



Client Information Guide

This document is provided as an information guide that we have provided as a ready reference source and it will provide the answers to some commonly asked questions.

For further information please ask your Cutcher & Neale consultant.

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Client Information Guide

Contents

Cutcher & Neale Finance Brokerage Services	1
What is a Mortgage/Finance Broker?	2
Finance Broking Contracts	4
Borrowers Rights	6
Your Credit Profile	8
Mortgage Fees	11
Privacy Policy	13
Glossary of Terms	14

Finance Brokerage Services

Cutcher & Neale Financial Brokerage is dedicated to offering personalised service, highly competitive rates and structured facilities to meet with our client's requirements.

At Cutcher & Neale, our team of finance broker's work in conjunction with your accountant to provide a financial package tailored to suit your own individual needs.

We can assist with all your finance needs including:

- Commercial Hire Purchase
- Finance Leasing
- Chattel Mortgage
- Novated Leasing
- Debtor Financing
- Construction & Development Finance
- Insurance Premium Funding
- SMSF Loans
- Equity Release Loans
- Personal Loans
- Residential Loans
- Investment Loans
- Business Loans
- Relocation Loans

Let our experienced team explore with you the best financing options to get your business closer to its goals.

To access any of our guides or for information on our Privacy Policy or Dispute Resolution Policy, please visit our website at www.cutcher.com.au.



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What is a Mortgage/Finance Broker?

Brokers are now the number one choice for consumers who are seeking a home loan or to refinance their existing loan. Businesses too use finance brokers to help them with their finance needs from car and equipment leasing to loans to help their businesses expand.

What Brokers Do

Brokers work with clients to determine their borrowing needs and ability, select a loan suited to their circumstances and manage the process through to settlement.

Some benefits of using a broker:

- They do all the legwork for you
- Access to a wider range of loans
- Experts in a wide range of loans
- More flexible
- Greater expertise as they focus on loans only

Types of Broking

Brokers can specialise in areas such as:

- Residential Loans/Mortgages
- Reverse Mortgages/Equity Release
- Equipment Leasing
- Chattel Finance
- Car and personal loans
- Business Loans
- Debtor Finance
- Commercial Property Finance



Panel of Lenders

Brokers can only offer loans from the lenders they are accredited with. They call this their panel of lenders. Lenders will normally range from the large banks through to specialist non-bank lenders and mortgage managers. The size of a panel of lenders will vary from broker to broker. You can ask to view your broker's panel.

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How Brokers are Paid

Residential brokers are remunerated by the lender and receive an upfront commission and a trailing commission on the loans they settle. It is not standard industry practice for a residential broker to charge a customer for their service due to this arrangement.

The normal practice for commercial, equipment and general finance brokers is that they enter into a mandate or agreement with the commercial or business borrower which provides for a fee to be paid by the borrower to the broker for sourcing their required finance.

Why Use Cutcher & Neale

Cutcher & Neale Finance Brokerage must adhere to the industry Code of Practice, set by the MFAA, which requires high professional standards, fair business practices, ethical behaviour and compliance with both the letter and the spirit of the relevant laws and regulations – all in the interest of you, the borrower.

MFAA sets the highest standards in the industry for its members:

- Industry experience
- Education standards
- Ongoing education to maintain accreditation
- Probity checks
- Professional indemnity insurance
- Membership of an external dispute resolution service



Legal Requirements for Brokers

There is currently no national regulation for brokers. However, some state laws and regulations exist, such as:

- Brokers are required to hold a licence in Western Australia
- Brokers are required to be registered in the ACT
- A Finance Broking Contract (FBC) has to be signed in NSW and Victoria between the broker and the borrower before the broker can approach the lender on your behalf. The FBC ensures brokers fully disclose all details of the loan transaction, including any monetary or non-monetary benefits they receive. The MFAA asks its members to adopt this process in all States.

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Construction/Development
Finance

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Finance Broking Contracts

One form that's in your interest...

Most of us hate filling out and signing forms. But a piece of paper that home buyers may have to sign is designed for their own protection.

