# HOME BUYING & FINANCE ESSENTIALS

## YOUR GUIDE TO A SMARTER PURCHASE

MIGRANT AND MULTICULTURAL COMMUNITIES

0401 749 214

info@kwelii.com.au

307 Peachey Road Munno Parra 5115

kwelii.com.au

**IMPORTANT NOTICE:** This booklet is here to help you with questions about buying a house. It may not answer every question you have, as different situations can be different. If you're unsure about something, please talk to a lawyer or financial advisor who can give you specific advice.

We are not responsible for any confusion that might come from this information. If you have questions or need help, contact our office. We will try to assist you or direct you to someone who can help.


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# WELCOME MESSAGE

*Speak to our Mortgage and finance Specialist.*

**Possible Diessa**

Wealth Solutions and Finance Specialist

Welcome to Kwelii Finance. We stand at the forefront of financial empowerment, dedicated to providing the best financial solutions tailored to meet the unique needs of our community. Our mission is to ensure that every individual, family, and business has access to the resources and guidance necessary to achieve financial stability and growth.

## About Kwelii Finance

At Kwelii Finance, we believe a home is more than just four walls, it's the heart of your story. It's where memories are made, where children grow, and where dreams take root. A home is not only a place of belonging but also a powerful investment in your future.

Whether you're buying your first home, upgrading to your next, refinancing your mortgage, or securing a personal loan, Kwelii Finance is here to guide you every step of the way. We are dedicated to helping you build sustainable wealth through homeownership while fostering the joys of creating a sanctuary for your loved ones.

Our mission is to empower our community by providing expert financial advice and personalised mortgage solutions that support stability and financial growth. At Kwelii Finance, we are not just financing homes – we are building futures and strengthening communities.


# HOME BUYING STEPS

Purchasing a home is often the largest financial commitment most people will make. However, it's also a crucial step toward building personal wealth and achieving independence. For many, especially first-time buyers, choosing the right home, securing financing, and negotiating the sale might seem overwhelming.

1

## Planning

Review your budget to check your credit score to determine how much you can afford for a down payment and monthly mortgage payments.

2

## Finding

Start house hunting while your loan is being processed.

3

## Pre-approval

Shop around for mortgage rates and obtain a pre-approval letter from a lender.

4

## Settlement

Purchase and finalise the contract of sale along with all required forms.

5

## Handover

Collect your keys, and you are officially a homeowner – now you are ready to invite guests for a housewarming party!

**Application Received** — **Conditionally Approved** — **Unconditionally Approved** — **Loan Offer Issued** — **Loan Offer Returned** — **Docs Verified For Settlement** — **Settled**

# BORROWING POWER

## Criteria

Your ability to borrow money depends on your income, financial commitments, savings, and credit history. Think carefully about your current and future living expenses to make sure you can repay your loan and maintain your lifestyle.

One of the biggest costs when buying a home is the deposit. This is usually 10% of the purchase price, but you might be able to negotiate it. Sometimes, a property owner might accept a 5% deposit, so ask your agent if you can manage that. Besides the purchase price, you will also need to pay for things like Stamp Duty (based on the purchase price and loan amount, legal fees, and possibly mortgage insurance if your deposit is less than 20%. If you're buying your first home, you might qualify for grants or bonuses from your State Government.


## Credit History

Your credit history, which includes how well you've repaid loans and credit cards, affects your score. Making payments on time will help improve your score, while late payments, defaults, or bankruptcies will hurt it. Even the types of credit you apply for can affect your score. For example, payday loans might lower your score compared to a car loan from a bank. A higher credit score is better and places you in a higher credit rating band, such as excellent, very good, good, or low.

A credit score is a number that shows how trustworthy you are as a borrower. It helps lenders decide if they will lend you money. Your credit score is part of your credit report, which lenders check when you apply for a loan or credit. Your score can affect whether you get a loan and what interest rates or credit limits you receive. Credit scores are usually between 0 and 1,000 or 0 and 1,200, depending on the credit agency.


# YOUR SAVINGS FOR A **DEPOSIT**

Most lenders require at least 5–20% deposit. The larger your deposit, the stronger your application and the less you'll pay in Lender's Mortgage Insurance (LMI).

Ways to save faster:

- Automate savings into a separate account.
- Cut back on non-essential spending.
- Use windfalls (tax returns, bonuses).
- Consider shared equity schemes.

