

First home buyer's guide

Walshs is here to help bring your first home closer



Grow. Protect. Manage.

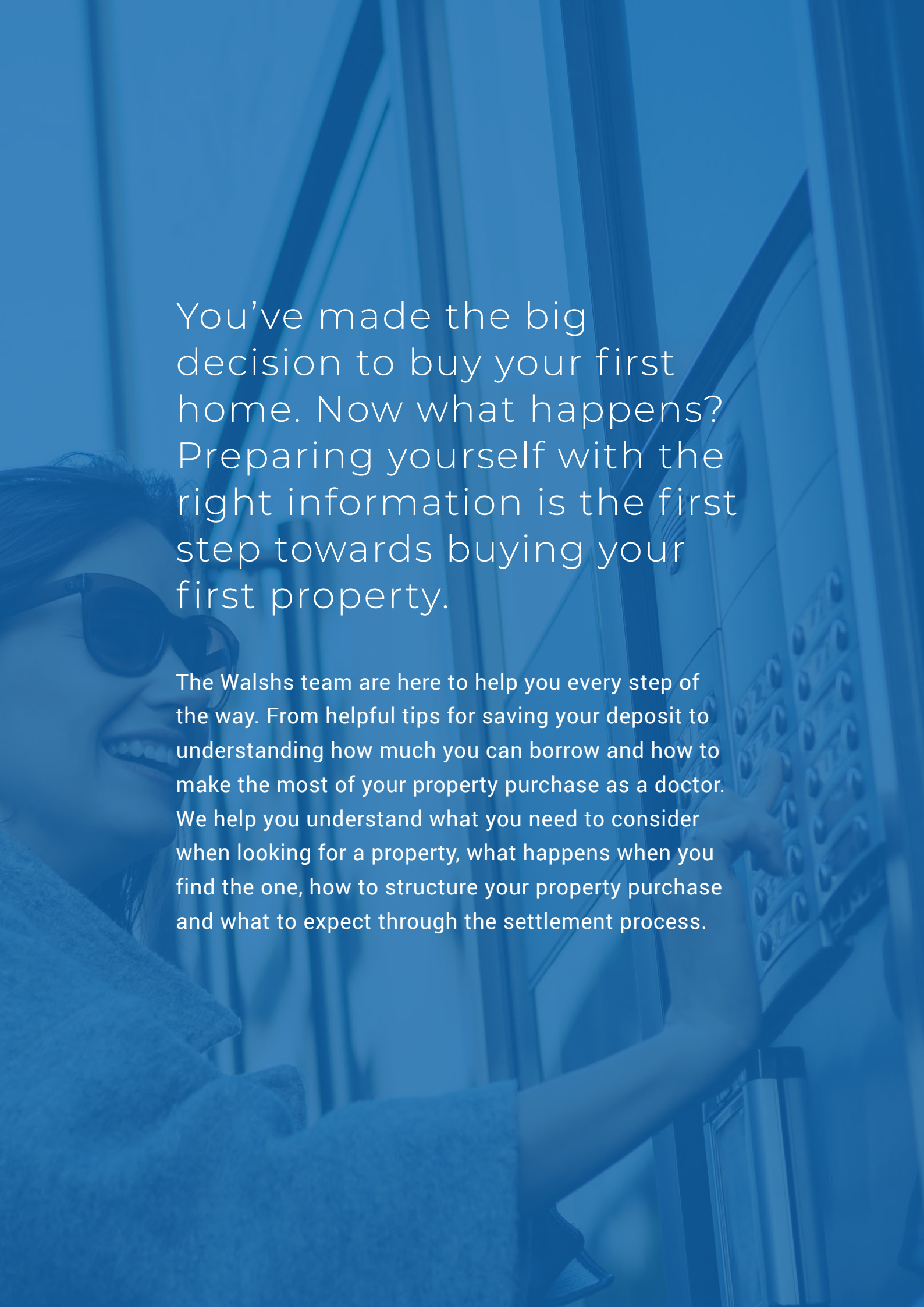


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Preparing
to buy



You've made the big decision to buy your first home. Now what happens? Preparing yourself with the right information is the first step towards buying your first property.

