homestar

First Home Buyers Guide

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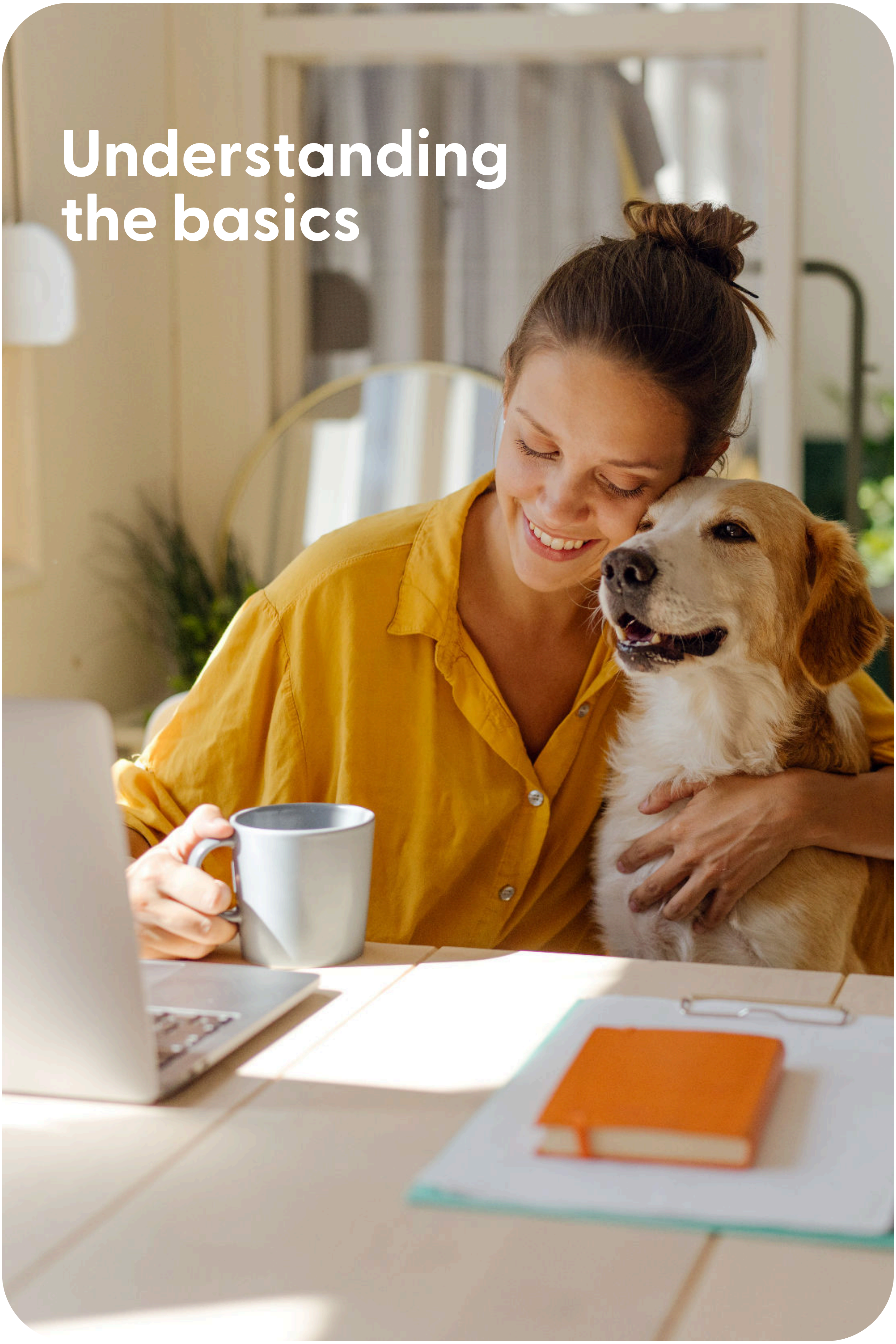
Understanding the basics



Home loan jargon

Application fee
A one-off payment is a fee or charge that covers or partially covers the lender's internal costs of processing a loan application.

Asset
An asset is a resource that an individual currently owns or controls with the expectation that it will provide a future benefit. Examples include property, savings, shares, etc.

Break costs
A break cost is a fee that represents the lender's loss if a borrower repays a fixed rate home loan early or switches loan product, interest rate or payment type during a fixed rate period.

Broker/Loan Specialist
A mortgage broker is an intermediary who deals with lenders to arrange home loans, acting in the borrower's best interest. If you go directly to lenders, most lenders offer a loan specialist to guide you through the process.

Comparison rate
A comparison rate indicates the true cost of the loan. It is designed to help a borrower understand the overall cost of the loan, combining interest, fees and other standard charges into a single percentage rate.

