

# BUYING YOUR FIRST HOME

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# YOUR GUIDE TO BUYING YOUR FIRST HOME



^ Ryan and Kelly, Port Coogee, WA

Buying your first home is one of the proudest achievements in life. But before you get the keys to your new home, there are a lot of elements you need to consider.

This guide will walk you through every step of the process from saving your deposit to closing the deal, so you can make your first property purchase with confidence.

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# PLANNING IS KEY



The average age of first home buyers in Australia is 35 for a new dwelling and 36 for an established dwelling. (CoreLogic 2019).

## FIRST HOME, NOT FOREVER HOME

If you're reading this guide, chances are you've been dreaming of owning your own home for some time now. You probably have a picture in your head of the perfect home for you; how many bedrooms, which suburb, carpets or floorboards, house or apartment. It's great to have a clear idea of what you're looking for, but it's equally important to understand that you may not be able to tick

every one of your boxes in your first home, and that's okay.

Whether due to budget constraints or availability, you may have to compromise on a few dream features in order to satisfy your most important needs right now. Remember that by entering the property market as soon as you can, you're actively building equity that you can eventually use to purchase your forever home.

## SAVING AND SACRIFICE

Buying your first home probably won't be easy, there's no way around it. Saving for a 5, 10 or 20% deposit requires a commitment to regular saving, which usually means making a few changes to your normal spending habits.

overseas travel or curbing their online shopping addiction. Every buyer will face unique challenges as they save their deposit, but it's important to remain consistent and committed to your goal.

Many prospective buyers who have previously been renting, choose to move in with a relative or into lower cost share accommodation while they save for their deposit. For others, the challenge might be taking a break from

# LOCATION, LOCATION, LOCATION



^ Ryan, Discovery Point, NSW

The location of your property can make or break its liveability. When inspecting any property, it's a good idea to spend some time exploring the surrounding area and asking the all-important question: can I see myself living here?

**The key items you should be looking for when assessing a property's location are:**



## AMENITY

Is there a supermarket, doctor, park and café within walking distance or a short drive? Access to essential amenities like these can be the difference between buying a home and buying a lifestyle you love.



## CHILDCARE AND SCHOOLS

If you currently have children or are planning on starting a family in the next 5-10 years, it's important to look into the options for care and education in your local area.



## TRANSPORT

Will this location provide a solid base from which to live your life? Use Google Maps to explore the transport options to and from the places you visit frequently like work, family and friends and essential services.



## NEIGHBOURHOOD CHARACTER

The character of the neighbourhood you choose should be a good match for your personality and the lifestyle you enjoy. Perhaps you thrive on the hustle and bustle of inner-city living, or maybe you're looking for a quiet suburb that's great for kids. Either way, it's important to choose a neighbourhood that feels right for you.



## COMMUNITY

It's also important to get a feel for the community you'll be joining. Are neighbours social with one another or do they keep to themselves? Whether you're seeking a home as a quiet retreat or hoping to build connections and stay social with neighbours, it's important to choose a community that aligns with your wants.

# GETTING YOUR FINANCES IN ORDER



Finance can be one of the most daunting parts of buying your first home. The language is often unfamiliar and the order of which steps to take and when to take them can be confusing at the best of times.

But when you break it all down, it's really quite simple. Here's everything you need to know.



In Australia, your credit score will be a number between 0 and 1200. A “good” credit score is between 622 and 725, a “very good” score is between 726 and 832 and an “excellent” score falls between 833 and 1200. Visit [moneysmart.gov.au](https://www.moneysmart.gov.au) for more info.



## PREPARING TO BUY

Step one in preparing your finances is to set your budget. Browse real estate listings to determine the realistic price range for the type of home you're looking for in the area you're looking to buy.

Saving 20% of the purchase price of your new home, plus extra margin for fees, stamp duty, insurance and building inspections, will put you in the best position for securing a loan. Some lenders may offer finance on a 5% or 10% deposit, but these generally carry conditions and incur **Lenders Mortgage Insurance (LMI)**, an extra expense we'll dive into shortly.

## KNOWING YOUR CREDIT SCORE

Your credit score is a numeric representation of how reliably you have met previous financial commitments like loan repayments, rent and other bills. This score will fluctuate based on a number of factors including the number and type of credit enquiries you have made and any defaults on existing loan amounts.

