# First Home Owners Information E-Book

Bramwell Homes

Are you thinking of buying your first home? It's likely you're going to have a number of questions on your mind. And as a new entrant to the housing market, it's natural that you should! You may wonder what you should look for in a property, which home loan to select and what kind of assistance is available to you.

Perhaps you would like to gain a better understanding of how properties are sold and what exactly you need to do to finish off the sale.

This guide will explain the home buying process so you can enter the market with confidence and get on with your very first home buying journey.

## Which is Better: -

Owning or Renting?
Part of the Australian dream that many people aspire to is to one day own their own home. But this dream is not for everyone. Buying a house is a lifestyle choice - and a big one at that!

Owning and renting a property each have their pros and cons. Here are some that you may want to keep in the forefront of your mind before making a decision.

## The Pros: - Renting

- Allows you to stay financially free, as you will not have substantial debt through a mortgage.
- Option of securing a fixed or period lease, which enables you to move around with ease instead of being tied to a home.
- No maintenance/repair responsibilities, this will be the landlord or property manager's job.
- Can rent a house in an area you may not be able to afford to buy in.
- Rent stays at a constant amount for agreed tenancy, rather than paying a mortgage at a varying interest rate.

## The Pros: - Owning

- You are securing yourself a valuable asset and long-term investment.
- You can choose to do what you wish with the building and the land (within council regulations).

- Equity can be built up over time through your home loan payments and used to buy additional homes or for renovations.
- Have the freedom to have pets or children living at your property.
- Choice of location is up to you, great for choosing schools, amenities etc.

### The Cons: - Renting

- You sign onto a fixed tenancy, which may not be good for long-term flexibility.
- Landlord has the right to not renew your lease at the end of your tenancy.
- Many rental properties do not allow pets, so this may not be a suitable option if you have them.
- Your landlord can increase your rent, leaving you to pay more or vacate the property.
- Cannot alter or customise the property to suit your taste.
- Many costs involved in the process, e.g. letting fee, bond, rent in advance.

### The Cons: - Owning

- Will likely require a mortgage, you need to be comfortable with taking on substantial debt.
- Many costs involved in the process, e.g. stamp duty, lawyer fees, loan establishment fees.
- On-going costs, such as maintenance, repairs, council rates, tax.
- It can be difficult and time consuming to save up for a home deposit (at least 10 per cent of the purchase price).

- Your budget will determine the location that you can buy a home in
- potentially leaving you to choose from cheaper suburbs.

Both options of buying or renting a residential property have their plus-sides and their pitfalls. It's ultimately up to you to decide which option is best suited to your needs and long-term goals.

### The Cost of Buying: - Real Estate

If you have made the decision to purchase your very first home, there are a few costs you will need to prepare for.

### Deposit: -

Most people know they need to save for the deposit. Deposits are usually at least 5 per cent of the home's overall cost, depending on the type of loan you obtain.
To determine how much your deposit will be, consider:

- The average home price of the area in which you wish to buy
- The type of loan you wish to get
- The amount you wish to borrow through your loan

### Stamp duty: -

Stamp duty is a charge that is applied to the sale of residential property by state governments. It is not a fixed cost across the country - it differs in various states.
Stamp duty is one of the biggest costs that you may face in your property purchase, so it's important to figure out how much this will be before you buy a home.
The cost is usually calculated based on the price of the home you purchase but each state has its own system.

### The rate often differs depending on several factors: -

- Whether you are purchasing vacant land or a brand new house
- If you are a first home buyer
- If you are using the home as your main place of residence.

For example, some states offer first home buyers a stamp duty concession which will make their first home purchase a lot easier. Depending on your state, this concession could apply to the purchase of new homes only, while other states provide funding for existing dwellings too.
It can be complicated to work out stamp duty on your own as there are many rates that apply to different house prices. Consult an online calculator to help you determine the cost.

**Other expenses: -**

There are a number of other costs that are associated with buying your property:

- Establishment fees for your mortgage
- Pre-inspection costs
- Legal fees
- A valuation of the home

While these are not all significant figures individually, they can add up to a sizeable figure. Be sure that you can pay for them as they arise.

**Ongoing costs: -**

Ongoing costs can impact what type of property you choose to buy as well as its location. Council rates are a form of property

tax put in place by state governments across the country and can vary among states and even cities.

They are usually based on the property's value, and the funds are used for local infrastructure and services such as roads, libraries and waste collection.

There will also be expenses for utilities (water, electricity and gas) throughout the time that you own your home. Sometimes there may even be set-up fees for these services when you move into the home.

If you are purchasing in a shared block you will probably need to pay body corporate fees to cover the cost of maintenance on common areas – so make sure you factor these costs in as well.

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