If you decide to consult a mortgage broker to help you choose an appropriate loan, many will now ask you to sign a written agreement which provides the details of the service the broker is going to provide for you.

In fact, in NSW and Victoria, it is now the law. Brokers dealing with residents of both States are required to provide the borrower with a Finance Broking Contract (FBC) before they commence working on your behalf. Several mortgage broking firms, particularly those that operate across State borders, have introduced the agreements as standard practice. It is only a matter of time before every loan through a broker is subject to such a written agreement, as State governments are cooperating to develop uniform mortgage broking legislation.

The development is the latest step in improved consumer protection and higher standards being applied in the mortgage industry, many of which have been actively promoted by the MFAA.

What exactly is a Finance Broking Contract (FBC) or Agreement?

A FBC has been designed with best interests of consumers in mind. It ensures that when you give the go ahead to your broker to apply for a loan on your behalf, that you have done so, fully informed of all loan elements, fees and charges, as well as how the mortgage broker has helped you reach a decision and what commission the lending institution will pay them if your loan is approved.

There are four sections to the document:

1. A summary of the main terms of the loan you are seeking i.e. the loan amount, the term of the loan, loan repayments, interest rate, and any special loan features such as a redraw facility or internet banking.
2. A list of the broker's panel of lenders. Your mortgage broker will be accredited with a variety of lenders. When comparing the loans between different lenders' products, the comparisons will be between those on this panel. This ensures you know who your broker is shopping with on your behalf.
3. A list of any fees or charges you will have to pay. Most brokers will not charge you a fee for their assistance as they are remunerated by the lender if the loan settles. All lender commissions to the broker will be listed in the FBC.

If a broker is charging for their service, their fee will also be disclosed in the FBC along with when the fee is applicable such as applicable only if the loan settles, or applicable regardless of if the loan settles.

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The lender may also charge you one-off or recurring fees and charges for the loan such as an establishment fee or valuation fee. These fees will also be listed in the FBC.

4. A clause which allows the broker to provide your information to a third party (i.e. a lender, mortgage insurer or valuer) for the purpose of having your home loan approved.

Professional brokers who abide by the MFAA Code of Practice will have discussed and explained all these points with you so that you are comfortable when it comes to signing. You should also read the FBC thoroughly before putting pen to paper to ensure there has been no misunderstanding or confusion on either side.

What if I sign and then change my mind?

By the time you sign the agreement you should be confident that if the loan applied for is approved you will proceed to settlement. However, if you do change your mind for any reason, your signature on the document does not commit you to accepting the loan. Before you sign the FBC, you should ask your broker if they will charge you any fees if you do not settle on the loan. These costs must also be detailed in the contract as per point three above.

Remember, the Cutcher & Neale representative is there to act on your behalf and should give you all the information and assistance you need.



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Letter of Credit Facilities
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Investment Loans
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Finance

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Borrowers Rights

Once you have made an offer on a property, there is usually two or three parties involved in the transaction, and each party has certain obligations and rights in the mortgage process.

The borrower/s: In the first instance, you are the applicant (making application for a loan) however once the loan is drawn down you are the borrower.

The mortgage provider: (also known as the intermediary) There is an obligation for your mortgage provider to find the most suitable loan for your requirements within the parameters you provide.

The lender: The organisation providing the finance for the loan.

There are differing rights and obligations on all parties involved in the transaction depending on which State you reside in. For example, in NSW, Victoria and Western Australia, the activities of the mortgage provider are governed by State Legislation with the overriding principal being disclosure and consumer protection.

Borrower Rights

- The lender must provide a credit contract which sets out the terms and conditions of the loan in clear terms. This contract is most often referred to as the Letter of Offer. The borrower should check the details of the offer are in line with the original proposal, paying particular attention to the financial details including loan amount, interest rate, term of loan and structure (interest only or principal and interest). Depending on the loan product, there will also be clauses addressing any additional costs such as 'early termination costs' or 'break costs'.
- The lender must advise of any interest rate changes before they commence either directly or via a newspaper advertisement. This does not apply to a reduction in rates.
- The lender must advise any repayment increases at least 20 days prior to the change. This must be in writing directly to the borrower or their representative. This does not apply to a reduction in repayments.
- A loan statement must be provided to the borrower at least every six months.
- The borrower can dispute statements, and if necessary, use a tribunal to have unjust transactions varied or cancelled.
- The borrower can pay out the entire loan at any time (fees and charges may apply to some loans if you do this, and will be detailed in the Letter of Offer).
- The borrower can terminate a credit contract before drawing down.

