

# Welcome to The new way home.

Downsizer offers a new, secure and cost-effective way to buy an existing or off-the-plan property to suit your life stage.



**Downsizer**

*The new way home.*



Find out more



## Why Downsizer?

Whether you're ready for a smaller property, need to free up capital or just want to be closer to the grandkids, we have a solution for you.

- ✓ Buy your new home with zero cash deposit and without having to sell first.
- ✓ Search our national marketplace of existing & off-the-plan properties.
- ✓ Financing and refinancing options.
- ✓ Loan support.

## What is a Deposit Bond?

A deposit bond is a safe, secure and cost-effective alternative to using a cash deposit when purchasing a home.

The bond acts as a guarantee of the deposit payment and can be issued based on the net equity in your current home, money in high-interest savings accounts, superannuation and more.

*There are two types of bonds available through Downsizer:*

### Downsizer Bond

An innovative solution for homebuyers who have enough net equity in their current home to purchase their next home without having to sell first.

### Deposit Bond

A traditional option for homebuyers who do not have enough net equity in their current home.

## Benefits of using a Downsizer Bond.

It's easy, secure and cost-effective.

- **Allows you to stay in your current home until you are ready to sell or your new home settles.**
  - Reduces the stress of having to sell first, to release funds for the next house.
  - Provides time to prepare your current home for sale and get ready to move.
- **Helps avoid costly and complicated short-term loans such as bridging finance, reverse mortgages and bank guarantees.**
- **Secures your new property with zero cash deposit.**
  - Allows you to keep long-term investments in place to continue generating income until settlement.
  - Maximises your interest by keeping your cash in your savings account.
- **Fast turnaround.**
  - Bonds can be issued in as little as 24 hours.
- **The Downsizer Bond is flexible.**
  - A Downsizer Bond can be issued for a short-term period (up to 6 months) or longer-term (up to 66 months / 5.5 years) depending on your needs.



Search for your next home  
on Downsizer's National  
Marketplace today.

## How much does it cost to use a Downsizer Bond?

There is a one-off transaction fee of \$1650 inc GST plus the Downsizer Bond fee which is payable by the homebuyer. The Downsizer Bond fee is calculated based on the 10% deposit of the new property's purchase price and the term (length) of the bond. There are no additional fees or charges.



TOTAL SAVING  
USING A DOWNSIZER  
BOND: **\$14,830**

### Frank & Jessica - Downsizer for Retirement

Frank and Jessica have \$2,500,000 of equity in their current home. They have qualified for a Downsizer Bond to secure an off-the-plan property with a purchase amount of \$2,000,000 which is due for completion in 36 months (3 years).

#### *Frank & Jessica's costs for using a Downsizer Bond are:*

**Transaction Fee:** \$1,650 (inc. gst)  
**Bond Fee:** \$13,520  
**Total:** **\$15,170**

If Frank and Jessica paid the 10% deposit using their cash savings, their interest loss on \$200,000 at 5% over 36 months is **\$30,000.\***

\*Using an indicative return of 5% and using simple interest calculation (non-compounding).



TOTAL SAVING  
USING A DOWNSIZER  
BOND: **\$3,350**

### Rose - Downsizer for Lifestyle

Rose has \$1,100,000 of equity in her current home. She has qualified for a Downsizer Bond to secure an off-the-plan property with a purchase amount of \$1,000,000 which is due for completion in 24 months (2 years).

#### *Rose's costs for using a Downsizer Bond are:*

**Transaction Fee:** \$1,650 (inc. gst)  
**Bond Fee:** \$5,000  
**Total:** **\$6,650**

If Rose paid the 10% deposit using her cash savings, the interest loss on \$100,000 at 5% over 24 months is **\$10,000.\***

\*Using an indicative return of 5% and using simple interest calculation (non-compounding).

## Start your journey today.

We have a simple 4 step process to get you started on your journey.

- 1 Search for your next home on Downsizer's marketplace - [Downsizer.com](https://Downsizer.com)
- 2 Instantly check if you are eligible to purchase the property using the Downsizer Bond.
- 3 Enter your details and speak with one of our experts.
- 4 When ready to purchase, complete the application form and secure your new home.