**Loan to Value Ratio (LVR)**
The more you save for your deposit, the lower your Loan to Value Ratio (LVR). LVR is the loan amount divided by the house price. For example, if you're buying a $600,000 house and borrow $450,000, your LVR is 75%. A lower LVR means you're less likely to pay for LMI and have a better chance of getting a loan.

**Lenders Mortgage Insurance (LMI)**
If your LVR is over 80%, you usually need to pay for LMI. This insurance protects the lender if you can't repay the loan. LMI protects the lender, not you. LMI is a one-time fee that you can pay when you settle or add to your loan. If added to the loan, you'll pay interest on it. The average LMI fee is around $6,200 but can be higher with a high LVR.

# FEES AND EXPENSES

**Final Checklist**

Your Pre-Purchase Checklist:

- Pre-approval secured.
- Deposit & savings ready.
- Budget for stamp duty and fees.
- Building/pest inspections booked.
- Insurance quotes prepared.
- Broker support in place.

**Avoiding Common Mistakes**

Many first-time buyers fall into these traps:

- Borrowing too much – stretching budget beyond comfort.
- Ignoring extra costs – like insurance, rates, and maintenance.
- Skipping pre-approval – risking finance falling through.
- Focusing only on interest rates – features and flexibility also matter.
- Not seeking professional advice – brokers help you access more lenders and better deals.

**How Kwelii Finance Supports You**

At Kwelii Finance, we go beyond just finding a loan. We aim to help you create legacy and build wealth.

We provide:

- Access to a wide panel of lenders.
- Step-by-step guidance from application to settlement.
- Help with government grants and incentives.
- Strategies for long-term financial wellbeing.
- Support for refinancing and wealth creation.

We treat every client like family and tailor solutions to your unique needs.

# Government Support

- First Home Owner Grant (FHOG) 15k demand on your state.
- First Home Guarantee Scheme (buy with as little as 5% deposit or 2% for single parents).
- Stamp duty concessions (varies by state).

**Types of Home Loans**

- Variable Rate – repayments change with market interest rates. Flexible, but unpredictable.
- Fixed Rate – locked rate for 1–5 years. Stable repayments, less flexible.
- Split Loan – part fixed, part variable.

**Key Loan Features**

- Offset Account – savings offset your loan balance, reducing interest.
- Redraw Facility – access extra repayments if needed.
- Principal & Interest (P&I) vs Interest-Only – P&I builds equity faster; Interest-Only is short-term.

**Refinancing & Building Wealth**

Refinancing isn't just about chasing lower rates – it's about building wealth.
Reasons to refinance:

- Reduce interest rate.
- Access equity to renovate or invest.
- Consolidate higher-interest debt.
- Switch loan type for more flexibility.

How equity works:

- If your home increases in value, you can borrow against the equity to buy another property, start a business, or invest.

# Required Documentation

## PROOF OF INCOME AND EMPLOYMENT

Documents you may need to show:

- Recent payslips.
- Most recent tax return.
- Bank statement showing salary payments.
- Your employment contract or a letter confirming your employment.
- Superannuation statement (if receiving superannuation).
- Dividend statement (if receiving investment income)

If you're a casual worker or self-employed, you might need to provide additional proof of income. Casual workers may need to show they've been with the same employer for at least six months and provide payslips showing year-to-date earnings.

Self-employed borrowers may need to provide 2 years tax assessment notices, profit and loss statements, and proof that their ABN (Australian Business Number) has been registered for the required time.

## PROOF OF IDENTIFICATION

Primary and secondary types.

**Examples of primary documents:**

- Australian driver's licence.
- Australian passport.
- Australian birth certificate.
- Foreign passport.

**Examples of secondary documents:**

- Medicare card.
- Australian citizenship certificate.
- ATO (AUSTRALIAN TAXATION OFFICE) ASSESSMENT NOTICE (UP TO 12 MONTHS OLD).
- Phone, gas, or electricity bill (up to 12 months old).

Lenders will ask for a combination of these documents. For example, ANZ may ask for one primary document or two secondary documents, while NAB might request two primary documents (one with a photo and one without) and one secondary document.

## PROOF OF SAVINGS

Lenders like to see that you have saved money over time, not just received it as a gift or inheritance. Saving a significant amount over several years shows lenders that you are responsible with money and can manage regular mortgage payments.

**Breakdown of Any Assets**

Declaring your assets can also help your case as a borrower. Lenders may look favourably on:

- Shareholding certificates or other investments.
- Any other property you own.
- Current superannuation balance(s).
- Vehicles.

