it's my home

2023/2024 ISSUE 09

Investing IN THE PROPERTY MARKET

The real COSTS OF BUYING A HOME

BUDGET. SAVE. *GROW.*

Master Your FIRST DINNER PARTY!

Questions TO ASK YOURSELF

✓ BEFORE BUYING A PROPERTY

10 STEP PATH TO HOME OWNERSHIP

WELCOME. We're delighted to present our *'it's my home'* magazine to help you on your home buying journey. Our purpose at Helia is to accelerate financial wellbeing through home ownership, now and for the future. We've helped people get into homes sooner for more than 55 years.

We're Australia's leading Lenders Mortgage Insurance (LMI) provider and you can learn about the role LMI can play in buying a home later in the magazine.

We know what a difference owning your own home makes, right from the day you get the keys and start making a house your space. Home ownership brings many benefits, including the chance to build equity, stop renting or simply redecorating for how you want to live.

If you're saving a deposit, buying your first home, investing, refinancing, or upgrading, our magazine articles can help – and maybe even get you there sooner. This is one way we help home buyers build confidence to navigate home buying and the decisions that it involves.

We wish you success in achieving your home ownership dreams! Feel free to drop us a note at **itsmyhome@helia.com.au** or get in touch via LinkedIn or Facebook.

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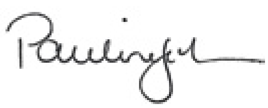

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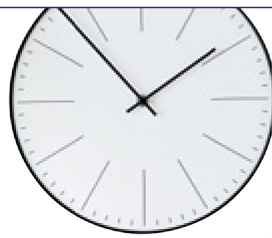

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10 Step Path TO HOME OWNERSHIP

Buying a home is an exciting time but it can also be a little overwhelming. By following these 10 steps, you could reduce the stress involved.

As with any major financial decision, you should always seek the advice of a professional.

1 IMAGINE YOUR FUTURE LIFE

A home is a long-term investment. You may be able to upgrade in the future, but you will likely keep your home for a long time. Your home will influence many aspects of your life. This is why it is important to have an idea of what you want your life to look like in 5 years, 10 years or even 20 years, before you buy your home.

Our considerations for buying a property on page 7 can help you create a list of important features for your dream home.

2 DETERMINE YOUR BUDGET

When you have an idea of what you want your future to look like, it is time to determine how much you want to spend. Keep in mind there are additional costs associated with buying a home, like stamp duty or transfer duty, legal and conveyancing fees, and pre-purchase inspections. Stamp duty will be the largest cost and is usually charged as a percentage of the purchase price.

Find out if you are eligible for stamp duty concessions or First Home Owner Grants, which are intended to assist first home buyers to enter the property market. The availability and eligibility criteria for these concessions and grants may vary by state or territory and be conditional of the cost, location and type of property you buy.

3 FIND OUT YOUR DEPOSIT OPTIONS

When determining your budget, you should also consider your deposit options. Most lenders will require you to have a 20 per cent deposit. This means for a loan to buy a home worth $800,000 you will usually need to save a deposit of $160,000, not including additional fees and duties.

There are other options available if you don't have a 20 per cent deposit. To find out what your deposit options are, you can use the **Deposit Comparison Estimator** on the Helia website.

Lenders Mortgage Insurance (LMI) may enable you to buy a home with as little as a 5 per cent deposit, not including additional fees and duties. For example, LMI may allow you to buy a home worth $800,000 with a deposit as little as $40,000, subject to satisfying your lender's credit assessment, and eligibility criteria. This means you can potentially purchase your home sooner, begin paying off your loan and 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 home. Your lender will usually pass the cost of the LMI premium on to you as part of its fees and charges.

The cost of the LMI premium can be paid upfront at loan settlement or may be added into your loan amount, with your monthly repayments adjusted accordingly. Some lenders may also offer Monthly Premium LMI, where you pay the fee monthly until your loan has been paid down to below the loan-to-value ratio (LVR) determined by your lender, or until the loan is discharged.

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

Pictures: Getty Images.

LMI COULD HELP YOU ACHIEVE YOUR DREAM OF HOME OWNERSHIP SOONER

4 RESEARCH THE MARKET

Once you have an idea of what you want and how much you can spend, it is time to research the market. Look at areas that suit your needs and fall within your budget. You should consider geographical factors and infrastructure that will affect the property, such as large electricity towers. Websites like **realestate.com.au** and **domain.com.au** can help you with your research.

You can also build relationships with local real estate agents, so they can inform you of new properties that become available before they are advertised.

If you are having trouble finding the right property, a buyer's agent may be able to help you with your search, work to your budget, and negotiate the purchase on your behalf. A buyer's agent may charge you a fee for their services.

5 CHOOSE THE RIGHT HOME LOAN AND GET PRE-APPROVAL

As with any financial decision, you should shop around for your home loan to ensure you find the best option to suit your circumstances. A mortgage broker can help you choose from a range of loan products and features from various lenders.

Having pre-approval from your lender will mean you can move quickly when you find your dream home. Usually pre-approvals will be valid for 90 days, however this can vary by lender. To get pre-approval, you will need to provide personal details including employment, income and expenses, assets and liabilities.

HAVING PRE-APPROVAL WILL MEAN YOU CAN MOVE QUICKLY WHEN YOU FIND YOUR DREAM HOME

6 INSPECTIONS

When you find a home you would like to buy, you should consider arranging the necessary inspections before making an offer. 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).

A solicitor or conveyancer can advise you on what inspections are recommended for the type of property you are buying. You should also consider checking with local council and state government about zoning issues and future property developments that may affect your home.

Be sure to keep your broker or lender informed during this process and let them know when you want to proceed with the sale.

7 MAKE AN OFFER AND SECURE FORMAL LOAN APPROVAL

When your inspections have been completed and you are ready to buy your home, the next steps will differ if the house is being sold at auction or by private treaty (a sale directly through a real estate agent or owner).

Auction - You will need to have pre-approval for your loan and your legal work and inspections need to be completed before the auction. In most states you will need to register to participate in the auction. There is often no cooling-off period so you must be certain that you want the property and that you do not exceed your budget when bidding as you will be obliged to purchase the property if your bid is successful.

You will need to pay a contract deposit when contracts are exchanged, which is usually 10 per cent of the purchase price. You may be able to reduce this to 5 per cent if negotiated prior to the auction. A solicitor can advise you regarding the contract deposit.

Private treaty - When buying a home through private treaty, you will be required to make an offer to the real estate agent or seller that they will either accept or decline. The research you conducted in step 4 will help you to determine what is a reasonable price. Be flexible with your offer because you don't want to lose a home you love because someone else made a higher offer that you would have been willing to pay.

When your offer is accepted, you will need to pay a holding deposit of about 10 per cent.

You may have a cooling off period where you can change your mind about purchasing the property. This will be specified in your contract. Usually the cooling off period is up to 10 business days but availability and duration of these periods vary by state. You may also be asked to waive your right to a cooling off period.

If you decide not to proceed, you will typically have to pay the vendor a termination fee. Any holding deposit you have paid above this is usually refunded. If the cooling off period has expired, you will usually not be entitled to any refund of the holding deposit.

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

If part of the contract deposit will be paid from your home loan, you may consider applying for a deposit guarantee (sometimes called a deposit bond) if acceptable to the seller 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 your obligation to pay a cash deposit until the settlement date.

Speak to your lender or broker about arranging a deposit guarantee prior to putting in an offer or participating in an auction.

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

8 FINALISE YOUR LOAN

When your offer or bid has been accepted, it is time to finalise the details of your home loan.

With many home loan options and features available, it is important to understand them so you can choose the right home loan for your circumstances. Go to the Helia website to read the **understanding your home loan** article to gain a better understanding of your home loan options.

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.

9 CONTRACTS AND LEGAL WORK

Your conveyancer or solicitor, and the seller's conveyancer or solicitor, will negotiate the terms of the contract for sale of the property. They can explain the contract to you before you sign.

Although DIY conveyancing kits are available, most people leave it to the experts as there is a lot of risk in a purchase as large as a home. A professional will know the hidden traps to watch out for and ensure the contract is fair for you.

You and the seller will agree to a settlement period (the length of time before you pay the outstanding purchase price and take ownership of the house prior to signing contracts).

10 SETTLEMENT

Settlement is the date you will take ownership of your new home. Your conveyancer or solicitor will arrange a time and place for this to occur, determined by the settlement period you agree on with the seller. They will also arrange with your lender to have the outstanding balance of the purchase price paid on this date.

Usually your contract will require the seller to give the home to you in the same condition it was in on the day of sale (excluding fair wear and tear). You should write into your contract that you can arrange a final inspection with the real estate agent before settlement. If anything is missing or broken, discuss it with the real estate agent and your solicitor or conveyancer prior to settlement.

