



*Buying
Your
First Home*

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Six Steps to fast-track the purchase of your first home.

Buying your first home is an exciting journey, but it can be hard to know where to start! After all, there are so many things to think about; the area you want to live, how much you can borrow, First Home Owner Grant eligibility, whether you have enough money saved as a deposit. As it happens, you've downloaded the right guide to fast-track the purchase of your first home.

The media don't help, do they! Splashed across the front page of the paper or in the 5pm bulletin, you can almost guarantee there will be a piece on the daily struggle First Home Buyers face to get their foot in the property market. And don't you know it. You're so sick of paying rent, after all; that's extra money you could be saving. And every dollar you're currently saving doesn't seem to bring you any closer to purchasing your dream house because the prices just keep escalating. Don't worry, I understand. And I can help you work through these challenges.

Please be aware the information provided in this guide is general in nature, and does not form part of any advice given to you. Please consider your circumstances before you make any decisions.

SIX STEPS TO FAST TRACK THE PURCHASE OF YOUR FIRST HOME

Let's run through six easy steps to fast track the purchase of your first home.

As a Mortgage Broker, nothing gives me greater satisfaction than seeing one of my customers place a sold sticker on their first home. The excitement beams from their eyes, and I can't help but be excited for them!

Often when I meet people who are considering purchasing their first home, they are confused, and have questions about how to buy, how much they can borrow, and whether they will get approved. Three overwhelming thoughts indeed.

Well, I'm happy to tell you that there is rarely a situation where I meet with a first home buyer and they cannot begin to take steps towards securing their dream home.

My promise to you is this; if you follow the steps in this guide, you will buy your first home whether it be tomorrow, in three months, or sometime in the future. I promise to point you in the right direction.

My name is Jason Fu and I am a Mortgage Broker who specialises in working with first home buyers. I am very fortunate to be a Mortgage Broker as every day I help my client's dreams come true. My work gives me a great sense of satisfaction, especially when I can help my clients get a result they never thought possible.

Step one: Create a budget and set your savings goal.

No matter what type of home you want to buy, you will need to save a deposit. Start by putting together a budget to see how much you can realistically allocate to your savings account each month. There are several free online resources you can use. The first which comes to mind is the [MoneySmart Online Budget Planner](#).

Developing a budget will force you to analyse your current spending to see where your money is going, and what costs are unnecessary.

To keep you motivated and accountable, acknowledge and celebrate when you achieve each saving milestone. Opening a separate savings account will help get you there by removing the temptation to spend your savings.

The size of your deposit is a really important factor in your first home buyer journey. A larger purchase deposit may mean a lower interest rate, as you become less risky to the lender. It may also mean you avoid Lenders Mortgage Insurance (LMI) which protects the lender – not you – if you cannot afford your mortgage. So, it would be a significant benefit if you could avoid this cost, and would mean additional money in your back pocket.

Step Two: Look for helping hands; i.e. parents, grandparents, the government (FHOG & Stamp Duty Concessions)

As a Mortgage Broker, I frequently speak with the parents and grandparents of First Home Buyers. They are eager to help their children take the first step in the property market provided they are in a position to do so and there is minimal risk involved.

Your parents or grand-parents could help you in three ways; valuable advice, a monetary gift, or a family guarantee.

Valuable advice is self-explanatory. They have been there, done that; sharing their key learning along the way.



They may gift you a sum of money to boost your deposit, securing the home of your dream.

Or, they may help you through a family guarantee, which actually involves no physical cash.

A family guarantee means a family member will act as a guarantor, and offer their home or investment property as a form of deposit. In some cases, this could mean you're able to buy a home even if you do not have a significant deposit.

The family member is required to register a mortgage against the title of their home. Their name will not be on the loan, and you will remain responsible for the home loan and the repayments.

You may be sitting there thinking "but I want to do this on my own" and I get that. However, once you consider the minimal impact versus the massive savings that a family guarantee can offer, you may see this as a viable option to

accelerate the purchase of your first home. If you're stuck with how to approach your parents or grandparents, why not say something simple like:

"Would you be prepared to help me buy my first home without having to give me any money?"

Another resource available to you to help purchase your home sooner is the Australian Government via the First Home Owners Grant (FHOG) or the Stamp Duty concessions. The FHOG and Stamp Duty concession terms and conditions vary between each state, but as a Mortgage Broker, I am completely across the fine print for every state! I can share these with you, and help you apply for any grant or concession you may be eligible for.

Step Three: Become an expert in the area you'd like to buy.

When you purchase your first home to occupy, it's likely you'll be living there for a few years. With this in mind, it's important you do your research to ensure it meets your immediate and future needs in terms of location, the type of home, and also the repayment amount. The key to achieve this is through thorough research prior to attending any home inspections.

