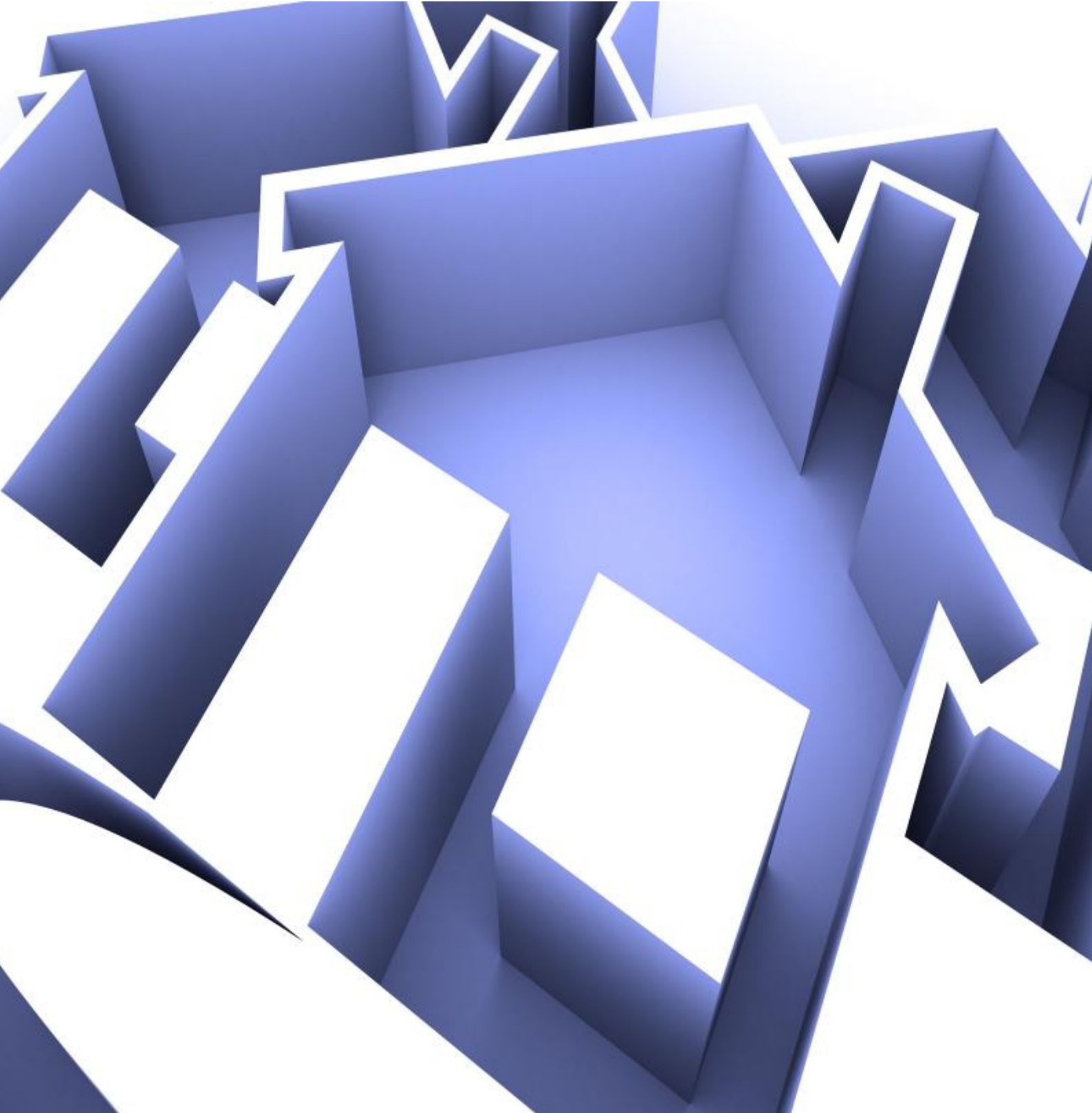




We've done our loanwork



GUIDE TO BUYING YOUR FIRST HOME

Home Funding Solutions



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Welcome

Dear First Home Buyer,

We are pleased to be able to offer you this complimentary copy of Guide to Buying Your First Home. The home buying experience is often a daunting and confusing one for first-timers. We hope that you find this guide useful and that it assists you in securing your first home.

Here at Home Funding Solutions, our mortgage brokers are dedicated to helping our clients find the right home loan to suit their needs. We're independently owned which means we can offer you access to more lenders and more choice. Best of all, our service is absolutely FREE to our customers.