Conditional approval
Conditional approval means that a lender has agreed, in principle, to lend money to a borrower towards the purchase or refinance of a property once conditions placed upon the approval are met.

Construction loan
A construction loan is a type of home loan that is purposely structured for borrowers who are building or doing significant renovations to their own home, as opposed to buying an existing property.

Conveyancing
The legal process for preparing the sales contract, home loan and other related documents concerning a sale or purchase of real estate.

Credit score
A credit score is based on a person's credit history, including information like the number of deposits or credit accounts, total debt levels, repayment history, and other factors. Lenders include credit scores as part of their assessment to understand a person's credit behaviour, such as how likely they are to pay a loan back on time, based on information from that person's credit reports.

Deposit
A deposit is an amount paid by the purchaser as an initial contribution towards the purchase of the property, payable in exchange for contracts.

Deposit bond
A deposit bond, sometimes referred to as a deposit guarantee, is an insurance policy that acts as a guarantee to the vendor that the purchaser will pay the deposit at settlement.

Discharge Fee
A fee incurred when a borrower closes the loan facility.

Equity
Equity is the difference between the value of an asset and the amount that is still owed on a loan secured against that asset.

Equity loan
A loan that allows homeowners to borrow against the equity in a property they own.

Extra repayments
Extra repayments on a home loan are any payments that a borrower makes in addition to the minimum regular repayment amount listed on a loan contract.

First Home Owners Grant
Various State or Territory Governments provide financial grants to first home buyers that want to purchase their first home to assist in meeting the purchase costs.

Fixed rate
A fixed rate is when the interest rate doesn't fluctuate during an agreed fixed-rate loan period, regardless of market fluctuations.

Genuine savings
Genuine savings are money that a borrower has saved up over a period of time. Lenders may have different policies and criteria regarding how genuine savings are factored into how much they will lend for various home loan products.

Understanding the basics

Guarantor
A guarantor is a financial term describing an individual who promises to pay a borrower's debt if the borrower defaults on their loan obligation.

Interest
Interest is the price a borrower pays to borrow money. It is generally reflected as an annual percentage of the loan amount. This means that the interest, or how much the borrower pays annually in costs, depends on the amount of money borrowed.

Interest only (IO)
An interest-only mortgage is a loan with scheduled payments that require a borrower to pay only the interest for a specific amount of time. The amount that a borrower owes on the loan does not go down with each payment. The principal loan balance will not change with interest only payments.

Introductory rate
An introductory rate is an interest rate charged to a customer during the initial stages of a loan for a specified period. The rate after this period should be disclosed during the application process.

Investment loans
A loan taken out to purchase or refinance property purely for investment purposes.

Lender's Mortgage Insurance (LMI)
Lender's Mortgage Insurance (LMI) is insurance that a lender takes out to insure itself against the risk of not recovering the outstanding loan balance if the borrower cannot meet the loan payments and the property is sold for less than the outstanding loan balance. It is important to understand that LMI covers the lender, not the borrower (or guarantors). The borrower cannot claim the LMI - only the lender can make a claim. LMI is not mortgage protection insurance, which a borrower might separately take out to insure themselves against the risk of being unable to meet their loan repayments.

Liabilities
Debts or financial obligations that an individual owes.

Loan splits (Fixed vs Variable)
A home loan with a loan split facility is essentially one home loan divided into several accounts. With this feature, borrowers can nominate a portion of their loan to have a fixed interest rate and the remainder to have a variable interest rate.

Loan splits (Multiple borrowers)
A home loan split into more than one portion across multiple borrowers, allowing each borrower to manage and repay their portion according to their individual needs. It is important to note that the borrowers share equal liability to repay

Loan To Value Ratio (LVR)
LVR is a the ratio of the home loan amount to the valuation of the security. E.g. A home loan of $800,000 with the property is valued at $1,000,000 has an LVR of 80%.

Maturity
The date on which a borrower's final loan payment is due.

Mortgage
A mortgage, also known as a home loan, is an agreement between the borrower and a lender that gives the lender the right to take the borrower's property if there is a failure to repay the money that has been borrowed, plus interest.

Mortgage protection insurance
Mortgage protection insurance covers the cost of the monthly repayments if the borrower loses their job, suffers illness or injury, or passes away. The amount of cover a borrower will receive will vary depending on the policy and the event.

Offset account
An offset account is a sub-account that's linked to a home loan. The balance in this account offsets the overall outstanding loan balance, thereby helping reduce the interest payable on the loan.

Owner occupier
A person who owns the property in which they live in.

Prequalify
Pre-qualification gives borrowers an understanding of their borrowing power. This is not a full credit assessment. Obtaining pre-qualification will give the borrower a loan estimate to help with their home loan search.

Principal
Principal is the initial size of a loan; or the total outstanding balance of money still owed on the loan.

