

It's my home

2021/2022 ISSUE 07

Checklist
FOR MOVING

HOW GOOD
ARE YOUR
SAVING
SKILLS?

TIPS FOR
STYLING
YOUR
HOME

Selling to
UPGRADE

The **ART**
OF
DECLUTTERING
YOUR HOME

OUR
GUIDE
TO

BUYING PROPERTY

Thinking of buying a property?



Genworth's Buy or Rent calculator can give you insights into the financial benefits of **buy now** or **buy later**.

genworth.com.au/buy-or-rent-calculator

Genworth 



WELCOME . We are delighted to present our 2021/2022 edition of *It's My Home* magazine, with its mix of educational and lifestyle articles to assist you along the home buying journey. Buying a property is one of the biggest financial decisions people make in a lifetime, and at Genworth we understand that while it is exciting, it can also be a stressful time.

For over 50 years our purpose at Genworth has been to support Australians to achieve financial security through home ownership. We do this by getting Australians into their own home sooner by providing Lenders Mortgage Insurance to their lender. *It's My Home* is one of many resources we have created to help you navigate this process, providing you with professional insights and tips to get you started and guide you along the way.

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

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



Contents

- 2** STEP-BY-STEP GUIDE TO BUYING A PROPERTY
- 6** CHECKLIST FOR VIEWING A PROPERTY
- 8** PROPERTY INSPECTIONS
- 11** BUDGETING QUIZ
- 12** HELPING YOU UNDERSTAND LENDERS MORTGAGE INSURANCE
- 14** UNDERSTANDING YOUR HOME LOAN
- 18** THE ART OF DECLUTTERING
- 22** MORTGAGE BROKERS
- 24** THE DIFFERENCE BETWEEN A CONVEYANCER AND A SOLICITOR
- 26** STYLING YOUR HOME
- 28** SELLING TO UPGRADE
- 30** CHECKLIST FOR MOVING
- 34** COMMON LENDING AND MORTGAGE TERMS



Step-by-step guide to
BUYING
PROPERTY

THE BUYING PROCESS
MADE EASY





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 SET 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.

IT'S A GOOD IDEA TO GET PRE-APPROVAL FOR YOUR LOAN

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 \$720,000 you will need to have saved at least \$144,000 – plus enough to cover stamp duty and any legal and moving costs.

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. Rather than having to save a \$144,000 deposit on a \$720,000 property, your lender may be able to provide a loan with a deposit of

\$36,000. 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 Genworth website genworth.com.au/premiupestimator

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.

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

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.

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 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 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 as a fee-free transaction account.

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

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 can advise you further on any recommended inspections.

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

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 to the vendor should you default under the terms of the contract or fail to proceed with the purchase. 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!

SETTLEMENT IS THE DATE YOU TAKE LEGAL OWNERSHIP OF YOUR NEW HOME, USUALLY FOUR TO SIX WEEKS FROM WHEN CONTRACTS ARE EXCHANGED

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 then the home owner of the property and can enjoy your new home.

✓ Checklist FOR VIEWING A PROPERTY

THINGS TO CONSIDER



6

THE LOCATION

- Does the area have the local amenities you might need?
 - Shops
 - Schools and child care
 - 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?

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?
- Is the kitchen in good condition?
- Do all the windows and doors open and close?
- Is there enough storage space?
- Is there space for your fridge, dishwasher, washing machine and dryer?

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



USE OUR CHECKLIST WHEN INSPECTING
PROPERTIES SO YOU CAN COMPARE THE
PROS AND CONS. HAPPY HOUSE HUNTING!

A more detailed checklist can be downloaded from
our website [genworth.com.au/home-buyers](https://www.genworth.com.au/home-buyers)



PROPERTY INSPECTIONS

HERE ARE SOME OF THE INSPECTIONS YOU MAY NEED, AND SOME OPTIONAL EXTRAS

When you've found your dream home, you want things to move along at pace. But until you know exactly what you're buying, you should proceed with caution.

Finding the right home to buy can be an exciting, process. When you first step foot inside a property, you often instantly know whether or not it 'feels' right. If it does, it's easy to start imagining your furniture completing each room, and how it would feel to wake up there on a bright, warm morning. You go back at different times of the day, and it feels better each time you visit. Things progress, and you decide it's the home for you. Now is the time to put the emotional stuff strictly to one side, because you need to get to know everything you possibly can about the property you're about to buy.

The reality is, every property you'll come across has 'something'. That something could be relatively minor; maybe a leaky pipe or a window that needs replacing. Or it could be major. Whatever it is, you need to know about it, which is where inspections come in. After all, you're far better off discovering that 'something' now than in 12 months' time with a hefty mortgage in tow.

CHECK IT OUT YOURSELF

First things first: before you get too deep, it can be wise to conduct an inspection of your own.

If you like the look of a place, arrange another viewing and bring someone else along with you – preferably someone experienced in buying property or, even better, a builder.

During this inspection, check that things such as windows, doors, electrical sockets, sinks and taps all work as they should.



You should also look for any obvious faults, things that need a spot of maintenance, or signs that there may be something more untoward happening.

Externally, have a good look at the roof, guttering, downpipes and fascia, and make sure everything looks as though it's in good working order. See if you can spot any signs of damage to mortar, bricks or weatherboard.

Internally, look at the floorboards (always look under strategically placed rugs) for signs of damp or rotting. Check out the ceilings and walls – any cracks, sagging or movement should set off alarm bells, and keep an eye out for dampness and mould too.

If you spot anything at this stage, it's wise to get a professional opinion before you go any further.

INSPECTIONS PROVIDE AN IMPARTIAL VIEW ON THE CONDITION OF THE PROPERTY



CALLING IN THE PROFESSIONALS

If you're serious about a property, it can be smart to get the inspections done before you make an offer.

If the property is going to auction, you will need all your inspections done well in advance – once your bid has been accepted on auction day, there's often little room for movement. If you're buying via private treaty, having the inspection information will give you an informed position from which you can make your offer.

Inspections are important to help you understand the condition of the property and whether there are any hazards, including building work or the presence of pests such as rodents or termites.

Based on the inspection reports you may be able to request certain repairs be made, or use them to help you negotiate a lower price.

Above all, professional inspections provide an impartial view on the condition of the property. They'll identify any major issues or give you the peace of mind that the property you're buying is sound.

BUILDING INSPECTION

A building inspection report can be undertaken by a licensed builder, architect or surveyor, and is essentially looking at the structural integrity of the property.

The building inspector will look for major issues, so will assess foundations, the condition of structural timber, the outside of the property, the load-bearing walls, and plumbing and electrics.

