

# A SIMPLE STEP BY STEP GUIDE TO BUYING A PROPERTY



# CONGRATULATIONS!

You have decided to buy a property and are ready to embark on this exciting journey. At first the process can seem complicated, but we are here to make your journey simple and seamless.

In this guide, we will walk you through each stage of the property journey and answer some of the most commonly asked questions when buying a property.



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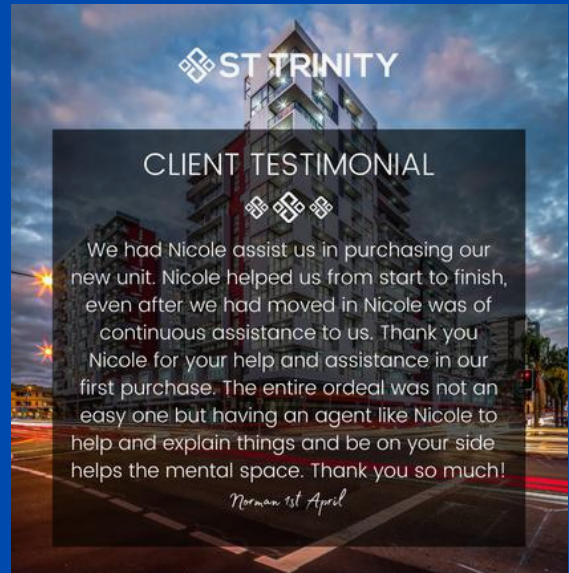
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## WHY DO BUYERS PREFER ST TRINITY PROPERTY GROUP

Benefit from expert advice on the best steps to take when buying a property, personalised suggestions for properties that may suit you and be guided through the entire property buying journey.





# SAVING FOR YOUR DREAM HOME

## WHAT IS A DEPOSIT?

A deposit is your initial contribution to the purchase price of a property. When buying or selling an off the plan property, the agreement to buy or sell is usually not binding until the contracts have been exchanged by both parties and a deposit has been made by the buyer.



Here are some useful tips to help you save your property deposit:

### TAKE A LOOK AT YOUR CURRENT SPENDING

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Keep an eye on your spending habits over time. A good idea would be to keep a track of all your bank accounts online, for approximately a month and see how much you have spent during the month. Making sensible and calculated decisions on spending can go a long way in saving money. There are a number of budgeting tools available online to assist with this process.

### HOW MUCH DEPOSIT DO YOU NEED?

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It is possible to buy a property with a deposit as little as 5% of the property's purchase price, especially if you are a first home buyer. However, a small deposit can come with some extra costs.

### START BY ENDEAVOURING TO PAY OFF ALL DEBTS

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Start off your property journey with no financial burdens on your plate. This means paying off any credit cards, Afterpay/Zippay accounts and anything else you owe first. This will benefit you in both the short and long term, as you'll save on the interest accruing on these debts and will only have to commit to paying off one main debt, your new home loan.

### WHAT CAN YOU AFFORD WHEN IT COMES TO YOUR DEPOSIT?

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Before buying a property, you'll need to know what you can afford. This involves all the costs involved in completing the purchase such as the deposit, the home loan, and any additional expenses.





# SAVING FOR YOUR DREAM HOME



## WHY SHOULD YOU AIM FOR A 20% DEPOSIT?

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Many buyers aim to save at least 20% of a property's purchase price. If your deposit is less than 20%, your lender may require you to pay Lenders Mortgage Insurance (LMI). See page 10 for more info on LMI.

## WHAT IF YOU WANT TO GO FOR A DEPOSIT LOWER THAN 20%?

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If your deposit is under 20%, you will likely incur costs relating to Lenders Mortgage Insurance (LMI). If the borrower is considered higher risk (with a deposit under 20%), this insurance is designed to cover the lender. LMI can help you get a loan with a smaller deposit, but you will need to pay the LMI fee yourself as it gets added to the loan amount you borrow.



# TIME TO MAKE A PLAN FOR YOUR SAVINGS GOAL

Set a realistic timeline, so you can start a savings plan while aiming for a clear target.