The Walshs team are here to help you every step of the way. From helpful tips for saving your deposit to understanding how much you can borrow and how to make the most of your property purchase as a doctor. We help you understand what you need to consider when looking for a property, what happens when you find the one, how to structure your property purchase and what to expect through the settlement process.

Understanding key terms

There are many things to consider in the home buying process. A good place to start is understanding some key terms you're likely to come across.



CONTRACT OF SALE

This is the legal document that sets out the terms and conditions agreed between the buyer and seller.

Contract of sale includes your terms:

FINANCE: How long you need for finance approval (generally 7-14 days)

BUILDING AND PEST: this allows you to complete a building and pest inspection to ensure the dwelling is satisfactory

SETTLEMENT: Outline your timeframe to settlement (ie 30, 45, 60 or 90 days).



STAMP DUTY

A state and territory government tax based on the purchase price of the property. As it's paid to the state or territory, the amount will vary depending on where you're located as well as on the price of the property and other factors such as whether you're a first home buyer or an investor.



EXPRESSION OF INTEREST FORM

On some occasions, normally when there is a high volume of buyers looking to make offers on a property, an owner will instruct their agent to collect buyer interest on an Expression of Interest form. This is a non-binding, non-contractual document that help owners to skim across interest from multiple parties and select which buyer or buyers, they would like to engage in formal negotiations.



FIXED INTEREST RATE

An interest rate that does not change for a set period of time. This type of interest rate may suit the type of borrowers who like certainty with their regular repayments throughout the fixed term.

Pros: If you expect interest rates to rise over the next 1 to 5 years, locking in a fixed rate today could save you money on repayments in future.

Cons: May be less flexible than a variable home loan rate, limiting additional repayment options and excluding the option to redraw.



VARIABLE INTEREST RATE

An interest rate which moves in response to market interest rate changes. This means the loan repayment could change during your loan term. This type of interest rate may suit the type of borrowers who prefer flexibility with their regular repayments throughout the term.

Pros: Variable rate loans allow for a wider range of repayment options, including the ability to pay off your loan faster without incurring interest rate break costs.

Cons: Rate is likely to fluctuate, therefore your home loan repayments will rise when interest rates rise.

OFFSET ACCOUNT: An offset account is a transaction account linked to your home loan. You can make deposits or withdraw from it as you would with a regular transaction account. The big difference is that when you hold money in an offset account over a period of time, you can reduce the amount of interest charged on your home loan.



Your Walshs adviser will review both fixed and variable rate options and determine what loan structure will suit your situation and objectives. Your loan structuring options will coincide with the formal contract acceptance and credit application.

As a doctor, your property acquisition journey is unique. You must balance changes in work, training locations and expenses, increases and decreases in income over time.

It is important you structure your property purchase in a manner that will allow you to retain access to your funds whilst obtaining the best long-term outcomes.

Walshs aim to provide you advice to ensure you structure your home and investment loan debt to maximise your long-term tax outcomes and financial planning strategies by accessing market-leading medico specific lending policies.



Understanding the optimal way to structure your debt as a medical professional

Choosing the right deposit and loan structure is vital to achieving the most effective long term tax, financial planning, and loan outcomes.



TAX

Very often your first or second home will not be your forever home. If you wish to retain your property as an investment property in future, you must consider the long-term tax planning strategies to maximise negative gearing. Walshs can discuss loan structures that help you maximise your tax savings.



FLEXIBILITY

As a medical professional it is important you maintain flexibility in financial affairs. Structuring your debt correctly will ensure you retain access to your cash (allowing you to move around for training, fellowship, or other change of circumstances).