The building inspector should also check out the property's roof space, eaves and under-floor space, the roof and exterior,

as well as the site as a whole – driveways, fences, retaining walls, etc. The building report will identify the visible presence of asbestos too – while not necessarily a deal-breaker (unless it's loose-fill asbestos), you should be fully aware of the presence and condition of the asbestos you're taking on.

The building inspection won't usually include minor defects, concealed damp-proofing, electrics, plumbing, air-con, swimming pools, chimneys, appliances and carpets – if you want any of these things looked at during the inspection period, speak with the building inspector, who may be able to include them, or bring another expert in to help.

If you want to go all out, you can get a forensic structural engineering report, which will cost more but could be a good idea in the long run.



Tip: Speak to the building inspector prior to inspection and go through exactly what they're going to look at. If there are specifics you'd like them to delve into, make sure you ask them. You can request a special-purpose property report if you want minor defects and imperfections covered.

■ **Indicative cost: \$200 to \$500.** For more in-depth reports, like a full forensic structural engineering report, the cost could be up to \$1000.



PEST INSPECTION

Pests, such as termites, can cause many problems that will usually not be immediately apparent. A pest inspector can identify issues in the house, including in roof cavities, as well as examine the exterior of the property, including trees and fences, for signs of damage or pests. These will be included as a part of an overview of the current state of the property in a pest inspection report, which should also provide a rundown of costs to remedy any issue.

■ **Indicative cost: \$250 to \$350.**



Tip: Don't scrimp on the pest inspection – termite damage alone can result in hundreds of thousands of dollars worth of repairs.

OTHER INSPECTIONS AND REPORTS THAT ARE WORTH CONSIDERING

Strata report: If you're buying a strata property, the seller's solicitor will supply information about the management committee, insurances, cost of levies, deeds and books. You can also arrange for a pre-purchase strata report to access all written records.

■ **Indicative cost: \$400.**

Surveyor's report: A surveyor's report will give you confirmation of the property's boundaries and could identify issues that may arise as a result of it, such as land disputes or problems with neighbours' trees.

■ **Indicative cost: \$150 per hour.**

Swimming pool: If you're buying a property that has a swimming pool, the vendor must provide a valid certificate of compliance. You may also arrange for your own swimming pool inspection to be carried out to ensure the pool is safe.

■ **Indicative cost: \$200 to \$600.**

Electrical: In older houses in particular, faulty and old wiring is a common cause of fire, so it's a good idea to get a licensed electrician to conduct a pre-purchase electrical inspection. While you're at it, you may want to get a pre-purchase plumbing inspection too!

■ **Indicative cost: \$500.**

Energy and water: An energy and water efficiency report can help you understand just how efficient the property is going to be and will identify areas of improvement. From light fittings and fixtures to heating and cooling, it can be a huge cost-saver in the long run.

■ **Indicative cost: \$500.**

Asbestos: A general asbestos report can be conducted as part of your building report. Loose-fill asbestos is a different story. This substance was installed in the ceiling spaces of homes in ACT and NSW during the '60s and '70s and is a major health risk. The presence cannot be identified by sight alone, so if you're buying a home from that era, this is an important thing to get checked. If disturbed, loose-fill asbestos fibres can be inhaled and cause serious health risks.

■ **Indicative cost: \$1000.**





BUDGETing

TAKE THE QUIZ TO SEE HOW GOOD YOUR SAVING SKILLS ARE!

YOU JUST RECEIVED YOUR PAY INTO YOUR ACCOUNT. WHAT DO YOU DO FIRST?

- A. Treat yourself to something special, you deserve it!
- B. Happily check your balance and start allocating money for your savings and upcoming expenses.

HOW DO YOU FEEL ABOUT TRACKING YOUR SPENDING?

- A. You prefer to play it all by ear, getting the bills paid is the most important thing.
- B. It's essential for keeping you on track to meet your needs and wants.

WHEN YOU GO GROCERY SHOPPING YOU:

- A. Have a general idea of what you need. You figure it out as you go!
- B. Take a grocery list of what you need for the week ahead.

HOW OFTEN DO YOU COOK AT HOME?

- A. A few times a week.
- B. Almost every day.

IF \$10,000 CAME TO YOU UNEXPECTEDLY, YOUR FIRST IMPULSE WOULD BE TO:

- A. Spend it on yourself and others.
- B. Put it straight into your savings account.

YOU'RE LOOKING TO MOVE AND HAVE FOUND THE PERFECT APARTMENT, BUT THE RENT IS WAY OUT OF YOUR PRICE RANGE. WHAT DO YOU DO?

- A. Take it, it's perfect and you won't find another one like it!
- B. Continue searching, it isn't worth going broke for.

WHEN IT COMES TO LENDING MONEY YOU:

- A. Are pretty generous and don't worry too much about getting it back.
- B. Try to never lend money.

WHEN YOUR BILLS COME, YOU:

- A. Put them aside, you'll deal with them on the day before they're due.
- B. Check the amounts are correct and pay.

HOW OFTEN DO YOU BORROW MONEY?

- A. Pretty often, but it's not much and I always pay them back.
- B. Hardly ever.

WHAT DOES YOUR BANK ACCOUNT LOOK LIKE THE DAY BEFORE PAYDAY?

- A. You still have a few dollars left and try to hold onto them.
- B. You have extra funds that have been saved and a budget in place.

Results

If you answered mostly A's HEY BIG SPENDER!

For you, money is for spending and leading an enjoyable life. You loath the idea of a budget, but don't worry you're not alone. It's never too late to make some changes to your saving habits and drawing up a budget plan may be the best place to start.

If you answered mostly B's THE SAVVY SAVER!

You are comfortable with budgeting and your saving skills are to be applauded. Budgeting is one of the most important financial habits you can adopt, great work!



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 increasing house prices, renting and the cost of living placing additional stresses 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. It 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 – in the event that you default on your home loan, reducing the risk to the lender which has passed that risk 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.

To be clear – Lenders Mortgage Insurance is not mortgage protection insurance. LMI is explicitly designed to protect the lender and to help you secure your own home sooner, while Mortgage Protection Insurance covers your mortgage in the event of sickness, unemployment, disability or death. The LMI premium can usually be added to your home loan.

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 SCENARIO

Jenny and Tom have found a home they want to buy for \$500,000. Typically, they would need a 20 per cent deposit (\$100,000) to secure a loan from their

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

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 Jenny and Tom can secure a home loan sooner with a 5 per cent deposit (\$25,000) and stop paying rent. Their lender passes on the Lenders Mortgage Insurance premium cost to Jenny and Tom by way of a fee. The Lenders Mortgage Insurance protects the lender if Jenny and Tom default on their loan repayments – it does not protect Jenny and Tom.



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 the LMI provider (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. Genworth's **LMI premium estimator** is an online calculator that can provide you with an estimate of the premium payable.

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.

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.