Being honest with yourself and a partner if you are doing this together is important. Set that realistic goal and strive towards it!

## 01

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Approx Property Price you think you can afford.

## 02

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Work out the minimum deposit required - usually 10%

## 03

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Set a realistic length of time you can commit to saving for this deposit.

## 04

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Calculate your monthly/weekly savings deposits to work towards this goal.

## SET A REALISTIC AND WELL THOUGHT OUT TIMELINE

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For instance, if you want to save \$60,000 in 3 years. This means you'll need to save \$1,667 per month (Approx. \$416 per week) for 3 years to reach your target of \$60,000.

## WHAT IS LOAN TO VALUE RATIO (LVR)?

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Loan to Value Ratio (LVR) is the percentage of a property's total value that a person is borrowing.

$$\text{LVR} = \text{Loan Amount} / \text{Property Value}$$

E.g. If you buy a property worth \$400,000 with a \$100,000 deposit, then your LVR is 75% because you borrowed 75% of the property's value.



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## HOW IS BORROWING POWER CALCULATED?

Your lender will calculate your borrowing power based on a number of factors including

- |                                      |   |
|--------------------------------------|---|
| <b>+</b> Genuine savings and deposit | <b>+</b> Your expenses and existing debts |
| <b>+</b> Your income                 | <b>+</b> Credit score                     |



## HOW MUCH 'CAN' YOU BORROW AND HOW MUCH 'SHOULD' YOU BORROW MAY NOT BE THE SAME

Factor in the added costs of buying a house and any potential future changes to your finances e.g. moving jobs, getting married or starting a family.

St Trinity can walk you through a range of property options and give you an idea of the total cost of purchasing these properties. Chat to us today to understand more about these options.



## ADDITIONAL COSTS OF BUYING A HOME

When you purchase a property, the deposit is not the only money you will need. You also need to consider whether you will need to pay for:

- ☐ **STAMP DUTY**
- ☐ **PEST AND BUILDING INSPECTIONS**
- ☐ **LEGAL CONVEYANCING FEES**
- ☐ **LENDERS MORTGAGE INSURANCE**
- ☐ **LOAN APPLICATION OR ESTABLISHMENT FEE**
- ☐ **LENDER FEES**
- ☐ **VALUATION FEES**

### DID YOU KNOW?

The loan application or establishment fee is an additional cost you may need to pay. This can be as much as \$1,000, however some lenders will waive this fee.



## WHAT IS LMI AND WILL I NEED TO PAY?

### What is LMI?

Lenders Mortgage Insurance (LMI) is a fee charged by home loan lenders. It protects the lender in the event that the borrower defaults and is unable to meet their loan repayment obligations. Lenders Mortgage Insurance is typically required by a lender if the borrower is borrowing more than 80% of the property purchase price. LMI is non-refundable and non-transferrable.

If this is your first time buying a property you could be eligible for a number of First Home Owner Grants and Schemes including possible stamp duty exemptions and rebates.

The qualifying criteria differs by state and territory. Find out if you qualify by visiting: [www.firsthome.gov.au](http://www.firsthome.gov.au)

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## SHOULD YOU BUY NOW AND PAY LMI (OR WAIT AND SAVE UP FOR A BIGGER DEPOSIT)?

This depends on you and your individual circumstances. Depending on the property market you're looking to buy in, some borrowers believe that it is in their interest to grow their equity by jumping on the property ladder now and pay LMI, rather than waiting and being completely priced out of the market if property prices go up later on. If you decide to go this way, you'll pay slightly more each month (home loan repayment + LMI).

Alternatively, you can take a different direction by waiting until you have saved a larger deposit. While you might take the risk of missing out on a good deal now, you can live comfortably knowing that you will not have to pay LMI on top of your monthly repayments once you eventually buy a property.

Further, Home Builder provides eligible owner-occupiers (including first home buyers) with a grant to buy an off the plan home in New South Wales.

