Buying your first home

Your guide to entering the property market.

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Step-by-step explainer

Buying your first home

Helping you understand the process.

Buying your first home is a dream fulfilling moment in your life, but it can also seem a little overwhelming. Finding your ideal home, deciding on the best home loan deal, arranging inspections, choosing insurance and navigating through the legal process can all be confusing.

Owning your own home not only gives you a valuable asset, it provides a place for you and your family to make lifelong memories. By following these steps and doing some preparation, you can reduce the stress involved. Of course, as with any major financial decision, you should always seek professional advice.

1 Determine your budget

First, you must decide how much you can afford to spend – keeping in mind all the additional costs associated with buying a home. The largest of these is stamp duty or transfer duty, which varies by state and is generally charged as a percentage of the purchase price. Various stamp duty concessions are available for first home buyers depending on the location and the type of property you buy.

In some cases, this cost may be partially offset by first home owner grants intended to assist first home buyers to enter the property market. The availability and conditions of such grants and concessions vary by state.

As an example, if you are a first home buyer buying a property in New South Wales under a certain price you may be eligible for a full or partial stamp duty concession.

2 Research the market

Once you've set your budget and chosen your ideal property, it is important to research the market in the area in which it is located. When you are considering a particular area, look at infrastructure and amenities such as public transport, educational facilities and shopping centres. Geographical factors should also be considered such as distance to the CBD and any infrastructure that will affect noise levels or the aspect of the property, such as substations or large electricity towers. You can use our checklist for buying a property on page 21 to assist. Websites that can help with research include realestate.com.au and domain.com.au.

You could also build a relationship with the local real estate agents in the area, so they can let you know of properties that are coming up before they are advertised. The local real estate agent will also have additional information on any properties of interest.

If finding the right property is proving difficult, you might consider using a buyer's agent who can do all the house hunting for you, will work to your budget and negotiate on your behalf. Unlike a real estate agent who works for the vendor/seller, a buyer's agent works solely for the buyer and may charge fees for their services.

3 Choose the right home loan and get pre-approval

While searching for your dream home or investment property, it's a good idea to get pre-approval for your loan from your lender. You may reach out to a mortgage broker or one of the many emerging online options for assistance.

> Having pre-approval will mean you can move quickly when you find your dream home.

You will need to provide employment details, income and expenses, assets and liabilities, and some personal details.

Mortgage brokers may be able to offer you a range of loan products from various lenders, so they can be a good option for a first home buyer. Usually pre-approvals will be valid for 90 days, however this can vary from lender to lender.

As with any financial decision, it's wise to shop around for the best deal.

4 Deposit options

One important consideration when deciding how much to borrow is the size of your deposit.

Most banks and financial institutions typically require you to have a 20 per cent deposit. This means that on a property worth $720,000 you will need to have saved at least $144,000 – plus enough to cover stamp duty and any legal and moving costs. There are other options available if you don't have a 20 per cent deposit.

Lenders Mortgage Insurance (LMI)

Lenders Mortgage Insurance (LMI) may enable you to buy a home without having to save a 20 per cent deposit.

Rather than having to save a $144,000 deposit on a $720,000 property, your lender may accept a deposit as little as 5 per cent (in this case $36,000). This means you can purchase your home sooner, begin paying off your loan and potentially start building equity.

LMI is an insurance policy that protects the lender if you default on your loan and the lender is unable to recover the outstanding loan amount from the sale of the security property. LMI is a one-off premium, the cost of which the lender will pass on to you to pay as part of its fees and charges.

The premium can be paid up front at loan settlement or may be added (capitalised) on to your loan amount, with your repayments adjusted accordingly. Some lenders may also offer Monthly LMI, where you pay the fee monthly, instead of capitalising it into your loan.

To calculate the approximate cost of LMI, you can use the LMI premium estimator on the Helia website.

5 Inspections

Once you have found the home you want to purchase and before you make an offer, you will want to arrange the necessary inspections.

You should consider the following:

- Building inspection (to check for structural damage)
- Pest inspection
- Strata title inspection (if you are buying a unit or townhouse under strata laws)

The costs of these services may vary.

You should also consider checking with local council and state government about zoning issues and future property developments that may affect your home.

Your solicitor or conveyancer should advise you on what inspections are recommended for the type of property you are buying.

6 Making an offer and securing formal loan approval

Once the inspections have been completed and you are happy to proceed, it's a good idea to contact your lender or broker to update them on the situation. The next step depends on whether the property is being sold at auction or by private treaty, which is a sale directly through a real estate agent or owner.

Private treaty

All of your research will assist you when negotiating the purchase price, however you probably don't want to be too inflexible. The last thing you want is to lose the property to someone else for an amount that you would have been happy to pay.