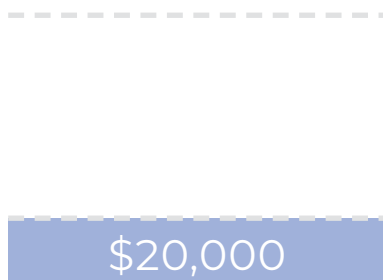


OFFSET ACCOUNT

If you have cash above 5%, 10% or 20% deposit you can reduce your home interest costs, maximise long term tax planning benefits and retain access to your cash via an offset account.

An offset account

SAVINGS



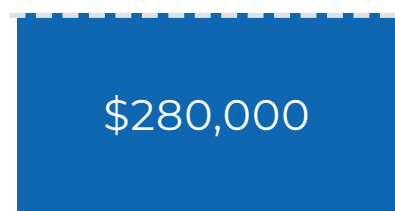
If you have money in an **offset savings account**

MORTGAGE



The savings will be **offset** against your mortgage

INTEREST CHARGED ON



So interest is **only charged** on the difference

Saving for a deposit and understanding upfront costs.

As a medical professional you have access to unique lending arrangements with Walshs. Your deposit options include 0%, 5%, 10% and 20% - without lenders mortgage insurance*.

Speak to your Walshs lending team to determine what option is best for you.

Deposit examples:

Property purchase price	Deposit	
	5%	10%
\$1,000,000	\$50,000	\$100,000
\$900,000	\$45,000	\$90,000
\$800,000	\$40,000	\$80,000
\$700,000	\$35,000	\$70,000
\$600,000	\$30,000	\$60,000



Lenders Mortgage Insurance

Most Australians with a deposit of less than 20%, need to pay what's called Lenders Mortgage Insurance. With Lenders Mortgage Insurance, the lender is protected against the risk of the borrower defaulting on the loan. This can be included in either your upfront costs or in your loan repayments so that it's spread out over the term of the loan. LMI is an expensive insurance policy (often between \$8000 - \$20,000). However, as a medical professional you have access to loans without lenders mortgage insurance with just a 5% or 10% deposit.

Parental guarantee

What are your options if you don't have enough savings for a deposit and are still aiming to buy? You may consider using a parental guarantee. This means your parents may be able to help you access the property market by taking advantage of the equity in their home. This option allows you to reduce the loan to value ratio (LVR) or allow you to purchase a home without a deposit.

Benefits for the borrower

- Helps to reduce or avoid Lenders Mortgage Insurance, saving you money.
- Helps you access the market sooner.
- Maximise the amount you can borrow – up to 100% of the purchase price plus costs such as stamp duty and legal fees.
- Get help from your parents without having to ask them for cash to contribute to your deposit.

Benefits for the guarantor

- You can nominate a specific amount that you're comfortable to contribute as security for your child's loan.
- You can be released when the borrower's loan to value ratio is reduced to the required level.
- You can help your children buy a home without having to give them cash.
- Via Walshs you have access to limited liability loans, therefore ensuring that you are only liable for the deposit amount.

Risks for the guarantor

The guarantor should consider the risks associated with a parental guarantee, primarily that if the borrower defaults on their loan, the guarantor is liable to pay up to the maximum of the portion of security they have put forward as a guarantee. Speak with your Walshs Adviser to determine if this is a good option for you.

Upfront costs

In addition to the deposit, you will need to consider other upfront costs involved in buying a property which may include:

- Government fees including stamp duty and registration fees on the transfer and mortgage.
- Legal costs (including property searches).
- Building and pest inspections.
- Title search, transfer and registration fees.
- Home insurance prior to settlement, and possibly contents insurance when you move in.
- Property search costs



Insurance (both home and contents) is required to be taken out immediately as the property is at the risk of the buyer from 5pm on the first business day after the contract date.

Stamp duty costs

You can use an online stamp duty estimator to find out how much transfer duty you may need to pay.

Stamp duty considerations

If you're buying your first home, most states and territories offer you a stamp duty discount. For example, in Queensland your stamp duty is waived for a purchase under \$500,000. The stamp duty will increase as your purchase price increases.