Once settlement has occurred your solicitor or conveyancer will advise you that it has taken place and the seller's solicitor will advise the real estate to hand you the keys.

NOW YOU HAVE THE KEYS TO YOUR NEW HOME, IT'S TIME TO CELEBRATE!

Pictures: Getty Images.

Important questions to ask yourself BEFORE BUYING A PROPERTY

ASK YOURSELVES THE FOLLOWING QUESTIONS

1 HOW MUCH DO I NEED TO SAVE FOR A DEPOSIT?

Many lenders require a 20 per cent deposit plus additional costs, such as stamp duty, to approve your home loan. A break down of additional costs can be found on page 8.

OPTIONS AND ASSISTANCE IF YOU DON'T HAVE A 20 PER CENT DEPOSIT

Government assistance such as first home buyer grants, shared equity schemes, or stamp duty exemptions, may be applicable. These options may vary by state.

If you're not eligible for government assistance, Lenders Mortgage Insurance (LMI) might be the option for you. LMI is insurance that protects the 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. The cost of LMI is usually passed onto you as a fee payable at loan settlement. LMI could help you purchase a property with a smaller deposit, as some lenders may accept as little as a 5 per cent deposit plus costs if LMI coverage is available. LMI can allow you to get into the property market sooner compared to saving up the additional funds to reach that 20 per cent deposit.

Use **Helia's Deposit Comparison Estimator** as a guide for what your deposit options may be. It provides insights into the options available and the financial benefits and considerations of each option.

2 SHOULD I BUY A HOME AS AN OWNER-OCCUPIER OR AN INVESTOR?

There are benefits and important considerations for both options and the best option for you will depend on your individual circumstances.

OWNER-OCCUPIER BENEFITS

- You may be eligible for government assistance schemes like the First Home Owner Grant and stamp duty exemption
- Stop renting and no longer worry about rental increases
- You can enjoy the home you bought
- You can try your hand at DIY home improvement while living in your new home.

THINGS TO CONSIDER

- You will need to satisfy the bank that you can cover your loan repayments from your income, as you will not be receiving income from rent payments
- There may be limitations to where and what you can afford.

INVESTOR BENEFITS

- The rent payments you receive could cover some of, or the full amount of your home loan repayments
- You could buy what you can afford while renting where you want to live. This is called rent-vesting
- Tax deductions may be available in relation to the interest payable on investment loan and property-related expenses.

THINGS TO CONSIDER

- There are additional taxes, and annual levies and costs associated with owning an investment property
- You may not be eligible for government assistance schemes like the First Home Owner Grant
- You will still need to invest time and money into managing and maintaining the property
- There may be periods of time when the property is vacant, and you will still need to cover your loan repayments from your income, as well as the rent or board for where you are living.

Refer to 'Investing in the property market' on page 24 for further information.

3 ARE THERE SPECIFIC ATTRIBUTES OR CONDITIONS THAT ARE DEAL BREAKERS?

It's easy to become captivated by a home and overlook important key factors that may be crucial when purchasing a home. To assist you during property inspections, we have compiled a brief checklist of crucial aspects to consider in and outside of the home. This will help ensure you don't miss any important details when evaluating a property.

OUTSIDE THE PROPERTY

- Is there off-street parking? Is it free, timed or metered?
- Are there signs of damp around the house (e.g. bubbling paint, a musty smell)?
- What is the condition of the paintwork, windows, fences, gardens, roof and guttering?
- Is it possible to extend the property in the future?
- How much northerly sunlight does the property get?
- Is there external noise from traffic, trains and planes?
- Do neighbouring properties overlook the garden?
- Will the garden take a lot of effort to maintain?
- Is the storm water drainage system clear?
- Is the area prone to flooding?

INSIDE THE PROPERTY

- Check what is included – air conditioning, appliances, blinds, carpets, curtains, heating and light fittings
- Does it have appropriately sized bedrooms and bathrooms?
- What is the condition of the electrical wiring?
- Does the plumbing work?
- Are walls, ceilings and floors in good condition?
- Do all the windows and doors open and close?
- Is there enough storage space? (Linen cupboard, pantry, wardrobes, etc.)
- Do you have mobile phone coverage throughout the house?
- Are all fitted cupboards in good condition? Remember to check inside!
- Ask the agent if the home has an energy efficiency rating.

4 HOW FAMILIAR ARE YOU WITH THE LOCATION AND SURROUNDING AREA?

It is recommended to thoroughly research and visit the area multiple times before making a purchase, especially if you intend to live in the home. Familiarising yourself with the area is crucial to make an informed decision. Some local amenities you should take into account, ensuring that the area meets your priorities and needs, are:

- Shops
- Schools and childcare
- Doctors/hospital
- Public transport
- How long will it take you to travel to work?
- Parks and leisure facilities
- Are there any local council planning changes or planned infrastructure developments in the near future?
- Food and entertainment.

Pictures: Getty Images.

THE REAL COST *of buying a home*

NOT JUST THE DEPOSIT

When buying a home, you know you will need a deposit but there are other costs you should consider.

The costs listed in this article can vary depending on many factors. It is important you do your own research into each cost to get an idea of how much you will need to pay. You should also consult with your financial expert (mortgage broker, accountant, financial adviser, conveyancer, legal adviser) to get a more precise idea of your final costs you will pay.

STAMP DUTY

Stamp duty is a duty payable to the state or territory on transfer of the land or other property and is one of the biggest extra costs you will need to pay when buying a house. The amount of stamp duty will differ for each state and territory, depending on a number of factors including the property price, whether the borrower is a first home buyer, or whether it is an existing property or a new home.

Some states may offer stamp duty concessions for first home buyers. Find out if you are eligible for these concessions through your financial expert for personalised advice.

MORTGAGE REGISTRATION FEE

A mortgage registration fee is paid to formally register a mortagee's security interest against your property. This fee varies between each state and territory.

TRANSFER FEES

Transfer fees cover the cost of transferring the title to the property from the seller to you. This fee will differ by state or territory.

LOAN APPLICATION OR ESTABLISHMENT FEE

Your lender may charge you a loan application or establishment fee. This fee covers the lender's administration costs for setting up your loan application. The fee will vary by lender and may vary depending on the loan amount.

VALUATION FEE

Valuation fees may be payable if you or the lender engage a valuer to provide a valuation for the property you want to buy. This will vary by valuer and may also depend on the location of the property.

LENDERS MORTGAGE INSURANCE (LMI)

If you do not have 20 per cent deposit plus the cost of any associated fees and duties, your lender may require you to pay for Lenders Mortgage Insurance (LMI). LMI covers your lender in case you default on your loan repayments, and they can't recover the outstanding loan amount from the sale of the home. The lender will usually pass the cost of the LMI premium to the home buyer as an upfront fee payable at loan settlement. However, some lenders may provide a monthly payment option that allows you to pay the LMI fee cost monthly, until your loan has been paid down to below the loan-to-value ratio (LVR) determined by your lender, or until the loan is discharged. You can estimate your LMI fee with **Helia's LMI fee estimator**.

BUYER'S AGENT FEES

A buyer's agent may be able to help you with your search, work to your budget, and negotiate the purchase on your behalf. If you use a buyer's agent to find your home, you may need to pay them a fee. They may charge a flat fee or a percentage of the property price.

INSPECTION COSTS

You may engage building and pest inspectors before you buy your home. The cost of building and pest inspections vary depending on your location and

the size of the property. You may also engage a strata inspector if you are buying an apartment.

CONVEYANCING OR LEGAL FEES

Most home buyers will typically engage a conveyancer or solicitor to handle the legal paperwork required for settlement and transfer of their new home. These fees vary a lot depending on many factors, including complexity of the transaction, and if additional property-related searches are required before settlement.

HOME AND CONTENTS INSURANCE

Your lender will likely require you to have home insurance to protect the value of your property. You may also want to consider contents insurance.

The cost of your insurance will vary a lot depending on many factors. You can use a comparison website to find the best home insurance options for your circumstances.

CLEANING & REPAIR COSTS

Before you move into your new home, you may have to do some repairs. It is important to get a few quotes to make sure you are paying a fair price for the repairs. You may also want to hire professional cleaners to make sure you have a fresh start in your new home.

SERVICE CONNECTIONS

Before you move into your new home, you will need to connect your internet, electricity and gas. Each of these services may charge you a connection fee.

MOVING COSTS

The cost of moving into your new home will vary depending on how far you are moving, how much furniture you are moving and if you are engaging professional packers and movers, hiring a truck to move yourself, or if you have some good friends who will help you move (in exchange for a pizza party in your new home at the end of the day, of course).

Compare several removalist quotes from different companies to make sure you find the best deal for you.

INVESTMENT PROPERTY MANAGEMENT COSTS

If you are buying an investment property, and you choose to engage an agent to market, lease and manage your property, you will need to pay fees to them for their services.

