

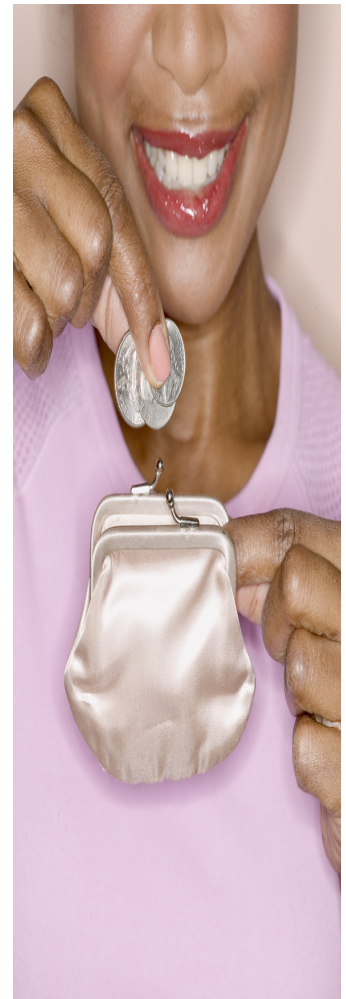
the loan process



The Loan Process

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The loan process

Your decision to purchase property

Many issues have to be addressed when you make your decision including the best Mortgage Adviser to speak with regarding your individual needs.

Choosing a Mortgage Adviser

A good discussion with your Mortgage Adviser will help address any further issues or concerns that may arise.

Making an Application

After finding the most suitable product, the next step is to fill out an application and submit it. This will cost you nothing with most Mortgage Advisers. Be Aware.

Condition Approval

This is where the lender will approve the loan in principle. This will allow you to go out and find a 'suitable' property up to the limit you are approved for.

Unconditional Approval

Once a 'suitable' property is found, the lender will arrange a valuation. If this property meets the guidelines outlined to you by your Mortgage Adviser, your loan will proceed.

Documentation Preparation

Documents will be prepared and a 'formal offer' will be forwarded to you for your inspection, signing and return. You are not obliged to proceed if you are not satisfied.

Settlement

Settlement will be arranged following the return of completed "formal offer" documents. Your loan will be drawn down on the day of settlement and repayments commence.

Post - Settlement

In many instances, your Mortgage Adviser will not be able to assist with general account issues, however, they will be able to assist with any errors, problems or other requests. Your Mortgage Adviser should contact you regularly to ensure everything is moving along as you expected and they should update you regarding new products that may suit your individual needs. The process will repeat itself following your next purchase.

Different types of home loans

- Variable Rate Home Loans (basic)
- Fixed Rate Loan
- Introductory Rate Loan
- All In One Loan
- Line Of Credit Facility
- Low Documentation Loan



- Professional & Other Loan Packages
- No Document Loan & Asset Lend
- Bridging Loan
- Reverse Mortgage/Seniors Equity Loan
- Deposit bond & deposit guarantee
- Construction Loan

variable rate home loans (basic)

'**Standard**' variable rate loans are the most popular loan type in Australia. Loan terms are most commonly up to 30 years. Taken with a '**package**' will see a reduction in the applicable interest rate.

Advantages

- Substantial discounts may apply
- Flexibility to split your loan or fix the interest rate
- Repayments will decrease if interest rates fall
- Additional repayments are allowed
- Additional funds can be redrawn
- Many additional features

Disadvantages

- Repayments will increase if interest rates rise
- Relatively higher interest rate if not taken as part of a '**package**'.