## Pete - Downsizer for Lifestyle & Family

Pete has \$800,000 amount of equity in his current home. He has qualified for a Downsizer Bond to secure an off-the-plan property with a purchase amount of \$700,000 which is due for completion in 36 months (3 years).

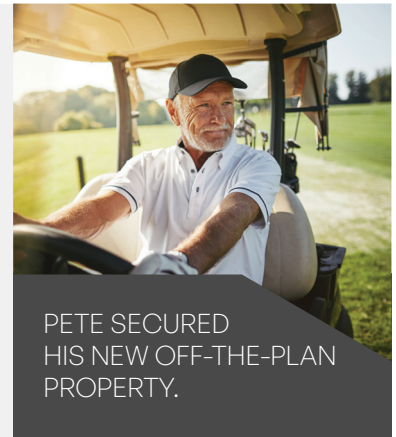
### *Pete's costs for using a Downsizer Bond are:*

**Transaction Fee:** \$1,650 (inc. gst)

**Bond Fee:** \$4,730

**Total:** **\$6,380**

Pete couldn't have bought his new off-the-plan home without selling his current property as he didn't have \$70,000 cash to pay the deposit and he didn't want to sell his share portfolio.



PETE SECURED  
HIS NEW OFF-THE-PLAN  
PROPERTY.

## FAQ's

### **How do I qualify to use a Downsizer Bond?**

The net equity in your existing property must be greater than the purchase price of the new property.

### **What is net equity & how do I calculate it?**

Home net equity is the difference between your property's market value and the balance of your mortgage. Downsizer can provide you with the current market value if you don't already know it.

### **How quickly can I get a Downsizer Bond?**

Once you have submitted your application, the approval process can be done in as little as 24 hours, assuming you have submitted all the required information and documentation.

### **Can a Downsizer Bond be used to purchase an investment property?**

Yes and again, all you need is sufficient equity to cover the purchase price of your investment property to qualify.

### **When does the Transaction Fee & Bond Fee need to be paid?**

Before exchanging contracts on your new property.

### **Can I use a combination of a Downsizer Bond + cash?**

Yes, a buyer can combine a Downsizer Bond with a cash sum to purchase a new property.

### **What is the difference between a bond and a reverse mortgage?**

A bond is issued as a certificate and is a guarantee that you will be able to settle on your new property when it is ready to move into. It uses the net equity in your current home as security and allows you to purchase your next home without a cash deposit.

A reverse mortgage allows you to borrow money for the deposit of your next home using the equity in your current home as security. The interest charged on the loan compounds over time, so it gets bigger and adds to the amount you borrow. You pay the loan in full including interest and fees when you sell your current home.

### **Why should I use a bond instead of Bridging Finance?**

Bridging finance is a short-term loan of up to 12 months and is designed to "bridge" the financial gap between buying your new home and receiving the funds from selling your old one. The repayments are based on the remaining mortgage of your current home and the purchase price of your new home, which can make it a costly exercise.

The Downsizer Bond is a cheaper alternative as it acts like an IOU for the deposit on the new property instead of you having to pay the full deposit in cash from the outset.

### **What if I sell my house before my new property settles?**

There is no impact on the bond. You may need alternative accommodation whilst you wait for your new property to be ready.

### **What happens when I settle on my new home?**

On the settlement day of your new home, you pay the full purchase price of the home. The bond is then cancelled as it has served its purpose.

### **What happens if I am not able to settle on my new home?**

The developer/seller will resell the property. There is no penalty if the property is resold at a higher price than your purchase price. If the property is resold at a loss, the maximum penalty is 10% of the purchase price.

### **What happens if the developer goes out of business?**

The benefit of using the bond is that you won't have to be involved in any legal proceedings to recoup your 10% deposit, you will only forfeit the amount you paid for the bond.

### **Who guarantees the Downsizer Bond?**

Deposit Power, a subsidiary of the Lombard Insurance Company, guarantees the bond. Bonds issued by Deposit Power have an S&P (Standard & Poors) A+ rating which means it is financially secure and those using the Downsizer Bond can feel safe that they are using a globally rated business.

*Terms & Conditions Apply.*



# Downsizer

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