CASE STUDY

Dylan and Ben saved up to buy their first home. Unsure how much they could afford to borrow, they contacted a mortgage broker.

The mortgage broker explained that, after allowing for payment of stamp duty*, conveyancing fees and other upfront costs, they had an $80,000 deposit and could purchase a property up to $800,00 with help from Lenders Mortgage Insurance (LMI).

CRUNCHING THE NUMBERS

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

LMI ONLY RAISED THEIR MONTHLY MORTGAGE REPAYMENTS BY $99*

With the help of LMI, Dylan and Ben now own their own home. They were able to stop paying rent and start building equity.

* 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.

Pictures: Getty Images.

How to master YOUR FIRST DINNER PARTY

As you settle into your cosy abode, you have an exciting journey ahead of hosting your first dinner party in your new home. To ensure a smooth and memorable event, we've prepared a checklist of essential tasks to help you make your dinner party a success.

1 WHEN AND WHOM TO INVITE

- Start your dinner party with four to six guests, ensuring enough food and comfortable seating. Keep it small to avoid unnecessary stress
- Plan by setting the date at least a month in advance, allowing guests to accommodate their schedules
- Don't forget to inquire about dietary restrictions and preferences to create a menu that caters for everyone.

2 SET THE TABLE

Ensure that the dining table is properly set with tablecloths, place settings, and utensils for each guest.

- Dress up your table with a table runner or cloth in a colour or pattern that matches your theme. Look for budget friendly options at discount stores or repurpose fabric
- Serve nuts, crackers and dips in small glass bowls for a classy touch. If you don't have any at hand, consider visiting your local thrift store for budget-friendly options
- Repurpose glass jars or bottles as stylish vases. Add a few flowers for a gorgeous centrepiece
- Create personalised place cards for each guest using online free templates. This adds a personalised touch to your table setting.

3 PREPARE THE MENU

Double-check that you have all the ingredients for your planned dishes.

- Choose dishes that you can cook and prepare in advance, this will help you avoid any stress
- Make dishes you feel confident preparing. Experimenting with new dishes can be risky, so it's best to stick to what you know best. However, if you decide to venture into uncharted territory, it's wise to have your favourite takeaway restaurant's number on speed dial. Just in case.

4 CLEAN AND TIDY

Prior to the arrival of your guests, ensure that your home is clean and tidy. Wipe down surfaces, declutter common areas, and create an inviting space.

5 SET THE MOOD

To create a pleasing ambiance, consider the following:

- Music is essential for creating the right ambiance at your dinner party. Choose background music that complements the mood and theme. Select a genre that aligns with guests' preferences. Keep the volume at a level that doesn't overpower conversations
- Lighting is a crucial element in setting the perfect atmosphere. Aim for a warm and inviting ambiance by opting for soft, dimmed lighting. Consider using candles, string lights, or table lamps with warm-toned bulbs. Avoid harsh or overly bright lighting.

6 WELCOME DRINKS

Prepare a selection of welcome drinks, this could be a signature cocktail or mocktail - something fun to offer your guests when they arrive.

7 GET READY

Take a moment to freshen yourself up before guests arrive.

8 RELAX AND ENJOY

Now it's time to relax and enjoy. Cheers to a memorable dinner party!

Pictures: Getty Images.

IT'S MY HOME

EASY COMFORT FOODS

to cook in your new home

From their kitchen to yours, two Helia team members have shared their special recipes for you to try in your new home.

SIA'S ROASTED VEGETABLE SOUP

"This is one of my favourite dishes as it's quick, hearty, easy, nutritional and economical. Great for winter."

Ingredients (any veggies you choose to roast):

- ½ butternut pumpkin
- 2 sticks celery
- ½ cauliflower
- 1 -2 carrots
- 4-5 garlic cloves
- 1 onion
- 1 litre vegetable stock
- 2 cups of water
- 2 bay leaves
- 1 teaspoon cumin
- Chilli flakes (optional)
- Parsley chopped

Method:

1) Cut veggies into chunky pieces, drizzle some olive oil, salt and pepper and roast on 200 degrees in the oven for about 35 minutes

2) Heat up the vegetable stock with water and bring to boil

3) Add roasted vegetables to stock, add 2 bay leaves and squeeze garlic from bulb into stock

4) Reduce heat and simmer all ingredients for about 15-20 min

5) Remove bay leaves, then using a handheld blender puree all ingredients to your desired consistency. Season to your liking

6) Ready to serve.

DANIA'S CHOCOLATE FUDGE PUDDING

"This is a recipe my mother-in-law, who was raised in Mullumbimby, gave me after I was married. She in turn inherited this recipe from her mother. On cold winter days this pudding ticks all the boxes, it creates its own sauce in the baking process."

Mixture:

- 1 cup of self-raising flour
- Pinch of salt
- ½ cup of caster sugar
- 1 tablespoon of cocoa
- ½ cup of milk
- 1 teaspoon of vanilla essence
- 2 tablespoons of melted butter

Topping:

- ½ cup of brown sugar
- 1 tablespoon of cocoa
- 1 ½ cups of hot water

Method:

1) Preheat the oven to 160 degrees

2) Prepare oven proof dish and grease the bottom and sides

3) Sift flour, salt, sugar and cocoa into a mixing bowl

4) Add milk, vanilla and melted butter

5) Beat until mixture is smooth

6) Pour the mixture into the oven proof dish prepared earlier

7) Mix the brown sugar and cocoa for the topping together

8) Sprinkle evenly over the mixture in oven proof dish

9) Pour the hot water gently over the whole pudding

10) Bake in oven for 50-60 minutes

11) Serve with cream, ice cream, custard or all three!

How SUSTAINABLE LIVING CAN SAVE YOU MONEY

BUDGET FRIENDLY THINGS YOU CAN DO TO REDUCE YOUR IMPACT ON THE ENVIRONMENT

THE MOST SUSTAINABLE PRODUCTS ARE THE ONES YOU ALREADY OWN

When you first start learning about living a more sustainable lifestyle, it can be tempting to go out and spend hundreds of dollars on a new set of sustainable products. But the answer to living sustainably can often be much cheaper. An important part of living sustainably is to repair, re-use or re-purpose what you already have. Why go out and buy a new set of food storage containers when that empty pasta sauce jar from last night's dinner can do the job just fine?

Here are several items you might have around your house that can be easily re-used in practical ways:

- Cut up old t-shirts to use as cloths to clean your windows
- Use old bedding to wrap your breakable items when moving house
- Turn your chipped mugs or bowls into adorable planters to liven up your patio, window sill or gift to friends and family
- Refill empty cleaning spray bottles with dissolvable disinfectant tablets or a home-made cleaning mix
- Give your cardboard toilet roll a new life as a seed starter
- Learning to do basic repairs to clothes like patching a hole or fixing a zipper can ensure your wardrobe has a long life.

Pictures: Getty Images.

AN IMPORTANT PART OF LIVING SUSTAINABLY IS TO REPAIR, RE-USE OR RE-PURPOSE WHAT YOU ALREADY HAVE

SAVE THE BEES AND YOUR MONEY WITH HOME-GROWN PRODUCE

Bees are a vital member of the world's ecosystem. It has been estimated that humans could only live for four years if all the bees in the world disappeared. Some of our favourite fruits and vegetables, like avocados, mangoes and pumpkins, only survive due to bee pollination.

Luckily, we can all do our part to ensure the health of our bee populations simply by planting bee friendly plants in our gardens, courtyards or balconies. And if you choose edible plants, you can save the bees and your wallet at the same time!

Try growing these bee friendly edible plants:

- **Passionfruit** – passionfruit is a climbing plant that produces delicious fruit for you and beautiful flowers for the bees
- **Cucumber** – cucumbers are vine that will climb over a trellis to create a leafy feature wall, all while supplying you with cucumbers and grow pretty yellow flowers that attract honey bees
- **Kale** – bees love kale flowers, and after your kale plant has flowered and gone to seed you can harvest those seeds and plant more kale.

A GARDEN FULL OF PASSIONFRUIT, CUCUMBER AND KALE CAN HELP SAVE THE BEES & YOUR MONEY

REDUCE YOUR CARBON FOOTPRINT AND YOUR ENERGY BILL

The Australian Government's latest National Greenhouse Gas Inventory update found that electricity production is the biggest contributor to our greenhouse gas emissions. With energy prices rising with inflation, reducing your carbon footprint can also have a positive impact on your budget. Try these easy energy savers:

- Energy efficient LED light bulbs will use less electricity and as a bonus, they last much longer so you don't have to buy new ones as often
- Washing your clothes in cold water and hanging them out to dry can save you a lot of money in electricity as well as prolonging the life of your favourite outfits
- Keep your home a comfortable temperature by shutting doors and windows and investing in curtains that keep the sun out for summer and the heat in for winter, this may reduce the cost of air conditioning and heating
- By installing solar panels that feed into your own home first, with excess being supplied back to the energy grid, you can lower your reliance on your energy provider, saving you money, and they may also pay you 'feed-in tariffs' (FiTs) for the energy you provide.

