PHLS
Pacific Home Loans
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# Frequently Asked Questions

### 1. Why use a mortgage broker?

One of the main advantages of using brokers is that they take the legwork out of the time consuming process of mortgage research. Mortgage brokers already have that information available to them and it is their job to know the latest and best products on the market. They are able to compare rates, features and terms and show you comparison tables as to the actual cost of the loan.

It doesn't cost you any money. It is very rare to find a free service, so take advantage of it. Mortgage brokers are paid by way of up-front and trailing commissions they earn when you take out a loan from one of the lenders on their lending panel, so effectively it's a "free service" to you.

Mortgage brokers are also aware of the criteria used when assessing loans and can help you "polish" your application by making sure you meet the lender's requirement. The broker also has the ability to track and monitor the application and deal with all parties involved

### 2. There are so many mortgage brokers, why should I go to Pacific Home Loans?

Pacific Home Loans will save you money by directing you to the lenders with the best rates and loan features to suit you. We also save you time by bringing the major lenders to you at once, instead of you having to go from bank to bank trying to make sense of it all.

Our mortgage brokers are mobile and will come to you, either at your home or workplace if you prefer. It often helps relieve some of the stress of the interview if it is done in familiar surroundings.

We explain the loan to you in plain English so you know you are getting a good home loan and we guide you away from the many potential traps of borrowing money.

You won't be charged a fee for using Pacific Home Loans; there are no additional charges to your home loan at all.

Finally, we are an accredited member of the Mortgage Industry Association of Australia and as such we are bound by a stringent code of ethics. We act with honesty and integrity at all times, comply with all the Laws and Regulations relating to the Mortgage Industry and maintain total confidentiality in all our dealings.

### 3. I have a good relationship with my bank manager, what more can you do for me?

Individual bank managers do not have the power they did in the past. Assessment of loans is centralised and is simply a numbers game. We know the different discounts each bank is able to give depending on your situation. Also the banks view us as one big customer because of the large amounts of loans we put through them every month and they compete for our business. This means that we have access to discounts and special offers which an individual bank manager can't offer.

### 4. Does Pacific Home Loans ensure my confidentiality?

Pacific Home Loans is governed by the Privacy Act 1988 which enforces the privacy of personal financial information. Your financial, contact or other personal details can only be conveyed to another organisation or individuals outside Pacific Home Loans (like the banks) with your express permission.

### 5. What financial details do I need to provide when applying for a Home Loan?

Depending on your circumstances you will need to provide the following information:

- details of your income
- details of your bank accounts
- details of your assets including shares, life insurance policies, motor vehicles and personal effects
- details of your liabilities including other loans, credit cards and store cards.

If you are self-employed you will need to provide up to date financial statements or income tax returns for the last 2 years.

### 6. What other information will Pacific Home Loans require?

As well as financial details, you may need to provide the following:

- Your current employer's details (address and phone number)
- If you have been in your current job for less than 2 years then please provide details of your previous employment
- Proof of identity (100 Points)
- Certificates of Title details
- Contracts for Sale (original not required)
- Full Rates Notices (original not required).

All documentation you provide must be originals (unless otherwise indicated). Your documentation is carefully handled and will be returned to you after funding

### 7. Why should I get pre-approval for a loan?

If you want to buy a property, it makes sense to find out how much you can borrow. If you apply for a loan and obtain "pre-approval", you will:

- know how much you can afford
- strengthen your position as a buyer
- have a basis to compare different loans and make the best choice for you. And that can mean tremendous savings over the life of the loan

It also makes sense to secure a lender's commitment as soon as you know that you want to buy – especially in a hot market, when property is selling fast.

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### 8. How long does it take from application to settlement (or funding)?

Once your application and all the necessary information has been received by Pacific Home Loans you should receive conditional loan approval, or a request for further information, within 24- 48 hours. Once all outstanding documentation has been received and upon satisfactory valuation the loan is unconditionally approved (usually takes between 3 -5 days). You will then be sent the Loan Offer, which includes the mortgage documents.