HERE TO HELP

Genworth, 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.

Genworth also understands that borrowers might encounter financial difficulty, so they have established a hardship program, that assists borrowers struggling with their loan repayments. Since 2013 Genworth has helped 70,964 borrowers, through this program, by supporting lenders to offer deferred and/or reduced repayments, and even loan term extensions. People struggling to save a deposit, can speak to their lender or broker about LMI and find out how it can help you get into your own home sooner.

For more information on LMI, please visit genworth.com.au/borrowers
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



Genworth is the leading provider of LMI in Australia. LMI has been an important part of the Australian residential mortgage lending market since it was introduced by the Australian Government in 1965 to help support home ownership.



BUYING A HOME with LMI

20% DEPOSIT | **5% DEPOSIT**

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

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 **Genworth LMI premium estimator** to calculate the premium 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

ARE REFUNDS AVAILABLE?

Check with your lender

Partial refunds may be available within the first two years

Or you may have received a greater discount on the LMI premium in lieu of a refund

Understanding your **HOME LOAN**

Buying a home is one of the biggest financial decisions in a lifetime. Determining which loan is best can be overwhelming without understanding which products and features are available on the market. There are a lot of home loans available on the market, but not all will be suited to your needs. To help you select a home loan that is right for you, we have compiled a list of home loan products and their key features. You should always seek financial advice to suit your own circumstances.

THE INTEREST RATE – FIXED VS VARIABLE

Probably the most important decision is whether you choose a variable interest rate loan or a fixed rate loan. The decision to take a fixed or variable rate loan is really a decision about managing your risk. Both types have pros and cons and the direction of interest rate movements is unpredictable.



VARIABLE INTEREST RATE

With a variable interest rate loan, the interest rate charged to you may go up and down. This means that your regular repayment amount will also go up and down as the interest rate changes.

BENEFITS

- You are usually permitted to make additional repayments that can save you interest and can help you pay off your home loan sooner
- Variable rate home loans typically have more flexibility with additional features such as redraw and mortgage offset.

THINGS TO CONSIDER

- Your repayments may increase if interest rates rise
- Makes budgeting more difficult as you are less certain of how much your repayments will be and how interest rates will move
- If you have not budgeted for interest rate rises, you may have difficulty keeping up with your repayments.

FIXED INTEREST RATE

With a fixed interest rate loan, the interest rate charged to you is locked for a set period, typically 1, 2, 3, 4, 5 or 7 years. This means your regular repayment amount will not change during that time.

At the end of the fixed rate term, the loan will usually switch to the standard variable rate offered by the lender or you can choose another fixed rate term.

BENEFITS

- Your repayments will not increase if interest rates rise
- Fixed rate loans provide certainty and make budgeting easier as you know exactly how much your repayments will be.

THINGS TO CONSIDER

- You will not benefit from falling interest rates
- You are fixed into a set term, so you may be unable to sell your property or refinance until that term has expired
- Unlike exit fees that were abolished in 2011, lenders can still legally charge you a break fee if you payout or refinance a fixed rate loan during the fixed rate period
- You may not be permitted to make any additional repayments, or they may be capped to a certain amount
- A redraw facility is usually not available on fixed rate loans
- When you refinance upon expiry of your fixed rate loan, interest may have significantly increased.

YOU SHOULD
ALWAYS SEEK
FINANCIAL
ADVICE TO SUIT
YOUR OWN
CIRCUMSTANCES



SPLIT LOAN — PART FIXED PART VARIABLE

Another option available is to split your home loan so you have part with a fixed interest rate and part with a variable interest rate. There is typically no restriction on how you split the loan, so you can allocate the proportions that you are most comfortable with e.g. 50/50 or 30/70 etc.

A split loan allows you to take advantage of the benefits of both types of loans – you have the certainty of a fixed rate on part of your loan as well as the flexibility to make extra repayments on the variable rate part of your loan.

PRINCIPAL AND INTEREST VS INTEREST ONLY

Generally, 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. This means that at the end of approximately 10 years, you will still owe what you started with.

PRINCIPAL AND INTEREST BENEFITS

- You will pay less interest over time and you will pay off your loan in full by the end of your loan term.

THINGS TO CONSIDER

- Your repayment amount will be higher as the principal is being repaid as well as interest.

INTEREST ONLY BENEFITS

- Your repayment amount will be lower during the interest only period as no principal amount is being repaid.

THINGS TO CONSIDER

- At the end of the interest only period, your repayments will increase and be higher to repay the principal over the remaining, shorter term.



ADDITIONAL REPAYMENTS

Some loans offer the ability to make repayments above the minimum repayment amount, so you can repay the loan faster and reduce the amount of interest you are charged.

REDRAW FACILITY

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. Some lenders have a minimum redraw amount and may also charge a fee per redraw.



OFFSET ACCOUNT

A mortgage offset account is a bank account that is linked to your home loan. No interest is paid on the savings in the offset account. Instead the savings in your bank account reduce the balance of your loan on which interest is calculated.

BENEFITS

- Your home loan interest is charged only on the net balance, reducing the amount of interest you will be charged which mean you can pay your loan off sooner.

THINGS TO CONSIDER

- Higher monthly fees may apply to have this feature
- No credit interest is earned on the balance in the linked account
- Additional repayments.

Some loans offer the ability to make repayments above the minimum repayment amount, so you can repay the loan faster and reduce the amount of interest you are charged.



REPAYMENT HOLIDAY

This feature offers the ability to take a break from your mortgage repayments. Typically, you can reduce or avoid making your repayments for up to six months, during which time the interest is normally added to your loan. Lenders will typically allow repayment holidays when you are changing jobs or are on maternity leave.



LOAN PORTABILITY

This feature allows you to transfer your home loan to another property if you move. This may save you money on application fees and mortgage stamp duty down the track.

SPEAKING TO A QUALIFIED EXPERT CAN HELP CONFIGURE A LOAN WHICH BEST SUITS YOUR NEEDS

REPAYMENT FREQUENCY

Refers to the regularity of loan repayments over a period of time which you must make as indicated in your loan agreement. Repayment frequencies are generally weekly, fortnightly or monthly. It is good to have this flexibility to you can align your repayments to your pay cycle.

TOP UP

Some lenders allow you to increase your loan down the track, using the equity in your home, to complete home renovations, make an investment etc. Fees and charges may apply.

The art of **DECLUTTERING**



PROFESSIONAL ORGANISERS, AMY AND KIRSTY, SHARE THEIR TOP TIPS TO MAKE MOVING HOUSE ENJOYABLE AND ORGANISED

Honestly, we love moving house! We love moving house with kids, we love helping other people move house and we especially love unpacking at the new home. There's something so cleansing in moving house - in having to physically touch every single item that you own in the world. Of having the rare opportunity to pack up your life completely and to visually see how much 'stuff' you've accumulated over the years. When you move house you uncover things you'd forgotten about - things that had slipped down the back of drawers, items in boxes at the top of wardrobes or linen cupboards which are well overdue for a good declutter.

