

## BUYING A HOME

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# BUYING A HOME

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Home – it really is where the heart is. From hosting backyard barbecues to milestone moments and cosy nights in – we really do spend a lot of time at home. Which is why finding the right property, and being financially ready for it, is important.

In this LifeGuide you'll find tips on how to find your new home, and what you need to do when you're ready to buy.



## WHERE TO START

There's lots to think about when it comes to buying a home. It's one of the biggest financial commitments most of us will make and between attending open inspections and getting your finances in check, it can be hard to know where to start.

Below is a guide of some of the things you'll need to think about when buying your own home.

### They include:

- Could any future infrastructure projects impact the location?
- Is the suburb connected via public transport?
- Are there shops nearby?
- Is it close to parks and recreational facilities?
- Are there local cafés, bars and restaurants?
- Can I access my place of work?
- Where is the closest police station?
- Does the suburb have a hospital or local medical centre?
- Is it likely to be threatened by floods/bushfires?
- Do locals consider it a safe suburb?
- Are there good schools nearby?

### HOUSE, UNIT OR LAND?

One of the first things you'll need to determine when buying a home is whether you want (or can afford) a house, unit or land to build on. The price will vary for each option, and depends on factors like the location, how many sq/m and how old or new the property is. There's more on the different types of homes later in this LifeGuide.

### SEARCH THE INTERNET

A good way to get an idea of the above is to browse property sales websites and online listings. Here, you can filter by suburb, price range and property type, as well as look at a map to see what amenities are nearby.

ANZ offers a free, property profile report for the property you are interested in. This includes facts and figures about a specific address and its surrounding location. Pop into your local branch or visit the [ANZ website](#) to request one.

### OPEN HOMES

Once you've narrowed down your suburb of choice, it's a good idea to attend a few open homes to get a realistic idea of how a property could suit your needs, or that of your family. Most properties are advertised online, and should have a list of inspection times or contact details for private viewings.

### Things to look for include:

- Does the house have enough space?
- Will key areas get any sunlight?
- Are the finishes to your standard?
- Will you need to renovate?
- Is there enough storage?
- What is the location and surrounding amenity like?
- What are the neighbours like?
- Does it have a garage or on street parking?

### Things to ask include:

- What is the median price in the area?
- Have there been any recent sales?
- What year was the property built?
- What fixtures and fittings are included?
- Has the property been leased before?
- What's the rental yield?
- What is the owner obligated to fix before I buy/move in?



## BUYER'S ADVOCATE

If you're struggling to find a home, or just want support in finding one, it might be a good idea to engage a buyer's advocate. An advocate is a professional who can find and bid or place an offer on a property for you. Please note, they require a legal letter from you granting permission to act on your behalf and usually charge either a flat rate fee or a percentage of the purchase price of your property.

## EXPERT INSPECTIONS

Getting an expert to come and inspect your desired property before you put in an offer can save you a lot of pain (and money) in the long run. For many people, the buying process is largely based on aesthetics, location and price – but it's important to understand what's behind the curtains (literally) of your chosen property before you're locked in. Make sure you hire someone registered with the relevant bodies (such as the state or territory building authority) and relevant, recognised qualifications to carry out the inspections.

### Types of Inspections:



#### Building inspection

A building inspector will look at any faults within a property, whether they can be fixed and how much this will likely cost. Their report should include things like structural integrity, water damage, asbestos, and the general condition of things like paint, tiles and fencing.



#### Pest inspection

A pest inspector will check for any signs of damage caused by pests, as well as any areas they could damage in the future. This will usually include termites, borers and mortar bees.

## WHAT TO CONSIDER WHEN BUYING

Deciding what type of home to buy will depend on many factors, including your wants and needs, income and how many people will be living with you.

Whether you're buying a house, unit, land or off-the-plan, there are a few things you'll need to think about:

### HOUSE

- Is the house big enough for you and your family, both now and in the future?
- Does it have backyard?
- What is the local area like?
- Is it close to amenities?
- Are there any improvements you'll need to make?
- Are there any overlays you should know about, such as a heritage overlay?
- Are there any Strata Corporation (also known as Body Corporation) rules or requirements?

### OFF THE PLAN

- Is the developer reputable?
- Does the area have access to key amenities and recreational facilities?
- Is the property likely to lose, retain or grown in value?
- How long will it take to build the home?
- Are there any Strata Corporation (also known as Body Corporation) rules or requirements? And what are the costs?