<https://www.revenue.nsw.gov.au/grants-schemes/homebuilder>



## WHAT IF YOU PREFER TO GET AN LMI WAIVER?



### IS YOUR PROFESSION VIEWED AS LOW RISK?

Ask your lender if your job is viewed as a low risk occupation. Qualifying occupations include roles that are considered to have a lower risk of redundancy such as medical doctors, engineers, and accountants. Specific lenders will sometimes waive LMI for applicants in low risk occupations up to a maximum LVR of 90%.



### EXPLORE DIFFERENT LENDERS:

Not all lenders require borrowers to pay LMI when borrowing more than 80% of their property purchase price. Some lenders will lend borrowers up to 85% of the cost of the property before charging them with an LMI fee. This could be of great benefit if you have saved a 15% deposit, as you can then shop around with a variety of lenders to see if you can avoid paying LMI. This could save you thousands.

### TOP TIP

Guarantors are not regarded as the co-applicant of the loan. They are simply used as security, so that the lender will hold the title for their property while they remain guarantors to your loan. If you ever default on your repayments, your guarantor will be liable to repay the funds.

## WHAT IF YOU DON'T WANT TO PAY LMI?



### INCREASE YOUR DEPOSIT OVERTIME:

A bigger deposit will always be the best option, so try to grow your deposit as much as you can and while this cannot be done immediately this is something to work on overtime. Speak to your lender and consider whether it is financially smarter in your circumstances to wait and grow your deposit before committing to paying LMI now.



### FINANCIAL GIFTS

If you have family members who are willing to 'gift' you funds towards your deposit and other costs, they will need to provide written confirmation that this is a true gift and does not need to be repaid. If the amount they are gifting means that you still need to borrow more than 80% of the value of the property, then you will need to show that you have accrued at least 5% of the deposit in genuine savings yourself. Some lenders will factor in your current rental expenses and rental history as a contribution towards this genuine savings requirement.



### USE A GUARANTOR

A guarantor is a parent, or close family member, who uses some of the equity in their own home to secure your loan. A guarantor's equity will need to be sufficient to cover 20% of the property's value, while some lenders will allow up to 27% to be used to cover associated costs e.g. stamp duty, legal fees.



## HOW CAN I GET A HOME LOAN?

Buying off-the-plan affords you some great advantages giving you access to opportunities others simply won't have the chance to purchase or invest in. Many buyers get pre-approved before they begin their search for a property.

### WHAT IS PRE-APPROVAL?

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Home loan pre-approval is an indication that a lender is likely to approve you for a home loan. It is an offer from the lender for a specific home loan, for a fixed amount, based on your current financial situation. Not binding for you, or the lender, pre-approval lets you know exactly how much you can borrow. Speak to a lender, Home Loan Specialist or a broker who can shop around for you at no cost to you.

### SHOULD I GET PRE-APPROVED BEFORE I BUY A PROPERTY?

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It is a good idea to get pre-approved before you make an offer.

- There is no cost to getting pre-approved by your lender
- The offer is valid for up to 3-6 months
- Sellers can sometimes favour buyers who are pre-approved and ready to purchase because they can potentially settle faster

#### TOP TIP

If you haven't found the right property yet, you may be able to extend your pre-approval term. Simply talk to your lender or Home Loan Specialist. Extending your pre-approval can save you the hassle of providing all your information and documents again.







# TOP TIPS TO CONSIDER WHEN FINALIZING A PROPERTY

AFFORDABILITY



PROXIMITY TO WORK



SAFETY OF THE SUBURB



POPULAR CAFES, RESTAURANTS  
AND SHOPS NEARBY



CLOSE TO PUBLIC TRANSPORT



CLOSE TO SCHOOL CATCHMENTS





# FINDING A PROPERTY WITH VALUE





## PROPERTIES AT ST TRINITY

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St Trinity Property Group is a leading, diversified property group with market leading performance over the last 15 years.

St Trinity has properties catering to various price points while being competitively priced in the market. Offering Studio, 1, 2 & 3 bedroom apartments to suit a range of lifestyles and purchasers.