Once you have your savings target set, sit down and prepare a monthly budget. Be honest about your current spending and include everything you can think of – food, rent, fuel, existing loan repayments, utilities, phone bill, gym fees, streaming subscriptions, entertainment, eating out and shopping should all be represented.

Compare these expenses with your household income and identify any areas of non-essential spending that could be cut until you are left with a healthy monthly surplus for savings.

Lenders will use this number in order to calculate the risk of providing you with credit, so it's important to make sure you have a healthy credit score before applying for a home loan. There are a number of online services that can provide you with a free credit score report.

Visit **moneySMART.gov.au** for more information.

# GETTING YOUR FINANCES IN ORDER



> Danielle, Brookhaven, QLD

## GRANTS AND ASSISTANCE FOR FIRST HOME BUYERS

### First Home Owner Grant (FHOG)

The FHOG scheme was introduced in 2000 to help offset the effect of GST on home ownership. It is a national scheme funded by the states and territories that allows for a one-off grant, payable to first home owners who satisfy the eligibility criteria.

The eligibility criteria and amount payable differs across states and territories, taking into consideration the value of the home, the age of the home and the home ownership history of the purchaser.

Visit [firsthome.gov.au](https://www.firsthome.gov.au) to view terms and conditions for your state or territory.

### First Home Loan Deposit Scheme (FHLDS)

Under the FHLDS scheme, a portion of your home loan from a participating lender will be guaranteed by the National Housing Finance and Investment Corporation. This means that first home buyers may be able to purchase a home with a deposit of as little as 5%.

A number of eligibility criteria apply, as well as a purchase price threshold determined by suburb. For more information, visit [nhfc.gov.au/what-we-do/fhlfs](https://www.nhfc.gov.au/what-we-do/fhlfs).

There are a number of other state or territory specific programs to support first home buyers by reducing or waiving fees like stamp duty.

Visit [firsthome.gov.au](https://www.firsthome.gov.au) to view options for your state or territory.



## WHAT IF I DON'T HAVE A 20% DEPOSIT?

If you can't quite manage a 20% deposit, there is another option. **Lender's Mortgage Insurance (LMI)** is an additional insurance payment paid to your lender if your **Loan to Value Ratio (LVR)** is higher than 80%, meaning you need to borrow more than 80% of the purchase price of your new home.

The purpose of LMI is to protect your lender from financial loss if you can't meet your home loan repayments for any reason. LMI is either paid upfront or added into your home loan, but either way it is a non-refundable fee.

## LEGAL REPRESENTATION

Contracts of sale and exchange of property ownership can be full of complex legalese. One of the best investments you can make is to use a trusted solicitor or conveyancer to help you with the process. Ask friends or family for a referral or do some online research and make sure you read all the reviews.

Purchasers must obtain their own advice and satisfy themselves about their eligibility for any FHOG, FHLDS or HomeBuilder grant.



<b>NATIONAL</b>	<b>First Home Loan Deposit Scheme</b>	A portion of your home loan from a participating lender will be guaranteed by the National Housing Finance and Investment Corporation. This means that first home buyers may be able to purchase a home with a deposit of as little as 5%.
	<b>First Home Super Saver Scheme</b>	This scheme allows first home buyers to make up to \$30,000 in voluntary contributions to their superannuation fund to save for a home, with a maximum of \$15,000 a year.
	<b>HomeBuilder</b>	A \$25,000 grant available to owner-occupiers building new homes valued up to \$750,000, and for renovations of an existing home values between \$150,000 and \$750,000.
<b>NSW</b>	<b>First Home Owner Grant</b>	A \$10,000 grant for purchasers of new properties costing less than \$600,000 and owner-builder contracts worth less than \$700,000. If you're buying land to build a new home, the total cost of the home and land combined must be no more than \$750,000.
	<b>First Home Buyer Assistance Scheme</b>	First time buyers of land, existing homes or new homes will pay no stamp duty if the property is worth costing than \$650,000, or vacant land costing less than \$350,000.
<b>VIC</b>	<b>First Home Owner Grant</b>	A \$10,000 grant for new homes is available until June 30, 2021. A \$20,000 grant is available for new homes built in regional VIC with a value of \$750,000 or less.
	<b>Stamp Duty Exemption</b>	First time buyers of land, existing homes or new homes will pay no stamp duty if the property costs less than \$650,000, or vacant land costing less than \$350,000.
<b>QLD</b>	<b>First Home Owner Grant</b>	A \$15,000 grant towards buying or building a new house, unit or townhouse where the cost of the home is less than \$750,000.
	<b>Stamp Duty Concessions</b>	Eligible first home buyers will pay no stamp duty on homes costing under \$500,000.
<b>WA</b>	<b>First Home Owner Grant</b>	A \$10,000 grant available to first home buyers purchasing or building a new home.
	<b>Concessional Duty</b>	First home buyers may be exempt from stamp duty on homes costing less than \$430,000. Reduced stamp duty may be available on properties less than \$530,000.

