

First Home Buyers Guide

A good benchmark for your deposit is 10-15% of the property value you're aiming for



One of the first things you'll need when buying your first property is a healthy deposit.

Your deposit impacts how much money you will need to borrow, so the bigger the better.

Saving enough money for a deposit can be a challenge, but our great range of online calculators can help you figure out what you can afford to save and how much you can afford to borrow without sacrificing your lifestyle:

► creditunionsa.com.au/calculators

A good benchmark for your deposit is 10-15% of the property value you're aiming for.

Not only does that mean you will be borrowing less money, but if you manage to have a deposit of 20% of value of the property then you can avoid the extra expense of Lenders Mortgage Insurance – which applies if you borrow more than 80% of the value of a property, unless you are eligible for one of the government support home buyer schemes.

In addition to your deposit, you will also need to allow for stamp duty and other fees and charges. The amount payable for stamp duty can vary, depending on the purchase price of the property.

Bills and living expenses you need to consider in your budget

Once you own a property, you may come across bills you haven't considered before. Here are some things to think about as you estimate your budget and before you speak to us about a home loan:



Council rates and levies

Contact the local council to find out how much the rates are on the property.

For example a \$400,000 property in the City of Salisbury council area is likely to cost about \$1,800 per year.

Reference: <https://www.salisbury.sa.gov.au/services/rates/rates-calculator>



Strata costs

If you're buying property that's part of a strata there are likely to be strata costs. To get a feel of what these might be, contact the sales agent. These costs could vary from next to nothing up to thousands of dollars per quarter depending on factors like the value of the property, strata agent fees, location, number of units, the property's shared facilities and maintenance requirements.



Water

Water bills vary depending on how much you use, but as an example a single person in a 2 bedroom house with a small garden pays about \$1,000 each year.

So many things impact the amount you'll pay, for example if you have a large garden to maintain, you are in a strata complex or if you have a pool. Be aware that your water bill could be a lot higher than this example.

Contact SA Water for more information.



NBN, Internet, Phone and Streaming services

Depending on your needs you could spend as little as \$40 per month or well over \$100. Jump online to research plans and prices.



Insurances

From insurance over the new property you are buying, to other insurances such as health, income protection and insurance for your car... costs of insurance can vary depending on your level of cover, excess and claims history. Speak to one of our consultants to find out more.



Gas and electricity

So many suppliers offer big discounts but gas and electricity bills can still add up with seasonal heating or cooling. If your house has solar panels connected to the network you will likely pay a lot less.

Like water bills, there's always going to be a minimum you pay and don't be surprised if you end up paying over \$1,000 a year for electricity. Gas costs in SA are usually quite a bit lower.



The extras

Plus, always try and put money aside for those things that you don't plan for – fencing repairs, the hot water system, broken windows etc. Why not use our online budget calculator to get an idea of your expenses:

► creditunionsa.com.au/budget-planner

Credit Union SA's pre-approvals cost you nothing, plus they are obligation-free

Before you start looking for your first home or investment property, it's a good idea to apply for conditional pre-approval.

A pre-approval will give you a clear understanding of how much you can afford to borrow so you won't waste time looking at unattainable properties.

For us to provide you with pre-approval you'll need to supply us with some details, including but not limited to:

- **Proof of identification**
(photographic driver's licence or passport).
- **Proof of income**
(payslips or financial statements).
- **Details of any current debt**
(credit card and/or loan statements).
- **An idea of your living expenses**
See page 4 to help you work this out – this would include bills, memberships, groceries, etc.
- **Copies of your most recent transaction and savings account statements**
- **We will also perform a credit check**

Once all requirements have been met, pre-approval normally takes 24 to 48 hours. Pre-approval allows you to move quickly when you find that special house!



Some additional considerations before you make an offer

Property reports

To help in your search for your first home, Credit Union SA can provide you with unlimited access to in depth property reports¹(valued from \$39.50), free of charge:

► creditunionsa.com.au/property-reports

Property reports include:

- Free sales history reports
- Historical sales results at a property, street, or suburb level
- Comparable sales results in the area
- Free suburb reports
- Median home and unit sale prices
- Free rental market analysis reports
- Suburb rental statistics
- House and unit gross rental yields
- Median asking rental prices

Insurance

If you are buying a property in South Australia (and some other states), be aware that you have a legal responsibility and an interest in the property from the date the contracts are exchanged, which means you take on the risk.