So if you're preparing or thinking about moving house in the next 12 months, here are our top tips to think about before you start frantically packing everything into boxes.

UNPACKED BOXES FROM YOUR LAST MOVE

It's not just you, most people have boxes which they moved from an old house to the new house and never got around to unpacking. But just because it's common doesn't mean it's helpful! Open the box or boxes and take every single thing out and lay them out for you to see. Be ruthless. If you've got baby momentos or special keepsakes, instead of stashing them in a cardboard box hidden away, get a good clear container and keep them safe and together. But... remember to be ruthless. Once you've decided what items you definitely want to keep, then you're ready for the big tidy.

DO A BIG TIDY BEFORE YOU START TO PACK

Once you know you need to move house, spend half a day tidying the house. Put things back where they

belong, not only in the right rooms, but actually away where they belong. It may seem counterproductive when you're going to pack everything up anyway, but being able to pack like with like will make unpacking so much easier. It will save you finding boxes to unpack that mugs for the kitchen, headphones for the study and random tools from the shed. A box like this is overwhelming and frustrating to unpack. Trust us, your future self will thank you!

DECLUTTER BEFORE YOU PACK

When you pack to move house you touch every single item in your home. Don't waste this opportunity, ask yourself, "will this item add value to this next stage of my life".

If you don't declutter before you move, you'll end up paying more in moving costs, spending time unpacking and then finding somewhere to store items that you just don't need anymore.

There's nothing like the feeling of

beginning in a new home without unnecessary clutter. It's quicker to unpack and feel at home too.

PACK LIKE WITH LIKE AND LABEL CLEARLY

Once your house is completely tidy (or as tidy as you deem possible), it's time to start packing. But where do you start!? When you're packing, if you think of your house in terms of categories, it will make packing much easier. We always suggest starting with the easy areas that you know you won't need for a few weeks. For us this has always meant starting with books. Then things like

camping gear and other seasonal items. By packing boxes with one category only (books for example) unpacking is SO much easier. We recommend labelling boxes clearly on as many sides as you can. As well as clearly stating what is inside we also recommend writing which room you'd like the box to be put in when you're unloading at the new house. This way if you have removalists or friends helping boxes end up in the right place and save you time. Don't be afraid of having boxes which aren't completely full either - if you fill a box 3/4 full of items to be put in the new laundry and there is nothing left to pack in that

category, don't fill it with random things for the sake of it. You might save yourself a couple of boxes, but the hassle of unpacking random boxes isn't worth it.

HOW TO PACK

Think about getting large boxes for lighter items like toys, clothes or linen and a smaller size boxes for heavier items like crockery and books. I'm a huge fan of sticking with one brand so they are uniform in size and therefore easy to stack as you pack and fit into the moving truck.

What is the best way to pack up breakable items? Newspaper tends to





SLOW AND STEADY WINS THE RACE, SO DON'T LEAVE ALL THE PACKING TILL THE LAST WEEK

20

leave ink marks and tissue paper can be expensive. Our solution is to where possible use clean rags. Bunnings sell 1.5kg of rags for about \$8. They will protect your breakables without leaving marks or costing a fortune. When you're done you can donate them to a local painter.

STORAGE AREA

Once you start packing, where do you put the boxes you've packed? Do you leave them in the room or move them somewhere central? Our advice is to always create a space in your home that becomes where you put things that are packed. Firstly though, the space where you keep them must be completely clear to begin with, no use storing packed boxes in the spare room if you haven't yet packed up the bed or emptied the wardrobe. If you have a spare room consider packing that up first. Completely packed up. Bed unassembled, wardrobe empty, every

single thing decluttered or packed. Then you have a whole room where you can store boxes once they're packed. If you have a second living space you could use this instead (pack it up first). A garage could work well, but remember that you need to pack the garage up COMPLETELY first. So planning is key. Small furniture can also be stored in this area once emptied or no longer in use (think lamps, bedside tables, coffee tables).

PACK LIKE A TORTOISE

Slow and steady wins the race, so don't leave all the packing till the last week because you'll end up skipping the tidy and decluttering and moving things that you don't need anymore. Most people whether renting or buying will have at least 4 weeks lead time on moving house. So use this time well. Use week one to tidy every space in the house. Use week two to pack anything that you know you won't

need for a while. Week 3 is getting serious, leave only the absolute necessities and enjoy living simply in the lead up to the move. Week 4 is packing all the final things and finalising your move.

FORGOTTEN DETAILS

How will you manage clean vs dirty clothes during the move? What will you do with food that needs refrigeration? Who will look after pets? Will you be able to quickly find clean sheets and bath towels for your first night in the new house? If you've packed in categories, finding clean sheets and towels shouldn't be difficult... but imagine if you don't label clearly or pack sensibly! We try to keep on top of washing as much as possible in the week leading up to the move, but always plan on moving with a full dirty clothes basket. Simply because all sheets and towels end up in there on the morning of moving day so we don't stress about moving dirty clothes, just make sure to keep them contained in a hamper



and then once the washing machine is connected you're ready to go.

We always try to 'eat ourselves out of house and home' before we move - clearing out the freezer, pantry and fridge as much as possible to avoid having to move food. We also suggest leaving the fridge plugged in until the last moment and having it as one of the last things on the truck. Then it's unpacked first at the new house and plugged in straight away. Don't leave food inside while in transit though because you don't want to have to clean up spilled milk!!

YOUR MOVE TEAM

Whether you rely on the good will of friends or hire removalists, planning move day well can make a potentially stressful day run smoothly. Make sure you feed all those helping with the move - organise pizzas to be delivered to save you time and effort. Since all your glassware will be packed, you may also like to buy some bottled water for everyone helping to keep them hydrated throughout the day.

Plan a super easy dinner on night one (we always have take-away) so you don't have to worry about cooking (or finding plates and cutlery!)

Decide what are your non-negotiable unpack items. Do you need to have

medications easily accessible or do you want everyone sleeping in an assembled bed? Do you want all large furniture items in place before the day is done? Once the first priority items are unpacked anything else is extra. For us, we always have one 'manager' at each house on move day.

If the thought of unpacking seems overwhelming to you and you're worried you'll unpack in a rush and put things in all the wrong places, you may benefit from hiring a professional organiser to join you in unpacking. The benefit of having a professional is that we can instinctively guide where the best places to keep items will be. Helping people unpack in a new house is so rewarding because we know it will save them time and money in the long term by getting it right from the beginning.

