

FIRST HOME BUYER AWARD

IN THIS SPECIAL REPORT:

We examine what lenders offer first home buyers to determine who is outstanding in this area of specialty.

WHAT A DIFFERENCE A YEAR MAKES

Things were looking grim for first home buyers this time last year when we released our first study into exactly what financial institutions offered this specialised customer segment. Back then, first home buyers were really up against it in terms of home affordability. Interest rates were close to 10% and rising, real estate values were through the roof, rents were high and competition for both buying and renting was phenomenal. Saving up for a home deposit was more like a one-step-forwards-two-steps-back process. Luckily, if you were really deposit challenged, the banks compensated with 100% loans which enabled you to borrow the total amount of the home, excluding deposit.



In September last year, the whole thing turned upside down, as the financial crisis tightened its squeeze on the economy and rates began to tumble. The government stepped in and generously boosted its First Home Owners grant, anxious to stave off unemployment in the building sector and help first-time buyers at the same time. All of a sudden, the issue of affordability melted into the background, to be replaced by the rush to cobble together a large enough deposit to take advantage of this unexpected window of buying opportunity.

MOVING IN THE RIGHT DIRECTION

Buying a home is often a more stressful process for the first-timer than the more experienced investor. Apart from the sheer size of the purchase – which is likely to be the most daunting they will make in their lifetime – two distinct sets of skills are necessary. Prospective purchasers are expected to navigate the sometimes tricky waters of real estate and home loans in order to get to the other side of home ownership. To do this, they need targeted help.

This year we are heartened to see many banks, building societies, credit unions and mortgage specialists taking particular care to address the special needs of first home buyers

WHAT FIRST HOME BUYERS WANT

Recognizing the significant difference between first-timers and those more experienced in the complicated ways of home loans, CANSTAR CANNEX believes there is a definite need to encourage first home buyers by examining what lenders offer this particular group of people. To do this, we cherry-picked the features of utmost importance to first home buyers and evaluated how lenders matched up in their offerings. We looked at how financial institutions shaped up in all phases of home ownership, as they apply to first timers.

Educating first home buyers about how they should be preparing themselves, setting savings goals and offering savings vehicles that provide incentive towards the end goal of home ownership is paramount. As the time of purchase nears, the full 'to-do' list plus calculators should be provided by institutions to estimate the full cost of not just the loan, but the whole home-buying experience. And when the time comes to borrow, the lender has to guide the first home buyer through the maze that is buying a home. We believe there has to be a friendly face to give advice and make the steps straightforward. For this reason, CANSTAR CANNEX eligibility criteria specified branch access or mobile lenders, as obtaining a home loan online is often not for novices.

The loan itself must help buyers clear the affordability hurdle through its flexibility, lender's credit policy, interest-only periods, cash-back (redraw) options, application of First Home Owners grant and, of course, reasonably-priced loans.

AWARD MEASURES VALUE

For this award CANSTAR CANNEX rated 403 loans from 115 lenders. The criteria for this assessment is based on star ratings methodology which has been especially tailored to reflect the special needs of first home buyers in today's market. CANSTAR CANNEX reviewed printed and web-based educational material, the processes involved, and the level of access to a real person, to provide that guiding hand and to reassure that the first-time buyer is on track.

WESTPAC DOES IT AGAIN

Despite the challenging lending environment, Westpac has reinforced the outstanding support it continues to offer first home buyers by taking out back-to-back CANSTAR CANNEX First Home Buyer awards.



As part of our evaluation of the total home-buying experience offered by lenders, CANSTAR CANNEX reviewed printed and web-based educational material, the processes involved, level of access to a real person to provide that guiding hand and, of course, products and features tailored specifically for first home buyers.

Westpac once again ticked all the boxes and came up trumps in every Australian state and territory, except Canberra (St George) and South Australia (BankSA). They were a very convincing national winner and we congratulate Westpac on this achievement. Particularly impressive were Westpac's loan products designed for first home buyers and incorporating discounted application fees.

Westpac also offer a higher loan-to-value ratio (LVR) to first home buyers. This means, first timers need less deposit which is something useful in today's market.

WHAT ABOUT NON-BANK LENDERS?

There's no doubt the major banks have the edge when it comes to state and national coverage but non-bank lenders have an important role to play by providing healthy competition in the lending market. This is becoming increasingly more apparent, as non-bank lenders once again have performed well in their own states. These lenders tend not to be national and the awards have therefore been state based.

First Home Buyer state awards – non banks

- ACT:** Community CPS Australia
- NSW:** NSW Teachers Credit Union
- NT:** Savings & Loans Credit Union SA
- QLD:** Queensland Teachers Credit Union
- SA:** Community CPS Australia
- TAS:** myState financial
- VIC:** Resi Mortgage Corporation
- WA:** University Credit Society

THE HUNT FOR THE 100% MORTGAGE

As recently as six months ago, borrowing the entire cost of a property purchase was commonplace. There were many 100% mortgages available.



