



First Home Buyers Guide

All the important things you must know before buying your first home.

 **BroadFinance**

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So, you're thinking of buying your **first** home...

Buying a property is one of the biggest financial commitments you'll ever make. You may wonder what you should look for in a property, which home loan features to select and what kind of incentives and grants are available to you.

Or perhaps you would like to gain a better understanding of how properties are sold, how to win at auction, and what exactly you need to do to finalise the sale.

This guide will assist you along the path to property ownership. It's important to remember that this is only a guide to help you ask the right questions and highlight the important considerations.

No matter your property goal, we're here to help at every step with expert guidance, handy tips and useful information. We are here to help you, so please call us today if you need any assistance.

Good luck with purchasing your first home!

Bree Dawes

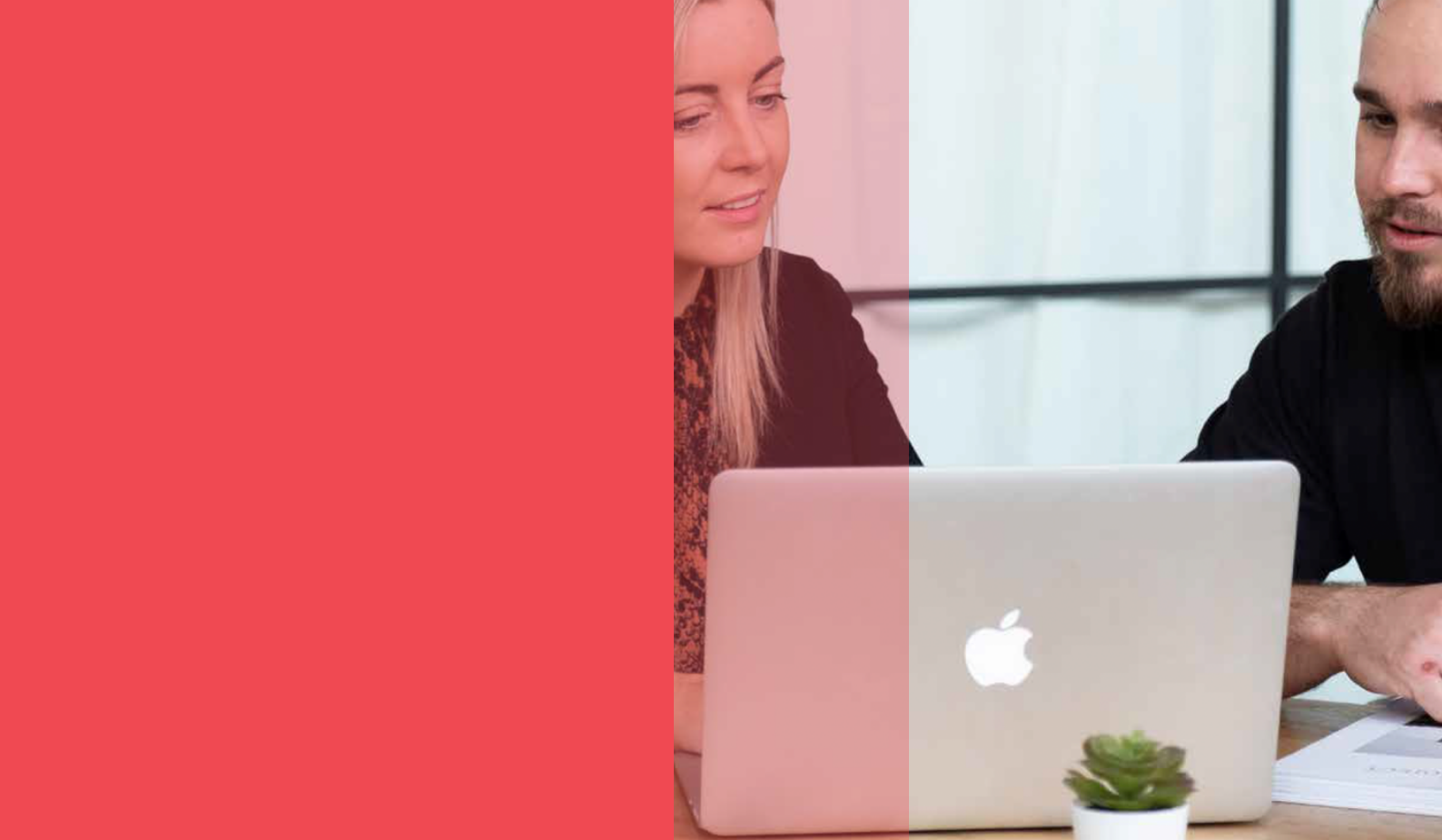
Bree Dawes

Director and Finance Broker

0407 627 111

bree.dawes@broadgroup.com.au





Chapter **One**

What are the costs associated with buying a property?

