

## BE PREPARED FOR ADDITIONAL COSTS WHEN BUYING PROPERTY

First home buyers often don't realise that there are many associated costs when buying a property and so the budget can take a bit of a hit when these un-budgeted fees and costs are presented.

**Building & Pest Inspections:** This is one of those costs that can be higher than you first estimate. Not because the service is more expensive than you would expect but because you may need multiple reports for each house you are considering putting in an offer on. Costs will vary but will likely be around \$400 - \$600.

**Loan Application Fee:** The banks generally will apply a fee to the process of creating a mortgage account and this fee is usually in the hundreds. Depending on the lender and the loan amount it could be up to four figures.

**Mortgage insurance:** This is sometimes also called LMI – lender's mortgage insurance. If your deposit is less than 20 per cent then your lender will demand you take out insurance on their behalf. It's much better if you can avoid this cost. The amount depends on how much deposit you have and how much you're borrowing.

**Conveyancing and legal fees:** Unless you're a legal expert this is a crucial area that you would be ill-advised to skimp on. You need an advocate who can explain the fine detail of the contract to you. You also need someone who is experienced and efficient when it comes to all the searches that you need done when buying a house. Plan for between \$1500 and \$2500.

**Stamp Duty:** If you're a first home buyer, the good news is that you will likely be entitled to a stamp duty exemption on your home valued up to \$500,000. This exemption doesn't apply if you or your partner have had an interest in a property before this one. Stamp duty on a typical home can be up to \$20,000, so an exemption is highly desirable!

**Rates and utilities:** When you take possession of your property upon settlement, there's an adjustment for rates and utilities, which the vendor has likely paid to the end of the quarter. The amount you owe is often added to the purchase price of the property.

As long as you're prepared for these expenses you can budget for them. It often pays to haggle on any cost before it crops up. Most people, in this day and age, are prepared to negotiate, even the big banks!

-ENDS-

**Felicity Moore**  
**REIQ Media and Communications Officer**  
**M: 0408 020 428**  
**E: [media@reiq.com.au](mailto:media@reiq.com.au)**

