

HOME LOAN GUIDE

by

ez financing



2021



WHAT WE BELIEVE

OUR
CLIENTS ARE AT
THE *Heart*
OF WHAT
WE DO.

MEET YOUR
PERSONAL CONSULTANT
THUY HOOK!



ABOUT EZ FINANCING

EZ Financing commenced operations in 2015 as a solely operated local mortgage brokerage to service the Brisbane North and around Brisbane

At EZ Financing we work with first home buyers who have saved hard for many years and are ready to buy their first home and have no idea where to start. EZ Financing not only help you get the loan that is most suitable, we also help you understand everything else you need to know (and didn't) so you can focus on enjoying 'setting up house' without any worry.

OUR MISSION

Results that count. Every single time.

OUR VISION

Our vision is to deliver exceptional, 5-star service by demystifying the finance process, researching our brains out, adopting a personalised, strategic approach and providing an unwavering, lifetime commitment to all of our clients all of the time.

5 KEY BUSINESS VALUES

1. Our clients needs and goals ALWAYS come first
2. We are honest, open, ethical and fair. Our clients trust us to do what we promise.
3. Do the right thing
4. Service matters
5. NO run-around, NO jargon, NO worries

GET IN TOUCH!

Wish to talk with Thuy or meet her in person?

Here is how you can get in touch.

0449 150 117

thuy.hook@ezfinancing.com.au

ezfinancing.com.au

Thuy Hook is a credit representative
456333 of BLSSA Pty Ltd

ACN 117 651 760
(Australian Credit Licence 391237)

AT EZ FINANCING

OUR PROMISE

1. To provide specialised, comprehensive and confidential finance advice and service at a time and place convenient to you.
2. To be available to take your phone calls 6 days a week, Monday-Saturday till 8pm each night.
3. To return your phone messages within 2 hours.
4. To reply to your emails same day where they are received during normal business hours, and by 10 am next day, if outside normal business hours.
5. Pro-actively manage the progress of your finance application to ensure that all milestones are met on time EVERY time.
6. Pro-actively manage the post-approval process to ensure that your loan settles on time.
7. To maintain accurate, up-to-date and confidential loan records.
8. To keep you informed of market developments on a regular and timely basis.
9. To review your Loan with you as and when required, but at least once a year, free of charge.
10. Our goals for our clients are:
 - be an effective communicator and trusted partner who will work hard to make sure that your home loan is approved on-time.
 - We also strive to provide the best competitive solutions.
 - And that customers are serviced beyond their expectations.



WE BELIEVE IN
Relationship NOT
TRANSACTION

We are a small boutique brokerage. That means we have the time to get to know you, your individual circumstances and learn what's important to you. If you want down to earth honesty and straight up advice, then we want to work with you and help you achieve your dreams and goals!

We don't speak bank jargon! Our team is here to guide you through the maze of lending options, listen to what's important to you and empower you to make the best decisions!

At EZ Financing, we are all about building a lasting relationship with you - not just doing a deal today. It has been a key foundation to our success over the years of looking after our clients mortgage and finance needs.

Personalised service, long-term client rapport, and trust-based growth are at the heart of every conversation we have and every application we submit.

All of our mortgage and credit advisers are ASIC licensed credit representatives and full members of Mortgage & Finance Association of Australia (MFAA).

LENDER OPTIONS

With so many lenders and such a wide variety of loan products available, it can be difficult to know where to even begin. Depending on your requirements and your circumstances there are particular loans that best suit you. To avoid you arranging meetings with several lenders, explaining your requirements and awaiting their response, your EZ Financing Mortgage Broker will do the research for you after just one simple and obligation-free meeting.



WHEN IS LENDERS MORTGAGE INSURANCE (LMI) REQUIRED?

Traditionally, lenders require borrowers to have at least a 20% deposit in cash or equity. However, by using Lenders Mortgage Insurance (LMI), lenders are able to offer lower deposit home loans. LMI protects the lender if a borrower is unable to meet their mortgage repayments and the property has to be sold. LMI is a one off fee and can usually be added to your loan (capitalised) up to a total loan to valuation ratio (LVR) of 97%. There may be an opportunity for you to avoid LMI by using a Family Guarantee, the security in a family member's property, to help support your loan. Ask your EZ Financing Mortgage Broker how.

TIP: Lenders Mortgage Insurance should not be mistaken for Mortgage Protection Insurance which covers your mortgage repayments in the event of death, sickness, unemployment or disability. An EZ Financing Broker can provide you with a quote for Mortgage Protection Insurance.

