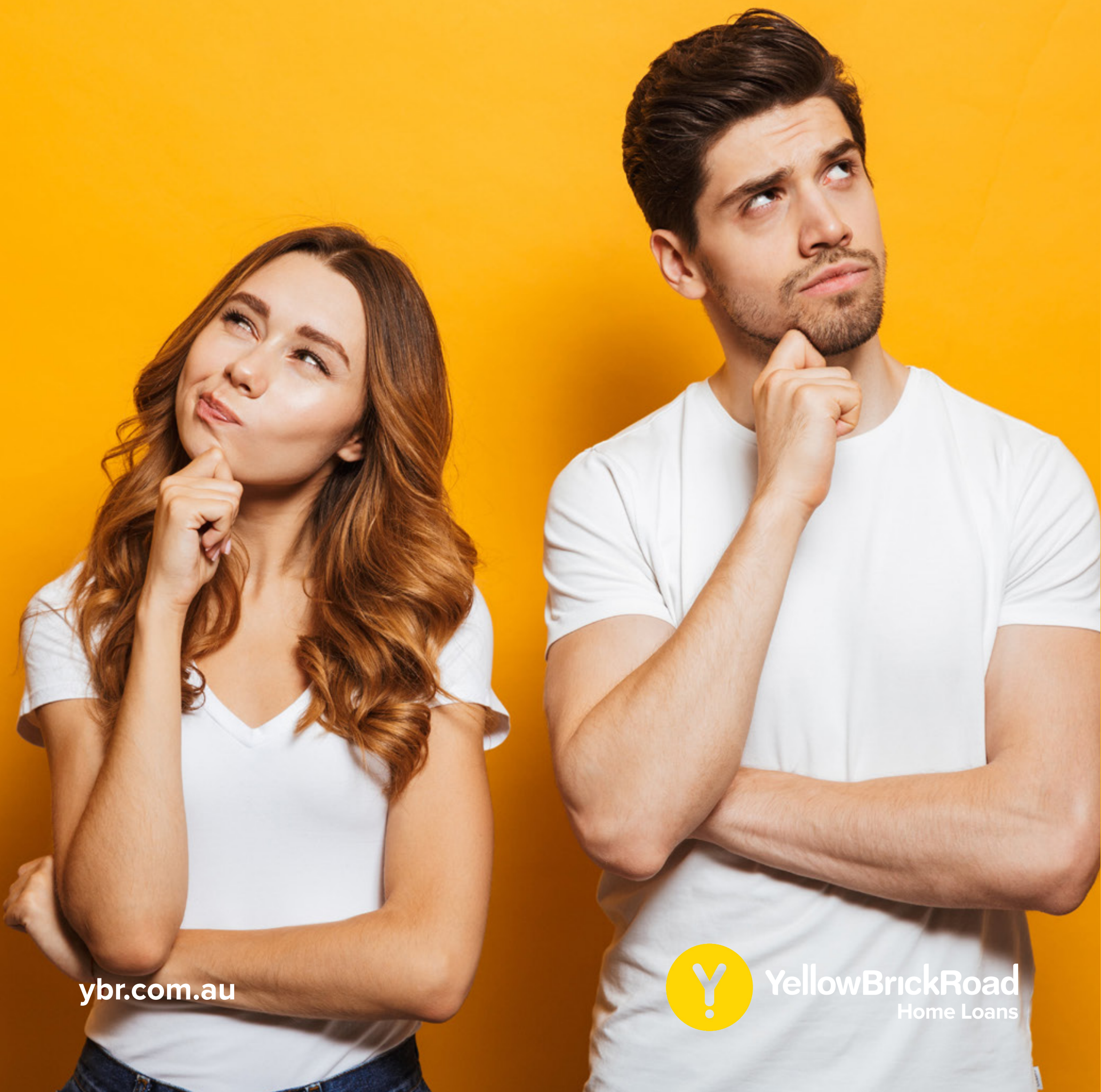
Thinking of buying your first home?



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YellowBrickRoad
Home Loans

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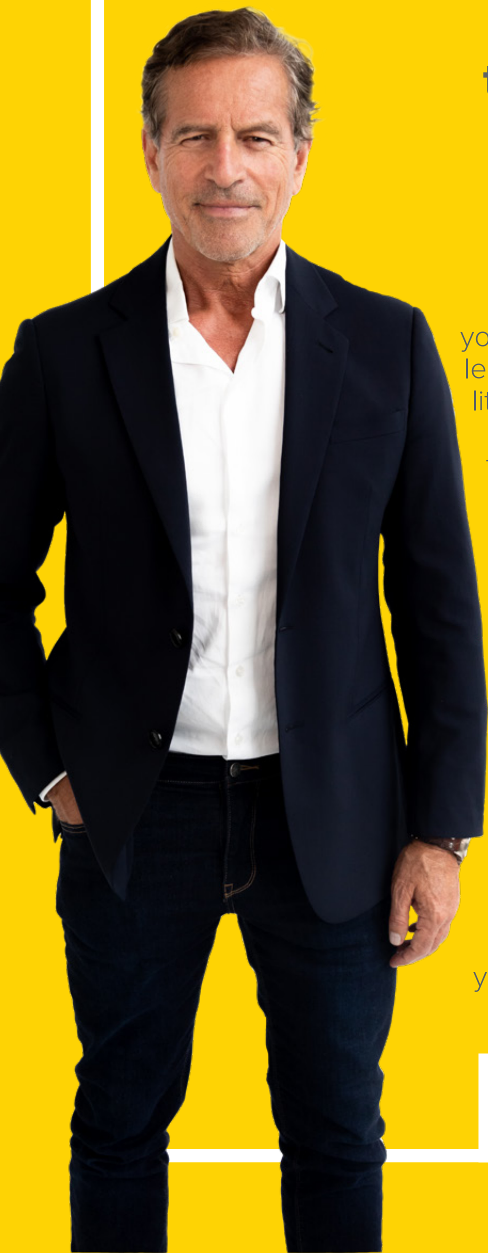
Welcome



Buying a home is a dream shared by many Australians. And helping you turn this dream into a reality is our passion at Yellow Brick Road.