Once your offer has been accepted, a holding deposit of approximately 10 per cent needs to be paid.

There will be a length of time known as the 'cooling off period', which is a set number of business days that is specified in the contract within which you can walk away from the agreement to purchase the property.

Typically, the cooling off period will be 5-10 business days, although the availability and duration of these periods vary by state. You may also be asked to waive your right to a cooling off period, which is often also the case under auction purchase conditions.

If you decide not to proceed, you will typically have to pay the vendor a termination fee, which is usually around 0.25 per cent of the purchase price but may vary.

Any holding deposit you have paid above this is typically refunded. If the cooling off period has expired, you will generally not be entitled to any refund of the holding deposit.

Auction

If you are buying at auction you need to ensure you have a pre-approval in place, and that all of the legal work and inspections have been completed prior to the auction. If your bid is successful you are obliged to go through with the purchase as there is usually no cooling off period. So, make sure you really want the property before you start bidding and, most importantly, make sure that you don't exceed your maximum spending limit.

Speak to your solicitor regarding the contract deposit required to be paid when contracts are exchanged. This can often be reduced to five per cent, instead of the typical 10 per cent, however this needs to be agreed with the vendor or their solicitor prior to auction.

Finalising your loan

There are a number of things to consider when it comes to finalising the details of your home loan.

One important decision is whether you choose a variable interest rate loan, in which the interest charges and your regular repayments may go up and down, or a fixed rate loan which locks in your regular repayments for a set period of time. Both types of loans have their pros and cons. You can explore these options with help from our article about understanding your home loan on page 14.

It's a good idea to discuss your personal circumstances with your lender, broker or financial adviser to ensure that the loan is suitable for your needs.

Don't forget to ask about any additional benefits – many lenders provide home loan customers with additional benefits such as a fee-free transaction account.

7 Arranging the contract deposit

If you are paying the contract deposit from your own funds, you can generally use a personal cheque or a bank cheque.

If part of the contract deposit is coming from your home loan (e.g. your lender is using LMI and you have less than the 10 per cent contract deposit usually required when contracts are signed), you may consider applying for a deposit guarantee (sometimes called a deposit bond) if acceptable to the vendor and your lender.

This is a substitute for the cash contract deposit and is a guarantee issued by an insurance company. It enables you to delay payment of the cash deposit until settlement, plus stamp duty and other upfront costs.

Deposit guarantees can be organised at the same time as your home loan so speak to your lender or broker who will help you to arrange this prior to putting in an offer or participating in an auction.

8 Contracts and legal work

Do your research and speak to several real estate agents to find a reputable conveyancer or solicitor that meets your needs.

Your conveyancer or solicitor and the vendor's conveyancer or solicitor will check the documentation and begin to draw up the contract for the property transfer. Ask your solicitor or conveyancer to explain the contract so that you understand its contents before signing.

DIY conveyancing kits are available, but most people leave it to the experts and use a solicitor or a conveyancer to do the work for them as there is a lot at risk. A professional will have completed hundreds of property transactions and know the hidden traps to watch out for, like finding out that someone has planning permission to build a 10-storey office block next door.

The contract will contain a settlement period which is the length of time before you pay the outstanding portion of the purchase price and take legal ownership of the property. This can be negotiated but will need to be agreed to by the vendor prior to the auction or signing of contracts.

Many lenders will require home and property insurance to be taken out from the time your purchase is registered with the relevant land titles office.

Once all questions have been answered, your conveyancer or solicitor will usually set a date and time for you and the vendor to sign contracts and to pay your contract deposit.

The contract deposit is usually placed into a trust account held by the real estate agent until settlement.

9 Settlement

Settlement is usually four to six weeks from when contracts are exchanged. This is the date you must pay the balance of the purchase price and take legal ownership of your new home.

Your solicitor or conveyancer will arrange a time and place for settlement to occur with the vendor's solicitor and any other interested parties, such as your lender. The balance of the purchase price will need to be paid on the day of settlement. Your solicitor or conveyancer will arrange this with your lender.

Generally, the contract of sale will require the vendor to deliver the property to you in the same condition it was in on the day of sale, except for fair wear and tear. It's a good idea to ensure your contract allows you to conduct a final inspection just before settlement. You can arrange this inspection with the real estate agent. If anything is not working or has been damaged, discuss it with the real estate agent and your solicitor or conveyancer prior to settlement.

Once settlement has occurred, the vendor's solicitors will contact the real estate agent who sold you the property and advise them to give you the keys. Your solicitor or conveyancer will also contact you and confirm settlement has taken place.

Now you have the keys to your new home, it's time to celebrate!