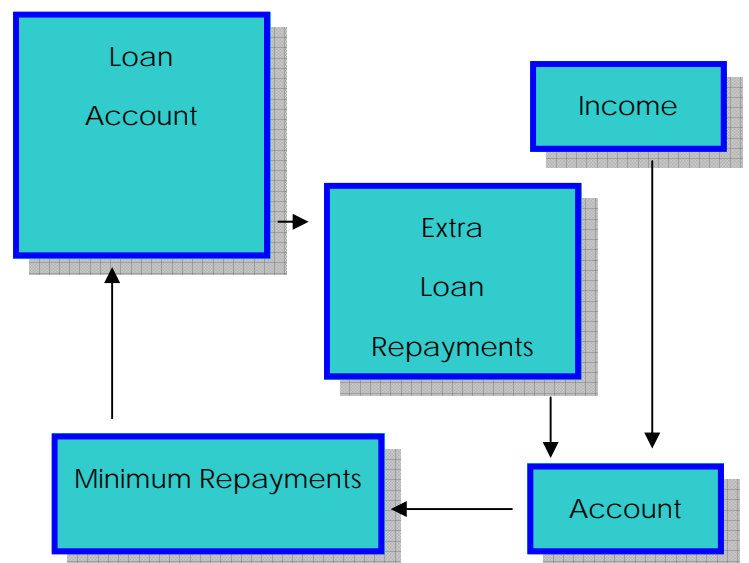
A '**Basic**' loan is the no frills version of the '**Standard**' type loans. They have limited features and a lower interest rate associated with them. They may be more beneficial for owner occupied property loans as they stay at a lower level throughout the term of the loan.

Advantages

- Low ongoing interest rate

Disadvantages

- Not very flexible
- Not many features



fixed rate loan

'**Fixed**' rate loans are those where the interest rate is fixed for a term. This is usually between 1 and 5 years but can extend up to 10 years or more.

Advantages

- Repayments will remain the same
- You will not be affected if interest rates increase

Disadvantages

- If interest rates decrease, repayments will stay the same
- Extra repayments may incur penalties
- Breaking the loan will usually incur penalties

introductory rate loan

An '**Introductory**' Rate (or 'honeymoon' rate) may apply on some products. This is simply a discounted rate for a period, usually 12 months, that reverts back to a higher rate. Rates can be capped, fixed or variable. Capped rates are just variable rates with a maximum limit they can increase to.

Advantages

- Very low interest rates when starting out

Disadvantages

- Repayments will increase after the initial period
- May be locked into a higher rate if interest rates fall and choosing a fixed introductory period
- Usually more expensive over the medium to long term

all in one loan

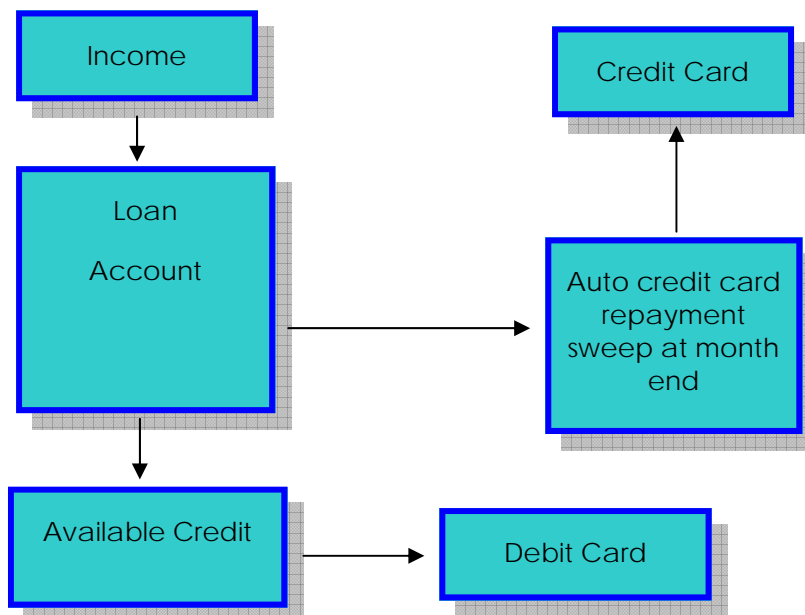
An '**All In One**' facility simplifies the banking process. A single account operates as your loan and your transaction account. All your funds are kept in the one place. They operate very similar to a Line Of Credit facility except the limit usually reduces over the term of the loan.