Buying your first home is a big step. It's likely to be the biggest investment you've ever made and there's so much to learn. We know it can be confusing and a little overwhelming. Yet it's the start of so many dreams. Dreams of security and financial wealth, and joining the millions of Australians who've successfully made a leap onto the property ladder.

At Yellow Brick Road, we're committed to helping you. Our friendly, experienced advisers are here to listen to your needs and match you with the best loan to suit your situation.

Take a moment to read through the information and insights in this booklet. Then give us a call.

I look forward to welcoming you into your new home – sooner than you think.

Mark Bouris,
Executive Chairman, Yellow Brick Road

Home loan
Application Checklist

- [x] **Personal identification**
  Passport, drivers licence, birth certificate
- [x] **Property information**
  Contract of sale
- [x] **Financial information**
  Savings evidence and bank account statements
- [x] **Income**
  Group certificates, payslips, tax returns
- [x] **Liabilities**
  Loan and credit card statements
- [x] **Expenses**
  Rent payments, household and utility costs, memberships

Where to start?

You've made the decision to buy your first home.

1 **Now what?**
Time to make your dream a reality.

2 **Do a little homework**
Find out much you can borrow and how much deposit you'll need. Start thinking about where you'll buy.

3 **Get budgeting**
Do your sums and reduce your spending.

4 **Start saving**
Build your deposit (and your financial future).

FAQS

1. How much can I borrow?

This is one of the most important questions when buying a house. The amount an individual or couple can borrow is determined by a number of factors. These include (but are not limited to) deposit amount, income, existing expenses, and living costs.

2. How much deposit do I need?

As much as you can manage. The more you have, the better the chances of getting your home loan approved.

For the best home loan options and interest rates, aim to save a 20% deposit. Most lenders will accept a 10% deposit, and some will allow you to borrow up to 95% of the purchase price. However, you'll pay lenders mortgage insurance (LMI), which can be expensive.

The application process is also stricter, and your interest rate may be higher. LMI protects the bank in case you default on your repayments.

Don't forget to allow for the extra costs such as stamp duty, inspections, insurance and legal fees.

3. What are deposit bonds?

A deposit bond is a financial guarantee that you'll pay the deposit. They are issued by an insurance company for a fee.

These can be useful if you want to keep your savings intact (until it's time to settle), as a cheaper alternative to bridging finance, or when buying off a plan.

4. What about the First Home Owner Grant (FHOG)?

A grant available to assist those who are buying or building their first home. This is usually only available for new properties and applicants must meet the eligibility requirements. The grant varies from state to state, so it's important to do your research. A Yellow Brick Road adviser can let you know if you're eligible.

5. Does my credit record matter?

Your credit record matters and is one thing every lender will check.

Why? It's helps them see how you've managed your finances in the past, and whether you've paid your bills and other obligations on time.

Talk to your Yellow Brick Road adviser about how to check your credit rating and improve it before you apply for a loan.

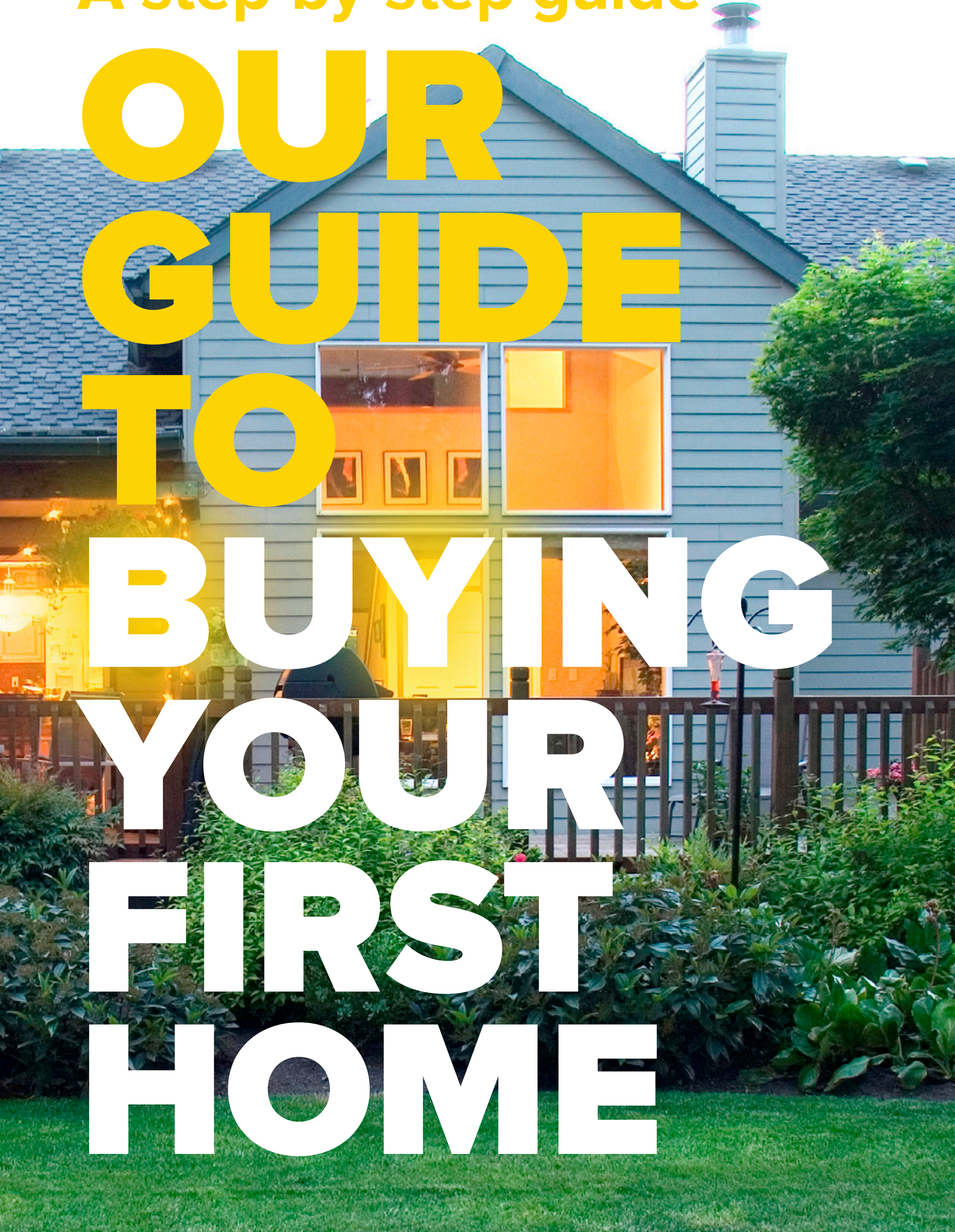
6. Which type of home loan is best?