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Compensation Funding
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Investment Loans
Commercial Property Loans
Debtor Finance
Construction/Development
Finance

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- The borrower may have the repayment date extended in financially hard times. There is national legislation in place aimed at protecting consumers if such circumstances should arise.
- The lender must provide a payout figure within seven days of written request.

Borrowers Obligations

- Be truthful and factual in all details provided in the loan application.
- Make all the repayments on the due date.
- Keep the property in good repair and not undertake any major alterations without the lender's consent.
- Insure the property for its full value, and not do anything to void the policy.
- Not sell, lease or mortgage the property without lender's consent.



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Investment Loans
Commercial Property Loans
Debtor Finance
Construction/Development
Finance

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Your Credit Profile

Lenders in the mortgage and finance industry require a prospective borrower to fulfil their selection criteria before they will approve a home loan. Generally speaking, traditional lenders such as banks tend to have a more stringent criteria, the non-conforming lenders are a lot more flexible, and mortgage managers are somewhere in between.

Before deciding to apply for a home loan, there are a number of things you may do in preparation for your meeting with your mortgage broker or lender, to help them and you through each stage of the application process.

Know Your Finances

Know your personal finances and have a plan for the future. Be able to show your monthly income and expenses, what savings and investments you have, any personal loans and leases, what's in the bank, on the credit card etc.

Tips

- Get help from an Accountant or Financial Planner.
- Use one of the inexpensive personal finance software packages available.
- Prepare a budget



Think Like a Lender

Put yourself in a lender's shoes and think about what information they'll be asking you, what evidence you will need to provide, what qualities they'll be seeking, and what additional information you can provide to support your loan application.

Knowing the five C's of lending can help you with this:

- 1. Character:** stability, credit history, intention to repay the debt
- 2. Capacity:** can the borrower repay the loan?
- 3. Capital:** what's the financial position of the borrower?
- 4. Collateral:** what security is offered?
- 5. Commonsense:** will the application and use of funds make sense to the lender?

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Commercial Property Loans
Debtor Finance
Construction/Development
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Tips

- Do some research - Talk to people you know who have applied for a loan and ask them about their experience, get a book on mortgages or use the internet.
- Get hold of a loan application form or a mortgage document check list.
- Talk to Cutcher & Neale Finance Brokerage - They're making applications to lenders constantly and work for you to make the loan application process as seamless as possible.

Review Your Credit Reference

Everyone in Australia who has previously had credit, usually has a credit reference which is held, for example, by a company called Baycorp Advantage. It's a record of your credit history, going back five years, detailing any loan enquiries or applications you've made, if there's been a default on a credit card or loan, a bankruptcy, even if you have an outstanding bill etc. Lenders will look at your credit reference in the loan application process and a negative reference will affect a person's ability to borrow money.

You can obtain a copy of your credit reference from Baycorp Advantage.

Tips

- Be honest and upfront. It's best your loan consultant finds out from you, not your credit reference, if there are any problems with your credit history.
- If there has been a problem, explain why it occurred and how you rectified it.
- Don't make too many applications for finance. Each one shows up on your credit report and multiple enquiries can be equated to a problem.
- Don't have any arrears on bills, credit cards or store cards.
- If you believe there to be any discrepancies or mistakes on your credit reference you are able to challenge them.

Some non-conforming lenders will consider applications from people with more serious credit issues. However, they will still expect the borrower to explain the problems that occurred and the steps taken, or being taken to correct them.

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Investment Loans
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Construction/Development
Finance

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Reduce the Plastic

When applying for a loan, lenders will want to know how many credit or store cards you currently have and what the limits are on each card - what you have the potential to spend, not what you currently owe or how good you have been at repayments.