It is also important to know that stamp duty is charged at a higher rate if you're buying an investment. A comparison of Queensland's Stamp Duty:

Purchase Price	Owner Occupier Stamp Duty	Investment Property Stamp Duty
\$600,000	\$12,850	\$20,025
\$700,000	\$17,350	\$24,525
\$800,000	\$21,850	\$29,025
\$900,000	\$26,350	\$33,525
\$1,000,000	\$30,859	\$38,025

To obtain the homeowner stamp duty concession you must live in the home for 12 months.

What happens if you need to move out or your circumstances change?

If you move out within the 12 months (or generate rental income) you must notify the Office of State Revenue and apply for a re-assessment of stamp duty. You will likely pay additional stamp duty and may incur a penalty. We recommend speaking with your adviser about your timeframes including how long you plan to live in the property and when you may move out (for example moving as a result of your specialist training).



Know your budget

Making a budget is an important part of the buying process. Understanding how much you can borrow and what your repayments would be can help you plan for success.

You will also need to consider how much money you need for every-day living expenses and other financial commitments such as training fees, overseas fellowships and moving into private practice. Your Walshs Financial Adviser can help you to be confident with your plans, every step of the way.

We recommend you complete a budget (Walshs can provide a budgeting tool). Preparing your budget before your purchase will speed up your lending application and approval.

Researching the market

It's a great idea to research the property market and the areas you are considering. The initial groundwork can help narrow your property search and make you a more confident buyer. A few important factors to consider may include:



**PROXIMITY
TO THE CBD**



**PUBLIC
TRANSPORT
OPTIONS**



**PARKS AND
RECREATIONAL
GROUNDS**



**SHOPPING
CENTRES**



**SCHOOL
CATCHMENT
ZONES**



**ENTERTAINMENT
PRECINCTS**



Walshs' Lending Division can assist you with essential reports such as Suburb Reports and Property Reports to equip you with information you may find useful during your search.

Buyer's agent

If you don't have time to complete research or prefer to outsource your research and due diligence, a buyer's agent is a good choice. Buyer's agents are licensed professionals who specialise in searching, locating, evaluating and negotiating the purchase of property on behalf of buyers. A buyer's agent helps you:

- Gain an edge by having your own advocate who is representing your interests 100% throughout the purchasing process.
- Understand the complexities and processes of buying by providing objective information, advice and support.
- Save time by searching for and analysing property on your behalf. Having someone do this for the buyer often results in a more efficient and faster outcome.
- Negotiate to obtain the very best price and terms.
- Source the correct property in the right location with better prospects for capital growth and/or rental yield.
- Access databases and information not readily available to the public, including increased access to properties off the market.
- Eliminate stress by having one representative looking after your needs, rather than dealing with several different selling agents.
- Uncover opportunities that are not on the open market (off-market property).

If you'd like an introduction to a buyer's agent, Walshs can assist you.



*Walshs Practice does not have a commercial agreement with a buyer's agent service. We can facilitate an introduction to a professional service we trust.

Government incentives for first home buyers

If you're a first home buyer, you may be eligible for grants and concessions, depending on the state you live in and the type of property you're buying. It is important to be aware of your options and whether or not it's in your best interest to obtain these benefits.

Speak with your Walshs financial adviser about your options to access these schemes below and what may apply to you.



FIRST HOME OWNER GRANT (FHOG)

If you're buying your first home in Australia, you may be eligible for a government FHOG.

Each state and territory has different grants and conditions, however, we can help with your application.

For more information refer to: **firsthome.gov.au**



FIRST HOME SUPER SAVER SCHEME

The First Home Super Saver scheme allows you to save money for your first home using your superannuation fund. This scheme, run by the Australian Taxation Office (ATO), helps first home buyers save faster by allowing them to withdraw voluntary super contributions they've made to their super.