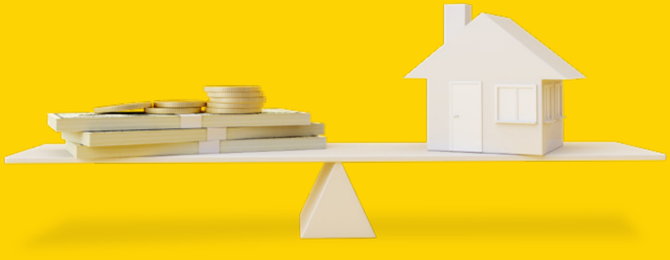
This will depend on your individual circumstances and goals. You might like the certainty of a fixed rate – knowing what you have to pay every month for the next year or two. Or you might prefer a variable rate, allowing you to take advantage of rate fluctuations. You can even choose a split loan which allows you to have both options.

Talk to your Yellow Brick Road adviser about what option is right for you. They'll get to know you and your financing needs before recommending a loan to you.

A step-by-step guide

OUR GUIDE TO BUYING YOUR FIRST HOME





Step 1. Know the market

It's time to do your homework. Research the areas you're interested in and attend property viewings and auctions. Read online property listings and newspapers. Speak to local real estate agents to get the inside knowledge on an area.

You don't want to hurry this stage. The more you know, the better your final choice will be for price, location, value, size, and lifestyle.

Keep an open mind about your chosen location. You might be surprised what you can afford if you move your search a few suburbs away.
Tip: Ask a Yellow Brick Road adviser for a property or suburb report.

Step 2. Do your sums

So, you've got a good idea of the market, and where you want to buy. Next, you need to work out what you can afford.

Think about your income and commitments. It's easy to overestimate one, while underestimating the other. It's important to include all income and expenses so you get an accurate picture of your borrowing capacity. Build in a buffer, so you're prepared if interest rates rise. Although a lender will apply buffers to serviceability calculations, it's important that you also know what your limits are.

Consider the additional costs of buying a home such as stamp duty, taxes, legal costs, and insurance. Make sure you compare loans by using the comparison rate rather than the advertised rate.

Lastly, check your credit score at mycreditfile.com.au. This can have a big impact on how much you can borrow and the interest rate you'll pay.

Tip 1:
A Yellow Brick Road adviser can help you work out how much you can borrow and what type of loan will suit your budget and lifestyle.

Tip 2:
A Yellow Brick Road adviser can help you apply for the First Home Owner Grant and check your eligibility for stamp duty discounts.

Step 3. Get the tick of approval

When you know how much you can borrow, ask about finance pre-approval.

This confirms how much you can borrow and is usually valid for 90 days. It means you can look for your home with the peace of mind of knowing exactly what you can afford.

Tip: Have a chat with a Yellow Brick Road adviser about what you need to get the ball rolling for a pre-approval.

Step 4. Make an offer

If you're going to make an offer, it's a good idea to turn up to any open inspection day to gauge the level of interest in a property. If interest is low, put in an offer straightaway. The longer you leave it, the more chance another buyer will make an offer.

If buying privately, you usually have to pay a holding deposit, followed by 10% deposit when you exchange contracts.

An unconditional offer is ideal as vendors like certainty around the settlement proceeding as planned. However, this could present some risks to you as the buyer and it's best to seek advice before signing a contract on these terms.

It's worth remembering that until you exchange contracts (a legally binding and enforceable agreement), the seller can sell to someone else.

When you buy at auction, you're required to pay a 10% deposit on the day if you're the successful bidder. You'll need to arrange a bank cheque or deposit guarantee in advance, as personal cheques are generally not accepted.