PROPERTY PURCHASE

THERE ARE 3 COMMON WAYS IN WHICH PROPERTIES ARE OFFERED FOR SALE:

1. SELLING BY PRIVATE TREATY

Private treaty has been used for years to great success and remains the most popular sales method in Queensland and Australia. Selling by private treaty involves publicly listing and advertising a property at a set price, which is usually reflective of the current market value.

Prospective buyers make offers on the property and the vendor accepts, negotiates or declines the offers. A strong marketing campaign with multiple open homes, advertising and professional photography usually complements a private sales treaty; it's important to show your property in its best light to potential buyers.

Reasons why some vendors choose to sell by private treaty:

- There is no pressure to accept an offer that doesn't meet the vendor's needs.
- The vendor receives multiple offers and then chooses the best one.
- Vendors have control over the length of time a property is listed for sale.

2. SELL BY TENDER

Growing in popularity, selling by tender basically works like a silent auction. The vendor receives secret offers from prospective buyers, who don't know what other buyers are bidding, nor do they have access to a publicly listed price. The vendor chooses an end date when bidding closes and all offers must be presented to the vendor, who then chooses the best one.

This type of sale relies on a short-term but effective marketing campaign, and works best for properties that are in high-demand and offer something unique to distinguish them from competition. Your agent will be able to advise you whether or not tender is the right sale method for your property.

Reasons why some sellers choose for sale by tender:

- There is no publicly listed selling price, which means vendors are at an advantage when it comes to negotiations.
- Potential buyers often make offers higher than expected
- The vendor has more control of the sale time frame and the price at which the property is sold.
- There is no obligation for the vendor to accept any of the tenders.

3. SELLING BY AUCTION

Auctions are becoming increasingly popular, not just in Victoria and New South Wales, but also in sunny Queensland. When used to the right effect auctions can achieve a great result in a short time frame.

The sense of excitement and competition between buyers on auction day often means they outbid each other in order to secure the property and this can drive the price up to its highest possible market value.

However, auctions are not for every home sale as they are particularly effective in competitive markets where there is a lot of buyer interest.

Reasons why some sellers choose Auctions:

- There is no price ceiling at auctions, which allows potential buyers to offer more than expected in some cases.
- You are in control of the reserve price so you only accept offers that are suitable to you.
- If your property is sold on auction day, the sale immediately becomes unconditional, which means a smoother road to settlement

Choosing the right method of sale for your property can be daunting as there are many points to consider. Always make sure you consult with your real estate agent, who can recommend the method that will work best in your local property market.

REFINANCING

SHOULD I REFINANCE?

One of the first questions borrowers who are considering refinancing have is "should I refinance?"

The answer to this question may depend on many factors, such as:

Why do people refinance?

- How far you are into your loan term
- The interest rate and fees you're paying
- Your personal circumstances

WHY DO PEOPLE REFINANCE?

To reduce your loan costs – Refinancing can save borrowers a huge amount of money on a monthly basis, but also over the life of a loan. If your goal is to reduce your monthly repayments, you can use EZ Financing mortgage repayment calculator to see how much you could save each month by refinancing. The actual amount you could save will depend on a number of variables, including:

- The size of the loan
- The rate discounts
- Any ongoing and administration fees

To pay your loan quicker - Switching to a new home loan with a lower interest rate, but continuing to make the same monthly repayments could save you thousands, even tens of thousands, in interest charges. It may also allow you to finish paying off your mortgage a few years sooner.

REDUCING LOAN COST AND TIME

Low Repayments VS Shorter Loan Term

To increase flexibility or features – When you first applied for your home loan, you may have been in a different financial position than you are now. Perhaps you've changed jobs, increased your income, or come into an inheritance. If you were simply looking for the lowest rate at the time, you may have missed out on a number of popular features lenders now provide, such as offset accounts, redraw facilities and the ability to make extra repayments. If you can afford to pay down your loan quicker, then these features may be able to help you save money over the longer term.

To free up some equity – If you've paid off a chunk of your home loan, you may be eligible to extend your borrowing amount with a line of credit. The benefit here is that you could pay less interest by borrowing against your home loan than by borrowing on a credit card. Taking on additional debt always carries risks though, so before you go down this path, be sure to speak to a professional, such as a financial adviser, about the pros and cons for your personal situation.

To consolidate debts – Some borrowers have multiple debts, such as housing loans, personal loans and credit cards. By combining those debts into the one account, these borrowers may be able to save on interest charges and fees from month to month and relieve some of their immediate financial pressure.