For more information refer to the ATO website at: **ato.gov.au**



FIRST HOME BUYER STAMP DUTY CONCESSIONS

Depending on how much the property is worth, you may be able to pay less on stamp duty. The conditions and amounts change depending on the state you buy in.

For more information, refer to: **firsthome.gov.au**

Approval in Principle

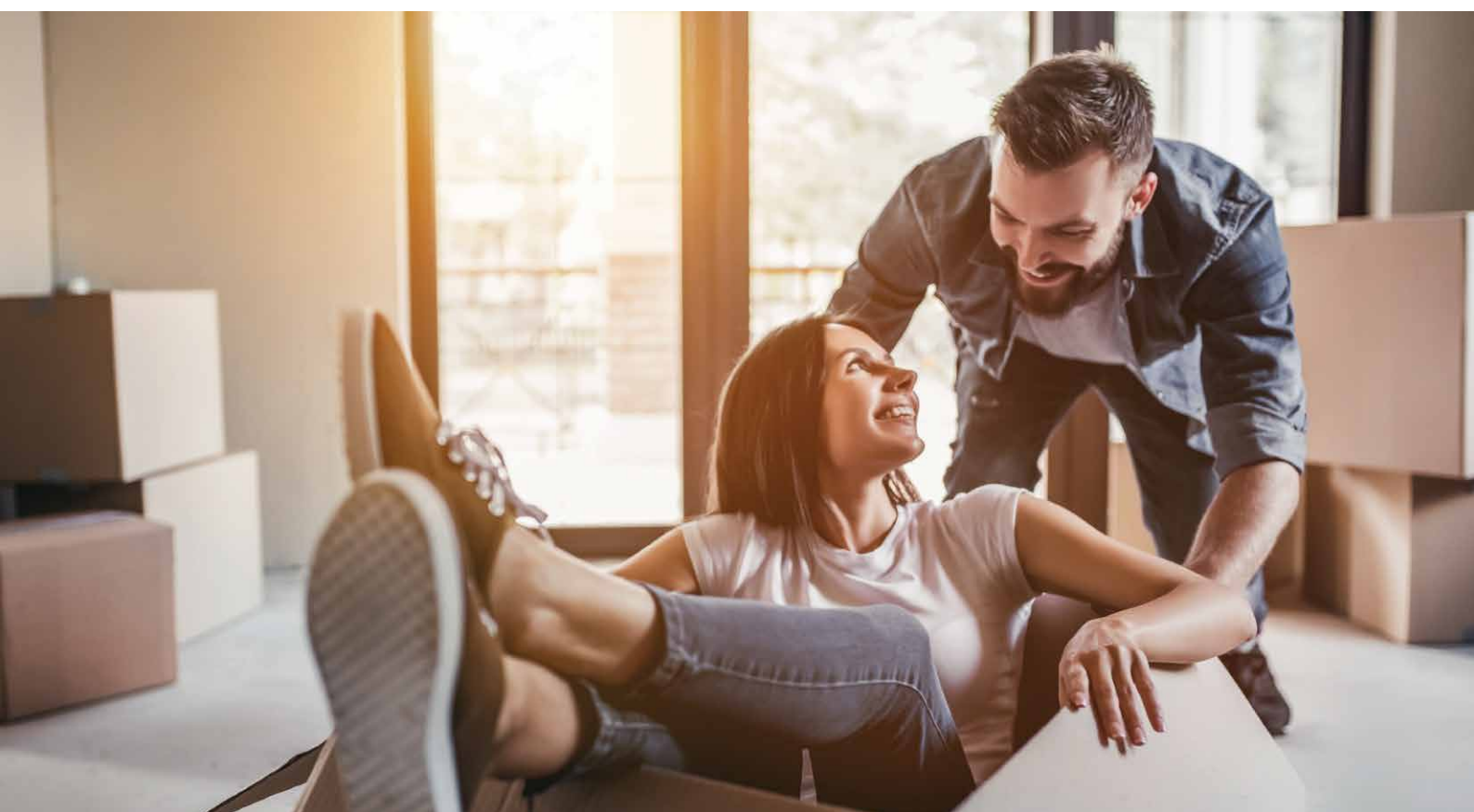
Once you've saved a deposit and researched the market the next step is to understand your borrowing ability. To give you a clear indication of how much you can borrow, it is important that you obtain an Approval in Principle.