Tip:
Pre-approved finance can give you the upper hand when making an offer and speed up the buying process, locking in your dream home.

Step 5. Start the paperwork

Now's the time to get the ball rolling on the formal loan approval.

The lender may want an independent valuation to make sure the offer you made is reasonable and you'll need to provide any outstanding documentation to your Yellow Brick Road adviser.

The seller will make a contract of sale available to your solicitor or conveyancer for review. This is a legal document that outlines your offer, date of settlement and any conditions along with a legal description of what is for sale and any inclusions.

Step 6. Organise insurance

Your lender will require proof of building insurance. This takes effect from the date of settlement – but we recommend getting a pre-settlement policy.
If you're buying a strata title unit, villa or townhouse, you'll need a certificate of currency from the body corporate insurer.

Tip:
Your Yellow Brick Road adviser can help arrange insurance so you're fully covered.

Step 7. Arrange inspections

Your new home won't come with any guarantees. So, it's important to include building and pest inspections in your contract conditions. Alternatively, you can arrange these inspections before making an offer.

If you're buying a strata title property, arrange an inspection of the books and records of the owner's body corporate.

Consider checking with local council and your state's roads and traffic authority to see if there are any future developments that might affect your home.

Step 8. Exchange contracts and cool off

The agreement is legally binding once the contract is signed by all parties and you've paid the deposit.

Settlement takes between 4 and 12 weeks from exchange of contracts, depending on your contract and which state or territory you're in.

If you exchange contracts in a private treaty sale, some states of Australia entitle you to a legal cooling-off period, allowing you to withdraw from the contract. The conditions and length of the cooling-off period vary from state to state, so it's important to understand the rules around this.

If you're sure the property is right for you, you can waive the cooling-off period with the agreement of the seller.

Please seek advice from your solicitor or conveyancer first.

Step 9. Pay and settle

At settlement, the balance of the purchase price is paid to the seller, and you become the legal owner of the property.

Most home purchases will be subject to stamp duty. This is calculated on the purchase price and must be paid at settlement.

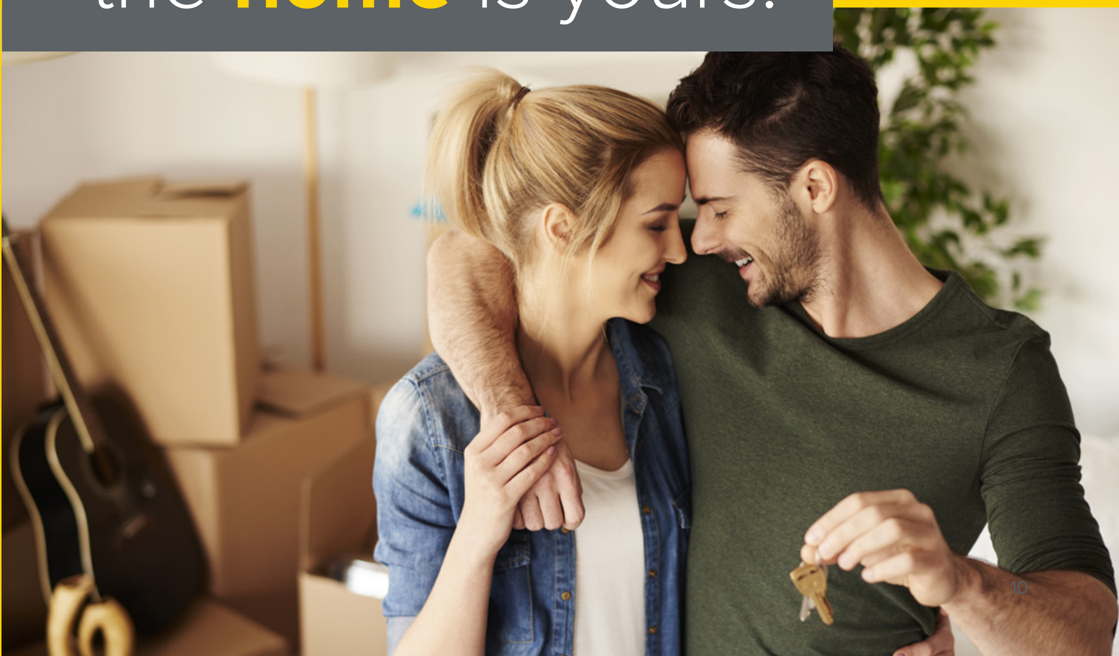
Your Yellow Brick Road adviser can check your eligibility for any stamp duty exemptions.

Step 10. Cover yourself with life insurance

Buying a house is a big financial commitment. And with the level of debt that a house brings, it's critical that you cover yourself and your family should something unexpected happen. Life insurance and income protection will help to protect your greatest asset - you and your ability to earn an income.

Your Yellow Brick Road adviser can help you find a policy that is right for you.

Congratulations the **home** is yours!



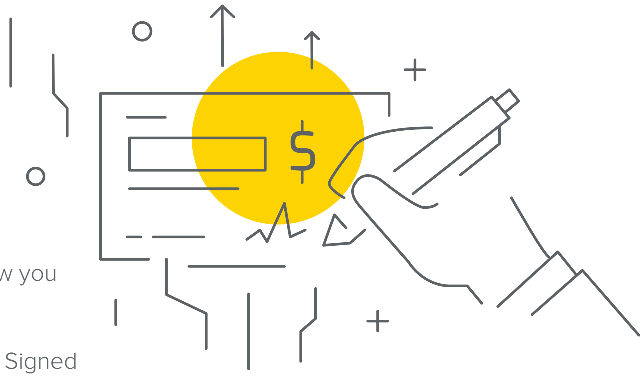
Your deposit

You can't buy a home without some financial commitment. This is usually in the form of a deposit. Your deposit could be cash you've saved, a deposit guarantee, or equity from another property such as your parent's. You can also use your superannuation, but this is a complex option and not available to everyone. Talk to your Yellow Brick Road adviser about this choice.