Tip

- Eliminate any excess credit or store cards you have. Reduce the limits on the credit and store cards you use.



Save, Save, Save

By demonstrating a good and constant savings record, you are indicating to the lender you can manage a mortgage. Generally lenders want to see a minimum of 5% saved regularly over six months or more.

Tip

- Generally, by being able to put down a 20% deposit on the property the borrower avoids the lender having to take out Lenders Mortgage Insurance (LMI).

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Mortgage Fees

When taking out a home loan it's not as simple as one monthly or fortnightly payment. There are a number of additional costs the borrower will incur in the process of buying a home. Cutcher & Neale will guide you through the fees, but if you're unsure ask them what they are, so there are no surprises after you have signed on the dotted line.

The following is a list of the additional costs associated with taking out a mortgage. Don't panic, you most likely won't have to pay all of them, what and how much you pay depends on your individual circumstances.

Application or Establishment Fee: Usually a once off fee paid to the lender upon getting unconditional approval for the loan to cover the cost of setting up the home loan.

Break Out Costs: Lending institutions may charge a fee if you break out of a Fixed Rate Loan before the end of the fixed period. The amount charged usually depends on the amount of money still owing on the loan.

Deferred Establishment Fees or Exit Fees: These fees usually occur if you decide to refinance a loan or move to another loan product. The fee will depend on whether you're moving your loan from one lender to another, or to a new product from the same lender.

Legal Fees and Disbursements: These fees are charged by the borrower's solicitor to the borrower to finalise the mortgage contract. They are to check the vendor has the right to sell the property and if so, change the ownership of the property to the borrower's name Lender's Mortgage Insurance (LMI): If the borrower doesn't have a 20% deposit for the property the lender will usually require LMI. This is a once only premium paid on loan settlement to protect the lender (not the borrower) in case of default on the loan.

Monthly Account Management/Service Fees: Charged monthly and are usually included with your repayment, to cover the costs of administering and managing the mortgage.

Mortgage Registration Fee: This is a set fee paid to the Land Titles office of the State Government when the property is sold and is paid by the party who purchased the property.

Property Valuation: Lending institutions will have their accredited property valuers conduct a valuation of the property they are lending the money for. This cost is usually passed onto the borrower.

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Stamp Duty: Every homebuyer is required to pay their State Government stamp duty on the purchase value of the property. This is charged on a sliding scale based on the property value. Stamp duty amounts and calculators vary state to state, and can be found on your State Government Office of Revenue websites.

Transaction Fee: Usually associated with Mortgage Accounts i.e. Lines of Credit or Offset Accounts. The fee is charged when you withdraw money from the account. Most lenders offer a number of free transactions per month, before they charge.

Disclaimer: This document is for information purposes only, and must not be relied upon as a substitute for professional services or legal advice.



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Privacy Policy

Cutcher & Neale Finance Brokerage Pty Ltd (Cutcher & Neale) may submit loans through the PLAN Australia network in brokering your mortgage, personal loan or other type of finance.

Cutcher & Neale is covered by the Privacy Act 1988, which came into operation on 21 December 2001.

In accordance with our obligations under the Privacy Act, this text advises you of the manner in which your personal information is handled by us and by PLAN Australia.

We respect the privacy of your personal information.

In choosing to utilise the service we offer, you consent to us and PLAN Australia disclosing the information on your application form to a lender for the purposes of obtaining finance.

We may collect your personal information in order to complete an application for finance. If you do not provide all of the required information, the application may not be considered for approval.

We keep a copy of your application in order to communicate with you about the application, and provide other services to you. You have a right to access this information in accordance with the Privacy Act. If you wish to exercise your right of access, please contact us.

A copy of the application is provided to the lender in order to consider your application, and some of the information on the application is provided to PLAN Australia in order to administer the commission payable by the lender. The information held by PLAN Australia is accessible to you in accordance with the Privacy Act.

If you wish to exercise your rights of access to this information, please contact the PLAN Australia Compliance Department on 1300 78 78 15.