# PROPERTY TYPES AND OWNERSHIP STRUCTURES

## BUYING OFF THE PLAN

Buying off the plan is when you sign a contract to purchase a home, often an apartment, that is yet to be built. You base your purchasing decision on plans and Artist impressions of how the home will look once complete, along with information about the developer.

An off the plan property can generally be secured with a 10% deposit at contract signing time. The balance of the purchase then doesn't need

to be paid until your home is complete, giving you additional time to save. There are other benefits as well, including:

- You're more likely to qualify for Government Assistance
- Increased tax depreciation opportunities\*
- Early purchasers will enjoy a greater selection of what's available in a building that meets your criteria considering view, aspect and preferred floorplan

## STRATA

If you choose to buy an apartment or townhome, you'll need to be familiar with Strata. This model of property ownership allows for individual ownership of part of a property (your apartment or townhome), combined with the shared ownership of common areas like foyers and gardens through an owner's corporation or body corporate.

Strata schemes set out the rights and responsibilities of all parties and often include

obligations for residents around noise, the keeping of pets, storage of bulky items and other common issues.

All owners in the scheme are required to pay levies. Levies are usually charged quarterly and sometimes on an annual basis and go towards the administration and upkeep of the scheme and any required works, scheduled or emergency.



*Artist impression indicative only*

\*It's worth speaking to your accountant or financial planner to fully understand how to take advantage of this at tax time.



## DON'T BE CAUGHT OUT BY THESE EXTRA COSTS

In addition to your deposit and any applicable LMI, there are a number of other costs you need to be aware of, including:

- Conveyancing and legal fees – paid to your legal representative to cover the preparation of documents and provision of advice
- Stamp duty – a government tax on property transactions. This fee can be waived or reduced for eligible first home buyers in NSW, VIC, QLD, WA and NT
- Building and pest inspections – it's a good idea to organise independent building and pest inspections to avoid any nasty surprises after you've moved in
- Transfer fee – a one-off fee charged by the state government to cover the transfer of the title of your new property into your ownership
- Loan application fee – most lenders will charge a one-off fee to assess your home loan application

## PROPERTY TYPES AND OWNERSHIP STRUCTURES

Many first home buyers feel intimidated by the thought of building their first home rather than purchasing an established home. And while there are a few more steps involved in the process, the final outcome can be tailored to suit your exact needs and wants, and there are a number of financial support schemes that are on offer exclusively to home builders (see 'Getting your finances in order').

If you do choose to build your own home, there are three methods of purchase you can select from. Whichever method you choose, the best place to start is by visiting a builder display village to get a sense for the size and style of home you would like to build, and the land size and budget this will require.



^ The Morris, Brookhaven, QLD

## LAND ONLY

### Purchasing

Buying a block of land and choosing a builder to construct your chosen home design is the most flexible option of the three. You can either select the perfect block in a community you love first, or you can find the perfect home design and then select a block that will suit.

To secure a land lot with Frasers Property Australia, you'll need to pay a holding deposit of around \$1,000. You will then have 7-14 days to pay the remaining 5% deposit amount, with the full purchase price to be paid once the land titles.

### What happens when my land titles?

Once your land is titled, you will typically have 14 days to pay the remaining balance on the purchase price of your land. If your land is already titled at time of purchase, settlement is usually within 30 to 60 days, depending on what date is set in your land contract.