FINAL DETAILS

One of our best pieces of advice is to have a grocery delivery made to your new house the day after your big move. Coles & Woolworths both have delivery

to most suburbs and by having them scheduled to deliver even just the basics you'll settle more quickly into normal routine in your new house.

Cleaning of the old house is a job that most people dread... so don't do it! Pay someone else to do it who won't also be trying to unpack and settle in their new home. If you can't afford a professional cleaning service, consider hiring someone you know who might like to earn some extra money.

I hope that these tips and tricks from us will help make your next move more smooth and enjoyable. You may not end up loving moving house as much as we do, but you may come to dread it a little less :) Enjoy the Freedom!



AMY & KIRSTY are the owners of *The Art of Decluttering*, a leading Professional Organising business in Australia and host of the hugely popular podcast of the same name. As well as physically decluttering with clients, the mindset and habit changes that Amy & Kirsty teach are life transformational and will change the way your home runs forever.

Visit theartofdecluttering.com.au





Mortgage **BROKERS**

THE ULTIMATE TEAMMATE, CHEER SQUAD,
AND COACH FOR FIRST HOME BUYERS

Buying a home can be daunting, particularly when it is your first time. For most people, purchasing a property will be the biggest financial decision of their lives, and to make that purchase most people will need to borrow the money. This is where your local mortgage broker can come in.

According to Deloitte Access Economics, mortgage brokers provide credit assistance to consumers by:

1

Helping them select an appropriate loan that meets their needs

2

Arranging documentation for the loan application

3

Assisting in negotiation with lenders

4

Providing consumers with guidance and support throughout the life of the loan

Mortgage brokers can provide an array of options to give a prospective customer more choice when deciding where to source their funds.

In fact, brokers have access to an average 34 lenders, from which they can help identify the best option for the customer's particular wants, needs and circumstances.

But it's more than just superior choice that brokers provide. There are a number of reasons why around 60 per cent of residential home loans in Australia are facilitated through a local mortgage broker.

LEG-WORK

Mortgage brokers know the industry, the lenders, their products and their requirements, and can save the customer a lot of time and energy on research.

They will also put the time into finding out about your particular credit situation and have a wealth of experience to draw on to help simplify the process for you.

In fact, mortgage brokers on average have 13.8 years of experience in the industry.

TRANSLATE INDUSTRY JARGON

Mortgage brokers can make sense of what loan documents and lenders are saying. There are many complicated elements to the home buying process, and it is vital to have a full understanding of what everything means to know what is going on.

GET YOU WHAT YOU WANT

Mortgage brokers will determine your borrowing needs and affordability and help you to choose the appropriate product to suit your requirements. They are well placed to help consumers work through the complexities of the home loan market.

ACT AS YOUR ADVOCATE

A good mortgage broker wants the best for you, the client. They will be your teammate, cheer squad and coach throughout the process.

Mortgage brokers also have a Best Interests Duty when dealing with consumers. This is a legal duty to act in the consumer's best interests, which sets the mortgage broker apart from other options.



PROVIDE SUPPORT IN DIFFICULT TIMES

Over the past year brokers have actively assisted customers to take advantage of the record lows in both variable and fixed interest rates whether it was by refinancing or assisting first home buyers.

They have also assisted many other consumers to work through the hardship options made available by lenders in response to COVID-19.

FIND A GOOD DEAL

Loan providers are usually offering a special deal or two, and these could make a big difference to your repayments or success rate. A mortgage broker will know which deals that are on the market may be appropriate for you.

THEY'RE IN IT FOR THE LONG HAUL

Once you have secured your finance, a mortgage broker will oversee and manage the loan's progression right through to the end on your behalf.

That isn't just when you sign the documents and buy your property, you can expect your broker to keep track of you and your changing needs, helping you should you need to switch products or wish to purchase another property.

The Mortgage & Finance Association of Australia (MFAA) is the peak national body representing finance brokers, mortgage managers, lenders, aggregator/broking groups and other industry participants.

The difference **BETWEEN A CONVEYANCER AND A SOLICITOR** *...explained*

A conveyancer and a solicitor can both play a key role in the purchase or sale of a property. However, what they actually do may not always be readily apparent.

WHAT DOES A CONVEYANCER DO?

A conveyancer is a licensed professional who is in charge of making sure all legal requirements are met throughout the transaction which transfers ownership of the property from the seller to the buyer.

Before the transaction is finalised - which is known as the settlement - conveyancers will handle all the documentation and paperwork associated with the transfer of ownership (including stamp duty), so that everything for the property is properly transferred from the seller to the buyer. This process includes completing searches for various documents related to the property, including a title and local authority search. In addition, the conveyancer can also help gather information required to assess the property's risk of being negatively affected by natural disasters, structural issues and pests.

This kind of research may be important for all parties involved.

WHAT DOES A SOLICITOR DO?

A solicitor plays a similar role to a conveyancer, helping you navigate the legal requirements of a property transaction. A solicitor, however, is someone who is licensed to practise law and will be well versed in the conveyancing process and property law specifically. Many solicitors can provide this service but it may be more expensive than if you use a licensed conveyancer.

A solicitor may be necessary if you believe that the transaction could be more complicated. This is something you can think about when researching conveyancers initially and as you ask questions about the process if you believe your sale may be complicated.



WHAT TO LOOK FOR WHEN HIRING A CONVEYANCER OR A SOLICITOR?

As with any other professional you hire to help you with something you may not be able to do on your own, a bit of due diligence will go a long way toward ensuring that you get the best possible service.



WHEN RESEARCHING WHO TO HIRE, YOU MAY WANT TO LOOK AT A FEW THINGS. THESE INCLUDE:

- How long they have worked as a conveyancer or solicitor
- Whether they specialise in conveyancing for the kind of property you're looking to purchase (for instance, some may focus on commercial property sales, while others mostly take on residential transactions)
- What services they provide
- What they will charge you for those services and what you can expect to pay as part of the sales process
- Whether they tend to represent buyers, sellers or either
- How they will be in touch with you as the transaction progresses
- Whether they are members of the Australian Institute of Conveyancers, which requires members to adhere to various rules of conduct
- Whether they are highly rated by others who have employed them in the past.

Pictures: iStock by Getty Images.



WHERE CAN YOU FIND A CONVEYANCER OR SOLICITOR?

There are many ways you may be able to connect with a great conveyancer or solicitor who will look out for your unique needs. The simplest can be to conduct a web search for one operating in your area.

The **Australian Institute of Conveyancers** is a good resource, as it will have a list of members in your region. You can also ask for recommendations from anyone you know who has gone through a property sale in recent years or ask your real estate agent to make a recommendation.