Principal and interest (P&I)
A home loan with repayments of both principal and interest is one in which a borrower pays interest and also repays part of the amount borrowed (principal) at the same time.

Redraw facility
A redraw facility allows a borrower to access additional repayments that they have made on their loan over and above the minimum required repayments.

Refinancing
Refinancing involves paying out a current loan with a new one.

Understanding the basics

Security
Property security (or mortgage security) is the way that banks secure an asset against a borrower's loan.

Settlement date
A date on which the new owner finalises payment and assumes possession of land.

Stamp duty
Stamp duty is calculated on a sliding scale based on the purchase price of the property and differs in each State or Territory of Australia.

Strata title
A form of property ownership associated with units, apartments, and townhouses, where the owner holds title to a particular unit.

Term
The length of the loan (e.g. 30 years).

Valuation fee
When the lender needs to verify the value of the property that a borrower wants to buy, they will arrange for a property valuation to be done by an independent valuer for mortgage valuation purposes.

Variable rate
Interest that is charged and will fluctuate with market changes.

Renting vs Buying

Which one is right for you

When it comes to renting vs buying, how can you know which is best for you?

Both options have their own benefits, and everyone's financial and personal circumstances are different, making their capacity to rent or buy dependent on their current situation. While buying will ensure that you are investing in a long-term asset of your own, renting might be the right decision if you want flexibility, or a solution that is more suitable in the short term.

To help you choose whether to rent or buy, we have provided an in-depth analysis of both situations. Beyond pricing, there is plenty to consider when determining which situation works best for you.

Factors to consider

There are several factors you need to consider before choosing whether you want to rent or buy, with a full understanding of your current financial and personal situation being the most important. The factors you should consider when making your decision should include:

- Your available finances, as well as how much you are willing to pay
- The type of property you would ideally like, and what facilities you want
- What your long term savings goals look like
- The location and convenience of your residence
- The agreements available for your tenancy or home loan
- The condition of the property and if renovations need to be made or can be made
- Whether or not pets are allowed to live there
- If there is parking available
- If there are any extra costs with owning the property
- If you can negotiate with your landlord or property manager

Renting vs Buying - The pros and cons

Renting

Pros

- Renting is less of a financial commitment, and a more affordable option
- You don't need to save for a house deposit
- You have more flexibility to move at any time
- No long-term debt from a mortgage to worry about
- Keeping the property in good repair is the responsibility of the landlord but you will be liable for any property damaged caused by you

Cons

- There is no asset growth in renting - you're paying for someone else's asset growth
- There is less security in renting, your landlord can increase your rent or terminate your tenancy in compliance with rental laws.
- You can't make any improvements on the property without the permission of your landlord
- You have to deal with inspections and landlord/agent requests
- You may not be able to keep pets

VS

Buying

Pros

- Offers you more stability and security
- The house is yours - no landlord can control what you do with the property
- Asset growth - your house value has the potential to increase in value over time
- Once you pay off your loan you will own your own home
- There are government incentives available to assist first home buyers in purchasing a home

Cons

- A home loan is a large financial commitment and has long-term cost considerations
- Commitment means limited freedom of being able to move and live elsewhere
- Upfront costs - including house deposit and stamp duty

Saving for a deposit

A good place to start is to get an idea of how much you might be able to borrow. The larger the deposit, the less you'll need to borrow and the easier your loan repayments will be. Then you'll not only be able to take a look at what's on the market in your price range, you'll also have some indication of what size deposit you'll need.

Bigger the deposit = less to borrow

How much do I need to save for a first deposit?

Generally, most lenders like a 20% deposit of the purchase price of the property. If you have less than 20% deposit but you're still keen to purchase, there are options available that could help you still purchase that property. It's determined by the property's worth, your ability to make payments, and the lender with whom you apply. At Homestar Finance, in most instances we need a minimum deposit of 10%.

Meanwhile, if you want to avoid the cost of Lenders Mortgage Insurance (LMI, see below), you'll need to put down 20% of the property's worth, which can be a lot. A 20% deposit on a $800,000 house, for example, would be worth $160,000.

What is Lender's Mortgage Insurance (LMI)?

If your deposit is less than 20%, you may need to pay Lender's Mortgage Insurance (LMI), which is a form of insurance which allows you to borrow a larger percentage of the purchase price. With LMI, the lender is protected if you default on your home loan. The borrower pays a premium that protects the lender, not the borrower.

This means you may be able to apply for a home loan with less than 20% deposit.

What is LVR (loan to value ratio)?

LVR is used by lenders to assess the risk of a loan. You can calculate your LVR by dividing the value of the property by the amount you are borrowing against the property.

