



1ST STREET

FINANCIAL

HOME LOAN GUIDE

Call 1300 17 87 87

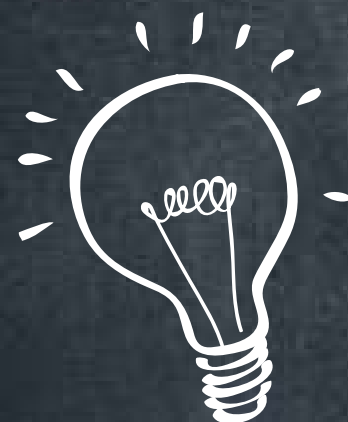
1ststreet.com.au

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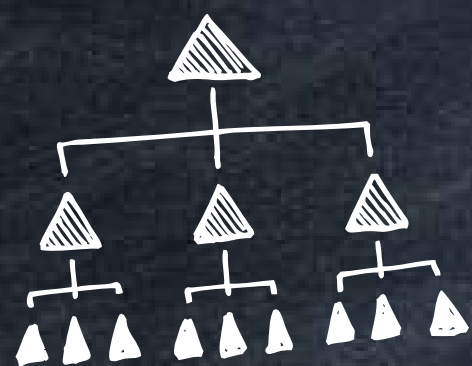
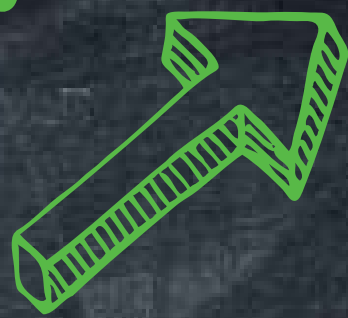
THE LOAN PROCESS
made simple



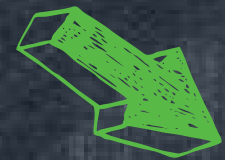
1. Your Plans



2. How much
can you borrow?



3. Product Selection



4. Apply Now

1ST STREET THIS IS OUR STORY...

1st Street Home Loans' commenced operations in 2002 as a solely operated local mortgage brokerage to service the Eastern Suburbs of Sydney. Over recent years, 1st Street Home Loans' has grown significantly and has received a plethora of awards including recently winning the most prestigious award in the industry, the ABA's Australian Broker of the Year. Other recent awards include Best Customer Service, No. 1 Elite Business Writer, MPA Top 100 Brokers List and National Broker of the Year - National Mortgage Brokers.

1st Street Home Loans' has expanded over the years and now has offices located in several states across Australia. We have the knowledge and the relationships to get you the most suitable loan available, without charging you any fees. You can be approved for a loan within 48 hours and 1st Street will communicate with lenders, real estate agents and solicitors on your behalf to ensure the process runs smoothly.

1ST PLACE IS HOW WE LIKE IT!



ABOUT YOUR 1ST STREET MORTGAGE BROKER

Your 1st Street Mortgage Broker is an expert in obtaining loans for homes, investment properties and commercial purposes. Your broker is highly qualified, a member of the MFAA (Mortgage Finance Association of Australia), COSL (Credit Ombudsman Services Ltd) and strictly complies with the Privacy Act as well as all laws and regulations.


With an in-depth knowledge of hundreds of loan products available from a wide range of lenders, including all of the major banks, your 1st Street Mortgage Broker will do all of the research and negotiation with the lenders to get the most suitable loan available to you, making the whole loan process simple, highly efficient and as stress-free as possible.

1st Street Mortgage Brokers also have a thorough knowledge of the property market and they can give you inside information regarding trends and statistics as well as current government initiatives.

IS THERE A FEE FOR USING A 1ST STREET MORTGAGE BROKER?

1st Street Home Loans' premium service comes at no cost to you – it's free. 1st Street is paid by the lender when your loan settles but this will not affect your interest rate or loan fees as, for the lender, it is often more cost-effective for a mortgage broker to process a loan rather than the lenders processing it themselves in-house. In fact, we often find that we can save you money by negotiating on your behalf.





TIP: Even if you have a good relationship with your lender, your 1st Street Mortgage Broker can compare your potential loan and, in most cases, get you a better deal.