REDUCE FOOD WASTE FOR THE PLANET AND YOUR WALLET – *with OzHarvest*

Helia is proud to provide continued support to OzHarvest, Australia's leading food rescue organisation.

Food waste is an economic and environmental issue. Globally, 1.3 billion tonnes of food is being wasted every year. This costs the global economy almost $940 billion and contributes to 10 per cent of the world's greenhouse gas emissions.

Here are some ways your household can reduce your food waste, saving you money and reducing your impact on the planet:

1 **Look at what you already have** – when it's time to do your grocery shopping, look at what is already in your fridge or pantry. Take note of use-by dates and plan meals that will use up this food. Your shopping list will be much smaller when you plan to use everything you already have.

2 **Only buy what you need** – it can be tempting to buy a whole bag of oranges when they're on sale, but will you really eat the whole bag? Buying only what you need will help you avoid that sad looking potato in the back of your produce drawer that's been begging you to roast it for two weeks!

3 **Store your food correctly** – use air-tight food containers and make sure your fridge is set at 4 degrees to ensure your food stays fresh for as long as possible. Make sure your meal prep is properly labelled and stored with the oldest food at the front, so you don't waste any of those delicious meals. Making use of your freezer is a great way to reduce your food waste too!

4 **Use it up** – before you buy more food, make sure you have used up all the produce in your fridge. Build your meals around the food that needs to be used first. You can use OzHarvest's ***Use It Up Tape***™ to mark out an entire shelf in your fridge or pantry where you put food that needs using up, or add the tape to containers of leftovers for a visual reminder. Their latest study found that households who use this tape have reduced their food waste by up to 40 per cent. That's a lot of money saved on your grocery bill!

To fight food waste at home, order OzHarvest's ***Use It Up Tape***™ for free (just $5 for postage) at **ozharvest.org**

If you would like to get involved with OzHarvest, you can do so by making a donation, becoming a food donor, volunteering or getting your workplace involved in their cause. Find more information on their website: **ozharvest.org/how-you-can-help/**

UNDERSTANDING FINANCIAL JARGON

NAVIGATING THE PROPERTY WORLD CAN BE DIFFICULT WHEN YOU'RE A FIRST HOME BUYER

BEFORE YOU BUY

When you are saving to buy a house, you should have an idea of how much money you need to save to cover your **deposit** and other costs associated with the purchase. Your deposit is a portion of the property price that you have saved and which you contribute towards the purchase. Most lenders require you to save at least a 20 per cent deposit, plus additional funds to cover the costs of the purchase, as well as proof of consistent savings. For a more detailed look into what you need to save for, check out the real cost of buying a home article on page 8.

When you have saved a deposit, your lender will calculate your **loan-to-value ratio (LVR).** This refers to the proportion of the loan amount to the lender's valuation of your property. LVR is used by financial institutions as an assessment of lending risk. This is calculated by dividing the loan amount by the assessed value of the property. This means a property valued at $500,000 and a deposit of $50,000 would require a $450,000 loan, equal to an LVR of 90 per cent. Most lenders do not accept an LVR over 80 per cent unless Lenders Mortgage Insurance (LMI) or other support is obtained. Learn more about alternative pathways to home ownership on page 18.

Before you finalise your home loan, your lender may offer you **conditional approval or pre-approval.** This is when your lender agrees in principle to lend you money but hasn't formally approved your loan yet. They might offer conditional approval if they still need more information, like a valuation of the property you want to buy. Having conditional approval can help you move quickly when you find a home you want to buy.

INTEREST RATES

When researching different home loans, you may want to compare interest rates to consider which option is the best for your circumstances. To make it easier for you to compare, lenders will provide **comparison rates.** These are percentage rate figures that evaluate the interest rate of a loan, taking into account the fees and charges associated with the loan. The comparison rate is intended to help you to compare the true cost of the loan across several lenders.

Fixed rate – with a fixed interest rate loan, the interest rate charged to you is locked for a set period of time. 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 try to negotiate another fixed rate term.

Variable rate – with a variable interest rate loan, the interest rate charged on the outstanding balance of the loan may go up or down. This means that your regular repayment amount can also go up or down as the interest rate changes.

Split rate – another option available is to split your home loan so you have part of the outstanding balance 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 potentially make extra repayments on the variable rate part of your loan.

CHOOSING A HOME LOAN

Some people choose an **interest-only loan,** where monthly repayments cover only the interest on the loan, leaving the original principal amount outstanding at the end of the interest-only period. For example with a ten year interest-only loan, this means that at the end of ten years, you would still owe the amount that you initially borrowed.

UNDERSTANDING THE FINANCIAL LANGUAGE USED IN THE HOME BUYING JOURNEY CAN HELP YOU MAKE THE RIGHT DECISIONS FOR YOUR CIRCUMSTANCES

Some loans offer the ability to make **additional repayments.** These are payments above the minimum repayment amount, so you can repay the loan faster and reduce the amount of interest you pay over the life of the loan. Some lenders may allow you to access those additional repayments made on your home loan. This is called a **redraw facility.** 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.

You may like to include an **offset account.** This is usually a separate bank account that is linked to your home loan. The savings in your bank account offset the balance of your home loan, meaning that you only pay interest on the difference between the loan balance and the amount in your offset account.

Before switching loan products, making additional repayments to your fixed rate loan or repaying your fixed rate loan in full earlier than expected, it is important to consider **break costs.** These costs are a fee your lender may charge you for ending your agreement early. Some lenders may allow you to make a small amount of repayments above your fixed repayments annually without incurring break costs.

Some lenders allow you to access an **additional advance** on your loan, using the equity in your home (subject to meeting their eligibility criteria and loan suitability requirements). You might consider this if you want to complete home renovations.

BUYING A HOME

It is important to protect yourself against **gazumping** when purchasing property. Gazumping can occur when an offer you make to buy a property is accepted and the price is agreed upon, but the property is then sold to someone else who makes a higher offer. Being gazumped is not only disappointing but can prove to be costly as the agent and seller are not obliged to provide compensation for any money spent on legal advice, inspections or application costs.

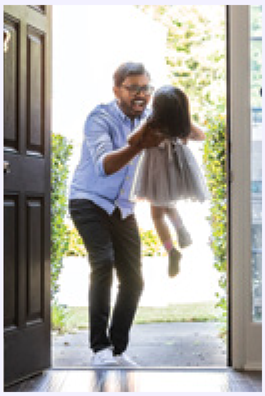
After contracts have been exchanged, it is common to have a **cooling off period** ranging from 2 to 5 business days, depending on the state or territory in which you have purchased. This allows you to change your mind and withdraw from the sale. You may incur a financial penalty if you withdraw during the cooling off period. A cooling off period does not apply for houses bought at auction. Please note: The length of the cooling off period can vary between states and territories and some do not have mandatory cooling off periods.

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.

Pathways TO HOME OWNERSHIP

WITH INCREASING COST OF LIVING PRESSURES, PROSPECTIVE HOME BUYERS ARE STRUGGLING TO SAVE A 20 PER CENT DEPOSIT

DON'T LOSE HOPE IN ACHIEVING YOUR DREAM OF HOME OWNERSHIP. THERE ARE ALTERNATIVE PATHWAYS YOU CAN CONSIDER



LENDERS MORTGAGE INSURANCE

If you don't have a 20 per cent deposit saved, a lender may consider you higher risk to lend to. To reduce this risk, they may take out Lenders Mortgage Insurance (LMI) in respect of your loan. LMI is an insurance policy your lender takes out to cover them in case you default on your loan and they can't recover the full amount owed, through sale of the property. They usually pass the cost of LMI onto the home buyer as a fee.

WHAT DOES THIS MEAN FOR YOU, THE HOME BUYER?

If a lender can access LMI, they may be willing to lend to you even if you don't have the full 20 per cent deposit (plus other upfront costs such as stamp duty) that is usually required to be approved for a home loan. If you can service a home loan but saving a 20 per cent deposit is a barrier to home ownership for you, LMI might be an option.

BENEFITS OF USING LMI

1. Buy a home with the savings you already have
2. Stop paying rent sooner
3. Start building equity and financial wellbeing

MONTHLY PREMIUM LMI

Monthly Premium LMI is when you pay the LMI fee monthly instead of paying it upfront or capitalising it into your loan. This option means your LMI fee is not included in the loan amount so you won't pay interest on it, and you can stop paying for LMI when your loan-to-value ratio (LVR) reduces to below the LVR determined by your lender, or until the loan is discharged.

FAMILY ASSISTANCE

You may have a family member who wants to help you enter the property market. LMI Family Assistance is when your family member pays your LMI fee upfront instead of you paying monthly or capitalising it into your loan. Helia's Family Assistance offering provides home buyers and families who want to support home ownership the flexibility to pay the cost of LMI upfront at the time of loan settlement and receive a 15% reduction in the fee.