These days, they have become an endangered species, on the run from the global financial crisis.

Access to and cost of wholesale money to lend to customers is an issue financial institutions are still grappling with. Another factor in the demise of the 100% home loan is the widespread belief that the current economic situation with its unfortunate accompaniment of job losses may well negatively affect property prices.

Those who have borrowed the total price of the home have no hedging equity in the property. Even if jobs and income remain intact, should property prices flatten or dip, the amount owing may end up higher than the value of the property.

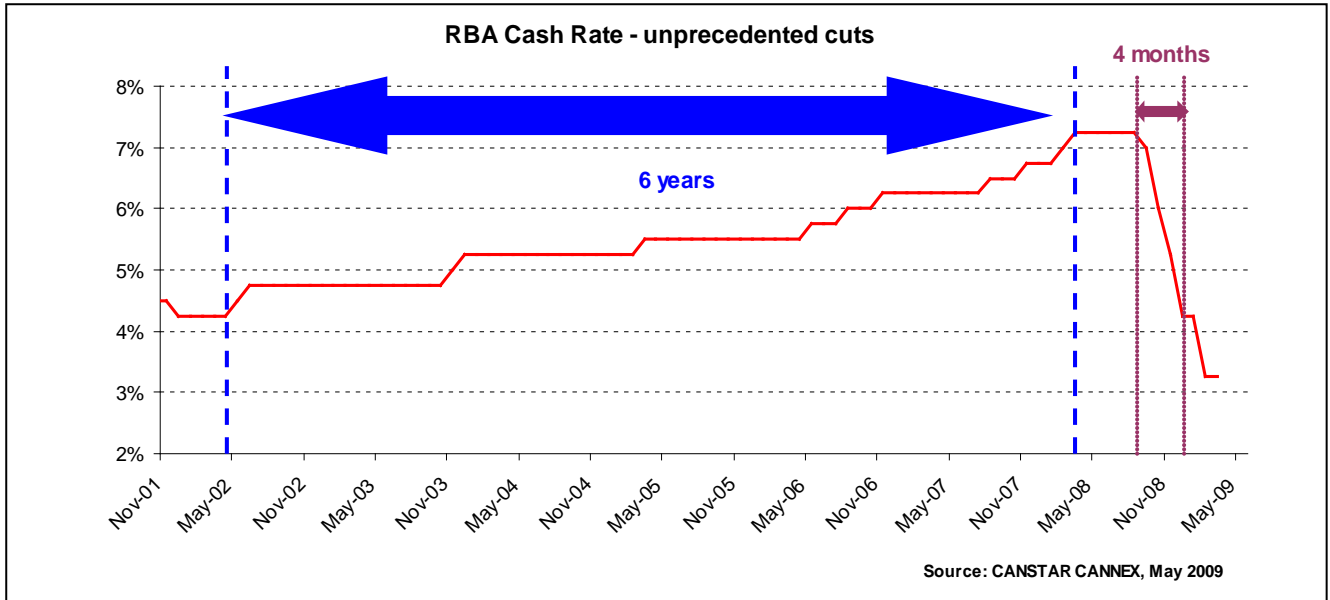
Not surprisingly, banks have chosen to tread the conservative path on this issue and now require a minimum deposit, banishing 100% borrowing for the time being at least.

RATES DO A HIGH DIVE

The most dramatic reaction to the Australian economic crisis was the downward spiral of the cash rate. In the space of just seven months from last September, the Reserve Bank's (RBA) official cash rate fell from its 16-year high of 7.25% to an all-time low of 3%.



To highlight the speed at which the interest rate landscape changed during this short time, it had taken 6 years for the RBA to increase the official cash rate from 4.25% to 7%, during a time of relative stability. It took only four months, however, for rates to fall to, and eventually surpass, the 2002 trough.



BOOST EAGERLY EMBRACED

The Rudd government's boost to the First Home Owners Scheme has certainly got the market moving! From last October, the grant was doubled to \$14,000 for first home buyers of existing properties and tripled to \$21,000 for new homes. This was enough to get first-timers out shopping seriously for real estate, as sales figures attest. However, fears that the boost would be cut in the recent May federal budget drove first home buyers into a frenzy, with banks reportedly having to hire extra staff to cope with the flood of home loan applications.

However, the First Home Owners Boost is to continue in its existing form until 30 September '09. Between then and the end of the year, it will be scaled down, returning to its original figure of \$7,000 from the start of 2010.

FIRST HOME OWNERS SCHEME

Prior to October 2008

Established Homes	\$7,000
New Homes	\$7,000

Oct 2008 – Sept 2009

Established Homes	\$14,000
New Homes	\$21,000

Oct 2009 – Dec 2009

Established Homes	\$10,500
New Homes	\$14,000

From Jan 2010

Established Homes	\$7,000
New homes	\$7,000

WHICH DO YOU WANT FIRST?

