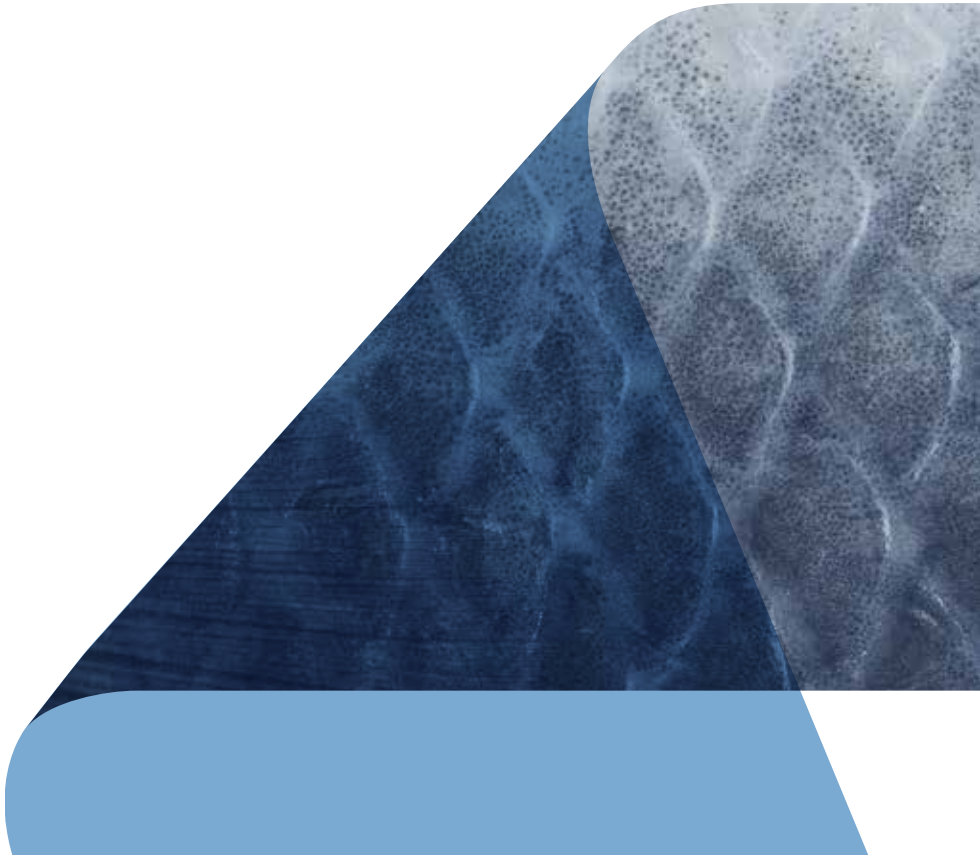


Partnering with you
to buy your home or
investment property

Finding the right loan,
how much to borrow
and approval steps



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Finding the right loan

We can help

We are geared to lending to healthcare professionals. Our expertise and understanding of this sector allows us to offer up to 100% home loans, without Lenders Mortgage Insurance



A suitable finance structure

Before you embark on buying property, we recommend that you seek professional financial advice which takes your personal circumstances into account. It's vital that you understand the financial implications of your decisions and that you make the best decisions for your circumstances and your goals. It's all too easy to sign up for a loan that meets your immediate requirements, but doesn't fit your medium and long term goals.

Home loan types

Choosing a home loan can be difficult if you don't know the pros and cons of each type. The first thing to understand is the rate of interest that will be charged, and whether that rate will change or be fixed for a period of time.

Variable interest rates offered by most financial institutions move up or down in response to official rate changes. Official interest rates are fixed by the Federal Reserve Bank of Australia (RBA), and are determined by their assessment of a range of economic indicators – including the competitive nature of the mortgage market itself.

When the RBA announces its decision on the official interest rate each month, financial institutions will decide what their interest rates will be and will not necessarily follow the movement of the RBA's official rate.