### UNITS AND TOWNHOUSES

- Will there be additional costs, such as insurances or repair funds?
- Do they allow pets?
- Does it have a backyard or balcony?
- What is the local area like?
- Is it close to amenities?
- Are there any overlays you should know about, such as a heritage overlay?
- Are there any Strata Corporation (also known as Body Corporation) rules or requirements? And what are the costs?

### LAND

- Does the size of the block accommodate the home you want to build?
- Could any views one day be impacted by things like trees or other buildings?
- How long it will take to build your home?
- What is the local area like?
- Is it close to amenities?
- Are there any Strata Corporation (also known as Body Corporation) rules or requirements? And what are the costs?

## BUYING TERMINOLOGY

There's a lot to understand when it comes to buying a home, from contracts to cooling off periods and the different ways you can make an offer. Read on for an overview of the key terms and what they mean.

### Pre-approval

This is the loan amount a bank or lender has agreed you will be able to apply for to put towards buying your home, prior to final approval. People looking to purchase a home in the near future will often seek pre-approval so they have a clear idea on their budget and to minimise the potential for any setbacks once they have found their desired property.

### Auction

Depending on where you live, and the type of property you are looking at, it may be sold at auction. Auctions are usually in the public domain, meaning anyone and everyone can bid. While a price range is often indicated, it's up to the bidders to determine how much they are willing to pay. It's important to not get too caught up in the emotions of bidding, otherwise you might find yourself paying more than you budgeted for.

### Bidding

If you want to secure a home at auction, you'll need to place a bid. This can be a bit of a daunting task, especially if there's a big crowd or the auction is moving quickly. If you intend to bid on a property, make sure you set yourself a limit and stick to it.

### Reserve price

Before an auction, the vendors (owners) of a property will set a minimum price they would agree to sell their home at. This is called the reserve price. Any price below this will typically not be accepted. An auctioneer will usually indicate a property has surpassed the reserve price by stating it is "on the market" and ready to sell.

### Passed in

This means a property has not reached the reserve price set by the vendor at auction and will be withdrawn. If bids have already been placed, the highest bidder(s) will be given a chance to negotiate a sale with the vendor privately.

### Private sale

Properties sold via private sale do not go to auction and are advertised for sale at a certain price (or range).

### Make an offer

If you've found a home you love, making an offer is the next step. By law, an agent is required to pass on your offer to their vendor, whatever the price. This can be done for properties going to auction or being sold via private sale. But remember, there's no guarantee it will be accepted and unless confirmation of acceptance is in writing, the home isn't yours yet.

### Pre-settlement adjustments and fees

In preparation for settlement, you'll need to pay any adjustments, such as rates or services the previous owner paid in advance, and arrange for any services to be reconnected in your name.

### Contract exchange

This is the point at which the sale of a home becomes legal between a seller and a buyer.

### Deposit

A deposit is required upon purchase of a home and is usually held in a trust by the real estate agent who sold the home or a solicitor. Typically, you will need a deposit that is between 10% and 20% of the total price of a home.

### Cooling-off period

This is the period during which you can pull out or change your mind about buying a home. After this, you are locked into the purchase. It's important to note that the length of this period varies in each state and territory. A cooling-off period does not apply at auctions. For more information, check out your local consumer affairs website.

### Other costs

There are some additional costs associated with buying a home that you will have to pay, including stamp duty and other fees relating to the sale and your mortgage. These fees can vary based on the purchase price, loan amount and whether you intend to live at the home.

### Final inspection

It's a good idea to do a final inspection of your property before settlement to ensure everything is in good condition and no damage has occurred to the property since contracts were exchanged.

### Conveyancing

This is the legal process that occurs when ownership of a property is transferred from one person to another. Conveyancing is typically done by a solicitor, a specialist conveyancer or by yourself. This process can also differ between states and territories and can vary in cost, based on the complexity of your negotiations.

### Settlement

This is when the formal transaction of your purchase is completed. Congrats – the home is now yours!

# THE HOME LOAN

## TYPES OF LOANS

When you're planning to buy a home, it's important to take note of the market and current interest rates to understand what works best for you.

### The main types of home loans are:

#### Fixed interest loan

A loan where the interest rate is set for a certain period.

#### Variable loan

A loan where the interest rate fluctuates depending on market conditions.

#### Split loan

A loan that is a combination of both fixed and variable interest rates (for example, to split your loan so that 50% is in a fixed rate loan and 50% standard variable loan).

