

LOANCART[®]

Great Rates, For Life.

Top 5 Home Loan Mistakes To Avoid

BEFORE YOU TAKE YOUR NEXT MORTGAGE



1

Lack of Future Planning:

Borrowers often neglect to consider their future needs and circumstances when choosing a mortgage. They may overlook potential life changes, such as starting a family, career shifts, or retiring.

- Example: David and Emily chose a mortgage with high monthly payments that strained their budget. They didn't anticipate Emily leaving her job to start a family, resulting in a significant drop in their income. They struggled to meet their mortgage obligations.
- Recommendation: Plan ahead and consider potential changes in your life that could affect your financial situation. Choose a mortgage that allows for flexibility in payments or consider options like offset accounts or redraw facilities that can provide financial relief when needed.



2

Incorrect Loan Structure

Incorrectly structuring loans can lead to financial strain or missed opportunities for borrowers. This mistake involves not considering factors like fixed or variable interest rates, loan terms, and repayment options.

- Example: John and Lisa took out a fixed-rate mortgage for a long-term period without considering their plans to upgrade their home in a few years. When interest rates dropped significantly, they were unable to refinance their loan to take advantage of the lower rates.
- Recommendation: Work closely with a mortgage broker to evaluate your financial goals and future plans. They can help structure your loans appropriately, taking into account factors like your budget, long-term plans, and interest rate trends.



3

Not Prepared for Unexpected Expenses:

Borrowers often underestimate the costs associated with homeownership and fail to plan for unexpected expenses. This can put them in a vulnerable position when emergencies or repairs arise.

- Example: Jane purchased a new home and did not allocate funds for potential repairs or maintenance. When her roof started leaking during heavy rains, she had to rely on high-interest credit cards to cover the expenses, putting her in debt.
- Recommendation: Create a financial buffer by setting aside funds for unexpected expenses related to homeownership. It's advisable to have an emergency fund that can cover at least three to six months of mortgage payments.



4

Not Understanding the Mortgage Terms:

Many borrowers fail to fully comprehend the terms, conditions, and implications of their mortgage agreement. This can lead to unexpected costs or limitations on their financial options.

- Example: Michael signed a mortgage agreement without thoroughly reading the terms and conditions. He later discovered that there were penalties for making additional repayments, limiting his ability to pay off the loan faster and save on interest.
- Recommendation: Take the time to understand all aspects of your mortgage agreement before signing. Seek clarification from your mortgage broker or lender on any terms or conditions that seem unclear.

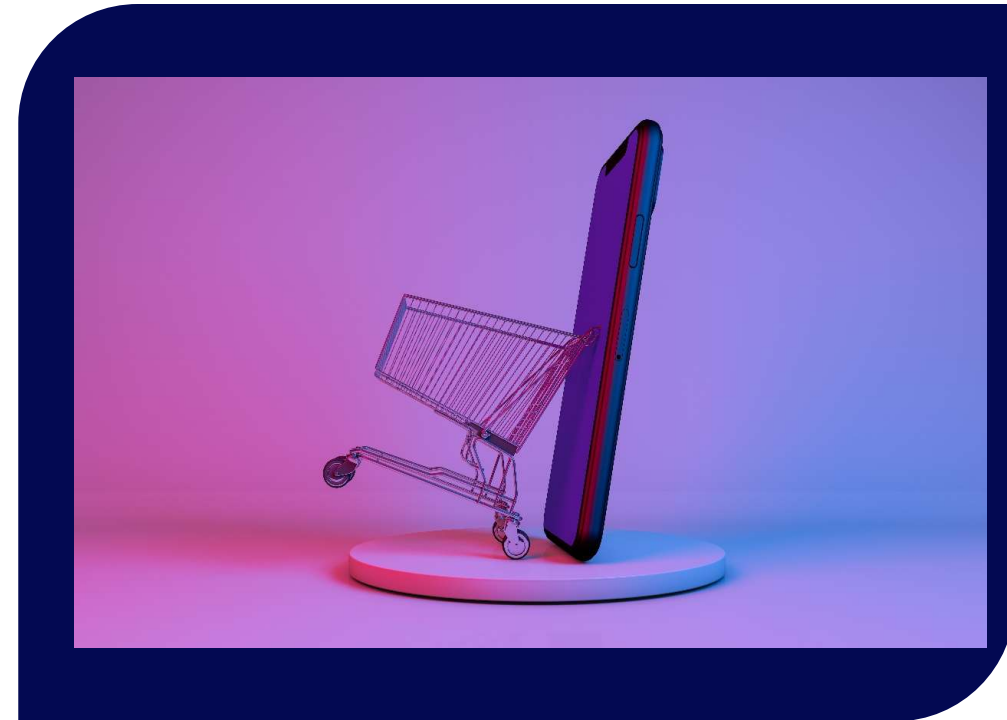


5

Not Shopping Around:

Many borrowers make the mistake of not exploring multiple lenders and mortgage options. By failing to shop around, they may miss out on better interest rates, loan features, or more favourable terms.

- Example: Sarah, a first-time homebuyer, went to her regular bank for a mortgage without considering other lenders. She ended up with a higher interest rate and less flexible loan terms than she could have obtained elsewhere.
- Recommendation: It is essential to research and compare mortgage products from various lenders. Consult with a mortgage broker who can provide access to a wide range of loan options and help you find the deal that suits your needs.



+ Bonus Tip:

Lack of Adequate Insurance:

Some borrowers overlook the importance of insurance coverage, which can leave them vulnerable in case of unforeseen events like illness, disability, or property damage.

- Example: Lisa, a self-employed individual, suffered a serious injury that rendered her unable to work for six months. Without income protection insurance, she had no source of income during that period, resulting in a loss of approximately \$30,000 and significant financial stress.
- Recommendation: It is crucial to obtain income protection insurance, especially for self-employed individuals or those without extensive sick leave benefits from their employer. This insurance would have provided Lisa with a regular income stream during her recovery period, alleviating the financial burden and helping her maintain financial stability.



Summary:

In summary, borrowers can avoid these mistakes by

- Planning for the future
- Structuring loans correctly
- Understanding the terms of the mortgage
- Being prepared for unexpected expenses
- Shopping around for the best mortgage
- Having adequate insurance coverage

Consulting with a knowledgeable mortgage broker can greatly assist in navigating these complexities and ensuring a more secure financial future.



WHY

LOANCART

Our service is based on the principles of AAA. These include:

ANALYSE RATES

Our platform and brokers help you analyse various loan options appropriate for your circumstances and choose the most cost-effective loan.

ACHIEVE RESULTS

We have made the loan application process simple, seamless and stress-free so that you can get the loan approval with your chosen lender and achieve your goal.

AUTOMATED REVIEW

We help you save thousands on your mortgage over the life of the loan.

We do this by regularly reviewing your loans and comparing it to other offers available in the market. When appropriate, we help you switch your home loans seamlessly so that you can save thousands and pay off your home loan sooner

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