There's no doubt the First Home Owners Boost has provided

the desired stimulus to the real estate and domestic building economy. Free Government money and low interest rates have suddenly seen affordability rocket for many eligible buyers. It has also fuelled concerns that the demand may be creating a debt bubble that could burst as unemployment rises.

Just as obtaining a home loan seemed to be getting easier, many major lenders are now making it clear that they require a demonstration of "genuine savings" when it comes to putting together a deposit. In other words, they will not accept the First Home Owners Grant or any other form of gift or inheritance as the sole component of a mortgage deposit. The "genuine savings" requirement is explained as "three months savings" in any account. This could then include a lump sum gift etc.

What's behind all of this? It may be that lenders are protecting borrowers from their own excesses or lack of judgment in underestimating the equity buffer required in tougher times. Alternatively, it could be more a case of lenders taking precautions in the event that the borrower fails to meet the mortgage repayments. Their thinking may be that borrowers are more likely to 'abandon ship' if there is no loss of personal savings involved – however, if a borrower has made the necessary sacrifices needed to build a 5-10% deposit through genuine savings, the motivation is in place to make the mortgage work, come what may.

In all likelihood, the more restrictive deposit requirements are a combination of lenders protecting both themselves and their "investment", ie the borrowers.



AFFORDABILITY IMPROVES BUT ...

The biggest financial issue for first-home buyers this time last year was one of affordability in servicing a high-interest loan. In less than twelve months this has been overtaken by the issue of actually obtaining a loan.

With lenders now exercising a bigger degree of caution, the need for genuine savings and a good credit record is paramount in order to snare your first mortgage. Once you pass the gates into the promised land however, you can look forward to paying the lowest interest rates in 41 years (source: www.loansense.com.au / RBA data).

The average standard variable interest rate this time last year was 9.63% compared to 5.76% at the time of writing. The tables below show how much lower this makes repayments, based on the average standard variable rate of the major banks.

Looking at a fairly typical first-time-buyer mortgage of around \$300,000, borrowers are paying \$757 less per month than they would have done a year ago – a welcome relief at a time in life when finances are tight. This fall corresponds to almost a third off monthly repayments compared with less than a year ago.

Interest Rate Movements - Monthly Repayment

Interest Rate	Change	Loan Amount				
		\$200,000	\$250,000	\$300,000	\$350,000	\$400,000
9.62%	0.00%	\$1,764.11	\$2,205.13	\$2,646.16	\$3,087.18	\$3,528.21
5.76%	-3.86%	\$1,259.42	\$1,574.28	\$1,889.13	\$2,203.99	\$2,518.84
Monthly savings		-\$504.68	-\$630.85	-\$757.03	-\$883.20	-\$1,009.37

source: www.canstarcannex.com.au

Based on capital+interest repayment loan over 25 years; excludes fees.

RENT OR BUY?

It's the age-old dilemma. This time last year, tenants would have taken one look at the monthly repayments involved in buying an equivalent-standard dwelling and thought better of it. Back then, the repayments were almost double your rent. But when is the right time to say goodbye to the landlord and settle into a home sweet home of your own?

As a very rough rule of thumb, every \$1,000 of a property's value costs around \$1 in weekly rent. Therefore if you live in a \$300,000 property, you can expect to pay \$300 a week in rent, or around \$1,300 per month.

Compare the rental value of a \$300,000 property with the mortgage payment on it (see tables above) and it's no contest. Even following the recent nine months' huge

mortgage rate cuts, the monthly repayments are far higher at almost \$1,900.



But wait, it's not as simple as that. Your mortgage on this property will likely be no higher than \$270,000 assuming you paid the almost-mandatory 10% deposit. Include a typical lender's mortgage insurance (LMI) of 2% and your \$276,000 loan now costs you \$1,738 a month. Even though you will now have to pay for property maintenance and perhaps body corporate fees, you will also be building up equity as long as property prices don't fall at a faster rate than you pay the loan off.

What about the \$14,000 First Home Owners Scheme grant? We have factored this lump sum into the start-up costs needed for a loan (legal fees, moving costs, furniture purchases etc).

After x Years	(ASSUMING 0% ANNUAL PRICE RISE)				(ASSUMING 5% ANNUAL PRICE RISE)			
	Rental savings	New Equity	Selling Costs	PROFIT	Rental savings	New Equity	Selling Costs	PROFIT
1	-\$6,202	\$5,091	-\$15,000	-\$16,111	-\$6,202	\$20,091	-\$15,000	-\$1,111
2	-\$12,405	\$10,484	-\$15,000	-\$16,921	-\$10,840	\$41,234	-\$15,750	\$14,644
3	-\$18,607	\$16,195	-\$15,000	-\$17,412	-\$13,794	\$63,483	-\$16,538	\$33,152
5	-\$31,012	\$28,652	-\$15,000	-\$17,360	-\$14,145	\$111,536	-\$18,233	\$79,159
7	-\$43,417	\$42,625	-\$15,000	-\$15,792	-\$6,151	\$164,755	-\$20,101	\$138,503
10	-\$62,025	\$66,840	-\$15,000	-\$10,184	\$24,278	\$255,509	-\$23,270	\$256,517