### Designing your home

Once you've found a home design, you'll need to ensure it fits within the design and siting guidelines set out by the developer, which exist to create community cohesion and enhance lifestyle for all residents.

Frasers Property Australia encourages sustainable and innovative home design that complements the local environment. A free Design Service is available to provide advice on how you can maximise the value of your home and help you understand the guidelines in place for your community.

### Building your home

Once your land is titled and your design has been approved by the developer, your home will be constructed in a number of stages and may take anywhere from 6-18 months depending on the design. Construction typically follows the program outlined below, with progress payments made to the builder at each milestone.



# PROPERTY TYPES AND OWNERSHIP STRUCTURES

## HOUSE AND LAND PACKAGES

### Purchasing

In this case, a builder has already secured the land lot and prepared a home design that is best suited for that block. The purchaser will enter into two contracts, one with the builder for the home, and one with the developer for the land. You may have opportunities to customise finishes and small details, but the floor plan is generally set.

### Designing your home

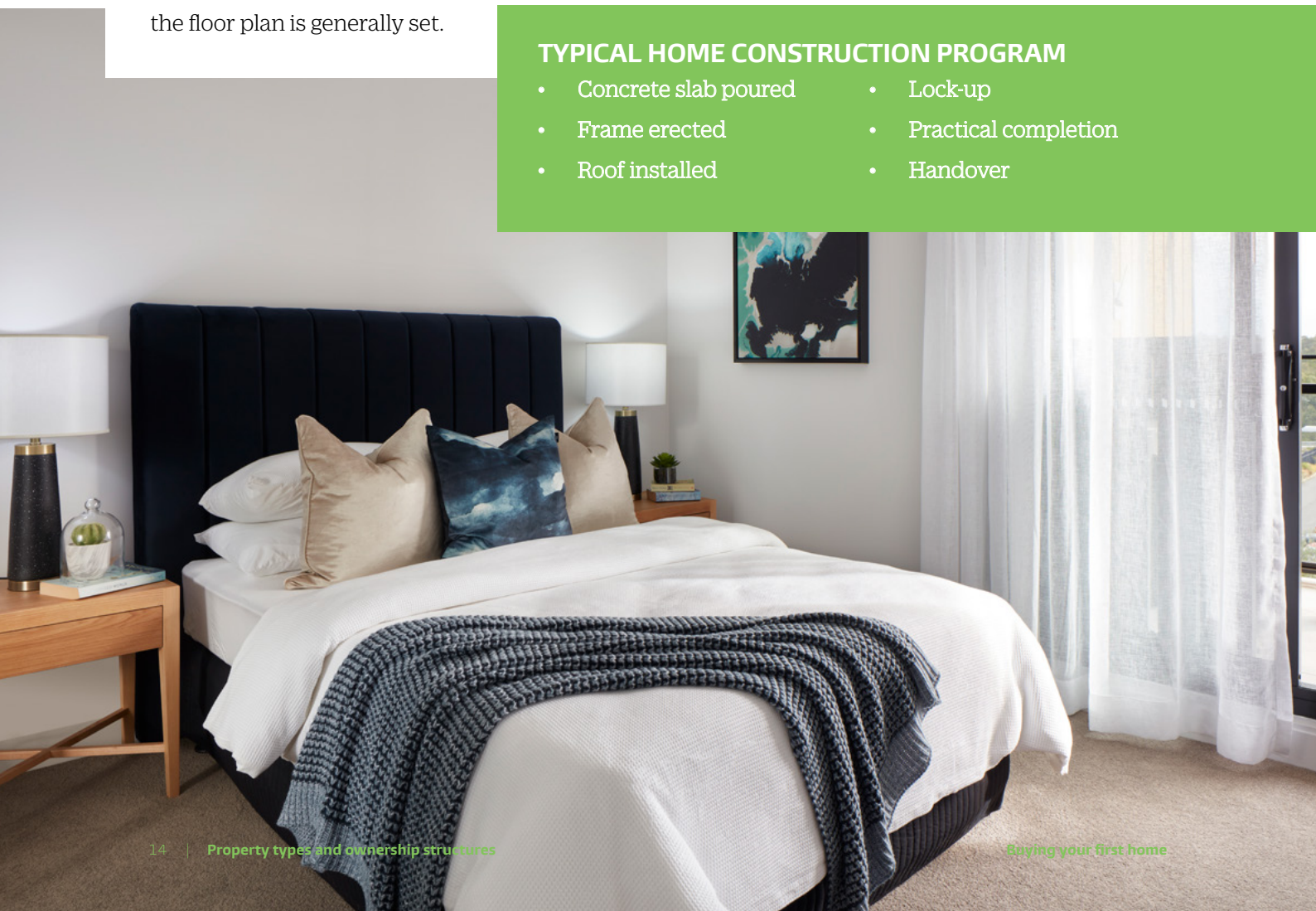
Once you have worked with your builder to make any adjustments to your home design, the builder will work with the developer to seek design approval according to the community's design and siting guidelines, the importance of which is outlined below.