Before signing a contract of sale, you'll first need to understand the costs involved in buying property, as some of these can be significant. Ensure that you adequately budget for these.

Deposit

Most buyers know they will need to save for a deposit. Deposits are usually at least 5% of the home's overall price, depending on the type of loan and you may also have to show that you "genuinely" saved for this over time.

For example, if you purchase a property for \$750,000, the minimum amount you would need to contribute from your savings would generally be \$37,500. Remember, in most cases, a bank will not lend you 100% of the property's value, so the deposit is your "stake" that you will need to contribute personally.

Whilst the minimum contribution is 5%, if you have a higher deposit of 20% (anything over 5% can be derived from government grants, gifts from family or the sale of assets), you will have access to lower interest rates and you will avoid paying Lenders Mortgage Insurance or LMI (more on that later).

Stamp Duty

This cost is a charge that is applied by State Governments to the transfer of property ownership. The amount differs by State. Aside from the deposit, stamp duty is one of the biggest costs you will face.

Stamp duty is usually calculated based on the price of the home purchased, but the rate also depends on several factors, which are:

1. Whether you are purchasing vacant land or a brand-new home.
2. If you're a first home buyer.
3. If you're buying under a nominated price threshold, for example, under \$1,000,000.
4. If you are using the home as your main place of residence.
5. There are also some government grants available which provide First Home Buyers with an exemption or concession on stamp duty (all states are different and conditions apply).

It can be complicated to work out stamp duty on your own. Consult an online calculator or speak with us to help you determine the cost.



Other “at-purchase” costs

In addition to the deposit and stamp duty, there are other costs to consider when buying property. These are:

1. Application or establishment fees for your mortgage.
2. Pre-purchase Building Inspection and/or Pest Inspection.
3. Legal and conveyancing fees.
4. A property valuation report (Sometimes this is covered by the bank).

Individually, these costs may not be significant, but they can add up over time; especially if you are looking at multiple properties. Be sure to include these in your budget.

Ongoing costs

Once you move in, there will be ongoing costs you will need to consider too. It's important to know these up-front, as this can impact what type of property you choose to buy.

These costs include council rates, utilities (water, electricity, gas), and potentially body corporate fees (if you are purchasing within an apartment complex).

Finally, if you are purchasing a property which is further from work, friends or family, be sure to consider the additional transport and petrol costs.





Chapter **Two**

Home Loans Explained

It's important to understand the types of home loans available as the "right" loan for you will be based on your lifestyle and personal preferences.



Home Loans

When considering home loans, there are two important terms you will need to understand - principle and interest. Principle is the amount of money you borrow, and interest is the price you pay to borrow that money.

Almost all home loans work on a “principle plus interest” basis which means, over the term of the loan, you repay principle as well as the interest charged on the outstanding loan balance.



Variable rate loans

The interest rate on a variable loan will move up and down, in line with market interest rates as controlled by the Reserve Bank of Australia (RBA). Should interest rates change, your loan repayments will change too. It's always worth allowing for possible future rate rises within your budget.



Fixed rate loans

Unlike a variable rate loan, a fixed rate loan locks you into a specific interest rate for a set period of time. For example, this could be one to five years. During this time, your repayments are predictable and will remain the same, regardless of how the market rate moves.

However, remember that interest rate movements are sometimes hard to predict and a fixed rate could work against you, if the market interest rate falls. There are also expensive break costs if you have to opt-out of a fixed rate, such as when you sell your home suddenly, and pay out your home loan.

We can help you assess the home loan market and find a loan that's suitable to your individual situation and needs.