Source: CANSTAR CANNEX, June 2009
 ASSUMPTIONS: \$300,000 purchase price; First Home Owners Scheme grant covers start-up costs; 90% LVR loan + 2% LMI (total loan value \$276,000); average standard variable rate 5.76%; annual maintenance costs \$1,000; selling costs 5% of property sale price; rental prices change in line with property prices



Among the most important variables to look at when deciding whether to buy or continue renting are:

1. Price appreciation (or otherwise) of the property
2. Changes in rental costs
3. Length of time you hold the property prior to selling – the longer you hold it the more you stand to gain by spreading one-off costs over a longer time period (see table below)



WHAT HAPPENS IF ...

Robert decides to keep renting, while Bradley takes the plunge and buys a home. Using the table above, we see who is better off and under what circumstances?

Scenario 1 – the market stays flat

- Three years in, Buying Bradley has spent \$18,607 more than Rental Robert, but has managed to build up \$16,195 in new equity. If Bradley decides to move on now, however, his selling costs will almost entirely wipe out the equity he's built up. So Bradley would have been better off renting.
- Five years in, Bradley's new equity of \$28,652 comfortably exceeds his moving costs. Robert, however, has paid \$31,012 less than Bradley in monthly repayments (rent versus mortgage payments, so overall there is little to choose between them.
- Whether or not Robert has spent or saved this \$31,012 is a moot point, and gives us a clue as to another benefit of buying over renting – the element of forced saving which usually leaves a buyer better off long-term.

Scenario 2 –property prices up by 5% per year

- Three years in, Robert's rent has increased by 5% per year, from \$300 to almost \$350 per week. Bradley, however, is still paying off a mortgage taken out against property prices from three years earlier. While Bradley has spent \$13,794 more than Robert, he has also built up new equity of \$63,483.
- Even if Bradley sells at this early stage, he stands to take this new equity onto his next property. This figure would be just under \$47,000 (after moving costs), leaving him some \$33,000 better off than if he'd continued renting.
- Five years in and Rental Robert is kicking himself. Sure, he's spent \$14,145 less than Buying Bradley but he's also missed out on the chance to build up \$111,536 worth of equity.

Naturally, it's not all roses, as property prices can fall and interest rates rise. However, for those with enough discipline and financial flexibility to pay extra into their mortgage, your first home can be seen as an almost unbeatable opportunity to force you to invest your own savings into a pot that's all yours in the long run.

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S U M M A R Y R E P O R T

National Awards

Company	First Home Buyer Kit Available	Guarantor Option Available	Mobile Lender Available	Branch Open Weekend	Online Education			Additional Information
					Budget Planner Calculator	Overall process in buying a house	First Home Owner Grant Information	

OVERALL

WINNER - National Award

Westpac http://www.westpac.com.au 131900	✓	✓	✓	✓	✓	✓	✓	<ul style="list-style-type: none"> •First Home Buyers Guide and Brochure available. •Flexi First Option Home Loan specific for first home buyers - no application fee and free internet/phone/branch withdrawals. •Market Map '09.
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For more information on home loans, refer to the latest CANSTAR CANNEX *mortgage star ratings* report <http://www.canstarcannex.com.au/home-loans/>



S U M M A R Y R E P O R T

Australian Capital Territory

Company	First Home Buyer Kit Available	Guarantor Option Available	Mobile Lender Available	Branch Open Weekend	Online Education			Additional Information
					Budget Planner Calculator	Overall process in buying a house	First Home Owner Grant Information	

OVERALL

WINNER - State Award (Australian Capital Territory)

St George Bank http://www.stgeorge.com.au 133555	✓	✓	✓	✗	✓	✓	✓	<ul style="list-style-type: none"> Allows for guarantor to assist with repayment Comprehensive website for first home buyers.
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NON - BANKS

WINNER - State Award (Australian Capital Territory)

Community CPS Australia http://www.communitycps.com.au 132585	✗	✓	✓	✓	✓	✗	✗	<ul style="list-style-type: none"> Guarantor options available LMI and stamp duty can be capitalised into loan.
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S U M M A R Y R E P O R T

New South Wales

Company	First Home Buyer Kit Available	Guarantor Option Available	Mobile Lender Available	Branch Open Weekend	Online Education			Additional Information
					Budget Planner Calculator	Overall process in buying a house	First Home Owner Grant Information	

OVERALL

WINNER - State Award (New South Wales)

Westpac http://www.westpac.com.au 131900	✓	✓	✓	✓	✓	✓	✓	<ul style="list-style-type: none"> •First Home Buyers Guide and Brochure available. •Flexi First Option Home Loan specific for first home buyers - no application fee and free internet/phone/branch withdrawals. •Market Map '09.
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NON - BANKS

WINNER - State Award (New South Wales)

