



FIRST HOME NOT SO CHEAP

We're about to buy our first home – can you shed some light on what kind of extra costs will be involved on top of the cost of the house? Does the 1st home buyers grant cover these expenses – or does it strictly have to go to the mortgage?

Lynsey & David, St Clair NSW

The purchasing of your first home I would say will probably be the biggest financial event in your lives.

It will definitely be your biggest purchase to date and you need to consider a range of costs that I have listed below. It is important to do a budget to decide whether you can afford to cover all of these costs as well as your regular expenses.

Purchase costs	<ul style="list-style-type: none"> • purchase price; • stamp duty (may be exempt or reduced for first home buyers); • legal fees; • searches & surveys; • pest & building inspections
Borrowing costs	<ul style="list-style-type: none"> • loan application fees; • mortgage insurance (if deposit less than 20%)
Initial living costs	<ul style="list-style-type: none"> • removalist; • new furniture; • insurance; • electricity, telephone and gas connections/bonds; • renovations (carpet, painting, kitchen, bathroom, etc)
Ongoing costs	<ul style="list-style-type: none"> • interest on mortgage; • council rates; • water rates; • strata levies/body corporate (if you have a unit); • repairs; • extra travel costs
Selling costs	<ul style="list-style-type: none"> • legal fees; • agents commission;

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| | <ul style="list-style-type: none">• capital gains tax (if an investment property) |
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Don't underestimate renovation costs. I can tell you from experience that once you start cleaning up one part of the house then the rest starts looking old and haggard. Sometimes it is better to save money by not improving anything!

The First Home Owners Grant is applied for and paid to you separately. It will not cover all costs of purchase, but will definitely assist you in meeting some of them.

It may seem strange to include selling costs when you haven't even purchased anything but these are high costs that need to be factored into every property purchase.

To obtain more information about the First Home Owner's Grant in your state or territory go to www.firsthome.gov.au.