

Article: Real Estate Tips for the First Home Buyer

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Buying your first home can be a confusing and daunting experience for the first home buyer. This article looks at the costs involved in buying your first home, the first home buyers grant and buying considerations that will help you secure a home that fits your needs.

Defining your Buying Criteria & Budget

Before embarking on your search for the 'perfect' first home, it's helpful to write down a short list of essential elements that you might like, but not necessarily need in a property. This will help narrow down what you really need in a home, and stops you getting caught up in how pretty a property might look, but may be totally unsuitable or out of your price range.

It's also important to make a list of your preferred suburbs, and work out your price range and don't stray from it.

Can I use this property as a stepping stone?

The key to success in real estate is to keep a realistic budget in mind and aim to borrow the least amount possible. Chances are if you are a first home buyer then you are most likely young and can get away with buying a smaller house to start off with. Then step up to buying a larger more expensive home later, when you can afford it. You will be a lot happier with repayments you can actually afford on a smaller loan, and will have money left over to have a comfortable lifestyle.

What should I borrow instead of what they'll lend me...

Banks may be happy to lend you a lot of money, but will the repayments be feasible? Even if you can afford the repayments, will you still have enough cash left over at the end of the week to buy any "little extras" as opposed to just food and bills? It is always wise to buy below your maximum price, which may mean looking at a cheaper suburb or sacrificing that fourth or even third bedroom. It is much better to give up a bedroom, than give up the whole house because you can't afford it.

Do your homework on prices

Do some research, and keep track of the price of homes in your preferred suburb/s to avoid paying too much.

What are the other costs involved?

You need to take into account all the other costs associated with the purchase of a home, and not just the price it's listed for. A property that might seem to be in your budget may exceed it considerably once the other costs are factored in. Based on a loan amount of \$400,000, here is a breakdown of some of the additional charges:-

- Settlement Agent's Fees - \$1400
- Registration of Transfer - \$172
- Registration of Mortgage - \$85
- Bank Fees and Charges - \$600

Do I have to pay Stamp Duty?

If you are a first home buyer, and the value of a home does not exceed \$500,000 then no stamp duty is payable. Where value of the vacant land does not exceed \$300,000 then no stamp duty is payable.

How much is the First Home Buyer's Grant these days?

If you are a first home buyer purchasing a property worth under \$500,000 you may be eligible for the Government's First Home Buyer's Grant which is \$7,000. For more information, and to download the application form, click on the link below:-

http://www.dtf.wa.gov.au/cms/osr_content.asp?id=198

If you are purchasing a property worth under \$400,000 you also may be eligible for the REBA grant, worth an additional \$2,000. Ask your real estate agent about the REBA grant, and they will give you all the necessary paperwork, or alternatively it can be downloaded from the following link:-

<http://www.reba.wa.gov.au/article.aspx?c=36&a=139>

Tip - Don't be afraid to ask questions

The only dumb question is the one you don't ask. Buying a home is a huge commitment and should be well thought out before the purchase. Ask as many questions as you need to, and don't feel pressured by an agent to buy if you don't want to. Remember, the only important thing is that you are happy and feel confident that the property meets your needs and is affordable.

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About the Author

Gemma Williams has a Diploma of Marketing from TAFE and a Commerce Degree, majoring in Marketing and Commercial Law from Curtin University of Technology. This has given her a solid foundation of knowledge including Public Relations, Business and Marketing Strategies, Law and General Commerce. Since joining Brendan Leahy Real Estate as Marketing Manager, her academic experience has been put into practice, and her enthusiasm and ideas will ensure that Brendan Leahy Real Estate continues to be the great success it has become. Brendan Leahy Real Estate (www.blre.com.au) specializes in market appraisals, houses for sale and rent in Perth, Kelmscott and WA.