Why not call us on **02 8296 0966** today to book your obligation-free first meeting with one of our mortgage experts and see if we can't find you a great deal on your mortgage.

We look forward to helping find the right loan for you.

Kind regards,

A handwritten signature in black ink, appearing to be 'Brenton Tong', with a stylized flourish at the end.

Brenton Tong
CEO, Home Funding Solutions



Step 1: Saving a Deposit

The first step to buying your first home is to try and save a deposit. A deposit isn't absolutely necessary, with some lenders willing to loan 100% of the property value, however, most lenders will only loan up to 95% which means that you will need to show you have at least 5% of the property value already saved. If you have the ability to save a sizable deposit however, it can help to increase the type of home you can afford, and to enable you to obtain a more competitive loan.



But, for most of us saving can be a challenge! To grow your savings takes discipline and good budgeting. The following tips might just help you accelerate your savings potential:

- ✓ Reduce your spending on luxury items. The next time you feel compelled to spend \$200 on the latest pair of designer jeans or a big night out, consider whether that money could be better used saving for your dream home. Small sacrifices now can make a BIG difference in the future.
- ✓ Every time you receive your income, transfer it (minus any amount needed to leave enough of a buffer in your normal transaction account for living expenses etc) into another savings account for which you don't have easy access. Try to select an account that offers high interest rates with no account fees to speed up your savings.
- ✓ Consider taking advantage of the new First Home Saver Account offered by the Australian Government. It offers a tax-effective way of saving for your first home via government contributions (17% on top of your personal contributions up to \$850 for the 2008/2009 financial year) and concessional tax rates. Visit www.ato.gov.au for more information to see if a First Home Saver Account is right for you.
- ✓ Generally our largest expense is accommodation. Where possible, try to board with family/friends or that's not possible, rent share accommodation to minimise your expenses.
- ✓ Every month analyse your progress by completing our budget and savings calculators (available online at www.hfsolutions.com.au). Watching your deposit grow each month is a great way to keep motivated to reach your goal.



Step 2: Borrowing Power

When you feel ready to start seriously looking for your dream home, the next step is to find out your borrowing power, or how much money you are able to borrow. This is affected by many factors such as:

- ✓ Your income
- ✓ Your financial commitments
- ✓ Your current savings
- ✓ Your credit history

A handy place to start is by using our “How much can I borrow?” calculator which is freely available on our website (www.hfsolutions.com.au). By simply entering in a few of your details you'll get a basic idea of the approximate amount you might expect to be able to borrow.

Our expert mortgage brokers can also assist you in working out your borrowing capacity, and how much your repayments will be to assist you in budgeting for your first home. Contact us at any time on (02) 8296 0966—we're only too happy to help.





Step 3: Government Help?

When you're saving for your first home, it pays to get as much help as you can.

The Federal Government, in conjunction with the various State and Territory Governments, offers assistance to First Home buyers by offering the First Home Owner's Grant (FHOG). The Grant can be very beneficial to first home buyers by giving them an added lump sum which may help them purchase their home sooner.

The Federal Government has recently announced an increase to the Grant in October 2008. The following table outlines how much you might be eligible to receive since the increase:

Type of Home	Maximum Grant Amount
Established home	\$14,000
New home (to be built/newly constructed)	\$21,000

The Federal Grant is in addition to grants available from some State and Territory Governments throughout Australia. Be sure to check with your state or territory office to see whether you may be eligible:

State	Website
NSW	www.osr.nsw.gov.au
VIC	www.sro.vic.gov.au
QLD	www.osr.qld.gov.au
SA	www.revenuesa.sa.gov.au
WA	www.dtf.wa.gov.au
NT	www.revenue.nt.gov.au
TAS	www.treasury.tas.gov.au

It is important to remember however, that although grants can assist First Home Buyers in purchasing their new home sooner, ultimately you need to ensure that you are able to afford the repayments over the long term. Try not to factor in the grant amounts when looking at budgeting the cost of repaying the loan, this way the grant can be an added bonus and not something that you're reliant upon to service your loan.



Step 4: Arranging a Loan

Purchasing a home is probably the largest single investment you'll make in your life. Most people need to borrow a large amount of money over many years to be able to afford it.

