

Fast-Track First Home Fortune

The 7 Steps to Home Ownership

Buying your first home is one of the biggest things you will ever do — and with the right information, it does not have to be overwhelming. This free guide breaks the process down into 7 clear steps so you always know what to do next. Follow them in order and you will go from not knowing where to start, to picking up the keys on moving day.

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Free Report — For Australian First Home Buyers

This guide is provided for general information only and does not constitute financial, legal, or property advice. Always seek advice from qualified professionals before making financial decisions.

1

Choose Your Ideal Location

Before you do anything else, you need to decide where you want to live. This might sound simple, but it is one of the most important decisions you will make. Where you live will affect your daily life for many years to come, so it is worth taking the time to think it through carefully.

Start by writing down a list of the things that matter most to you. Think about your everyday life — how you get to work, where your children go to school, and what you like to do on weekends. When you have a clear picture of what you need, finding the right area becomes much easier.

In Australia, property prices can be very different from one suburb to the next — even suburbs that are right next to each other. A suburb that is a ten-minute drive from a more expensive area can sometimes cost tens of thousands of dollars less for a similar home. Knowing which areas fit your budget before you start looking will save you a lot of time.

Here are some of the key things to think about when choosing your location:

- **Distance to work:** Think about how long your daily commute will take. A long drive or train ride every day adds up quickly in both time and money. Research shows that Australians who live closer to work report higher levels of well-being and spend less on fuel and transport costs.
- **Public transport:** Not everyone drives to work. Check whether the suburb has good bus, train, or tram connections. In many Australian cities, living near a train station can also protect your property value over time.
- **Schools:** If you have children — or plan to — finding out which school zones the suburb falls into is very important. In Australia, which state school your child can attend is often tied to your home address. Private schools may also be nearby.
- **Safety:** Most people want to live in a safe area. You can check crime statistics for different suburbs through your state or territory police website. For example, Victoria Police and NSW Police both publish suburb-level crime data online for free.
- **Shops, cafes, and services:** Easy access to supermarkets, medical centres, pharmacies, and parks makes day-to-day life much more comfortable. Think about how often you visit these places and how far you are happy to travel to reach them.
- **Future growth:** Some suburbs are growing fast, with new roads, shopping centres, and public transport being built nearby. Buying in a suburb that is set to grow could mean your home increases in value over time. Look at local council plans and government infrastructure projects to get an idea of what is planned for the area.

TIP: Drive or walk around the suburb at different times of the day — during the morning rush, on a Saturday afternoon, and in the evening. You will get a much better feel for what it is really like to live there.

2

Find a Good Mortgage Broker

Once you know where you want to live, the next step is to find out exactly how much money you can borrow. The best way to do this is to speak with a mortgage broker.

A mortgage broker is a qualified person who works with many different banks and lenders. Their job is to find the best home loan for your situation. Unlike going straight to your own bank, a broker can compare dozens of different loan products from many lenders all at once — and they do this at no cost to you. Brokers in Australia are paid a commission by the lender when your loan settles, so you do not have to pay them a fee for their service.

One of the most important things a broker will do for you is work out your borrowing capacity. This is the maximum amount a lender is willing to lend you, based on your income, your regular expenses, and any existing debts you may have. Knowing your borrowing capacity is essential — it tells you exactly what price range of homes you should be looking at. There is no point falling in love with a home that is out of your budget.

After working out your borrowing capacity, your broker will help you get **pre-approval**. A pre-approval (also called a conditional approval) means the lender has looked at your finances and agreed in principle to lend you a certain amount of money. Pre-approvals in Australia generally last for about 90 days. Having a pre-approval gives you confidence when you are searching for a home and makes you look like a serious buyer to real estate agents.