Electronic and Other Communications

On the basis that you have provided your contact details, we and PLAN Australia may communicate with you about your application for finance, other advices which may be of interest to you and general information about loans for your personal use, commercial and other forms of finance. If you do not wish to be contacted, please notify us.

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Compensation Funding
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Investment Loans
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Glossary of Terms

Below is a glossary of terms you may encounter when purchasing property or obtaining a mortgage. The list is by no means exhaustive, and definitions and terms may be interpreted differently to those included below.

Definition	
AAPR	Average Annualised Percentage Rate. Sometimes referred to as the Compulsory Comparison Rate, this figure takes into account the other costs associated with the loan etc, and expresses them as an average interest rate, to create a level field with which to compare like loan product interest rates.
Acceptance	Agree to the terms of an offer or contract.
Additional repayment	Extra funds paid into the loan in addition to the minimum monthly payments.
Agent	Real Estate Agent
Amortisation period	The period of time a loan is calculated over (and repaid).
Application fee	The fee charged by a lender to cover or partially cover the lender's costs of setting up or establishing the loan.
Arrears	An overdue account yet to be paid.
Assets	Money, property or goods owned.
Asset Lender	Lending institution that lends finance based on the value of the asset, which will be held as security.
Assignment	Legal transference of a right or a title to a property, to another party.
Banker's Lien	The right of a Bank to retain a customer's securities until a liability to the Bank is discharged. (See also 'General Lien').
Bankruptcy	The legal financial state and individual is in, when unable to meet debts (for Companies it's known as being 'wound up'). A debtor may be declared bankrupt by the Federal Court at either the debtors or the creditors instigation, and the debtors estate will be placed in the hands of an official receiver who will distribute the estate in accordance to the provisions of the Bankruptcy Act.
BayCorp	The company which records and holds credit information on everyone, such as loan applications, credit defaults, and so on.

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 Finance Lease
 Chattel Mortgage
 Letter of Credit Facilities
 Insurance & Workers
 Compensation Funding
 Residential Home Loans
 Investment Loans
 Commercial Property Loans
 Debtor Finance
 Construction/Development
 Finance

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 Compensation Funding
 Residential Home Loans
 Investment Loans
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 Debtor Finance
 Construction/Development
 Finance

Definition	
Advantage	Was originally known as CRAA, and may often be referred to as the 'CRAA Check'.
Borrower	A person, persons, or entity borrowing money to purchase, payoff, or refinance a product or effect.
Buyer's Agent	Person to act on behalf of the buyer to find and negotiate on properties the buyer wishes to buy.
Capital	The current value of your assets, including car, property, business, or money etc.
Capital Gain	The financial gain you get when you sell something for more than you bought it. Maybe subject to the capital gains tax, which is paid on the gained amount.
Caveat	A notice of warning given to a public authority, e.g. Titles Office, claiming entitlement to an interest in certain land. The caveat is registered and remains on the books as a warning to anyone who contemplates dealing with the property. It therefore prevents any action being taken without the previous notice of the person entering the caveat (the caveator).
Charge (over property)	The term used to describe any right established over a borrower's property to secure a debt or performance of an obligation.
Collateral Security	Additional or supporting security given in addition to the principal security.
Comparison Rates Schedule (CRS)	Comparison Rate Schedule. The schedule displayed by a lender that give the annual percentage rate and the respective Comparison Rate, for the lender's loan products for specific amounts over specific terms.
Compulsory Comparison Rate	Or CCR, is the figure expressed an interest rate, that takes into account some of the extra costs of a loan product. The formula used to calculate the CCR is regulated by the Uniform Consumer Credit Code and all Australian lenders are required to use the same formula.
Consumer Credit Code	Legislation designed to protect the rights of the individual (personal consumer) by ensuring banks and other financial institutions all adhere to the same rules when providing personal, domestic or household credit. It should provide borrowers with complete and honest information. Also known as the Uniform Consumer Credit Code or UCCC.