HOW 1ST STREET WILL GET YOU THE BEST DEAL

1st Street Home Loans' is one of Australia's leading mortgage brokers, consistently awarded and recognised by the industry for levels of excellence. With a solid track record and very strong relationships with the lenders, your 1st Street broker will evaluate your requirements and help select the most suitable loan available to you from the hundreds of loan products on the market.

Your 1st Street Mortgage Broker can negotiate with lenders on your behalf to:

- Reduce or waive upfront fees
- Lower interest rates
- Enable rapid loan approval

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 1st Street Mortgage Broker will do the research for you after just one simple and obligation-free meeting.

"With 1st Street the Process is Simple."

AdelaideBank

AMP

ANZ

bankwest

Bank of Melbourne

citibank

CommonwealthBank

imb
INVESTMENT BROKER

ING DIRECT

MACQUARIE

me Bank

nab
nabroker

st.george

SUNCORP BANK

Westpac



WHAT ARE YOUR PLANS?

Before meeting with your 1st Street Mortgage Broker it is worthwhile thinking about your goals and requirements so that your broker can recommend the most suitable product available to you.

PURCHASE

Is this your first home?

Before you start looking for a property, we can get you conditionally pre-approved. That way when you find your perfect place you can move quickly and with confidence. Pre-approvals generally last between 3-6 months depending on the selected lender.

Are you planning to sell a property first or do you need bridging finance?

It can be difficult to time a buy and a sell perfectly and if you purchase a new property before selling your current property, 1st Street can

arrange bridging finance to 'bridge the gap' until your property is sold.

Are you purchasing an investment property?

A loan for an investment property may need to be structured differently to an owner occupier loan and your 1st Street Mortgage Broker can discuss the options available to you.

REFINANCE

Better rate?

Better features?

Better overall service?

Your 1st Street Mortgage Broker can compare your loan with hundreds of other loan products and can almost always get you a better deal

"We have big ideas on how to save you money on your repayments."

HOW MUCH CAN YOU BORROW?

A suitable home loan provides you with a good balance of being able to purchase a property and being able to comfortably meet the repayments. Your 1st Street Mortgage Broker will calculate your borrowing capacity based on your deposit, genuine savings, property equity, income, regular expenses and financial commitments. You will be shown the associated repayment schedule for a range of loan amounts available and ultimately decide which amount suits you and your lifestyle.

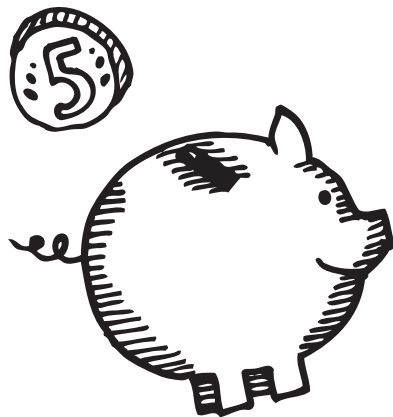
TIP: If you are house-hunting, your 1st Street Mortgage Broker can get you pre-approved with a lender within 48 hours so you can look for properties seriously and know your budget.





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 1st Street 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. A 1st Street Financial Services Advisor can provide you with a quote for Mortgage Protection Insurance.

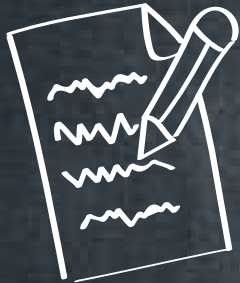


THE PURCHASE PROCESS

5 Simple Steps

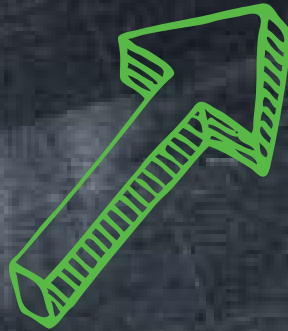
Step 1

Pre-Approval



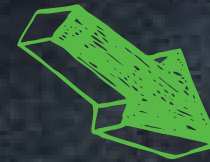
Step 2

Property Search



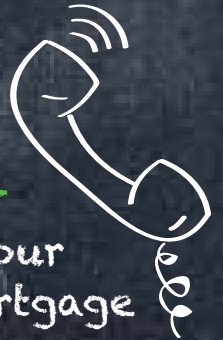
Step 3

- Seek legal Advice
- Property Reports
 - Strata report
 - Building inspection



Step 4

Consult your 1st Street Mortgage Broker



Step 5

Make an offer... SOLD!