A good broker will also explain the different types of home loans available in Australia, such as:

- **Variable rate loans:** The interest rate can go up or down over time, following changes to the official cash rate set by the Reserve Bank of Australia (RBA). When rates drop, your repayments go down. When rates rise, your repayments go up.
- **Fixed rate loans:** Your interest rate is locked in for a set period — usually one to five years. This means your repayments stay the same, which makes it easier to budget. However, fixed loans often have limits on how much extra you can repay.
- **Split loans:** A combination of both. Part of your loan is fixed and part is variable. This gives you some protection if rates rise, while still letting you make extra repayments on the variable portion.
- **Offset accounts:** Many Australian loans come with an offset account. Money you keep in this account reduces the amount of interest you pay on your loan. For example, if you have a \$400,000 loan but \$20,000 in your offset account, you only pay interest on \$380,000.
- **Redraw facility:** A redraw facility lets you make extra repayments on your loan and then withdraw that money back if you need it later. For example, if you pay an extra \$5,000 off your loan, that money sits there reducing your interest — but you can redraw it if an unexpected expense comes up. It is a great way to get ahead on your loan while still having a safety net. Not all loans include a redraw facility, so ask your broker to look for one that does.

TIP: Ask your broker to explain all the fees involved, including application fees, ongoing monthly fees, and discharge fees. A loan with a low interest rate but high fees may not always be the best deal.

Now that you know your budget, it is time to start the search for your first home. This is often the most exciting part of the process — but it can also be the longest. Finding the right property takes time, and it is normal for this step to take several months.

Start your search online. The two biggest property websites in Australia are [realestate.com.au](https://www.realestate.com.au) and [domain.com.au](https://www.domain.com.au). Both sites let you filter by suburb, price range, number of bedrooms, and property type. Set up alerts so you are notified by email as soon as a new property that matches your needs is listed.

Once you find properties you like online, the next step is to attend **open homes**. These are set times, usually on Saturday mornings, when anyone can walk through a property. Going to open homes is a great way to see how a home feels in real life, compared to the photos online. Take a notepad with you and write down your thoughts about each property straight away — it is easy to forget the details when you have visited many homes.

If the homes in your first-choice suburb are over your budget, do not give up. Look at the suburbs that are close by. Moving just one or two suburbs further from the city, or in a slightly different direction, can sometimes make a big difference to price while still keeping you close to the things you want. This is sometimes called the 'ring search' strategy — start at your ideal suburb and work outward until you find what fits your budget.

Here are some practical tips for your property search:

- **Make a must-have list and a nice-to-have list:** Write down the things a property absolutely must have (for example, three bedrooms, a garage, or a backyard) and the things that would be nice but are not essential. This helps you make faster decisions when comparing properties.
- **Check recent sales data:** Before you get too attached to a property, look at what similar homes in the same street or suburb have sold for recently. You can find this data on [realestate.com.au](https://www.realestate.com.au) or [domain.com.au](https://www.domain.com.au). This gives you a realistic idea of what a fair price looks like.
- **Look beyond the photos:** Real estate photos are designed to make a home look as good as possible. Wide-angle lenses can make rooms look bigger than they are. Always visit in person before making any decisions.
- **Think about the block, not just the house:** The size and shape of the land matters too. A north-facing backyard gets more sunlight throughout the day, which is highly valued in Australia. Check if there are any easements (strips of land that someone else has the right to use) on the property, as these can affect what you can build or do on the land.
- **Be patient:** It is common for first home buyers to look at 20 or more properties before finding the right one. Do not rush into buying something just because you are tired of searching. The right home is worth waiting for.

TIP: Visit the suburb on a weekday morning as well as a weekend. The noise levels, traffic, and general vibe can be very different. You want to love where you live on a Tuesday just as much as on a Saturday.

4

Inspect and Make an Offer

You have found a property you love. Now it is time to take a closer look before you make an offer. This step is all about making sure the home is right for you — and making sure you do not pay too much for it.

Book a private inspection. While open homes let you walk through quickly with other buyers, a private inspection gives you more time alone with the property. Ask the real estate agent to arrange one for you. Bring someone with you — a friend, family member, or a building professional — to give you a second opinion. Look carefully at things like the condition of the roof, the walls, the floors, the kitchen, and the bathrooms. Check for signs of water damage such as stains on ceilings or walls, and look for any cracks in the walls that could point to structural problems.

