



NEWSLETTER

How do I Know my House Hunting Budget?

For anybody wishing to purchase Property, be it your first home or your tenth, Investment Property or Vacant Land, it is imperative that you know your price range.

You need to be clear on what you can and cannot afford. This means being realistic and perhaps a little conservative about your financial circumstances. You need to forecast if your situation may change in the future, for example if you are considering a family, this will mean added expenses and possibly the loss of one income.

Generally, Lenders like your monthly loan repayments to not exceed 35% of your gross income, remember this means the total of all your loan repayments. This figure may vary with different Lenders but you can expect somewhere between 30% and 40%.

Berg Financial Services can calculate what it will cost you to purchase a particular property, or we can help you to determine your budget boundaries. Berg Financial Services can offer invaluable assistance by organising Finance and providing ongoing management of that lending facility. We can also give guidance to the homebuyer and answer questions relating to the processes involved in purchasing Real Estate.

Remember the price of the house in the Real Estate window is only the beginning. To this you need to add Stamp Duty, Finance Costs, Legal / Conveyancing Costs, Valuation Fee, Building and Pest Inspection and other possible Fees and Charges.

What is an Approval in Principle?

An Approval in Principle indicates an amount that a Lender will loan to you based on your income. Lenders refer to your income or your ability to repay the loan as your serviceability.

An Approval in Principle is not tied to any particular property, and usually has conditions subject to a suitable property being found. The property to be purchased will normally be used as Security against the loan and needs to meet the Lenders conditions.

An Approval in Principle is usually valid for a period of 3 months. If you cannot find a property in this time-frame then you would need to re-apply for a new Approval in Principle. If your financial situation has not dramatically changed, you can assume that the process of re-applying would not be too cumbersome.

An Approval in Principle is a great marketing tool for you to use when house hunting. It clearly defines your price bracket and it could mean the difference between securing a property and missing out, if the Vendor wants a quick sale. If you and another buyer were interested in the same property and you were the only party with an Approval in Principle then the process of securing your Finance would merely be a formality. The other house seeker may have to go through the process of applying for Finance from scratch.

Berg Financial Services' offer a professional approach to securing your Finance. We will discuss with you what your needs are and analyse your financial situation to put together a Lending proposal personalised to your requirements.

Have Your Loan Facilities Reviewed Each Year

Have you had your Lending / Credit facilities reviewed recently?

There are currently attractive offers from many Lenders available. Finance is an aggressive industry with Lenders constantly altering and updating their products, there may be a better solution for you out there.

BFS recommends that you review ALL of your lending facilities, including Credit Cards annually. We can help with this, and calculate alternate options for you.

Did you know?

Berg Financial Services is family owned and operated.

Tim Koch, (pronounced ‘COOK’’) Principal of Berg Financial Services has over 28 years experience in the Finance Industry, 17 of these years spent with a major Financial Institution. Tim has been helping Commercial, Personal and Business Clients with the initiation and the management of their Lending Facilities at Berg Financial Services in Forster since 1997.

Berg Financial Services is accredited with and a full member of –

MFAA	Mortgage and Finance Industry of Australia
FBAA	Finance Brokers Association of Australia
COSL	Credit Ombudsman Service Limited

BFS can assist you with all your borrowing needs. Please do not hesitate to contact this office via phone, fax or email if you should have any enquiries.



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