Pictures: Getty Images.

RENT-TO-OWN

A rent-to-own arrangement is when the prospective home buyer leases a property, with the intention of purchasing it at the end of the leasing agreement. This pathway to home ownership may mean you can avoid having to save a 20 per cent deposit, delay securing a home loan and set a pre-agreed upon property price that may end up cheaper than the current market value at the time of purchase.

THINGS TO CONSIDER:

(Before entering a rent-to-own agreement)

- If there is a downturn in the property market you may end up paying more than the current market value of the home, as you pre-arranged the price at the beginning of your lease agreement
- You don't own the home until you make the purchase payment at the end of the leasing period
- You will still need to secure a home loan before making your final purchase payment
- It is important to understand the rules regarding rent-to-own arrangements in your state or territory.

BANK OF MUM & DAD

The bank of Mum and Dad refers to the financial assistance a home buyer may receive from their parents. Your parents might like to help you by giving you part of your deposit or paying your LMI fee for you. If your parents are in a position to help you, this can be a good way to enter the property market sooner.

THINGS TO CONSIDER:

- This pathway is only available to you if your parents can afford to assist you
- To avoid future strain on your relationship, be clear about whether their financial assistance is a generous gift or a loan you will need to repay.

CO-OWNERSHIP

Co-ownership is when two or more people buy a property together. You might like to share ownership with a partner, sibling, relative or friend. Co-owning a property generally means you only need to save your portion of the deposit and pay your portion of the loan repayments, making this a much more affordable option. This is a common pathway to home ownership for couples.

THINGS TO CONSIDER:

- You are entering into a legal relationship with your co-owner. Be sure you enter this arrangement with someone you can make fair decisions with
- Depending on how you structure the arrangement, you will generally only own a defined share of the property and the equity built from it, but you may still be liable to the lender for the entire debt, if a co-owner defaults on their loan repayment obligations
- You will need to make decisions with your co-owners as to the management of the property and the loan. Consider entering into a written agreement to set out how things will work.

Pictures: Getty Images.

SHARED EQUITY

Your state or territory may offer a shared equity scheme. This is where the state government pays a portion of the home's purchase price in exchange for an equivalent interest in the property. In short, you co-own your home with the government. This scheme can make home ownership much more affordable and, depending on the terms of the scheme, you may not need to make payments (such as interest or rent) to the government in relation to its share in the property, while you are still eligible for the scheme.

THINGS TO CONSIDER:

- Like co-ownership, you only own a defined share of the property and the equity built from it
- Participation in the scheme is subject to eligibility criteria
- Offers differ by state or territory.

IF YOU'RE STRUGGLING TO SAVE A DEPOSIT, ONE OF THESE ALTERNATIVE PATHWAYS MIGHT HELP YOU BUY A HOME SOONER

GOVERNMENT SCHEMES

State and territory governments may offer help to first home buyers, such as first home owner grants or stamp duty exemptions. These schemes can help to make home ownership more affordable for first home buyers by covering some of the additional costs associated with buying a home.

THINGS TO CONSIDER:

- Schemes are subject to eligibility criteria
- Offers differ by state or territory.

PARENTAL GUARANTEE

Parental guarantee is when a lender allows you to use equity from your parents' property to borrow money for your own home. This usually applies where you don't have the 20 per cent deposit required to secure a home loan.

THINGS TO CONSIDER:

- Your parents' home is being used as security to guarantee that you will continue to make your loan repayments. If you default on your repayments, your parents' home is at risk
- You are entering a formal and legally binding agreement with your parents so you need to make sure this will not put strain on your relationship with them.

BUDGET. SAVE. GROW.

When you're planning to buy a home, the first step is to make sure you have a budget that you can stick to. Your budget will help you identify how much you can afford to spend and save, and give you some insights into where you are spending your hard-earned money.

We have compiled some easy ways to tighten your spending so you can budget effectively, save for a home, and accelerate your financial wellbeing.

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.

DON'T PAY THE LAZY TAX

Every year you should re-assess your electricity, gas, phone and health insurance providers. Prices may rise every year and you might soon find yourself paying a lot more for your bills than you need to. Things to consider:

- Use a comparison site or make a spreadsheet to compare which provider can give you the best deal
- Find out if they have special prices for new customers
- Weigh up the one-off costs against the ongoing savings to decide if changing providers makes sense for you:
  - Will you need to restart any waiting periods before you can make a claim on your new insurance policy?
  - Will you need to pay any connection fees for your new electricity or gas provider?
  - Will you need to buy a new modem when changing internet providers?

LIVE BY THE 50/25/25 PER CENT RULE

Managing personal finances can often feel like a juggling act, but with the 50/25/25 rule, you could find harmony between your needs, wants and savings. This simple guideline provides a roadmap for achieving financial balance and securing a brighter future. The rule is straightforward:

- 50% of your after-tax income on needs and obligations like rent and bills
- 25% on wants and entertainment
- 25% going into your savings.

To implement the rule effectively, start by examining your current income and expenses. Track your monthly expenses with our budget tracker on the next page.

STOP BUYING YOUR LUNCHES AT WORK

Are you tired of your hard-earned money vanishing on daily lunch expenses? With just a few simple changes, you can transform your lunchtime routine into a budget-friendly and delicious experience. Let's break it down. If you spend an average of $15-$20 on lunch, three days a week, those expenses quickly add up. Over the course of a year with 48 working weeks, you could end up forking out a whopping $2,160 - $2,880 on lunches alone.

1. Maximise the potential of leftovers: instead of letting them go to waste, enjoy a home cooked meal that's ready to go.
2. If cooking isn't your forte or time is of essence, use meal delivery services or head down to your local supermarket. There are multiple dishes available that are both convenient and affordable, while also enjoying the benefits of nutritious and portion-controlled meals.

Pictures: Adobe Stock, iStock by Getty Images.

Monthly BUDGET TRACKER

DATE: **SAVINGS GOAL:**

INCOME

Date	Description	Amount
		Total

FIXED EXPENSES

Date	Description	Amount
		Total

OTHER EXPENSES

Date	Description	Amount
		Total

Total income	
Total expenses (fixed & other)	
Total savings for the month	

Any notes/reminders for next month:

Investing in THE PROPERTY MARKET

BENEFITS AND KEY FACTORS TO CONSIDER FOR SUCCESS

Are you thinking about buying an investment property? Buying a property that you do not plan to live in can help you increase your wealth and accelerate your financial wellbeing. Property is usually viewed as a long-term investment with many advantages. It is, however, important to understand how property investment works, the costs involved and the potential risks before you decide if this is the right option for you.

HOW IT WORKS

An investment property is a property you buy with the intention to earn an income from it. Usually this is by renting it out to tenants. Another way people make money from investment properties is by 'flipping' them. This is when you buy a property, renovate it and sell it for a profit.

Buying an investment property works similarly to buying a home to live in with a few key differences. When you buy an investment property, you may not be eligible for the same government schemes, you are looking for a property that will be desirable to a tenant instead of one that fits your own needs, and there may be extra fees and charges associated with maintaining the property, like a leasing agent or property manager. It's also important you seek advice at tax time as you may need to pay tax on the rental income you earned or capital gains tax on an investment property you sold. You may also want to ask your tax accountant if you can claim certain expenses related to your investment property.

RENT-VESTING

Rent-vesting is a strategy some home buyers use when they can't afford their dream home yet. It's where you rent a property to live in that's right for you and your lifestyle, while you own an investment property that's right for your budget. Before you can afford the home that will support your lifestyle, you can buy a more modest investment property in a more affordable area. The property you buy can then be rented out to tenants and the rental income can be used to pay off some of your home loan or fund your lifestyle. You then continue to rent a home in an area you love.

When your financial situation improves, you can then choose to upgrade and move into your dream home or use the equity and rental income from your investment property to fund a second property that better suits your needs.

STAY-VESTING

Stay-vesting is when you buy an investment property while still living at home with parents or relatives. People who are still living at home paying board or cheaper rent might consider this option. It means you can continue to enjoy the benefits of living at home with cheaper living expenses while earning rental income and building equity from your investment property. When your financial situation improves, you can choose to move into your property yourself or upgrade to a home you want to live in.

While stay-vesting might be a choice for some, it is not an option for everyone and it's important to consider if your current living situation is stable, beneficial and comfortable for everyone in the household before choosing to stay-vest.

BENEFITS & THINGS TO CONSIDER

Buying an investment property is a big decision. It's important you have considered the benefits and the possible risks before purchasing a property. As always, it's important you speak with a professional to receive individual advice tailored to your circumstances.