**Breakdown of Living Expenses ( HEM)**

You'll need to provide details about your living expenses so the lender knows how much money you spend each month and whether you can afford to make mortgage payments. Expenses they'll look at include:

- Groceries.
- Private vehicle costs (like petrol and car insurance).
- Public transport costs.
- Utility bills.
- Recreational costs (like entertainment and dining)

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# Budgeting and Affordability

Lenders want to see that you can comfortably afford your loan.
Steps to budget well:

- Track all expenses (food, transport, utilities, subscriptions).
- Apply the 70/20/10 rule:
  - 70% needs (housing, bills, groceries).
  - 20% savings/investing.
  - 10% lifestyle.
- Plan for rate rises (test if you could afford +2% interest).
- Be realistic – lenders check against Household Expenditure Measure (HEM).

**Home Loan Serviceability**

Home loan serviceability refers to a lender's assessment of your ability to comfortably repay a mortgage based on your financial situation.
When assessing serviceability, lenders consider:

- Your income (salary, wages, rental income, government benefits, etc.).
- Your living expenses (including HEM benchmark).
- Existing debts (credit cards, personal loans, car loans, HECS/HELP).
- The proposed loan repayment.
- An interest rate buffer (to ensure you can afford repayments if rates increase).

The goal is to ensure that after covering your living expenses and other commitments, you still have sufficient surplus income to manage your mortgage repayments without financial stress.
In simple terms, serviceability determines whether you can afford the loan both now and in the future.

**Assess Your Financial Position**

Before meeting a broker, gather:

- Income: salaries, bonuses, other earnings.
- Expenses: living costs, debt repayments, rent.
- Savings and assets: deposit, investments.
- Liabilities: credit cards, personal loans, car finance.
- A clear picture lets us support you in understanding your borrowing capacity and loan options.

# MAKING AN OFFER

Buying a property, whether through auction or private sale, involves different processes, each with its own set of considerations.

## Private Sale

If you're interested, make a formal offer through the real estate agent. Offers can be conditional (e.g., subject to finance or inspections) or unconditional. In a private sale, the property is purchased directly from the seller without an auction. This common method of buying property typically involves negotiation between the buyer and seller, often facilitated by real estate agents.

## Auction

Buying at auction is a more public and immediate process. There's less room for negotiation, and the sale is usually unconditional. On auction day, you'll need to register with the auctioneer to bid. Make sure you understand the rules and conditions of the auction. If you have the highest bid at the end of the auction and it meets the reserve price, the property is yours. You'll need to sign the contract and pay the deposit immediately.

## Cooling off and settlement

After the contracts are signed and agreed upon, you usually have a cooling-off period—unless you've agreed otherwise or bought a property at auction. During this time, you can cancel the contract for any reason without any penalties.

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# HOME LOAN FEATURES

1. **Offset account**
   - A bank account linked to your loan. The money in this account reduces the interest you pay on your loan balance. The more money in the account, the less interest you pay.
2. **Redraw facility**
   - Allows you to withdraw any extra money you've paid into your loan. This feature gives flexibility to access funds if needed while still paying off the loan faster.
3. **Extra repayments**
   - You can make additional payments on top of your regular loan repayments. This helps you reduce your loan faster and pay less interest.
4. **Flexible repayments**
   - Do you want to be able to manage how frequently you make repayments? The capacity to choose how often you repay (weekly, fortnightly or monthly) means you can match your repayments to your pay cycle, which can help give you greater control of your finances.
5. **Repayment holiday**
   - A repayment holiday is a break from making your home loan direct debit request (DDR) repayments for a set period of between three to 12 months for those occasions where you may need to direct your cash elsewhere
6. **Access online and on the go**
   - Being able to find out what you need to know, and when you need to know it, is one of the great drawcards of the internet age. And when it comes to your home loan, the ability to check your balance or make changes when you need to through an application on your phone.

# REPAYMENT

Paying off your mortgage sooner can save you a lot of money in interest and give you financial freedom. Here are some tips to help you achieve that:

## Extra Repayments

Pay more than the minimum whenever you can. Even small additional amounts can reduce the loan balance faster and save you on interest.

## Offset Account

Deposit your savings into an offset account linked to your mortgage. The balance in the offset account reduces the interest you pay on your loan.

## Review Your Interest Rate

Refinance your loan if you can get a better deal. Lowering your interest rate could allow you to pay the loan off sooner or save on interest.

