



**HomeLoan**  
experts

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Sunday, 20 November 2016

Prepared for:  
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6 Natural Drive  
Craigieburn VIC 3064

## **Preliminary Assessment - Your Finance Application**

Thank you for your recent enquiry for credit assistance with the Home Loan Experts.

This document is a record of our product recommendation(s) for you. Hence, in response to your application we have conducted a Preliminary Credit Assessment to determine that the product(s) we are recommending are not unsuitable for you.

When recommending a product we take into account the following:

1. The lender(s) with which you may qualify for a loan.
2. The product feature(s) that you're interested in & that may suit your objective(s).
3. Any other factors that you have asked us to consider or that we have identified as important.

This Preliminary Assessment covers a period of one year. If your situation changes between now and the time of application then please advise us so we can complete a new assessment.

### **Your Financial Situation**

This has been compiled in our Short Application Form (Fact Find). This snapshot of your current financial position gives us the information required to make a recommendation.

### **Your Objectives and Requirements**

Based on our discussions with you, we have established the following as your primary objectives in seeking credit:

1. To achieve loan approval.
2. To find a lender that will accept a 1 year ABN.
3. To find a lender that will accept self-employed contractors.
4. To find a lender that will accept construction.
5. To construct a property.

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6. To keep this loan for an extended period of time. You do not intend to sell the property, repay or refinance the loan in the first two years.

Based on our discussions with you and your above objectives, we have established the following as your product requirements:

1. Competitive pricing.
2. Extra repayments.
3. Redraw.
4. Fixed rate.

### **Reducing Your Risk With Insurance**

Everyone gets insurance on their home, but few people think to insure their income. We recommend that you consider taking out income protection, life and total permanent disability insurance to make sure that you and your family are protected in the event of unforeseen circumstances.

If you'd like to know your options then ask us and we'll put you in touch with an insurance professional.

### **Fixed Interest Rate**

We've deemed a fixed interest rate to be suitable for your needs because you want stability in your repayments and to reduce the risk of interest rate rises. Please be aware that fixed rates usually have large 'break fees' if you sell the property, refinance, repay the loan or make extra repayments. We cannot ascertain the amount you would pay in break fees.

We've discussed the risks with you and confirm that:

1. You do not intend to sell the property, refinance or repay the loan during the fixed rate period.
2. You do not intend to make significant extra repayments during the fixed rate period.
3. You do not intend to have significant funds in your offset account.

You can choose to have a split loan that is part fixed and part variable. You are normally able to make extra repayments and have 100% offset on the variable portion only.

You can choose to 'rate lock' your loan which means that if the fixed rate changes between the time when you apply and when the loan is advanced then you'll receive the rate that you locked in at. There is usually a fee to do this, please discuss this with your broker if you would like more information. You can also read more about this on our website <https://www.homeloanexperts.com.au/fixed-rate-loans/rate-lock/>

Please read our web page on the risks of fixed rate loans prior to proceeding <https://www.homeloanexperts.com.au/fixed-rate-loans/should-i-fix-my-home-loan/>

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## Construction Loan

When a home loan is used to buy land and or build a dwelling it works a little differently to a normal home loan.

1. Your loan may take longer to get approved.
2. If you delay providing the required documents to us then this will delay the lender's approval.
3. If you make changes to your building contract then your loan may need to be reapproved. This can cause a delay of up to six weeks. We strongly recommend that you discuss any variations with your builder now.
4. Banks normally require you to put in all of your deposit (if any) before they release any loan funds to the builder.
5. If there is a first home owner's grant then the bank will use this to pay the builder.
6. Any surplus funds are released to you at the end of construction.
7. The last payment to the builder may take longer than usual due to additional bank requirements such as an occupation certificate and final valuation by the bank.

Please be aware that we'll do all we can to make the process easy for you, however it's normal for there to be some delays due to the complex nature of construction loans.

## Our Recommended Products

A list of the products we are recommending are attached to this document as an appendix.

## Don't Agree With Our Recommendation?

Please talk to us about your requirements and objectives if you believe that they are inaccurate. We're happy to amend our recommendation or include additional lenders to better suit your needs.

## Product and Features Summary

Visit our website, <http://www.homeloanexperts.com.au/home-loan-types/home-loan-features/> for more information in regards to various home loans and their features.

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## Our Conclusion

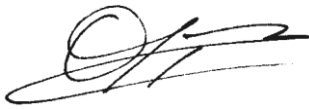
Based on the above information, we have concluded that the product(s) we have recommended are not unsuitable for you and your needs. Please be aware that it is not always possible to recommend a product that satisfies all of your objectives, the product selected is the closest match to your requirements.

By proceeding with an application you agree that our assessment of your requirements and objectives is accurate, that the recommended product meets your requirements and objectives and that you can afford the repayments without financial hardship.

Your lender has access to more information that we do not have as your broker. You may choose to request that your lender provides you with a *Final Assessment* that the product is not unsuitable for you. You should contact your lender if you require this assessment.

Please do not hesitate to contact us should you require further information.