Advantages

- A full transaction account with many features
- Funds in the account fully offset against the loan saving you interest

Disadvantages

- Interest rates tend to be higher than standard investment type loans
- Additional fees and charges usually apply



line of credit facility

A '**Line Of Credit**' (LOC) facility is an interest only variable rate loan. It is the most flexible loan type as it allows a borrower to use funds for whatever purpose needed. They have a prearranged limit and operate similar to a credit card. A true LOC has no set loan term and operate perpetually.

Advantages

- Very flexible as to purpose of funds
- Cheaper than other investment type facilities

Disadvantages

- High risk of over spending if not good with money
- Interest rates tend to be higher than standard type loans

low document loan

'**Low Document**' or '**Low Doc**' loans require, as the name suggests, less documents than a standard loan application and are very popular with small business owners. Wage earners also have access to these products. The difference is that income verification will not require tax returns or pay slips. In some cases, the lender will accept whatever the borrower states as their income. In other situations, an accountant may be needed to provide a letter verifying income levels as stated by the borrower. Some lenders do not require an income figure at all.

Low Doc loans can usually be converted to the standard loan types following a period of suitable repayment history or proof of income being provided.

Advantages

- Allows those who cannot verify income to borrow money
- Wide range of loan facilities available as low doc loans

Disadvantages

- Interest rates will usually be higher than standard loans
- ATO may audit borrowers declaring overly high income level
- Usually attract higher ongoing fees than standard loans or packages

professional & other loan packages

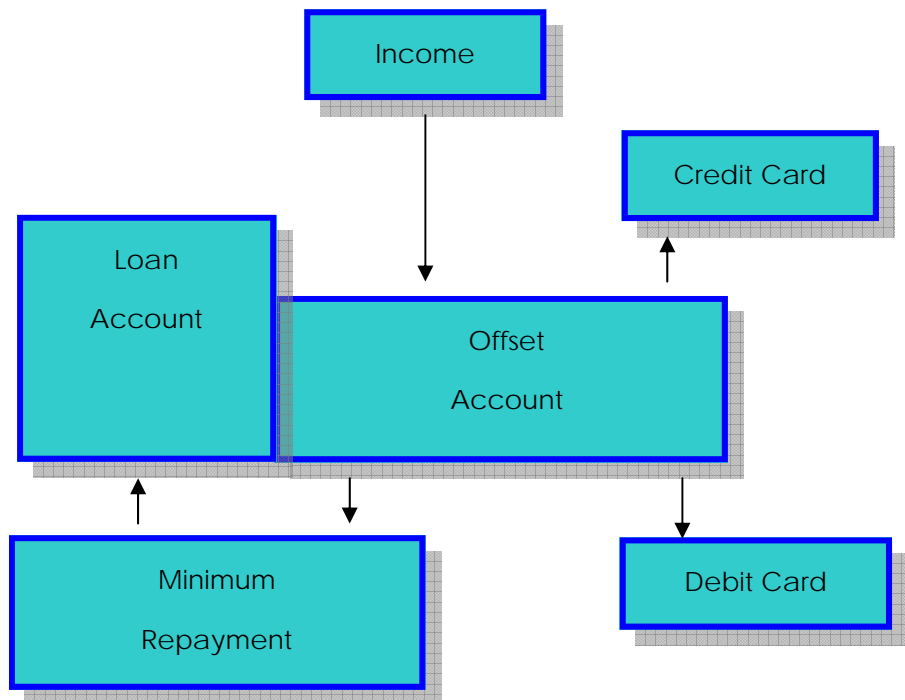
A '**Professional Pack**' is a term given to a package available to most borrowers based on income levels, loan amounts and accepting specific features and products. They are Standard Variable Rate loans with the added bonus of substantial discounts based on the total overall loan amounts. The package usually consists of the actual home or investment loan, a fully transactional 100% offset account and a credit card. Multiple loans over multiple properties can be taken without additional cost making this package ideal for investors.

Advantages

- Low interest rates
- Very flexible
- Discounts apply on other products

Disadvantages

- Annual package fees or ongoing monthly fees may apply.



no document loan & asset lend

'**No Document**' or '**No Doc**' loans require practically no documents at all to be provided to the lender. Identification and proof of ownership or proof of purchase of a property are sufficient to satisfy lender requirements. These loans are commonly known as an '**Asset Lend**'.

