

FIRST HOME BUYER GUIDE

IMPORTANT FIRST STEPS

Buying your first home can be a daunting task. To help prepare you for this process, we have created a simple step-by-step guide to help kick start your home buying journey.

FIND OUT HOW MUCH YOU CAN BORROW

Finding out how much you can borrow is one of the first and most important steps any first home buyer should take. This ensures you are setting yourself up for realistic expectations. Although you may adore that \$750,000 four-bedroom renovated Queenslander, you might only be able to afford a new two-bedroom apartment. You can find out how much you can borrow via a mortgage broker, your bank, or one of the many online calculators available. See *Useful Links* on page four.

WHAT CAN YOU ACTUALLY AFFORD?

This is different to what you can borrow. Here you should be thinking about what you can really afford to repay. Work this out on a weekly or monthly basis depending on how often you are paid, but you should be factoring in what you earn, what your current regular expenses are (this could be groceries, phone bills, fuel etc), and what money you need left over to still be able to enjoy your life.

You can also check some of the online calculators which will tell you what you might be paying in mortgage repayments based on what you can borrow. This will help to determine if everything added together is feasible for you. It's important to note that there is always a difference in the total cost of interest over the life of the loan when you choose between weekly, fortnightly, and monthly repayments. You could potentially save yourself money if you select weekly or fortnightly repayments. See *Useful Links* on page four.



QUICK TIPS

1. Find out your borrowing capacity
2. Work out your earnings and expenses
3. Get on top of your debt
4. Save for a deposit
5. Investigate home loans
6. Bring on the incentives
7. Educate yourself

FINANCES IN ORDER

Finance can be an overwhelming part of the home buying process however it is an integral first step to the property purchasing journey.

CONSOLIDATE YOUR DEBT

This may sound like a no brainer, but many of us are known to stick our heads in the sand when it comes to debt and that often means you're not on top of it. If possible, pay off any large, high interest debt before looking into a home loan, or look at consolidating your debt into lower interest loans. Banks and financial institutions will closely assess your personal debt (and savings) history when considering a loan application, including your car loan and credit card. Please note that debts such as HECS are not as troublesome when it comes to home loans, compared to personal loans or credit card debt.

SAVE FOR A DEPOSIT

Even just uttering the words can put fear in the minds of some first home buyers. What is a good-sized deposit? Do I even need a deposit? Can I get a loan if I don't have 20%? The answers are varied. A good-sized deposit will always be quoted at 20% of the purchase price. Anything less will incur mortgage lenders insurance, which is an insurance that lenders take out against borrowers to cover themselves in the event you default on your loan. This, unfortunately, is a non-refundable cost if it is required. Often, this cost is added to your home loan by your lender, which makes it much easier for those who can't muster up that full 20% whilst still allowing us to borrow. It is always recommended to have some type of deposit, however you should contact a mortgage broker or bank for more information on how to purchase with a small deposit.



There is nothing more important than being educated on the home buying process.

WHAT COMES NEXT?

It's important to do your research when buying a home, so spend some time looking at different options within your price range and see what suits your lifestyle the most. Ask yourself how important it is to live close to public transport, versus how far you want to travel for your first morning coffee.

HOME LOANS GALORE

With so many lenders in the market spruiking different types of mortgages and interest rates, it is absolutely necessary to educate yourself on lending options. Your mortgage broker or bank can help you decide what is right for you, but it is also important you are aware of what they are talking about when they mention fixed, variable, and interest-only loans. A quick Google search will lead you down the rabbit hole of all things home loan related, and trust us, it's worth the effort.

MAXIMISE YOUR ADVANTAGES

Crucial for all first home buyers is understanding what rebates and concessions you will receive. Familiarise yourself with your State Government's website on their first home buyers grant (if applicable) to ensure you can maximise your benefits and savings.

The top two grants in Queensland are the \$15,000 First Home Owners' Grant*, provided at settlement, and the First Home Concession on Stamp Duty. The first home concession only applies to homes valued under \$550,000*. To find out more on these initiatives and determine your eligibility, see *Useful Links* on page four.

INVEST YOUR TIME

There is nothing more important than being educated about the home buying process, real estate in your local area or the area you are looking to purchase, and borrowing. Even if you only spend 30 minutes a day researching different aspects of the home buying process you are setting yourself up to be in a better, more educated, position for when you need to make the big decisions.



Once you find the perfect lifestyle fit, it's time to find the right home loan.

USEFUL LINKS

HOME LOAN CALCULATORS

www.finder.com.au/home-loan-eligibility-calculator

www.commbank.com.au/digital/home-buying/calculator/how-much-can-i-borrow?ei=tools_borrow

MONTHLY VS WEEKLY REPAYMENTS

www.moneymag.com.au/mortgage-weekly-monthly

FIRST HOME SUPER SAVER SCHEME

www.ato.gov.au/Individuals/Super/Super-housing-measures/First-Home-Super-Saver-Scheme/

Sunland Group

sunlandgroup.com.au