This allows you to look for properties and narrow your search with confidence as you will:

- Know the maximum amount you'll be able to borrow.
- Potentially be able to offer a more competitive finance clause when negotiating.
- Be perceived as a serious buyer by real estate agents and vendors.

Once an Approval in Principle is given, it is valid for 90 days from when it is approved.

However, if you don't find a property within this period, you may renew the certificate for a further 90 days by confirming your financial circumstances haven't changed. The Walshs finance team can assist with your pre-approval via our lending division.





Ready
to buy



Research the property

Always look at the property closely and make sure it meets your needs.

It is also a good idea to look at comparable properties in the area. Understanding what properties are in demand and what they have sold for can help you negotiate the sales process with confidence. Ask your Walshs Advisor about specific property reports which generally include estimated valuation and rental estimates, property history and other property attributes.

In addition to researching the property's estimated valuation, it's a good idea to research what overlays affect the property. An overlay outlines features that need to be considered when developing land, for example, flooding, heritage and character.

You can research the property via your local council to determine what overlays may affect the property. For example, Brisbane City Council offer the information via **developmenti.brisbane.qld.gov.au**



Property Reports and Guides: While such material is published with permission, Walshs is not responsible for its accuracy or completeness.

Pre-purchase considerations

Now that you're ready to proceed with the property, here are a few of the most important things to cover off.



CONTRACT OF SALE

Ensure a copy of the Contract has been reviewed by your solicitor/conveyancer. Walshs can provide introduction to a solicitor / conveyancer.



COOLING-OFF PERIOD

Talk to your solicitor/conveyancer to be sure you understand the conditions of the sale. Most states have a cooling off period, except for sales at auction which generally do not have a cooling off period.



BUILDING AND PEST INSPECTION

If you want to conduct any building and/or pest inspections, talk to your real estate agent. They will arrange a time for these inspections to be conducted to ensure the property is in the condition specified in the strata report and/or contract. A professional inspector can help identify hidden issues such as structural damage and termites – and determine how they may affect the property over time.



COUNCIL SEARCHES

Check council searches to ensure that all structures on the property have received council approval.



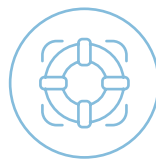
ZONING CHANGES AND PROPOSED DEVELOPMENTS

Double-check your chosen area's zoning and whether it could be impacted by proposed developments that may affect your property long term. You may also need to identify the flood or fire risk for a property.



PROTECTING YOUR PROPERTY

It is important to consider protecting your property with home and contents insurance. There are also Landlord insurance options should you buy an investment property. It is important you obtain appropriate home and contents or landlord insurances prior to settlement



PROTECTING YOURSELF

Now that you're taking on a new home loan it's important to consider reviewing your personal insurance coverage.

Walshs Insurance division can review your personal insurance coverage to ensure you have appropriate personal insurance coverage including income protection, total disability cover, life insurance and critical illness cover.



FINANCE CONDITION

This clause gives you time to organise a formal loan approval (including valuation) for the property you're buying.

We recommend 14 day finance clause. If you require a shorter finance clause talk to your financial adviser or banker.

One size does not fit all. An important factor when choosing a home loan is to consider whether you would prefer a variable or fixed interest rate or the best of both worlds. Your Walshs Financial Planner will provide you with the options to help you understand the benefits and make the right decision to suit your situation including stage of training, family situation and cashflow.

A composite image featuring a smiling couple in the upper half, a hand holding a smartphone in the middle, and a hand holding a set of keys in the lower right. The background is white with diagonal geometric shapes in shades of blue and brown.