BENEFITS

- **Capital growth** – if your property increases in value, you will benefit from a capital gain, however you should also consider the tax implications at the time you sell the property
- **Rental income** – The rent payments you receive can cover some or all of your loan repayments
- **Rent-vesting** – You can buy what you can afford to buy while renting where you want to live
- **Stay-vesting** – You can make the most of living with family while building equity on the property you own (this option isn't viable for everyone)
- **Tax advantages** – you may be able to offset property expenses against rental income, including interest payments.

THINGS TO CONSIDER

- **Extra costs** – There are additional taxes, annual levies and costs associated with owning an investment property
- **Government assistance eligibility** – You may not be eligible for government assistance schemes like the First Home Owner Grant
- **Interest rates** – a rise in interest rates on your variable loan will mean extra loan repayments which may impact your net income (or loss) from the rental property
- **Time commitment** – You will still need to invest time and money into managing and maintaining the property
- **Vacancies** – There may be periods of time when the property is vacant, and you will still need to cover your loan repayments as well as the costs you pay for where you are living
- **Value loss** – if the property value decreases below what you paid you could end up with a shortfall and owing more than the property is worth.

COSTS

There are ongoing costs you might need to pay when you own an investment property.
They may include:

- Body corporate or strata fees
- Building insurance
- Council rates
- Land tax
- Landlord insurance
- Property management fees (if you are using a real estate agent)
- Repairs and maintenance costs
- Water rates.

Pictures: Getty Images.

BENEFITS OF BUYING AN ESTABLISHED VS NEW PROPERTY

FIND A HOME YOU LOVE...

When it comes to purchasing a property, there are two main options to consider: buying an established property or opting for a new one. Each choice comes with its own set of benefits and considerations. By carefully considering factors including those outlined below, you will be able to find a home that aligns with your property goals and preferences. The benefits and considerations are not limited to what is listed below, and you should seek professional advice to suit your own individual circumstances.

ESTABLISHED PROPERTY BENEFITS:

- **Established infrastructure:** older properties are often situated in areas with more developed infrastructure, including trains, buses, trams, schools, hospitals and other amenities. Please refer to page 7 for a comprehensive list of amenities that you should consider when evaluating a property for purchase. Remember well-established facilities play a crucial role in enhancing the growth potential of the property.
- **Physical inspection:** you can physically inspect the property before making a purchase. This allows you to assess the condition of the property, identify any potential issues, and make an informed decision based on your observations.
- **Property comparison:** you can compare the property you're interested in, with similar properties that have recently sold in the area. This comparison helps you estimate the value of the property and ensure that you're making a reasonable investment.
- **Proven resale value:** purchasing an established property usually means you will have access to its history, including previous sale prices and property records.
- **Value enhancement:** by investing in an older property, you have the opportunity to add value through renovations and improvements. Even a simple cosmetic makeover to the interior can significantly enhance the property's value, rentability and rental return. This means that you can leverage your skills and creativity to make the property more appealing.

THINGS TO CONSIDER:

- **Maintenance & repairs:** purchasing an established property entails being prepared for unexpected maintenance and repair costs. Older properties may require more frequent repairs, and it's important to have a financial buffer to handle such expenses.
- **Rental returns:** older properties may see lower rental returns compared to newer properties. This may be because tenants often prefer newer properties with modern amenities and features. To attract tenants and maintain steady rental income, you may need to consider factors such as upgrading the property or offering competitive rental rates.
- **Tenant appeal:** tenants may prioritise newer properties with a modern look and feel. This means that older properties may have less appeal to potential tenants. To maximise the properties rental return, you may need to consider ways to make it more attractive to tenants, such as updating the interior or offering additional amenities.

NEW PROPERTY BENEFITS:

- **Attractions for tenants:** highly attractive to tenants due to their contemporary design and amenities. This may lead to higher rental rates compared to established properties and can increase your chances of securing reliable and desirable tenants.

OR BUILD A HOME YOU LOVE

Builder's warranty: buying a new property usually comes with the benefit of a builder's warranty. This warranty is intended to provide protection against any structural or construction-related issues that may arise during the initial years of ownership. However, it's important to note that the specifics of the builder's warranty can vary between States. For instance, in New South Wales, it is referred to as the **Home Building Compensation Fund**.
To ensure you have a clear understanding of the warranty coverage in your State, it is crucial to research and familiarise yourself with the terms and conditions of the building contract. Ensure you understand who is covered and the extent of the coverage.

Customisation options: in some cases, purchasing a new property offers the opportunity for customisation. Depending on the stage of construction, you may have the ability to choose certain finishes, materials, or even floor plans, allowing you to personalise the property according to your preferences and needs.

Minimal maintenance: since everything in a new property is under the builder warranty, you can expect fewer issues and repair expenses in the short term. This allows you to focus more on enjoying your property rather than dealing with any unexpected maintenance tasks.

Modern amenities and technologies: new properties are usually designed with modern amenities and technologies already installed. From energy efficient heating systems to smart home features, these pre-installed advancements offer convenience, efficiency, and a higher level of comfort for both residents and investors. The appeal of these modern features can attract high-quality tenants.

THINGS TO CONSIDER:

Affordability: it's important to note that new properties can often come with a higher price tag. Developers will usually factor in their margins and marketing costs and in some cases you may pay more compared to established properties in the same area.

Construction timelines and financial considerations: if you decide to purchase a new property off the plan, you may face the challenge of waiting for the property to be built. It's crucial to have a financial plan in place to cover your expenses during the construction phase and be prepared for potential pushback of the settlement date.

Limited value-adding opportunities: unlike older properties, new properties may offer limited opportunities to add value through renovations or improvements. This means that achieving capital growth may take longer, as you won't have the option to make significant changes that could potentially increase the property's value.

Market saturation: in areas that have been recently zoned for development, there is a risk of market saturation (an oversupply of properties). This may lead to increased competition and difficulty finding tenants for your property. Further, market saturation can also impact the resale potential of a property. With a surplus of similar properties available, it may take longer to sell the property due to increased competition.

Strata: when purchasing an apartment, townhouse, or villa, it's important to note that new properties often come with modern amenities like gyms, swimming pools, saunas, lifts and more. While these facilities enhance your lifestyle, it's important to be aware that they can lead to higher strata costs. As the owner, you'll be responsible for a share of these ongoing fees.

Pictures: Getty Images.

The important role of MORTGAGE BROKERS *in educating home buyers*

EMPOWERED TO MAKE INFORMED DECISIONS

Mortgage brokers play a vital role in helping home buyers navigate the home loan landscape. With so many lenders, home loan options and confusing financial terms involved, it can be challenging to navigate the home loan market.

This is where mortgage brokers can help shed a light on the process and empower home buyers to make informed decisions.

1 EXPLAINING THE HOME LOAN MARKET

The home loan market can be overwhelming, particularly for first home buyers, but it can also be overwhelming for more experienced home buyers. Mortgage brokers possess in-depth knowledge about various home loan products, lenders, interest rates and repayment terms. They work closely with home buyers to assess their financial situation, goals and preferences and then match them with appropriate lenders.

2 TAILORING SOLUTIONS TO INDIVIDUAL NEEDS

Each home buyer has their unique financial situation and goals. A good mortgage broker will recognise this and provide personalised solutions that cater to individual needs. They take the time to understand a home buyer's financial position, credit history and long-term plans, allowing them to recommend suitable home loan options. Through their personalised approach and established relationships with lenders, mortgage brokers can often negotiate competitive interest rates on behalf of their clients. This can potentially save home buyers money over the life of their home loan.

3 DEMYSTIFYING JARGON

The home loan industry is notorious for technical terms and jargon which can confuse and overwhelm home buyers. Mortgage brokers bridge this knowledge gap by simplifying complex terms and concepts whilst explaining terminology in simple and easy to understand language. On page 16, you will find valuable insights into financial jargon, to help you become familiar with common terms.

4 NAVIGATING THE APPLICATION PROCESS

Applying for a home loan can be overwhelming, from the amount of paperwork involved to all the procedural requirements. Mortgage brokers are a valuable source of information about processes and documentation assisting aspiring home buyers to prepare and submit their paperwork correctly first time around. By educating them on the steps involved, they alleviate stress and confusion, making the process simple and transparent.

5 ACCESS TO A NETWORK OF LENDERS

One of the advantages of working with mortgage brokers is their extensive network of lenders. Mortgage brokers maintain relationships with multiple lending institutions, including banks, customer owned banks and non-banks. They have a strong working knowledge of each lender's specific criteria, underwriting standards and loan programs. By educating clients about their available options, they help home buyers explore a broader range of home loan possibilities.

6 KEEPING UP-TO-DATE WITH CHANGING REGULATIONS

The home loan industry is subject to evolving regulations and compliance standards. Mortgage brokers are well-versed in the regulatory landscape and provide up-to-date information regarding lending policies, eligibility criteria and government programs. They will be able to help provide information that may impact the biggest financial decision of your life.

