ING

Home Loans

First home?

Read this guide to see what's involved

do your thing

Buying a home

It all starts long before you place a bid or make an offer

Buying your first home is a big deal. That deposit to save. All that lingo to learn. Not to mention all those other buyers vying for the same prize.

It's handy to know what's what as you navigate this big thing for the first time. Here, we've laid out the basics and not-so-basics about home buying.

When you're ready to take the step – or if you've got a question big or small – visit ing.com.au/firsthome

1 Starting out

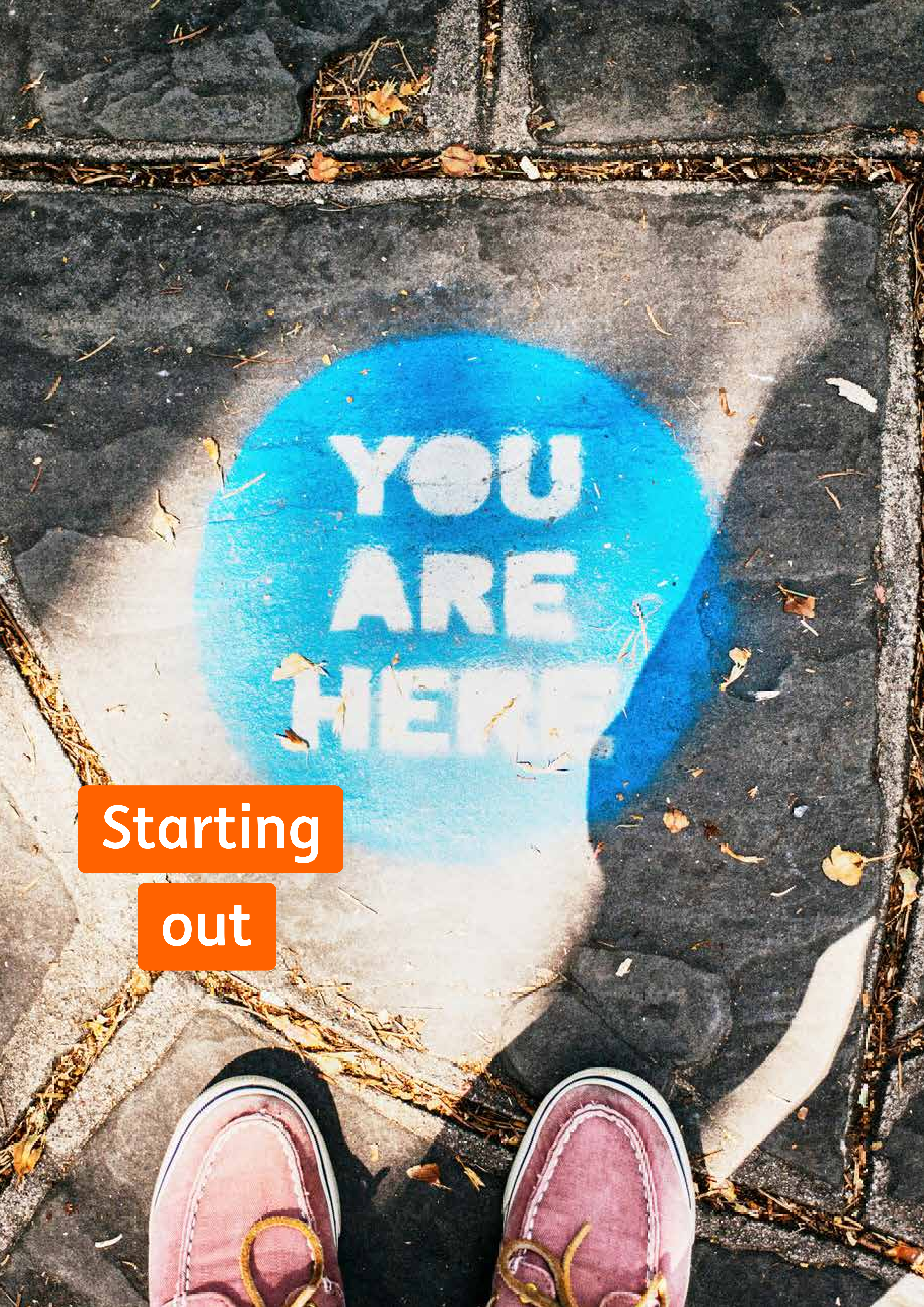
- Work out how much you can borrow
- Tally up the extra costs
- Save up your deposit

2 Finding your perfect property

- Get pre-approval on a home loan
- Go house-hunting
- Bid at auction or make an offer

3 Settlement and beyond

- Pre-settlement inspection
- Home & contents insurance
- Settlement



Starting out

Crunching your numbers

Know your borrowing power before you start your search

Understanding your borrowing power is your very first step.

Taking this step early on gives you a price range for your property search and gives you a sense of what your home loan repayments could look like.

How much could you borrow?

Borrowing power gives you an idea of what you can borrow based on basic income and expense information. If you've got this information handy, then it only takes a few minutes to land on an answer.

For a more detailed estimate, consider applying for pre-approval.

Are you mortgage-ready?