Key takeaways:

- While a conveyancer's expertise is in conveyancing, a solicitor has broader knowledge of the law, and can advise on issues that fall outside of a regular conveyancing transaction
- Conveyancers are generally cheaper than solicitors, and are equipped to guide you through straightforward purchases
- A solicitor is able to handle more complicated sales that contain more risk
- Do your research when looking to hire a conveyancer or solicitor to ensure you get the best possible service to suit your situation.

STYLING *your home*

TIPS FROM A PROFESSIONAL



26

Mary Donnelly, owner of Hot Properties Staging & Styling, shares the benefits of hiring a professional interior designer and handy tips to consider when having a go at DIY.

PROFESSIONAL STYLIST

Whether you have just built your dream home, renovated or simply feel like changing up the interior of your home, a professional interior designer can help you easily navigate the process of styling.

You may feel intimidated by the thought of hiring a professional to help with styling your home or think it's too costly. Before deciding whether to hire a professional, here are some benefits to consider.

- An interior designer or professional stylist will work with you to ensure that each space within your home is personalised to reflect you and your family's needs and wants.
- They will help you save money and time by avoiding expensive mistakes and doing the tedious legwork for you
- Professional stylists have the advantage of resources and knowledge of where to purchase items to suit your needs.

Areas of expertise:

Colour – the colour choices in your home are important for the look and mood of the spaces in your home, especially when considering wall colours.

Space – choosing the right type and size of furniture is crucial and you don't want to get this wrong. There's nothing worse than having oversized furniture in a space, making it look cluttered.

Function – your new purchases not only need to look fabulous, but they need to suit the needs of you and your family.

Trends – a professional will be up to date on the latest trends in colour and style, ensuring you will be happy with the new look of your home now and for many years to come!

The cost of hiring a professional can differ considerably so it's best to do your homework. Our recommendation would be to speak to a few local experts as it's just as important that you feel comfortable with your choice of stylist. The approximate cost of a stylist starts from \$300 for the initial in-home consultation and an hourly rate from \$80+ for ongoing services such as sourcing furniture for your home.

DIY STYLING

Whether you have a natural flair for interior styling or you are just confident enough to DIY here are some things to consider to make the experience more exciting and less stressful!

Firstly, don't try and take on all areas of the home at once as you may become overwhelmed – finish one area before you move to the next.

Secondly, make a list of items you wish to buy for each area of the house. For inspiration and tips, it is a good idea to do research on websites such as Houzz or Pinterest to get a feel for what style you are going for. If you have the time and the inclination, you could even make mood boards using images of the things you like so you can get a better sense of where you're going with the styling.



WHAT TO CONSIDER WHEN STYLING YOUR HOME

Colour choices – One of the biggest impacts you can make to the interior of your home, and relatively inexpensive, is a fresh coat of paint. When selecting your colours it's good to have an idea of the overall look you want for each space and whether you want to carry the same look and feel throughout your home. Consider the natural or artificial lighting in the space, for example if you are looking at a dark, rich colour for the bedroom, make sure there is enough natural light and space so it doesn't feel oppressive and too dark.

Spatial awareness – Consider the size of the space you're working with and placement of furniture and other items. You wouldn't want an oversized sofa making the space look cramped or an undersized artwork on a massive blank wall! Alternatively, you may have an extra-large living space in which case you could bring the furniture around a rug to make a more intimate conversational area and define the space better.

Lighting – Lighting is important! Consider using dimmer switches in areas where you sit to relax and wind down or alternatively use lamps to give you softer lighting in the space. In areas such as the kitchen and bathrooms, ensure there is enough lighting over preparation and cooking areas. Pendant lights over the benchtop look lovely but they also need to be functional and give off sufficient lighting.

Furniture and decorations – The fun part! Purchasing the larger furniture items is a great place to start. When choosing large items such as sofas or bedroom furniture, function is just

as important as aesthetics. Make sure each piece will serve the needs of the people using it. Styling tip - you don't need to be too "matchy matchy" with items such as your coffee table and entertainment unit or your bed and bedside tables, it's ok to mix it up!

Once you have selected the larger pieces, you can then focus on items such as rugs, artwork, cushions and decorations. If you have a fairly neutral pallet with your paint and large pieces of furniture, here is where you can bring in the colours and textures you want to introduce. You can choose one piece such as an artwork or rug and then introduce some of the colours from these pieces for your cushions, throws and decorations. These are also the most affordable items to change every now and then.

Whether you engage a professional stylist or you go it alone, planning of the spaces and working with a budget is key! With good planning and research you will make better decisions. After all, you will want to enjoy your newly styled home for a long time to come. Happy styling!

MARY DONNELLY

With over 16 years of experience as a qualified Interior Decorator, Mary Donnelly is the Owner and Creative Principal of *Hot Properties Staging & Styling*. Mary has a passion for interior design and home makeovers, specialising in the area of pre-sale staging and styling.

Website: hotpropertystyling.com.au



hot
properties
STAGING + STYLING

Selling **TO UPGRADE**

THE HOW TO GUIDE TO SETTING YOUR SELLING PRICE

One of the most critical factors to consider when selling your house is ensuring that you have priced it correctly and have set the right asking price.



The Dilemma

Pricing is all about supply and demand. Demand can wane after your home is on the market for over 21 days. Of course, there's nothing stopping you from dropping your price later, but this may require a larger discount if demand continues to wane.

THESE ARE THE BASIC COMPONENTS OF THE PROCESS

FACTORS TO CONSIDER

A starting point is to work out the value of the land component of your property. Land value is affected by many factors including position, shape, size, slope, topography and so on.

Next, consider what you think the structures on your property might be worth (e.g. house, unit, pool, garden, garages etc.).

GET A PROPERTY VALUATION AND PRICE ESTIMATE

Now it's time to be a little more commercial and scientific. There are websites that can provide you with a free valuation for your property. This will provide you with a calculated estimate on what your property could be worth, along with available property history and comparable properties in the area.

This can be a great way to help test and refine your price expectations, however

don't forget that this valuation may not take into account any improvements you've made – so use this as a guide only.

You should also arrange for two or three local selling agents to provide a free property appraisal. Not only will they be able to give you some guidance on price setting, but you can also use the occasion as an opportunity to assess their commission costs, selling strategies and engagement skills – which may help you choose the agent you want to work with.



PULL COMPARABLE LISTINGS AND SALES

Look at similar homes that have been listed in the same neighborhood as your property over the last three months. Pay attention to neighborhood dividing lines and physical barriers such as major streets, freeways, or railroads. Identical homes directly across the street from each other can vary by as much as \$100,000 in some neighborhoods. Perceptions and desirability have value.

Compare similar square footage within a 10 per cent variance up or down if possible.

Compare similar ages. One neighborhood might consist of homes built in the 1950s right next to another ring of construction from the 1980s. Values between the two will differ. Make sure you're comparing apples to apples.