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Definition	
Contract of Sale	A written agreement outlining the terms and conditions for the purchase or sale of property.
Conveyancing	The legal process for the transferral of ownership of real estate
COSL	Credit Ombudsman Service Limited. Formerly known as MIOS (Mortgage Industry Ombudsman Service).
CRS	Comparison Rate Schedule. The schedule displayed by a lender that give the annual percentage rate and the respective Comparison Rate, for the lender's loan products for specific amounts over specific terms.
Daily Interest	Interest calculated on a daily basis - varies according to daily account balance.
Debtor	Someone who owes money to another and can be compelled to perform an obligation.
Deed	A document in writing, which is signed, sealed and delivered by the parties thereto, to prove and testify the agreement of the parties whose deed it is, to the things contained in the deed.
Depreciation	The accounting practice where the cost of a fixed asset of a business is spread over the life of the asset. Depreciation is a non-cash expense which allows the money to be retained by the business, thus technically allowing the business the capacity to replace the asset over time.
Direct Debit	Where the Lender debits (deducts) a payment from client's bank, credit union or building society account.
Disbursements	Solicitors incidental costs involved when dealing with client on behalf of the Lender, e.g. searches, certificates pest reports, etc.
Draw Down	Act of transferring money from lending institution to the borrower after the loan has settled.
DSR	Debt Service Ratio.
Encumbrance	A charge or liability, e.g. a mortgage.
Equity	Generally used to denote the financial interest of a person in a property or business enterprise, e.g. a person's equity in his house is the difference between its value and the amount still owed to a Lender. A person's overall equity refers to his net financial worth, or the difference between what he owns and what

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Definition	
	he owes (i.e. Assets - Liabilities = Equity).
Estate	An interest in land.
Exchange	The legal point of time when the vendor and the buyer swap documentation with a view to settlement.
Fee Simple	The estate in fee simple is the highest estate in the land, and it is the closest the law comes to recognising absolute ownership for all practical purposes. However, while we refer to a proprietor of an estate in fee simple (who is the owner for all practical purposes), their ownership is not legally absolute, for absolute legal ownership of all and rest with the Crown.
Fittings	Items that can be removed from a property without causing damage to it eg, carpet and curtains.
Fixed Interest (Fixed Rate)	An interest rate set for an agreed term.
Fixtures	Items that would cause damage to the property if removed. Their removal must be stipulated in the contract of sale, and damage made good by the seller eg. Oven and bath etc.
Garnishee Order	A court order taken out by a creditor on a person's employer or banker for the deduction of funds from his wages or bank account to repay a debt.
General Law System	System whereby all dealings on a property are made in the form of conveyances, whether the transaction is a sale, a mortgage, a reconveyance, etc. Under this system the mortgage is in fact a transfer of ownership. When a conveyance is prepared it forms part of the chain of title and must be carefully preserved in order to prove the "root? to title.
General Lien	Sets out in writing the Bank's right to retain property until a debt is paid. Includes Power of Attorney and other clauses generally contained in Bank security forms.
Government Fees	State and government charges at the time of settlement, e.g. stamp duty.
Gross Income/Profit	Income from a person or company, before tax, superannuation or payroll deductions.
Guarantor	A person/s who agree to be responsible for the payment of another person's debts.

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Definition	
Holding Deposit	A refundable deposit based on the goodwill of the buyer to go ahead with the purchase.
Indemnity	Security against damage or loss; sum paid in compensation for loss incurred.
Instrument	Formal legal document in writing, e.g. a deed of conveyance.
Interest	The Lender's charge for the use of funds or the return on deposited funds.
Interest Only Loans	A loan where the principle is paid back at the end of the term and only interest is paid during the term. These loans are usually for a short period of time, 1 to 5 years.
Joint and Several Liability	The Bank's joint account authorities, guarantee forms, etc are framed to ensure that joint account holders with debts due to the Bank of joint guarantors liable to the Bank shall be SEVERALLY liable, (i.e. individually), as well as JOINTLY. With Joint and Several Liability a creditor has as many rights of action as there are debtors; he can sue them jointly or severally until he has obtained payment, and an unsatisfied judgment against one debtor will not be a bar to an action against the others.
Joint Tenancy	Property in the names of two or more persons, where all persons have an equal interest in the whole property. When one person dies his interest passes to the survivor(s). They are known as Joint Tenants or Joint Proprietors of that property.
Liability	A debt which one is liable for; being responsible only to a limited amount.
Loan	An advance of funds from a lender to a borrower on the agreement that the borrower pays interest on the loan, plus paying back the initial amount of the loan at or over an agreed time.
LVR	(Loan to Valuation Ratio) the ratio of the amount lent, to the valuation of the property.
Maturity	The date a debt or investment must be paid in full.
Mortgage	A form of security for a loan usually taken over real estate. The Lender, the mortgagee has the right to take (repossess) the real estate if the mortgagor fails to repay the loan.
Mortgagee	The Lender of the funds.