Breaking down the three things that affect your borrowing power: your income, your expenses and other financial commitments.

Read more at blog.ing.com.au

Calculate your borrowing power

Borrowing power calculator

The ING Borrowing Power Indication is not an offer of credit. If you wish to apply for a loan please call us on 1800 267 809. Any application for credit is subject to ING's credit approval criteria.

The extras

Factor in these costs before you start, too

Your next step is to wrap your head around the extra costs that come with buying a property. This way, there are no nasty surprises when it comes to sealing the deal.

Remember, all these costs need to be paid by you (on top of your deposit) in the process of buying a house.

- **Stamp duty**
  The biggest upfront cost is usually stamp duty and other government fees (like the transfer fee). That said, some first home buyers are eligible for concessions and exemptions in many states. Use a stamp duty calculator at ing.com.au to estimate what you could be up for.

- **Solicitor or conveyancer fees**
  Most first home buyers get the help of a solicitor or conveyancer when it comes time to prepare documents, sign contracts and complete settlement. Ask upfront what they charge (and what they include in this fee) – shop around until you find one you're happy with.

- **Building and pest inspections**
  For peace of mind, you may want to hire a building inspector to check the structural integrity of the property and maintenance issues; and a pest inspector to look for evidence of termites or other pests. There may be a pre-auction report you can purchase from the real estate agent, or you can organise your own.

- **Loan application fees**
  When you take out a home loan with a lender, you'll likely have to pay for some home loan application fees and charges.

- **Moving costs**
  If you plan to live in the property you buy, don't forget to factor in the cost of removalists. That is, if you don't have a bunch of burly mates to help you.

- **Council rates or strata fees**
  When you buy a property, you need to reimburse the vendor (seller) for any council rates, utility rates or strata fees that they have paid in advance. You can request an estimate early on in the negotiations. It's then your job to pay these rates and fees each year.

- **Home insurance**
  You will need to have your new home insured prior to getting the keys. (This is part of the loan conditions). Save 30% on your first year's premium when you purchase a combined ING Home and Contents Insurance policy online.

  Visit ing.com.au/insurance to see what this could cost you.

- **Repairs**
  From burst pipes to broken windows, things can break or need replacing from time to time. It's a great idea to set up a kitty for home repairs so you're not caught out when you need to call the plumber.

ING Home and Contents Insurance: 30% discount on combined Home & Contents Insurance, 15% for Home only or Contents only policies

Getting across the line

For first home buyers, saving for a deposit can be hard work

Then, it's time to finish saving for your deposit. Easier said than done, right?

Tips to help you save

Saving up a deposit for a home is a huge achievement. Remember this as you make those daily sacrifices towards your goal – and know that if you've got a good plan in place, you should get there eventually.

How do I save for my first home?

Before you even think about saving, you need to know how much to save. But how much is exactly enough?

Read more at blog.ing.com.au

5 steps to boost your first-home savings

There are so many little and big money changes you can make that can boost your savings – the choices are yours and we're here to help you make them.

Read more at blog.ing.com.au

First home buyers' grants.

As a first home buyer, you may be eligible for grants, concessions or exemptions on things like stamp duty (and there may be conditions). It can depend on where you live, the type of property you're buying, and its value.

Have a play with this calculator to see what you may be eligible for.

ing.com.au/homeloans

Loan to Value Ratio (LVR) is generally calculated by dividing the amount you borrow against the lender-assessed value of the property. For example, if you borrow $400,000 to buy a property valued at $500,000, the LVR is:

Loan amount	÷	Property value	=	LVR
$400,000		**$500,000**		**0.80 x 100 = 80%**

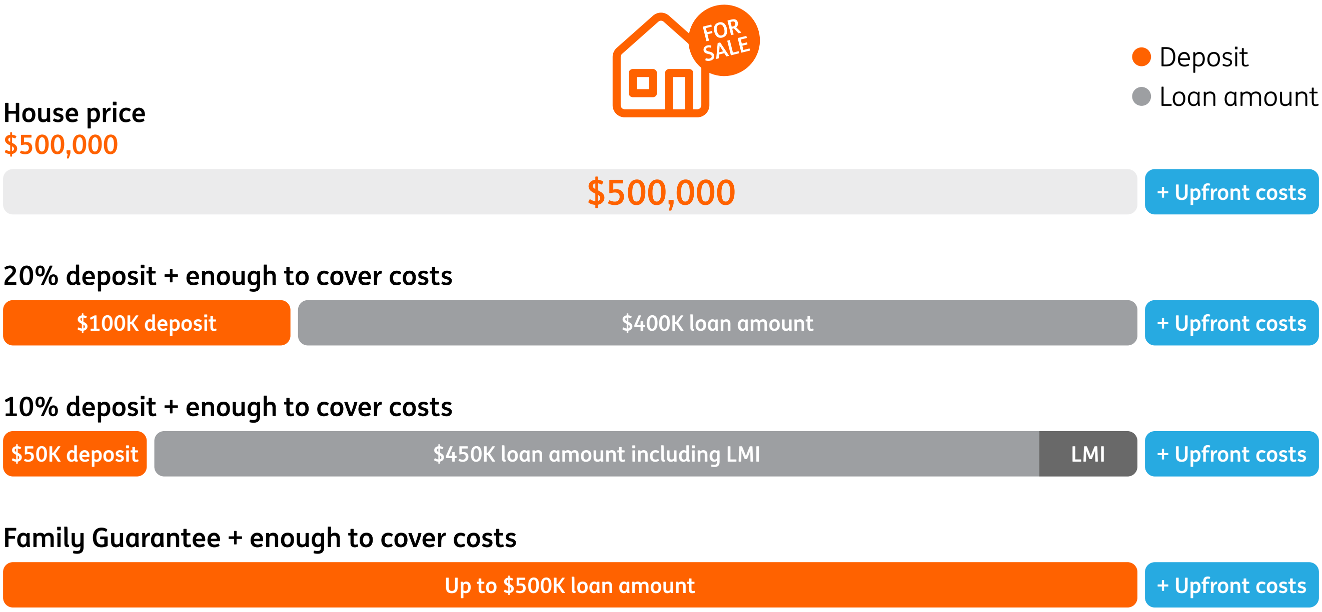
Generally, lenders consider an LVR higher than 80% (that is, when your deposit is lower than 20%) as riskier, which is why LMI (Lenders Mortgage Insurance) kicks in at this point.