Split rate loans

A split rate loan can be the best of both worlds as it divides your loan into both a fixed and variable rate portion – you decide how much of your overall loan amount gets divided into each portion. This allows you to enjoy the predictability of repayments on the fixed rate part, while being able to enjoy the savings of possible future rate decreases on the variable part.



Lenders Mortgage Insurance (LMI)

An important concept for first-home buyers to understand is Lenders Mortgage Insurance (LMI). This is an insurance that is paid by the borrower but protects the lender, not the borrower, in the event that the borrower cannot repay their mortgage.

If a borrower cannot put down a the deposit required by the lender, then LMI will apply. The higher the deposit, the smaller the one-off LMI premium will be.

Remember, your lender may let you add the LMI premium to your loan balance, which will add to your repayments and long-term interest cost.





Home loan features

While you may think the interest rate is the most important element in a home loan, it is the loan features that may help you pay off your loan faster.

Some loan features popular with first-home buyers are:

Redraw Facility

This feature allows you to make extra repayments off your loan (at no extra charge), and access those extra funds at any time.

The redraw account can be used as a savings account and is a great way to save on interest, as you will only be charged interest on the balance of your home loan minus the amount you have available in your redraw account. Even paying \$10 a week extra off your loan will mean big savings in the long term.

Mortgage offset account

An offset account is a separate transaction account which is linked to your home loan. This feature allows your savings balance to be deducted from the loan principle when interest is calculated, resulting in you paying less interest.

More of each repayment will reduce the principal loan balance, allowing you to pay off your loan faster.

A photograph of a man and a woman in a meeting, overlaid with a red tint. The man is on the left, looking towards the woman on the right. They appear to be in a professional setting.

**We will meet with you to
understand your needs and
compare hundreds of
competitive loans from
multiple lenders.**

BroadFinance



Chapter **Three**

Utilising Grants and Incentives

Federal and State Governments have several grants and incentives to help you achieve the great Australian dream of owning your own home. Here is a summary of these assistance programs.



National

First Home Guarantee

This is a Federal initiative to support eligible first-home buyers. Often, first home buyers with less than a 20% deposit, will need to pay lenders mortgage insurance. Under the First Home Guarantee scheme, eligible first-home buyers can purchase or build a new home with a deposit of as little as 5%. The NHFIC then guarantees to a participating lender, up to 15% of the value of the property purchased, allowing the borrower to avoid the additional cost of LMI.

First Home Super Save Scheme (FHSS)

The FHSS scheme allows first-home buyers to save money for their first home inside their super fund. This is aimed at helping first-home buyers save for their deposit faster with the concessional tax treatment of superannuation.

**We'll also work with you to
complete the application,
take care of the legwork and
keep you regularly updated
along the way.**



First Home Owners Grant & First Home Buyer Assistant Schemes

Your eligibility for the First Home Owners Grant (FHOG) depends on a few key factors: where you're buying, how much you're spending, and whether you're already a homeowner.

Each state and territory plays by its own rules, but there are some common threads. To qualify for that FHOG, here's the lowdown:

- **Age Requirement:** You must be at least 18 years old.
- **Residency Status:** You must be an Australian citizen or permanent resident.
- **Residency Intent:** You must be planning to call your new place home for at least six months.
- **First-Time Buyer Status:** You must not have owned property in Australia before.

Navigating FHOG eligibility can feel like a maze, especially with each state and territory throwing in its own twists. Below is a quick reference guide however our team will help to guide you through the entire home loan journey, including any eligible government grants and applications!

**Disclaimer: The following table should be used as a guide only, and based on current thresholds which are subject to change. Please speak to your broker to confirm eligibility or refer to state government websites for up-to-date information.*



	First Home Owners Grant (New homes and builds)	Stamp Duty Exemption / Concession (New and established properties)
QLD	\$30,000 if you're building or buying a new home up to \$750,000	Exemption on purchases up to \$500,000 Concession on purchases up to \$600,000

Link to state government website for up to date eligibility requirements:
[Queensland first home owners' grant \(qro.qld.gov.au\)](http://qro.qld.gov.au)

VIC	\$10,000 if you're building or buying a new home up to \$750,000	Exemption on purchases up to \$600,000 Concession on purchases up to \$750,000
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Link to state government website for up to date eligibility requirements:
[First Home Owner | State Revenue Office \(sro.vic.gov.au\)](http://sro.vic.gov.au)