NSW Teachers CU http://www.teacherscreditunion.com.au 131221	✘	✓	✓	✓	✓	✓	✓	<ul style="list-style-type: none"> •Online guide to buying your first home •Specific first home buyers loan "My First Home Loan"
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For more information on home loans, refer to the latest CANSTAR CANNEX mortgage star ratings report <http://www.canstarcannex.com.au/home-loans/>



S U M M A R Y R E P O R T

Northern Territory

Company	First Home Buyer Kit Available	Guarantor Option Available	Mobile Lender Available	Branch Open Weekend	Online Education			Additional Information
					Budget Planner Calculator	Overall process in buying a house	First Home Owner Grant Information	

OVERALL

WINNER - State Award (Northern Territory)

Westpac http://www.westpac.com.au 131900	✓	✓	✓	✓	✓	✓	✓	<ul style="list-style-type: none"> •First Home Buyers Guide and Brochure available. •Flexi First Option Home Loan specific for first home buyers - no application fee and free internet/phone/branch withdrawals. •Market Map '09.
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NON - BANKS

WINNER - State Award (Northern Territory)

Savings & Loans CU SA http://www.savingsloans.com.au 131182	x	x	x	✓	✓	x	x	
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For more information on home loans, refer to the latest CANSTAR CANNEX mortgage star ratings report <http://www.canstarcannex.com.au/home-loans/>



S U M M A R Y R E P O R T

Queensland

Company	First Home Buyer Kit Available	Guarantor Option Available	Mobile Lender Available	Branch Open Weekend	Online Education			Additional Information
					Budget Planner Calculator	Overall process in buying a house	First Home Owner Grant Information	

OVERALL

WINNER - State Award (Queensland)

Westpac http://www.westpac.com.au 131900	✓	✓	✓	✓	✓	✓	✓	<ul style="list-style-type: none"> •First Home Buyers Guide and Brochure available. •Flexi First Option Home Loan specific for first home buyers - no application fee and free internet/phone/branch withdrawals. •Market Map '09.
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NON - BANKS

WINNER - State Award (Queensland)

Qld Teachers CU http://www.qtcu.com.au 132930	✓	✓	✓	✓	✓	✓	✓	<ul style="list-style-type: none"> •Smart Starter Home Loan package - FHBs receive \$250 cashback offer on 1st year's home and contents premium. •No establishment fees and lowest QTCU variable rate on personal/car loans and overdrafts. •Repayment pause on mortgage for the purpose of starting a
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For more information on home loans, refer to the latest CANSTAR CANNEX *mortgage star ratings* report <http://www.canstarcannex.com.au/home-loans/>



S U M M A R Y R E P O R T

South Australia

Company	First Home Buyer Kit Available	Guarantor Option Available	Mobile Lender Available	Branch Open Weekend	Online Education			Additional Information
					Budget Planner Calculator	Overall process in buying a house	First Home Owner Grant Information	

OVERALL

WINNER - State Award (South Australia)

St George Bank http://www.stgeorge.com.au 133555	✓	✓	✓	✗	✓	✓	✓	<ul style="list-style-type: none"> Allows for guarantor to assist with repayment Comprehensive website for first home buyers.
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NON - BANKS

WINNER - State Award (South Australia)

Community CPS Australia http://www.communitycps.com.au 132585	✗	✓	✓	✓	✓	✗	✗	<ul style="list-style-type: none"> Guarantor options available LMI and stamp duty can be capitalised into loan.
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S U M M A R Y R E P O R T

Tasmania

Company	First Home Buyer Kit Available	Guarantor Option Available	Mobile Lender Available	Branch Open Weekend	Online Education			Additional Information
					Budget Planner Calculator	Overall process in buying a house	First Home Owner Grant Information	

OVERALL

WINNER - State Award (Tasmania)

Westpac http://www.westpac.com.au 131900	✓	✓	✓	✓	✓	✓	✓	<ul style="list-style-type: none"> •First Home Buyers Guide and Brochure available. •Flexi First Option Home Loan specific for first home buyers - no application fee and free internet/phone/branch withdrawals. •Market Map '09.
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NON - BANKS

WINNER - State Award (Tasmania)

myState Financial http://www.mystate.com.au 138001	x	x	x	x	✓	✓	✓	<ul style="list-style-type: none"> •Specific first home buyers 1-year fixed rate loan
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For more information on home loans, refer to the latest CANSTAR CANNEX *mortgage star ratings* report <http://www.canstarcannex.com.au/home-loans/>



S U M M A R Y R E P O R T

Victoria

Company	First Home Buyer Kit Available	Guarantor Option Available	Mobile Lender Available	Branch Open Weekend	Online Education			Additional Information
					Budget Planner Calculator	Overall process in buying a house	First Home Owner Grant Information	

OVERALL

WINNER - State Award (Victoria)

