



Choosing The Right Product

BUILD YOUR ΔRK



How to choose the right home loan product?

As new and innovative lenders continue to join the highly competitive lending market, it has made choosing a home loan a very challenging task for the borrower.

Home loan options can be presented in a number of ways. Lenders may promote an introductory variable and fixed rate, offer an interest only or principal and interest repayment option, an offset account and redraw facility option, with each product attracting a different fee or fee structure. This results in a significantly high number of variations for a borrower to consider.

One of the most important rules to follow is to consider all the options offered within a given product, rather than to focus on one attribute in isolation. For example, you may find a home loan product with a very low interest rate, however it is accompanied by quite a high fee structure.

Please be aware the information provided in this guide is general in nature, and does not form part of any advice given to you. Please consider your circumstances before you make any decisions.

HOW TO CHOOSE THE RIGHT HOME LOAN PRODUCT.

“Structuring your loan correctly is the most important point that should consume most of your focus.”

Structuring your loan correctly is generally more important than the lender you choose, or the interest rate that is applied to your loan. Your financial situation, lifestyle choices and future goals will determine the way your loan is structured.

Whether you're buying your first home, refinancing, or looking to purchase an investment property, the features of a home loan product need to accommodate your individual circumstances. As home loan products have many different features available, it is important you don't judge the worthiness of one particular home loan based solely on its interest-rate and upfront establishment fees.

One of the most important structural points to consider is the size of your deposit. Most lenders will only lend up to a certain threshold, generally 80%. If you exceed this threshold, you are required to purchase lenders mortgage insurance, which may cost several thousand dollars. Lenders who exceed 80% without the need for lenders mortgage insurance will generally apply a much higher interest-rate and fee structure.

What features to look for?

Every feature within a home loan product will not be suitable to your needs. Identifying a home loan product with a greater degree of flexibility can accommodate the changes in your lifestyle should your circumstances change.

Keep an eye out for the ability to make extra repayments during times when you have surplus cash. Make sure you're able to make extra repayments without attracting any extra fees.

Find the right lending institution for you

It's important to do your research, or seek advice from a Mortgage Broker who will do the research on your behalf.

If you favour a particular lender, a Broker will give you insight into the lenders loan application processing timeframes, whether they have an excellent customer service history, and how easy it is to access their customer service department if you have a question regarding your home loan.

Understand your loan inside and out

Often borrowers are confused and overwhelmed by the diverse range of mortgage products available. They can be left so confused that making an informed judgement as to which home loan to proceed with can be stifling.

To overcome this, your Broker will articulate the costs and benefits associated with a particular loan product prior to your decision to proceed. In most circumstances, lenders are required to provide a product disclosure statement to explain the fees and charges associated with the loan product, including the interest rate.

As you begin to understand the value of refinancing your loan every 2 to 5 years, its advantageous to be aware of the costs associated with exiting your home loan. You should enquire about discharge fees, break costs and settlement fees that may occur as a result of refinancing in the future.



There are lenders in the marketplace who offer competitive interest rates, low fees and extraordinary flexibility. In this instance, make sure you ask whether there are any hidden fees such as settlement valuation fees, annual fees or legal fees.

Seek expertise from a Mortgage broker

If you are concerned that finding the best deal without advice will be significantly time-consuming, you should consider accessing the help of a qualified Mortgage Broker. There are several Mortgage Brokers around the country who will make their services accessible to you, and are happy to answer any questions regardless of whether you are ready to proceed or not.

Accessing a Mortgage Brokers expertise will save you countless hours researching the thousands of loan products available in the market, at no cost to you. Ensure the Mortgage Broker is correctly licensed and registered with a highly reputable industry organisation.

Yours truly,
Jason Fu
Goldenwater Finance Group
0402 960 231
jason@goldenwater.com.au





Level 1, 7 Clunies Ross Court
Eight Mile Plains QLD 4113 Australia

+61 7 3193 7688
admin@goldenwater.com.au

goldenwater.com.au