Smart tips for *budgeting and saving*

Every day habits to save 'dollars' that amount to 'thousands' over 12 months.

Developing good saving habits are an important part of life that can support you towards the home ownership journey but it can be tough to know where to start. Here's some small changes you can implement as part of your everyday routine that quickly add up in the long-term.

1 Track where you are spending your money

It's easy to lose track of how much money you're spending, what it's being spent on and the proportion of your income that makes it into your savings account.

Setting up a method to track your spending should be the first step in improving your saving habits. You can use apps, spreadsheets or keep a list of your expenditure and review this regularly. Most banks provide tracking tools and apps that categorise and provide insights into your spending habits. Your spending will consist of both discretionary and non-discretionary expenses.

Non-discretionary expenses are less likely to change from month to month and include your rent, utilities, insurances and any other debt payments.

Discretionary expenses include items such as clothing, entertainment, fitness and travel.

Monitor your spending and categorise it by type of expense to develop a greater understanding of where your money is going and identify areas where you can cut back.

This research provides a strong foundation that can inform your weekly or monthly budgets and help you create one that is challenging but still realistic.

2 Automate your savings

Avoid the temptation to spend by automating your savings. You can do this by setting up a regular direct debit to your savings account.

You can also set up a bank account or app to round-up each of your transactions to the nearest dollar with the change being deposited into your savings account. This is a pain-free method of building your savings, which will build up quicker than you think!

3 Have SMART savings goals

Your savings goals should be SMART (specific, measurable, attainable, relevant and time based). Creating SMART goals will help you set yourself up for success.

Specific: Make sure you know what you are saving for. Whether it's a house, a holiday or anything in between, having a clear vision of your savings goal will help you commit to it.

Measurable: You should be able to measure the success of your goal. This might mean having a specific dollar amount you want to reach, or it could mean having a monthly savings target.

Attainable: Be realistic about your savings goals. You should be able to reach your goal when considering your current income and expenses.

Relevant: Your savings goals should be relevant to you. This means you should be saving for something you want or need, and not something you think you should save for or something others have told you to save for.

Time based: You should have a clear idea of how long your savings goal should take to achieve. But this should also be flexible, to account for surprises such as car repairs or unexpected time off work.

4 Plan ahead

Make sure to allocate time each week to plan out your meals before going grocery shopping. Being well-organised will make a surprisingly big difference to your grocery bill as you will spend less on groceries you don't need. Having a meal plan also makes it far less likely that you will buy your lunch at work or get take-away for dinner regularly which can become very expensive over time.

5 Buy only what you need

If you find yourself spending money on unnecessary items, start a habit of taking some time to think before you buy and only buy what you need. If something breaks, try your hand and repairing it before you throw it away.

Saving for a house deposit

To save for a house deposit, you first need to understand the total amount you will need to save in order to be approved for a loan to purchase your ideal property. Typically you will need a 20 per cent deposit.

When setting saving goals, be realistic about your household situation and the time frame you set yourself to save up this amount.

There are other options to help you achieve home ownership sooner, such as purchasing a home with the First Home Guarantee (FHG) or Lenders Mortgage Insurance (LMI). You should discuss your eligibility for these alternatives with a mortgage broker.

How you can *purchase your home sooner*

with Lenders Mortgage Insurance (LMI)

Property prices combined with cost of living pressures mean that it is as difficult as ever to save a deposit to buy a home.

What is Lenders Mortgage Insurance (LMI)?

Lenders Mortgage Insurance (LMI), taken out by the lender, may make it possible for you to buy a home without having to save a 20 per cent deposit.

LMI provides protection to a lender to help you purchase a property with a smaller deposit. It protects your lender against the risk of potential losses, in case you are unable to make your home loan repayments, and the lender is unable to recover the outstanding loan amount from the sale of the security property. This makes home ownership more accessible to people who are looking to buy a home with less than a 20 per cent deposit. The cost of the LMI premium is often passed on to the home buyer.

Let's be very clear – Lenders Mortgage Insurance is not mortgage protection insurance. LMI is explicitly designed to protect the lender so they can help you secure your own home sooner. Mortgage Protection Insurance covers you for your mortgage payments in the event of your death, sickness, unemployment or disability.

The LMI fee may be paid upfront at the time of settlement as part of the fees and charges for your loan, it may be added to your home loan (capitalised), or you may be able to pay it monthly.

The numbers

Paying for the lender to take out LMI means that a home buyer who is interested in a $720,000 property and facing the prospect of saving a $144,000 (20 per cent) deposit could potentially purchase the property with as little as a 5 per cent deposit (or $36,000), subject to meeting their lender's other eligibility criteria.This means they can get into their home sooner, begin paying off their home loan and potentially start building equity.