Westpac http://www.westpac.com.au 131900	✓	✓	✓	✓	✓	✓	✓	<ul style="list-style-type: none"> •First Home Buyers Guide and Brochure available. •Flexi First Option Home Loan specific for first home buyers - no application fee and free internet/phone/branch withdrawals. •Market Map '09.
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NON - BANKS

WINNER - State Award (Victoria)

RESI Mortgage Corp http://www.resi.com.au 136126	✓	✓	✓	x	✓	✓	✓	<ul style="list-style-type: none"> •First Home Buyer Navigator Booklet available to online applicants
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For more information on home loans, refer to the latest CANSTAR CANNEX mortgage star ratings report <http://www.canstarcannex.com.au/home-loans/>



S U M M A R Y R E P O R T

Western Australia

Company	First Home Buyer Kit Available	Guarantor Option Available	Mobile Lender Available	Branch Open Weekend	Online Education			Additional Information
					Budget Planner Calculator	Overall process in buying a house	First Home Owner Grant Information	

OVERALL

WINNER - State Award (Western Australia)

Westpac http://www.westpac.com.au 131900	✓	✓	✓	✓	✓	✓	✓	<ul style="list-style-type: none"> •First Home Buyers Guide and Brochure available. •Flexi First Option Home Loan specific for first home buyers - no application fee and free internet/phone/branch withdrawals. •Market Map '09.
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NON - BANKS

WINNER - State Award (Western Australia)

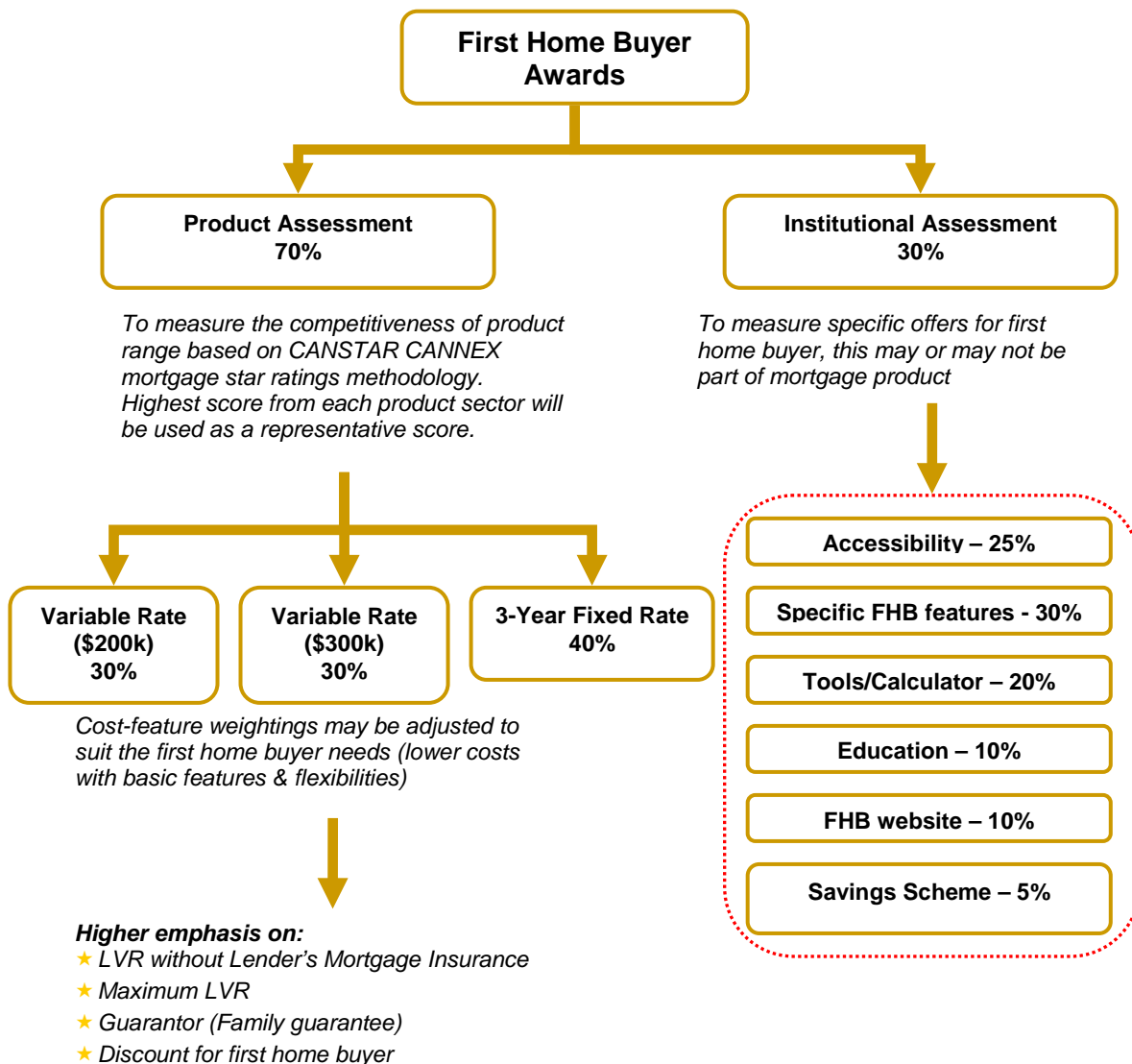
University Credit Soc http://www.unicredit.com.au 08-9389-1011	x	x	x	x	x	x	x	
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FIRST HOME BUYER AWARD