NSW	\$10,000 if you're buying a new home up to \$600,000 Or building a home up to \$750,000 (including land & construction)	Exemption on purchases up to \$800,000 Concession on purchases up to \$1,000,000
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Link to state government website for up to date eligibility requirements:
[First home buyers | Revenue NSW](http://Revenue NSW)

ACT	Not applicable	Exemption on purchases up to \$1,000,000 Please refer to state government website for further information
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Link to state government website for up to date eligibility requirements:
[First Home Owner Grant | ACT Revenue Office - Website](http://ACT Revenue Office - Website)



	First Home Owners Grant (New homes and builds)	Stamp Duty Exemption / Concession (New and established properties)
SA	\$30,000 if you're building or buying a new home up to \$750,000	Exemption on purchases up to \$500,000 Concession on purchases up to \$600,000

Link to state government website for up to date eligibility requirements:

[First Home Owner Grant | RevenueSA](#)

WA	\$10,000 for New homes or build up to \$750,000	Exemption on purchases up to \$500,000 Concession on purchases up to \$600,000
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Link to state government website for up to date eligibility requirements:

[First home owner grant \(FHOG\) \(www.wa.gov.au\)](#)

NT	\$10,000 for New homes or builds	Please refer to state government website for further information
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Link to state government website for up to date eligibility requirements:

[Home owner assistance | NT.GOV.AU](#)

TAS	\$30,000 for New homes	Please refer to state government website for further information
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Link to state government website for up to date eligibility requirements:

[First Home Owner Grant | State Revenue Office Tasmania \(sro.tas.gov.au\)](#)





Chapter **Four**

Property selection and inspections

Your home is a significant investment so it is important to ensure you purchase wisely. To assess if the property you are considering is the right fit for you, it is important you attend open inspections, to check out the home, street and the neighbourhood too.

Street & Neighbourhood

Always check the neighbourhood to see if it's a nice, safe place where you'd want to live long-term. Here are a few questions to consider as you walk through the street and neighbourhood:

1. Does it appear safe and family-focused?
2. Is it a busy area? Can you hear traffic noise when inside the home? Is the street a thorough-fare during peak times? What is traffic like on weekends?
3. Are lawns and front-gardens maintained by neighbours? Does it appear to be a tight-knit community? Do neighbours appear to talk with each other?
4. Does the area appear to have more renters, or owner-occupiers?
5. Are there amenities nearby? Where is the nearest hospital or medical centre? Are there cafes and local shops nearby?
6. Are there transport options such as a train or bus close by?
7. Are there parks and nice public spaces nearby?
8. Are there primary and secondary schools nearby and does the property fall into any school zone(s)?

Try visiting the property multiple times, both during the week and weekends. If you come across any neighbours, ask them what they think of the neighbourhood too.

Property Inspections

When inside the property, check the condition of the interior and exterior. Has the property been maintained by the current owner, or tenants? Are there any visible cracks inside – on the ceilings or walls? Or even any cracks on the external brickwork? As you walk through the home, does the floor feel even underfoot? Are external gutters intact? Can you see any water damage?

Ask the agent for permission, but also take photos or short videos so you can review in detail later.

If the property requires any work prior to moving in, make sure you factor these costs into your overall budget. If you are serious about the property, it's recommended you conduct a professional property inspection. This way, you can be sure a professional has checked for major issues, such as plumbing and structural problems.





Chapter **Five**

The Buying Process

Private Sales and Auctions - How to make an offer



Private Sale – How to submit an offer?

When you've finally found your dream home it's time to make an offer! When buying property, there are two types of offers you can make: conditional and unconditional.

A conditional offer is one that is subject to one or more conditions. A condition may be "subject to finance" or "subject to a building inspection". Once the offer is accepted, and both parties agree to the price, you will sign the final contract of sale. This is also when the deposit is paid to the vendor. Under a private sale, the contract of sale will be subject to a cooling off period – the length and conditions will vary by State.

We always strongly recommend to include a finance clause on your contract (even if your finance is pre-approved), as well as a building and pest clause. There are still hurdles that may arise even if you are pre-approved, such as the valuation coming in short, meaning you would need to contribute a higher deposit than what you have available.