After your inspection, take some time to think carefully. A good rule is to **sleep on it** before making an offer. Buying a home is a very big financial decision, and it is easy to get caught up in the excitement and make a choice you might regret. Ask yourself: Does this home meet my must-have list? Is the price fair based on recent sales in the area? Can I genuinely afford the repayments long-term?

Making an offer. In Australia, there are two main ways to buy a property — by private sale or at auction.

- **Private sale:** You put forward a written offer to the real estate agent. This starts a negotiation process. The seller may accept your offer, reject it, or come back with a counter-offer. Do not be afraid to offer below the asking price, especially if similar homes in the area have sold for less. The listed price is just a starting point.
- **Auction:** In Australia — especially in Melbourne and Sydney — many homes are sold at auction. At an auction, buyers bid against each other in public until the property is sold to the highest bidder above the seller's reserve price. If you buy at auction, the sale is unconditional, meaning you cannot add conditions like finance or building inspection. Make sure you have your finances fully approved and an independent building inspection done before auction day.
- **Stay within your budget:** It is very easy at auction or during a negotiation to keep pushing your offer just a little higher. Set a firm maximum price before you start and stick to it. Overpaying can lead to 'buyer's remorse' — the feeling of regret after paying more than you needed to or more than you could really afford.
- **Negotiate confidently:** Many buyers are nervous about negotiating, but it is a completely normal part of the process. Use the recent sales data you researched to support your offer. If you know similar homes have sold for less, mention it politely. Real estate agents work for the seller, not for you — so it is always in your interest to negotiate.

TIP: Ask the real estate agent how long the property has been on the market. If it has been listed for a long time without selling, the seller may be more open to a lower offer. Properties that have been listed for more than 60 days are often worth negotiating harder on.

5 Sign the Contract of Sale

Once your offer is accepted, the next step is signing the **Contract of Sale**. This is the legal document that transfers ownership of the property from the seller to you. Before you reach this step, it is important to have a **conveyancer** or solicitor already lined up and ready to help you.

A conveyancer is a licensed professional who handles the legal side of buying and selling property. In Australia, each state and territory has its own property laws, so it is important to use a conveyancer who works in your state. They will review the Contract of Sale on your behalf, carry out important property searches (such as checking for unpaid rates or debts attached to the property), and manage the entire settlement process to make sure everything is done correctly and on time.

The Contract of Sale is a serious legal document. Once you sign it and the seller signs it, you are generally bound by its terms. However, for a private sale, you can — and should — add **conditions** to the contract to protect yourself.

The two most important conditions to include are:

- **Subject to finance:** This condition means the contract only goes ahead if your lender formally approves your loan. If your loan application is not approved for any reason within the agreed timeframe (usually 14 to 21 days), you can pull out of the contract without losing your deposit or facing any financial penalty. Without this condition, if your finance falls through, you could be forced to pay the seller damages that could run into tens of thousands of dollars.
- **Subject to building and pest inspection:** This condition gives you the right to have a professional building inspector check the property for structural problems, safety issues, and pest damage (such as termites) before the sale is finalised. In Australia, termite damage alone can cost hundreds of thousands of dollars to repair if left untreated. If the inspection finds major problems, you can either pull out of the contract and get your deposit back, or negotiate with the seller to have the issues fixed or reduce the price.
- **Cooling-off period:** In most Australian states and territories, buyers who purchase a home through a private sale have a cooling-off period — usually between 2 and 5 business days depending on the state. During this time you can change your mind and pull out of the contract, though a small penalty fee may apply (usually 0.25% of the purchase price). Note that cooling-off periods do not apply to properties purchased at auction.
- **Your deposit:** When you sign the Contract of Sale, you will usually need to pay a deposit — typically 10% of the purchase price, though this can sometimes be negotiated to 5%. This money is held in a trust account by the real estate agent until settlement. It is not paid to the seller until the sale is complete.
- **Property searches your conveyancer will run:** Your conveyancer will conduct a range of searches before settlement. These typically include a title search (to confirm the seller actually owns the property), a council rates search (to check for any unpaid rates), a land tax search, and checks for easements or overlays on the land. These searches protect you from inheriting any problems from the previous owner.