Variable home loans

Standard variable rate

This home loan generally has features such as the flexibility to make extra repayments, an offset facility and a redraw facility.

Basic variable rate

This is a no-frills loan that tends to offer lower interest than a standard variable rate loan, but is less flexible and has fewer features and benefits.

Discounted variable rate

This is similar to a standard variable rate loan in that the interest rate offered will move with interest rate changes, but the rate offered is a discount of the standard variable rate advertised by the financial institution.

BOQ Specialist's competitive variable rate home loan

BOQ Specialist's competitive variable rate loan offers an interest rate that is discounted off the standard variable rate based on loan size and overall property profile. It's flexible, in that you can pay off the entire loan without penalty and if you've made additional loan repayments you can redraw when you need it. It comes with an optional offset transaction account. This fully transactional account offers the added benefit that any credit balance in the account can be offset daily against your home loan balance. You may borrow over 80% LVR without paying LMI. BOQ Specialist has a banking package offering value, rewards and service and comes with a suite of banking products and services. For an annual fee of \$395, it comes with a home loan with up to five loan accounts, credit card and everyday account.

Fixed home loan

Fixed rate home loans provide you with surety of repayments by having the interest rate fixed for one to five years. You won't be caught out by interest rate rises during the fixed period, although if variable rates fall you won't see the benefit. There may also be significant penalties (or break costs) if you pay off the loan early.

BOQ Specialist's fixed rate home loan

Our fixed rate home loan has competitive fixed rates with terms ranging from 1 – 5 years. There may be penalties (break costs) for paying off the loan within the fixed period.

Split home loan

Split rate loans give you the surety of repayments for a portion of your loan and the benefits of a variable rate for the remainder of your loan. If you would like, you can have part of your loan fixed and part variable.

Construction home loan

Standard home loans give you the total loan in one lump sum. If you are building a new home or planning major renovations, there are loans (sometimes called construction or investment loans) that can be drawn down in stages, as and when you need to finance each stage of the project from land acquisition to final finishes. This means you pay less interest as you only begin paying interest on each part of the loan as you use it.

Line of credit home loan

This kind of loan offers a credit facility secured by your property. This option is useful if you are investing in property or shares, but is only recommended if you can manage your spending.

BOQ Specialist's line of credit home loan

Our line of credit loan allows you to draw and repay funds up to your limit at any time, and even enables you to make withdrawals through ATMs. You only pay interest on what you use, not the total credit limit.

Offset home loan

This is a transaction account that links to your loan account. Funds in the transaction account offset the amount owing on your home loan, which can reduce your interest payments.

BOQ Specialist's variable offset home loans

BOQ Specialist's variable home loans come with an optional offset transaction account, which means you can make extra repayments that minimise the interest you pay, but can be redrawn if you need to.

BOQ Specialist banking package

The BOQ Specialist banking package combines a home loan with a credit card and an everyday bank account. What's more, you are able to establish up to five separate loan accounts and the banking package includes initial valuations to a combined cost of \$1 000 under the one annual package fee of \$395. The package also includes an optional offset account on variable loans to reduce the interest payments you make on your mortgage and the convenience of an optional overdraft facility.*

Introductory or 'honeymoon' rates

If you're a first time buyer, a low 'introductory rate' can tempt you to sign up with a particular lender, but once the honeymoon period is over the rate typically reverts to a standard variable rate. These loans also sometimes have higher fees.

Repayment options

Principal and interest loan

Every repayment you make on this kind of loan pays off a combination of principal and interest. At first your repayments will mainly pay off interest, but over time the amount of principal being repaid increases. This is the most common type of home loan.

Interest-only loan

If you're buying an investment property, this option may maximise your tax deductions. The balance of the loan remains constant as you only pay the interest, and don't repay the principal.

