

FIRST HOME BUYER?

Step through to your new home...

Buying your first home is an exciting time. It can also seem complex and confusing. First home buyers (FHBs) often find themselves dealing with financial and legal processes outside their experience to date.

Regardless of whether your first foray into property is a small bolthole that removes you from the rental treadmill, an investment property or a family home, the process to purchase is much the same.

Before you take the leap into property you should have done your homework and created a budget, minimised credit card usage, been saving hard, paid your bills on time and researched the property market.

So what other steps will you need to tick off your list when you leap off the precipice into the world of property ownership?

□ Your deposit

Most FHBs find it difficult to raise the full 20% deposit to avoid lender's mortgage insurance (LMI). **LMI often allows FHBs to get into property sooner - most lenders will allow as little as 5% deposit.** If you wait to save the full 20% prices could go up! Perhaps your parents can provide supporting security - such as a family guarantee - to eliminate the need for LMI?

□ First Home Owner Grant (FHOG)

The FHOG varies from state to state - it may only apply to building or purchasing new homes, up to a price limit and have rules around how long you must live in the home. **If you are eligible for the FHOG you should take advantage of it.** Check with your relevant state authority.

□ Stamp duty

Stamp duty is a state government tax on the transfer of land or sale of property. It also differs across states. It could be either a set rate or a percentage of the total sale. Some states offer concessions or bonuses under certain conditions. Check the government website in your state.

□ Know your borrowing capacity

Obtain an estimate of your borrowing capacity and monthly repayments. As your mortgage broker we can assess your situation and suggest options to suit your needs from a wide range of loan products and lenders AND there is no charge to you upfront. Your deposit, FHOG eligibility and cost estimates will be taken into account when calculating your borrowing capacity.

Avoid shopping around for home loans with multiple lenders as each enquiry will appear on your credit report!

□ Home loan application

Great. You've found a suitable loan! The next step is pre-approval. Why should you have this? When you start looking for a property, pre-approval for your loan **provides a clear guideline on how much you can spend** and allows you to act quickly. Be aware your pre-approval will have an expiry date. You still need formal approval of the loan to proceed to a sale.

□ Finding a property

Don't rush in. Extensive research and property inspections are crucial to familiarise yourself with what is available in your price range.

- Sign up to websites for daily alerts.
- Contact agents in your chosen suburb(s) and provide a wish list and price range.

- Let them know you're ready to go so they know you're not a tyre kicker.
- Know your purchase limit and stick to it!

Use our 'property inspection checklist' at EVERY inspection to tick off the features of each property. Take photos as well - use these to make comparisons. It's often difficult to remember when you've looked at a lot of properties!

□ Conveyancer or solicitor

You should choose a solicitor or conveyancer at the same time you start looking for a property. With loan pre-approval and your legal matters sorted you will be ready to act and make an offer when that right property comes along!

Also consider other costs such as:

- Insurance - many lenders insist you have home insurance - and you SHOULD.
- Strata levies for properties under strata title, eg apartments.
- Pest and building inspections.
- If buying an investment property you will require a quantity surveyor's report for future tax depreciation purposes. Seek advice from a finance specialist.



Call us TODAY to let us help you to determine your borrowing capacity.



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