

CLASSIC BRIDGING HOME LOAN

100% OFFSET ACCOUNT AVAILABLE



PRODUCT: BETTER CHOICE CLASSIC PRODUCT SUITE

UPDATED: JULY 2019

A Bridging Home Loan offers you an easy way to purchase or build a new home before you sell your existing one. Rather than needing to make two sets of loan repayments while you are selling your existing home, no repayments are required on the new home loan for the Bridging period. The length of your Bridging period depends on whether you are buying or building your new home.

Buying an Established Home

Where you are buying an established home:

- A new loan is established to purchase the new home
- In the meantime, interest is charged to your new home loan account as normal. You do not need to make any repayments on that loan for 6 months or until you sell your existing property, whichever occurs first

Building a New Home

Where you are building a new home:

- A new loan is established to purchase the land (if required) and to cover the cost of construction
- In the meantime, interest is charged to your new home loan account as normal. You do not need to make any repayments on that loan for 12 months or until you sell your existing property, whichever occurs first

How much can I borrow?

You can borrow up to a maximum 95%* of the value of your new home. As long as your combined loans do not exceed 80% LVR of the combined value of both your new and existing properties (after taking into account the amount of interest that will be charged on the new loan during the Bridging period).

Assessment is based on the repayment that will be required once the existing home is sold. The repayment amount will be based on the end loan of:

- The loan required to refinance existing loan and purchase/build the new home; plus
- Interest that accumulated on the new loan during the Bridging period; less
- The agreed amount by which the new loan can be reduced upon sale of the existing property

*subject to loan purpose, income verification and LMI

What are my Interest rate options?

Our Bridging Home Loan is available with all our Better Choice Classic home loan interest rate and repayment options, including the 100% offset Home Loan

What if I have a loan with another Lender?

You will need to refinance this loan to Better Choice Home Loans as part of the Bridging Home Loan. Better Choice Home Loans must hold a 1st registered mortgage over all related securities.

What happens when my existing home is sold?

Once your existing home is sold, you must first use the funds to pay out your existing home loan. You must then:

Where your new home is established or newly completed

Pay sufficient funds into your new loan, so that the loan reduces to the amount specified in your Bridging Home Loan contract

Where your new home is still being built:

We will advise you if any of your surplus funds will need to be put towards the construction cost, before any further funds are provided by us. Rest assured this will never be more than you agreed to at the start of the Bridging period.

*Our solicitors require a minimum of 4 weeks between purchase settlement and sale settlement

What if I don't sell my existing home in the Bridging period?

Once the Bridging period ends and the existing home has not been sold, you will need to start making repayments on the new home loan in addition to the repayments you have been making on the existing home loan.

You can apply for an extension to the Bridging period however this is not guaranteed.

We strongly recommend contacting our office if you are experiencing difficulties in doing this.

Important Information

Key Product Information:

- Maximum peak debt LVR 80% including capitalized interest if required
- Minimum serviceability assessment ratio on the estimated end debt is as follows:
 - Purchase of existing dwelling 1.15
 - Construction 1.25
 - NB where a confirmed unconditional contract on the property to be sold is held, the minimum serviceability ratio is 1.00
- Property to be sold must be in Category 1, 2 and 3 locations only (vacant land unacceptable unless in conjunction with a building contract)
- If an unconditional contract is not in place, then the loan application must be referred to the Better Choice Credit Team
- Property to be sold must be on the market at time of application submission
- Limited to the sale of one property only
- Nil End Debt is not acceptable
- Lo Doc lending not acceptable

Please contact your BDM for full details

Additional verifications required, including:

- Confirmation of the unconditional contract on the property to be sold must be in writing by the applicants conveyancer/solicitor
- Confirmation that the property to be sold is on the market (within 10% of the full valuation value)
- Valuation on the property being sold will need to confirm:
 - The valuation is within 10% of the borrower's estimate of the selling price.
 - The sale ability of the property;
 - A likely sale period greater than 6 months;
 - Any aspect of the property likely to cause a delay to the sale or a possible reduction to the valuation amount in order to achieve a timely sale (e.g. the property is tenanted, requires minor improvements, etc.); and
 - Any aspect of the local property market likely to cause a delay to the sale or a possible reduction to valuation amount in order to achieve a timely sale (e.g. comments on vendor discounting, softening market, large number of properties on the market, etc.)