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## A GUIDE TO MORTGAGE FEES

When taking out a home loan it's not as simple as one monthly or fortnightly payment. There are a number of additional costs the borrower will incur in the process of buying a home. Your MIAA Member mortgage provider will guide you through the fees, but if you're unsure ask them what they are so there are no surprises after you have signed on the dotted line.

The following is a list of the additional costs associated with taking out a mortgage. Don't panic, you most likely won't have to pay all of them, what and how much you pay depends on your individual circumstances.

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**Application or Establishment Fee:** Usually a once off fee paid to the lender upon getting unconditional approval for the loan to cover the cost of setting up the home loan.

**Break Out Costs:** Lending institutions may charge a fee if you break out of a Fixed Rate Loan before the end of the fixed period. The amount charged usually depends on the amount of money still owing on the loan.

**Deferred Establishment Fees or Exit Fees:** These fees usually occur if you decide to refinance a loan or move to another loan product. The fee will depend on whether you're moving your loan from one lender to another, or to a new product from the same lender.

**Legal Fees and Disbursements:** These fees are charged by the borrower's solicitor to the borrower to finalise the mortgage contract. They are to check the vendor has the right to sell the property and if so, change the ownership of the property to the borrower's name.

**Lender's Mortgage Insurance (LMI):** If the borrower doesn't have a 20% deposit for the property the lender will usually require LMI. This is a once only premium paid on loan settlement to protect the lender (not the borrower) in case of default on the loan.

**Monthly Account Management/Service Fees:** Charged monthly and are usually included with your repayment, to cover the costs of administering and managing the mortgage.

**Mortgage Registration Fee:** This is a set fee paid to the Land Titles office of the State Government when the property is sold and is paid by the party who purchased the property.

**Property Valuation:** Lending institutions will have their accredited property valuers conduct a valuation of the property they are lending the money for. This cost is usually passed onto the borrower.

**Stamp Duty:** Every homebuyer is required to pay their State Government stamp duty on the purchase value of the property. This is charged on a sliding scale based on the property value. Stamp duty amounts and calculators can be found on the State Government's Office of Revenue websites.

**Transaction Fee:** Usually associated with Mortgage Accounts i.e. Lines of Credit or Offset Accounts. The fee is charged when you withdraw money from the account. Most lenders offer a number of free transactions per month, before they charge.

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