

THINGS TO CONSIDER **WHEN BUYING A HOME**

HOLISTIC

FINANCIAL ADVICE

We are privately owned and not affiliated with any bank, fund manager or other financial institution.

We provide strategic financial advice, wealth management and personal insurance broking services.

Flexible Fee Structure with your initial consultation free of charge. This means your advice is driven by your needs not ours!



ENJOY THE FUTURE

Buying a home is a major decision that takes planning, research and careful budgeting. Some tips to getting started.

1. Are you ready to buy a home?

- **Deposit**

1. The bigger the deposit the better. A good rule of thumb is a 20% deposit and 5% for cost (upfront cost like stamp duty and legal fee's) of the purchase price. \$600,000 price deposit \$120,000, plus costs \$30,000 = \$150,000.
2. The bigger your deposit, the lower your loan to value ratio (LVR). This is the amount of the loan dividend by the purchase price (or appraised value) of the property.
3. If your LVR is higher than 80%, you will need to pay lender's mortgage insurance, and the lender may you a higher interest rate.

- **Regular saving plan**

1. Having a history of regular savings in your bank account and a solid track record of employment will make it easier for you to get a home loan.
2. Seek advice about tailoring your savings plan to meet your goals.

“Buying a home is a consumption decision”

2. Home Loan

1. Pre-approval for a loan
 - a. This is key before you start your search
 - b. You will then know what the re-payments will be
 - c. How much you can afford to spend on a property
2. Talk to your bank or seek the advice of quality mortgage broker
 - a. Prudential regulation changes mean you may have to talk to different banks depending on your needs.
3. Type of Loan
 - a. Principal and interest loan (P&I)
 - i. Each mortgage payment is made up of interest and part repayment of the principal
 - b. Interest Only loan



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Confused about the best way to build a deposit for your future home.

Contact us for friendly professional advice.

- i. Each mortgage payment only repays the interest
4. Loan interest rate
 - a. Extra saving provides a buffer for interest rate increases
 - b. Regulation change have made interest only loans rate higher than P & I loans
 - c. Talk with your broker or bank for clarity
5. Stamp Duty Calculator. See www.osr.nsw.gov.au

“Buying an investment property is an investment decision”

3. Finding the right property

Set your price range

- Auction Prices – Have three prices in mind
 - Price that is a bargain
 - Your fair price
 - Your maximum price
- If it goes past your limit walk away, there will be another day
- Identify the suburbs with properties in that price range. Internet saves you the leg work

Considerations

- Proximity to schools
- Transport
- Amenities
- Condition of the property
- Does it need major repairs

“Buying your home is normally the biggest purchase you will make in your life”

4. Before you buy

- Get a Building and pest inspection
- Have the contract checked by a solicitor
- Buying by private treaty
 - Most common way to buy
- Buy at Auction
 - Auctions can sometimes seem daunting
 - Not least because there is no cooling off period

5. Apartment or townhouse

- Most apartments and townhouses in NSW are strata title which means when you're not only buying real estate, you're also buying into the rights and obligations of being a member of the owners' corporation (or body corporate).
- Being a member of the owners corporation means you'll have a say on issues affecting the building but it also means you'll need to pay strata levies and the way you can use your property will be restricted by by-laws. You may also need to contribute money for communal issues, such as plumbing, roof and window repair and property maintenance, even when you're not directly affected.
- Because this can affect the value of what you're buying, it's important you get a full picture of the body corporate's activities before you buy and that you know exactly what work is planned and whether there's enough money to cover it.