We can help BOQ Specialist variable home loan products offer an optional offset account, so you can reduce on interest, and can still access your money when you need it

*Subject to credit approval

Saving and borrowing for your home

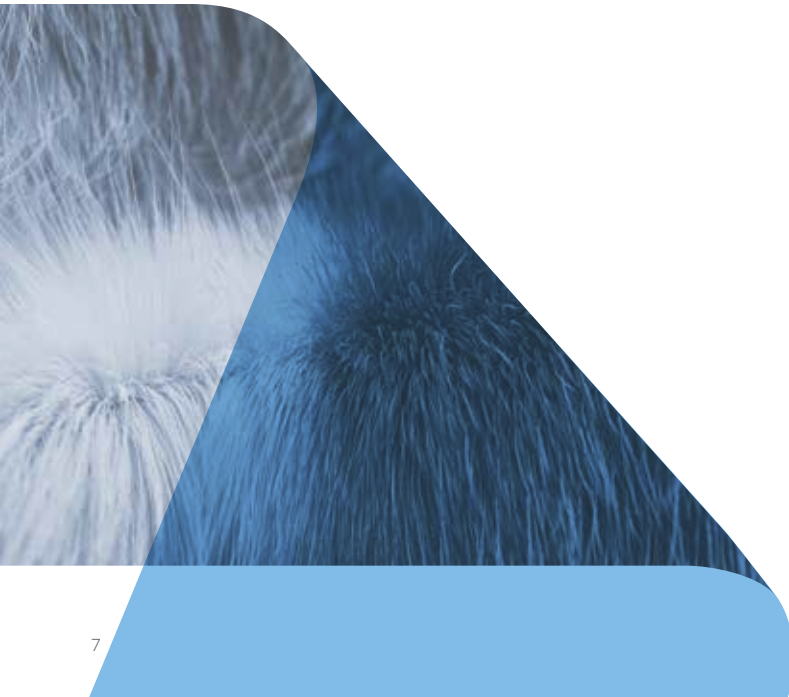
The debt that is taken into consideration when lenders estimate your borrowing capacity includes but is not limited to your credit card limits, car loans, personal loans and HECS/HELP debt.

It's important to also include any plans you may have for the future in your calculations, and how they could affect your income or expenses.

For example:

- Are you planning a family?
- Will you or your partner be going on maternity/paternity leave?
- Will you want to set up your own practice or go into partnership?
- Are you considering charity work with an organisation such as Médecins Sans Frontières?
- Might you need to move interstate for specialist positions?
- If your ideal home isn't close enough for on-call work, will you need to consider renting an on-call or emergency base?

Even with these considerations, you never know how your health, income and personal circumstances may change, so you need to be comfortable with the repayments you will make and this in turn will affect the amount you decide to borrow.



How much can you afford to borrow?

You might have a ball-park figure on how much you will need to spend on the kind of property you want, in the area you want but it's a good idea to begin by working out how much you can afford to borrow in the first place.

To estimate your borrowing capacity accurately, you need to consider what your total costs will be, the size of deposit you can afford and how much you can comfortably repay every fortnight or month.

A rough guide for calculating how much you can borrow is to multiply your gross income by four or five. For example: a first-year doctor earning a gross income of about \$75 000 p.a. with limited existing debt could potentially borrow up to \$400 000.

How much a lender is prepared to offer based solely on your current income can, however, vary from lender to lender. Lenders will estimate your borrowing capacity based on factors such as your income, expenses and debts and will factor in possible interest rate increases.

We can help

Our experience in providing finance for medical and dental professionals means that our financial specialists make their decisions not only on your current financial situation, but on our knowledge of your likely income trajectory. Home loan payments that stretch your budget today may become more comfortable as your income increases

How much do you need to save?

The amount you can pay as a deposit on your home will reduce the amount of the purchase price you need to borrow. Generally, lenders will want you to pay 20% of the purchase price before they will consider lending to you.

Saving for a deposit to buy your first home can be difficult when you've just completed a long course of medical study. You're likely to have HECS/HELP, other debts and rent to pay, all of which makes saving enough for a 20% deposit that much harder. But delaying your purchase until you have that 20% deposit may not always be the best move. You could save on ever-increasing rent and in the right economic conditions, purchasing sooner might allow you to lock in a deal when interest rates are low and you could even benefit from potential capital growth.

