



Financial Rights

LEGAL CENTRE

KNOW YOUR RIGHTS CHECKLIST



Financial Rights Legal Centre Inc.
ABN 40 506 635 273

We provide FREE legal and financial advice about loans, debts and money problems.

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GETTING A HOME LOAN

Home Loans are a **BIG DECISION**

If you need more time to think things over go home and sleep on it! Don't be pressured into signing any documents today.

BEFORE you sign up you MUST ask for the following documents:

- Key Facts Sheet (KFS)
- Credit Guide
- Your Contract (Particularly look at the summary on the front page)

These documents contain critical information that the lender must disclose about the total cost of your loan, including interest, fees, penalties, etc.

READ THESE DOCUMENTS and confirm that this loan is right for you.

Check the Comparison Rate of interest on your loan

Comparison rates help you understand the true cost of your loan (interest plus fees)

Is your loan an interest-only loan?

Will you be able to afford the repayments when you need to make principle AND interest repayments, after the interest-only period?

Is your loan a Line of Credit?

These loans can be repayable on demand! (the full amount borrowed!)

Make sure you have a plan on how the loan will be repaid.

Warning about business purpose declarations

Only sign a 'business purpose declaration' if you are really using the loan for business or you could lose valuable rights under the National Credit Law.

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Repayments

Think about the timing of your repayments. Do they coincide with your pay cycle? (e.g. fortnightly or monthly?)

Can you afford the repayments?

Is your interest rate Fixed or Variable?

- Fixed Interest - a set interest rate that does not change over the term of the loan.
- Variable Interest - an interest rate that can be changed by the lender (up or down).

There can be very large fees for breaking (selling/refinancing) a fixed rate loan. If there is any chance of this DON'T fix the interest rate.

Co-borrowers

If you are borrowing money with another person you will BOTH be liable for the ENTIRE debt (it's called joint and several liability)

If you aren't getting a benefit from the loan, DON'T be a co-borrower!

Account Statements

You should make sure that all borrowers view their statements regularly, whether that means getting additional physical statements sent to each borrower, arranging online access for each or another method.

Guarantee

If you are considering guaranteeing a loan, get legal advice.

If the borrower doesn't repay the loan, YOU WILL!

Will I need Lender's Mortgage Insurance?

Remember – this only protects the Lender NOT you!

- Ask what can you do to avoid having to take out Mortgage Insurance?
- What is the cost of the Premium?

Loan protection insurance / consumer credit insurance

These cover you if you can't repay your loan because of sickness, injury or losing your job. This type of insurance may not be good value for money, so think twice before you take up the offer.

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