No Doc loans can usually be converted to the standard loan types following a period of suitable repayment history or proof of income being provided.

Advantages

- Very minimal documentation requirements

Disadvantages

- Interest rates will usually be substantially higher than standard loans
- Minimal range of loan facilities available as no doc loans

bridging loan

A '**Bridging**' loan is a facility that assists those borrowers seeking to purchase a new property prior to selling their current property. In most cases, lenders will provide funding for the new purchase on the condition that once the sale of the existing property occurs, an amount is paid to reduce the overall debt to acceptable levels.

The bridging loan may be set up so as to not require any repayments for a period, usually 6 or 12 months, or they may be set up as interest only loans. In most cases, the lender providing this finance may require any current home loan to be refinanced so they hold the mortgage on both properties.

These loans usually revert to a standard loan type following the sale of the current property.

Advantages

- Allows purchase of a new property prior to the sale of a current property
- Avoids difficulty with servicing larger levels of debt

Disadvantages

- May encounter expensive interest rates
- May be more expensive overall than applying for a new standard loan facility

reverse mortgage/ seniors equity loan

'**Reverse Mortgage**' loans are for the mature property owners. These loans can be taken by borrowers over the age of 60 years.

The unusual aspect to these loans is that no repayments are ever required. The loan interest will capitalise (be added to the loan). The lender will be repaid following the sale of the security property in the event of all the borrowers entering full-time nursing care or they pass away. Any funds in excess of what is owed to the lender is passed onto the borrowers estate.

The only documents required to obtain these loans is identification and proof of ownership of the property. The funds can be used for any purpose the borrower sees fit.

Advantages

- Minimal documentation requirements
- Source of funds in retirement years
- Funds available for any purpose

Disadvantages

- Interest rates higher than standard loans
- Reduces value of estate that would be left for relatives
- Require independent legal advice and financial planner sign-off in some cases

deposit bond & deposit guarantee

A '**Deposit Bond / Guarantee**' is a facility that allows a borrower to pay a deposit on a property without the need to outlay large sums of money. For a small fee, a deposit bond provider will guarantee a pre-approved limit for the deposit bond. Application requirements can vary depending on the term required by the borrower.

These facilities are very popular with buyers who are attending auctions to purchase their property and those who are purchasing property with long settlement periods (eg: off-the-plan purchases). It allows investment of funds that would normally be used to pay a deposit until they are required at settlement. They are considered an excellent tool when used effectively.

construction loan

A '**Construction**' loan is best utilised when building your home. It can involve various draw downs (set payments) throughout the construction process. The funds will be made available as needed to undertake the next portion of the building process,

Some construction loans can incorporate an amount to purchase the initial parcel of land. The balance of monies will usually be provided according to a fixed price building contract or quote to complete the work.

During the construction phase, construction loans may only require interest only payments to be made and, in some cases, no payment to be made until completion of the work. Following completion, these loans will usually be converted to a more flexible and suitable loan facility of your choice.

Advantages

- Draw downs require lower repayments than taking the full amount from commencement
- No repayments may be required until completion
- Completion value may be used to calculate LVR (Loan to Valuation Ratio)

Disadvantages

- Once established, not very flexible until completion
- Available products upon completion may be more expensive than standard loans
- Substantial fees may apply for draw downs

First home buyers

First Home Owner Grant (GHOG) Scheme

The First Home Owner Grant Scheme is a joint Commonwealth and NSW Government initiative to help first home owners. In NSW, the scheme is administered by the Office of State Revenue. No tax is payable on the First Home Owner Grant. Eligible first home owners can receive the grant regardless of their income, the area they are planning to buy / build or the value of their first home.¹

To be eligible for the grant you must first satisfy certain simple requirements.

The current First Home Owner Grant is \$7,000.

The Office of State Revenue (OSR) www.osr.nsw.gov.au

First Home Plus Scheme

First Home Plus provides exemptions or concessions on transfer stamp duty and mortgage duty for first home buyers and builders in NSW. This includes people buying vacant land on which the buyers intend to build their first home.