### Settlement

Once you have settled on the land, building can commence. Building is completed in a number of stages taking anywhere from 6-18 months depending on your design, with progress payments made to your builder at each of the milestones outlined above.

### TYPICAL HOME CONSTRUCTION PROGRAM

- Concrete slab poured
- Frame erected
- Roof installed
- Lock-up
- Practical completion
- Handover





## READY BUILT BRAND NEW HOME

### Purchasing

Buying a brand new ready built home is another option and is typically sold once construction has been completed. The key benefit to this style of home is that its complete and ready to move in, you dont need to wait for the land to title, or for the home to be built. These homes come complete with everything you need to move in, making this a great low-fuss option for new homebuyers.

In this arrangement you will pay a 10% deposit, sign one contract with the builder and pay the remaining balance of the purchase price upon completion. Settlement typically happens within 60-90 days of placing down your deposit.



^ Image by Porter Davis  
^ Life, Point Cook, VIC  
< Ed.Square, NSW





# CHOOSING THE RIGHT DEVELOPER

< Brookhaven, QLD



There are countless property developers operating in Australia and it can be difficult to determine which one is right for you. Some focus on stand-alone apartment buildings, while others deliver entire communities with homes, parks and amenities.

It's important to do your research before buying with any developer. Start by taking a look at their existing projects. Do they have a track record of completing them on time? Do you like the style of the homes? Were there any issues with quality? If you can, try to find someone in your network

who has purchased with the developer and chat to them about their experience.

It's also a good idea to visit the display centres of any developers you're considering. Chatting to a consultant in-person can help you get a feel for the type of developer you're dealing with, as well as important information about the company's history and approach to community building.

# WHY FRASERS PROPERTY?

✓ McCulloch family, Brookhaven, QLD  
Image courtesy of Coral Homes



At Frasers Property, we believe that the homes we build are more than bricks and mortar.

After almost a century of creating homes and places for hundreds of thousands of Australians, experience tells us that what matters the most is the simple joy of living in a place you're proud to call home.

All over the country, from Sydney's iconic Central Park to Melbourne's Burwood Brickworks, to the coastal living of Port Coogee in Perth and the riverside lifestyle of Brisbane's Hamilton Reach, our communities have been making up the fabric of Australia's towns and cities since 1924.

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## CUSTOMER CARE AND REWARDS

From the moment you purchase a home with Frasers Property Australia, you'll gain access to a dedicated customer care team who will guide you through every step of the purchase process to ensure that your property journey is as smooth and worry free as possible.

Available via phone or the myProsperity property portal and app, our care team are available to assist with every and any enquiry throughout the life of your home.

In addition to personalised care, your purchase also unlocks a host of exclusive rewards in order to help support you now and well into the future.



Receive Sapphire membership to Fraser World for one year and take a further 15% off best available rates at participating hotels.



Receive \$2,000\* every time someone you refer purchases a property from us.



Enjoy an enviable range of benefits from our partner brands, including furniture packages, financial consultations and more.



Receive priority notification about new residential projects and get the chance to purchase prior to public release.



Receive a 2-3%\* purchase reward on future purchases with us.



Share your benefits with family members, for life. No strings attached.

Visit [frasersproperty.com.au/prosperity](https://www.frasersproperty.com.au/prosperity)

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\*Terms and conditions apply. Visit [www.frasersproperty.com.au/prosperity/terms](https://www.frasersproperty.com.au/prosperity/terms)

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