TIP: Do not sign anything without having your conveyancer review it first. Even small changes to the standard contract wording can have big consequences. A good conveyancer is worth every cent.

Once the building and pest inspection has come back with no major problems, it is time to get your loan formally approved. This is called **unconditional approval** (sometimes called formal approval), and it means the bank has fully assessed everything and is ready to lend you the money.

Up until this point, you had a **pre-approval** — which is a conditional agreement from the lender that they are willing to lend you money, based on the information you provided. Unconditional approval is different. At this stage, the lender looks at the specific property you want to buy, not just your financial situation in general.

To get unconditional approval, your broker will send your lender a copy of the signed Contract of Sale. The lender will then arrange for an independent **valuation** of the property. A valuer is an independent professional who inspects the property and gives the lender their opinion of what it is worth. This step is important because the lender wants to make sure the amount they are lending you is fair compared to the actual value of the property. If the valuation comes back lower than the purchase price, this can sometimes cause issues with the loan — your broker will help you navigate this if it happens.

The time it takes to get unconditional approval varies between lenders. Some banks can do it in a few days, while others may take two to three weeks. Your broker will keep you updated and chase the bank if needed. The key things to keep in mind during this stage are:

- **Do not change your financial situation:** While your loan is being assessed, avoid doing anything that could change your financial picture — such as changing jobs, taking out a new credit card, or making large purchases on credit. Lenders reassess your situation right up until they issue formal approval, and any changes could put your loan at risk.
- **Pre-approval expiry:** Most pre-approvals in Australia last for about 90 days. If your pre-approval has expired by the time you are ready for unconditional approval, your broker will need to renew it. This usually means re-submitting your financial information to the lender. Try to keep your property search active so you do not waste time.
- **First Home Guarantee (5% deposit scheme):** As a first home buyer in Australia, you may be able to buy with as little as a 5% deposit through the Federal Government's First Home Guarantee scheme. This means you do not need to save a full 20% deposit, and you will not be charged Lender's Mortgage Insurance (LMI) — saving you thousands of dollars. There are a limited number of spots available each financial year, and there are **price caps on the property you can buy** depending on which state or territory you are buying in. For example, the cap in capital cities is different from regional areas. Make sure you check the current price caps at housingaustralia.gov.au before you start shopping, so you do not fall in love with a property that is over the limit. Your broker can confirm whether you qualify and apply on your behalf.
- **Stamp duty concessions:** Most states and territories offer stamp duty concessions or full exemptions for first home buyers. Stamp duty is a government tax on property purchases, and it can add up to tens of thousands of dollars on a typical home. As a first home buyer, you may pay little or no stamp duty at all depending on the purchase price and your state. Ask your conveyancer or broker to confirm what you are entitled to.
- **Settlement date:** Once your loan is formally approved, your conveyancer and the seller's conveyancer will agree on a settlement date. This is the day ownership of the property officially transfers to you. Settlement in Australia typically takes place 30 to 90 days after the contract is signed, depending on what was agreed. On settlement day, your lender transfers the loan funds to the seller, and you receive the keys.

TIP: Keep in close contact with your broker and conveyancer during this stage. Respond quickly to any requests for additional documents from the lender. The faster you respond, the faster your loan can be approved.

Congratulations — settlement day has arrived! This is the day you have been working toward. Your conveyancer will handle the legal side of the transfer in the background, and once everything is complete, your real estate agent will hand over the keys to your new home.

Settlement usually happens in the morning, and you can typically collect the keys by the afternoon. It is a good idea to call your real estate agent or conveyancer first thing on settlement day to confirm everything has gone through without any issues.

