

Home buyer

Frequently asked questions



1 How much do I need to save for a deposit?

It is a good idea to research the market to find out the approximate price for the type of property you would like to buy in the location you would like to live in. Most lenders will require you save a 20 per cent deposit plus costs (e.g. stamp duty) to approve your home loan application.

Find out what options and assistance is available to you if you don't have a 20 per cent deposit. You may be eligible for government assistance like a first home owner grant, shared equity scheme or a stamp duty exemption. The options available may vary by state.

Not eligible for government assistance? Lenders Mortgage Insurance (LMI) might be an option for you. LMI is insurance taken out by the lender to protect them in the case that you default on your loan and the lender is unable to recover the outstanding loan amount from the sale of the security property. The lender will usually pass the cost of the insurance onto you as an LMI fee. Your lender may lend to you with as little as a 5 per cent deposit plus costs if LMI cover is available.

Use our [Deposit Comparison Estimator](#) as a guide for what your deposit options may be.

2 What extra costs will I need to pay?

There are extra costs involved in buying a property, in addition to saving up a deposit. These extra costs may vary by state, but most home buyers can expect to pay:

- stamp duty or transfer duty
- legal or conveyancing fees
- pest, building and strata reports
- loan application fees.

Stamp duty is a one-off tax you pay to the relevant state government when buying a property. The amount you pay will be a percentage of your property price, but can also vary by state, and depending on if you are buying a property to live in or invest. Stamp duty can be a significant amount of money so it is important to factor this in to your savings plan.

A conveyancer can help you with the transfer of ownership of your property. You do not have to engage a conveyancer; there are DIY kits available. However, many people opt to pay a conveyancer as there is significant risk in a purchase as large as a home.

It is important you hire independent building inspectors to make sure you don't get any nasty surprises after you have settled. A pest report and a building report will tell you if the house is in good condition or if it will require any major works. If you are buying an apartment, a strata report will give you an idea of how the shared spaces are run, how voting works and what regular fees you may need to pay.

You may be required to pay fees to your lender for establishing your loan, including valuation fees. The amount you will be required to pay differs between lenders so it is important to choose your loan carefully, to make sure you don't have to submit multiple applications.

There may be other costs associated with buying a home, depending on if you intend to live in the home or use it as an investment property, where you live and how much of a deposit you have saved. Speak to your lender, broker or financial advisor to gain a thorough understanding of the costs associated with buying property.

3 Should I buy a home as an owner-occupier or an investor?

There are benefits and important considerations for both of these options and the best option for you will depend on your individual circumstances.

Owner-occupier

Benefits	Considerations
<ul style="list-style-type: none"> You may be eligible for government assistance schemes like the First Home Owner Grant and stamp duty exemption You can enjoy the home you bought You can try your hand at DIY home improvement while living in your new home You don't need to worry about rental increases 	<ul style="list-style-type: none"> You will need to cover your loan payments with your income, as you will not be receiving rent payments You may be limited in where and what you can afford if you will need to use your income to pay your loan If you fall into financial hardship, may need to work with your lender to consider the options available to you, including selling the property

Investor

Benefits	Considerations
<ul style="list-style-type: none"> The rent payments you receive can cover some or all of your loan payments You can make the most of living with family while building equity on the property you own You can buy what you can afford to buy while renting where you want to live. This is called rent-vesting 	<ul style="list-style-type: none"> There are additional taxes, annual levies and costs associated with owning an investment property You may not be eligible for government assistance schemes like the First Home Owner Grant You will still need to invest time and money into managing and maintaining the property There may be periods of time when the property is vacant and you will still need to pay your loan as well as the rent or board you pay for where you are living

4 How do I choose a broker?

Following these steps can help you find the right mortgage broker to help you.

Start by making sure you understand what a mortgage broker does.

Ask friends, relatives, family or a mortgage broker association for referrals.

Take a look at online review. It is useful to check feedback from their previous clients, including complaints.

When meeting prospective brokers, get a feel for how much interest they have in helping you get the loan you need.

Ask about their experience (including whether they are licensed), the support they'll provide, the fees they charge, and how they're paid.

Also ask whether they can help you, given your specific financial circumstances.



5 How do I choose the right home?

These are some factors you might want to consider when choosing your home. Download our [checklist for inspecting a property](#) to help you find the right home.

First you will want to have an idea of what you want your life to look like in 5 years, 10 years or even 20 years. You may be able to upgrade in the future but you will likely keep this home for a long time.

- Is it close to friends and family?
- Can you commute to work?
- Does it have amenities you need (e.g. fitness, entertainment, medical services and shopping centres)?
- Does it meet your access requirements (e.g. wide footpaths for wheelchairs, street parking, pollution)?
- If you plan to have children, does the area have good schools, sports and community activities for them?
- Does the area have a lot of external noise (e.g. airplanes, highways)?

Next you should consider the type of home you want to buy (e.g. house, apartment, townhouse, duplex). This will depend on your future plans and your individual needs.

- If you work from home, does it have an appropriate home office space?
- How many bedrooms do you need? Do you have children or will you be living with a friend or housemate? Do you often have family and friends visit who will need to use a guest bedroom?
- Does the home meet your access requirements? For example, if you use a wheelchair, you might need to consider ramp access, wider door frames and lower bench tops.
- Does it have enough storage? Will it continue to be enough storage if your family grows or if you pick up new hobbies or sports?

You should also consider the condition of the home and if you can invest the time and money to renovate. It is important that you engage independent pest and building inspectors before buying a home.

- Does the kitchen and bathroom function properly?
- Can you see any mould?
- Are the ceilings, walls and floors in good condition?
- Check what is included – carpets, curtains, blinds, light fittings, air conditioning, heating and any appliances
- Do you have mobile phone coverage throughout the house?
- Ask the real estate agent if the home has an energy efficiency rating



Download our first home buyers ebook for more detailed information about buying your first home.

Important information

The information contained on this document is general information. It does not constitute legal, tax, credit or financial advice, and is not tailored to a borrower's specific circumstances. Home buyers should consider their own personal circumstances and seek advice from their professional advisers before making any decisions that may impact their financial position.

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