LMI fees are based on a combination of factors that influence the risk of a home buyer defaulting on their loan, but the key drivers are the amount of the loan and the value of the security (e.g. premiums are more expensive for larger loans with smaller deposits). As an example, for a first home buyer who wishes to purchase a $720,000 property and has a $72,000 deposit, Helia's LMI fee estimator returns an indicative LMI fee of $15,940 excluding stamp duty for a loan term of 30 years.

This is a small proportion of the overall cost that will help you enter the market months, or years, earlier than if you had to save that additional $72,000, which means you can also start building equity sooner.

Other options

It may be suggested by some lenders or brokers that there are better options than paying for the lender to take out LMI.

Some parents may offer to use the equity in their own home to provide a supporting mortgage and/or guarantee. This requires serious consideration. And of course, not everyone's parents are in the position to be able to assist in this manner.

Another suggestion is to borrow the deposit shortfall as an unsecured personal loan or to obtain a cash advance on a credit card. Whilst this can be a short-term fix, most lenders will not accept borrowed funds as a source of the deposit or if they do, you will be required to list as a liability, potentially decreasing the amount you can borrow anyway. Longer-term, the higher interest rates on credit cards and personal loans can result in financial stress, when the repayments need to be paid on top of your new home loan repayment.

If parents want to assist their children to buy their first home, covering the cost of their payment to their lender for its LMI premium, instead of guaranteeing the loan, is a way they can help their children without putting themselves in a potential position of undue financial risk. Covering the cost of LMI to the lender is an affordable alternative and means that if their children default on the mortgage, the parents are not at risk of having to repay the full remaining loan amount. Read our Family Assistance fact sheet on the Helia website to learn more about this option.

Here to help

Helia, Australia's leading provider of LMI, helps home buyers get into homes sooner and reduces the stress associated with saving the traditional 20 per cent deposit.

Helia also understands that home buyers might encounter financial difficulty, so we established a hardship program, which assists home buyers struggling with their loan repayments.

We help home buyers through this program, by supporting lenders to offer deferred and/or reduced repayments, and even loan term extensions.

Speak to a lender or broker about how LMI can help you get into your own home sooner.

Dylan and Ben.

Dylan and Ben were paying $2000 a month in rent when their real estate agent informed them they would need to move out. Together they had saved an $80,000 deposit, after allowing for payment of stamp duty*, conveyancing fees and other upfront costs. Unsure how much they could afford to borrow, they contacted a mortgage broker.

The mortgage broker explained that they could purchase a property for up to $800,000 with their savings and help from Lenders Mortgage Insurance (LMI) provided by Helia.

Their savings would provide them with a 10 per cent deposit. A lender may be prepared to provide a loan up to 90 per cent of the value of the unit with the help of LMI. Based on the estimates of the LMI Fee Estimator, Dylan and Ben worked out that they could secure a home loan sooner, and find a unit in their preferred location, with help from Lenders Mortgage Insurance.

Home price	$800,000**
Saved deposit	$80,000
Loan amount	$737,712**
Including estimated LMI fee	$17,712***
Monthly repayments	$4,115****

Dylan and Ben were paying almost half the price of a mortgage in rent every month. With the help of LMI, they now own their own home, and the LMI fee only raised their monthly mortgage payments by $99. **They are now paying off their own home loan and building equity.**

LMI only raised their monthly mortgage repayments $99

* The amount of stamp duty payable will vary depending on the Australian state/territory where the property is located. First home buyers should also consider their eligibility for assistance from relevant federal, state or territory government schemes

** Loan amount based on 90 per cent LVR plus the LMI fee which is capitalised into the loan. Excludes stamp duty and other costs of purchase. Assumes that no other fees and charges are payable. Lending criteria and conditions apply to approval of credit products.

*** LMI is capitalised into the loan. The actual LMI fee may vary from the estimate depending on a range of factors including, the loan purpose, borrower type, security type or updated information received at the time of the application.

**** Estimated monthly repayments based on a 30 year loan at an interest rate of 5.34% p.a. Variable rate subject to change over the loan term at the lender's discretion.

Understanding *your home loan*

When buying your first home, choosing the right home loan can be quite overwhelming. There are many products and features available to you, but with so many options to consider, which home loan is the best one for you? To help you select a home loan that is right for you, we have compiled a list of key features. Speak to a lender or broker for guidance specific to your circumstances.

The interest rate - fixed vs variable

Probably the most important decision is whether you choose a variable interest rate loan or a fixed rate loan. The decision to take a fixed or variable rate loan is really a decision about managing your risk. Both types have pros and cons and we can't predict the direction of interest rate movements.