Now it is time to move in! Here are some things to organise to make moving day as smooth as possible:

- **Start packing early:** Do not leave packing until the last minute. Start going through your belongings a few weeks before moving day. Donate or sell things you no longer need — there is no point paying to move items you do not want in your new home.
- **Hire a removalist or borrow a truck:** For a larger move, hiring a professional removalist company is worth the cost. They have the equipment and experience to move your belongings safely and efficiently. If you are on a tight budget, hiring a moving truck and enlisting the help of friends and family is a great option. Just remember to shout them dinner or lunch as a thank you!
- **Connect your utilities before moving day:** Make sure your electricity, gas, and internet are connected and ready to go before you move in. You do not want to spend your first night in your new home without power. Contact your chosen energy and internet providers at least one to two weeks before your moving date to arrange connections.
- **Change your address:** Notify important contacts of your new address, including your employer, the Australian Electoral Commission (AEC), your bank, Medicare, the Australian Taxation Office (ATO), and any subscriptions or regular deliveries. You can redirect your mail through Australia Post for a few months while you update your address with everyone.
- **Do a final inspection:** Before or on settlement day, you are entitled to do a final inspection of the property to make sure it is in the same condition as when you signed the contract and that the seller has left everything that was agreed upon. Check that all the lights work, the appliances are functioning, and nothing has been damaged or removed.
- **Celebrate!** Buying your first home is a huge achievement. Take a moment to celebrate with the people who helped you along the way. You have worked hard for this — enjoy it!

TIP: Take photos of every room as soon as you move in, before you unpack. This gives you a clear record of the condition of the property on day one, which can be useful if any issues come up later.

★ BONUS ★

Pay Off Your Loan Faster

Most people just make their minimum home loan repayment each month and leave it at that. But here is a simple trick that can save you years of payments and thousands of dollars in interest — all without changing your lifestyle very much at all.

If you make **one extra repayment per year** that is equal to your normal monthly repayment, you can take approximately **four years off** a standard 30-year home loan. That means you could own your home outright four years earlier than planned — and save a huge amount in interest along the way.

Here is an example to show you how it works. Say your monthly home loan repayment is \$2,000. Over a full year, that is \$24,000 in total repayments. If you make just one extra payment of \$2,000 during the year — perhaps using a tax refund, a work bonus, or money you have saved up — your total payment for that year becomes \$26,000. If you do this consistently every year, the extra money goes directly off the principal (the amount you originally borrowed), which reduces the interest you are charged on the remaining balance. Over time, this snowball effect adds up to a massive saving.

There are a few other easy ways to make extra repayments without feeling the pinch:

- **Switch to fortnightly repayments:** Instead of paying once a month, split your monthly repayment in half and pay that amount every two weeks. Because there are 26 fortnights in a year (not 24 half-months), you end up making the equivalent of one extra monthly repayment every year without really noticing it.
- **Put windfalls straight onto your loan:** Any time you receive unexpected money — a tax refund, a cash gift, an inheritance, or a work bonus — consider putting some or all of it directly onto your home loan. Even a one-off extra payment of a few thousand dollars early in your loan can save you many times that amount in interest over the life of the loan.
- **Use an offset account:** If your loan has an offset account, keep as much money in it as possible. Every dollar sitting in your offset account reduces the balance your interest is calculated on. For example, if you have a \$450,000 loan and \$15,000 in your offset account, you are only charged interest on \$435,000. This can add up to a significant saving over time, and the money in the offset account is still accessible if you need it.
- **Round up your repayments:** If your minimum monthly repayment is \$1,847, consider rounding it up to \$2,000. The small extra amount each month adds up over time and helps reduce your loan balance faster.

The key is to start as early as possible. Because of the way home loan interest is calculated in Australia (on the daily outstanding balance), extra repayments made in the first few years of your loan have a much bigger impact than the same payments made later on. Even small amounts, made consistently, can make a big difference.

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