Ideally, you'll need to have saved 20% of the property purchase price for a deposit. You should also allow an additional 5% for other buying expenses such as legal costs, inspections, and stamp duty.

We understand that a 20% deposit is a significant hurdle for first-time home buyers. So, we can advise on options that may allow you to get in your first home sooner. Our lending panel includes lenders that allow you to borrow up to 95% of the purchase price.

However, you'll be required to pay lenders mortgage insurance which protects the lender if you can't repay the loan.



Money-managing tips

All lenders will look carefully at how you manage your money.

Spending too much on Uber Eats? Signed up to all the streaming services? Lenders may see this and be concerned you'll find it difficult to live within your means once you have a mortgage.

A Yellow Brick Road adviser can help you look at your budget and find ways to save, but here are some quick tips for making your application look positive to lenders.

• **Lower your limits on credit cards.** A lender will consider your entire limit when calculating serviceability, even if it's paid off each month or you just use it for emergencies. If you have multiple cards, consider keeping just one and reduce its limit to an amount you need.

• **Avoid 'interest-free' and 'buy now, pay** later' offers. It doesn't matter if you have a strategy to repay the debt before the interest free period is over, lenders will assume your debt will continue even once the higher interest rate kicks in.

• **Reduce luxury expenses** such as car leases, expensive smartphone plans, and pay tv and streaming services. Shop around for a better deal or remove them completely.

Make sure you audit your spending. Include the one-offs, cash purchases and annual costs. Be completely honest when assessing your spending and consider how it may affect your home loan application.

Self-employed?

If you work for yourself, you may not have the type of paperwork an employed person can provide such as payslips.

Self-employed workers will still need to show proof of income for their application.

This could include recent tax returns and/or bank statements. It's important to make sure your records are up to date so your application can be assessed correctly.

Your lender will ask to see your business tax statement to ensure you're meeting your tax obligations as well. You'll still need to show consistent savings and you should have a separate account for this.

Applying as a couple

Make sure you get legal advice on how to structure the ownership on your new property. And consider whether you'll need an agreement between yourself and your partner/spouse.

De-facto relationships and married couples are treated the same. And if you're separated, a lender will need to know if there are any financial settlements due to be paid.

Types of home loans

Confused by all the options out there? The key things that matter are the type of **interest rate** (fixed, variable or split); whether you're **paying principal and interest**, or **interest-only**; and features to help you pay your loan off quicker – such as an **offset** or **redraw** facility.

Interest rates

You have three options when it comes to interest rates.

FIXED

Fixed means you fix or lock-in the rate you're going to pay for a set amount of time. It could be for one year, or up to five years.

The advantage is you know exactly what your repayments will be every month. It will make it easier to budget, and there'll be no interest rate surprises during your fixed term.

The down-side of fixed rates is that you could be locked into a higher rate if interest rates drop. You could get stuck paying more than you need.

VARIABLE

Variable means the rate you pay goes up and down as interest rates change. Lenders may change rates in line with official rate increases or decreases, or at any other time.

The down-side is that markets fluctuate all the time. You'll pay less if markets go down, but you'll pay more if they go up.

Variable interest rates can change at any time and no one can predict the market.

SPLIT

Split means hedging your bets and combining both options. You'll effectively end up with two loans, one fixed and one variable.

The best interest rate option for you depends on your personal circumstances.

What may be suitable for others may not be suitable for you. Your Yellow Brick Road adviser can help you find the interest rate option that will suit you best.

Principal and interest vs Interest only

A ‘principal and interest’ loan means you’re repaying both the principal (the amount you borrowed) plus the interest charged by the lender. It means your loan balance will be reducing over time.

An interest-only loan means you’re only paying the interest charged each month.

It might be a smaller amount each month, but you’ll pay more interest over the term of the loan as your outstanding balance isn’t decreasing.

For owner-occupied purchases, we usually recommend principal and interest repayments. Interest only options are generally more suitable for investment properties.

Offset or redraw account

Some lenders will offer an offset or redraw facility on your home loan. Redraw allows you to access extra money paid directly into your loan (over and above your scheduled repayments). This feature is standard and fee-free with most loans.

An offset is a separate bank account where you can hold additional funds and get the benefit of lower interest on your home loan. The offset doesn’t reduce your loan balance, but the balance in the account is applied against the loan. This means you are only charged interest on the amount of money you have outstanding on your loan less the balance of the offset account.

Offset accounts are generally part of a package and attract either annual or monthly fees.

Are there any other costs?

When you buy a home, it's not just the deposit you'll have to save for.

You should allow an extra 5% for additional costs.

Talk to your Yellow Brick Road adviser about how to plan for (or reduce) these costs.

Here's our guide to the other costs you may incur when you buy.

Building and pest inspections:
$600 - $800

Loan application fee:
Lenders may charge anywhere from $0 - $1500 depending on your loan type and loan amount. You may be able to get this fee waived.

Lenders Mortgage Insurance:
For loans where your deposit is less than 20%. This fee is calculated on your loan amount and loan to value ratio (LVR) and could cost you thousands.