#### Interest only loan

A loan that only requires you to pay the interest on your loan, as opposed to paying both the principal debt and interest, usually for an agreed period before the loan reverts to payment of both the principal debt and interest.

#### Construction loans

A progressive loan that allows you to pay your builder at key stages of the build.

## REPAYMENTS

It's up to you to decide the frequency on which you want to pay your home loan – whether that be weekly, fortnightly or monthly.

## LENDERS MORTGAGE INSURANCE (LMI)

This is an insurance that protects your lender if you're borrowing more than 80% of a property's value. To avoid paying an LMI premium, you will typically need to save a 20% deposit.

## OFFSET ACCOUNTS

An offset account is a savings account that is linked to your home or investment loan. It allows you to deposit your savings and use them to reduce your interest payable by subtracting your savings from the loan amount, with interest being charged on the loan amount less the amount in the offset account.

## REDRAW

A redraw facility allows you take out any extra principal repayments you've made and use them if you're in need of some extra cash.



ANZ's [Home Loan Repayment Calculator](#) can help estimate what your mortgage repayments could look like.



## YOUR FINANCES

Buying a home is no small feat and your finances need to be in check before taking on a home loan.

Some things you may need to consider include:

- What is your borrowing capacity?
- Are there any foreseeable factors that might impact your ability to pay a mortgage?
- Do you have sufficient savings to service your loan if you or your partner cannot work?
- Will you have enough money to continue doing other things you enjoy?

It's also a great idea to make a budget so you know how much money you have, and will have in the future. If you need a hand doing this, ANZ's estimating tools are a great way to break down and categorise your spending.

These resources include:

- [Budget planner](#)
- [Savings goals calculator](#)
- [Home loan deposit calculator](#)
- [Borrowing calculator](#)

The government's [MoneySmart](#) resource has a dedicated budget planning section, too.



### FINANCIAL PLANNERS

Figuring out your finances can be a big job, especially with the added pressures of buying a home.

That's where engaging a financial planner could help. A financial planner is someone who's qualified to advise you on your money and what you should do with it. They'll take into account your income, goals, lifestyle and circumstances and help create a plan that works for you.

#### Things you can do to help your financial situation

##### Manage debt

It might not be possible to pay off everything, but it's a good idea to have a clear pay-back plan and understand how long you will be in debt. If you have multiple debts, you may consider whether you can combine them under one personal loan at a lower interest rate.

##### Refinance or lock in a competitive home loan interest rate

With Australia's housing market undergoing a major shift in recent years, locking in or accessing a competitive interest rate on your home loan could help.

##### Put a limit on your credit cards

Don't fall into the trap of spending outside your means. Put a cap on your credit card limit (or cancel it, if you don't need it!)

##### Stick to your budget

It may sound simple but sticking to your budget is one of the best things you can do to keep your finances on track.

### ANZ FINANCIAL WELLBEING PROGRAM

If you're looking for some helpful insights, tips or tools then check out the ANZ Financial Wellbeing program – a free online resource designed to help you become better with your money. Complete modules at your own pace, regardless of who you bank with or sign up for a 6-week challenge and receive helpful information straight to your inbox.

Read more about how we can help boost the power of your finances at [anz.com.au/financialwellbeing](https://anz.com.au/financialwellbeing)



## MORE HELP

If you're a bit overwhelmed or just want some extra information before buying your new home, the below contacts may be useful.

### NATIONAL

#### MoneySmart

Produces some helpful information on home buying and mortgages.

[www.moneysmart.gov.au](http://www.moneysmart.gov.au)

#### Australian Consumers Association

Has done a great deal of research into various mortgage products.

[www.choice.com.au](http://www.choice.com.au)

#### CANSTAR CANNEX

An independent organization providing both information and comparisons of various mortgage products.

[www.canstar.com.au](http://www.canstar.com.au)

#### Real Estate Institute of Australia

A professional body for Australia's real estate sector and has an array of information for customers and consumers.

