

Home owner responsibilities

All home owners with mortgages have specific responsibilities, regardless of the lender.

These responsibilities are outlined in a contract between the lender and the borrower. Your contract with the Chief Executive Officer (Housing) is similar.

Keeping your home in a reasonable condition is a requirement outlined in your contract. You will have a responsibility to maintain the property and keep up to date with your mortgage repayments.

As buying a home may be the biggest investment you make, it makes sense to look after it.

Mortgage repayments

Your first repayment to your home loan is due after your property has settled.

When you sign your credit contracts, you also nominate how you will repay your home loan. Payment methods you can choose from include periodic payment or direct debit from your savings / cheque account or direct from your salary.

In most cases, your repayments will be made on a principal and interest basis. This means that you will be paying enough to cover the interest that is charged to your loan and some of your principal. Your repayments are always set at an amount that will repay your home loan within the term of your credit contract.

It is important that you have enough funds in your account to service the loan.

If for any reason you are having any financial difficulty, please contact People's Choice Credit Union ("People's Choice") immediately to discuss.

Interest

Like any home loan, interest is calculated and charged on the amount borrowed. The interest is calculated daily on the closing unpaid balance of your loan account and is debited to your loan account on the last day of every month.

You can reduce your interest costs by paying your home loan off quicker. A small increase in your loan repayment can make a difference in how much interest you pay.

The interest payable on your home is a variable interest rate. It is directly linked to either the Commonwealth Bank of Australia's (CBA) Standard Variable Home Loan Rate or the People's Choice Standard Variable Home Loan Rate. This means that if the CBA or People's Choice change their interest rate, the change will also be made to your interest rate.

Ongoing costs

Insurance

Building insurance is required throughout the life of your HomeBuild Access loan. If your property is a unit or townhouse, the body corporate may be obliged to insure the buildings (but not the contents).

You should check with your solicitor or conveyancer if you have any doubts about who is responsible for insuring your property.

Adequate insurance is important to financially protect you against loss or damage to the property. Failure to be adequately insured has serious consequences, should your property be damaged or destroyed.

In the Territory we are particularly exposed to natural disasters, making insurance essential for home owners.

Rates

Your local council will send you an invoice for your rates. Rates tend to be quite a large amount to pay upfront annually.

Some council's give you the option of paying the annual rates over four quarterly payments. This may make it easier for you to budget payments for the rates as each payment will only be a portion of the total annual rates amount.

Your local council will be able to provide more information relating to payment options.

Body corporate fees

If your property is a unit or townhouse, as an owner you are also a member of the body corporate. The body corporate is responsible for management of the common property areas and body corporate assets for unit owners and occupiers. Often the body corporate will engage a manager to undertake the management functions.

Fees are payable by each owner to the body corporate to meet the ongoing costs of management, maintenance of common property areas and body corporate assets, and where the body corporate is required to insure any part of the complex or assets, the insurance premiums.

You should be informed of the fees and how they are payable when you negotiate to buy the property. Check with the secretary of your body corporate or the body corporate manager if you have any queries regarding the fees.

Budgeting tips

Sensible budgeting can help you meet your financial obligations as a home owner. Without budgeting, you may not know where your money is going.

The Australian Securities and Investment Commission (ASIC) offers helpful advice, tools and tips for homeowners to assist them with budgeting in their MoneySmart website:

<https://www.moneysmart.gov.au/managing-my-money/budgeting>

There are also tools available to help you to record your income and your expenses, including your ongoing costs and your home loan repayments. From there, you will be able to see where your money is spent. You can also use the planner to budget for small amounts to be put aside every pay day to cover the larger bills or any unexpected expenses.

For example:

- allowing for unexpected repairs and maintenance
- interest rate rises
- a change in your circumstances that results in a loss of income.

Improvements to the property

Improvements and additions are permitted to your home. However, for substantial improvements like extensions and additions you should seek the approval of the Chief Executive Officer (Housing) before you start work.

Additions and alterations to your home may also need to be approved by the Department of Lands, Planning and the Environment. For more information on building requirements and approvals visit <http://www.nt.gov.au/lands/building/>

You should check your credit contract and Mortgage Common Provisions for more details and seek independent legal advice if you have any queries.

Sale of your property

You may decide to sell your property in the future. When you place your property onto the market for sale, please contact People's Choice on 08 8943 3319 to find out what you will need to provide before and when your property is sold.

Transition to another lender

HomeBuild Access provides assistance to eligible Territorians to enter into home ownership. Once your financial circumstances improve, the Chief Executive Officer (Housing) will support you if you wish to move to another financial institution.

This may be so you can access interest rate discounts or fixed interest rates which are not offered with HomeBuild Access. You may also wish to use equity you have built up in your home to increase your borrowings to complete renovations or improvements to your home.

Whatever the reason for you moving to another lender, please contact People's Choice on 08 8943 3319 to find out the process you will need to complete to complete the transition.

All the very best with your home!

Disclaimer: Whilst the Chief Executive Officer (Housing) has made every effort to ensure the accuracy of information in this fact sheet, no warranty is given that the information in this document is free from errors or omissions and that it is suitable for your circumstances. The information in this document is subject to change without notice to you and has been prepared without taking into account your particular financial situation, requirements and objectives or needs. You should seek independent legal and financial advice before considering whether to act or rely upon the information in this document.

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