## Lump Sum Payments

When you get a bonus, tax refund, or other windfall, put it towards your mortgage. This reduces the principal, so future interest is calculated on a smaller balance.

## Pay More Frequently

Switch to fortnightly instead of monthly repayments. Since there are 26 fortnights in a year, you effectively make an extra month's repayment annually, reducing the loan term.

## Round Up Payments

Round up your monthly payments to the nearest hundred or more. For example, if your payment is $1,450, pay $1,500 instead. The extra goes directly to the principal.

# MONTHLY BUDGET

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**MONTH OF:**

**TOTAL INCOME:**

**OTHER INCOME / SAVINGS:**

| EXPENSES ITEM | BUDGET | ACTUAL | DIFFERENCE | NOTES |
|---|---|---|---|---|
| MORTGAGE/RENT | | | | |
| HOUSEHOLD MAINTENANCE | | | | |
| CHILDCARE | | | | |
| INSURANCE | | | | |
| ELECTRICITY | | | | |
| WATER | | | | |
| ENTERTAINMENT | | | | |
| GAS OR PETROL | | | | |
| PHONE AND INTERNET | | | | |
| SCHOOL FEES | | | | |
| CLOTHING | | | | |
| CELL PHONE | | | | |
| GROCERIES | | | | |
| ENTERTAINMENT | | | | |
| CHARITY/DONATIONS | | | | |
| FUEL | | | | |
| OTHER INSURANCE | | | | |
| CAR PAYMENT | | | | |
| CHILD CARE | | | | |
| CREDIT CARDS/DEBT | | | | |
| LOANS | | | | |
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| **TOTAL EXPENSES** | | | | |

# Glossary of terms

**Appraisal**
An estimate of a property's value considering size, location, bedrooms, bathrooms, and condition. Often done by real estate agents and different from a formal bank valuation.

**Auction**
A method of selling property where buyers place bids. The property sells to the highest bidder if the reserve price is met.

**Borrowing Capacity**
The amount of money a bank or lender is willing to lend you based on your income, expenses, and financial situation.

**Contract of Sale**
The legal document between the buyer and seller that confirms the agreement to purchase a property.

**Conveyancing**
The legal process of transferring property ownership from the seller to the buyer.

**Fixed vs Variable Interest Rate**

- **Fixed:** The interest rate stays the same for a set period.
- **Variable:** The interest rate can change depending on market conditions.

**Guarantor**
A person who agrees to support your loan and repay it if you are unable to make repayments.

**Home Inspection**
A professional inspection that checks the physical condition of a property before purchase.

**House and Land Package**
A purchase where a buyer buys land and a newly built home together as one package.

**Interest Rate**
The percentage charged by a lender on the money borrowed for a home loan.

**Offer**
A formal proposal made by a buyer to purchase a property at a certain price and under certain conditions.

**Offset Account**
A savings account linked to your home loan. The balance in this account reduces the interest charged on your mortgage.

**Pre-approval**
An indication from a lender of how much they may be willing to lend you before you buy a property.

**Principal and Interest Loan**
A loan where each repayment includes both the loan amount (principal) and the interest.

**Settlement Period**
The time between signing the contract and the official transfer of ownership from the seller to the buyer.

**Stamp Duty**
A government tax paid when purchasing property. The amount depends on the property value and location.

**Title**
The legal document that proves ownership of a property.

**Vendor**
Another word for the seller of a property.

# Our pledge to you

At Kwelii Finance, we understand that securing a mortgage is one of the most important financial decisions you'll ever make. That's why we are committed to providing you with exceptional service, guidance, and support throughout your home-buying journey. Our pledge to you is built on trust, transparency, and a deep commitment to your success.

**Why Kwelii Finance?**

**Tailored for multicultural & migrant communities:** We understand unique needs, documentation and pathways.

**Comprehensive services:** Mortgages, personal & business loans, calculators, community support.

**Trusted partnerships:** Access to many lenders, transparent advice, no hidden surprises.

**Our promise:** We act as your financial ally – not just a broker. From first home buyers to investors, we help you build lasting family memories, financial resilience and generational wealth.

**Kwelii Finance Credit Representative Number 556894 is authorised under Australian Credit License Number 388570**

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This is general advice only. Before acquiring any financial product you should talk to a lawyer or financial advisor who can give you specific advice.

**Ready to talk to a Mortgage & Finance Specialist? Scan the QR Code.**

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