It is definitely a good idea to consider insurance in case something happens to the property before you move in.

Credit Union SA can provide cover for First Home Buyers². Ask us for more information.

Family Guarantee

A Family Guarantee lets parents leverage equity in their own home to guarantee a portion of a child's mortgage.

A Family Guarantee can significantly reduce the size of deposit required, or possibly even eliminate it entirely.

It is also a great way to avoid paying Lenders Mortgage Insurance, which can mean some serious savings.

If the equity's there, there's no doubt it's an effective way to help a first home buyer enter the market.

It may also be possible to apply the Family Guarantee beyond immediate family members, and involve in-laws and step-parents instead. Ask us for more information.

¹Property reports are provided by CoreLogic Asia Pacific Pty Ltd ABN 67 087 759 171. Credit Union SA accepts no responsibility for the accuracy and completeness of information provided by CoreLogic.

²Credit Union SA Ltd arranges this insurance as agent for the insurer Allianz Australia Insurance Limited ABN 15 000 122 850 AFSL No 234708. We do not provide advice on this insurance based on any consideration of your objectives, financial position or need. Policy terms, conditions, limits, exclusion and underwriting criteria apply. Before making a decision please consider the relevant Product Disclosure Statement available from creditunionsa.com.au. If you purchase this insurance, we will receive a commission that is between 0% and 22% of the premium. Ask us for more details before we provide you with services.

Home loans and repayments

Would you like to make smaller repayments at the start of the loan, or pay it off as fast as possible?

Do you want the ability to redraw additional home loan payments made in the past?

Credit Union SA knows that everyone has different needs, which is why our home loans can include the following great features:

Flexible home loan repayment options

Weekly, fortnightly, or monthly – it's your choice!

Additional repayments

Save money in interest and pay off your home sooner. May be limited to some loan types. Fixed loans have a maximum of \$10,000 in additional payments in any calendar year.

Redraw

Withdraw extra loan repayments you've made, any time at no cost. Minimum redraw amount of \$500.

Hold your payments

If things change and you need to take a break for a while. You are only able to put your payments on hold when you are in advance on your repayments.

Home loan offset account

Save thousands in reduced interest. Offset is only available when attached to a standard variable or packaged variable home loan. Discounted or Fixed rate home loans cannot have offset.

Our home loan lenders can meet with you to discuss your options and make sure you get the best home loan for your needs.

Check out our online loan repayments calculator, which allows you to adjust key variables to figure out what sort of mortgage repayments you should budget for:

► creditunionsa.com.au/repayment-calculator



Buying your house

The process may seem complicated, but once you understand what's involved you'll be confident in negotiating the best price for your new home.

- **Review the contract:**
ask your solicitor or conveyancer to review the contract of sale.
- **Make an offer:**
submit your offer in writing to the real estate agent, including any conditions such as finance, deposits, repairs, and your timeframe for moving in.
- **Negotiations:**
your offer will be passed onto the vendor, who may ask if you want to submit another offer. Google 'negotiation tactics'.
- **Exchange contracts:**
once a price and terms have been agreed its time to put pen to paper and make it official.

You've found a place that you love, and you're ready to make an offer



Cooling off and settlement

After the contracts are signed and agreed to, you are generally entitled to a cooling-off period – unless otherwise agreed or if you have bought a property at auction.

During the cooling-off period you can choose to cancel the contract for any reason you like, without any consequences.

This is the time to undertake building and pest inspections and reassess whether it is the house you really want.

The settlement time is usually four to six weeks, but can often be negotiated with the vendor.

Ready to talk to a home loan lender?

Credit Union SA would be delighted to help you take that step into buying your first home.

One of our mobile lending team can meet with you at a time and location that suits you – at your home, your work, anywhere at all really!

To make an appointment, call us on 13 8777 or visit

► creditunionsa.com.au/make-an-appointment