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Definition	
Mortgagor	The person borrowing money in the terms of the mortgage.
Negative Gearing	Gearing your investment so that the cost to maintain it (loan repayments, council rates, maintenance etc) out weigh the income produced by the investment, leading to a reduction in taxable income.
Net Income	The income received by an individual AFTER TAX has been taken out.
Net Profit	The profit remaining in a business after all expenses have been taken out, but BEFORE TAX.
Off the Plan Purchase	Buying a property from the plans only, not the finished product.
Portability	Where a new property can be used as security for an existing loan, i.e. when the loan is transferred to a new security property without needing to repay the loan, reapply, or restructure.
Power of Attorney	A written authorisation to another person, or persons, to perform certain acts for the signer, as if they were the signer.
Principal	The capital sum borrowed on which interest is paid during the term of the loan.
Principal & Interest Loan	A loan in which both the principal and the interest are paid during the term of the loan.
Property	A person's property is "what is he or she owns to do what they like with." It may be tangible or intangible, and may be given a monetary value (e.g. house, car, goodwill). Property may be classed 'real' which relates to land or interests in land (except leaseholds) and buildings, etc or 'personal', which relates to other kinds of property such as cars, bank accounts, leasehold interests in land.
Redraw	Borrower is able to draw on pre-paid funds
Refinancing	To replace or extend an existing loan with funds from the same institution or another.
Search	An examination to confirm that the vendor is in a position to sell the property and that there are no encumbrances on the property.
Securitisation	Is the packaging of cash flow producing assets into a marketable security, e.g. property, roads, bridges, etc. The process where mortgage backed securities (in the form of bonds) are sold

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Definition	
	directly into the capital markets. Investors in the bonds comprise of Superannuation funds as well as other major institutions.
Security	An asset that guarantees the Lender their borrowings until the loan is repaid in full. Usually the property is offered to secure the loan.
Serviceability	Ability of borrower to make and meet repayments on a loan, based on the borrowers expenses and income(s).
Settlement	Finalisation of payment by the new owner, and assumption of possession. When you pick up the keys!
Surety	Person who makes themselves responsible for another's payment of debt; also known as the guarantor.
Tenants in Common	Property in the names of two or more persons and in which each has a separate and distinct share. When one person dies his share is not passed to the survivor(s) but becomes part of his estate for disposal according to his will.
Term	The length of a home loan or a specific portion within that loan.
Third Party Security	Security provided for a mortgage by a third party (someone different from actual borrowers) who is legally different from the borrower or debtor.
Title Deed	Registration showing the ownership of property.
Title Search	Process to ensure that the vendor has the right to sell and transfer ownership.
Torrens System	System whereby ownership and all dealings on a property are detailed on the one document, i.e. a Certificate of Title or Deed of Grant. Under this system a mortgage is a charge or encumbrance on the title. Registrations is compulsory to effect legal transfer of an interest in property and each time the property is sold, mortgaged, or a mortgage discharged, the transaction is recorded on the Certificate of Title.
Unencumbered	A property free of liabilities, restrictions or mortgages.
Valuation	A report as required by the Lender, detailing a professional opinion of a property's value.
Variable Interest Rate	A rate that changes in accordance with the rates in the marketplace.

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Definition	
Variation	Changing any part of the original loan contract.
Vendor	Person selling a property who is the current owner.

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