It is possible to borrow more than 80% of the purchase price, but most banks will usually charge you Lenders Mortgage Insurance (LMI). It's not compulsory, but many lenders will require it as a condition of settlement.

Contrary to popular belief, LMI protects the lender – not you. If you were to default on your loan, LMI covers the lender for any shortfall in a mortgagee sale.

LMI is an expensive extra cost, especially when you also have legal fees, stamp duty and other things to cover. For example, if you borrow 95% on a \$350 000 property, LMI could cost you more than \$8 000.

We can help

We are geared to lending to healthcare professionals. Our expertise and understanding of this sector allows us to offer up to 100% home loans, without Lenders Mortgage Insurance

Additional costs

Once you have worked out your deposit and borrowing capacity, you need to factor in other costs involved in buying a home:

- Legal fees, such as conveyancing and land transfer registration
- Stamp duty and other government costs. Stamp duty varies between states and territories and is usually the biggest government cost
- Building and pest inspections
- Strata searches if you are purchasing an apartment
- Valuation and bank settlement fees
- Mortgage Protection Insurance
- Moving costs
- Utility and telecommunications connection fees

Government concessions and rebates

If you're buying or building your first home, you may qualify for government assistance. The grants and assistance available and conditions to qualify vary from state to state and sometimes depend on circumstances. To find out more about the assistance available in your state visit firsthome.gov.au

We can help
Our financial specialists can help you make the most of government grants and rebates so that you receive all the assistance that you are entitled to

Budget checklist

The checklist below will help you estimate and budget for the funds you may need when you buy your new home.

Costs	Amount
Government costs	
Stamp Duty	\$
Transfer of registration	\$
Registration of mortgage	\$
Lender costs	
Application fee	\$
Legal fees	\$
Lenders Mortgage Insurance	\$
Valuation fee (depending on lender)	\$
Other costs	
Solicitor/conveyancing fees	\$
Pest inspection	\$
Strata search or building report	\$
Rates	\$
Removalists	\$
Connecting utilities	\$
Land tax	\$
House and contents insurance	\$
New furniture	\$

Five steps to home loan approval

We can help

Our Financial Specialists can guide you through the process and will work with you to collate the information. To find out how much you can borrow and to get your pre-approval today, call one of our financial specialists on 1300 131 141



Five steps to home loan approval

Getting your first home loan can be a daunting and confusing process, but if you apply for a home loan with BOQ Specialist your financial specialist will take you through the whole process.

Step 1. Submit your application

Your BOQ Specialist financial specialist will take you through the application process, including the supporting documentation you need to present.

Step 2. Review the documentation

Once we have approved your application, we will send you the loan offer and other documents to review.

Step 3. Accepting your loan offer

Make sure you read the loan offer and other documents carefully. If you agree with the terms, sign and return the documents to us.

Step 4. Exchange information with other parties

Once we have received your signed acceptance of the loan offer, we will exchange information with your legal representative. When you are buying a property, your legal representative will contact us to book a settlement date, and they will then advise you of that date.

Step 5. Settlement

We will lodge the relevant documentation with the state/territory titles office on your behalf. The vendor's legal representative will then tell the real estate agent to give you the keys to the property.

Pre-approval on your home loan

Getting a pre-approval on your loan allows you to look for your home with confidence. You will know how much you can borrow and can speed up the process when you find the right place and want to make an offer, which puts you in a better position to negotiate the purchase.

Property loans for temporary residents

There are specific requirements that need to be met if you are a temporary resident in Australia and wish to buy residential property. One of these is that you are likely to need approval from the Foreign Investment Review Board (FIRB – firb.gov.au).

Contact us

BOQ Specialist
Client Service Centre
T 1300 131 141
boqspecialist.com.au

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