Top tips for saving for a deposit

- ✓ Figure out your expected deposit size
- ✓ Analyse your current spending where can you cut back
- ✓ Set a budget
- ✓ Pay off your existing debts
- ✓ Put a savings plan in place

How much can I borrow?

For any prospective homebuyers, understanding your borrowing power is a crucial step to feeling more prepared so that you can go out and browse your home loan or property options with greater certainty and confidence.

What is borrowing power?

Borrowing power refers to the loan threshold or limit imposed on you by lenders depending on your financial situation.

Having high borrowing power means that lending institutions will approve you for higher loan amounts because they trust that you will be able to comfortably repay it. Understanding your borrowing capacity can be incredibly useful for anyone on their home buying journey, whether you're a first homebuyer, property investor or even just looking to refinance.

Obtaining a ballpark figure for how much you can borrow will help you to:

- ✓ Get an early idea of what your monthly loan repayments would look like including factors such as interest rates and applicable fees
- ✓ Compare rates more effectively across different lenders, since you know what to expect
- ✓ Cut down on time spent searching for properties, as you'll waste less time considering properties outside your budget range

What is a credit score (or credit rating)?

When looking to open a new home loan with a lender in Australia, there are several quotas that must be reached in order to meet loan eligibility criteria. One of the core quotas in this criterion is a suitable credit score, which must be over a certain rating in order for you to be considered financially secure and responsible enough to manage a home loan.

Your rating indicates to lenders how trustworthy you are as a borrower, with a higher number equalling better trustworthiness. Based on this number and other risk criteria, your lender will also determine how much they can lend you and at what interest rate.

How is my credit score calculated?

Australian credit report agencies take responsibility for calculating credit scores, utilising key criteria to determine what number your score falls under. Although each agency often uses its own score system, it is understood by banks and independent home loan specialists alike what constitutes a good score or not.

In order to calculate your credit score, an agency will look at:

- Any debt you have, as well as any you have accrued in the past, and if you have ever had difficulties meeting their repayments
- If you have a history of bankruptcy
- Your credit and store cards
- If you have court judgments or writ held against you
- Your existing credit limit
- Any loans or inquiries you have taken out, whether it was for a personal loan, for property acquisition or renovation, or even as a guarantor for someone

What credit score do I need for a home loan?

Since Australian agencies generally do not make their credit rating criteria public, it can be hard to determine whether you have a high enough credit score to be eligible for a home loan. Especially since most lenders only use credit scores as one factor in determining whether or not you should be allowed a home loan.

The exact credit score you need for a home loan can differ depending on how your credit scoring agency calculates your number. Overall, however, if your credit rating is out of 1,200 then it is generally determined any score above 853 is excellent, while 661 and above is good. If you are scored out of 1,000 then a score of 690 and up is excellent, with above 540 being good.

Home loan calculators

Our range of home loan calculators and tools can help provide the information you need to make the most informed home loan decision.

Borrowing power calculator

Calculate your borrowing power at an early stage to customise your search for a property that you like and can afford. Our borrowing power calculator can calculate the maximum amount you are potentially eligible to borrow.

Rent vs Buy calculator

Need help deciding whether renting or buying is a better option for you? Our rent vs buy calculator can guide you to make an informed decision.

Home loan repayment calculator

When searching for your ideal home loan it is important to calculate your mortgage repayment amounts to assess whether it fits your financial circumstances. This loan repayment calculator can help you calculate your monthly repayment amounts.

Loan comparison calculator

If you can't decide between 2 loans you are looking at for making a purchase, compare them side by side. See which one will be right for you. This calculator is particularly useful for when products have an introductory offer rate, or a fixed rate moving to a variable rate.

What Government grants are available for me?

There are a range of government grants available to first home buyers to assist with the costs of buying your first home.

First Home Owners Grant (FHOG)

The First Home Owners Grant (FHOG), also known as the first home buyers grant, presents an opportunity to acquire Government assistance to fund the purchase or construction of your home. It's important to understand how your State or Territory government can support a homeowner to-be, and what advantages may be available to you.

Eligibility

While requirements to qualify for the First Home Owner's Grant may vary between States and Territories, some general criteria are shared across Australia, including:

- Being at least 18 years old;
- Be a permanent resident or citizen of Australia
- Live in the property as your home for a set period of time; and
- Be a first-time home owner in Australia

Each State and Territory have different amounts and eligibility for the First Home Owners Grant.

The First Home Owners Grant (FHOG), also known as the first home buyers grant, presents an opportunity to acquire Government assistance to fund the purchase or construction of your home. It's important to understand how your State or Territory government can support a homeowner to-be, and what advantages may be available to you.

