
it's my home
2022/2023 ISSUE 08
TIPS AND TRICKS FOR GETTING INTO THE PROPERTY MARKET
Take the FINANCIAL JARGON QUIZ
BUDGET FRIENDLY DECOR HACKS
Checklist for MOVING HOUSE
Secure A HOME LOAN WITH AS LITTLE AS A 5% DEPOSIT
OUR GUIDE TO BUYING PROPERTY

Where we'll reach new heights together by accelerating financial wellbeing, through home ownership, now and for the future.

Welcome to Helia.

Helia®

IT'S MY HOME

PAULINE BLIGHT-JOHNSTON,
CHIEF EXECUTIVE OFFICER
& MANAGING DIRECTOR,
HELIA AUSTRALIA

WELCOME. We are delighted to present our 2022/2023 edition of *it's my home* magazine, with its mix of education and lifestyle articles to assist you along the home buying journey.

This *it's my home* is particularly special as it is our inaugural edition as 'Helia', our new brand. Whist our name is new and aspirational, our strengths and foundations haven't changed. Our commitment to using our expertise and understanding to support Australians is unwavering.

At Helia, we are re-imagining the home ownership experience, whether the goal is to own one, upgrade one, or invest in one. We are helping to empower home buyers through education, and in doing so, delivering on our purpose of accelerating financial wellbeing through home ownership, now and for the future.

it's my home is one of many resources and informational tools we have created to help Australians navigate all stages of the home buying process. These professional insights and tips will help you get started and guide you along the way.

We hope you enjoy the magazine! Feel free to drop us a note at **itsmyhome@helia.com.au** or get in touch via LinkedIn or Facebook.

Scan the QR code below to access more resources.

Contents

Front cover image: Freedom Furniture, Flaunter.com

Step-by-step guide to

HOME OWNERSHIP

THE BUYING PROCESS MADE EASY – EVERYTHING YOU NEED TO KNOW

There is a lot to think about when buying a home. The process can be both exciting and overwhelming. Identifying what you want in your dream property, understanding home loans and navigating your way through all the paperwork can be challenging.

By becoming familiar with these steps and doing some preparation, you can reduce the stress involved in the buying process. You should seek expert advice when making a large financial decision to determine if it is right for you. Becoming a home owner gives you the ability to make your house into a home, and it gives you a valuable asset to build equity upon.

1 DETERMINE YOUR BUDGET

First, decide how much you can afford to spend – keeping in mind all the additional costs associated with buying a home. The largest of these is stamp duty or transfer duty, which varies by state and is generally charged as a percentage of the purchase price.

As an example, if you are a first home buyer buying a property in New South Wales for less than $650,000, you can apply for a full exemption. But if you are buying a property valued between $650,000 and $800,000, you may be eligible for a first home buyer partial stamp duty concession.

Various stamp duty concessions are available for first home buyers depending on the location and the type of property you buy.

In some cases, this cost may be partially offset by First Home Owner Grants (FHOGs) intended to encourage first home buyers to enter the property market. FHOGs also vary from state-to-state and apply mainly to new homes, rather than established properties.

2 RESEARCH THE MARKET

Once you've set your budget and chosen your ideal property, it is important to research the market in the area in which it is located. When you are considering a particular location, look at infrastructure and amenities such as public transport, educational facilities and shopping centres. Geographical factors should also be considered such as distance to the CBD and any infrastructure that will affect noise levels or the aspect of the property, such as substations or large electricity towers. You can use our checklist for inspecting a property (on page 6) to assist.

Websites that can help with research include **realestate.com.au** and **domain.com.au**. You could also build a relationship with the local real estate agents in the area, so they can let you know of properties that are coming up before they are advertised. The local real estate agent will also have additional information on any properties of interest. If finding the right property is proving difficult, you might consider using a buyer's agent who can do all the house hunting for you, will work to your budget and negotiate on your behalf. Unlike a real estate agent who works for the vendor/seller, a buyer's agent works solely for the buyer.

3 CHOOSE A HOME LOAN AND GET PRE-APPROVAL

While searching for your dream home or investment property, it's a good idea to get pre-approval for your loan from your lender, mortgage broker or one of the many emerging online options. Having pre-approval will mean you can move quickly when you find your dream home. You will need to provide employment details including income and expenses, assets and liabilities, and some personal details. Mortgage brokers may be able to offer you a range of loan products from various lenders, so they can be a good option for a first home buyer. Usually, pre-approvals will be valid for 90 days, however this can vary from lender to lender. As with any financial decision, it's wise to shop around for the best deal.

One important consideration when deciding how much to borrow is the size of your deposit. Most banks and financial institutions generally require you to have a 20 per cent deposit. This means that on a property worth $800,000 you will need to have saved at least $160,000 – plus enough to cover stamp duty and any legal and moving costs.

IS IT BETTER TO BUY A HOME NOW OR TO SAVE FOR A LARGER DEPOSIT? WHAT OTHER OPTIONS ARE AVAILABLE? FIND OUT MORE WITH HELIA'S DEPOSIT COMPARISON ESTIMATOR

There are other options available if you don't have a 20 per cent deposit. Lenders Mortgage Insurance (LMI) may enable you to buy a home with a deposit as low as five per cent. With the benefit of LMI cover for your loan, rather than having to save a $160,000 deposit on a $800,000 property, your lender may be able to provide a loan with a deposit of $40,000 (as an example), if they are satisfied that you can afford the repayments for the larger loan amount. This means you can get into your own home sooner, begin paying off your loan and potentially start building equity. LMI is an insurance policy that protects the lender if you default on your loan. LMI is a one-off premium which the lender will pass on to you to pay. The premium can usually be added, or capitalised on to your loan, with your repayments adjusted accordingly.

To calculate the approximate cost of LMI, you can use the LMI premium estimator on the Helia website **helia.com.au/the-hub/calculators-estimators/lmi-fee-estimator**

4 INSPECT THE PROPERTY

Once you have found the home you want to purchase and before you make an offer, you will want to arrange the necessary inspections. You should consider a:

- **building inspection** (to check for structural damage) - costs can vary depending on location $300 - $700
- **pest inspection** - costs approximately $200 - $500
- **strata title inspection** (if you are buying a unit or townhouse under strata laws) - costs may vary from $200 - $350.

You should also consider checking with the local council and state government about zoning issues and future property developments that may affect your home.

Your solicitor or conveyancer should advise you on what inspections are recommended for the type of property you are buying.

5 MAKE AN OFFER AND SECURE FORMAL LOAN APPROVAL

Once the inspections have been completed and you are happy to proceed, it's a good idea to contact your lender or broker to update them on the situation. The next step depends on whether the property is being sold at auction or by private treaty, which is a sale directly through a real estate agent or owner.

Private treaty - All your research will assist you when negotiating the purchase price, however you probably don't want to be too inflexible. It would be unfortunate to lose the property to someone else for an amount that you would have been happy to pay.

Once your offer has been accepted, a holding deposit of approximately 0.25 per cent needs to be paid. There will be a length of time known as the 'cooling off period' , which is a set number of business days that is specified in the contract within which you can walk away from the agreement to purchase the property. Typically, the cooling off period will be five to ten business days, although the availability and duration of these periods vary by state. You may also be asked to waive your right to a cooling off period, which is often also the case under auction purchase conditions. If you decide not to proceed, you will typically have to pay the vendor a termination fee, which is usually around 0.25 per cent of the purchase price. Any holding deposit you have paid above this is typically refunded. If the cooling off period has expired, you will generally not be entitled to any refund of the holding deposit.

LMI MAY ENABLE YOU TO PURCHASE A HOME WITH A DEPOSIT AS SMALL AS FIVE PERCENT

Auction - If you are buying at auction, be sure to have a pre-approval in place, and that all of the legal work and inspections have been completed prior to the auction. If your bid is successful you are obliged to go through with the purchase as there is no cooling off period. So, make sure you really want the property before you start bidding and, most importantly, that you don't exceed your maximum spending limit.

Speak to your solicitor regarding the amount of the contract deposit required to be paid when contracts are exchanged. This can often be reduced to five per cent, instead of the typical ten per cent, however this needs to be agreed with the vendor or their solicitor prior to auction.

There are a number of things to consider when it comes to finalising the details of your home loan. One important decision is whether you choose a variable interest rate loan, where the interest charges and your regular repayments may go up and down, or a fixed rate loan which locks in your interest charges and regular repayments for a set period of

BE CONSCIOUS OF "GAZUMPING" WHEN YOU ARE MAKING AN OFFER TO PURCHASE A PROPERTY

time. Both types of loans have their pros and cons and some borrowers hedge their bets by choosing a combination of fixed and variable rate loans. It's a good idea to discuss your personal circumstances with your lender, broker or financial adviser to ensure that the loan is configured in a way that best suits your needs.

Don't forget to ask about any additional benefits – most lenders will provide home loan customers with extras such a fee-free transaction account.