After you sign and return these documents, and providing there is nothing else outstanding, Pacific Home Loans will then arrange for settlement or funding of your loan.

### 9. What is an interest only loan?

An Interest Only Repayment Facility is usually available on Investment Loans. The interest is calculated on the original borrowed amount and requires no principal reduction. An ideal borrower is an Investor looking to maximise his tax & negative gearing benefits by simply paying the interest on the loan

### 10. What is a Redraw Facility?

When a borrower pays extra or additional repayment on their home loan they have the ability to redraw or withdraw the extra repayments that they are in advance. A Redraw Facility works similar to an, 'all-in-one' facility. The borrower deposits all of your income and savings into the loan and then they can withdraw the money from the home loan account for all your day-to-day expenses.

Another excellent way to save interest on your home loan is to make your day-to-day purchases on an Interest Free Credit card and 'redraw' the full balance of the card at the end of the interest free period to pay the card off in full.

### 11. What is a Split Loan?

A split loan is ideal for a borrower who wishes to have two loan products rather than one. An example is a borrower who wants to take advantage of a fixed rate loan products in combination with a variable rate loan product. The borrower can fix in portion of their loan to provide stability of interest rate and repayment but still allowing themselves the flexibility to make additional and lump sum repayments on the variable portion of the loan.

### 12. What is an Offset Account?

A Mortgage Offset Account gives you all the features of a normal transaction account, but instead of earning interest, you can use the account balance to offset the interest charged on a the home loan. Any money you put into the offset account is deducted from your home loan balance before the interest is charged. A great way for a borrower to use their savings to reduce the interest charged on their home loan.

### 13. What is the First Home Owner's Grant?

Eligible first home buyers can receive non-means tested government assistance of $7,000. The scheme is administered by the States and Territories. It covers only the purchase of your first home in Australia. If you are married or living in a de facto relationship, you must make a joint application for the grant with your spouse or de facto. Neither of you can have owned a home previously, whether individually, or with any other person. You will be eligible to apply if you:

- are buying your first home
- are an Australian citizen or permanent resident
- intend to make the home your principal residence, and
- start living in the home within a reasonable time. The payment will be the same regardless of your income.

Visit the First Home Owner's Scheme web site for more details or to download an application form.

### 14. What is the First Home Plus Scheme?

The First Home Plus scheme provides exemptions or concessions on transfer duty and mortgage duty for people who are buying or building their first home in NSW. This includes buying vacant land on which you intend to build your first home.

Eligible first home buyers will receive an exemption on transfer duty and mortgage duty on homes valued up to $500,000 and concessions on duty for homes valued between $500,000 and $600,000.

First home buyers purchasing a vacant block of residential land to build their home on will pay no duty on land valued up to $300,000, and will receive concessions on duty for vacant land valued between $300,000 and $450,000. .

### 15. When do I need to pay stamp duty or registration fees?

In most cases, mortgage stamp duty and registration fees will be debited to the loan. However, where you have selected the repayment option of interest only, these fees will be debited to your nominated related account.

Debits to your related account will generally be processed within 4 weeks of your loan being settled. If you wish to find out more information about stamp duty, please visit the Office of State Revenue for your State or Territory.

### 16. Do I have to pay mortgage stamp duty if I refinance?

If you choose to simply refinance a loan and the new loan amount is not exceeding the original amount of the loan being refinanced, where there are no changes to your name/s on the title deed or on the loan contract, you won't be charged mortgage stamp duty - except in Qld and SA. However, under certain circumstances mortgage stamp duty may be payable in other States and Territories as well. Please contact the Office of State Revenue in your State or Territory for further details.

### 17. What is Lenders' Mortgage Insurance?

If you borrow more than 80% of the security property's value you will need to pay Mortgage Insurance. This insures the lender against any loss incurred in the event the security property is sold for less than the balance of the loan. However, the borrower still remains legally responsible for repaying the shortfall.

The insurance premium is paid by the borrower at settlement or funding, from the loan account.

## Contact Us

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