



Your Home Buying Guide

brought to you by

 **LJ Hooker Home Loans**

Buying Property? It's time to talk finance.

Whether you are a first-time buyer or upgrading to your next home, understanding how finance can work for you is vital.

You may even be selling at the same time so it is important to prepare and get your finance in order, so you can enjoy the excitement of your new home.

The key areas you need to consider are:

1. Can I afford my new home?
2. How can I get a home loan that suits my lifestyle and budget?
3. What Is my overall budget in relation to costs?
4. Do I need to pay stamp duty and if so - how much?
5. How does Lender's Mortgage Insurance work?
6. Am I eligible for any government grants?

The good news is that a lending specialist can help you with all the above and more!

You're then well prepared, and able to focus on getting ready for your new home.

Work out your bottom line.

You probably know where you want to buy, now it's time to work out how much you can borrow.

This part of the journey incorporates two main parts:

1. How much deposit or equity do you need or have?
2. How much are you eligible to borrow?

If selling an existing home, a detailed budget will help you understand how much you have left over after selling costs.

Your budget will also help you factor in other costs like stamp duty, titles office, and legal fees.

You may also need to factor in Lender's Mortgage Insurance (LMI). Sometimes LMI can be capitalised onto your loan so you don't have to pay it upfront. Capitalising the LMI premium is very popular amongst first-time buyers who are scraping together a deposit!

A lending specialist will assess your borrowing capacity taking into consideration things like:

- Your income level
- What other debts you have
- Your household expenses (including the kids!)
- What your budget will look like after you buy a home

The exercise is to make sure you can afford your new home and can still have the lifestyle you want!

How much deposit do I need?

There are a number of home loan options depending on how much deposit you have.

Low deposit home loans are available where you only need to have 5% of the purchase price – and maybe even less.

However, having equity or savings that allows you to contribute 20% of the purchase price can provide benefits:

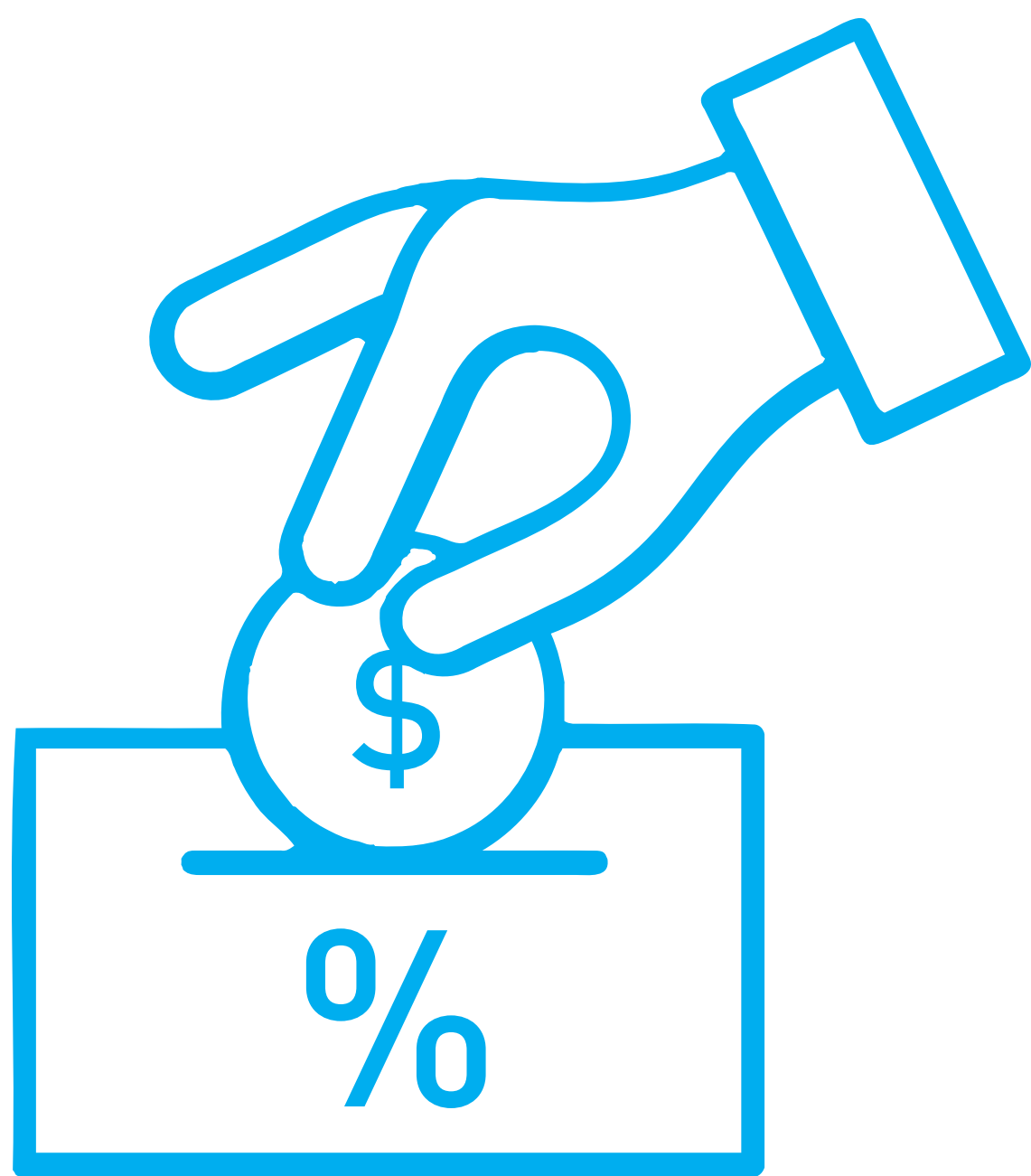
- Wider product range and potentially a lower interest rate
- Borrowing less means your repayments will be lower
- Reduced costs as you can avoid things like Lender's Mortgage Insurance (LMI)
- A lender may view you as a good money manager which can assist with your loan approval