Gone are the days where you have to go and visit your bank to arrange finance, with hundreds of bank and non-bank lenders offering home and investment loans within Australia. Who has the time to do the running around between all those institutions, and even then, all that confusing jargon can make it an almost impossible task.

The answer?

A mortgage broker!

Using an independent mortgage broker is a great way to find a loan. Mortgage brokers are finance professionals whose job it is to find their clients, from the huge number that are available, the most appropriate loan. They have the expertise and the know-how to find you the best deal. But best of all, as most brokers receive their commission from lenders, their service is FREE.

Why not give our team a call on 02 8296 0966 today so we can help find you the best deal?





Step 5: Find the Property

Once you have sorted out pre-approval for a loan, you'll know what your maximum limit is. The next step is to find your dream property from the thousands on offer. This can prove to be a long and tedious process for most people involving many hours of trawling the internet and newspapers as well as Saturday mornings being taken up with inspections.

Consider the following criteria when looking at a property:

- > Price: how affordable is it? Is it close to the median price of the suburb?
- > Location: how is the suburb expected to perform? Check suburb guides and aim for a suburb with predicted capital growth over 8%p.a
- > Facilities: is the property close to schools, shopping facilities, entertainment / lifestyle facilities and public transport?
- > Land size: if the property is a house, how big is the land size?
- > Development potential: could the property be renovated, subdivided, extended or redeveloped?
- > Street appeal: is the property in a quiet street with attractive surrounding homes and landscape?





Step 6: Make an Offer

Congratulations! You've found a property you like that fits your criteria.

The next step, regardless of whether it is going to auction or normal sale, is to have your solicitor look over the Contract of Sale. If the property is being sold at auction however, you may find more helpful information in our e-book "Auction Tips" which covers the auction-buying process in more detail.

Before making an offer, be sure to do your homework so that you can be confident that your offer is "on the money".

Some great places to find useful information are:

✓ Sold Statistics

Look for *recent* sales nearby of similar properties (i.e. preferably within the last 6 months). Try to compare the sales prices for ones with a similar number of bedrooms and with similar land sizes.

✓ Property Reports

You may also like to purchase property reports (also available via the domain and real estate websites) for details of the sale values in the street or previous sales of the actual property.

✓ Property Valuation

For a fee, you can also obtain an opinion of value from a registered valuer. A valuation can be helpful as it offers an independent opinion. Remember that the selling agent has a hidden agenda by acting on behalf of the vendor, so it is helpful to get an outside opinion by an experienced professional.



Once your solicitor has given the go-ahead, and you're confident that you've come up with a good offer amount that's within your borrowing limit, discuss your offer with the agent. With some negotiation with the buyer, hopefully you will be successful in securing the property.



Step 7: Buy!

Exchange

Once your offer has been accepted, you will be asked to sign the Contract of Sale. This is a very important document that details the terms and conditions of the sale.

Before you sign, make sure that:

- ✓ your solicitor has read over the Contract and has explained it to you
- ✓ your pre-approval is order

Contracts are 'exchanged' when you sign, and you will be required to pay a deposit (usually 10% of the sale price).

After a five-day 'cooling-off' period, the contract becomes binding.

Once contracts are exchanged, any damage to the property may result in a loss to the buyer. It is very important that you remember to arrange property insurance commencing from the date of exchange. Generally you can arrange this over the phone.

Settlement

The Contract will specify a 'settlement date' which is that date that the balance of the price of the property will be paid to the vendor, and you will become the legal owner. Usually your lender will send a representative to attend at settlement and will pay for the property on your behalf. Your conveyancer will check that all documents are in order and will finalise the legal transfer.





Step 8: Congratulations!

Congratulations! You're a home owner!!

But the process doesn't end there. Before moving in there is a lot to organise:

- ✓ arrange electricity, gas and telephone connections
- ✓ amend your electoral roll registration
- ✓ notify your change of address to all your providers



Now that you are a home-owner, you should consider seeing a financial planner to help you ensure that you have a good plan for the future and to help you arrange life insurance to help protect your assets and lifestyle. This is particularly important now that you have a large debt that you will need to continue to service even if you are unable to work due to illness or injury. We can assist you in arranging an appointment with an experienced financial planner.

Call us today on 02 8296 0966
to see how we can help



Find out more

Contact us for further information about the buying your first home, or to arrange your free appointment to see how we can help you.



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General Advice Warning: This advice may not be suitable to you because it contains general advice that has not been tailored to your personal circumstances. Please seek personal financial advice prior to acting on this information.