How much do you need?

It can be hard to save up a 20% deposit, as well as upfront costs.

Be realistic about what you can achieve – if 20% feels out of reach, there may be other options available to you. These include Lenders Mortgage Insurance (LMI) or family support.

Don't forget to factor in your upfront costs, too.



Lender's Mortgage Insurance (LMI)

With LMI, you may be able to borrow with a smaller deposit (as low as 5% for many lenders). That's if you're happy to pay for it.

Yes, LMI adds to the cost of your home loan. But if you can justify the amount, it could help you climb onto the property ladder sooner because you don't need to worry about that bigger deposit.

Lender's Mortgage Insurance is an insurance that protects the lender in case you default on your home loan, and the property sale isn't high enough to cover what you owe.

You pay for the equivalent cost of insurance, either upfront or as part of your loan repayments.

Family support

With a family guarantee, you may not need as much of a deposit and you don't have to pay LMI. It could get you into your first home sooner.

Your guarantor uses the equity in their own property as security for your loan, which means they agree to follow through on your loan if you default or are unable to pay. It's also worthwhile reminding the guarantor to seek independent legal advice before making a commitment to you.

Finding your perfect property

Good to go

Get serious with pre-approval on a home loan

With your deposit sorted, the fun begins. To help you house-hunt and make offers with more confidence, you can apply for home loan pre-approval.

Basically, pre-approval shows that a lender may be willing to give you a home loan for a certain amount. But it's not set in stone – things can change between getting pre-approval and making an offer.

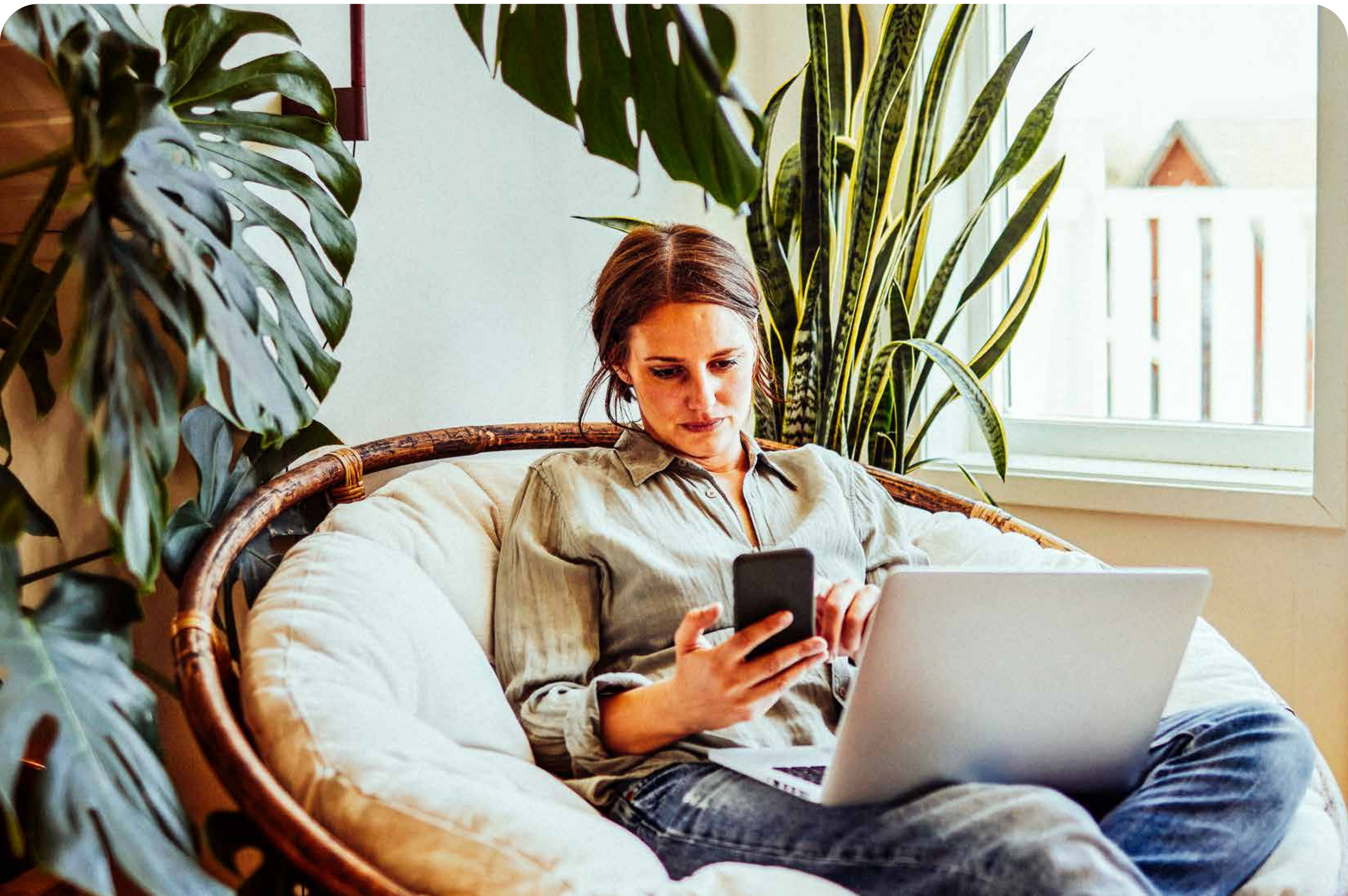
Pre-approval generally lasts around three months.

