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first home buyer's
guide

BUYING YOUR FIRST HOME

Complete guide to purchasing your first home

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Deciding to buy a house is a big step and is also a very exciting time

Often however, the excitement can quickly be overshadowed by a 4-8 week exchange process that can leave many buyers feeling overwhelmed and confused. There are many things that need to be considered before and during this busy process.

Here are a few simple tips to help you navigate your way through this process:

1. Do your homework before you make an offer

Take the time to research the area in which you would like to buy, get to know the area by looking at recent sales & listed properties in your preferred area.

2. Can you afford it?

Compile an accurate and detailed budget to ensure that you can service a mortgage and that you fully understand the impact a mortgage has on your current financial commitments. We've even attached a blank budget to this guide to help you achieve this.

3. Pre-approval of your home loan

Before you make an offer, make sure that you have been granted a pre-approval by your lender for your loan. Once an offer is made most vendors require a holding deposit and if you fail to get finance approval, you risk losing your funds. We can provide you with this, and usually at little or no cost to you.

4. Consider mortgage product alternatives and understand all the fees and charges

Today there are more products to choose from than ever before and it's important that you speak to your broker to ensure that you have the best product to suit your needs, and that you understand the fees and charges associated with it.

5. Employ a conveyancer or solicitor

A conveyancer or solicitor will help you with the legal documentation required to buy a house. They are important to have as they will vet the Contract of Sale, Strata searches and advise you on any abnormalities or concerns before you make an offer. Need a conveyancer? - Contact us for our recommendations.

6. Make an Offer

Once you've finished with step 5, you can then make an offer! Be prepared to negotiate. Don't offer the highest amount you can afford at the first stage and be prepared for a counter offer. It is important to know that there could also be others making an offer at this stage. In some cases, the vendors may choose to hold an auction. If this is the case, speak to your solicitor about any financial or legal implications of buying this way.



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IMPORTANT:

At this stage do Not sign the Contract of Sale until you have a written unconditional mortgage approval in hand. Only accept written approvals from authentic sources.

7. Your offer has been accepted, time to cool off

This will differ depending on your state. However, once your offer has been accepted, the next step is to sign the contract. This is the legal part of the process and is facilitated by the vendors' real estate agent. In most states, except WA, there is a "cooling-off period" of up to five days but you can ask to have this period extended if needed. During this stage it is important to conduct full building and pest inspections and in some instances, a council inspection. Your solicitor can help to organise this and can assist you with any questions once the reports are received.

You will also need to ensure that you have received full formal approval of your mortgage from your lender which will require documentation verification and a full valuation of the property. Do not proceed without this because it may mean that you risk losing the 10% deposit.

8. Formal Contract Exchange

Once the five-day cooling off period has come to an end, formal contract exchange is required. Your solicitor will prepare the necessary paper work. The important thing for you is to have ready the required 10% deposit (or negotiated deposit) which needs to be forwarded to your solicitor who will then complete the process.

9. First Home Owners Grant

After Contract Exchange, the staff at AISA will ensure that your First Home Owner Grant & Duty Exemption forms are completed correctly and onforwarded to the correct offices.

10. Settlement Period

This is typically a 30-90 day period from when you sign the contract to when you take legal possession of the property. The length of the settlement can be negotiated to a period that suits both you and the vendor, and your solicitor can assist with this negotiation. During this period, your solicitor will orchestrate all property searches and the transfer of title on the property.

11. Stamp & Mortgage Duty

Your solicitor will coordinate the mortgage papers and will prepare the necessary documentation required for the settlement day. You solicitor will also require the payment of Duty to the Office of State Revenue. Duty typically must be paid on or before settlement and is calculated on a sliding scale based on the purchase price. If you are a First Home Buyer, you may be eligible for Duty exemptions. Speak to your broker to see if this applies to you.

12. Take possession of your property and move in

Once settlement has taken place you can then move into your new home. Arrange access to the keys with the selling agent beforehand. Congratulations and enjoy!



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BUDGET

Use this budget to calculate your individual financial situation. *Be sure to leave enough for those extra daily living expenses & extracurricular activities!*

Post-Settlement Budget

Mortgage:	/ Month	\$
Strata Fees:	/ Month	\$
Strata Fees Special Levy:	/ Month	\$
Council Fees:	/ Month	\$
Water Fees:	/ Month	\$
Electricity/Gas Fees:	/ Month	\$
Contents Insurance:	/ Month	\$

Other

Car Payments:	/ Month	\$
Car Petrol / Train Transport	/ Month	\$
Car Insurance:	/ Month	\$
Rego / Green Slip / Pink Slip	/ Month	\$
Health Insurance:	/ Month	\$
Food:	/ Month	\$
Activities / Entertainment:	/ Month	\$
Clothing:	/ Month	\$

TOTAL:		\$
LESS MONTHLY INCOME:		\$
SURPLUS:		\$



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First Home Buyer – Example of Standard Costs of a Mortgage

10% Deposit, Existing Property Owner		First Home Buyer's 10% Deposit	
Purchase Price:	\$ 300,000.00	Purchase Price:	\$ 300,000.00
Application Fee:	\$ -	Application Fee:	\$ -
Mortgage Insurance (est):	\$ 3,090.00	Mortgage Insurance (est):	\$ 3,090.00
Mortgage Duty:	\$ 1,021.00	Mortgage Duty:	NIL
Purchase Duty:	\$ 8,990.00	Purchase Duty:	NIL
Valuation Fee:	\$ -	Valuation Fee:	\$ -
Lender Legal Costs (est):	\$ 434.50	Lender Legal Costs (est):	\$ 434.50
Your Solicitor's costs (est):	\$ 1,500.00	Your Solicitor's costs (est):	\$ 1,500.00
Land Titles Registration Fee	\$ 92.00	Land Titles Registration Fee	\$ 92.00
Total funds required:	\$ 315,127.50	Total funds required:	\$ 305,116.50
Less Funds Provided:		Less Funds Provided:	
AISA Loan:	\$ 270,000.00	Equity from other Loan:	\$ 270,000.00
Total Funds Provided:	\$ 270,000.00	First Home Owner's Grant:	\$ 14,000.00
		Total Funds Provided:	\$ 306,000.00
Your Savings Required:	\$ 45,127.50	Surplus Funds:	\$ 883.50

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If you have any questions about this site or would like to make an appointment to see us, please feel free contact us by email on john@aisa.com.au or george@aisa.com.au.