6 ARRANGE THE CONTRACT DEPOSIT

If you are paying the contract deposit from your own funds, you can generally use a personal cheque or a bank cheque. If part of the contract deposit is coming from your home loan (e.g. your lender is using LMI and you have less than the ten per cent contract deposit usually required when contracts are signed), you may need to use a deposit guarantee (sometimes called a deposit bond). This is a substitute for the cash contract deposit and is a guarantee issued by an insurance company to pay the contract deposit. Deposit guarantees can be organised at the same time as your home loan so speak to your lender or broker who will help you to arrange this.

7 CONTRACTS AND LEGAL WORK

Do your research and speak to several real estate agents to find a reputable conveyancer or solicitor that meets your needs.

Your, and the vendor's conveyancer or solicitor, will check the documentation and begin to draw up the contract for the property transfer. Ask your solicitor or conveyancer to explain the contract so that you understand its contents before signing. DIY conveyancing kits are available, but most people leave it to the experts and use a solicitor or a conveyancer to do the work for them as there is a lot at risk. Conveyancers will have completed hundreds of property transactions and know the hidden traps to watch out for, like finding out that someone has planning permission to build a ten storey office block next door!

The contract will contain a settlement period which is the length of time before you take legal ownership of the property. This can be negotiated but will need to be agreed to by the vendor before the auction or signing contracts. Many lenders will require home insurance to be taken out from the time contracts are signed. Even if your lender doesn't require it, it can be a good idea to take out home insurance at this time to help safeguard your interest in the property.

Once all questions have been answered, your conveyancer or solicitor will usually set a date and time for you and the vendor to sign contracts and to pay your contract deposit. The contract deposit is usually placed into a trust account held by the real estate agent until settlement.

8 SETTLEMENT

Settlement is usually four to six weeks from when contracts are exchanged. This is the date you take legal ownership of your new home.

Your solicitor or conveyancer will arrange a time and place for settlement to occur with the vendor's solicitor and any other interested parties, such as your lender. The balance of the purchase price will need to be paid on the day of settlement. Your solicitor or conveyancer will arrange this with your lender who will take the balance of funds to settlement.

Generally, the contract of sale will require the vendor to deliver the property to you in the same condition it was in on the day of sale, except for fair wear and tear. It's a good idea to ensure your contract allows you to conduct a final inspection just before settlement. You can arrange this inspection with the real estate agent. If anything is not working or has been damaged, discuss it with the real estate agent and your solicitor or conveyancer prior to settlement.

Once settlement has occurred, the vendor's solicitors will contact the real estate agent who sold you the property and advise them to give you the keys. Your solicitor or conveyancer will also contact you and confirm settlement has taken place.

You are now the legal owner of the property and can enjoy your new home.

9 MOVE IN!

Moving house requires plenty of planning. **Scan the QR code below to access a checklist to assist you with a stress-free move!**

✓Checklist for
INSPECTING A PROPERTY

5 TIPS WHEN VIEWING PROPERTY:

1. Take someone with you to view the property! They may spot things you don't, and a second opinion is helpful.
2. Photos, photos, photos. Ask permission when viewing the home to take photos to have for future reference.
3. Explore the area. How far away are the shops, schools, transport etc.
4. Take your time! Don't feel rushed, explore the property.
5. Questions! If you have some questions, be prepared, and put together a list to have ready to ask the agent.

USE OUR CHECKLIST WHEN INSPECTING PROPERTIES. HAPPY HOUSE HUNTING!

OUTSIDE THE PROPERTY

- [ ] Is there off-street parking?
- [ ] Is the building structurally sound?
- [ ] Are there signs of damp around the house (eg bubbling paint, a musty smell)?
- [ ] What is the condition of paintwork, windows, fences, gardens, roof and guttering?
- [ ] Is it possible to extend the property in the future?
- [ ] How much northerly sunlight does it get?
- [ ] Is there external noise from traffic, trains, planes?
- [ ] Do neighbouring houses overlook the garden?
- [ ] Will the garden take a lot of effort to maintain?
- [ ] Is the storm water drainage system clear?
- [ ] Is the area prone to flooding?

INSIDE THE PROPERTY

- [ ] Check what is included – carpets, curtains, blinds, light fittings, air conditioning, heating and any appliances
- [ ] Are there enough bedrooms and bathrooms?
- [ ] What is the condition of the electrical wiring?
- [ ] Does the plumbing work?
- [ ] Are walls, ceilings and floors in good condition?
- [ ] Do all the windows and doors open and close?
- [ ] Is there enough storage space?
- [ ] Do you have mobile phone coverage throughout the house?
- [ ] Are all fitted cupboards in good condition? Remember to check the inside!
- [ ] Ask the agent if the home has an energy efficiency rating.

THE LOCATION

- [ ] Does the area have the local amenities you might need?
  - [ ] Shops
  - [ ] Schools and childcare
  - [ ] Doctors/hospital
  - [ ] Public transport
  - [ ] Food and entertainment
- [ ] Are there any local council planning changes or planned infrastructure developments in the near future?
- [ ] How long will it take you to travel to work?

To download a digital version of this checklist, scan QR code.

Do you know your FINANCIAL JARGON?

TEST YOUR KNOWLEDGE IN THIS MIX AND MATCH QUIZ!

To access the quiz
scan QR code

Pictures: Adobe Stock.

Understanding FINANCIAL JARGON

HELPING YOU BREAK DOWN TECHNICAL TERMS

There are some tricky terms used throughout the home buying process that can be confusing for first-time buyers. It's important for you to understand this terminology when navigating your home ownership journey to avoid having to make changes down the track which can be costly.

KEY LOAN TERMINOLOGY

An important indicator for you to consider when evaluating the cost of a loan from different lenders is the **comparison rate**. It is a percentage rate figure that evaluates the interest rate, taking into account the fees and charges associated with the loan. For a home loan, the comparison rate is usually calculated based on a standard loan amount of $150,000 for a 25-year term. Put simply, the comparison rate is intended to help you to compare the true cost of the loan across several lenders.

Line of credit (also known as revolving credit) is a flexible ongoing loan arrangement that allows you to borrow within a specified and agreed credit limit. Like other loans, a line of credit charges interest as soon as money is borrowed. Interest is added to the loan each month up to the loan limit, or you can make interest-only repayments during the loan term while the loan is within its credit limit. Lines of credit are often used for everyday transactions to cover any gaps in irregular monthly income or for costs that cannot be predicted upfront.

Lenders Mortgage Insurance (LMI) is insurance taken out by a lender to protect itself against the risk that a borrower defaults on their loan repayments. With LMI, a lender may accept a smaller deposit than the 20 per cent usually required which can accelerate the home ownership journey.

The Loan-to-Value Ratio (LVR) refers to the proportion of the loan amount to the lender's valuation of your property. LVR is used by financial institutions as an assessment of lending risk and will typically require that LMI be obtained for the loan if the LVR is greater than 80 per cent. This is calculated by dividing the loan amount by the assessed value of the property. This means a property valued at $500,000 and a deposit of $50,000 would require a $450,000 loan, equal to an LVR of 90 per cent.

Before switching loan products, making additional repayments to your fixed rate loan or repaying your loan in full during the fixed rate period, it is important to consider **break costs**. These fees are the calculated amount of loss incurred by lenders when your repayments exceed the fixed rate repayments due during the year, or if you repay your fixed rate loan early, which are passed onto the borrower. Some lenders may allow you to make a small amount of repayments above your fixed repayments annually without incurring break costs. Make sure you are aware of these costs and understand when they would apply to your loan to avoid any unwanted fees.

Your home loan can also be linked to an everyday banking or debit account which is called an **offset account**. Any savings deposited into this account will be offset against the balance of your home loan, meaning you only pay interest on the difference between the loan balance and amount in the offset account. This may help to reduce your home loan term.

A guarantor loan is a type of home loan that allows you to rely on third party's assets as part of your loan approval. If you don't have a 20% deposit, then generally a lender may accept a third party guarantor to support you to purchase a home of your own (usually a parent

or close relative). You still need to make your loan repayments, and the guarantor accepts the obligation to step in. Should you default on your loan they may by required to make the repayments or the bank may exercise their security interest over your property (and potentially the guarantor's) in order to recover their loss.

An **establishment or application fee** is charged by lenders when you take out a home loan. This fee is charged to cover the costs of setting up your home loan and its necessary documentation.

You will receive a **formal approval** in the form of a letter where the lender confirms that they have everything needed to proceed with your home loan. This is different to a **conditional approval**, which is generally obtained earlier and is subject to various conditions.

KEY PROPERTY TERMINOLOGY

It is important to protect yourself against **gazumping** when purchasing property. Gazumping can occur when an offer you make to buy a property is accepted and the price is agreed upon, but the property is then sold to someone else who makes a higher offer. Being gazumped is not only disappointing but can prove to be costly as the agent and seller are not obliged to provide compensation for any money spent on legal advice, inspections or application costs. You can protect yourself against this by:

- Exchanging contracts with the vendor as soon as possible: Once contracts are exchanged between the buyer and seller, the sale is legally binding
- Have your loan financing arranged to avoid any delay in exchanging contracts
- Purchase at auction where gazumping can't take place.