A low deposit is still okay however your loan may require LMI.

Where can a home loan deposit come from?

- Equity in your current home
- Your savings
- Sale of assets (eg shares, vehicle, etc.)
- Gifted or borrowed funds from your parents or a family member
- Funds from a personal loan (in some cases)
- Recent bank deposit such as an inheritance
- A guarantee from your parents

Some lenders will also take into consideration your rental history as a form of savings evidence.



Get a home loan pre-approval.

Buyers without finance pre-approval may encounter problems if they sign a contract. This includes an auction contract, private treaty or a building contract.

Something to note is there's no cooling-off period at auctions. Once you've made an accepted bid, you're committed.

Stay on the safe side, make sure you hold a home loan pre-approval. That way you can negotiate or bid with confidence.

Once you have successfully secured the property you want, having a pre-approval really works in your favour!

A pre-approval allows you to fast track your home loan to unconditional approval - taking away the stress of meeting finance clause deadlines.



Know your credit score.

Lenders use your credit score to assess whether your circumstances are suitable for a loan.

Each lender will treat your credit rating differently. Lenders can see all your active debts, what your repayment history has been like and if you have been over the limit on your credit card.

Some helpful tips to help you maintain a good credit score are:

- Always make any loan or credit card repayments on time
- If you have a credit card or store card but don't need it – cancel it!
- Limit or don't use retail credit facilities such as Afterpay
- Don't apply through too many lenders
 - it may affect your credit score

A lending specialist helps you access your credit report and understand your options.



Choose the right home loan.

There are more things to consider with a home loan than just the interest rate.

- redraw and offset facilities
- fees and loan costs
- repayment flexibility
- fixed or variable interest rates
 - what's right for you?
- loan terms

Remember – be sure to use a lending specialist who can guide you through the full home loan process.



Research, research, research!

Did we mention research?

Understanding the market helps you buy at the right price.

Sometimes the best locations for property growth are not the 'hot' suburbs, but the suburbs next door. These often provide a cheaper entry point and greater potential for growth.

Likewise, a brand new or newly renovated property will generally charge a premium. An existing, lived-in home may not look as pretty but could be better value. It depends on your personal preference, budget and location.

The right professional lending specialist can provide you with local market property reports.

These reports show you a property or suburb sales history, growth patterns and comparable recent sales in the area.



Find the property you're looking for

Searching for the right property is easier when you know what you want, and what you need.

Our checklist will help you tick off the features you want or need.

Feature

Location

	Essential	Preferable	Handy
Close to work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Close to schools	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Close to parks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Close to shops	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Close to amenities (i.e. hospitals)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Close to sports grounds/local clubs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Close to train station/bus routes/ public transport	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Close to family and friends	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Close to leisure and entertainment (i.e. cinemas)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Feature

Internal features

	Essential	Preferable	Handy
Separate dining room	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Separate children's rumpus room/ parents retreat	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Open plan layout	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Guest room/area	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Additional toilet/bath	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Study	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Modern kitchen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Built-in heating/cooling system	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Built-in wardrobes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Additional storage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gas cooking/heating	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

