loyal to a bank or financial institution for many years. Refinance every 3-5 years can save you 0.5% on average.

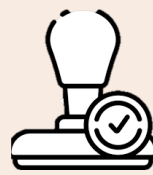


First Home Owner Grant

- Provided by State government
- Different state, different criteria and grant amount
- Concession on stamp duty payable amount
- Has to be a new property (no one lived in before)
- Property price cap applied

First Home Buyer Guarantee

- Provided by Federal government
- Suitable for buyer without 20% deposit
- NHFIC will guarantee your home loan
- Buyer can save the mortgage insurance
- Property price cap applied



Comparison Chart for First Home Buyers

FEATURES	NSW	VIC	QLD	NT
First Home Buyer Grant (For New Property Only)	\$10,000 (<\$750k)	\$10,000 (<\$750k)	\$15,000 (<\$750k)	\$10,000
Foreign Resident Surcharge	8%	8%	7%	
Option to pay annually	☑			
Maximum Duty Rate	5.5%	6.5%	5.75%	5.95%
\$500,000 payable amount	\$0	\$0	\$0	\$23,928
\$750,000 payable amount	\$20,726	\$40,070	\$19,600	\$37,125
\$1,000,000 payable amount	\$40,090	\$55,000	\$30,850	\$49,500

Thank you for reading

Having Questions?
Free assessment?
Refer a friend?

Contact Us



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