A contract of sale is the legally binding written agreement between the buyer and seller that outlines the terms and conditions for the sale of the property. This contract is often negotiated and prepared by solicitors or conveyancers.

Conveyancing is a key part of the property buying journey. It encompasses all legal work required to prepare and finalise the sales contract, mortgage and other property related documents. When purchasing a property, you have the option to do your own conveyancing or contact either a licensed conveyancer or solicitor.

Exchange of contracts is when a contract signed by the vendor is swapped with an identical contract signed by the property purchaser. This is a crucial part of the conveyancing process as it is the stage at which the sale becomes legally binding for both parties. When contracts are exchanged, you are also required to pay the deposit for the property being purchased.

After contracts have been exchanged, it is common to have a **cooling off period** ranging from 2 to 5 business days depending on the state. This allows you to change your mind and withdraw from the sale but may incur a financial penalty calculated as a percentage of the purchase price. However, it's important to know that a cooling off period does not apply for houses bought at auction. Please note: The length of the cooling off period can vary between states as some do not have mandatory cooling off periods.

Settlement is when you become the legal owner of a home and you're able to move in. It usually occurs 6 weeks after the exchange of contracts and is when your lender disburses funds for your loan that cover the remaining sale price.

Pictures: Getty Images.

Smart MONEY HACKS

EVERYDAY HABITS TO SAVE "DOLLARS" THAT AMOUNT TO "THOUSANDS" OVER 12 MONTHS

Developing good saving habits are an important part of life that can support you towards the home ownership journey but it can be tough to know where to start. Here's some small changes you can implement as part of your everyday routine that quickly add up in the long-term.

1 TRACK WHERE YOU ARE SPENDING YOUR MONEY

It's easy to lose track of how much money you're spending, what it's being spent on and the proportion of your income that makes it into your savings account.

Setting up a method to track your spending should be the first step in improving your saving habits. You can use apps, spreadsheets or keep a list of your expenditure and review this regularly. Most banks provide tracking tools and apps that categorise and provide insights into your spending habits. Your spending will consist of both fixed and variable expenses. Fixed expenses are less likely to change from month to month and include your rent, utilities, insurances and any other debt payments. Variable expenses include items such as food, clothing, entertainment, fitness and travel.

Monitor your spending and categorise it by type of expense to develop a greater understanding of where your money is going and identify areas where you can cut back.

This research provides a strong foundation that can inform your weekly or monthly budgets and help you create one that is challenging but still realistic.

2 AUTOMATE YOUR SAVINGS

Avoid the temptation to spend by automating your savings. You can do this by setting up a regular direct debit to your savings account. You can also set up a bank account or app to round-up each of your transactions to the nearest dollar with the change being deposited into your savings account. This is a pain-free method of building your savings, which will build up quicker than you think!

3 PLAN AHEAD

Make sure to allocate time each week to plan out your meals before going grocery shopping. Being well-organised will make a surprisingly big difference to your grocery bill as you spend less on groceries you don't need. Having a meal plan also makes it far less likely that you will buy your lunch at work or get take-away for dinner regularly which can become very expensive when you add it up.

4 BUY ONLY WHAT YOU NEED

If you find yourself spending money on unnecessary items, start a habit of taking some time to think before you buy and only buy what you need.

It's not a **BARGAIN IF YOU DON'T NEED IT**

SAVING FOR A HOUSE DEPOSIT

To save for a house deposit, you first need to understand the total amount you will need to save in order to have the ability to get an approval from a lender to purchase your ideal property, typically you will need a 20 per cent deposit. When setting saving goals, be realistic about your household situation and the timeframe you set yourself to save up this amount. There are other options to assist you achieve home ownership sooner, such as purchasing a home with First Home Guarantee (FHG) or Lenders Mortgage Insurance (LMI).

Case Study

HOW LENDERS MORTGAGE INSURANCE CAN HELP YOU PURCHASE A HOME SOONER

Jenny and Tom have found a home they want to buy for $700,000. Typically, they would need a 20 per cent deposit ($140,000) to secure a loan from their lender. By the lender taking out Lenders Mortgage Insurance (LMI), their lender is prepared to provide a loan up to 95 per cent of the value of the home ($665,000 if the home is valued at $700,000). This means that Jenny and Tom can secure a home loan sooner with a 5 per cent deposit ($35,000) and stop paying rent. Their lender passes on its LMI premium cost to Jenny and Tom by way of a fee.

LMI only protects the lender if Jenny and Tom default on their loan repayments.

Saving for a $35,000 deposit instead of a $140,000 deposit is more achievable in a shorter timeframe. Lenders Mortgage Insurance (LMI) enables you to buy a home without having a 20% deposit which is typically required by lenders.

Lenders Mortgage Insurance (LMI) may help you to:

- Buy a home sooner and stop paying rent
- Build financial wellbeing and security
- Avoid possible property price increases in Australia by buying sooner.

RECOMMENDATIONS TO PROVIDE GUIDANCE ON AND ENHANCE YOUR SAVING HABITS:

- *The Barefoot Investor* – Scott Pape
- *Lilyrnbudgets* – TikTok

To access these recommendations, scan our QR code.

IT'S MY HOME

Helping you understand LENDERS MORTGAGE INSURANCE

HOW LMI CAN HELP YOU PURCHASE YOUR OWN HOME SOONER

It can be difficult to save a deposit to buy a home with rising house prices, renting and the increased cost of living placing additional stress on your ability to save. Here we explain what LMI is and how it may help get you into your own home sooner.

WHAT IS LENDERS MORTGAGE INSURANCE?

Lenders Mortgage Insurance (LMI) may make it possible for you to buy a home without having to save a 20 per cent deposit. Depending on the lender, LMI cover may also enable you to borrow at a more competitive interest rate that is comparable to a borrower who has a larger deposit. The realities of the Australian housing market mean that without the benefit of LMI, many first home buyers would not be able to purchase their own homes.

LMI is insurance that protects the lender – though the cost is borne by you, the borrower. The LMI cost may be added to your loan amount.

In the event that you default on your home loan, LMI reduces the risk to the lender of a shortfall on your mortgage, as this risk is passed on to the LMI provider. As the lender has reduced its risk, it is more willing to lend funds for a property to you with a smaller deposit – sometimes as low as five per cent of the value of the property.

Lenders Mortgage Insurance is not mortgage protection insurance. LMI is explicitly designed to protect the lender, while mortgage protection insurance covers your loan repayments in the event of your sickness, unemployment, disability or death.

Simply put, Lenders Mortgage Insurance enables you (the borrower) to obtain a home loan that might not otherwise be available, by reducing the deposit you are required to provide. This means you will be able to:

- buy a home sooner and stop paying rent; or
- buy a more expensive property with the deposit that you have.

EXAMPLE OF HOW LMI IS USED

Chloe and Dan have found a home they want to buy for $900,000. Typically, they would need a 20 per cent deposit ($180,000) to secure a loan from their lender. By taking out Lenders Mortgage Insurance their lender is prepared to provide a loan up to 95 per cent of the value of the home.

This means that Chloe and Dan can secure a home loan sooner with a 5 per cent deposit ($45,000) and stop paying rent. Their lender passes on the Lenders Mortgage Insurance premium cost to Chloe and Dan by way of a fee. The Lenders Mortgage Insurance protects the lender if Chloe and Dan default on their loan repayments – it does not protect Chloe and Dan.

PAYMENT OF LENDERS MORTGAGE INSURANCE

Lenders Mortgage Insurance is arranged by your lender and the premium can be a one-off cost your lender pays to us (the insurer) upon settlement of your property purchase, or it can be paid monthly over the LMI policy term. This cost is passed on to you (the borrower) by your lender, as a fee.

Your lender will tell you how much it will cost when you apply for your loan.

The cost will depend on various factors including the size of your deposit, the type of loan you take out, and which LMI payment option you choose. Helia's **LMI Fee Estimator** is an online calculator that can provide you with an estimate of the premium payable.

THE REALITIES OF THE HOUSING MARKET IN AUSTRALIA MEAN THAT WITHOUT LMI MANY FIRST HOME BUYERS WOULD NOT BE ABLE TO PURCHASE THEIR OWN HOMES

PAYMENT OPTIONS

If the fee is payable as a one-off cost:

1. You may be able to add the cost of this fee to your loan amount, which means you will pay interest on it over the full term of your loan; or
2. You may choose to pay it up front at time of loan settlement.
3. If the fee is payable monthly over the LMI policy term – you will pay the monthly fee to your lender, until the loan to value ratio reaches a specified level.

You should discuss with your Lender or Broker which payment option best suits your circumstances.