PROPERTY PURCHASE

There are two common ways in which properties are offered for sale, private treaty and auction.

PRIVATE TREATY

This is when a property is made available for purchase at a set price, a guide price or a price range, after which negotiations can begin. When purchasing a property under a private treaty there is generally a cooling off period in which you have some time to change your mind if you choose not to go ahead with the purchase. This is not available when purchasing at auction and there may be a small penalty involved. During the cooling off period, your 1st Street Mortgage Broker will arrange the valuation of the property if required and make sure that all other pre-approval conditions are met so that the lender can provide Formal Loan Approval. You should also take this time to have your legal representative ensure that the contract is in order and strata, pest and building reports are carried out where necessary.

TIP: Your 1st Street Mortgage Broker can further help you prepare for an auction by offering RP Data / Comparable Sales Information on the property you are considering.

TIP: Your 1st Street Mortgage Broker can refer you to a solicitor or conveyancer

AUCTION

This is a more public process in which potential buyers come together at the same time to bid on a property. It is a faster (though more expensive) sales method for the seller. There is no "cooling off" period when purchasing under auction conditions. The best way to be prepared for an auction is to have a fully verified pre-approval subject only to a valuation which is completed once you have purchased the property, and that your legal representative has viewed the contract and carried out necessary reports as noted above.



CONSIDER THESE COSTS WHEN PURCHASING A PROPERTY:

- ✓ **LMI- Lenders Mortgage Insurance**
- ✓ **State Taxes, Duties and Fees** – Stamp Duty is a government fee which varies between states. Your 1st Street Mortgage Broker can calculate this amount for you.
- ✓ **Legal Representation Fees** – A solicitor or conveyancer is required to manage the legal aspects of your property such as assessing the contract and carrying out property searches. This fee can range from \$1,500 upwards.
- ✓ **Building Inspection Reports** – An inspection of the building you intend to purchase will highlight whether there are any issues or potential issues with the building. This report generally costs up to \$1,000. A building inspection report may not be required if you are purchasing a strata title unit.
- ✓ **Strata Report** – This is required prior to purchasing a strata title unit to ensure you are fully aware of any underlying issues relating to the unit/building you are looking to purchase. This can be arranged by your legal representative.
- ✓ **Pest and Termite Inspections** – This is a relatively inexpensive cost although a worthwhile purchase as it will make you aware of any current or previous pest related issues in the property.
- ✓ **Building Insurance**
- ✓ **Home and Contents Insurance**
- ✓ **Mortgage Protection Insurance**
(Please refer to page 24 regarding 1st Street Financial Services)



PLANNING ON REFINANCING?

A home loan is usually taken over several years and as time goes by your needs may change and the lenders' offerings are likely to change too. With the high level of competition between lenders, it is often possible to negotiate a better deal on your existing loan, especially if the Reserve Bank reduces interest rates. By successfully refinancing you can reduce your repayments and potentially reduce the term of your loan.

Over time, as the value of your property rises and the loan reduces, the difference between the two is your equity. You can access this equity and in effect take some of your profit to put towards other investments or expenses such as an investment property, home improvements, or a holiday. Your 1st Street Mortgage Broker can guide you through the opportunities and options available to you.

Common reasons for refinancing include:

- Renovating a property or building a new home
- Consolidating debts such as credit cards with high interest rates
- Finding a more suitable home loan with lower rates
- Obtaining a loan with more features such as redraw and offset facilities
- A desire to change lenders
- If you require better service

COSTS OF REFINANCING

Your 1st Street Mortgage Broker will discuss the costs of refinancing with you and these costs will be factored in when evaluating the potential benefit of refinancing. Costs can include application fees, government fees, loan discharge fees, break costs, property valuation fees and Lenders Mortgage Insurance.

DIFFERENT LOAN PRODUCT TYPES

There are a wide range of product types available from lenders. Your 1st Street 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.

• SMSF - Self Managed Super Fund 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.

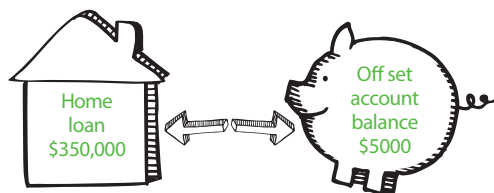
• Equity Release or Reverse Mortgage – For those who are over 60 and have equity tied up in assets, this loan allows you to effectively pull cash out of your assets to use as you wish with no repayment required.