State	
ACT	https://www.revenue.act.gov.au/home-buyer-assistance/home-buyer-concession-scheme
NSW	https://www.revenue.nsw.gov.au/grants-schemes/first-home-buyer
NT	https://treasury.nt.gov.au/dtf/territory-revenue-office
QLD	https://qro.qld.gov.au/property-concessions-grants/first-home-grant/
SA	https://www.revenuesa.sa.gov.au/first-home-owners-grant
TAS	https://www.sro.tas.gov.au/first-home-owner/eligibility
VIC	https://www.sro.vic.gov.au/first-home-owner
WA	https://www.wa.gov.au/organisation/department-of-finance/fhog

Pre-purchase considerations

Home loan application process- what to expect

The stages of getting a home loan

Research

Before you consider making any applications, it's important to do some research into the property market, the types of home loans on offer and your own financial capacity.

Pre-approval

Your initial application will be assessed and you may be offered pre-approval. This is not the same as full, unconditional approval and does not guarantee you a home loan.

Application

Even if you don't have a pre-approval, the next stage will be to submit a full application. In some cases you will be able to fill out an application online, but in many cases you will need to make an appointment with your lender who will guide you through the application process.

Valuation

Once you've found the property you want to purchase, your lender will perform their own valuation of the property. They will want to make sure that it matches the amount you were pre-approved to borrow.

Unconditional approval

Even if you don't have a pre-approval, the next stage will be to submit a full application. In some cases you will be able to fill out an application online, but in many cases you will need to make an appointment with your lender who will guide you through the application process.

Settlement

Once you've received full approval, made an offer on the property and been approved, you'll reach the settlement stage. At this point, you'll need to sign a Contract of Sale and choose a settlement date.

Researching the market

No matter how much you might love a property, you need to base your decision on more than just a gut feel. Knowing what criteria is important to you and what is high on your priority list will help you narrow down your options and make you a more confident buyer.

Location

You should look into the lifestyle factors that you may need today or in the near future. Some factors to consider are the proximity to:

- Public transportation
- Town or city centre
- Main roads
- Schools
- Hospitals
- Shopping centres
- Parks and recreational areas

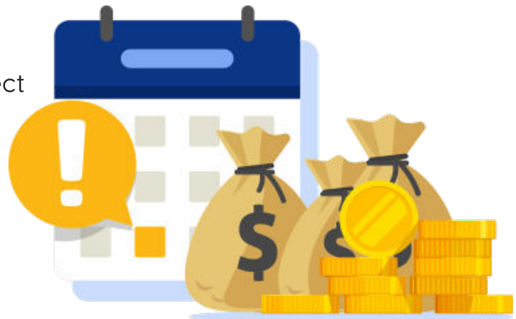
You should also take into consideration if there are any development applications, road or public transport expansions nearby that could impact the property in the future.

Price

Make sure you've seen enough potential properties to know what works for you, and what doesn't. Check out how much similar properties in the area sell for - in good times and bad. Getting a hold of suburb and property reports can further your knowledge of the market and help you get a better picture of what you're after.

Extra costs

If you're buying an apartment, be sure to get hold of the strata report- in advance to discover any upcoming maintenance projects that could affect your strata costs. If you're buying a house, you should obtain an up–to–date building condition and pest inspection report.



House hunting tips

- Get pre-approved before you start hunting
- Buy with your head, not your heart - stay objective
- Don't over commit yourself financially
- Consider using a real estate agent
- Find a solicitor or conveyancer that could help you with the Contract of Sale

Family security guarantee/guarantors

What is a family security guarantee?

A family security guarantee allows a family member to act as a guarantor or helping you with your deposit. Having a family security guarantee could help you buy a home and potentially avoiding or reducing the cost of LMI.

Benefits for the borrower

With the guarantor, if your LVR drops below 80% you can potentially avoid or reduce paying costly LMI fees.

Considerations for the guarantor- know the risks

- It is important to ensure you're confident with the borrower's financial situation, as well as your own.
- The guarantor is liable for the amount specified in the Family Security Guarantee.
- As the guarantor, you are linked to the loan by a guarantee. You can request this guarantee to be released at any time and the lender will need to do an assessment as to whether it will agree to the release.
- You can nominate a specific amount that your guarantee is limited to, rather than a guarantee for the entire loan amount.
- The borrower cannot borrow more money under the loan without your approval.
- While acting as a guarantor, your borrowing capacity may be reduced.

Pre-approval process

Securing pre-approval for a home loan is an important step in the home buying journey. If you have all your documents prepared and your lender isn't too busy, it may take less than a day for you to receive a pre-approval outcome after submitting your application. However, in most cases you will receive a response within 2-3 business days.

What is a home loan pre-approval?

Home loan pre-approval (sometimes called conditional approval, approval-in-principle, or letter of comfort) is an indication that a lender is willing to lend you the money for a home loan but has not yet proceeded to final approval.