AWARD WINNING PRODUCTS

Helia's Family Assistance and Monthly Premium LMI products were recognised as Australian Broker's 5-Star Mortgage Innovators 2022.

Family Assistance is a solution for home buyers to access the property market with family support. Family Assistance provides a home buyer with a 15% reduction in the cost of LMI when their family member pays the upfront cost of LMI at the time of settlement. Family members can support home buyers, without the risks associated with the traditional 'bank of mum and dad' – that is where parents provide additional funding to help their children to bridge the deposit gap or acting as capital for their home loan. This feature alleviates the stress that being a guarantor can cause for both the home buyer and guarantor. For more information, download the Family Assistance fact sheet here **helia.com.au/lenders/resources/family-assistance**.

In the first 'pay by the month' LMI option to be offered in Australia, **Monthly Premium LMI** provides an alternative to the one-off cost of Upfront Premium LMI which means that home buyers don't have to save this additional amount before buying a home, and who would otherwise have to finance the upfront LMI premium as part of their loan amount. This is a great option for home buyers who have strong serviceability, as the total loan amount can be maximised for use towards the property purchase, enabling them to buy their desired home.

For more information, download the **Monthly Premium Fact Sheet** here.

HERE TO HELP

Helia, Australia's leading provider of LMI, regularly sees firsthand the difference LMI can make to the lives of Australians, by helping them get into homes sooner reducing the stress associated with saving the traditional 20 per cent deposit.

Helia also understands that home buyers might encounter financial difficulty, so they have established a hardship program, that assists those struggling with their loan repayments. Since 2013 Helia has helped 70,964 home buyers, through this program, by supporting lenders to offer deferred and/or reduced repayments, and even loan term extensions. If you are struggling with your home loan payments, speak with your lender regarding a hardship arrangement. Helia works with your lender to support you.

For more information on LMI, please visit **helia.com.au/about-lmi**.
Independent information on Lenders Mortgage Insurance can be found on the Insurance Council of Australia's website. Download the LMI Fact Sheet at **understandinsurance.com.au/types-of-insurance/lenders-mortgage-insurance**.

Helia Mortgage Insurance Australia Limited (Helia), is a leading provider of Lenders Mortgage Insurance (LMI) in Australia. With over 55 years of expertise in the Australian residential mortgage market.
We exist to accelerate financial wellbeing through home ownership, now and in the future.

Helia.

BUYING A HOME *with LMI*

20% DEPOSIT
PLUS COSTS
Typically, lenders require a deposit of 20% of the purchase price

5% DEPOSIT
PLUS COSTS
But you can secure a home loan with as little as 5% deposit

TO DO THIS, YOUR LENDER MAY REQUIRE LMI

WHAT IS LMI?

LMI protects your lender if you default on your loan and your lender is unable to recover the full loan amount you owe

HOW DOES LMI BENEFIT YOU?

It enables you to:

- Buy a home sooner
- Save on paying rent
- Start growing equity in a home
- Access competitive interest rates

WHAT IS THE COST OF LMI?

Use the **Helia LMI Fee Estimator** to calculate the fee payable

LMI typically costs between 1 – 2% of the loan but this can vary depending on:

- Deposit amount
- Type of loan
- Value of the property purchased

WHO PAYS FOR LMI?

Your lender will pass on the cost to you as a fee

Payment options:

- Fee can be added to your loan amount and included in your loan repayments
- Pay it as an upfront lump sum cost
- Pay by the month
- Family can support and contribute to the cost

ARE REFUNDS AVAILABLE?

- Partial refunds may be available within the first two years
- Or you may have received a greater discount on the LMI fee in lieu of a refund

Check with your lender

Family Assistance.

When you can count on family to get into a home sooner

Support from family can accelerate your home ownership journey.

Receive a 15% reduction in the cost of LMI when it is paid upfront by a family member with Helia's Family Assistance.

Helia

Monthly Premium LMI.

Making things easier for you - pay monthly

Monthly Premium LMI is a feature which allows the LMI fee cost to be paid monthly, as an alternative to the one-off cost of Upfront Premium LMI.

Helia

The "how to" FOR BUYING PROPERTY

THE LOWDOWN: BUY AT AUCTION OR PRIVATE TREATY?

Buying a home is one of the biggest financial decisions you will make. Once the inspections are complete and you're ready to proceed to purchase, it's recommended to contact your broker or lender. The next step depends on whether the property is being sold at public auction or private treaty (a sale negotiated with the owner).

It can be overwhelming without understanding the benefits and areas to consider for each type of sale when searching property on the market. You should always seek professional advice to suit your own individual circumstances.

1 BUY AT AUCTION

Sale where the seller sets a minimum price, is also known as the 'reserve' price. When planning to buy at auction, be sure to have a bank pre-approval in place, and that all legal work and inspections have been completed prior to the auction date. If you are located in New South Wales, Queensland, Australian Capital Territory or Tasmania, to participate in the auction, you must register with the vendor's agent and be assigned with a bidder's number. If your bid is successful you are obliged to sign the contract and go through with the purchase according to its conditions as there is no cooling off period. For that reason, it is important to make sure you really want the property before you start bidding and it is crucial that you don't exceed your maximum spending limit.

BENEFITS

- **Competition.** You may pay a lower sale price than you anticipated if there is low competition, and the reserve price is met
- **Transparent process.** You are aware of what the other bidders are willing to pay for the property.

THINGS TO CONSIDER

- Ensure a clear price guide is advertised at the auction you are planning to attend
- Attend another auction prior (and not participate in the bidding process) to understand how the process operates
- If you are the highest bidder, (and the reserve has been met) you are required to sign the contract and pay a deposit on the spot (usually 10 per cent of the purchase price)
- Competition. You may have to pay a higher sale price than you anticipated if there is strong competition
- No cooling off period.

2 BUYING BY PRIVATE TREATY

A sale where the seller sets the price of their property. The listed price is the amount that the property is being advertised for on the market. A buyer's agent or your own research will assist you when negotiating the purchase price of the property with the seller. Negotiations with the seller will be made via their real estate agent.

BENEFITS

- **Greater negotiation.** An offer can be made, negotiated on, and accepted at any time
- **Cooling off period.** A set period of time in the contract which is when you can walk away from the agreement to purchase the property, but with a possible cost. You could be asked to waive your right to a cooling off period. The length of the cooling off period can vary between states. Western Australia and Tasmania do not have mandatory cooling off periods unless it is accepted in the contract by both parties.

THINGS TO CONSIDER

- Don't be too inflexible when negotiating. It would be disappointing to lose the property to someone else for an amount that you would have been happy to pay
- Holding deposit of approximately 0.25 per cent will need to be paid once the offer is accepted
- If you decide not to proceed, you will typically have to pay the vendor a termination fee, which is usually around 0.25 per cent of the purchase price
- How long has the property been on the market? The seller may be more flexible when negotiating if the property has been on the market for several months
- Making an offer at list price will help lock out the competition.

WHATEVER YOU DECIDE HAPPY HOUSE HUNTING AND ENJOY THE PROCESS

MORTGAGE BROKERS *- the game changers*

HELPING YOU BUILD FINANCIAL WELLBEING

Housing affordability, coupled with increasing property prices are pushing more Australians to rethink what home ownership looks like for them and what the future holds. A major concern for most first home buyers and today's next generation is how are they ever going to be able to get into the property market.

There are many characteristics of a first home buyer and in my 30 years' experience as a financial planner, mortgage broker, real estate representative and a qualified teacher in financial services, I've seen it all.

Most first home buyers start their journey into home ownership by sorting their savings and having clear goals and habits. Here are the core traits I've seen first home buyers adopt in preparation to purchasing.

ABILITY TO SAVE

The more that you can save for a deposit, the less you will need to borrow and pay in interest. An ability to save is fundamental as most lenders will be looking at 'genuine savings' meaning that you have saved gradually over time. It demonstrates that you have good saving habits and have diligently putting money away consistently.

STEADY INCOME

You will need to provide evidence that you are earning a consistent income. How much you can afford to borrow will depend on your income and financial commitments. Most first home buyers need to be realistic about what repayments you can afford particularly as your loan repayments will go up if interest rates rise. Some breathing room is key to allow for life's emergencies.

CLEAR AND REALISTIC GOALS

Being clear and realistic in your expectations is key. When it comes to buying a house, having a shortlist that is clear will ensure that you keep your expectations realistic when it comes to all the factors that need to be considered from type of dwelling, proximity to infrastructure, age and condition of home, aspect, street appeal, renovation potential, floor plan, room sizes to block size, maintenance to potential capital growth of the suburb.

FLEXIBILITY TOWARDS HOME OWNERSHIP

First home buyers are rethinking their path to home ownership. Saving for a deposit is increasingly challenging and as a result, first home buyers are typically taking longer to save for a deposit with many looking to put forward a deposit of less than 20%. When borrowing more than 80% of a property's value, it is generally a condition of the loan that the home borrower pays the cost of the premium for Lenders Mortgage Insurance (LMI).