Mortgage brokers offer a unique blend of expertise, guidance and education to home buyers navigating the home loan process. Their role extends beyond securing a loan; they serve as educators, equipping aspiring home buyers with the knowledge needed to make informed decisions to achieve their home ownership goals.

Pictures: Getty Images.

Key takeaway

3 THINGS TO LOOK FOR IN A MORTGAGE BROKER

1. **Communication and knowledge** – listen to how your mortgage broker communicates with you. Are they able to break down complex terms in a simple way? Are they able to explain confidently, providing key messages through mapping, drawing or using tools and calculators?

2. **Transparency and customer service** – a good mortgage broker will confirm your research and also add, offer or suggest what may not have been considered or known. They will always follow up if they are committed to helping you.

3. **Reviews and testimonials** – word of mouth and social proof is one of the most effective ways to gain trust. Check out customer comments left on their website and Google reviews. Also ask to speak to a previous client if you have additional questions – a good mortgage broker won't hesitate.

Understand property VALUATION

If you are buying a property or refinancing your existing loan, you and your lender will want to consider the property's value. This article will enhance your understanding of property valuations.

THE MAIN WAYS TO ASSESS A PROPERTY'S VALUE INCLUDE:

- Valuation
- Automated Valuation Method (AVM)
- Desktop Assessment.

PROPERTY VALUATION

A property valuation is undertaken by a qualified property valuer who visits the property and then prepares a report in which the market value of the property is stated by the valuer based on a variety of factors. These include the condition and size of the property, the location of the property and comparable sales evidence.

AUTOMATED VALUATION METHODS

An automated valuation method (AVM) uses an automated process relying on statistical data about a property to estimate the property's value.

DESKTOP ASSESSMENT

A desktop assessment is a brief report prepared by a qualified property valuer who uses statistical data about the property to assess the value of the property without visiting the property.

WHY DOES A LENDER GET THE PROPERTY VALUED?

A lender will order a property valuation, AVM or desktop assessment when a person wishes to buy a property or refinance an existing loan. The property value, AVM or desktop assessment is used by a lender to see if whether the property provides sufficient security against the loan amount and also highlights any issues about the property that the lender and its Lenders Mortgage Insurance (LMI) provider may wish to consider.

MARTIN ASHTON

– Senior Valuation Specialist at Helia

Martin has been an inhouse valuer with Helia for over 15 years, with 25 years of property experience and is a fellow of the Australian Property Institute.

PROPERTY VALUE AND BUYING CONSIDERATIONS

Inspection of the property

- Size and design
- Condition
- Position (e.g. North facing is ideal for solar sunlight)
- Potential (for future renovation)
- Hazards (e.g. risk of flooding)
- Has the property been on the market for an above average time period & has there been any price reductions?
- Is the listing price reasonable and is there a chance to negotiate?

Location and comparable sale

- Where is the property located?
- Distance from the property to public transport, schools, recreation facilities and other key location items?
- What are the recent comparable sales near the property?

Property demand

- What way is the property market heading?
- Is there currently (or likely to be in the the near future) an oversupply of similar properties in the area?
- Are there lots of other buyers in the market?

Pictures: Adobe Stock.

Essential items to buy for
YOUR NEW HOME

Moving into a new space is an exciting milestone. To ensure a smooth transition, it's important to have all the essential items at your fingertips. Our checklist will support you through the process of setting up your new home.

APPLIANCES

- ☐ Dryer (if space is limited, consider a two-in-one washer and dryer)
- ☐ Fridge (reminder: measure the size of your space before purchasing)
- ☐ Kettle
- ☐ Microwave
- ☐ Toaster
- ☐ Washing machine

BEDROOM

- ☐ Bedding (sheets, quilts, mattress protectors)
- ☐ Bedside table and lamp
- ☐ Clothes hangers
- ☐ Curtains
- ☐ Mirror
- ☐ Pillows and pillowcases
- ☐ Wardrobe (if no built ins)

HOME OFFICE

- ☐ Chair
- ☐ Computer screens
- ☐ Desk
- ☐ Keyboard
- ☐ Mouse
- ☐ Storage

KITCHEN

- ☐ Coffee cups and mugs
- ☐ Cooking utensils – knife set, can opener, wooden spoon, tongs, whisk, peeler, soup ladle, potato masher, garlic press, mixing spoon, measuring cups and spoons, spatula, grater, cutting board, colander, mixing bowls, kitchen scissors, oven mitts, baking tray
- ☐ Cutlery (knives, forks and spoons)
- ☐ Dining table and chairs
- ☐ Food storage containers
- ☐ Plate and bowl set
- ☐ Pots and pans (get small, medium and large sizes)
- ☐ Salad bowl and server
- ☐ Tall and short glasses
- ☐ Tea towels

LIVING ROOM

- ☐ Coffee table
- ☐ Couch (Possibly a pull-out bed for guests if space is limited)
- ☐ TV and TV unit

CLEANING

- ☐ Bin bags
- ☐ Broom and dustpan
- ☐ Clothes horse
- ☐ Dishwashing liquid
- ☐ Disinfectant spray
- ☐ Feather duster
- ☐ Glass cleaner
- ☐ Iron and ironing board
- ☐ Mop and bucket
- ☐ Sponges
- ☐ Tile cleaner
- ☐ Toilet brush
- ☐ Vacuum cleaner

GARDENING

- ☐ Gardening gloves
- ☐ Hose
- ☐ Lawn mower
- ☐ Garden trowel
- ☐ Rake
- ☐ Watering can

HARDWARE AND TOOLS

- ☐ Batteries
- ☐ Hammer and pliers
- ☐ Light bulbs
- ☐ Measuring tape
- ☐ Plug extension leads
- ☐ Screwdrivers

SAFETY

- ☐ Fire blanket
- ☐ Fire extinguisher
- ☐ First aid kit
- ☐ Smoke alarm
- ☐ Torch

REFINANCING

Refinancing is replacing your existing mortgage with a new mortgage. You can refinance with your current lender or go to a new lender. It may be a good way to save you some money, but only if you take into consideration the actual cost of refinancing. You should always seek advice from a professional adviser before making major financial decisions like refinancing.

WHAT ARE THE BENEFITS OF REFINANCING?

The most common reason for people to refinance is in search of a lower interest rate on their mortgage, but there may also be other motives. You may consider refinancing for the following reasons:

Interest rates may be lower
When you refinance the balance of your loan at a lower rate, you can reduce your monthly repayments and the total cost of your loan.

Seeking a fixed rate
If your current loan has a variable interest rate, or if your fixed rate term is ending, you may want to refinance to a fixed rate or partially fixed rate home loan to lock in a set rate on your monthly interest repayments for a set period.

Pay off your home loan faster
Changing from a 30-year loan to a 20-year loan will raise your monthly payment, but because interest is compounded, could save you thousands of dollars over the long term. If you can afford the higher monthly repayments, switching to a shorter loan term might work for you.

Extra funds for something else
If you have equity in your home, you can leverage it to pay for home improvements, pay off other debt or accomplish other goals.

Improved financial situation
If your credit score has increased or your loan-to-value ratio (LVR) has decreased, you might find a more competitive home loan.

Consolidation of debt
If you are experiencing financial difficulty a consolidation of debt may relieve the pressure. It is important to seek professional advice on how you can manage your financial hardship.

Cash out for future investment
You may be looking to get a deposit ready to buy another property to build your wealth.

THINGS TO CONSIDER

The total costs of refinancing
There are many upfront fees and charges to think about including establishment fees, legal fees, stamp duty and ongoing fees, which may apply. If your home loan is reasonably small, it may take some time before the savings of a lower interest rate actually make up for the cost of refinancing.

Remember that the interest rate is usually variable
Make sure you look at the ongoing interest rate, not just the honeymoon period if one applies.

Check the new loan has all the features you need
Which features do you want for your home loan? Check out our financial jargon article on page 16 to learn about redraw facilities, offset accounts and additional repayments.

Explore all your options
Make sure you shop around and take professional advice to find out which home loan is the most appropriate option for your individual circumstances before making the decision to refinance.

Pictures: Getty Images.

SHOP AROUND AND TAKE PROFESSIONAL ADVICE TO FIND OUT WHICH HOME LOAN IS THE BEST OPTION FOR YOUR INDIVIDUAL CIRCUMSTANCES

UPGRADING

Upgrading simply means selling your current home and purchasing one that's a little further up the property ladder. There are many reasons why you might want to upgrade your home but it's important you have a full picture of what is involved before you upgrade. You should always seek professional advice before making major financial decisions like upgrading your home.

WHAT ARE THE BENEFITS OF UPGRADING?

There are many reasons why you might want to upgrade your home. These are some of the common benefits of upgrading:

More space to grow your family
As your family grows you may need some extra space. Maybe you're about to become parents for the first time and you need a nursery, or the kids are getting older and want their own bedrooms.