Pre-approval gives you an idea of how much you can borrow and shows real estate agents and vendors that you're serious about buying. Getting pre-approval can also save you time later on during the home loan process.

How long does pre-approval take?

It will usually take 1-3 business days to receive a home loan pre-approval outcome after submitting your application.

If you have a straightforward case or you are able to submit an online application, you may receive your answer on the same day.

You should thoroughly review all your documents before submitting, to ensure the information is accurate.

How long does pre-approval last?

Pre-approval will usually be valid for 90 days from the date that you receive it. This timeframe may vary between lenders, as some lenders may allow validity for up to 6 months.

You may be able to renew your pre-approval at the end of this period, provided your financial circumstances are still the same, but in many cases you will be required to reapply.

Choosing the right home loan

Finding a home loan that suits you and your circumstances can be a difficult and stressful process. We've broken down some important tips to consider while shopping for a home loan if you can't make sense of all the home loan jargon being thrown at you.

That's why we've made a list of things to consider when shopping around for home loans.

Check the interest rate

When shopping for a home loan the interest rate is one of the most significant factors to consider. The amount of interest charged each month is determined by your interest rate. The lower your interest rate, the smaller your monthly repayments will be. For example a ten-basis-point difference in interest rates might save you thousands of dollars over the life of your loan.

Take time to compare loans. Using our Loan Comparison Calcualtor on our website is an easy way to do this.

Fees

There can be many costs that need to be considered when shopping around for a home loan, factoring in these costs is important in understanding the amount you will need to budget for upfront. This will help you determine your borrowing power so that when you do find your property you will know exactly what you can afford .

There are also Government schemes available to help lighten the load for some upfront costs. As a general figure, you should allow an extra 5% on top of the purchase price to cover these costs.

Legal fees

These are fees that can be charged from your solicitor or conveyancer to conduct the legal work required to purchase the property. Property conveyancing fees typically cost up to $2000 but can vary between service providers.

Moving in and maintenance costs

You may have some repair or maintenance costs that need to be made after you've moved in or preparing to rent out the property.

Pre-purchase considerations

Loan costs

a guide to some of the fees you may encounter are listed below, all lenders are different however always ensure you ask the question around fees applicable to the loan, which may include:

- Loan application fees
- Property valuation fees
- Establishment fees
- Settlement fees
- Loan approval fees
- Monthly and ongoing fees
- Additional features like an offset account or re-draw that may incur charges

Government charges

Stamp duty is a State and Territory Government tax that is associated with the purchase of the property. Depending on what state you live in, there are Government schemes available for first home buyers that may offer full exemptions or concessions to stamp duty payments. Find out what Government schemes are available to you and use a stamp duty calculator to calculate how much stamp duty you are likely to pay.

Mortgage protection insurance

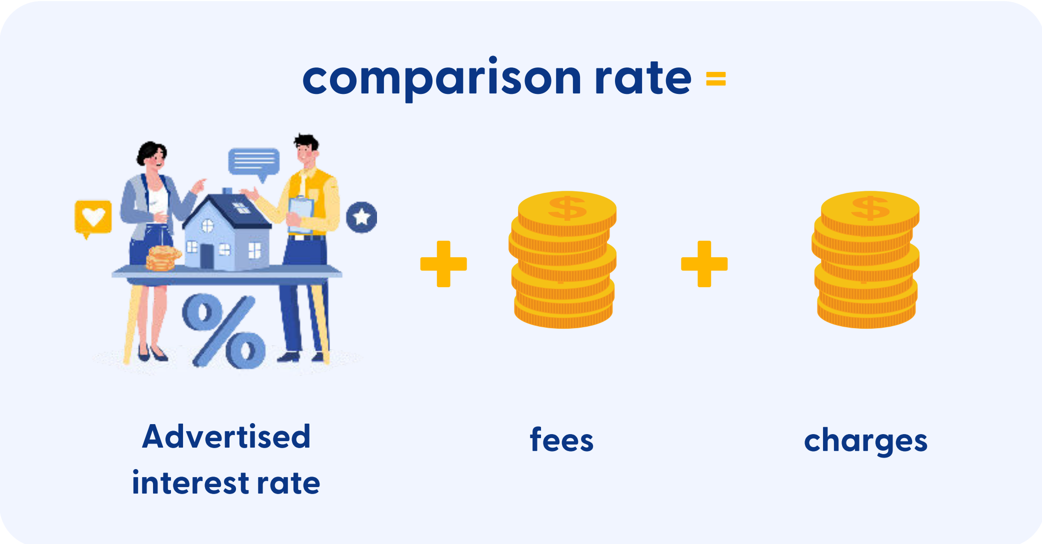
Mortgage protection insurance looks after your mortgage repayments should you become unfit to make the repayments. This is specifically if you are injured, too ill to work or even die. This coverage depends on the extent of the cover and insurance that you may consider getting.

