



# HOME LOAN FEATURES AND OPTIONS

To repay your mortgage at a quicker rate and therefore reduce the amount of money you spend on a loan, you need to choose the right home loan features and also secure a good interest rate. You will find that a more flexible loan will mean a higher interest rate, which will increase your interest repayments. For example, someone who chooses a variable loan with a variety of features including redraw against additional payments or offsetting your savings will typically attract a higher interest rate than that of a basic loan.

Offset accounts	An offset account is an account or loan split that is connected to your loan and reduces the interest on your loan account. It is especially convenient for those with loans from financial institutions that they bank with, and those who are paid on a monthly basis. For instance, if you have borrowed \$500,000 and you have \$50,000 in your offset account, the interest charged will be on a sum of \$450,000, even though your principal is \$500,000.
Additional repayments	If you think you will have access to additional cash or income, you should ensure that your home loan has an additional repayments feature. This will allow you to use any extra cash to lower your principal which will also reduce the interest paid. Most lenders will allow you to withdraw those extra payments through a redraw facility.
Loan portability	A Portable loan means that you can transfer an existing loan to another property without refinancing, saving you time and money on application and legal fees. However, portability does not permit you to change lenders.
Redraw facility	Redraw facilities allow you to make extra repayments on your loan, and also to access these funds without any explanations to your lender. However, some lenders charge a fee for every redraw and also sets a minimum redraw amount.
Repayment holiday	Repayment holidays are offered by some lenders, allowing you to take full or partial periods off your mortgage repayments. This may reduce the pressure on borrowers whose finances are stretched through difficult circumstances such as unemployment or maternity.
Direct salary crediting	Salary credit permits you to direct your salary into your home loan account, reducing the principal owed. As interest is calculated daily, this salary credit will reduce the interest paid and is particularly useful for couples with second salaries. It is also a convenient way to make your loan repayments.
Switching feature	The switching feature permits you to switch from a variable rate to a fixed rate of interest, and will suit you if interest rates are unstable.
Professional packages	Professional packages are loan 'bundles' offering borrowers discounts on interest rates, ongoing fees, and reduced application and establishment fees, subject to loan size.
Interest only loans	Interest only loans tend to be short term loans ranging from one to five years and are often used by investors. On these loans only the interest portion of the loan is repaid with the principal remaining unchanged during the 'interest only' term.
Top up	A loan top up allows the borrower to increase the limit on their existing loan, without having to acquire additional finance through other sources.
Construction loans	During the construction phase of your property, certain features may not be available. For instance, the redraw facility may be withdrawn whilst your payment frequency may change. However, at the completion of your property, all features of the loan will come into effect.
Limited guarantor loans	A limited guarantor loan or an equity guarantee loan is a loan that allows family members to assist you with your loan, by guaranteeing a part of your loan. Family members 'pledge' to aid the borrower and will act as a guarantor for your loan, providing extra security or by assisting with repayments.
Comparison rate	Comparison rates help you identify the real cost of your loan, allowing you to make comparisons between loans relatively easily. It differs from your interest rate as it takes into consideration other costs that you will have to pay when you take out a loan, such as other fees and charges.

**For more information on home finance or the home loan that's right for you, contact us today.**

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