To check out our properties visit :

[www.sttrinity.com.au/projects](http://www.sttrinity.com.au/projects)



# CHECKLIST: HOW DO I SECURE A PROPERTY

Hire a conveyancer or solicitor to act as your legal representative throughout the process.

**A**

## I WANT TO MAKE AN OFFER. WHAT IS NEXT?

1. Request a contract of sale from the sales agent for your solicitor or conveyancer to review for your off the plan apartments.
  2. Make an offer which aligns with your budget.
  3. Once your offer is accepted, it is time to exchange contracts and pay the holding deposit.
- An initial or part deposit, usually 0.25% of the purchase price, is paid to the seller, via the sales agent.
  - Give your Lender or Home Loan Specialist the contract of sale, and the deposit receipt.

**B**

## THE COOLING OFF PERIOD

A cooling-off period is 5 business days, giving you the chance to change your mind and stop the buying process.

- Your Lender or Home Loan Specialist will help organise a valuation and building inspection within this cooling-off period.
- You may need to request a cooling off period if it is not stated in the contract. Your solicitor or conveyancer can assist with the contract.



**C**

## DO YOU QUALIFY FOR ANY EXEMPTIONS?

You can check with your solicitor or conveyancer to see if you qualify for a stamp duty exemption or other grants.

When buying off the plan, you should also check with your sales agent if there are any additional exemptions or deals for your circumstances. E.g. some developers will offer First Home Buyers 5% deposit rather than the standard 10%.

**D**

## WHAT IF YOUR BUILDING INSPECTOR FINDS AN ISSUE?

You can decide against buying the property, or you might want to negotiate a lower purchase price to factor in any necessary upgrades to fix the issue/s.





## ACHIEVING FORMAL APPROVAL

You're already pre-approved. Next you need formal approval to buy the property.

Once you have exchanged contracts and paid the deposit, your Lender or Home Loan Specialist will help you achieve formal approval and settle your home loan.

They might request some more up-to-date bank statements or financial documents from you before processing the application, potentially including a final credit assessment, deposit bond, or First Home Owners Grant.

## SETTLEMENT

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What happens at a settlement?

The home loan documents are generated by your lender or home loan specialist for you, the buyer, to sign.

The legal representatives of the buyer, seller and lender will attend the settlement. Depending on the lender, this can sometimes be carried out electronically online.

Final costs are paid at settlement. This means the lender pays the seller on behalf of you, the buyer, and you pay the additional costs such as stamp duty and legal fees. The property is registered in the new buyer's name through the state title office.

Finally, your solicitor or conveyancer will contact the real estate agent and instruct them to hand over the keys to you - the new owner.

Welcome to your new home!

## GET ALL THE LEGAL DOCUMENTS CHECKED

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Make sure your solicitor or conveyancer reviews the contracts before you sign them. Your obligation to proceed with the purchase will depend on the outcome of the inspections and approval of your home loan.

Your solicitor or conveyancer will also conduct a title search to check the name of the owner and other details of the property.

## YOUR LOAN PACK

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Once your home loan has settled, your lender will send you confirmation of your loan, outlining the details and your repayment requirements.

Where do your funds need to be? Ask your solicitor or conveyancer where your funds need to be at this point to avoid delays in completing the purchase. The home loan documents are generated for you, the buyer, to sign.

The legal representatives of the buyer, seller and lender will attend the settlement.

Depending on the lender, this can sometimes be carried out electronically online. Final costs are paid at settlement. This means the lender pays the seller on behalf of you, the buyer, and you pay the additional costs such as stamp duty and legal fees.

The property is registered in the new buyer's name through the state title office.



YOU'RE GOING TO BE A HOME OWNER

**Are you ready to start your  
property buying journey?**

Get in touch with St Trinity Property Group and start your journey to owning your own property.

Benefit from the key expertise at St Trinity Property Group. The team can answer any questions you may have.

**CONTACT US**

**[www.sttrinity.com.au](http://www.sttrinity.com.au)**

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