A better location
You might want to be closer to certain amenities, move to a location that has the primary and/or high school you prefer, or you might want to move closer to family and friends. There are many reasons you might like to upgrade to a better location for your circumstance.

Moving from an apartment to a house
Your first apartment may have been your dream home at the time, but now your financial situation has improved, you might be looking to moving into a house with more bedrooms and a backyard.

Relocating for work
If you are relocating for work, you will need to find a new home close to your new work location. You could be moving to the next town or to the other side of the country. This can be a great opportunity for you to find a home that's a little further up the property ladder.

AS YOUR FAMILY GROWS YOU MAY NEED SOME EXTRA SPACE

THINGS TO CONSIDER

You have probably built equity in your home to help facilitate an upgrade, but there are some things you should consider:

Calculate the costs
Upgrading can involve some unexpected costs. You will likely need to pay the costs associated with buying a home as well as the costs of selling a home. To get a better idea of the costs involved in buying a home, read the article on page 8.

Get an accurate estimate
You can get an idea of what your house is worth through a local real estate agent or online from research groups. A valuation carried out by a certified practising valuer (CPV) or residential property valuer (RPV), which involves inspections of the property inside and out, can provide a more accurate figure.

Be sure you want to move to your new location
When moving to a new location you should do your research. It's important to know if the location has everything you need, like health facilities, schools and entertainment.

Explore all your options
When you are considering upgrading, explore the reasons why your current home is no longer the right fit for you. Would renovating be a more cost-effective option for you? Be sure to explore all your options before making a final decision.

LEVERAGING EQUITY BUILT IN YOUR CURRENT HOME CAN SERVE AS A VALUABLE ASSET IN FACILITATING AN UPGRADE TO YOUR FUTURE HOME

A guide to successfully SELLING YOUR HOME

If you're selling a home for the first time, you might be wondering where to start. This handy guide will help you navigate the process.

DETERMINING THE VALUE OF YOUR HOME

To make sure you can sell your home for a good price and avoid having it sit on the market for a long time, it is important to determine its value.

GET AN APPRAISAL

There are websites that can provide you with a calculated estimate on what your home could be worth, along with available property history and comparable properties in the area. This can be a great way to get a general idea, however it may not take into account any improvements you've made – so use this as a guide only.

You should also arrange for two or three local selling agents to provide a property appraisal. Not only will they be able to give you some guidance on setting your price, but you can also use this as an opportunity to assess which selling agent you would like to work with for the remainder of the process.

RESEARCH OTHER LISTINGS

Research what is happening in the property market in your area by looking at listings and sales data on comparable properties over the last three months. Identical homes directly across the street from each other can vary significantly in some neighbourhoods due to factors such as dividing lines, main roads, freeways and train lines so it is important to consider these factors in your research.

Try to compare properties that are a similar size and a similar age. One suburb

Pictures: Getty Images.

might consist of homes built in the 1890s right next to another ring of construction from the 1980s. Values between the two will differ. Make sure you're comparing apples to apples.

UNDERSTAND THE MARKET

You will also need to understand the current property market conditions. To get an idea about where the market is sitting, read the latest finance and property articles and reports, and talk to local selling agents.

When there are a lot of properties for sale and not many buyers, it's called a buyer's market. In a buyer's market you may need to allow some wriggle room on your pricing to ensure you are competitive with other properties being sold in the area.

When there are not many properties on the market but a lot of buyers, it's called a seller's market. In a seller's market you may be able to raise your asking price.

PREPARING TO SELL

WORK WITH A REAL ESTATE AGENT

You should engage a real estate agent to help you sell your home. Real estate agents are professionals and have valuable insights and experience into the best ways to sell your home. When choosing a real estate agent, there are a few things you should consider:

- **Recommendations from family, friends and neighbours** – your family, friends and neighbours can give you valuable and honest insight into what it is like to work with a real estate agent.
- **Commission and fees** – real estate agents will charge you a commission to sell your home. They may also charge other fees, such as marketing costs. Compare the commission and fees of a few different agents to make sure you are getting a good deal.
- **Selling strategies** – each real estate agent will have their own preferred strategy for selling properties. Choose an agent whose strategy aligns with your own.
- **Engagement skills** – it is important that you can build a rapport with your real estate agent and that you can trust them to engage with potential buyers to get you the best deal possible.

MARKETING

Marketing your home is all about putting your best foot forward. You want to attract buyers by presenting a lifestyle they can aspire to. Your real estate agent will help you market your home, but it is important to note that the marketing costs may not be included in your agent's fees or commission. These are some basic things you should consider:

- **Photography** – professional photos of your home can make a big difference to your listing. You want to show off all the best angles of your home to entice potential buyers. To really impress potential buyers, you could have the home professionally styled before the photo shoot.
- **Listings** – you should list your home on websites like **realestate.com.au** and **domain.com.au**, as well as on your real estate agent's website. Your agent can help you write an enticing and aspirational description of the home.
- **Advertising** – advertising your home helps to bring in potential buyers. The more people who see your listing with beautiful photos and an enticing description, the more likely you are to have lots of potential buyers inspecting your home.

INSPECTIONS

When it's time for inspections, you should make sure your home is looking its best. You want potential buyers to notice the beautiful floorboards and the fancy oven you splurged on, not the flickering hallway light and fingerprints on the windows. In the weeks leading up to your inspection days you should focus on:

- **Repairs** – hire a maintenance professional to tie up any loose ends in the home. Make sure all your light bulbs are working, there is no half-finished DIY projects and that everything is in good working order. You might also consider a fresh coat of paint.
- **Cleaning** – a professional cleaner can make sure your home is looking its best inside and out. You might also hire a gardener to tidy up your garden.
- **Styling** – consider having your home professionally styled for inspections or, if you can't fit it into your budget, research the best ways to style your home to sell. Creating a Pinterest board of inspirational photos can help you create a clear vision for how you want to style your home.

Common LENDING & MORTGAGE TERMS

IT'S MY HOME IS HERE TO HELP BY EXPLAINING SOME OF THE COMMON TERMS YOU MAY ENCOUNTER WHEN GETTING A LOAN AND BUYING A PROPERTY

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 is 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 mortgagees, charges and caveats. It also shows any restrictive covenants and easements which affect the estate or interest.

CONVEYANCING
The legal process where the ownership of a property is transferred from one party to another.

COOLING OFF PERIOD
A period of time, usually between 24 hours and 14 days, during which an individual or organisation can decide not to continue with a contract. Cooling off periods for real estate transactions vary in each Australian State/Territory.

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
Home owners 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).

FIRST HOME OWNER GRANT
The First Home Owner Grant (FHOG) scheme was introduced in NSW on 1 July 2000 to offset the effect of the GST on home ownership. State Governments provide financial grants to purchasers of first homes, to assist in meeting purchase costs. Eligibility criteria applies, and grants vary by state.

LENDERS MORTGAGE INSURANCE
Lenders Mortgage Insurance (LMI) is insurance taken out by the lender and protects the lender in the event that you, the home buyer, default on your loan repayments and the lender is unable to recover the outstanding loan amount from the sale of the security property. The cost of the insurance premium is usually added to your loan amount. With LMI, a lender may accept to lend to home buyers who have less than the 20 per cent deposit usually required, which could get you into your home sooner.

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

MORTGAGE
A legal agreement between a home owner and a lender, where the home owner grants the lender a right or interest over certain property (which may be real estate or other property) that is held as security for the repayment of the amount that has been lent, usually plus interest. The lender may have the right to repossess and sell the property if the home owner fails to repay the loan or to comply with any other conditions of the loan agreement.

MORTGAGOR
The person who owns the property and

KNOWLEDGE IS POWER WHEN IT COMES TO YOUR LOAN

grants an interest over the property to a lender as security for a 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 at the time of the purchase. The rate and amount of duty payable varies in each state and territory.

MORTGAGE PROTECTION INSURANCE

This insurance covers you for 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 insurance is different to lenders mortgage insurance (or LMI), which protects the lender in the event of the borrower's default.

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 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, structured to gradually reduce the amount owing on your loan. With interest-only loans, only the interest is paid each month, usually for a period between one and five years, reverting to repayments on a principal and interest only basis at the end of the interest-only term.

REVOLVING CREDIT OR LINE OF CREDIT

An 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 within its credit limit.

FAMILIARISING YOURSELF WITH ALL THE RELATED TERMS IS CRUCIAL. MAKING CHANGES DOWN THE TRACK CAN BE A COSTLY ENDEAVOUR

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 is usually the property being purchased using the loan amount.

SERVICEABILITY

Your capacity to meet loan repayments based on your income and expenses. Helia's servicing estimator **(helia.com.au/the-hub/calculators-estimators/servicing-estimator)** can provide you with a guide as to whether you may be able to meet future loan repayments.

Pictures: Getty Images.

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