Sincerely,



Otto Dargan

Managing Director

Dargan Financial Pty Ltd ATF The Dargan Financial Discretionary Trust trading as the Home Loan Experts

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# Credit Proposal

## Product(s) Recommendation / Comparison

### Product Comparison Summary

Lender				
Product Name	RAMS 2 year Fixed (P&I) - Owner Occupied	RAMS 3 year Fixed (P&I) - Owner Occupied	RAMS Variable (P&I) - Owner Occupied	Rocket Repay Variable (P&I) - Owner Occupied
Loan Amount	\$368,200	\$368,200	\$368,200	\$368,200
Interest Rate(s)	4.19% 2 yrs (fixed) 5.46% 28 yrs (var)	4.29% 3 yrs (fixed) 5.39% 27 yrs (var)	4.95% 30 yrs (var)	5.29% 30 yrs (var)
Repayments	\$1,799/month 2 yrs \$2,067/month 28 yrs	\$1,820/month 3 yrs \$2,047/month 27 yrs	\$1,966/month 30 yrs	\$2,042/month 30 yrs
Features	Construction Redraw	Construction Redraw	Construction Extra Repay: Additional lump sum payments can be made at any time without penalty. Offset Redraw	Construction Extra Repay: Additional lump sum payments can be made at any time without penalty. Offset Redraw
App Fee			Application: \$600	Application: \$600
Monthly Fee	\$0	\$0	\$8	\$8
Annual Fee	\$395	\$395	\$0	\$0
Discharge Fees	\$350:	\$350:	\$350:	\$350:
Loan Term	30yrs	30yrs	30yrs	30yrs

Please note that Westpac is unlikely to accept this loan, it has been put here for comparison purposes only.

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## Funding Position

We have calculated that the following funding position is to apply. The funding position below confirms that there are adequate funds available to complete the transaction or available to you.

### Funding Position Worksheet

Funds Required		Funds Available	
Refinance Amount	\$195,034	Loan Sought	\$368,200
Stamp Duty – Mortgage	\$0	FHOG	\$10,000
Stamp Duty – Transfer of Land	\$0	Savings ING	\$940
Titles Office – Mortgage	\$225	Savings ING	\$35,769
Titles Office – Transfer of Land	\$0	Savings ING	\$32,119
Establishment Fee	\$0	Savings ING	\$4,236
Legal Costs	\$0	Savings ING	\$17,614
Discharge Cost	\$0	Savings NAB	\$30,006
Lenders Mortgage Insurance	\$0		
Construction	\$250,000		
Brokerage Cost	\$3,900		
<b>Subtotal Funds Required</b>	\$449,159	Total Security	\$526,000
Deposit already paid	- \$0	Loan Value Ratio	70.00%
<b>Total Funds Required</b>	\$449,159	<b>Total Funds Available</b>	\$498,884

**Funds Surplus: \$49,725**

*Note\* - The fees quoted above are estimations as advised by the various lenders and government bodies. Final fees will be quoted on the Letter of Offer from the lending institution that you choose to proceed with. If there are inadequate funds this highlights that you may need to find additional funds prior to settlement.*

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## Credit Provider/Lender Fees

We estimate that the credit provider, will charge you some fees in relations to obtaining your credit contract. Please refer to the above Product Recommendation/Comparison table (on page 3) for further details.

## Other Fees

If there are any other fees and charges that are payable to third parties in relation to your application for this credit contract such as lenders mortgage insurance, the estimated cost of these are summarised in the Funding Position table above (on page 4).

Please note that your LMI premium is an estimate only, the final premium will be determined by the lender and LMI provider. Government fees & conveyancing fees (if applicable) are estimates, please discuss this with your conveyancer or solicitor to find the exact fees payable.

## Fees and Charges that Apply to Your Credit Contract

<b>Application fee (paid on application)</b>	\$0
<b>Brokerage Fee (paid on approval)</b>	\$3,900
<b>Maximum Amount Payable</b>	Application Fee + Brokerage fee + Short Term Loan Fee if you repay the loan in the first 2 years. The Short Term Loan Fee is a maximum of \$2,393.

If we can't help you:

If either we decline to take on your loan or the lender we choose declines the loan then there are no fees for our services.

Short Term Loan Fee

If you repay the loan in the first 24 months after settlement then the lender may charge us a fee known as clawback because we have introduced an unprofitable loan. Clawback can be up to 0.77% of the loan amount in the first year or 0.385% of the loan amount in the following year. If we are charged this fee then we will in turn charge this to you. Not all lenders have clawback, please discuss with your broker if this may be an issue.

You will also be receiving one free annual review per annum. Assistance with lodging progress payments for construction loans is not included.

This service is only applicable under the credit representative's discretion. We reserve the right to cancel our services to you should we believe that you have mistreated our staff and or that your expectations are unrealistic. This does not alter your obligations to us under this fee agreement. We may be charged additional fees such as a valuation fee for providing credit assistance to you, which at this stage are unascertainable. We will seek confirmation from you should any additional fees be incurred by us and therefore charged to you.

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## Commissions We Receive

We will receive upfront and trail commissions from the lender in relation to assisting you to apply for the proposed credit contract. Commissions are paid based on the size of the loan and the product to which you have selected. Upfront commissions vary between 0.5% to 1.0%, and 0% to 0.25% for trail commissions relating to standard residential home loans. Most lenders pay 0.65% for upfront commissions and 0.15% for trail commissions, GST excluded.

Based on the information we currently have, we estimate that we will receive the following commissions:

- Upfront Commission (estimated): \$2,393
- Method of Calculation: Total loan amount \* 0.65%
- Ongoing Commission of 0.2% p.a. of your outstanding loan balance will be payable to us monthly. We reasonably estimate this to be \$61 per month.
- These commissions are paid by the credit provider to us via our aggregator. They are not paid by you.

Our credit representatives (mortgage brokers) receive 35% - 60% of the upfront commissions and 0% - 40% of the trail commissions. These commissions are not payable by you; they are paid to us by the lender via our aggregator.

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