Variable interest rate

With a variable interest rate loan, the interest rate charged to you may go up and down. This means that your regular repayment amount will also go up and down as the interest rate changes.

Benefits	Things to consider
• You are usually permitted to make additional repayments which can save you interest and can help you pay off your home loan sooner • Variable rate home loans typically have more flexibility with additional features	• Your repayments may increase if interest rates rise • Makes budgeting more difficult as you are less certain of how much your repayments will be and how interest rates will move • If you have not budgeted for interest rate rises, you may have difficulty keeping up with your repayments

Fixed interest rate

With a fixed interest rate loan, the interest rate charged to you is locked for a set period of time, typically one to five years. This means that your regular repayment amount will not change during that period of time.

At the end of the fixed rate term, the loan will usually switch to the standard variable rate offered by the lender at that time or you can request another fixed rate term.

Benefits	Things to consider
• Your repayments will not increase if interest rates rise • Fixed rate loans provide certainty and make budgeting easier as you know exactly how much your repayments will be	• You will not benefit from falling interest rates • A break fee may apply if you pay out or refinance a fixed rate loan during the fixed rate period. You may not be permitted to make any additional repayments, or additional repayments may be capped to a certain amount. • When you refinance upon expiry of your fixed rate loan, interest rates may have significantly increased

Split loan - part fixed, part variable

Another option available is to split your home loan so you have part with a fixed interest rate and part with a variable interest rate. There is typically no restriction on how you split the loan, so you can allocate the proportions that you are most comfortable with (e.g. 50/50 or 30/70).

A split loan allows you to take advantage of the benefits of both types of loans – you have the certainty of a fixed rate on part of your loan as well as the flexibility to make extra repayments on the variable rate part of your loan.

Talk to your lender, broker or financial advisor to ensure your loan is structured to best suit your needs.

Interest-only vs principal and interest

Generally, home loan repayments will consist of principal and interest components, gradually reducing the amount owing on your loan. With interest-only loans, only the interest is paid each month, leaving the original principal outstanding at the end of the interest-only period. This means, for example, that at the end of ten years, you will still owe what you started with.

Principal and interest

Benefits	Things to consider
• You will pay less interest over time and you will pay off your loan in full by the end of your loan term	• Your repayment amount will be higher as the principal is being repaid as well as interest

Interest-only

Benefits	Things to consider
• Your repayment amount will be lower during the interest-only period as no principal amount is being repaid	• At the end of the interest only period, your repayments will increase and be higher to repay the principal over the remaining, shorter term

Offset account

A mortgage offset account is a bank account that is linked to your home loan. No interest is paid on the savings in the offset account. Instead the savings in your bank account reduce the balance of your loan on which interest is calculated.

Benefits	Things to consider
• Your home loan interest is charged only on the net balance, reducing the amount of interest you will be charged which mean you can pay your loan off sooner	• Higher monthly fees may apply to have this feature • No credit interest is earned on the balance in the linked account • Additional repayments

Some loans offer the ability to make repayments above the minimum repayment amount, so you can repay the loan faster and reduce the amount of interest you are charged.

Other home loan terms you should know

Additional repayments
Some loans offer the ability to make repayments above the minimum repayment amount, so you can repay the loan faster and reduce the amount of interest you are charged.

Redraw facility
Some lenders may allow you to access additional repayments made on your home loan. If you redraw funds from your home loan, your outstanding balance will increase. Some lenders may have a minimum or maximum redraw amount and may also charge a fee per redraw.

Repayment frequency
Refers to the regularity of loan repayments over a period of time which you must make as indicated in your loan agreement. Repayment frequencies are generally weekly, fortnightly or monthly. It is good to have this flexibility so you can align your repayments to your pay cycle.

Increase or additional advance
Some lenders allow you to increase your loan, using the equity in your home, to complete home renovations, make an investment, etc. (subject to meeting their eligibility criteria and loan suitability requirements). Fees and charges may apply.

First home buyers

Understanding *the property market*

When buying your first home, it is important to consider what is currently happening in the property market and how the wider economy is affecting property prices, housing availability and interest rates.

Speak to a lender, broker or financial advisor for personalised guidance about how the market could affect you when buying your first home.

Inflation

Australia has experienced significant inflation during the past number of years.

The Reserve Bank of Australia (RBA), who is responsible for facilitating financial stability, has an average inflation target of 2 per cent to 3 per cent.

When inflation rises, the RBA might attempt to slow inflation by raising the cash rate which can increase interest rates. This may reduce borrowing and spending.

What does this mean for you as a home buyer?

The main contributors to inflation also contribute to higher property prices. This includes higher cost of building materials and fuel as well as disrupted supply chains. With many people looking to buy homes and a limited supply, home prices may fluctuate and will likely increase.