YBR representatives' payments:
Yellow Brick Road advisers are paid by the bank so these services are generally provided at no cost to the borrower.

Conveyancing and legal fees:
Fees could be up to $2000 and will depend on how much help you need.

Government stamp duty:
Stamp duty varies by state and territory. Depending on your circumstances and eligibility for concessions, this could be as little as a few hundred dollars, or up to thousands of dollars.

Home and contents insurance:
Insurance premiums will depend on the property and location. You may find this starts under $1000 and increases as property value and/or location risk increases.

What about the First Home Owner Grant (FHOG)?

First home buyers can get financial assistance from the government to buy a new house.

However, the grants are always changing so it's important to check with your Yellow Brick Road adviser to find out if you're eligible. They'll be able to let you know what grants are available in your state and how much you could get to help with your new home.

The FHOG has been around in various forms for more than 20 years. There has been a lot of changes in that time, but most states now offer the grant for building or buying new houses only.

Find out more about the First Home Owner Grant at firsthome.gov.au or the revenue office for your state or territory.

NSW	**Office of State Revenue**	revenue.nsw.gov.au	1300 130 624
VIC	**State Revenue Office of Victoria**	sro.vic.gov.au	13 21 61
QLD	**Queensland Government**	qld.gov.au/housing/ buying-owning-home	1300 300 734
NT	**Department of Treasury and Finance**	nt.gov.au/property/ home-owner-assistance	1300 305 353
WA	**Department of Finance**	wa.gov.au/organisation department-of-finance/fhog	(08) 9262 1299 or 1300 368 364 (country callers)
SA	**Revenue SA**	revenuesa.sa.gov.au	(08) 8226 3750 or 1800 637 778
TAS	**State Revenue Office of Tasmania**	sro.tas.gov.au	(03) 6166 4400 or 1800 001 388
ACT	**Revenue Office**	revenue.act.gov.au	(02) 6207 0028

Finding the right home

Finding the Finding the right home can be a challenge.

One property may be in the right location, but not have the interior features you want. Another might have the interior you want, but not the location.

No two homes are alike, so you need to think carefully about what matters most.

One way to narrow down your search is to write down all the things you're looking for and then rate them from most important to least important. Your most important priorities might include location, transport, parking, and schools.

The next priorities may be additional features like two bathrooms or built-in cupboards.

There might also be features on your list you can live without such as a bath, enclosed yard, or media room.
Tick the items off your list at every property you visit and weigh up whether it offers more of your must-have features than any of the other negotiable ones on your list.

This process helps to balance the emotion we inevitably feel when looking for our first home. Although, some emotion can still be helpful – Some homes you walk into and you just 'know' it could be the one. If this is the case, give the house some extra thought to see if it will work for you and your family.

Remember that this is your first home, not your last one. You may have to compromise on your list to get into your preferred location or a specific type of home.

What to look for
(and what to avoid)

When looking at a property, check

- Things to check when looking at a property
- The surrounding streets including parking and noise
- The local shops and shopping centres
- Visit on a busy weekday morning. How’s the traffic?
- Run taps and showers to check the water pressure inside
- Open all the cupboards and cabinets tocheck for mould or damp
- Check the walls and ceiling for cracks or sagging
- Check external walls, roof and guttering
- Look for the drain holes on external walls
- Ask why the current owners/ occupants are leaving
- Talk to the neighbours. Is there anything you should be aware of?
- Check the amount of natural light
- What are the ongoing strata or acouncil fees?
- Are there any property disputes?

What to avoid

- Don’t be pressured by the real estate agent
- Don’t let your emotions decide
- Don’t think you can fix it up on the cheap if you’re not experienced
- Don’t assume ‘it’ll be ok’, once you’ve moved in
- Consider whether you can live with the level of street noise
- Don’t choose a property that doesn’t meet any of your needs

Making an offer

How exciting! You've found what could be your first home. Now's the time to make an offer.

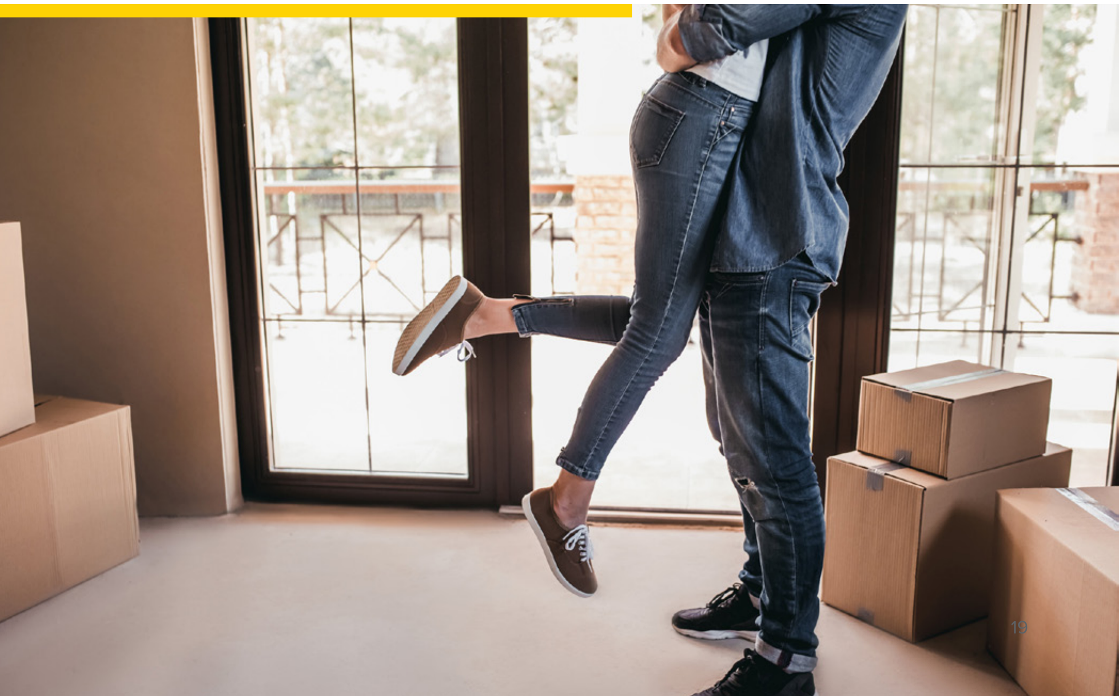
Don't be tempted to go in too low. This could delay a decision, and you may give another buyer a chance to get in with a higher offer. Be fair. Remember, this is a home, not an investment. If you really want it, offer a reasonable amount.