LMI allows the lender to have confidence in offering you a home loan, even if you haven't reached that 20% deposit. With LMI in place, some lenders will allow you to borrow up to 95% of the purchase price of your home.

Other options include having a guarantor loan. A guarantor is the person who provides the additional security for your home loan. Most lenders prefer the guarantor to be a close relative – for example, a parent.

My career spans over 30 years with experience with formal qualifications as a financial planner, mortgage broker, real estate representative and a qualified teacher in financial services. As a finance professional, I've assisted people from all walks of life, from helping people achieve their first home, dealing with bankruptcy, helping people grow an investment portfolio to working with families to build and own a multi-million-dollar portfolio of over 50 properties.

MY STORY

In 1990 I was looking at my first home having just been married. Interest rates for home loans were around 17%! Seems crazy yet that was the reality of interest rates back then.

I met all my own 3 characteristics and traits in that I had a steady income, I

had some savings and realistic in terms of where I wanted to live, what I wanted to buy and potential capital growth for down the track.

My wish list:

- Close to Melbourne CBD
- Small dwelling with potential
- Capital growth over time

I wanted to live about 15 km from Melbourne in an established 2 bedroom unit. It would cost around $100,000.

The pitch from the new home property salesperson was let's look further out. You will pay less stamp duty and also have a brand new home. It sounded exciting.

The home ended up over 40 km out in a semi-rural area. We were the first home in the street and there were cows as neighbours for a while.

THE OUTCOME

In today's terms the established yet smaller property closer to the Melbourne CBD would be worth approximately $1.1M. The brand-new home in the suburbs is worth approximately $650,000 today.

This is from the same initial outlay of $100,000. That's a difference of **$450,000**.

From that experience, I took away many lessons which I have applied in my ability to provide support and identify the best option for customer's wants, needs and circumstances.

CASE STUDY - TODAY

I recently assisted a young couple trying to get into the market for the first time.

They both had good jobs and had enjoyed some travel (something I encourage before making a huge financial commitment). They were focused on saving for their first home.

KEY CONSIDERATIONS

- They wanted the inner suburban lifestyle with close proximity and access to the CBD lifestyle and facilities
- They were also conscious of longer-term benefits of capital growth (I had been discussing this with them for some time).

This is where the numbers come into play and the reality of all the additional and associated costs including stamp duty, registration fees, Lenders Mortgage Insurance.

Pictures: Adobe Stock.

THE SITUATION PURCHASE: NEW PROPERTY FOR $1.1M

- Genuine savings of **$120,000**
- Stamp duty and other upfront costs **$63,000**
- Clean credit history and no debts

Although the couple had focussed on saving, they could not purchase their desired property as they did not have enough savings to cover the 20% deposit and other costs such as stamp duty. The advantage of working with a broker is that we can help home buyers investigate all options available to them.

OPTION NO 1 SAVE FOR A FULL 20% DEPOSIT

Most home lenders require a 20% deposit before you can apply for a home loan. In this scenario, they would require a deposit of $220,000 and only have savings of $120,000 meaning they are not quite ready to purchase as there are not enough funds to complete the purchase.

BENEFITS

- Smaller loan amount required if 20% deposit available
- Wider choice of competitive home loan products available.

CONSIDERATIONS

- May take years to have a 20% deposit
- Home prices may rise at a faster rate than your savings do
- Entry into the home market may be delayed
- May need to pay rent for a longer time (as you save).

OPTION NO 2 BUY WITH GUARANTOR

The couple could consider the option of a guarantor given that they do not have adequate savings yet have the capacity to repay the debt.

In this option, they can ask the family member to become a guarantor and a mortgage is taken over the family members house as security for the loan. If the home buyers' default (that is stop making repayments to the lender), the family member providing the guarantee will be liable for part of the loan and their home may also be sold to repay the first home buyers' debt. The family member/s offering the guarantee will have to obtain independent legal advice to make sure they are aware of their obligations.

BENEFITS

- Ability to use family support to buy a home
- Stop paying rent and start building equity in your own home sooner
- Wider choice of competitive home loan products available.

CONSIDERATIONS

- Your family member providing the guarantee must put their home up as security
- Your family member is liable if you default on your loan. This means that the guarantor's home may be sold to repay your debt
- A lender may not allow that family member to guarantee loans to more than one family member
- Your family member may require you to repay any loan provided by the guarantor.

In this scenario, the couple did not have access to a family member security guarantee and therefore could not proceed with this option

OPTION NO 3 BUY WITH LMI

The couple can also consider the option of Lenders Mortgage Insurance (LMI). Helia now offers LMI to be paid monthly. My clients did not have enough savings to qualify for a loan when the LMI is paid upfront, however they could purchase their desired home now with paying the LMI monthly.

In this case, the couple could borrow $1,045,000 (95% of the purchase price) and secure a home sooner with a 5% deposit ($55,000) and stop paying rent. Their savings of $120,000 more than met the deposit criteria and covered the other costs such as stamp duty.

BENEFITS

- Buy a home now with the deposit you have available
- Stop paying rent and start building equity in your home sooner
- Premiums are not capitalised into the loan and there is no impact on the LVR (loan to value ratio)
- When the value of your property increases and your LVR (loan value ratio) reduces to 80% and below your LMI monthly payments will cease.

CONSIDERATIONS

- A monthly LMI fee is payable
- If you default on your loan and the lender sells your home, and the sale amount is not enough to cover the amount owned on the loan, then the LMI provider (who pays the lender to cover the shortfall) may pursue you for that shortfall.

OPTION NO 3 - THE GAME CHANGER!

In this scenario, they can proceed with the purchase and the flexibility of a monthly LMI fee. This can open up additional possibilities as a home buyer ie; a better location, larger home and the ability to do renovations.

IN CONCLUSION

The couple were able to buy the property that they were seeking with the additions in terms of lifestyle and proximity to CBD.

It also meant that they could get into the market when they did rather than chasing rising property values (in sought after areas).

So, in summary here are some key points;

- Adjust your lifestyle and save as much as you can (speak to a financial planner to assist)
- Get a team of independent advisers including a mortgage broker, conveyancer (to review contracts) and property advocate
- Make sure you explore various options (eg family guarantee, lenders who offer the monthly Lenders Mortgage Insurance as not all do)
- Avoid well-meaning people who don't necessarily have the experience and knowledge to be able to guide you. What happened in the 60's, 70's and 80's may not be relevant today
- Be aware of the one stop shop where they are only offering brand new properties as these aren't independent people working for you.

Buying property is a complex matter when using your savings and it will impact your long-term financial position. If you, do it well, you can build financial wellbeing and have a comfortable retirement and not be reliant on the pension.

DID YOU KNOW THAT YOU CAN NOW PAY LMI BY THE MONTH?

In the first 'pay by the month' LMI option to be offered in Australia, Helia Monthly Premium LMI provides an alternative to the one-off cost of Upfront Premium LMI, which means that home buyers don't have to save this additional amount before buying a home, or otherwise have to finance the upfront LMI premium as part of their loan amount.

This is a great option for home buyers who have strong serviceability, as the total loan amount can be maximised for use towards the property purchase, enabling them to buy their desired home.

MORE ABOUT THE AUTHOR

Peter Kennedy started his career in financial services in the late 80's which included various roles with ANZ, St George Bank and AMP. In 2003 Peter set up his own financial services business. As a qualified mortgage broker, property advocate and financial planner, he has been able to help many people to achieve home ownership and grow an investment portfolio. Peter has also taught and mentored over 100 new mortgage brokers into the industry.

FORMAL QUALIFICATIONS

- Dip FS (Financial Planning)
- Dip FS (Finance/Mortgage Broking Management)
- Real Estate Agents Representative certificate
- TAE (Cert IV in Training and Assessment)

TO FIND OUT MORE ABOUT PETER

peterkennedyconsulting.com.au

Scan the QR code to get in touch with Peter

PROPERTY *investment*

TIPS AND TRICKS FOR GETTING INTO THE PROPERTY MARKET

Thinking about investing in a property that will not be your place of residence? An investment property is a potential way to increase your wealth and secure your financial wellbeing. Property is generally viewed as a secure, long-term investment with many advantages.

However, it's important to understand how investing in property works, to decide if it is right for you as there are also risks with investing in property.

PROS OF INVESTING IN PROPERTY

- **Income** – you earn rental income from the property when tenanted
- **Less volatility** – property income and property value can be less volatile than other investments such as shares or bonds etc
- **Capital growth** – if your property increases in value, you will benefit from a capital gain when you sell
- **Tax advantages** – you can offset most property expenses against rental income, including interest on any loan used to buy the property
- **Physical asset** – you are investing in something you can see and touch.