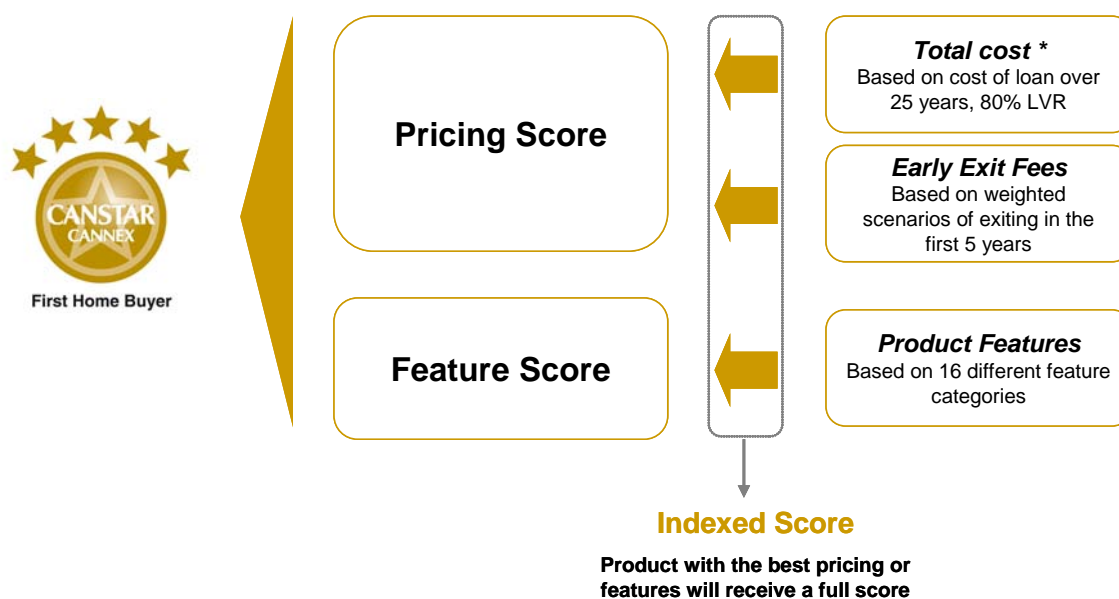
ELIGIBILITY CRITERIA

To be included in the CANSTAR CANNEX First Home Buyer award, financial institutions had to provide mortgage products that covered both variable and 3-year fixed rate. For this award, the institutions must also have face-to-face staff available, whether in branches or working as mobile lenders, with a minimum requirement of 5 branches or mobile lenders in each state.



PRODUCT ASSESSMENT

The methodology used is based on CANSTAR CANNEX mortgage star ratings which assesses both pricing and features of mortgage products. Weightings are adjusted to reflect the need of first home borrowers.



* Total cost is based on the following loan sizes:

- Fixed rates: \$250,000
- Variable rates: \$200,000 and \$300,000 assessed separately

FEATURE WEIGHTS – First Home Buyer Award

FEATURE CATEGORIES	Variable Rate	Fixed Rate	DESCRIPTIONS
LENDING TERMS	20%	20%	Details of lending, eg. max/min loan amount, LVR
SECURITY / EQUITY / GUARANTEE OPTIONS	15%	15%	Conditions of guarantor and security provision
TRANSACTIONAL MORTGAGES *	13%	13%	Method, size and cost of redraws where available
OFFSET FACILITY *	13%	13%	Availability and access of offset account
BOTH TRANSACTION & OFFSET AVAILABLE *	2%	2%	* Only higher of Transactional or Offset scores will be assigned
ADDITIONAL REPAYMENTS	10%	10%	Regulations on amount and number of additional repayments
SPLIT LOANS	10%	10%	Splitting options inc max and min split number
MORTGAGE FEES	5%	5%	Refund of fees and arrears fees details
PORTABILITY	5%	5%	Availability and cost of transferring loan
SECURITY REQUIREMENTS	5%	5%	Loan approval requirements, eg. payslips
TOP UP LOAN FACILITIES	5%	2%	Availability and cost of transferring loan
SWITCH FEES	4%	2%	Fees to switch between loan types
CONSTRUCTION LOANS	3%	1%	Availability and costs associated with progressive draws
CHANNEL AVAILABILITY	2%	2%	Acceptable application method eg. broker, branch, online
LOAN APPROVED BUT NOT DRAWN	1%	1%	Fees and length of time for which loan is not drawn
FIXED INTEREST DETAILS	0%	7%	Rate set time and duration and rate lock fee

INSTITUTIONAL ASSESSMENT

Accessibility -

Measures point of presence within each state. "Points of Presence" data from APRA is used for this assessment, which provides number of branches in each state across all institutions. A Scoring system is assigned and awards the institution with the highest number of branches in each state with a full score.