YOUR LOAN PRODUCT OPTIONS

Within each product type there are many options available depending on your requirements.

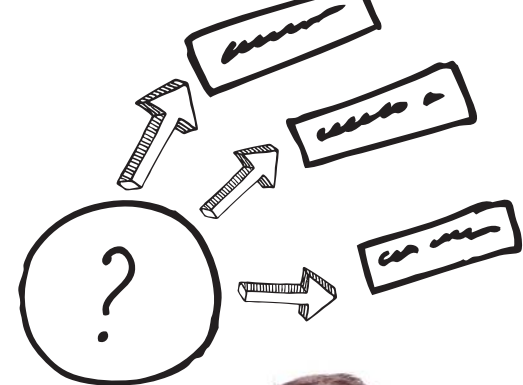
- **Fixed vs Variable** – A fixed loan has a fixed interest rate, a fixed repayment amount and is usually for an agreed term such as 1, 3 or 5 years. A variable loan has a fluctuating interest rate which can be changed by the banks at any time, usually in line with changes made by the Reserve Bank.
-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



Loan balance of \$350,000 is off set by the balance of the offset account which is \$5000. So in this scenario when the daily interest is calculated by the lender on the home loan the interest will be calculated based on a net balance of \$345,000

TIP: Should you need to break your fixed rate through the sale or refinance of your property, high fees may apply. Your 1st Street Mortgage Broker can discuss whether a fixed rate is suitable, taking in to consideration your short and long term goals.



- **Repayment Holiday/Pregnancy Pause** – You are able to effectively take a break from making your repayment with your lenders 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.
- **Direct Salary Crediting** – You can arrange to have your loan paid directly from your salary which is convenient and can assist budgeting.
- **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.



THE APPLICATION PROCESS

Throughout your home loan process you will have contact with just one 1st Street Mortgage Broker to ensure a personalised, consistent and thorough service.

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 or workplace or at 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

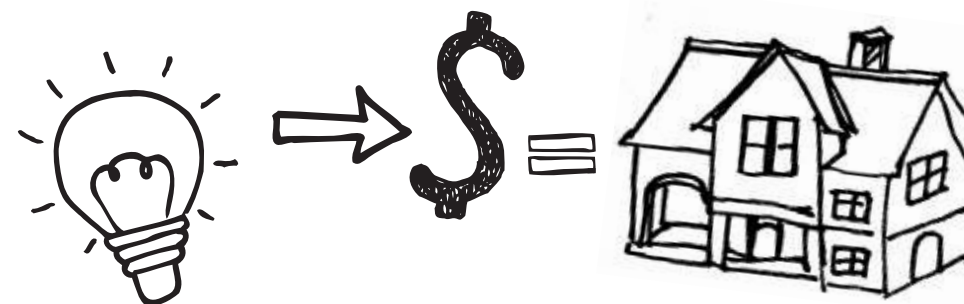
If you are looking to purchase a property, your 1st Street Mortgage Broker will collect the supporting documents from you, fill out all the paperwork and apply for pre-approval on your behalf from the most suitable lender. If you are refinancing, 1st Street has access to lender property valuation software to speed up the loan process.

FORMAL APPROVAL

Once you find a property to purchase, or proceed with a refinance, your 1st Street Mortgage Broker will collect any additional 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 1st Street 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 1st Street 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 1st Street 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 1st Street Mortgage Broker who will be able to answer any questions and can possibly make enquiries on your behalf.

Your 1st Street 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.

TIP: If you are refinancing, settlement can take place within 2-3 weeks

1ST STREET HELPS YOU TO ACHIEVE YOUR FINANCIAL GOALS

Do you have plans for the future? Would you like to own your own home, create an investment portfolio or ensure financial protection for you and your family? 1st Street's close network of experienced financial planners will guide you through financial and protection strategies, enabling you to live for today whilst progressing towards your dreams and goals.

There could be opportunities for you to pay less tax, reduce your debt faster or build up your assets. Protecting what you've built is also key to achieving your goals. By having greater control over your finances you will be in a better position to take advantage of any opportunities that come your way.