How to get pre-approval

You can apply for pre-approval with ING online or by calling 1800 267 809. You'll need two recent payslips and about 10 minutes to complete the application.

Get pre-approval

ing.com.au/homeloans



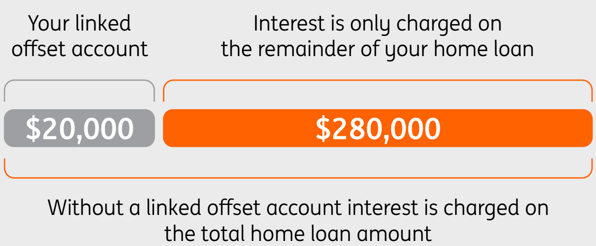
Learning loan lingo

Now is a good time to start thinking about what type of home loan you want. Here are some of the common loan terms you'll come across.

- **Fixed loan**
  The interest rate stays the same, so you can lock in your rate for a set period. A fixed loan gives you the certainty of fixed repayments, and you can make up to $10,000 additional repayments per anniversary year into the account without incurring break cost fees. There may be early repayment fees that could apply. Loan terms range from 1 to 5 years, and at the end of this period, your loan will normally revert to a variable rate.
- **Basic variable loan**
  A 'no frills' home loan with a variable interest rate (that is, the rate can go up or down). These generally have a lower interest rate than other loans, but fewer features.
- **Standard variable loan with offset**
  A variable interest rate home loan that comes with features like offset and redraw, the ability to make extra repayments, and so on. You generally pay more fees for this type of loan, but the features could help you pay off the loan faster.
- **Offset account**
  This is a transaction account linked to your home loan. The money in the offset account reduces the amount of interest payable so you could pay off your loan faster.

  Here's an example:

You have $20,000 in your offset transactional account linked to a $300,000 home loan.



- **Split loan**
  You can split your home loan between a fixed and variable loan, giving you the best of both worlds – such as security and repayment certainty with a fixed rate, as well as the ability to pay down your variable loan without early repayment fees.
- **Redraw**
  If you've made extra repayments on your home loan (on top of your minimum repayments), then redraw lets you access to those extra repayments if you need them. Redraw is only available on variable loans.
- **Interest only vs Principal and interest**
  If your loan is 'Interest only', then your repayments only cover the interest portion of the loan (that is, you're not paying off any of the principal itself). If it's 'Principal and interest', then each repayment chips away at the loan as well as paying interest.
- **Comparison rate**
  This is always shown next to a home loan's advertised interest rate. It's a combination of the advertised rate and any fees that the lender is required to show in relation to your loan. Giving you a better idea of the true cost of the loan, you can use it to weigh up different loans side by side.

House-hunting

Work out what you want and then how to find it

Now, it's time to start looking for your perfect property.

Of course, for many first home buyers, 'perfect property' doesn't mean 'dream home'. Rather, your perfect property at this stage in life may be one within your budget that ticks off on some (but not all) of the things that are important to you.

Property type

House. Townhouse. House and land package. Off-the-plan apartment. Unit. There are pros and cons to each of these, and it's a good idea to do your research about each property type before diving in. Useful to note is that some lenders and LMI Insurers will accept certain property types only.

Location

This is about striking a balance between affordability and lifestyle. It may be hard to buy into your ideal suburb – you may have to look further afield at first. No matter where you look, things like schools, transport and other services are good markers of a location's liveability.