CONS OF INVESTING IN PROPERTY

- **Cost** – rental income may not cover your mortgage repayments and other expenses
- **Tax** – you will need to declare your rental income in your income tax and you may have to pay capital gains tax on sale of the property if you sell for more than you paid
- **Interest rates** – a rise in interest rates on your variable loan will mean extra loan repayments which may impact your net income from the rental property
- **Vacancy** – if your property is vacant for some reason, you will need to cover the costs including mortgage repayments which will impact your disposable income
- **Value loss** – if the property value decreases below what you paid you could end up with a shortfall and owing more than the property is worth
- **High entry and exit costs** – expenses such as stamp duty, legal fees and other fees can impact entry and exit.

COSTS OF INVESTING IN PROPERTY

There are costs involved in investing in real estate, these include but are not limited to:

- mortgage costs including interest payments, establishment fee and associated fees and charges
- stamp duty
- conveyancing fees
- legal costs
- search fees
- pest and building reports
- taxes.

TIP NO.1 There may be tax benefits to investing in property as you may be able to claim property management costs, maintenance costs and other borrowing expenses as a tax deduction from your taxable income on your tax return. You should obtain advice from your accountant or tax adviser before doing so.

Pictures: iStock by Getty Images, Shutterstock.

COSTS TO OWN AN INVESTMENT PROPERTY

There are ongoing costs with an investment property, they may include:

- council rates
- water rates
- body corporate or strata fees
- land tax
- building insurance
- landlord insurance
- property management fees (if you are using a real estate agent)
- repairs and maintenance costs

TIP NO.2 There may be tax benefits to investing in property as you may be able to claim property management costs, maintenance costs and other borrowing expenses as a tax deduction from your taxable income on your tax return. You should obtain advice from your accountant or tax adviser before doing so.

WHAT TO CONSIDER WHEN BUYING AN INVESTMENT PROPERTY?

The decision to buy an investment property should be a decision that is made with your head and not your heart. Take a long-term view and the fundamental key is to make the property attractive to renters.

Once you have a property in mind, compare the income you expect to your outgoing expenses. If there is a shortfall, you will need to consider whether you can cover the expenses long-term. You will also need to factor in whether you could cover all expenses in the short-term if you have no tenant for some time.

TIP NO.3 Investing in real estate is all about capital growth. Choosing a property that is more likely to increase in value is the most important decision you will make, so buying at the right price is critical. You should talk with a real estate agent and a conveyancer before committing to any purchase.

WHERE TO BUY

- Location is key and look for liveable properties
- Research capital growth areas to gain insights into what the median sale price for the suburb is and whether it has increased over time
- Buy in a high rental demand area with high rental yield
- Look for areas that have good infrastructure eg; close to schools, shops transport, hospitals etc
- Find out about proposed planning changes in the suburb that may affect future property prices eg; proposed motorway, airport, zoning

WHAT TO BUY

- Your budget will determine whether you can invest in a house, duplex, unit etc
- Consider properties with appealing features such as an additional second bathroom, a home office/study, attic/storage space and garage
- Consider maintenance costs based on property type, age and features.

CAN I LIVE IN AN INVESTMENT PROPERTY?

We cannot give you personal tax advice as it will depend on your particular circumstances. We suggest that you seek professional advice on tax consequences of changing the status of your property from an investment property to your principal place of residence.

WHAT IS RENTVESTING?

Rentvesting is an investment strategy for would-be home buyers who can't afford their dream home yet. It's where you rent a property to live in that's right for you and your lifestyle, while you own an investment property that's right for your budget.

Instead of buying an expensive dream home, you purchase a more modest property in a suburb where prices are more affordable. The property you buy can then be rented out to help cover your own rental payments and later sold for a capital gain. This strategy lets you have the lifestyle you want now, while at the same time building a property portfolio for the future.

Before you choose to buy a property or rentvest, make sure you can afford to rent and have a mortgage. Just because an investment property is cheaper than your dream home doesn't necessarily mean that you can afford it, and just because renting feels like throwing away money doesn't automatically mean you should mortgage yourself.

BUY IN A HIGH RENTAL DEMAND AREA WITH HIGH RENTAL YIELD

BE REALISTIC ABOUT YOUR INVESTMENT GOALS. DO NOT UNDERESTIMATE ONGOING COSTS

WHAT IS STAYVESTING?

Stayvesting is a relatively new term for those who are wanting to buy an investment property, perhaps whilst still living at home with a parent, parents or relatives.

It is important to have an idea of your budget and you will need to consider your income and expenses and what deposit is currently saved. If you are living at home rent-free, most lenders will factor in a nominal amount of rent in your application. This means that when they are calculating your income and expenses, they will add a nominal rental expense (regardless of whether you pay rent or not).

Buying an investment property can be a sound financial decision, however, it is not without its risks. Remember to work with experts who can help you navigate the process and help you make the best purchase possible and evaluate all your options to ensure that the investment you make is the best one for you.

Pictures: iStock by Getty Images, Shutterstock.

A SUSTAINABLE FUTURE

Downsizing

IS DOWNSIZING THE WAY OF THE FUTURE?

Whether you're moving into a new home or wanting to create more space, downsizing is often a daunting and challenging task that should be approached with a plan. Here's some tips and tricks to guide you through the process of downsizing your belongings to help you maintain a clutter-free lifestyle.

1 DIGITISE AS MUCH AS POSSIBLE

Scanning documents, photos and paperwork can make a drastic difference in creating more storage space and minimising unnecessary clutter in your home. Make the switch to paperless billing and keep electronic records of your documentation to avoid future build-up of paperwork, and it's environmentally conscious. This frees up storage space otherwise wasted on overflowing filing cabinets and allows you to keep only your most important documents in a single folder. Opting for digital receipts, when possible, can also make it easier to store and keep track of your financial documents.

2 GO THROUGH YOUR HOME SYSTEMATICALLY

Having a deep clean of your home is important to get rid of items that you don't need and minimise the number of unnecessary duplicates. Be thoughtful about what items you don't regularly use and don't need to keep.

Go through your home room by room and implement varied approaches depending on the room. For example, be on the lookout for multiples in your kitchen as you often have duplicates of utensils you don't need or containers taking up space that don't have matching lids. When downsizing your wardrobe, try the closet-hanger method. Face all the hangers away from you, turning the hanger to face you once you've worn an item. Use this method over the span of a few months to make it easier to narrow down which clothes you don't wear and don't need to keep. You'd be surprised how many you can donate, sell or give away without even noticing that they're gone.

3 TRY CREATIVE STRATEGIES

Challenge yourself with some creative strategies to help make the task of downsizing your belongings less of a chore. Here's some ideas:

- **KonMari Method:** Reduce clutter in your home by focusing on one category at a time. This could be books, sentimental items, or clothes. Consider whether each item "sparks joy". If not, it's time to part ways with it
- **Four-Box Method:** Avoid having to put items in storage by giving yourself four options for what to do with an item – keep, donate, recycle, or sell
- **One-A-Day Method:** Make it a challenge to let go of the number of items that corresponds with the date (i.e. give away 6 items on the 6th day of the month). Alternatively, be consistent and let go of one item every day.

CONSIDER WHETHER EACH ITEM "SPARKS JOY" WHEN DECLUTTERING YOUR SPACE. IF NOT, IT'S TIME TO PART WAYS WITH IT (KONMARI METHOD)

Pictures: Adobe Stock.

Sustainability in your home

MAKE YOUR HOME GREENER

Homes are becoming increasingly eco-friendly as new technology makes it easier than ever to reduce your energy consumption, utility bills and carbon footprint. Here's some areas to be conscious of when considering the sustainability of your own home:

1 LIGHTING

Having a tactical lighting plan that utilises natural and environmentally friendly lighting sources can help make your home more sustainable. Replace any old incandescent bulbs and fixtures with bulbs using the latest LED technology. These bulbs are significantly more efficient, lasting 25 times longer than incandescent lighting and using 75% less energy to produce the same amount of light.

Being strategic in your placement of lighting can make a big impact in reducing the amount of energy you use to light your home. During the day, utilise natural lighting as much as possible and avoid having lights turned on. Instead of using main overhead lighting in all rooms, consider whether installing reading lights in your bedrooms or using picture lights to illuminate art on walls or in hallways will satisfy your lighting needs. When contemplating lighting choices in your home, think about the potential lifetime cost and saving from choosing more sustainable and long-lasting lighting options.

2 HEATING & COOLING

Investing in sustainable heating and cooling solutions can make a big difference to your energy expenditure as it accounts for 38% of household energy use. Consider getting draught sealing in your home and installing vents and fans that close automatically to prevent air leakage.

Ensuring your home is well-insulated can help you save up to 65% on your heating and cooling costs, a saving that adds up quickly over time. Roof and wall insulation is important for regulating the temperature in your home and minimising your energy usage.

Solar heating systems can further reduce your energy usage, carbon footprint and save you money on utilities. The investment is worthwhile for most homes, especially in the long run, as they're significantly cheaper than running conventional gas or electric systems.

