

Get mortgage ready before you start looking for a property

Purchasing a property can be overwhelming and the mortgage process can be confusing. Being prepared and understanding the basic process can really help. Before you start looking for a home or investment property, there are several details to consider such as:

- How much can I borrow?
- Understanding the costs involved
- How much deposit do I require?
- Get a pre-approval before you start looking



How much can I borrow?

Before purchasing a property it is always important to know how much to borrow. How much you can borrow will depend on several factors including:

- Your income
- What you are buying (home or investment)
- Eligibility for Home Owner Grants (if you are a first time buyer)
- What deposit is required
- Other loan repayments and commitments

An important factor to consider is how comfortable you are financially to repay the proposed loan. It is imperative that you do not over stretch yourself, it is best if you sit down and work out a budget and understand how much you have left over to repay a loan comfortably. You should also factor in interest rate movements as this will affect your repayment amount.

Understanding the costs

In addition to a deposit, some of the other costs would include:

Stamp Duty

This is a government cost that is usually the biggest expense outside the purchase price of the property. Stamp duty varies between the states and territory. A great website is available for guidance on what the approximate stamp duty cost would be in your relevant state: www.stampdutycalculator.com.au

Loan Set Up Costs

This includes establishment fees and will vary depending on the Lender and the loan product chosen. It is important to note that you may also require Lender's Mortgage Insurance (LMI) depending on your deposit size.

Conveyancing Costs

Conveyancing is the process of which a property's ownership is transferred from the current owner (the vendor) to the buyer. A conveyancer is a legal representative that specialises in this field. Either a conveyancer or solicitor will review your Contract of Sale and ensure appropriate checks are conducted on the property with local government agencies.

Inspection Costs

It is always recommended that prior to purchasing a property, you hire professionals to inspect the property for structural defects, concerns, pest infestations, anything that could potentially cause damage to your property.

Getting a deposit together

There are many options available in relation to how much you will need to come up with as a deposit. Depending on your situation it could vary from 3%-20%. Sitting down with your trusted mortgage professional will ensure you know which options are available to you.

Get a pre-approval before you start looking for a property

Conditional pre-approval is an indication from a lender that you're eligible to apply for a home loan up to a certain limit. It can show sellers you're serious about buying and you can be confident that you can afford the property.