Size and style

Think about how many bedrooms and bathrooms you want, particularly if you're starting a family. Also think about whether you're willing to buy into a 'renovator's delight' or would prefer to move into something less hands-on and more comfortable.

Narrow down your search

Found a few properties that fit your criteria? It's time to get serious.

Give any property you're interested in a thorough once-over – look beyond the fresh lick of paint and see if you can spot anything that screams, 'This will be a pain (or a budget-blowout) to fix'. Test everything that can be tested, from taps to locks. Look for damp and mould. Crawl around in cupboards. You get the idea.

Usually, you can get a property report from sites like realestate.com.au or your local real estate agent (though some may charge a fee for this).

Bring a conveyancer on board

A conveyancer or solicitor's job is to read through the contract of sale and help you with all the paperwork.

At this pointy end before you bid or make an offer, they can look through the contract to see if there are any big issues that you should be aware of. For example, the contract lists inclusions and exclusions – it might say that the vendor is taking all the velour curtains with them. If that's going to be a problem for you, best to know now.

Bid or offer?

Here's how it works when you're ready to buy

This is it. You've found a place you love and you want to make it yours. Let's take a look at the nitty gritty of actually buying a house – whether it's at an auction or through private sale.

Buying at an auction

You'll need to do some prep work before you go ahead and bid at an auction. If yours is the winning bid, you need to hand over a deposit and sign the contract on the day.

The deposit is usually 10% of the sale price. You can try to negotiate a lower amount before auction day – your solicitor or conveyancer can help with this. And remember, with auctions, there's generally no 'cooling off' period.

Before the day

- Organise building and pest inspections.
- Get pre-approval on your loan so you have a clear borrowing limit in mind.
- Make sure your deposit is ready – ask the agent how this can be paid (bank cheques are usually the preferred option).
- Ask your conveyancer or solicitor to review the contract of sale.

At the auction

- Get there early and register your interest as a potential buyer.
- If the thought of bidding at an auction makes you feel slightly ill, ask a friend or family member to bid for you. Whoever is bidding should brush up on auction etiquette in your state or territory.
- The vendor will set a reserve price for the property. Once the bidding goes over this price, then whoever places the highest bid will buy the property.
- If yours is the winning bid, you'll generally go inside to sign and exchange contracts of sale with the vendor, and hand over your deposit. With a date for settlement usually set prior to auction, all the legal and financial to-ing and fro-ing begins.

Soon after

- Contact your lender to set the wheels in motion for your home loan.
- Contact your conveyancer or solicitor so they can book in settlement.
- With a settlement date locked in, you can start researching home and building insurance and removalists.

Deposit confusion?

The deposit you pay to the vendor (on auction day or through private sale) is different to the deposit you need to show your lender, although both can come from the same pot of money.

The vendor's deposit is usually 10% of the purchase price and is paid to the vendor when you sign the contract

The lenders deposit will be the total amount that you ultimately contribute to the purchase of the property e.g. 20% for example pay a 10% deposit to the vendor at auction and then pay 10% at settlement = 20% deposit.

Buying through private sale

Making an offer through private sale may be less nerve wrecking than an auction. Yet there could still be a few sleepless nights while you wait for a 'yes'.

The trickiest part of a private sale is knowing what to offer in the first place. Go too low, and you may lose out to other buyers. Too high, and you could have got a better deal. Try to find out as much as you can about the vendor; and don't be afraid to ask the real estate about whether there are other offers, too.

Making your offer

- In most cases, you can make an offer verbally or in writing. Then, the negotiations begin with the real estate agent as your go-between. At this point, you can ask your solicitor or conveyancer to review the contract and make sure you're happy with it.
- If your offer is accepted, then the purchase price is added to the contract of sale, along with any conditions.
- There will usually be a cooling off period of 5-10 business days. When you purchase a property via private sale (which means that you can pull out of the purchase without losing your full deposit, although the rules vary from State to State).
- If you've asked for a building or pest inspection as a condition of the sale, now's the time to get these done.
- To take the property off the market for a cooling off period, you might pay a 0.025% holding deposit.

Signing the contracts

- There are two copies of the contract of sale. One is yours, the other is the vendors. Both need to be signed.
- Sign your contract first (while the vendor is off signing theirs). Then, you physically swap contracts (in person or by mail) and sign the other copy.

Paying your deposit

- A deposit is paid once the contracts are signed. Generally, this is 10% of the purchase price less any holding deposit.