Inspection costs

Inspections are important to understand the history of the property and there is transparency with any issues that may arise once purchased (e.g., mold, damage, pests, erosion etc.)
This will also give you an indication of any repairs or maintenance costs you may incur straight away or need to do in the near term.

Watch out for the comparison rate

The comparison rate, rather than the headline interest rate, is arguably more essential. It includes a number of regular expenses you'll pay over the loan's term in the advertised interest rate, exposing the loan's true cost. You can always ask your lender to explain what fees have been used to calculate the comparison rate. This way you will get a true sense of what you are paying and when.



Remember a comparison rate is a calculation required by to give consumers an idea of the actual cost of the loan, as it includes the interest rate and the standard fees applicable to that loan. It aims to avoid consumers being misled by lenders advertising a lower interest rate, but charging high fees to compensate for the low rate. The comparison rate will not however take into account all fees which may be applicable to a loan but is intended to provides a basis for comparison of the overall cost of a loan and not just the interest rate.

What type of loan suits your needs?

There are many ways you can break down a home loan to work out what is right for you, the initial decision however can be as simple as:

- What type of rate you want
- Variable rate or fixed rate
- What type of repayments you want - principal or interest or just interest only

What is a variable rate?

A variable rate home loan is where the interest rate you are paying can fluctuate. This fluctuation can be a result of decisions being made by the Reserve Bank of Australia, current economic conditions or the lender can just make the decision to increase the rate for e.g., when their cost of funds increase.

What is a Fixed rate?

A fixed rate home is where the rate is locked in for a period agreed upon when taking out the mortgage. This agreed upon rate does not fluctuate during the fixed rate term of the loan, regardless of market fluctuations.

When deciding what is right for you there is a lot to consider, a fixed rate provides you with a set and forget payment structure. You have peace of mind knowing what your payment will be every month. However on the flip side a variable rate offers you flexibility to adjust your payment amount providing you are paying the minimum amount, along with frequency you pay and also features you may have access to with a variable mortgage.

Or you can split your mortgage and have the best of both worlds. A split loan is one in which part of your loan balance is charged at a fixed rate while the rest is charged at a variable rate. You can split the loan in whatever way you like, as long as the lender agrees, whether it’s 50/50 or 70/30. For example, if you had a $600,000 loan and wanted to fix 30% of it, you would pay a fixed rate on $180,000 of the balance and a variable rate on the remaining $420,000.

Home loan features

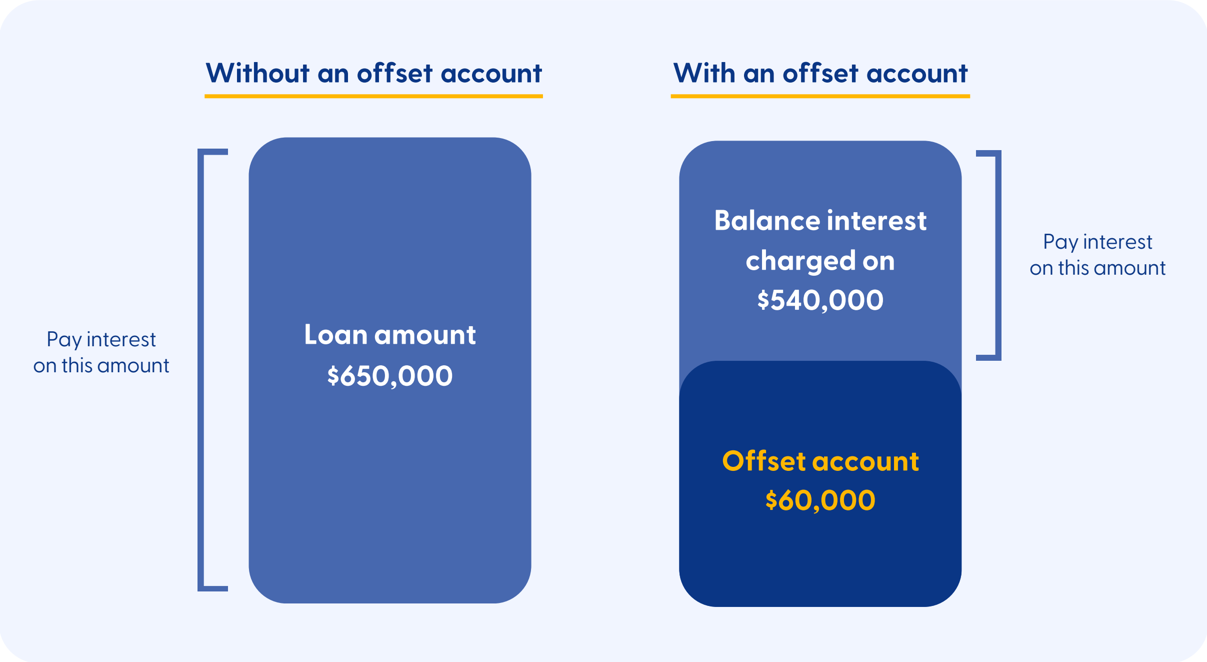
Choosing the right home loan features that suit you...