Changes were made to the First Home Plus scheme on 6 April in the NSW mini-budget for contracts entered into from 4 April 2004. Homes valued up to \$500,000 are duty-free for first home buyers. Discounts are available on stamp duty between \$500,000 and \$600,000.²

First home owners can now benefit by up to \$24,990.

Other benefits, exemptions and discounts apply in the different States and Territories of Australia.

The Office of State Revenue (OSR) www.osr.nsw.gov.au

A specialist website answering many of your questions is available at www.fhog.info

E-Links

The links provided below are to assist you in finding information regarding finance, property investing and other investment related information.

Property Research	Credit History
Australian Bureau of Statistics	Baycorp Advantage
Cannex	
Depreciator	First Home Owners
Domain.com.au	www.fhog.info
HomeHound.com.au	
Home Price Guide	Mortgage Insurance
PropertyGuide.com.au	Genworth Financial
PropertyValue.com.au	PMI
RealEstate.com.au	
Realtor.com.au	State Revenue - Stamp Duty
Residex	ACT Revenue Office
Vendor Finance (Wraps) Association	NSW Office of State Revenue
	NT Territory Revenue
Property Investing Info	QLD Office of State Revenue
ANZ Bank	SA Revenue SA
Commonwealth Bank	TAS State Revenue Office
Investorweb	VIC State Revenue Office
MoneyManager.com.au	WA Office of State Revenue
PropertyInvesting.com	www.fhog.info
Rent 2 Own Pack	
Somersoft Property Forum	Government Info
Wrap Pack	ASIC
	ASIC - National Names Index
International Investors	Austrade
Aus. Visa & Immigration Consultants	Australian Taxation Office
Western Union	Foreign Investment Review Board
Foreign Investment Review Board	National Guide To Government

Australian Property Investors Network

Web Search	Real Estate Institutes (REI)
www.JustSearch.com.au	REI Australia
Ask Jeeves	REI ACT
Google	REI NSW
StreetDirectory.com.au	REI NT
WhereIs.com	REI QLD
White Pages	REI SA
WorldYellowPages.com	REI TAS
Yahoo Australia	REI VIC
Yellow Pages - Australia	REI WA
Yellow Pages - World Wide	
	Financial Dictionaries
D.I.Y. Legal Documents	Australian Investment Terms
Business Structures	Investor Words
Commercial	Investopedia
Corporate	
Debt Recovery	Online Publications
Employment Law	Australian Newspapers Online
Family Law	Far Eastern Economic Review
Real Estate	Fortune
Software	Personal Investor
Superannuation	Time Online Edition
Trusts	
Wills & Power Of Attorney's	Business & Finance
Other	Automated Forex Trading System
	CNN Money
Mortgage Industry Bodies	Financial Review
Credit Ombudsman Service	Global Edge
Finance Brokers Association	MSCI
Mortgage Industry Association	Standard & Poor's
	Worldclass
	Yahoo - Australia & New Zealand

Australian Property Investors Network

Major Lenders	Deposit Bonds
Adelaide Bank	Bonds R Us
AMP	Deposit Access
ANZ	Deposit Bond Australia
BankWest	Deposit Power
Bluestone Equity Release	Deposit Underwriters
Bluestone Mortgages	iBonds
Citibank	
Colonial	Investor Favourites
GE Money	RealEstateLink.net
HomeSide	The Naked Investor
HSBC	MrLandlord.com
IMB	Lease2Purchase.com
ING	Creative Real Estate Online
La Trobe Home Loans	Cameron Direct
Liberty Financial	ApartmentAssociation.com
Macquarie Bank	Australian Investment Property
RAMS	Smart Temp Australia
St George	
Suncorp	
Westpac	

INVESTMENT NETWORKING

FOR YOUR
BUSINESS AND YOU



some **work** others **network**

learn how to

drastically advance **your financial future**

through property and personal investment



Australian Property Investors Network (APIN)

www.apin.com.au

What does APIN offer ?

Seminars & Workshops

Why is that most people aren't taught how to be rich or happy? We are trained to do most things in our lives, in order to do them well enough to get by. We are taught how to read and write, how to cook, how to drive. We are taught how to do incredibly complex and challenging tasks like designing and building bridges over wide spaces, how to cure diseases, to fly airplanes, yet when it comes to creating personal wealth and happiness, we're left to find out for ourselves.