3 GREEN LOANS

If you're thinking of installing environmentally friendly and clean energy products in your home, you may be eligible for a green loan. Many lenders are now offering unsecured personal loans that can be used to finance eligible green products such as solar panels, energy-efficient appliances, insulation, and ventilation. Some institutions also provide green car loans to encourage the switch to electric, eco-friendly vehicles.

4 HOME ENERGY RATINGS

There are multiple home energy rating schemes that consider varying criteria to evaluate your home's energy efficiency.

The Green Building Council of Australia has a tiered rating system called Green Star. The rating is used to assess the design of buildings against benchmarks in energy, water, waste, indoor environment quality and ecology. Green Star Homes must fulfil the criteria of being positive, healthy, and resilient to ensure that they meet the organisation's standards in energy efficiency, health and comfort. Green Star has partnered with a range of home builders to certify that their constructions are of the Green Star Home standard which can make it easier for prospective buyers to evaluate the environmental impact of a home.

5 APPLIANCE ENERGY RATINGS

When purchasing new appliances, pay attention to the Energy Rating Label. This gives you an indication of the product's energy efficiency on a scale of one to ten stars, one being the lowest energy efficiency and ten stars being the highest. The more stars shown on the label, the cheaper it is to run the appliance. By choosing appliances that have more stars on the Energy Rating Label, you can cut the cost of your energy bills.

THINKING OF INSTALLING ENVIRONMENTALLY FRIENDLY AND CLEAN ENERGY PRODUCTS IN YOUR HOME? YOU MAY BE ELIGIBLE FOR A GREEN LOAN

Pictures: iStock by Getty Images.

1st *time* SELLING

MAXIMISE THE SALE OF YOUR PROPERTY

PROPERTY STYLING WITH FURNISH & FINISH

Selling your property can be stressful and you want to ensure you market to a specific demographic to sell your property. Having your home professionally styled will make your home a more inviting and appealing space to potential buyers when marketing it for sale online, in print and during open homes. You want to make potential buyers obsess over the place and show off the house's possibilities. Beautiful homes are our speciality at Furnish & Finish. Our team of skilled stylists and designers will use a combination of furniture, artwork, and accessories to highlight your home's best features to maximise its visual appeal.

For many of the homeowners we've worked with, the aim has been to achieve the highest possible sale price for their property in the shortest possible time by creating a vision that attracts more buyers. Furnish & Finish projects regularly and significantly outperform average property clearance rates. We offer a range of flexible packages and prices catering to all budgets.

YOU DON'T GET A SECOND CHANCE TO MAKE A FIRST IMPRESSION

THE PROCESS

1 Consultation: One of our professional property stylists will visit your home for an obligation-free quote. When our Client Relationship Manager (CRM) visits the property, they will discuss with the client or real estate agent:

- What should be completed to prepare the property for inspections and real estate photography
- Should the property be completed as a 'full style' or 'partial style'
  - Full style is when the property is empty prior to styling and is fully furnished. Having your property fully furnished will allow our team to optimise the appeal of the space. Full styling can be highly effective in maximising the sale price of your home
  - Alternatively, a 'partial style' is when the client's key furniture pieces are used within the space, such as bed frames, dining tables, entertainment units and more. When the client intends to live in the property while it is on the market, partial styles are typically used.
- Our CRM may recommend making improvements to the space's finishes, such as paint or flooring, to appeal to more buyers. The client, however, has the final say in the decision
- The CRM will provide a quote on price and length of hire to the client that details exactly what will be provided, including soft furnishings and accessories
- Typically, the rental period is 6 to 8 weeks.

2 Approval: Following the approval of the quote, an installation date is chosen based on when property inspections and photography will take place (subject to availability).

3 Selection & Styling: Our styling team will select pieces from our extensive range of high-quality indoor and outdoor furniture, artwork, and accessories.

- To enable our in-house stylists to select the best furniture, soft furnishing, and accessories for each space, they are given access to information such as floor plans, and images taken on site. A piece of mind for clients, as it is ensured that the stylists understand the space.

4 Delivery & Installation: We will deliver and install your selection of furniture and accessories, hang the artwork, and make the beds.

- On the day of installation, an installer and removalists arrive at the house and are given specific instructions along with a floorplan of furniture and accessory placement. The team

Pictures: Furnish and Finish Property Styling.

works together to finish the styled space. From furniture placement, making and ironing of beds and accessory placement. The property is now dressed and ready to sell!

5 Collection: Our team will collect the provided goods at the end of the hire period or when your property sells. Easy!

POTENTIAL BENEFITS OF STYLING YOUR HOME:

Potential benefits of styling your home:

- Can increase the value of your home
- Decrease the amount of time your home is on the market
- Demonstrates the properties potential to potential buyers
- Assist potential buyers to visualise themselves in the home, which can lead to more interest in your home.

Our full service includes selection, styling, delivery, and installation across Sydney, Brisbane, Sunshine Coast and Gold Coast.

To arrange an obligation-free quote for your property, contact our team today!

MOVING Checklist ✓

FOLLOW THIS CHECKLIST IN THE LEAD UP TO YOUR MOVING DATE TO ENSURE A STRESS-FREE MOVE

3 WEEKS TO GO

- ☐ Arrange for mail and regular deliveries to be redirected
- ☐ Contact utility providers to arrange connection at new address
- ☐ Update important documentation with your new address
- ☐ Confirm removalist company booking
- ☐ Pack all items that won't be needed before the move
- ☐ Advise change of address (view full list via QR code below)

1 WEEK TO GO

- ☐ Avoid doing big grocery shops
- ☐ Settle any outstanding bills
- ☐ Back up your computer
- ☐ Set aside bed linen and towels for your first night

1 DAY TO GO

- ☐ Defrost and empty your fridge and freezer
- ☐ Turn off the washing machine
- ☐ Finish all your packing, making sure boxes are clearly labelled with any instructions for the removalists
- ☐ Pack a 'first day bag' with essentials

MOVING DAY

- ☐ Have your handyman kit and folder with moving documentation at hand
- ☐ Check the house for anything you might have missed (high shelves, under the bed, back of drawers)
- ☐ Ensure gas and electricity meters have been read and the telephone, cable and internet disconnected
- ☐ Leave appliance instruction books
- ☐ Leave behind garage door openers and any spare keys for the new owners or return them to your landlord
- ☐ Turn off the power, hot water and gas
- ☐ Check you have left nothing behind
- ☐ Lock all the doors and windows

AT YOUR NEW HOME

- ☐ Check you have all the keys and any instructions to your new home (appliances etc)
- ☐ Check any utilities are connected and hot water is on
- ☐ Have your locks changed
- ☐ Notify moving company immediately if anything is missing or damaged

SCAN QR CODE

To view the full 6 week moving checklist.

Pictures: iStock by Getty Images, Shutterstock.

BUDGET FRIENDLY *Decor Hacks*

HOW TO MAKE YOUR HOME LOOK STYLISH ON A BUDGET

TIPS & TRICKS TO RE-DECORATE AND REJUVENATE THE MAIN AREAS OF YOUR HOUSE TO STAY WITHIN BUDGET

CLEAN, DECLUTTER AND REORGANISE

Before contemplating about what next furniture or décor pieces you'd like to get, clean your space, organise what you currently have and declutter. Consider what pieces are dated, worn, or damaged. Could you bring these pieces back to life or is it time to say goodbye? Whilst it could be time-consuming, it will change the look and feel of your space and allow you to get ready to be creative with the next steps for your space. Start with a fresh slate.

REARRANGE YOUR FURNITURE

A trick that costs nothing! You just need some creativity and strength (see if a friend or housemate could assist). Be sure to ask someone for a hand when moving heavy furniture pieces. Start with one room and picture a couple of different layouts to maximise the space and give the room a brand-new feel to it.

SLIPCOVERS FOR YOUR DATED LOUNGE/SOFA

Buying a brand-new lounge isn't necessary. Save some money and instead purchase a slipcover. It'll be as if you've bought a new lounge for a fraction of the cost!

BREATHE LIFE INTO YOUR ROOM BY INTRODUCING A FEATURE OR TEXTURED WALL

A great way to highlight a particular area of your room ie; where the TV is placed or if you have a fireplace. If you are painting a small space, dark feature wall colours are a smarter choice. Darker feature walls give the illusion of a bigger room.

DON'T UNDERESTIMATE THE POWER OF CUSHIONS AND SIMPLE NEW DÉCOR

Cushions can bring together all the elements of the room plus are an inexpensive way to bring a room up to date. Scattered cushions add personality and are a great way to make a space feel cohesive. Think of mixing it seasonally and having a winter wonderland versus a summer oasis in your living room.

INTRODUCE HOUSEPLANTS AND FLOWERS INTO YOUR SPACE

- A fresh bunch of flowers is an affordable way to bring colour and life into the room. Get a single stem or a beautiful large bunch and pair it with your favourite vase for the space
- Houseplants can bring colour into the room while creating a beautiful and calm space for your home. Natural plants can improve your home's air quality
- If you don't have much luck with live plants, there is an option to purchase artificial plants that look real. Good quality artificial plants may be expensive and hard to find compared to an actual plant
- Research and select low maintenance house plants. These plants can be perfect for areas such as your home office.