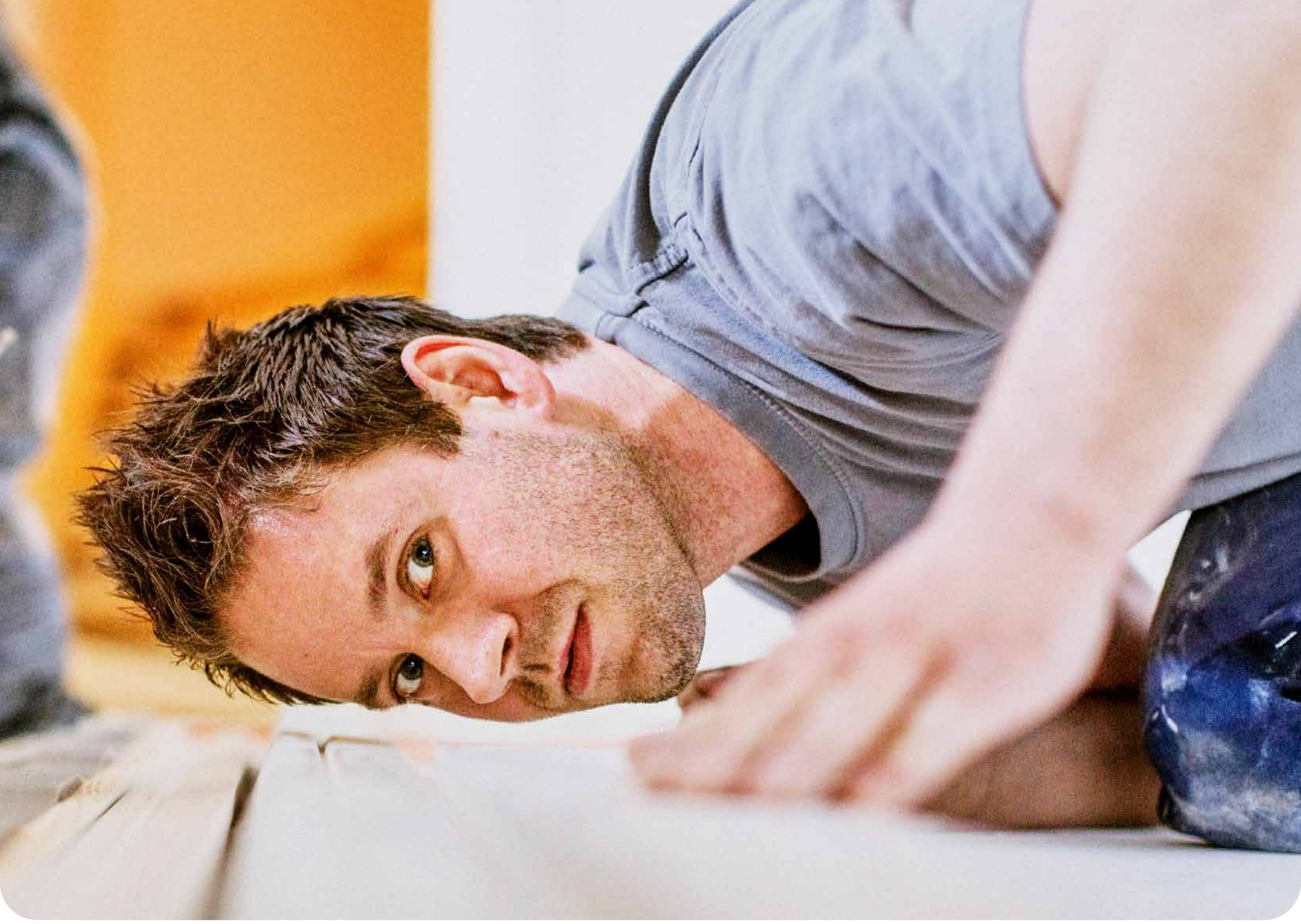
Soon after

- Contact your lender to set the wheels in motion for full approval on your home loan. Make sure you tell your lender what your settlement date is.
- With a settlement date locked in, you can start researching home and building insurances and removalists.

A conditional offer is one that you make, subject to certain conditions being met. For example, the offer may be subject to finance (that is, getting your loan approved) or the outcome of a building or pest inspection.

An unconditional offer has no conditions attached. If the vendor accepts your offer, then you are expected to follow through with it or you may lose your deposit.

Settlement and beyond



A final once-over

The pre-settlement inspection is your last chance to check the property. In the few days before settlement, you can do what's called a pre-settlement inspection.

At this final inspection, you're there to make sure the property is in the same condition as per the contract when you signed it. For example, the dishwasher still works (and is still there), the TV antenna is still on the roof, windows haven't been broken and so on.

Take your time at this inspection. Bring your contract of sale and use it as a checklist to make sure that inclusions are still there, and exclusions have been taken away.

Something not right?

If you discover that something has been broken or a condition in the contract of sale has not been met, you may be able to delay settlement. Your conveyancer or solicitor can guide you here.

Sort your insurance

Before becoming a home-owner, make sure your property is protected with the right insurance.

Choose your cover

- **Home insurance**
  Also known as building or house insurance. Covers the building, domestic fixtures and permanent structural improvements.
- **Contents insurance**
  For many of the things you own or are legally responsible for, including furniture, appliances and carpets.

ING Home and Contents Insurance

- New for old replacement—plus automatic cover for fire, storm and theft as well as $20 million legal liability cover—see PDS for full details.
- Customisable cover—add optional benefits like accidental damage or landlord cover—See PDS for full details.
- Flexible payment options—change when and what you pay to suit your budget
- Full support—call our specialist insurance customer team on 1800 619 495.

Tips to get the most from Home and Contents Insurance

Get useful tips on how to keep track of the value of your home and contents insurance and learn what to do if thinking about changing your insurance policy.