Rising interest rates will also have an effect on your mortgage repayments if you have a variable interest rate. If you have a variable rate or a part fixed part variable rate, you can expect your mortgage repayments to increase. This is an important factor to consider when applying for a home loan.

When the RBA finds that inflation is being brought under control, it may lower the cash rate which can result in lenders reducing loan interest rates.

Home buyer sentiment

Each quarter we survey approximately 350 home buyers in our Helia Spotlight pulse survey. We found that more prospective buyers than ever are losing hope in buying their own property. However, we also found alternative pathways to home ownership are emerging, such as co-ownership (e.g. parents buying a home with their child or siblings buying a home together).

Read more about home buyer sentiment in our Helia Spotlight pulse survey on our website.

How-to guide

Buying a property

Buying a home is one of the biggest financial decisions you will make. Once the inspections are complete and you're ready to proceed to purchase, it's recommended that you contact your broker or lender. The next step depends on whether the property is being sold at public auction or private treaty (a sale negotiated with the owner).

It can be overwhelming without understanding the benefits and areas to consider for each type of sale when searching property on the market. You should always seek professional advice to suit your own individual circumstances.

1 Buying at auction

An auction is a sale where the seller sets a minimum price (also known as the 'reserve' price). When planning to buy at auction, be sure to have a bank pre-approval in place, and that all legal work and inspections have been completed prior to the auction date. If you are located in New South Wales, Queensland, South Australia, Australian Capital Territory or Tasmania, to participate in the auction, you must register with the vendor's agent and be assigned a bidder's number. If your bid is successful you are obliged to sign the contract and go through with the purchase according to its conditions as there is no cooling off period. For that reason, it is important to make sure you really want the property before you start bidding and it is crucial that you don't exceed your maximum spending limit.

Benefits	Things to consider
• Competition: You may pay a lower sale price than you anticipated if there is low competition, and the reserve price is met • Transparent process: You are aware of what the other bidders are willing to pay for the property	• Has a clear price guide been provided at the auction you are planning to attend? • Attend another auction prior (and not participate in the bidding process) to understand how the process operates • If you are the highest bidder (and the reserve has been met) you are required to sign the contract and pay a deposit (usually 10 per cent of the purchase price) • You may have to pay a higher sale price than you anticipated if there is strong competition • No cooling off period

2 Buying by private treaty

Private treaty is a sale where the seller sets the price of their property. A listed price may be provided. This is the amount the property is being advertised for on the market. A buyer's agent or your own research will assist you when negotiating the purchase price of the property with the seller. Negotiations with the seller will be made via their real estate agent.

Benefits	Things to consider
• Greater negotiation: An offer can be made, negotiated on, and accepted at any time • Cooling off period: A set period of time in the contract when you can walk away from the agreement to purchase the property, but with a possible cost. You could be asked to waive your right to a cooling off period. The length of the cooling off period can vary between states. Western Australia and Tasmania do not have mandatory cooling off periods unless it is accepted in the contract by both parties	• Don't be too inflexible when negotiating. It would be disappointing to lose the property to someone else for an amount that you would have been happy to pay • A holding deposit of approximately 0.25 per cent will need to be paid once the offer is accepted • If you decide not to proceed, you will typically have to pay the vendor a termination fee, which is usually around 0.25 per cent of the purchase price • How long has the property been on the market? The seller may be more flexible when negotiating if the property has been on the market for several months • Making an offer at list price, if provided, will help lock out the competition

Checklist

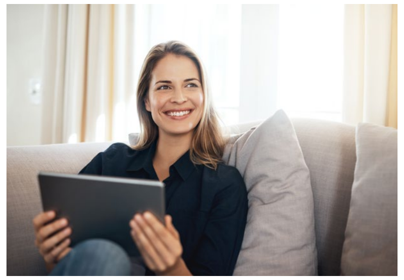
Buying a property

Use this checklist when inspecting properties so you can compare the pros and cons of each.

Happy house hunting!

The location

- ☐ Does the area have the local amenities you might need?
  - ☐ Shops
  - ☐ Schools and child care
  - ☐ Doctors/hospital
  - ☐ Public transport
  - ☐ Food and entertainment
- ☐ Are there any local council planning changes or planned infrastructure developments in the near future?
- ☐ How long will it take you to travel to work?



Inside the property

- ☐ Check what is included – carpets, curtains, blinds, light fittings, air conditioning, heating and any appliances
- ☐ Are there enough bedrooms and bathrooms?
- ☐ What is the condition of the electrical wiring?
- ☐ Is the plumbing operational?
- ☐ Are walls, ceilings and floors in good condition?
- ☐ Is the kitchen in good condition?
- ☐ Do all the windows and doors open?
- ☐ Is there enough storage space?
- ☐ Is there space for your fridge, dishwasher, washing machine and dryer?

