

Home Loans

The modern home loan or mortgage in recent years has expanded in its application to cover all kinds of secured loans for residential real estate. A home loan previously meant a traditional mortgage to enable purchase of a place of residence.

Home loan fundamentals

Standard Variable Rate Home Loan

This is the most common kind of home loan. It provides flexibility and may include optional features that permit you to:

- make extra repayments
- split the loan
- use a redraw facility

The interest rate applicable to a variable rate home loan is set by individual lenders and is usually based on the official cash rate. Rates may vary significantly between lenders for this reason.

Basic Variable Rate Home Loan

This is usually a 'no frills' version of the standard variable rate loan. It is a good choice for the budget conscious borrower. It generally offers lower fees or a lower interest rate, but has less flexibility and fewer features than the standard variable rate loan.

Fixed Rate Home Loan

This kind of loan offers the certainty that your monthly repayment amount for each month will not change, no matter what is happening in the market or the official cash rate. Fixed rate loans are based on a set interest rate for a pre-determined period of time.

Introductory or Honeymoon Rate Home Loan

A loan of this nature offers an interest rate that is lower than the standard variable rate loan for an initial period of time, usually over the first year of the loan. This rate may be fixed or variable and, once the introductory period expires, the interest rate then reverts to the standard variable rate.

All-In-One Home Loan

This essentially combines your home loan account with your day-to-day transaction account. This permits you directly to credit your salary or wages into the account and then withdraw funds as you need them. The major benefit of this loan facility is that it enables you to decrease the interest charged on the loan by keeping your salary, other income and savings in the account for as long as possible.

Line of Credit Home Loan

This kind of loan, also known as a home equity loan, provides a high level of flexibility. It operates similarly to a credit card. The lender assigns you a credit limit secured against your property. You simply draw against that limit, if you need cash for bills or other spending. The funds become available to you again as you pay back the loan.

You must ensure that the home loan or mortgage that you obtain suits your needs and circumstances, since there are numerous home loan products in the market. Purchasing a home for most Australians is one of their most significant and expensive asset acquisitions in life.

For more information on Home Loans talk to one of our advisers on 135 444

Split Loan

This loan combines the advantages of both a variable and fixed rate loan. You keep the flexibility of making additional loan repayments, without being charged extra costs.

Low Doc Loan

This kind of loan is useful for borrowers who are self-employed and unable to provide the conventional documentation required to prove their income level. There are numerous variations to a low doc loan. Customers may in some cases simply declare their income by completing the loan application or signing an income statement.

Non-Conforming Home Loan

A non-conforming home loan is designed for borrowers who fail to meet standard lender credit criteria, including seasonal or contract workers, non-residents, small or no-deposit holders or even those with a poor credit or repayment history. A non-conforming loan will typically attract a higher interest rate.

Bridging Home Loan

This is a short-term loan that permits buyers to complete the purchase of a property before selling their existing property. It is useful for borrowers who wish to finance the building or purchase of a new home while still living in their existing home.

Key considerations

Loan planning

A full understanding of your financial position will enable you to adopt an overall plan for structuring your home loan.

Consider different available options. Plan for any future additional borrowing requirements, ie. an extra car or property renovations.

Home loan advice

Engaging an experienced mortgage broker can assist you in reaching a full understanding of your finances and adopting a structured loan plan. Review the information you receive and question your mortgage broker to satisfy yourself that the proposed loan best suits your needs. If you remain uncertain, seek independent advice. Your mortgage broker must act in your best interest.

Home loan specialist advice

Home loan specialist advice benefits

There can be numerous misconceptions about obtaining a home loan. An initial discussion with a professional mortgage broker about the various ways of structuring a home loan is obviously beneficial.

Where we can assist

Anne Street Partners recommends that you engage a mortgage broker to save you time and money. The broker generally obtains a service fee or commission from the lender, and not from you as loan applicant.

Talk to Anne Street Partners Home Loans Pty Ltd (ACN 135 905 681 / ACL 391660) today about tailoring a home loan to suit your needs and circumstances.

We're here to help you.

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