To take advantage of incentives – From time to time, lenders offer incentives to try and hook new borrowers. These incentives can be quite generous and range from cashback offers, to holidays, to new cars. Before you refinance to take advantage of an incentive, it's important to look at the fine print and make sure the interest rate and fees for the new loan are reasonable and aligned with your financial goals. It's worth using a repayment calculator to determine how much more you'll pay monthly, yearly and over the life of the loan, if your interest rate is higher than your current rate.



TOP FIVE REASONS TO LOOK INTO A MORTGAGE REFINANCE

To find a lender that treats them better – It's not unusual for borrowers to feel neglected by their lender.

1. Not getting a call back when you request it
2. Poor customer service at a branch
3. Poor notification of changes
4. Not passing on interest rate reductions.
5. Feeling disenchanting with a lender

It's important to make sure before you switch loans that your new lender is an improvement on the old one. For many, that means making sure communication is strong and interest rates and fees are low.

WHY DON'T PEOPLE REFINANCE?

The time/effort involved – The main reason people don't refinance is because they can't be bothered, due to the perceived effort involved versus the amount they'll save.

The chance the new lender will be worse than the old one – Any change is a risk and for almost a quarter of borrowers, the risk that their new lender won't be any better than their old one is enough of a reason for them to stay put.

The hassle of unlinking bundled products – For those who have several bank products, including credit cards, transaction accounts and term deposits, all linked to the one lender, it can be a daunting task to either switch them all over to the new lender or to set up a new direct debit to your mortgage. However, many smaller lenders recognise this and have upped the ante on their customer service for bundled products. It can be as simple as filling out one form with your new lender and getting them to take care of a lot of the heavy lifting. It's worth checking before you sign up to any new loan what sort of customer service the lender provides and how they handle mortgage transactions.

The associated costs – Surveyed home owners cited the switching costs as one of their major deterrents to moving lenders. Their rationale is that the cost of refinancing would outweigh the benefits they receive. However, in many cases, that's not correct. Exit fees were banned in 2011, which means borrowers now only have to worry about a discharge fee and any upfront fees of their new loan. While discharge fees tend to hover around the \$200-\$300 mark, the average upfront costs of loans is \$500-\$600.

REFINANCING TRAPS

Given that refinancing isn't always a straightforward process, there are certain traps borrowers can fall into if they are not wary.

Here are some of the top offenders:

1. **Adding smaller debts to your loan** - Paying off a relatively small debt over a home loan's decades-long term may require many more repayments than you would otherwise make, costing more in total interest charges than paying the debt separately.
2. **Borrowing more than you need** - It can be tempting to extend your mortgage and borrow a bit extra to spend when you refinance, but over the long term this can cost you more in fees and interest to repay. Less hassle switching loans. Depending on your lender, variable rate loans typically do not have break or exit fees.
3. **Falling for honeymoon rates** - Honeymoon rates sound great at the beginning but watch out for a high revert rate.
4. **4. Refinancing to a longer loan term** - Your repayments may be lower to start, but you won't pay off the loan any time soon.
5. **Accepting upfront fees instead of negotiating** – This can make refinancing cost-prohibitive.

WHEN TO REFINANCE?

While there is no ideal time of year to refinance, reduced interest rates tend to follow a Reserve Bank interest rate cut. Some home loan specials also tend to appear around the beginning of a new year.

Given the paperwork involved in switching loans, some borrowers like to time their refinancing around holidays or long weekends.

COST OF REFINANCING

WHEN TO REFINANCE?

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HOW MUCH DOES IT COST TO REFINANCE?

The costs you may encounter when refinancing may include:

- 1. Discharge fees (average: \$200-\$300)** – when you terminate your loan, you will likely have to pay a discharge fee to cover the paperwork your old lender has to compile.
- 2. Upfront costs (average: \$500-\$600)** – these include establishment fees, valuation and settlement costs.
- 3. Break fees** - if your current home loan is on a fixed rate you should contact your lender first and find out the break fee associated with switching.

When considering refinancing costs, it is important to examine them with respect to the savings. Work out how much you will save in total over your first year, and how long it will likely take for these savings to make up for the switching costs.

DISCHARGE FEE

The Federal Government banned exit fees in 2011, removing one of the biggest barriers to switching home loan providers. Lenders can still legally charge a discharge fee, which is payable when you come to the end of your home loan, however these fees are relatively small at an average of \$200-\$300 while many home loans don't have them at all.

BREAK FEE

Break fees are charged when a customer terminates a fixed-rate mortgage. The amount is determined at the time you decide to break the loan and is based on how much your bank stands to lose by you breaking the contract. As a general rule, the more the variable rate has dropped, the higher the fee will be.

UPFRONT FEE

An 'upfront' or 'application' fee is a one-off expense you are charged by your bank when you take out a loan. The average start-up fee is around \$500-\$600, however there are many loans on the market with none at all. If the loan you want includes an application fee, try and negotiate to have it waived. You'll be surprised what your bank may agree to when they want your business.