1. CASH FLOW PLANNING

Effective cash flow management is essential, whether you are looking to grow and protect your investments, maintain financial stability or plan for

your retirement. One of 1st Street's network of Financial Planners will work with you to develop an accurate budget to guide you towards a suitable financial path. We can assist you with important financial decisions during all life stages.

2. LIFE RISK MANAGEMENT*

1st Street offers specialised products to protect individuals, families and businesses from the potential financial risks arising from disability, trauma or death. An in-house 1st Street Risk Adviser will assist you to identify and manage risks with products including Life Insurance, Income Protection, Trauma Insurance, Total & Permanent Disability Insurance and Business Insurance.

3. SUPERANNUATION AND RETIREMENT PLANNING

Superannuation, or Super, offers you a tax effective way to save money for the future. Different people have

different superannuation requirements and one of 1st Street's network of Financial Planners can help to determine how much super you'll need. You will be guided towards the most suitable solution, investing in assets such as shares, property, cash or a self-managed super fund (SMSF). Your strategy will also take into consideration possible variations in inflation, health care costs, tax rates and regulations.

4. SELF MANAGED SUPER FUNDS

When managing your own super fund you are required to adhere to complex and ever-changing super and tax laws. One of 1st Street's network of experienced Financial Planners can offer the services and resources to help you access the full potential of your fund in your chosen area of investment. You also have the possibility to use your fund to borrow for further investments.

OUR ADVICE PROCESS

- 1 Discovery
- 2 Analysis
- 3 Strategy
- 4 Recommendation
- 5 Implementation
- 6 Ongoing Advice



Disclaimer: This booklet has been prepared without taking into account your objectives, financial situation or needs. You should assess whether it is appropriate in light of your own individual objectives, financial situation or needs prior to acting upon this advice.

* Our Life Risk Management services are provided by an in-house 1st Street Risk Adviser who is licensed as an authorised representative of Risk Advice Specialists Pty Ltd AFSL 412709. All other financial planning services are provided by our referral network of financial planners. Referral planners are licensed as authorised representatives of Fitzpatrick's Dealer Group Pty Ltd AFSL 247429.

1ST STREET WHAT OTHER SERVICES WE HAVE ON OFFER

COMMERCIAL FINANCE

Whether you require finance for a commercial property investment or need a cash flow solution to fund business growth, 1st Street can assist with all your business finance needs. Commercial finance is more complex than residential lending and we have specialist commercial finance brokers to assist you with obtaining finance for your business or investments.

ASSET FINANCE/LEASING

If you need equipment for your business, such as a pizza oven or a forklift, or if you're looking at alternatives to purchasing a new car outright, 1st Street offers a range of leasing options including:

- Chattel Mortgage
- Hire Purchase
- Finance Lease
- Novated Lease

Your 1st Street asset finance specialist will find the most suitable facility for you liaising with suppliers as required and keep the whole process simple.

SIMPLIFY THE PROCESS EVEN FURTHER WITH A BUYER'S AGENT

If you don't have much time to view properties or if you'd rather someone else did the house-hunting for you, a buyer's agent can help. They'll listen to your requirements, research the market and then come back to you with a selection of suitable properties, perhaps including some alternate locations and property options. All properties presented to you will come with estimates of the expected sale price, recent sale prices and rental yield.

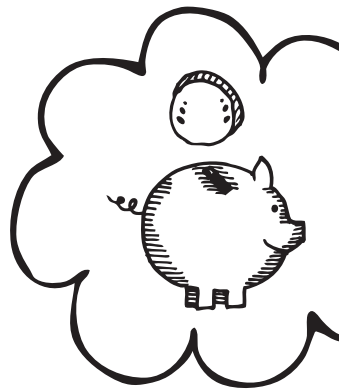
Buyer's agents are loyal as they have only your best interests in mind. They have a thorough knowledge of the market and many work closely with real estate agents to gain access

to properties before they are listed. They can also offer much added value as skilled negotiators, acting on your behalf. If you are interested in this service, 1st Street has alliances with several successful buyer's agents.



DISCLAIMER: The information provided in this booklet is for general information only. Please do not rely on the content in this booklet as a substitute for specific legal or financial advice. Before making any decisions you should consider your specific objectives, financial situation and needs.

**YOUR EXPERIENCE
IS OUR 1ST PRIORITY**



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FINANCIAL



Call 1300 17 87 87

1ststreet.com.au