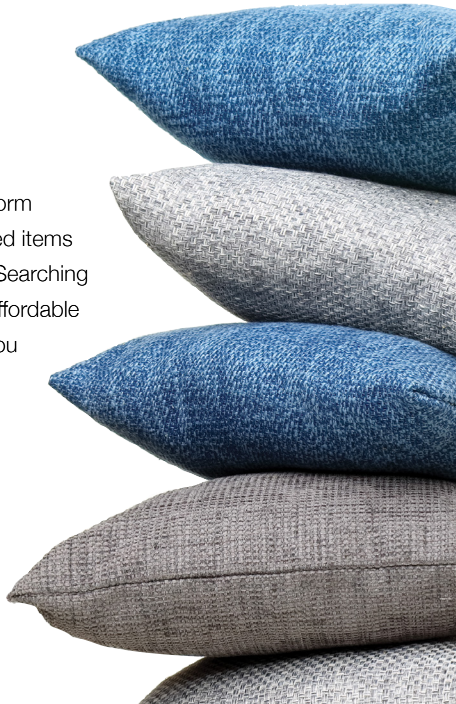
MAKING USE OF THE SECOND-HAND MARKET

GO THRIFT SHOPPING – ST VINCENT'S DE PAUL, SALVATION ARMY AND MANY MORE

The most well-known benefit when purchasing pre-loved pieces of furniture and décor is that it is a budget-friendly initiative that can help freshen up your home without the huge price tag. You could end up finding some unique items!

SHOP ONLINE – FACEBOOK MARKETPLACE, EBAY OR GUMTREE

An increasingly popular free platform where you can purchase pre-loved items from kettles to couches to cars. Searching for items online may be a more affordable way to possibly find the pieces you want and love without paying full price. Prices are often negotiable with sellers, making it a great platform for finding a bargain.



Pictures: iStock by Getty Images, Freedom Furniture, Flaunter.com

WFH - HOW TO CONVERT A BEDROOM INTO AN OFFICE

WORKING FROM HOME

Working from home has become the new normal for many, whether you're working from home full-time or part-time. It is important that you have an area set up to ensure you can work productively in the space. Avoiding distractions within your home can be difficult. If you have a spare bedroom or another unused space, we are going to provide ideas on how you can convert this area into a functional workspace.

THINGS TO CONSIDER WHEN CHOOSING YOUR NEW HOME OFFICE SPACE:

- Select your area wisely – choose an area that isn't regularly used by other household members (you want to minimise everyday distractions)
- Make sure your internet/phone connection is strong in this area – you need to consider the everyday tasks – you want to ensure fast speed when using your computer for web calls or a strong connection when making phone calls
- Consider the background in this space for web meetings (for example, zoom, teams) – you want to ensure this area is clean and always decluttered. Consider: do other household members need to walk through this space regularly?
- Space size – Ensure there is enough room for a desk, chair and storage solutions such as a cabinet or bookshelf. Do you need a printer in this space? Make sure you include a piece of furniture for this to sit on as it can take up a large proportion of your desk space!

REVAMP YOUR HOME WITHOUT BREAKING THE BANK

HOW TO MAXIMISE THE USE OF THE SPARE BEDROOM/ROOM

INVEST IN A PULL-OUT SOFA OR DAYBED!

That way during the week you have a fully functional home office, and you can convert it into a bedroom for when additional guests stay over. Make it a multi-purpose room.

CONSIDER DESK SIZE AND CHOICES:

- Standing desk
- Sitting desk
- Adjustable desk
- Size – Consider what everyday tasks you will complete at the desk. Do you need a larger space to layout paperwork or just enough room to fit your keyboard and monitors. Measure the space you have available before purchasing a desk.

GET CREATIVE WITH STORAGE

Make the most of your extra space by thinking of creative storage options. In a spare bedroom, consider utilising underbed storage.

BEFORE PURCHASING ITEMS, SEARCH YOUR HOME!

Look for items that can be repurposed, e.g. a chair or table that is not being used that could work in the space.

- Use platforms such as Facebook marketplace to search for pre-loved desks and office chairs. You could find the one you want and avoid paying full price!

Pictures: Adobe Stock, Freedom Furniture, Flaunter.com

Common LENDING & MORTGAGE TERMS

IT'S MY HOME EXPLAINS SOME OF THE COMMON TERMS YOU MAY HEAR WHEN GETTING A LOAN AND BUYING A PROPERTY

AMORTISATION PERIOD
The time taken to repay a debt, including accrued interest, in full through regular repayments.

BASIS POINTS
Refer to a common unit of measure for interest rates and other percentages. One basis point equals 0.01 per cent. For example, 50 basis points equal 0.50 per cent.

CERTIFICATE OF TITLE
Documents the ownership of or interest in land. It provides a description of the land, proprietorship and shows any registered interests such as mortgagees, charges and caveats. It also shows any restrictive covenants and easements which affect the estate or interest.

CREDIT REPORT
A file that is kept by a credit reporting agency that shows a person's credit history. Banks and financial organisations refer to credit reports when considering applications for loans and credit cards. A person with a poor credit history may find it difficult to obtain a loan or a credit card.

EQUITY
Homeowners often talk about how much equity they have in their house. Property investors often talk about how much equity they have in their portfolio. This is the value of the property (or portfolio) over and above the amount they owe on their loan(s).

FIXED INTEREST RATE
Fixed interest rate loans lock your monthly interest repayments at a set rate for a period (typically one, three or five years), after which they will revert to the standard variable rate. They can be a good choice for buyers who want certainty around interest payments but beware of break costs or prepayment fees if you try to change your loan or want to make additional repayments.

LOAN AGREEMENT
A formal contract between you and a lender which sets out the terms and conditions of your loan.

MORTGAGE DUTY
Mortgages may attract duty based on the amount secured by the mortgage. This duty is usually paid to the applicable state authority on your behalf by your lender and added to your loan. The rate and amount of duty payable varies in each state and territory. A loan agreement protects both the borrower and the lender.

MORTGAGE PROTECTION INSURANCE
This covers your loan repayments if you fall sick, suffer an injury or lose your job. If you die prematurely, the loan will generally be paid off. Policies differ widely and can be a combination of life insurance, income protection and permanent disability insurance. This is not the same as LMI.

NEGATIVE GEARING
Borrowing money to invest where the return from the investment is less than the borrowing costs. For example, the rental income from your investment property is less than the interest payments on the loan used to purchase the property.

OFF-THE-PLAN
Buying a property off-the-plan means signing a contract to purchase an apartment that has not yet been built. You will be able to view the building and design plans but there is no physical property to inspect.

PRINCIPAL
This is the outstanding balance owing on your loan on which interest is typically calculated and charged. Generally,

your regular home loan repayments will consist of principal and interest components, gradually reducing the amount owing on your loan. With interest-only loans, only the interest is paid each month, leaving the original principal outstanding at the end of the loan term.

REDRAW

This is an optional feature on certain home loans that allows access to any additional repayments made on your home loan. If you redraw funds from your home loan, your outstanding balance will increase.

REPAYMENT FREQUENCY

Refers to the regularity of loan repayments over a period of time that you must make as indicated in your loan agreement. Repayment frequencies are generally weekly, fortnightly or monthly.

REVOLVING CREDIT OR LINE OF CREDIT

A flexible ongoing loan arrangement that allows you to borrow within a specified and agreed credit limit. Typically, the line of credit account will also be used for everyday transactions. Interest is added to the loan each month, and repayments are not necessary while the loan is within its credit limit.

SECURITY

Security for a loan refers to the asset(s) a lender can claim against if you default on your loan. For home loans, it usually includes the property being purchased.

SERVICEABILITY

Your capacity to meet loan repayments based on your income and expenses. Helia's servicing estimator **(helia.com.au/products/tools/servicing-estimator)** can provide you with a guide as to whether you may be able to meet future loan repayments.

STAMP DUTY (ON A PROPERTY PURCHASE)

(also known as transfer of land duty, transfer duty and conveyance duty)

When you buy property, you are generally required to pay stamp duty to the relevant state or territory government. The amount varies between each state and territory and is based on the market value of the property or the purchase price. Exemptions and concessions may apply in some circumstances; check with your solicitor or conveyancer to see if you are eligible.

IT IS IMPORTANT TO UNDERSTAND ALL THE TERMS RELATING TO YOUR LOAN. TRYING TO MAKE CHANGES DOWN THE TRACK CAN BE DIFFICULT AND EXPENSIVE

VARIABLE INTEREST RATE

If your loan has a variable interest rate, the interest charged on the outstanding balance of your loan may increase or decrease. Lenders may also change your regular loan repayment amount based on changes in the interest rate. Lenders do not have to track changes in the cash rate and you should make allowances for higher-than expected increases.

Pictures: Adobe Stock.

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