Make your home loan work harder for you

Offset account

An offset account is an account where you can deposit your salary and savings alike. It is known as an offset account due to the fact that the balance of this account is offset against the amount owing on your home loan.

That is, you will have full access to whatever money you have stored in your offset account, but only the difference between this amount and what you owe on your home loan will be charged interest.



Redraw facility

A redraw facility is a facility where you can withdraw money from your loan account if you have made extra repayments to your home loan. The benefit of having a redraw facility is that the additional repayments can reduce the interest you pay but can withdraw them easily when you need them.

Note: You cannot use a redraw facility to access funds that are made up of your regular monthly repayments.

Interest Only period (IO)

An Interest only period requires borrowers to pay back only the interest charges for a specific period of time instead of both the principal and the interest amount. With an Interest Only period, you can take advantage of lower repayments, and allows you to get your foot in the door sooner, without being overwhelmed with the full principal and interest repayments.

Extra repayments

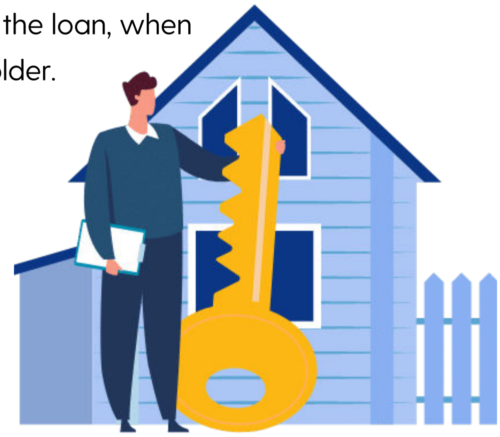
A home loan feature that allows borrowers to make additional contributions to their loans on top of the regular monthly repayments. In some cases, these are limited and in others they are capped to a certain amount per year.

Getting started

Settlement period

Once you've found a property and signed the contract to purchase, there may be a cooling off period before you are locked in, and it's important to note there's no cooling off period for auction sales. Cooling off periods vary between states.

Settlement is when the buyer becomes the legal owner of the property, and the balance of the purchase is paid to the seller. This also includes the settlement of the loan, when the lender transfers the funds to the seller or seller's mortgage holder. Settlement and transfer of the property is usually handled by a solicitor/conveyancer.



Managing your new loan

Tips on paying off your home loan sooner

Every home buyer wants to pay off their home loan faster so they can reduce debt and spend that hard- earned money, perhaps on household renovations, a well-earned holiday or even another home.

Make repayments more frequently

Rather than pay your home loan once a month, you could pay fortnightly. With 26 fortnights in a year, but only 12 months, you'll make the equivalent of 13 monthly repayments every year- which is an extra monthly repayment without even noticing!

Make extra repayments

If you skipped one small, discretionary expense once a week and put it towards your loan repayments, you could save thousands. Even small amounts can make a major difference.

Make use of an offset account

You can deposit, withdraw, or transfer money into this account which is then used to "offset" your outstanding loan balance. Ultimately reducing the amount of interest you're charged.

Using redraws

A redraw facility lets you withdraw money from your loan account if you have made extra repayments to your home loan. The additional repayments can reduce the interest you pay but can withdraw them easily when you need them.

A bit about us

With personalised service and a smoother, faster application process, Homestar Finance reduce the hassle that comes with the money side of home ownership while our competitive home loan rates help make Australian home ownership more affordable.

Great rates.
Great savings.
Great service.

Since 2004, Homestar Finance has been providing Australians with competitive and customer-focused home loan solutions. Our dedicated team of loan specialists take the time to get to know you so we can offer every one of our customers personalised service – making it easy to find a home loan that's right for you.

We're an multiple award winning lender

Mozo Experts Choice Award 2023
Investor Home Loan

Canstar Outstanding Value Home Loan Awards 2022
Home Lender

Canstar Outstanding Value Home Loan Awards 2022
Variable Home Lender

Canstar Outstanding Value Home Loan Awards 2022
Investment Variable Home Lender

Canstar Outstanding Value Home Loan Awards 2021
Variable Home Lender

Canstar Outstanding Value Home Loan Awards 2021
Investment Variable Home Lender

Backed and funded by the ColCap Financial Group

ColCap was established in 2006 and is a major non-bank lender.
ColCap focuses on bringing innovative solutions to their community.

ColCap

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