Read more at blog.ing.com.au

Looking for ways to save on your insurance premiums?

- **Increase your excess**
  You could increase your excess to a level you are comfortable with to reduce your premium. This means that the excess payable for a claim will be higher and you need to choose the right excess for yourself, based on your own circumstances.
- **Insure smartly**
  For home insurance, don't include the cost of your land—only your building's replacement value. Consider the internal fixtures and fittings, and any structural improvements like in-ground swimming pool, awnings, fencing etc.
- **Increase your home security**
  Install security equipment around the house to lower your risk and (potentially) your premiums. Save 30% on your first year's premium when you purchase a combined ING Home and Contents Insurance policy online.
- **See what your stuff's worth**
  Use a handy calculator at understandinsurance.com.au to get an idea of how much the stuff in your house is worth to insure.

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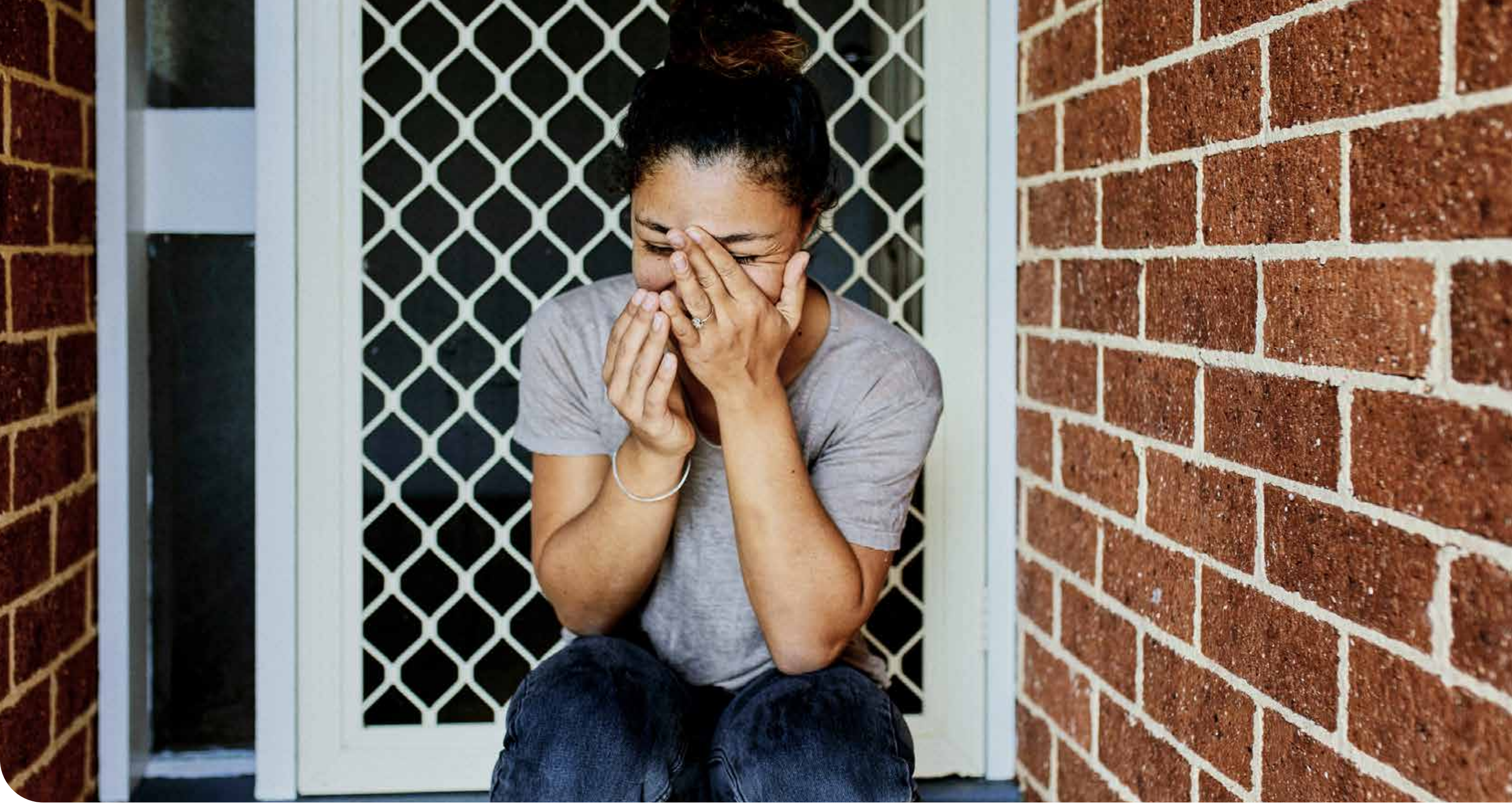
Discounts: Discount applies to the first year's base premium paid for a new ING Home & Contents Insurance policy obtained online for approved applicants only. Discounts do not apply to any renewal offer of insurance. Discounts are applied before government charges, taxes, levies and fees, including instalment processing fees (as applicable). The full extent of discounts may therefore be impacted. We reserve the right to change the offer without notice. The discount applies accordingly:

ING Home and Contents Insurance: 30% discount on combined Home & Contents Insurance, 15% for Home only or Contents only policies.

