

Need to buy your next home, but worried about saving enough deposit and paying yet more stamp duty and mortgage insurance?

Mortgage Alternative is a solution.



# Mortgage Alternative is the new smarter way for home buyers to buy their next home.

You've done it before - bought your home and paid the huge upfront mortgage costs, from your deposit and stamp duty to mortgage insurance. What a shame it isn't transferable to your next home!

But what if you could purchase your next home with around 5-8% deposit and avoid these upfront costs? With Mortgage Alternative (MA), you can!

With MA, you can purchase your next home (trade up or down) now at a pre-agreed fixed price, with a delayed settlement period of up to ten years. You can occupy the home immediately following the exchange of contracts but thanks to the delayed settlement, you have none of the typical upfront mortgage costs and worries this time.

You make one simple monthly payment<sup>1</sup> until settlement occurs. This covers rates, agreed property maintenance, a return for the seller and insurances. Most importantly, it includes a contribution to a savings account<sup>2</sup> in your name to build your equity and ideally avoid mortgage insurance on settlement. Excluding your savings contribution, this payment is similar to a mortgage repayment plus property ownership costs (see example below).

## How MA compares to a conventional mortgage:

Tom and Jenny have one child and purchased their \$400,000 home in the Hunter Valley three years ago on 10% deposit with a mortgage. They need to move to Sydney for work and are looking for a property valued at \$750,000.

\$750,000 NSW trade-up property	Using Mortgage Alternative	Using a conventional mortgage
Equity in current house after selling & relocating (a)	\$105,000	\$105,000
Mortgage including capitalised LMI		\$712,500
Deposit 7% (b)	\$52,500	\$52,500
Funds required for Loan Mortgage Insurance (LMI) (c)		\$13,373
Stamp duty (d)		\$29,240
<b>Available cash to spend elsewhere (a minus b,c,d)</b>	<b>\$52,500</b>	<b>\$9,887</b>
Monthly MA payment or mortgage payment*	\$5,176	\$5,182

\*For MA buyers, monthly payments include rates, agreed property maintenance and insurances that purchasers under a conventional mortgage pay separately. This figure excludes the savings contribution by MA Buyers. The monthly payment figure of \$5,182 for those using a mortgage includes a mortgage repayment of \$4,444 and monthly provision for rates of \$150, insurances of \$300 and maintenance of \$288. For a more detailed comparison, see [mortgagealternative.com.au/why](http://mortgagealternative.com.au/why)

**MORE INFORMATION** | **WEB** [www.mortgagealternative.com.au](http://www.mortgagealternative.com.au) | **CALL** 1300 760 213

<sup>1</sup>Each monthly payment is fixed and indexed by a pre-agreed annual inflation factor (currently 3%pa) which does not alter for the life of the contract.

<sup>2</sup>This savings account is created out of a buyer's monthly payments, with any excess on settlement returned to the buyer as a settlement adjustment.

<sup>3</sup>The only circumstance where lender's mortgage insurance will be payable is if a property's market value at the end of the ten year MA period (or an earlier settlement time of your choosing, plus your accumulated MA savings account balance) is insufficient for the MA buyer to have a 20%+ deposit to gain a conventional mortgage (after taking account of the MA savings plan embedded in your monthly MA payments plus your original deposit). Just like the banks, HRL and Mortgage Alternative have no control over future property prices.

<sup>4</sup>These events (called Take Back events in the Purchase Contract) include a need to vacate because of certain defined material adverse changes to your financial capacity or ability to perform your settlement obligations such as loss of your or your partner's job, insolvency, marital or analogous relationship change, significant injury or illness, death and relocation for employment relative to residence location.

This document has been prepared by Mortgage Alternative Pty Ltd ACN 165 856 860 and is a general guide only. It does not contain all information that an interested party may require. Please seek independent financial and legal advice having regard to current market and economic conditions and your personal circumstances. To the extent this guide is inconsistent with the purchase contracts, the contracts' terms will prevail.

- Move into your home now while you save your full deposit for a conventional mortgage at settlement.
- Straight forward qualifying criteria similar to a bank loan, but without the same deposit, stamp duty and mortgage insurance requirements.
- No mortgage insurance<sup>3</sup> and your stamp duty is paid for you.
- The seller remains on the title and funds the home (with any mortgage they have) until you settle with them.
- Settle your purchase at any time (up to 10 years) or exit due to specific adverse events<sup>4</sup> allowed for under the contract (reduce your risk!).
- Choose from new and established homes.