Outside the property

- ☐ Is there off-street parking?
- ☐ Is the building structurally sound?
- ☐ Are there signs of damp around the house (e.g. bubbling paint, a musty smell)?
- ☐ Check the condition of paintwork, windows, fences, gardens, roof and guttering
- ☐ Is it possible to extend the property in the future?
- ☐ How much northerly sunlight does it get?
- ☐ Is it noisy? Traffic, trains, planes

Checklist

Moving house

Moving house requires plenty of planning. This checklist will assist you with a stress-free move.

6 weeks to go

- ☐ Set a moving date and book the removalists (or friends and family to assist you)
- ☐ Start collecting boxes or have them delivered so you can start packing
- ☐ Organise time off work for the move if necessary
- ☐ If hiring a van or removal company, think about parking outside your old and new home
- ☐ Organise insurance cover notes for your new home
- ☐ Keep a list of incoming mail in the lead up to the move for change of address notices later
- ☐ Collect any change of address forms that come with any of your subscriptions
- ☐ Start keeping a folder with all moving documentation (checklist, quotes, phone numbers etc)
- ☐ Check all of your larger appliances will fit into your new home

4 weeks to go

- ☐ Have a clean out of anything you don't want to take with you
- ☐ Sell or donate any unwanted items
- ☐ Arrange a council rubbish collection for anything left over

3 weeks to go

- ☐ Arrange to have your mail redirected (Australia Post has a mail redirection service)
- ☐ Advise your change of address to:
  - ☐ Banks
  - ☐ Insurance providers (building, contents, car, life)
  - ☐ Private health fund
  - ☐ Telephone and internet service providers
  - ☐ TV, magazine and other subscriptions
  - ☐ Your employer
  - ☐ Friends, family and colleagues
  - ☐ Doctor/dentist
  - ☐ Medicare
  - ☐ Relevant state authority for drivers licence and car registration
  - ☐ Australian Electoral Commission
  - ☐ Centrelink
  - ☐ School/TAFE/university
  - ☐ Child care centre
  - ☐ Accountant/Australian Taxation Office
  - ☐ Solicitor
  - ☐ Superannuation fund
  - ☐ E-tags, tolls and mechanic
  - ☐ Vet, microchip registry and local council

2 weeks to go

- ☐ Transfer or set up utilities – electricity, water, gas, telephone, internet and pay TV
- ☐ Gas cylinders should be empty and valves left open
- ☐ Pack up all items you won't be using before the move
- ☐ Label boxes clearly with room destination and those that need to be handled with care
- ☐ A good tip is to number your boxes so you can check all have arrived
- ☐ Create a floor plan for removalists (so they know where to put the boxes)
- ☐ Book a locksmith to change locks at your new house on moving day
- ☐ Confirm removalist company booking
- ☐ Collect appliance instruction booklets for the new owners
- ☐ Cancel any regular services such as lawn mowing

Your survival pack for moving day.

Have these handy packs available on moving day to make the transition into your new home a little more comfortable.

Survival pack
Include cleaning products, kettle, tea, coffee, cutlery, milk, bread, takeaway menus, phone chargers, essential toiletries, toilet paper and medications. Don't forget your pets – make sure you have some food, water bowls, beds and leads.

Bring essentials for the following day
Clothes and school uniforms. Ensure you have a set of bedding, towels, pj's and if you have children, make sure you have their favourite toy to help them settle into their new bedroom on the first night.

A tool kit
Pack essentials like allen keys, wall hooks, screwdrivers, hammer, nails, light bulbs, scissors, etc. will help avoid having to rummage through boxes when trying to construct your bed.

Don't forget a bottle of wine and glasses to celebrate the move!

1 week to go

- ☐ Stop buying food and try to eat from the pantry, fridge and freezer
- ☐ Settle any outstanding bills
- ☐ Back up your computer
- ☐ Set aside bed linen and towels to be used on your first night

1 day to go

- ☐ Defrost and empty the fridge and freezer
- ☐ Turn off the washing machine
- ☐ Finish all your packing and make sure the boxes are clearly labelled with any instructions for the removalists

Moving day

- ☐ Have your moving survival pack, handyman kit and folder with moving documentation at hand
- ☐ Have instructions for the removalist
- ☐ Continue to check the house for anything you might have missed (high shelves, under the bed, back of drawers)
- ☐ Ensure gas and electricity meters have been read and the telephone, cable and internet disconnected
- ☐ Leave appliance instruction books and a note for new owners with your forwarding address
- ☐ Leave behind garage door openers and any spare keys for the new owners
- ☐ Turn off the power, hot water and gas
- ☐ Check you have left nothing behind
- ☐ Lock all the doors and windows