When considering various locations, think of its proximity in terms of your workplace, schools, transport, local shopping centres and amenities. Do you want a house or an apartment? Or perhaps a townhouse? How will this impact your future goals.

As a Mortgage Broker, I have access to every suburb's market trends and statistics.

If you require assistance to arm yourself with the right information regarding comparative sales of properties in similar areas, I am more than happy to help. I can send you a property report that will cover the location, the type of home that you are looking for, and the exact home you have your eyes on.

In fact, at no cost I will send you a five-page report on any property that you are considering buying. The report will include helpful information such as the estimated property value, the last sale price, and other comparable all property sales.

One tip I always tell my clients is to attend local property auctions in the area you have in mind. This will give you a very clear idea around what the reasonable market price is for the properties you like, and will also teach you how to manage an auction without bidding too high.

Step Four: Choose the right loan for you based on the repayments you can afford.

In a market with so many lenders, and hundreds of home loan products on offer, it can be a very time-consuming and overwhelming task to compare each home loan, and decide which product is best suited to



your circumstances. To make an informed decision, you will need to have an understanding of the features and structures on offer.

Before you choose which lender to approach, first things first. Fixed or variable.

A variable interest rate is the most popular of the two. A variable interest rate will move in-line with how the market reacts to interest rates. If you choose a variable interest rate structure, you can expect your interest rate to go up and down throughout the course of your loan.

A fixed interest rate is an interest rate set for the period you select; usually between 1-5 years. Many Australians choose this option as it makes it easier to budget for the repayments.

And while it is important to compare the interest rate, I strongly urge my client to look beyond the interest rate and focus on the important features which could save you money over time. The top key features I'd suggest keeping an eye out for include:

- **Redraw Facility**

There will be times throughout your home loan journey where you may want to make additional repayments, and likewise, you may want to withdraw additional funds. Having a redraw facility available is highly beneficial as it will reduce your interest repayments and will also provide you with a ready reserve of funds for the "just in case" moments.

- **Flexible Repayments**

Most people are either paid weekly, fortnightly or monthly, and it makes sense from a budgeting perspective to pay your mortgage in line with your pay cycle. Having this ability will give you greater control of your finances.

- **Online Access**

The ability to keep an eye on your home loan – i.e. check your balance and make changes when you need to will save you a lot of time and hassle. It will also keep you motivated watching your home loan balance reduce over time.

Deciding on which features are important to you will speed up your first home purchase as you will not have to worry about researching and comparing. You will be in a position to align all your focus and confidence to the purchase of your dream home.

As a Mortgage Broker, I have access to hundreds of home loan products. I will do all the heavy lifting by comparing each home loan, and recommending which would be best suited to your circumstances. I have a very good relationship with every lender I deal with, so I am in the best possible position to negotiate the most competitive rate on the market!

Step Five: Get a pre-approval.

Purchasing a property can be a bit of a balancing act, so you need to act fast when you stumble across your dream property. And a pre-approval will do just that.

A pre-approval is a tick from the lender that you're eligible to apply for a home loan up to a certain limit. The lender will look at your income and your expenses, and decide whether you can afford the loan amount and its repayments.

The lender will also consider your savings deposit versus the amount you're requesting the bank to lend to you.

Keep in mind a pre-approval is not a formal approval. This means you do not have an obligation to proceed with the loan, nor does the lender have an obligation to provide you with the finance. What the pre-approval

will do, is show the sellers you're serious about purchasing the property, show them that you can afford the requested amount which will ultimately fast-track the home loan application process.

As a Mortgage Broker, I help my clients look their financial best in the eyes of the Lender when submitting a pre-approval.

I will act as your strongest advocate. I will present your story to the lender, demonstrating your income, savings history, finances, along with your goals and dreams, and explain to the lender why they should lend you the money.

Having a pre-approved loan in place will give you confidence about how much you can borrow, the lending limitations, and how much you can spend on a purchase.

Step Six: Enjoy the journey as a First Home Buyer.

This is an exciting time, and a great achievement. You're about to achieve an incredible dream, and take the first step into the property market. This is a journey filled with ups and downs. Aligning yourself with a like-minded Mortgage Broker like me will ensure you become a property expert in no time, guiding you through every step of your home loan journey. I want to share in your dream, and provide you with the encouragement and enthusiasm to pursue it.

My name is Jason Fu and I am a First Home Buyer Specialist. Let me help you turn your property dream into a reality. Reach out by calling me on 0402 960 231 or sending me an email to jason@goldenwater.com.au.

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