Submitting conditional or unconditional offers is more common for private sales, however even when a property is scheduled for auction, you can speak with the agent and submit an offer – as long as it's prior to auction day. However, the vendor may already have decided to go to auction, and would need a significant offer to sway them to sell early.

Remember, once you pay a deposit on a property, you have a financial interest in it. It is recommended to then arrange building insurance on the home.



Buying at auction

Buying a property via an auction is an exciting and fast-paced experience. If you've never been to an auction before, ensure you attend a few to get an understanding of how the process works.

Remember, sales by auction are unconditional. So be sure your finances are in order and your deposit is ready to go.

Ensure you know what deposit you will need, because if your bid is successful, you will be required to pay the deposit on the day. Decide on a strict price limit and don't over spend. It is wise to have an odd-number as your limit. For example, you may decide prior to auction that \$736,800 will be your limit. You may find other bidders would stop at a more natural number, such as \$735,000.

During the auction, if you can, present bids in larger increments to knock out those who cannot afford to pay more. Often the best tactic is steady, firm and unemotional bidding. Set your limits and stick to it. If the reserve price set by the vendor is not reached, there is an advantage in being the highest bidder, as you will have the first right of negotiation.

A man and a woman are celebrating in front of a house. The man is pointing upwards with a wide smile, and the woman is embracing him from behind, also smiling. The scene is overlaid with a semi-transparent red filter.

**Finding the right loan for your needs
is just the beginning of the service
you will experience with the team at
Broad Finance.**





Chapter **Six**

Completing the Property Sale

Pack the boxes - we're moving!



It's moving time!

Once you've signed the contract of sale, it means you now wait for the settlement period to finalise. This could be anytime between 30 to 120 days and is usually agreed upon by both parties. This is a great time to start decluttering and beginning to pack.

On settlement day, you will own the property! Your ownership of the property will depend upon any conditions identified in the contract of sale. If the contract was "unconditional", then there are no conditions (remember, sales by auction are unconditional). Any clauses or special conditions, will need to be fulfilled during the settlement period. These could include:

1. Obtaining finance from your lender. *Even if you have a pre-approval in place, it's very important that there is a finance clause noted on the contract.*
2. The completion of a satisfactory building inspection.
3. Any maintenance/repairs to be completed by the vendor.

As you begin to pack, there are a number of tasks that you will need to finalise as you move into your new property. These are:

1. Connect utilities such as Internet, Electricity, Gas and Water.
2. Change your address and redirect mail through Australia Post.
3. Ensure your loans have been set up correctly with your lender.
4. Establish new home and contents insurance.
5. Ensure you have adequate insurance to cover your mortgage if you are unable to work.





Chapter **Seven**

Tips for Paying Off Your Loan Faster

We all want to pay off our loan quickly. But in reality, how can we do this?



Paying off your loan

It's worth realising it doesn't have to take 30 years to pay off a loan. Here are some tips to help you become mortgage-free earlier.

Make extra repayments

If you can, it is always wise to make extra repayments. Even small amounts, such as regularly paying an extra \$10 or \$20 a week, can make a significant difference over time. Try to find ways to save money. Reduce how often you purchase coffee and take-away food. A popular approach is reviewing your subscription services, mobile phone plan and insurance contracts to ensure you are not paying for features you do not need.

Pay your loan weekly or fortnightly

If you cannot pay more each month, it is still beneficial to pay more often. There are 12 months in a year, but there are 26 fortnights. If you divide your monthly loan repayment in two and make payments each fortnight, you'll make the equivalent of 13 monthly repayments every year; that's an extra month's repayment.

Home Loan interest is calculated on daily on the balance of your home loan, and charged monthly. Which means making repayments more regularly will also reduce the amount of interest you pay, as your balance will be reducing weekly rather than monthly.

Utilise a redraw or offset account

A useful feature for paying off your loan early is utilising your redraw account or offset account (if applicable). Every dollar you keep in this account is offset against your loan, ultimately reducing the balance on which interest is calculated. Remember, interest is calculated daily. As an example, it may be wise to keep your monthly salary in the offset, even for just a week, before paying other living expenses to help save on interest.