When making an offer, the vendor may accept it straight away. Or they may negotiate on the price or other aspects of the sale. If you cannot agree on a price, you can withdraw your offer.

If you buy a home at auction, you are required to pay a deposit (usually 10% of the purchase price) immediately. If you buy privately, you are usually required to pay a holding deposit - and then pay the 10% deposit when you exchange contracts.

This down payment shows that you are serious about buying.

However, it isn't until you sign and exchange contracts that the property is secured. Up until that time the seller can still decide to sell to another buyer who is able to exchange contracts before you. This is a great reason to have a finance pre-approval in place. It speeds up the process to get a formal loan approval.



Finding a conveyancer and solicitor

A conveyancer and/or solicitor will handle the legal aspects and documentation for the sale. If you don't already have one, you should:

Ask around
Is there anyone that family, friends or work colleagues could recommend?

Search the web
Look for someone local who will understand the area and any specific issues

The Australian Institute of Conveyancers
This is the body representing registered, licensed and certified practising conveyancers across the country

Ask the real estate agent
They may have a local recommendation

Settlement

Contract is unconditional

All conditions of the contract are met, and a settlement date is booked. You can ask for a short or long settlement. Generally, settlement takes between four and eight weeks.

Gather your funds

Ensure your bank is ready for settlement and you have any additional funds to pay stamp duty and legal fees.

At settlement

The balance of the purchase price is paid to the seller, and you become the legal owner of the property.

The final step

The home is registered in your name.

Life as an owner

Now, the real journey begins.

Celebrate your new home, of course. But quickly settle into budgeting carefully.

Allow for the odd treat (we all want to have something to look forward to!), but don't get carried away. Yes, you're a property owner, but with that comes responsibility.

Always pay your mortgage on time. Set up a fortnightly direct debit so you don't need to worry about it.

Get in the habit of paying a little more in your mortgage payments than you need. A few extra dollars will have a big impact on the amount of interest you pay over the life of the loan, and how quickly you pay it back.

If you get into any financial trouble, always talk to your lender. They want you to succeed at home ownership and can help. Reduce your debts – and try not to take on new ones.

Keep your insurances up to date. This includes life insurance, income protection, and home and contents insurance. You never know when you might need them.

Connect with the local community to build relationships.

Finally, start thinking about the long term. What are your goals?

Is it time to think about your super?

What is your wealth building strategy?

Stay in touch with your Yellow Brick Road adviser. They're here to help and can guide you along your financial pathway.

Jargon buster

Your guide to what it all means

Application fee	Also called an establishment fee, it's paid to set up your loan and usually includes bank legal fees and valuation charges.
Appreciation	(Also known as capital gain). An increase in the value of a property. The opposite of depreciation or capital loss.
Arrears	To be behind in mortgage or loan repayments.
Body corporate	An administrative body made up of owners within a group of units or apartments of a strata building. Owners elect a committee which handles administration and upkeep of the areas shared by the owners.
Break costs	A cost imposed when a fixed rate loan is paid out early, or you make extra payments above agreed limits. Not to be confused with exit costs.
Bridging loan	Finance to buy another property before an existing property has been sold.
Building insurance	Insurance that covers the cost of rebuilding or repairing a property following structural damage.
Certificate of title	The certificate detailing the ownership and land dimensions of a property.
Certificate of currency	A document issued by an insurance company indicating that a formal policy is currently in place for the insured property.
Company title	A property title that applies when owners of units in an apartment block form a company. Each has shares in the company that owns the land and buildings. The owner of the shares is entitled to exclusive occupation of a flat. However, to alter occupancy in any way, you must have the company's approval to do so. This type of title can be restrictive for use by many lenders and shouldn't be confused with Torrens or Strata Title held in a Company Name.
Contents insurance	A policy insuring household contents against theft and damage.
Comparison rate	The costs of a loan expressed as a single interest rate. These costs include the nominal interest rate, some up-front fees and on-going charges. It doesn't include fees and charges based on future events which may not occur, e.g. redraw fees, progress payments etc. The aim of the comparison rate is to help consumers make a more informed judgement of the real costs of a loan and compare like products and services offered by various lending institutions.