Buying your property

Making an offer

Before you consider making an offer, it's important to speak to Walshs to ensure your Approval in Principle is still valid. Once you're ready to make an offer on a property, you'll find there are two main types of sales.



Auction:

To express your interest as a potential buyer, you will be required to register as a bidder on the day of the auction.

If you make the winning bid, you will be required to sign the contract and pay a deposit, generally this is 10% of sale price, on the day.



Private sale:

You negotiate the sale price with the seller. This is often done through the real estate agent and the negotiation process can take days or weeks.

How to make an offer on a property



When a property is advertised via private treaty, the agent and vendor will then review any offers submitted and accept the most favourable one.

Deciding on how much to offer depends on the market conditions, how many people are interested in the property, and your own personal circumstances.

Offering too low may be considered insulting to the vendor but offering too close to the listing price may mean paying more than the property is worth. It may even be worth hiring a professional valuer or buyer's agent to inspect the property beforehand to help you determine how much to offer.

Offers should be submitted in writing to the agent, who is legally obliged to pass the offer on to the vendor for consideration. Specify how much you are willing to pay, and any conditions that you want to attach to the offer, such as repairs required, the deposit you will put down, and perhaps a timeframe for moving in.

How does an auction work?

At an auction, all the interested buyers gather together, normally at the property or in an auction room, and submit offers in person to the auctioneer. The auctioneer's role is to encourage bidding to achieve the best result for the vendor. The bidder who has made the highest offer when the hammer falls purchases the property unconditionally.

A property is considered to be "on the market" when bidding reaches the reserve price, which is the minimum price the vendor will accept. If bidding fails to reach the reserve, the property "passes in" to the highest bidder, who normally has the first chance to negotiate a sale price with the vendor. The vendor isn't obliged to sell and if a deal can't be reached on the day, the property is normally put on the market for private sale.

Bidders must register at an auction, and offers are binding, meaning the person who submits the highest offer when the hammer falls is legally obliged to purchase the property and pay a 10 per cent deposit on the day. There are significant penalties for pulling out of an auction sale, and buyers risk forfeiting their deposit if they don't go through with the sale.

An auction sale is unconditional so you will not be able to make the sale subject to building and pest or finance. You may also want to perform some searches or inspect the property far more thoroughly as a result. You may need to talk to a lawyer

prior to bidding if they have concerns or want certainty on particular matters.

It's possible to make an offer to buy a property before the auction, although the offer usually needs to be high enough to convince the vendor that they won't get a better price at auction. In addition, your offer may need to be subject to auction contract conditions (ie no finance or building and pest clause) If your offer is too high, there is a risk of paying more than the property is worth.

Many people consider auctions to be the most transparent and fair way to buy a property, as all offers are made in public, and you can see who you're up against.

If you've never been to an auction before, it's a good idea to attend several auctions in your area as an observer to get a feel for the process. You should also take a look at the latest auction results to find out how much properties sell for in your target suburbs. Talk your financial adviser before going to auction to ensure you're in the position to bid.

What are the best techniques for bidding at auction?

Auctions can be stressful for first-home buyers, but there are certain techniques that can give buyers the best chance to secure the property.

It's important for buyers to set their maximum bid before the auction and stick to it, no matter how much they love the property.

These are some of the auction bidding techniques that can help give you an edge:

- A strong opening bid can knock other bidders out of the running straight away. Auctions rely on momentum to reach a high price, so if there are fewer people bidding and the auction stalls, it's possible that the property will sell for a lower price.
- Bid confidently and call out the offer in the full amount rather than in increments. Place your next bid quickly to project confidence and keep other bidders guessing about your limit.
- Odd increments can also slow the pace. Bids usually increase in increments of \$5000 or \$10,000, so bidding in \$4000 or \$8000 increments instead may slow momentum.
- Odd maximum bids can also help, as most buyers set their maximum at round numbers. For example, a maximum bid of \$703,000 may put you ahead of other buyers who bow out at \$700,000.
- Read the body language of other bidders to find out when they are reaching their maximum bid. Couples tend to make eye contact with each other when they near their maximum. This could be the ideal time for a knockout bid in a large increment to put your competition out of the running.