At your new home

- ☐ Check you have all the keys and any instructions to your new home (appliances etc)
- ☐ Check any utilities are connected and hot water is on
- ☐ Have your locks changed
- ☐ Assemble and make beds as soon as possible
- ☐ Notify moving company immediately if anything is missing or damaged
- ☐ Keep cats indoors for about a week to familiarise themselves with new surroundings

Helpful definitions

Mortgage and property terms

It is important to understand all the terms relating to your loan. Trying to make changes down the track can be difficult and expensive.

Amortisation period
The time taken to repay a debt, including accrued interest, in full through regular repayments.

Basis points
Refer to a common unit of measure for interest rates and other percentages. One basis point equals 0.01 per cent. For example, 50 basis points equal 0.50 per cent.

Certificate of title
Documents the ownership of or interest in land. It provides a description of the land, proprietorship and shows any registered interests such as mortgages, charges and caveats. It also shows any restrictive covenants and easements which affect the estate or interest.

Credit report
A file that is kept by a credit reporting agency that shows a person's credit history. Banks and financial organisations refer to credit reports when considering applications for loans and credit cards. A person with a poor credit history may find it difficult to obtain a loan or a credit card.

Equity
Homeowners often talk about how much equity they have in their house. Property investors often talk about how much equity they have in their portfolio. This is the value of the property (or portfolio) over and above the amount they owe on their loan(s).

Fixed interest rate
Fixed interest rate loans lock your monthly interest repayments at a set rate for a period (typically one, three or five years), after which they will revert to the standard variable rate. They can be a good choice for buyers who want certainty around interest payments but beware of break costs or prepayment fees if you try to change your loan or want to make additional repayments.

Loan Agreement
A formal contract between you and a lender which sets out the terms and conditions of your loan.

Mortgage duty
Mortgages may attract duty based on the amount secured by the mortgage. This duty is usually paid to the applicable state authority on your behalf by your lender and added to your loan. The rate and amount of duty payable varies in each state and territory. A loan agreement protects both the home buyer and the lender.

Mortgage Protection Insurance
This covers your loan repayments if you fall sick, suffer an injury or lose your job. If you die prematurely, the loan will generally be paid off. Policies differ widely and can be a combination of life insurance, income protection and permanent disability insurance. This is not the same as LMI.

Negative gearing
Borrowing money to invest where the return from the investment is less than the borrowing costs. For example, the rental income from your investment property is less than the interest payments on the loan used to purchase the property.

Off-the-plan
Buying a property off-the-plan means signing a contract to purchase an apartment that has not yet been built. You will be able to view the building and design plans but there is no physical property to inspect.

Principal
This is the outstanding balance owing on your loan on which interest is typically calculated and charged. Generally, your regular home loan repayments will consist of principal and interest components, gradually reducing the amount owing on your loan. With interest-only loans, only the interest is paid each month, leaving the original principal outstanding at the end of the loan term.

Redraw
This is an optional feature on certain home loans that allows access to any additional repayments made on your home loan. If you redraw funds from your home loan, your outstanding balance will increase.

Repayment frequency
Refers to the regularity of loan repayments over a period of time that you must make as indicated in your loan agreement. Repayment frequencies are generally weekly, fortnightly or monthly.

Revolving credit or line of credit
A flexible ongoing loan arrangement that allows you to borrow within a specified and agreed credit limit. Typically, the line of credit account will also be used for everyday transactions. Interest is added to the loan each month, and repayments are not necessary while the loan is within its credit limit.

Security
Security for a loan refers to the asset(s) a lender can claim against if you default on your loan. For home loans, it usually includes the property being purchased.

Serviceability
Your capacity to meet loan repayments based on your income and expenses. Helia's serviceability calculator can provide you with a guide as to whether you may be able to meet future loan repayments.

Stamp duty (on a property purchase)
Also known as transfer of land duty, transfer duty and conveyance duty. When you buy property, you are generally required to pay stamp duty to the relevant state or territory government. The amount varies between each state and territory and is based on the market value of the property or the purchase price. Exemptions and concessions may apply in some circumstances; check with your solicitor or conveyancer to see if you are eligible.

Variable interest rate
If your loan has a variable interest rate, the interest charged on the outstanding balance of your loan may increase or decrease. Lenders may also change your regular loan repayment amount based on changes in the interest rate. Lenders do not have to track changes in the cash rate and you should make allowances for higher-than-expected increases.

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