There's another, more subtle reason why most people don't achieve wealth and happiness. Deep down they don't believe that there is a choice to be made between being rich and being happy. They believe that somehow you can't have both, which is why in the end they don't get either.

The money that slips through your fingers could make you wealthy if spent more wisely.

Our free seminars and information evenings will provide you with leading edge valuable and up to date information. As a bonus you will be able to meet other like minded people who are either starting out on the road to success or are avid investors sharpening their investment knowledge. As a further advantage we encourage you to meet and freely talk with our alliance

partners. These hand picked people both male and female are leaders in their own right, they are also licensed, qualified and independent.

These evenings are fun and informative plus you will have access to lots of support material in the form of e-books, books and cd's on a wide range of topics. Come and learn the many strategies used by successful investors NO SECRETS just sensible plain English techniques that really work in any market at any time.



Education

It's true what they say "the difference between the rich and poor is what they know and what they do". Property is more than houses and unit investing. Do you know how to buy a property using an option, how about knowing all the ins and outs of being your own "DIY Developer"?

There are many ways to make money in real estate and with the correct tools and strategies you too can play with the best.

TIME x INTENSITY = SUCCESS.

You can't expect to get results in life if you have all the information but fail to apply the principles needed to succeed.

Our programs, e-book, books and home study kits will give you the ability to learn and gather what you need at your own pace in your own time. We encourage you to learn from our expert alliance partners all that you can, so when you are ready to act you will have the education to get into your first investment or do your own JV building renovation makeover.





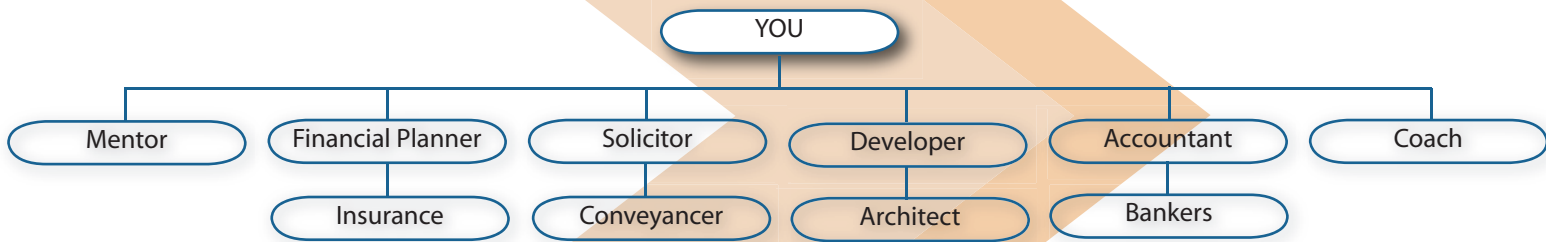
On going Support

Through APIN's Alliance Partners and Discussion Forums you can fortify your ideas and gain strength by exchanging information. Creating alliances generates business opportunities increasing your network and of course - your cashflow.

We have a mentoring service for those that are not quite ready to take those steps without guidance, extra information and some affirmation. Helping you to create a "safe" environment for your first steps.

Who is on your team?

When looking at people who are successful, you will notice they have a hand selected group of people to support and advise throughout the journey to success.



Property Opportunities

Through our Australia wide network we select opportunities that "stack up". We use an independent Research company (Guardian) who are licensed financial planners and real estate agents to use our pre selection due diligence program. From investment properties, development sites, future land subdivisions, building makeovers to even golf course resort projects.

APIN also align ourselves with a select group of builders and developers where we negotiate wholesale purchasing, saving you 10% off the retail price. These opportunities are not available to the public but only members of the APIN site. We can introduce you to the key people who are experts in their fields, saving you thousands of hours of frustration and heartache. Very shortly APIN will also be offering FREE property advertising on our site through resisearch.com who are one of our alliance companies. APIN is fast becoming the most exciting site in Australia.