You've purchased, what now?

Your solicitor, financier and financial adviser will help you through the next steps.



Finance

It is important that you move quickly on finance after signing the contract so that the bank has sufficient time to process.

1. There are a number of documents required to formalise your loan approval and subsequently make a formal loan offer to you. If your pre-approval is still valid, you will need to supply updated payslips (two most recent) and your most recent copies of existing loan facilities (credit card, existing home loan or personal loan). If you do not have a pre-approval you will need to complete a full mortgage application. The Walshs Lending team will assist you in completing the finance.
2. Once the documents are updated, your loan application will be sent to Credit team at the bank for approval. Once approval is granted (usually 7-14 days), the bank will notify your solicitor who will notify the seller's solicitor (for private treaty sale only).

Please send your completed signed contract to Walshs (and your solicitor) immediately.



Insure

A buyer should insure immediately after signing as risk does not pass on settlement but rather 5pm on the next business day after contract.



Building and pest inspection

Only a combined building and pest inspection will give you a full assessment of the property. Building only inspections report on structural safety hazards and defects whilst a pest inspection determines whether there are any pest or termite infestations within the property.

If you're satisfied with the building and pest, you can notify your solicitor. If you're not satisfied you can negotiate to have works completed on the property, negotiate a price reduction or pull of the contract (private treaty only).



Property searches

Your solicitor will commence a variety of council searches for you and assist you in understanding what searches you should carry out. You should commence property searches

immediately if you have any concerns about the property. For example, council searches can ensure that all structures on the property have received council approval.

Once all the conditions are satisfied with your contract (ie finance and building and pest), your contract will now be unconditional (private treaty contract only).

Your contract is now unconditional, what now?

This is the home stretch! Settlement is the legal process to transfer ownership of the property from the seller to the buyer and is facilitated by the legal and bank representatives of both the seller and buyer.

The 'settlement period', from when you sign the contract to when settlement is finalised, is generally 4 weeks, however, it can vary from 4–12 weeks depending on the agreement.

Between finance approval and settlement, you must sign your loan documents. This generally must be completed ten days prior

to settlement. Your solicitor will assist during this period.

You will also need to pay transfer duty to your solicitor prior to settlement as the bank will require a stamped transfer to settle.

Make arrangements to ensure this money is available as clear funds early.

Settlement period



Sign the contract

Generally 4 weeks

(can vary from 4-12 weeks depending on the agreement)



Settlement is finalised

This is a great time to prepare yourself for your new property including organising:



Home insurance




Speaking with utility providers (gas, electricity, internet ect)



Completing the final inspection of the property prior to the settlement day



Confirming the details of your settlement

A blue-tinted photograph of two men in an office setting. One man, seen from the back, is wearing glasses and a light-colored shirt. The other man, facing him, has a beard and is smiling while shaking his hand. They are standing over a desk cluttered with papers, a tablet, and a small potted plant. The background shows office shelves and windows.

Generally, the legal and bank representatives will meet on behalf of you and the seller to finalise the transfer of property ownership. Once this has been completed, you will be the owner of your property.

Congratulations, it's time to pick up the keys!

Professional contacts

Walshs have a close association with the following professional firms who can assist you with your property purchase.

Solicitor / Legal services:



Hillhouse Legal Partners

Level 7, 102 Adelaide Street
Brisbane, QLD, 4001

hillhouse.com.au

email@hillhouse.com.au

07 3220 1144

Buyer's agent:



PMC Buyers agents

2/2 Park Road
Milton, QLD 4064


pmcproperty.com.au

enquiry@pmcproperty.com.au


(07) 3367 0126


DISCLAIMER: Walshs has no confirmation affiliation with the services provides listed above. We are not responsible for the outcomes with these service providers.



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