

# Getting Into Your First Home.

Thank you for investigating your home loan options with NRG Financial Services. Whilst you may not qualify individually for a home loan now, it's a good idea to explore your options more thoroughly with us. You may be surprised at what you can achieve right now, or with just a little planning.

## Budgeting & Saving

A good budget is an essential component of financial freedom and can be the key to finally realising the purchase of your first home. By adhering to a manageable yet realistic budget not only will you gradually build up the deposit you need, but you will realign your spending habits and develop the discipline you need to ensure that when you do have a home loan, you can comfortably maintain your repayments.

## What's in a good budget?

A serious budget will literally track every cent that comes in and goes out – that's the only way to know where your money is going so you can start to make the changes necessary to meet your savings goals. Don't forget to make allowances for the "one-offs" that always seem to be cropping up – this could be anything from an unplanned car service or new business suit to a broken washing machine. To get started on your own budget, organise an appointment with us. Once you get started, you can keep on track to achieving your savings goals with some of our savings tips.

## Budgeting tips & tricks

Set short-term goals as well as the main goal of saving a deposit. These will help keep you on track and give you a sense of achievement.

- Buy non-perishables in bulk.
- Cut back on non-essentials; even one less bought coffee a week can make a difference.
- Take advantage of cook books designed to save you time and money. Not only will it cut down on costs, you'll enjoy simple, delicious meals too!
- Look out for sales where you can buy presents earlier - for example, mid-year sales can be useful for buying Christmas presents.
- Car pool whenever possible
- Look at ways to cut back on household waste - for example, save on your electricity bill by turning out lights not in use and turning appliances off at the wall
- If you do really need something, try looking for it online - you may be able to make big savings
- Join or set up a toy library to give your kids variety without having to buy new toys
- Find a good online savings account with a high interest rate for a better return on all the money you are saving



## Get a free personal assessment with an experienced mortgage broker

For a personal assessment on the best way for you to get in to your first home, or to discuss the home loan that is in your best interest, give us a call today.

### Could your parents or family help you buy your first home?

Using the equity in a family member's existing property can assist you to purchase property sooner than you might otherwise have been able to. It allows a family member - usually your parents - to guarantee a portion of your home loan. There are two main types of family equity you may be able to access: a limited liability guarantor option, or an income guarantor option.

#### Family Equity - Limited Liability Guarantor

With the limited liability guarantor option, your family member agrees to offer their existing property as security for a portion of your home loan, usually around 20 per cent. The property you intend to purchase acts as security for the remaining 80 per cent. Once a certain level of equity has been achieved, usually 10 - 20 per cent of the value of the property, you can take the entire loan amount over in your name and remove the additional equity guarantee. If you would normally be eligible for the First Home Owners Grant, you should still be able to access this using a family equity option.

#### Family Equity - Income Guarantor

A second option is to have a family member guarantee your home loan repayments for a period of time. This can be particularly useful if you are at the start of a career and expect your earnings to rise in the near future, or if you are planning time off work to have children or return to study and will have a reduced income during this time.

#### Legal advice is important

With both types of Limited Guarantor loans, it is important to obtain legal advice before signing an agreement. Some lenders will provide a document called a Draft Forms of Agreement, which can form the basis of the final agreement you, your family members and your legal adviser sign. Your mortgage broker will assist you to complete all relevant documentation.

If your parents or another member of your family are willing to give you a helping hand into your first home, contact us on 1300-859-815. We will provide you with an overview of current home finance options available for your situation.

#### Limited Liability - A Case Study

Shane and Daniele are first home buyers looking to purchase their first home. However they just got married and have used up their entire savings, which leaves them very little for a deposit. Shane's parents only have a small loan against their home (\$40,000) with an estimated value of \$750,000. After obtaining some independent legal advice, they have offered to assist Shane and Daniele by putting up their property as additional security for the loan.

After negotiating with agents, Shane and Daniele find a home to purchase for \$400,000. The bank lends them 80% against the new purchase (\$320,000) and the remaining (\$80,000) against Shane's parents' home as a second mortgage. The new couple's total loan is \$400,000 but because his parents' home is involved, there is no mortgage insurance required and they are able to use the First Home Owners Grant to purchase furniture for the new home.