Ensure you check your loan at a minimum annually

Finally, remember to give your loan an annual health check. Do not be complacent about your loan or your interest rate. Mortgages constantly evolve and interest rates move, so it pays to conduct an annual check to ensure your loan still suits your needs.

We are here to help you, so please call us today if you need any assistance.





Chapter **Eight**

10 step checklist to buying your first home



10 Step Checklist

✓ **Step 1:** Get Prepared!

- Speak to a Mortgage Broker to help determine your budget
- How much can you borrow based on your income and expenses.
- How your maximum purchase price based on your maximum loan amount, your deposit and any government grants available

✓ **Step 2:** Continue to take steps towards the plan created with the help of your broker.

- Depending on your situation, this could mean saving a little more, waiting for probation period to finish, or tightening your spending habits.

✓ **Step 3:** Choose your Conveyancer to help with the legal side of the purchase.

- A good conveyancer is important when buying a property, so be sure to do your research, check their google reviews or seek recommendations from friends, family, or your broker.
- Let us know if you need a recommendation!

✓ **Step 4:** Offer accepted & purchase contract will be prepared.

- When your offer is accepted, you will usually be asked to pay a small deposit to confirm your commitment. Then the remainder of your deposit can be paid when the contract becomes unconditional.
- Once your offer is accepted, the sellers conveyancer will prepare the contract for signing by both parties. This part can take a couple of days.
- Be sure to have your conveyancer run through the contract before you sign!

✓ **Step 5:** Apply for 'Formal Approval' with the bank.

- Send a copy of your signed contract through to your broker.
- We will then request a valuation on the property to ensure it's valued at the amount you have offered to purchase it for.
- Once all conditions have been met, the bank will issue formal approval & loan contracts for signing!



✓ **Step 6:** Arrange a building & pest inspection on the property.

- This is also a very important step. The building inspector will check for pest problems and any structural issues & provide a comprehensive report
 - outlining any suggested repairs or maintenance.
- The findings from the report can be used to request any repairs prior to settlement, or request a price reduction if necessary.
- Again do your research, check quotes and most importantly reviews!

✓ **Step 7:** Purchase Contract becomes unconditional.

- Once your finance condition and building & pest condition have been satisfied (along with any other conditions noted), the contract will become unconditional.
- Your broker will liaise with your conveyancer, who will then let the sellers conveyancer know the conditions have been satisfied, which means the contract becomes unconditional! (Now it's time to celebrate!!)
- Then, a settlement date can be booked in.

✓ **Step 8:** Pay your remaining deposit once the contract becomes unconditional.

- Usually the remainder of your deposit is due within 48 hours of unconditional.
- The deposit amount can be negotiated when you make the original offer, but the agent will usually request 10% of the purchase price.

✓ **Step 9:** Settlement, the official transfer of ownership.

- Your conveyancer will reach out a week or so before settlement to confirm the final settlement statement.
- You will need to transfer your remaining contribution into their trust account prior to settlement, or have the funds available in an account with your new home loan bank (check with your broker).

✓ **Step 10:** Move into your new home!

- Once the contract has settled, you will get access to your new home!
- Don't forget to update your address on all of your mail and drivers license!

Client testimonials



We've had Bree help us twice with buying homes and securing the loans for us now and we couldn't feel more confident in her abilities and knowledge throughout this otherwise stressful process. She put us at ease, answered all our questions and kept us in the loop every step of the way. We'll never use anyone else! 😊

Bree and the team at Broad Finance are a dream to work with. We have used them on multiple occasions, with every transaction being a seamless experience. The thing we love most about Broad finance is that they are a one stop finance shop. From our business vehicle loans to our most recent home loan, they do the lot.... And they are absolute legends. Keep up the great work team and we look forward to working together for many years to come.



Bree was amazing!!! Kept me updated on the whole process and I never had to worry/stress about anything. Would highly recommend to anyone to speak with her for getting a loan. Thanks Bree!

Bree was brilliant - she put in so much time and effort to ensure we got the best outcome, kept us informed at every step. She is so knowledgeable, patient and helpful from start to finish. She is the best broker, Thank you Bree :)



80+ 5 STAR REVIEWS ON GOOGLE





OPENING HOURS

Mon - Fri: 8am - 5pm AEST

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1300 441 330

EMAIL US

enquiries@broadgroup.com.au