

First home buyer guide

Buying your first home is an exciting prospect, but it doesn't come without challenges. Before you begin the journey, it's crucial to understand the ins and outs of the property buying process.

So where do you start?

1. Understand your borrowing capacity and options, along with any grants and schemes you can access. Calculators are a great option!
2. Prepare the appropriate documentation for getting finance pre-approval so you're ready to buy. Working with a trusted broker like Flint will help make this process pain-free.
3. Be clear on your purchasing criteria and do your research. Use real estate portals like [view.com.au](https://www.view.com.au) to source all the information you need.
4. Actively engage in the buying process. Keep an eye on the market with [view.com.au](https://www.view.com.au) and connect with local agents.
5. Finalise the purchase of your first home.

Budgeting and finances

Purchasing a property will likely be the biggest financial decision you ever make, so it's important to get your finances in order. A good place to start is by working out how much you can borrow and afford in repayments.

Online calculators can give you a rough idea, however, you'll need to see a mortgage broker or lender for an accurate assessment. Without a broker, liabilities or income can be missed. A Flint broker will do a credit check and uncover any debt against the borrower and in some instances, highlight things that were not mentioned in the initial discovery. Getting in touch with us at the beginning of the process will help you work out what you can afford and how much of a deposit you will need.

Typically, a deposit is 20 percent of the purchase price, however, you may be able to buy with as little as five percent if you take out Lender's Mortgage Insurance (LMI). LMI is an insurance that protects lenders if the borrower defaults on their home loan and the property is sold for less than the loan balance.

For those without a 20 percent deposit, and wanting to avoid LMI, a guarantor loan can be a good option. A guarantor on your loan agrees to cover repayments should you fail to meet them.

Grants and incentives

There are many federal and state-based grants and incentives that assist first home buyers to purchase a property. At Flint, we can help you understand which grants and incentives are applicable to your situation.

- **First home owner grant**

First home owner grants are available across Australia and vary depending on the state. Visit [firsthome.gov.au](https://www.firsthome.gov.au) for more accurate and up-to-date information on state-based initiatives.

- **First home guarantee**

This federal government scheme helps eligible buyers purchase a property even if they don't have a 20 percent deposit. [Housing Australia](https://www.housing.gov.au) will allow buyers with as low as a five percent deposit avoid paying LMI by going guarantor for up to 15 percent of the property's value. This scheme applies to new and existing properties.

- **Family home guarantee**

This is another federal government scheme that provides a guarantee for deposits as low as two percent for eligible single parents with dependants. It applies to new and existing homes.

- **First home buyer super saver scheme**

Need help reaching your savings goals? This scheme helps buyers save for their first home by allowing them to make voluntary super contributions and take advantage of the lower tax rate these contributions attract.

Getting a home loan

When it comes to applying for a home loan, the first step is to find a mortgage broker you trust to guide you through the journey. A Flint broker will explain the process step-by-step and find the best loan product for you.

When deciding on the right home loan, you can choose between interest only, and principal and interest, and then whether you want the interest rate to be fixed, variable or split. We can weigh up the pros and cons of each loan type and determine which one is best for you. It's important to do your own due diligence here and assess each option carefully.

The pre-approval process for a home loan varies from lender to lender, however it's a good idea to get all of your financial documents together in preparation. This will likely include proof of income, a list of assets and debts, and expenditure.

Finding a property

Once you have pre-approval for your loan, it's time to start the property search. Choosing the perfect home will involve a few key factors: where and what you can afford, how much space you require, whether you have children or pets, and what is important to your lifestyle.

Research homes on a property portal such as [view.com.au](https://www.view.com.au) and set any preferences you may have regarding the type of property, amount of bedrooms or specific features. Another good idea is to attend inspections and auctions of similar properties in suburbs that you are interested in to see what they sold for. You can also save homes in your property portal app and track the results.

The research phase will give you an idea of what you can afford and where. If all the properties in your dream suburb are selling above your budget, try looking at adjacent suburbs or setting your search wider. Keeping up-to-date with property news, market trends, and median house/unit prices is another important part of the research phase.

Once you've narrowed down your list of homes, head to inspections and take a good look around. Take photos, videos, ask the agent questions and carefully consider the key features of the property. You might want to bring a trusted friend or family member for a second opinion.

If a property has passed your inspection with flying colours, consider getting a professional building and pest inspection. These checks will ensure there are no nasty surprises after you've signed on the dotted line.

The buying process

There are two main ways to buy a property in Australia, auction or private treaty. Depending on which way you purchase your home, different rules apply and these can vary from state-to-state. If you are confused or intimidated by the buying process, you may want to engage the services

of a buyer's advocate. This will come at an extra cost, so it's important to do a cost-benefits analysis and decide whether this is right for you.

Making an offer on a property involves contacting the listing agent and telling them what you are prepared to pay. This can be as simple as a phone call, however the agent may want you to formalise the offer in writing. If you purchase via private treaty, a cooling-off period will apply. This period is typically two-to-five business days and allows the buyer to do research into the property and cancel the sale if they change their mind.

If you're intending to bid at an auction, make sure you familiarise yourself with the rules. You should also decide how much you are willing to pay for the property and stick to it – regardless of how frenzied the bidding gets. Cooling-off periods do not apply to properties bought at auction, so make sure you are certain before you bid.

Conveyancing and settlement

Conveyancing is the legal process of transferring ownership of a property from the vendor to the buyer. This can be done by a conveyancer or a solicitor. The process can include preparing transfer documents, reviewing contracts for sale, sharing documents with your lender and coordinating settlement.

Settlement is when ownership of the property is transferred from the seller to the buyer. This process is managed by the seller and vendor's solicitors or conveyancers and the buyer and seller are not required to be present.

Steps that will occur as part of the settlement process include a final inspection of the property, registering your mortgage against the title of the property, making the final payment to the vendor, and receiving the keys to your new home.

Get in touch with Flint for a free, no-obligation chat about how we can help you achieve your goals and find the right finance options from our panel of lenders.

First Home Buyers Checklist:

1. *Obtain finance pre-approval for a home loan*

2. *Start hunting for your dream home (or hire a buyer's advocate to do the legwork for you)*
3. *Have your conveyancer/solicitor take a look at the contract of sale*
4. *Make an offer*
5. *Secure your formal home loan approval*
6. *Organise building and pest inspections (and a strata report, if needed)*
7. *Sign the contract of sale (also called "exchanging contracts")*
8. *Pay the deposit*
9. *Set up insurance to kick in on settlement day*
10. *Pay your stamp duty (if it's applicable)*
11. *Settle on the property (aka "settlement day")*