Information in this section:

- Number of branches (state by state)
- Number of mobile lenders (state by state)

Specific First Home Buyer features

This section is awarding scores to institutions which offer tailored features and products for the FHB. There are over 20 different features scored, such as assistance in arranging first home owner grant, special offers and customised service available for the first home buyer.

- Offer a specific loan for FHB
- Exemption on application fee for FHB
- Interest rate discount for FHB
- Offer higher maximum LVR for FHB

Education

Educational materials such as information on overall process involved in buying a house, explanation of different loan features and also property buying checklist are some of the information which is assessed in this section.

- Offer specific education for FHB
- Step-by-step processes for first home buyer
- Dedicated website for FHB
- Availability of online tools/calculators

Dedicated website

- Step by Step guide to buying a property
- Explanation of additional home purchasing costs
- Guide to buying at auction
- Case studies
- Online home loan pre-approval available
- Online troubleshooting

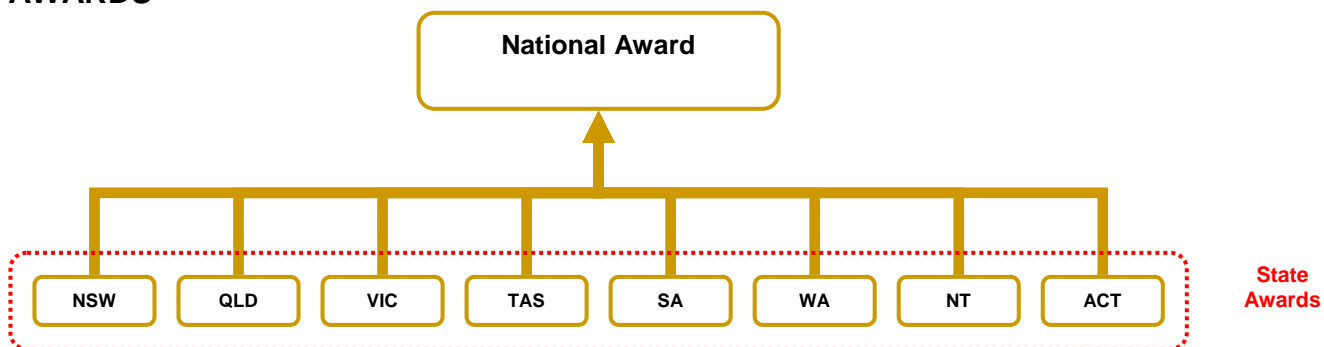
Savings Scheme

- Savings plan towards deposit
- Loan incentive in having savings plan
- Availability of First Home Savers Account

Tools/Calculator

This section covers tools available to assist in making an informed decision when buying a property. Starting from budget planner to assist savings towards deposit, home loan calculator and also total borrowing costs in buying a first home.

AWARDS



CANSTAR CANNEX first home buyer awards recognise excellent achievements on two levels, National and State.

The Overall Award, which combines all lenders (banks, credit unions, building societies and also mortgage originators), provides a level playing field when offering the best solution to the first home buyer.

A separate award for non-bank lenders, which includes credit unions, building societies and mortgage originators, recognises excellence by smaller players whose business is often concentrated in a specific area.

	NSW	ACT	NT	QLD	SA	TAS	VIC	WA	AUS
Overall Awards	✓	✓	✓	✓	✓	✓	✓	✓	✓
Non-Bank Awards	✓	✓	✓	✓	✓	✓	✓	✓	x

Weightings are assigned to each state based on population size (APRA). For state award, only the number of branches for particular state will be used.

How many products and financial institutions are analysed?

For this award, CANSTAR CANNEX analysed 403 mortgage products from 115 institutions in Australia.

How often are First Home Buyer products reviewed for rating purposes?

All ratings are fully recalculated every twelve months, based on the latest features offered by each institution. CANSTAR CANNEX also monitors rate changes on an ongoing basis. The CANSTAR CANNEX First Home Buyer award will be decided once a year.

Does CANSTAR CANNEX rate other product areas?

CANSTAR CANNEX researches, compares and rates the suite of banking and insurance products listed below. These star ratings use similar methodologies to guarantee quality, consistency and transparency. Results are freely available to consumers who use the star ratings as a guide to product excellence. The use of similar star ratings logos also builds consumer recognition of quality products across all categories. Please access the CANSTAR CANNEX website at www.canstarcannex.com.au if you would like to view the latest star ratings reports of interest.

- Agribusiness
- Business banking
- Car insurance
- Credit cards
- Deposit accounts
- Health insurance
- Home & Contents
- Life Insurance
- Low-doc home loans
- Margin lending
- Mortgages
- Package banking
- Personal loans
- Reward programs



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