HOW LONG DOES IT TAKE TO REFINANCE ?

There are two refinancing paths:

- 1. Fast Track:** Lenders offering a fast refinancing track can complete the entire process for you within three days.
- 2. Standard Process:** The standard refinancing process usually takes between two to four weeks. This process does not require more effort on your part; it's just structured differently.

FAST TRACK VS STANDARD TRACK

What is the Fast Track refinancing process?

The Fast Track refinancing process is a way of switching to a new lender in a total of three days. It is offered by lenders as a way to reduce the time between you making the decision to refinance and them closing the deal. The benefit for you as a customer is that you can have the process completed in a matter of days rather than worrying about it for an extended period of time.

LOAN PRODUCT TYPES

THERE ARE A WIDE RANGE OF PRODUCT TYPES AVAILABLE FROM LENDERS. YOUR EZ FINANCING MORTGAGE BROKER WILL ASSIST YOU IN DETERMINING THE MOST SUITABLE OPTION.

BASIC HOME LOAN

A no-frills loan with a low interest rate and little or no fees.

PROFESSIONAL PACKAGE

A full-featured loan with a discounted interest rate for the life of the loan, it often comes with a credit card, offset account and redraw facility. A Professional Package will usually have an annual fee which includes all of these features.

LINE OF CREDIT

A pre-approved limit which can be borrowed in part or in its entirety. Repayments are interest only and are required only on the outstanding balance.

BRIDGING LOAN

If you buy a property before selling your existing property you may require temporary access to additional funds to 'bridge the gap' until you sell.

SELF MANAGING SUPER FUND

SMSF mortgages are a unique lending facility that enables you to use your SMSF to invest in certain eligible property assets such as commercial premises and 'approved' residential properties.

EQUITY RELEASE OR REVERSE MORTGAGE

For those who are over 60 and have equity tied up in assets, this loan allows you to effectively pull cash out of your assets to use as you wish with no repayment required.



PRODUCT OPTIONS

FIXED VS VARIABLE

A fixed loan has a fixed interest rate, a fixed repayment amount and is usually for an agreed term such as 1, 3 or 5 years. A variable loan has a fluctuating interest rate which can be changed by the banks at any time, usually in line with changes made by the Reserve Bank.

SPLIT LOANS

A loan which manages risk and is split between fixed and variable interest rates.

PRINCIPAL & INTEREST VS INTEREST ONLY

The principal amount of your loan is the amount that you borrow and the interest is charged on top of this amount. It is possible to pay just the interest if you wish to minimise your repayments initially but if you choose this option the principal loan amount will remain the same.

HONEYMOON/INTRODUCTORY LOANS

A lower initial rate for those looking to minimise payments in the short term.

BUILDING AND CONSTRUCTION LOANS

You can access funds as they are required at the various stages of building.

REDRAW FACILITY

This feature allows you to withdraw any additional repayments that you've made towards your loan. This means you can reduce your interest when you have additional funds but you still have access to that money if you need it.

OFFSET ACCOUNTS

An account which is linked to your home loan, the balance of which reduces the balance of your loan that interest is charged on.

FAMILY GUARANTEE

This is generally available to First Home Buyers and allows a family member to offer their property as additional security to your loan to help you avoid needing a deposit and / or paying LMI. If your family member already has a mortgage against their property, your lender may take a second mortgage, equity allowing.

DIRECT SALARY CREDITING

You can arrange to have your loan paid directly from your salary which is convenient and can assist budgeting.

REPAYMENT HOLIDAY/PREGNANCY PAUSE

You are able to effectively take a break from making your repayment with your lender's approval. Any missed repayments will be added to your loan but if you would like to minimise your outgoings in the short-term it may be an option.

THE APPLICATION PROCESS

THE INITIAL MEETING

This meeting will take place at a time and location of your convenience. We are happy to meet with you during or after business hours at your home, workplace or our office. Your goals and requirements will be paramount and your broker will answer any questions you may have. Your broker will assess your borrowing capacity, show you potentially suitable lenders and provide a repayment schedule which also shows the effect of interest rate changes. Your broker will then outline the loan process from start to finish and let you know which supporting documents are required if you choose to proceed with your application.

PRE-APPROVAL

If you are looking to purchase a property, your EZ Financing Mortgage Broker will collect the supporting documents from you, fill out all the paperwork and apply for pre-approval on your behalf from the most suitable lender. If you are refinancing, EZ Financing has access to lender property valuation software to speed up the loan process.