LOOK AT THE SOLD COMPS

Now compare original list prices to final sale prices to determine price reductions. Compare the final list prices to actual sold

prices to determine ratios. It's common for homes to sell for more than 100 per cent of list price in a seller's market. Homes generally sell for list price or less in a buyer's market.

Adjust pricing for lot size variances, configuration, and amenities or upgrades.

While you're talking with selling agents, get them to provide you with a list of comparable sold properties going back over the past six months or so. Comparable means they are of a similar size, location and type. You want these comparisons to be reasonably current, so they better reflect what's happening in the market today.

You can use these lists to test things like land value, market demand and of course prices achieved. They should also be compared and contrasted with your property to help assess whether you may need to make any price adjustments.

WITHDRAWN AND EXPIRED LISTINGS

Pull the history for any expired and withdrawn listings to determine whether any of them were taken off the market



and relisted. If so, add those days on market back to these listing time periods to arrive at an actual number of days on market. Look for patterns as to why these homes didn't sell and note any common factors they might share. Think about the steps you can take to prevent your home from becoming an expired listing based on this information.

PENDING SALES

The ultimate sales prices of these homes are unknown until the transactions close, but that doesn't stop you from calling the listing agents and asking them to tell you how much the property is selling for. Again, make a note of the days on the market. This

can have a direct bearing on how long it will take before you see an offer. Examine the history of these listings to determine price reductions.

ACTIVE LISTINGS

Visit these homes so you can see what buyers will see when they visit. Make note of what you like and dislike and the general feeling you got upon entering the homes. Recreate the positive feelings of reception in your own home if possible.

Looking at comparable properties that are currently listed for sale allows you to take into account what's likely to happen as far as future sales are concerned. Not only will it give you a sense of vendor expectations, but it will also give you some insights into the pricing and sales strategies of your competition.

SQUARE FOOT COST COMPARISONS

The buyer's lender will order an appraisal after you receive an offer, so you'll want to compare homes with similar square footage to come as close to the eventual appraised value as possible.

MARKET DEPENDENT PRICING

After you've collected all your data, the next step is to analyze that data based on market conditions.

Your sales price might allow some wiggle room for negotiation in a buyer's market, but you'll want to be strong enough and close enough to the last comparable sale to entice a buyer to tour your home.

You might want to add 10 per cent more to the last comparable sale in a seller's market. You can ask more than the last comparable sale, and you'll likely get it if there is little inventory and many buyers.

In a balanced or neutral market, you might want to

initially set your price at the last comparable sale then adjust it for the market trend.

To get a handle on where the market is sitting, read the latest finance and property articles, and talk to local selling agents. This will provide you with useful guidance and insights.

As a final thought, remember that at the end of the day, the market will determine what your property is worth. If you want a successful sale, it is important that you and the market are on the same page. Familiarise yourself with what's happening in the market!



✓ Checklist for

MOVING HOUSE

TO ASSIST YOU WITH A STRESS-FREE MOVE,
FOLLOW THIS CHECKLIST IN THE LEAD UP
TO YOUR MOVING DATE

6 WEEKS TO GO

- Set a moving date and book the removalists (or friends and family to assist you)
- Start collecting boxes or order removalist boxes so you can start packing
- Organise time off work for the move if necessary
- If hiring a van or removal company, think about parking outside your old and new home
- Arrange insurance cover notes for your new home
- Start keeping a folder with all moving documentation (checklist, quotes, phone numbers etc)
- Check that your larger appliances will fit into your new home

4 WEEKS TO GO

- Work out what you don't want to take with you
- Sell or donate any unwanted items
- Arrange a council rubbish collection for anything left over
- Notify your landlord (if moving from a rental property)

3 WEEKS TO GO

- Arrange to have your mail redirected (Australia Post has a mail redirection service)
- Advise your change of address to:
 - Banks
 - Insurance providers (building, contents, car, life)
 - Private health fund
 - Telephone and internet service providers
 - TV, magazine and other subscriptions
 - Your employer
 - Friends, family and colleagues
 - Doctor/dentist
 - Medicare
 - Relevant state authority for drivers licence and car registration
 - Australian Electoral Commission
 - Centrelink
 - School/TAFE/university
 - Child care centre
 - Accountant/Australian Taxation Office
 - Solicitor
 - Superannuation fund
 - E-tags, tolls and mechanic
 - Vet, microchip registry and local council

2 WEEKS TO GO

- Transfer or set up utilities – electricity, water, gas, telephone, internet and pay TV
- Pack up all items you won't be using before the move
- Label boxes clearly with room destination and those that need to be handled with care
- A good tip is to number your boxes so you can check all have arrived
- Create a floor plan for removalists (so they know where to put the boxes)
- Book a locksmith to change locks at your new house on moving day
- Confirm removalist company booking
- Collect appliance instructions booklets for the new owners
- Cancel any regular services such as lawn mowing

1 WEEK TO GO

- Stop buying food and try to eat from the pantry, fridge and freezer
- Settle any outstanding bills
- Back up your computer
- Set aside bed linen and towels to be used on your first night



MOVING HOUSE REQUIRES PLENTY OF PLANNING

1 DAY TO GO

- Defrost and empty the fridge and freezer
- Turn off the washing machine
- Finish all your packing and make sure the boxes are clearly labelled with any instructions for the removalists

MOVING DAY

- Have your handyman kit and folder with moving documentation at hand
- Continue to 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
- Assemble and make beds as soon as possible
- Notify moving company immediately if anything is missing or damaged



SURVIVAL PACKS FOR MOVING DAY

Have these handy packs available on moving day to make the transition into your new home a little more comfortable.

Survival pack – include cleaning products, kettle, tea, coffee, cutlery, milk, bread, takeaway menus, phone chargers, essential toiletries, toilet paper and medications. Don't forget your pets – make sure you have some food, water bowls, beds and leads.

Bring essentials for the following day – clothes and school uniforms. Ensure you have a set of bedding, towels, pj's and if you have children, make sure you have their favourite toy to help them settle into their new bedroom on the first night.

A handyman kit with essentials like allen keys, screwdrivers, hammer, nails, wall hooks, lightbulbs, scissors, and torch will help avoid having to rummage through boxes when trying to construct your bed.



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



MAKE SURE YOU SEEK EXPERT ADVICE IF ANY TERMS ARE UNCLEAR THROUGHOUT YOUR HOME BUYING PROCESS

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.

BREAK COSTS OR PREPAYMENT FEES

May be charged if you switch loan products, make additional repayments to your fixed rate loan or repay your loan in full during the fixed rate period. It is important to ask your lender if these fees will apply to your loan, and to understand if and when they would be payable.