External features

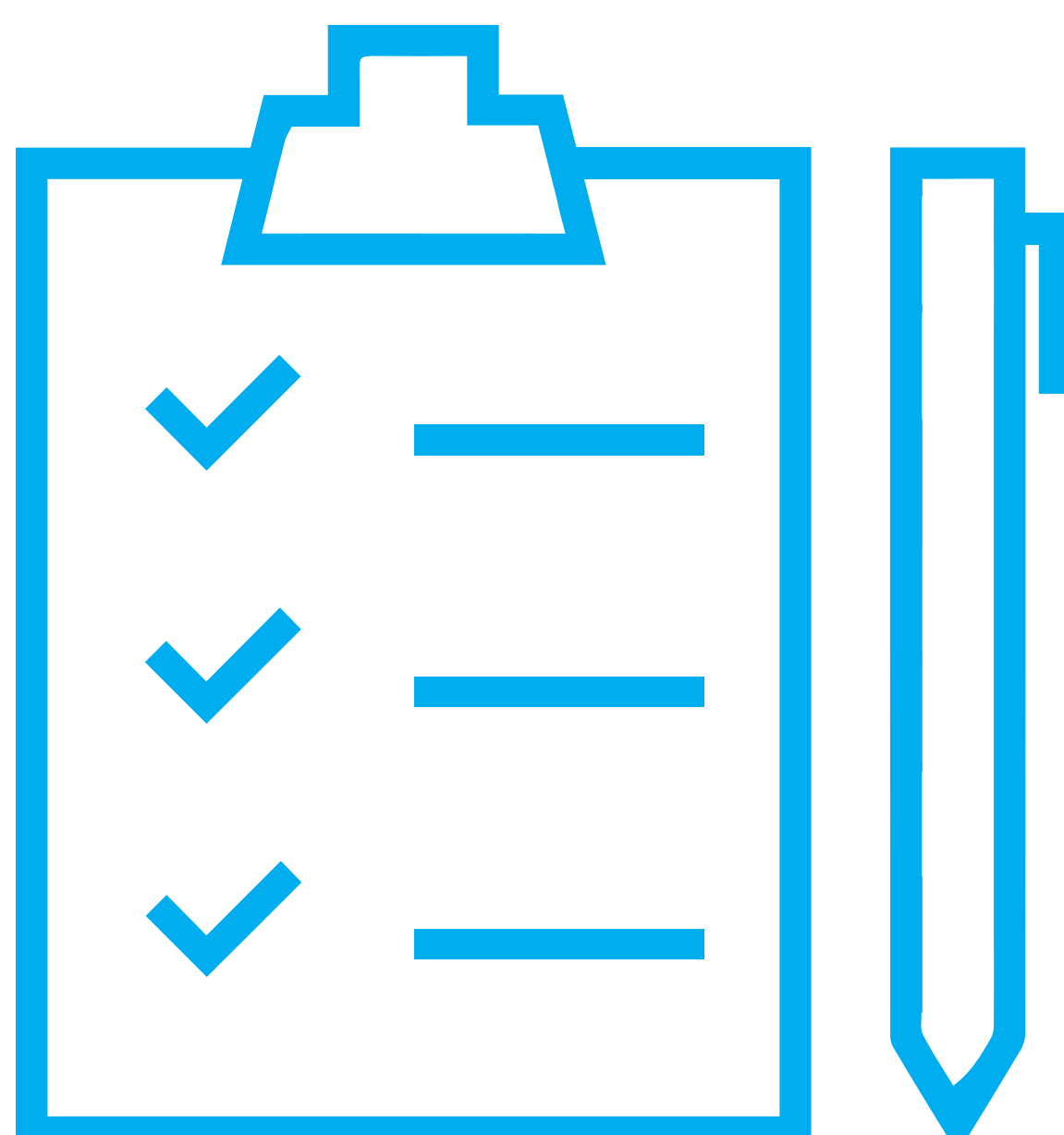
Fully-fenced yard	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Double/lock-up garage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Outdoor area	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Off-street car parking	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
North facing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Swimming pool	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Security system	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fully renovated/landscaped	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Requires renovation/landscaping – work required	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
No steps	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Low maintenance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Street lighting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

What to do when you've found the right home

Looking for a new home can be a very exciting time.

Once you have found the right home there are important steps you need to take in a timely manner.

- ☐ Engage a solicitor or conveyancer who will conduct all relevant property searches for you
- ☐ Place an offer on the home (This may occur before the above step in some states)
- ☐ Obtain satisfactory building and pest inspection reports
- ☐ Ensure all appliances work (ie dishwashers, stoves, hot water systems, air conditioning units)
- ☐ Complete contracts (including signing if necessary) and pay agreed deposit
- ☐ Arrange any necessary insurances
- ☐ Work with your lending specialist who will help finalise your loan and have you ready for settlement



What to consider when moving house

- ☐ If currently renting, advise your landlord of your move
- ☐ Collect bond from rental agency
- ☐ Arrange disconnection of utilities and cleaning of old premises (if required)
- ☐ Arrange quotes from removalist companies and schedule moving times
- ☐ Connect the gas, electricity and other utilities
- ☐ Connect pay TV and internet
- ☐ Connect new phone line
- ☐ Redirect your mail (this can be arranged through your local post office)
- ☐ Redirect newspaper delivery
- ☐ Advise family and friends of new address
- ☐ Clean up your home before you move in
- ☐ Take time to enjoy your new home!



So, if you're ready to buy a home,
or upgrade to your next, keep these
tips in mind.

Our Home Buyer difference:

- 1 Great range of home loans** to suit all buyers
- 2 Budget planning** around your lifestyle
- 3 Free borrowing power and deposit assessment**
- 4 Free property and suburb reports** to help with your research
- 5 Easy and fast home loan pre-approvals**

Home loans made simple.

Speak to your local lending specialist today.

ljhookerhomeloans.com.au



LJ Hooker Home Loans