FORMAL APPROVAL

Once you find a property to purchase, or proceed with a refinance, your EZ Financing Mortgage Broker will collect any additional or relevant supporting documentation from you, arrange a property valuation and request Formal Approval. The lender will evaluate your application and when satisfied they will offer Formal Approval, also known as Unconditional Approval.

EXCHANGE OF CONTRACTS

The process to exchange contracts is when you and the vendor both sign and exchange copies of the contract of sale. It is at this point that the contract becomes legally binding. This process is completed by your agent, or legal representative. Upon exchanging contracts, you will be required to pay a deposit usually 10% of the purchase price.

In some instances a 5 day cooling off period may be negotiated. This means that the purchaser can change their mind and decide not to go ahead with the purchase. If you decide to withdraw for whatever reason, you must inform the vendor in writing, and the deposit will be returned. However, the vendor may be entitled to retain up to 0.25% of the purchaser's deposit. This may vary depending on the type of purchase, the contract and the state or territory you are in.

LOAN CONTRACTS / MORTGAGE DOCUMENTS

Once Formal Approval has been granted the lender will issue loan contracts. Your EZ Financing Mortgage Broker will go through these with you and you may also like to seek independent legal advice.

SETTLEMENT (PURCHASE)

Settlement usually takes place six weeks after exchange unless negotiated otherwise. On settlement day, funds will be transferred by arrangements between your lender and legal representative to the vendor of the property you have purchased and the property will be yours.

Your legal representative will instruct you prior to settlement of any monies you also need to make available on settlement. Your EZ Financing Mortgage Broker will keep in contact with your lender, legal representative and real estate agent to ensure that settlement date is met.

After settlement, you will be notified by your lender of upcoming repayment arrangements and your EZ Financing Mortgage Broker will remain in touch to ensure that everything proceeds as you expected.

AFTER SETTLEMENT

Following settlement, your main requirement is to make your home loan repayments on the due date. If you have any queries you can contact your EZ Financing Mortgage Broker who will be able to answer any questions and can possibly make enquiries on your behalf. Your EZ Financing Mortgage Broker will remain in regular contact and will provide you with a loan review every year to ensure that you continue to have the most suitable and the best home loan available to you.

FINANCE PROCESS

INITIAL APPOINTMENT

Your need and what is important for you out of the appointment

Borrowing capacity. Loan structure and compare all the bank rates.

PROPERTY VALUATION

Once you have chosen your desired property, a valuer will make an appointment to inspect the property.

The bank does not employ property valuers - they are separate companies which means their valuations are independent.

UNCONDITIONAL APPROVAL OR FORMAL APPROVAL

The bank will issue a letter confirming their approval so, at this stage, you can relax.

Email approval letter to Solicitor.

DAY AFTER SETTLEMENT

The Broker gets all home loan account detail and repayment details then emails to client.

ANNUAL REVIEW

The Broker will contact the bank to negotiate on the existing rate.

The Broker can order the valuation for the property.

The Broker will call the client to make sure everything is all good, or if it need to change anything.

YOU PREPARE FOR LOAN APPLICATION

You to complete our Fact Find and provide us with all the supporting documents.

CONDITIONAL APPROVAL OR PRE-APPROVAL

Pre-approval lasts about 3-6 months, which is usually enough time to find a suitable property.

Usually, you can extend your pre-approval if needed by providing a new set of payslips.

CLIENTS CONTACT LENDER TO ORGANISE BANKING

Clients contact the branch to help with: account and internet banking set up.

SETTLEMENT DAY

Client does not need to do anything. Lending and solicitor will inform when the settlement is done.

Client can pick up the keys from the Agent.

BROKER PREPARES FOR THE APPLICATION

Broker data entry the information you have provided.

The broker will email you all loan documents to review and sign.

SUBMIT TO LENDER

Once you have signed the loan document, Broker then prepares to submit your application to the lender.

We prepare your application and upload it not the lender's system.

LOAN OFFER ISSUED

The Broker will receive the loan documents in 48hrs. The Broker will book an appointment to sign the documents with client

Client gets JP to witness the Mortgage. Client POST back to the lender.

1 WEEK BEFORE SETTLEMENT

Buyer's solicitor should email the breakdown of the amount needed for settlement.

Client needs to TRANSFER funds to Solicitors account 2-3 days before settlement avoid delay.

ONGOING HELP

Reviewing your interest rate and helping to switch any necessary loan products. Helping you make an educated decision on fixing your interest rate or staying variable.

Monitoring the value of your property so you can make better decisions about accessing equity to buy an investment property or moving house. Switching the date frequency of your repayments so it better suits your financial needs and commitments.

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