This is general information only, and does not take into account your particular objectives, financial situation and needs and you should consider whether it is appropriate for you having regard to these factors before acting on it. Read the relevant Product Disclosure Statement, Target Market Determination, Key Fact Sheets, Financial Services Guide and the ING Customer Eligibility and Name-Screening document available at ing.com.au and consider if an ING Home & Contents Insurance product is right for you before deciding to purchase or continue to hold the product.



The big day

With all the hard work behind you, settlement day is here

Settlement day is a massive milestone, but the process itself is rather unremarkable – in most cases, the buyer and seller don't even attend settlement.

Before the big day

The settlement period is usually around four to six weeks – to allow plenty of time for all the various parties to sort out their finances and paperwork.

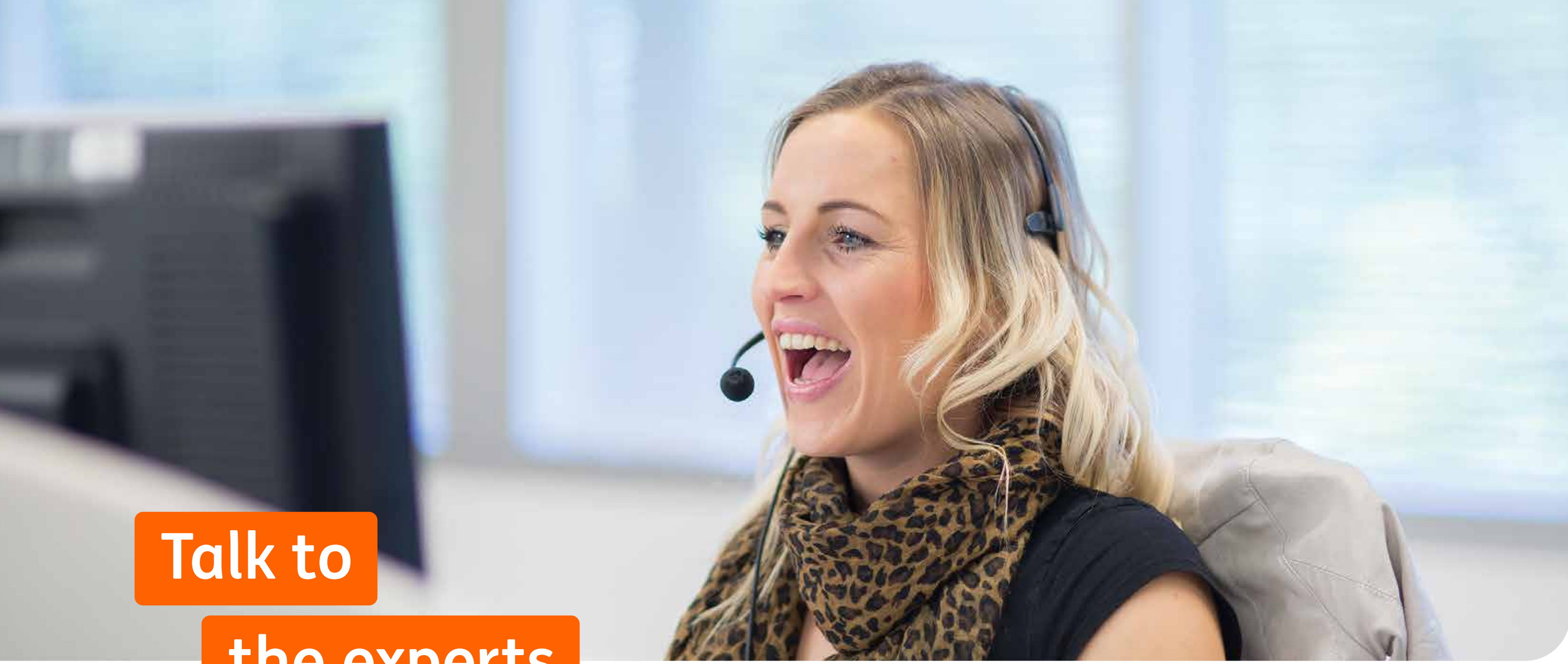
During this time, you will have been in close contact with both your lender and your conveyancer to make sure everything is lined up and ready to go. Things like getting your home loan approved, calculating final costs for stamp duty and transfer duty, adjusting council rates and making sure you are ready for settlement.

Settlement day

On the day itself, your lender and conveyancer, plus the vendor's people, will meet to hand over money and signed transfer documents.

Your lender will officially open your home loan; and your conveyancer will register the transfer documents with the title office so that the property is finally, officially, in your name.

Oh, and you get the keys. That's pretty exciting.



Talk to the experts

When you're ready to take the next step, a Home Loan Specialist is here to help

Online

ing.com.au/homeloans

Phone

Call 1800 267 809
8am-8pm Mon-Fri or
9am-5pm Sat (AEST/AEDT)

Get in touch

Visit
ing.com.au

Call
133 464

Alternatively you can send mail to
GPO Box 4094
Sydney NSW 2001

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