BROKERS

Many Australians use mortgage brokers (sometimes called finance brokers) to help find the most suitable home loan. Brokers can offer you a variety of loan options and help you select a loan and manage the process through to settlement. They often receive a commission from lenders for arranging the loan and may sometimes charge you directly. You should always consider your personal circumstances, and it is wise to shop around.

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.

COMPARISON RATE

A single percentage rate figure that takes into account the interest rate and most fees and charges associated with the loan. The comparison rate can help you to compare the true cost of a loan between lenders.

CONTRACT DEPOSIT

A deposit that is required to be paid when the contract of sale is exchanged. The contract deposit, usually 10 per cent of the purchase price, is held by the real estate agent in a trust account until settlement. If you do not proceed with the purchase, the contract deposit will not be refunded. The remainder of the purchase price is paid on the day of settlement.

CONTRACT OF SALE

The written agreement detailing the terms and conditions for the sale of a property. It is usually prepared by the vendors solicitor or conveyancer.

CONVEYANCING

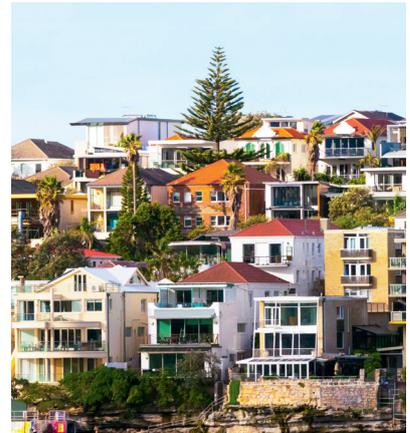
The legal process where the ownership of a property is transferred from one party to another.

COOLING OFF PERIOD

A period of time, usually between 24 hours and 14 days, during which an individual or organisation can decide not to continue with a contract. Cooling off periods vary in each state of Australia.

CREDIT REPORT

A file that is kept by a credit reporting agency which 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.



DEPOSIT

The amount you contribute to the purchase of your property. This can come from many sources including savings or equity in another property. Your loan will make up the remainder of the purchase price. For example, if your property is valued at \$500,000, and you have saved a 10 per cent deposit of \$50,000 you will need a loan of \$450,000.

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).

FIRST HOME OWNER GRANT

The First Home Owner Grant (FHOG) scheme was introduced on 1 July 2000 to offset the effect of the GST on homeownership. State governments provide financial grants to purchasers of first homes, to assist in meeting purchase costs. Eligibility criteria applies, and grants vary by state.



LMI CAN ASSIST YOU IN GETTING A HOME LOAN WITH A DEPOSIT AS SMALL AS 5 PER CENT

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.

LENDERS MORTGAGE INSURANCE

Lenders Mortgage Insurance (LMI) is insurance taken out by the lender and provides a safety net to the lender in the event that you, the borrower, default on your loan repayments. The cost of the insurance premium is usually added to your loan and paid off along with the rest of the loan. With LMI, a lender may accept a smaller deposit than the 20 per cent usually required, which can get you into your home sooner.

LOAN AGREEMENT

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

LOAN-TO-VALUE RATIO

The Loan-to-Value Ratio (LVR) is the proportion of the loan amount to the lender's valuation of your property. If your property is valued at \$500,000, you put down a deposit of \$50,000 and require a loan of \$450,000, the LVR will be 90 per cent (calculated as $\$450,000 \div \$500,000 \times 100$). If your LVR is higher than 80 per cent, your lender will usually require that LMI be obtained for the loan.

MORTGAGE

A legal document between a borrower and a lender. A mortgage gives the lender a conditional right to the property that is held as security for the repayment of the money that has been lent.

MORTGAGOR

The person who owns the property and gives the property to a lender as security for a 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.

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.

OFFSET ACCOUNT

A mortgage offset account is a bank account that is linked to your home loan. The savings in this type of bank account reduces the balance of your loan on which interest is calculated. This reduces the amount of interest you will be charged and can assist you to pay your loan off sooner.

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 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.



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

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.

Genworth's servicing estimator (genworth.com.au/servicingestimator) 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.



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 in line with the official cash rate set by the Reserve Bank of Australia. 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.



Helping you buy sooner!

For more useful articles to help guide you through the home buying journey visit genworth.com.au/home-buyers



PUBLISHER

Genworth Financial Mortgage Insurance Pty Limited
ABN 60 106 974 305
Level 26, 101 Miller Street,
North Sydney NSW 2060
infoau@genworth.com
genworth.com.au

CONTRIBUTORS

The Art of Decluttering (Amy and Kirsty)
The Mortgage & Finance Association of Australia (MFAA)
Hot Properties. Staging + Styling (Mary Donnelly)

DISCLAIMER

This publication has been produced by Genworth Financial Mortgage Insurance Pty Ltd ('Genworth'). This publication may include content which is owned by third parties ('third party content owners') and that has been provided to Genworth for publication. Opinions expressed in this publication are of the writer or contributor and do not necessarily reflect the view of Genworth or its affiliates.

This publication covers a variety of topics including property, insurance and other financial products and services. Although some of the information involves tax, stamp duty, legal, accounting, financial or similar issues, Genworth, its affiliates and the third-party content owners (as to their materials only) ('we') are not in the business of offering such advice and nothing in this publication constitutes a personal recommendation or advice. You must consult with your own professional advisers to examine the legal, tax, accounting or investment aspects of any information presented in this publication and how they may affect your particular situation.

The information also does not contain all of the applicable terms, conditions, limitations or exclusions of the products or services described. We expressly disclaim all responsibility and liability for any action or inaction by you in reliance or partial reliance on any material, information, opinion or advice in this publication or referred to in this publication.

The information is current as at the date of publication but may change without notice. We are under no obligation to update the information or correct any inaccuracy which may become apparent at a later date. We do not take any responsibility for any reliance on the information contained in this publication or for its reliability, accuracy or completeness.

Nothing in this publication is an offer by or on behalf of Genworth or its affiliates to sell, or solicit an offer to buy, any security or financial product.

COPYRIGHT NOTICE

All copyright in the contents of this publication belong to Genworth, its affiliates and licensors or to third party content owners. All rights are reserved. To the extent permitted by law, no part of any materials in this publication may be reproduced or transmitted in any form without the express written consent of Genworth. 'Genworth', 'Genworth Financial' and the 'Genworth' logo are service marks / trademarks of Genworth Financial, Inc. and are used pursuant to a licence.



LMI CAN HELP YOU
PURCHASE YOUR OWN
HOME SOONER

—
Get
INTOUCH
AT [ITSMYHOME](https://www.itsmyhome.com)
@ [GENWORTH](https://www.genworth.com)
.COM
—



Proudly brought to you by Genworth
Supporting Australians' financial security
through home ownership

genworth.com.au