Contract of sale	(Or Contract for Sale) A legal document that details the conditions relating to the sale or purchase of the property. This document is legally binding when signed by both the vendor and buyer.
Conveyancer	A person qualified and licensed to handle all documentation for the sale and/or purchase of a property.
Conveyancing	The legal process where ownership of a property is transferred from the vendor to the buyer.
Credit history	A credit history helps a lender to determine whether a potential borrower has a history of repaying debts in a timely manner.
Credit Score	A credit rating or credit score is a number between 0 and 1200 that rates your financial trustworthiness, based on your credit history.
Daily interest	A method of calculating interest that considers the amount you owe on a day-to-day basis. All home loans in Australia, whether principal and interest or interest only, have interest calculated daily and charged monthly. Weekly or fortnightly repayments reduce your balance and could mean lower monthly interest charges.
Deposit Bond	A financial guarantee that the purchaser will pay the deposit.
Equity	The difference between the amount you owe on your home loan and the current value of your property.
Exit fee	These are generally administration 'break costs' associated with discharging the mortgage and finalising the loan.
FHOG - First Home Owner's Grant	A grant available to assist those who are buying or building their first home. This is usually only available for new properties and applicants must meet the eligibility requirements.
Fixed rate	An interest rate set for an agreed term regardless of any variations in the market. The main benefit is that you'll know exactly how much your repayments will be over the term and you won't be affected by rate fluctuations.
Gearing	Borrowing to invest. Positive gearing is when you borrow to invest in an income-producing asset and the returns (income) from that asset exceed the cost of borrowing. Negative gearing is where the return on an investment is less than the interest costs of the loan used to fund the investment. This amount and other expenses associated with the investment may be claimed as a tax deduction.
Guarantor	A party who agrees to be responsible for the payment of another party's debts in the event of default.
Home insurance	Insurance that covers damage to your property. Also referred to as building insurance.
Honeymoon rates	A honeymoon rate (or introductory rate) is a low interest rate offered for an introductory period. This can be for the first 1-3 years of the loan. Once the honeymoon or introductory period ends, the interest rate usually reverts to a higher rate, often the lender's standard variable rate.

Interest only	This is where you only pay the interest on the loan. It is popular with investment properties, mainly for tax benefits.
Lender	The bank or financial institution that provides the home loan.
Life assurance	A form of insurance by which someone's life is insured. Life assurance policies can run parallel with a principal and interest home loan, so the loan will be repaid if you die before the end of the term.
Line of credit	This loan lets you free up the equity you have in your home for other purposes. It provides you with a revolving line of credit through a convenient single account that you can use daily.
LMI – Lenders Mortgage Insurance	Insurance written by an independent mortgage insurance company. It protects the mortgage lender against loss incurred by a mortgage default. Usually required for loans with an LVR higher than 80%.
Low Doc Loan	A flexible financing solution for self-employed people who have income and assets but may not have the usual paperwork to prove income levels at the time of application.
LVR – Loan to Value Ratio	The ratio of the amount of your loan to the appraised value. The LVR may affect products available to the borrower. Generally, the lower the LVR the more favourable the terms of the products offered by lenders. Borrowers with a lower LVR may also receive better interest rates.
Mortgage term	The length of time over which you agree to pay back your mortgage, usually up to a maximum of 30 years.
Negative gearing	See 'Gearing'.
No doc loan	No-document home loan (or no-doc loan for short). These loans were commonplace prior to the global financial crisis but are no longer allowed.
Off the plan	When you buy a property that is yet to be built. The buyer won't be able to inspect the property but will have the building plans and may be able to view a display unit/apartment/home.
Offset account	An account linked to a mortgage account so that the interest earned is applied to reduce the interest on the mortgage.
Pre-Approval	A home loan pre-approval confirms how much you can borrow from your lender. It is conditional upon the property you wish to purchase being acceptable security, and your lender confirming your income and other information provided in your application. Pre-approvals usually last for a maximum period of 90 days and are usually subject to further assessment and a formal valuation for formal approval. A helpful step while you're still looking for the right property.
Private treaty	A sale of a property at an advertised price that can be negotiated. Private treaty along with public auction are the two most common ways to sell and buy property in Australia.

Purchaser	The buyer of a property.
Redraw facility	The option to withdraw extra repayments made on your home loan. This amount is from contributions made to the home loan that exceed the minimum scheduled repayments.
Settlement	The finalisation of the property purchase where your solicitor/conveyancer and the lending institution exchange money and documents so you become the legal owner of the property.
Serviceability	The one key aspect all lenders consider. They need to know if you can afford to keep up the monthly repayments to your loan. Lenders vary in the way they calculate serviceability, so the amount you can borrow will vary from lender to lender. All apply a stress-tested assessment rate or affordability rate that tests the borrower's ability to make repayments if interest rates rise.
Stamp duty	Your purchase may attract government duty depending on the purpose of the loan. This duty is applied to the property valuation (usually the purchase price), not the mortgage amount and varies from state to state. Contact a Yellow Brick Road adviser to calculate how much stamp duty applies to your situation. Concessions are often available for first home buyers.
Strata title	A strata title is the most common title associated with townhouses and apartments and is proof of ownership of a unit. Individuals each own a portion, known as a 'lot'. They share common property, which can comprise of external walls, roof, foyers, fences, lawns or a pool. All owners contribute to the maintenance of these facilities.
Utilities	Electricity, gas and phone connections and supplies.
Valuation	A written assessment of how much a property is worth by a registered valuer.
Variable rate	The opposite of fixed rates. Variable rates go up and down as interest rates rise and fall.
Vendor	The seller of a property.

About Yellow Brick Road

'All Australians deserve access to quality, affordable mortgage services and advice.'

Mark Bouris,
Executive Chairman, Yellow Brick Road

The road beyond your first home

We're always here to help. Talk to us about.