[reia.com.au](http://reia.com.au)

### VICTORIA

#### Consumer Affairs Victoria

[www.consumer.vic.gov.au](http://www.consumer.vic.gov.au) or call 1300 558 181

#### State Revenue Office Victoria

[www.sro.vic.gov.au](http://www.sro.vic.gov.au) or call 13 21 61

#### Law Institute Victoria

[www.liv.asn.au](http://www.liv.asn.au) or call (03) 9607 9311

#### Real Estate Institute of Victoria

[www.reiv.com.au](http://www.reiv.com.au) or call (03) 9205 6666

### NEW SOUTH WALES

#### NSW Office of Fair Trading

[www.fairtrading.nsw.gov.au](http://www.fairtrading.nsw.gov.au) or call 13 32 20

#### NSW Office of State Revenue

[www.revenue.nsw.gov.au](http://www.revenue.nsw.gov.au) or call (02) 7808 6900

#### Law Society of NSW

[www.lawsociety.com.au](http://www.lawsociety.com.au) or call (02) 9926 0333

#### Real Estate Institute of NSW

[www.reinsw.com.au](http://www.reinsw.com.au) or call (02) 9264 2343

### QUEENSLAND

#### Queensland Office of Fair Trading

[www.qld.gov.au/law/fair-trading](http://www.qld.gov.au/law/fair-trading) or call 13 74 68

#### Queensland Office of State Revenue

[www.treasury.qld.gov.au](http://www.treasury.qld.gov.au) or call 1300 300 734

#### Queensland Law Society

[www.qls.com.au](http://www.qls.com.au) or call 1300 367 757

#### Real Estate Institute of Queensland

[www.reiq.com](http://www.reiq.com) or call 1300 697 347

### AUSTRALIAN CAPITAL TERRITORY

#### ACT Government Entry Point

[www.act.gov.au](http://www.act.gov.au)

#### Access Canberra

[www.accesscanberra.act.gov.au](http://www.accesscanberra.act.gov.au) or call 13 22 81

#### Law Society of the ACT

[www.actlawsociety.asn.au](http://www.actlawsociety.asn.au) or call (02) 6247 0300

#### Real Estate Institute of the ACT

[www.reiact.com.au](http://www.reiact.com.au) or call 0499 881 168

### TASMANIA

#### Consumer, Building and Occupational Services Tasmania

[www.cbos.tas.gov.au](http://www.cbos.tas.gov.au) or call 1300 654 499

#### Tasmanian Department of Treasury and Finance (State Revenue Office)

[www.treasury.tas.gov.au](http://www.treasury.tas.gov.au) or call (03) 6166 4444

#### Law Society of Tasmania

[www.lst.org.au](http://www.lst.org.au) or call (03) 6234 4133

#### Real Estate Institute of Tasmania

[www.reit.com.au](http://www.reit.com.au) or call (03) 6223 4769

## MORE HELP

### WESTERN AUSTRALIA

**Department of Mines, Industry Regulation and Safety**  
[www.commerce.wa.gov.au](http://www.commerce.wa.gov.au)

**Department of Finance**  
[www.wa.gov.au/organisation/departments-of-finance](http://www.wa.gov.au/organisation/departments-of-finance)  
or call (08) 9262 1400

**Law Society of Western Australia**  
[www.lawsocietywa.asn.au](http://www.lawsocietywa.asn.au) or call (08) 9324 8600

**Real Estate Institute in Western Australia**  
[www.reiwa.com.au](http://www.reiwa.com.au) or call (08) 9380 8222

### SOUTH AUSTRALIA

**Consumer and Business Services South Australia**  
[www.cbs.sa.gov.au](http://www.cbs.sa.gov.au) or call 131 882

**South Australian Department of Treasury and Finance**  
[www.treasury.sa.gov.au](http://www.treasury.sa.gov.au) or call (08) 8226 9500

**Law Society of South Australia**  
[www.lawsocietysa.asn.au](http://www.lawsocietysa.asn.au) or call (08) 8229 0222

**Real Estate Institute of South Australia**  
[www.reisa.com.au](http://www.reisa.com.au) or call (08) 8366 4300

### NORTHERN TERRITORY

**Northern Territory Government**  
[www.nt.gov.au](http://www.nt.gov.au) or call (08) 8999 5511

**Law Society Northern Territory**  
[www.lawsocietynt.asn.au](http://www.lawsocietynt.asn.au) or call (08) 8981 5104

**Real Estate Institute of Northern Territory**  
[www.reint.com.au](http://www.reint.com.au) or call (08) 8981 8905





## ABOUT LIFEGUIDES

ANZ has a proud history of helping customers across Australia and New Zealand, especially in times of change. Through these LifeGuides, ANZ is furthering its commitment to the broader community by providing general resources and useful information about key life moments – helping make them a little easier on you.

