



The real cost of buying your own home

Are you ready to take the leap into home ownership? We take a closer look at the costs involved, beyond the purchase price, so you can be sure your budget is realistic before you make any commitments.

Buying your own home is a very big step in establishing your financial security and the biggest financial commitment you're likely to make. If you're looking to purchase a home, you have probably been saving your deposit for some time. It is worth considering the costs involved so you can be sure you have enough in your buying budget.

Costs you will need to pay when you buy a property

1. There are inspections you should consider arranging, including pest and building inspections. These assess the property's structural soundness thoroughly for any defects and identify any pest activity which may be causing internal damage to the structure of the property. A building inspection can cost you \$400-\$1,000 and a pest inspection can cost from \$300. However, if you combine these inspections, you could save a couple of hundred dollars.
2. You should also consider a strata title inspection if you are buying a unit or townhouse under strata laws. This inspection provides a health check on the sinking fund and any past maintenance or repair issues - costs may vary from \$250-\$500.
3. Your solicitor or a licensed conveyancer is required to navigate the legalities of purchasing a property. Expect to pay between \$900-\$2,200 plus any disbursements (these include a title search, building certificate, 149 Certificate, sewer diagrams, local council rates certificate, land tax clearance certificate etc). Your solicitor or conveyancer reviews the contract and checks the properties title for any caveats, liens, right of way or other possible issues like potential zoning changes or redevelopments nearby. These can all have a big impact on the value of the property.
4. You should consider taking out building insurance once you have exchanged contracts. Your insurance premium will depend on the location, value, size, age and type of material that the property is constructed from. Budget on over \$1,000 per annum, this can usually be paid in monthly instalments.
5. If you have less than a 20 per cent deposit, lenders mortgage insurance (LMI) can help you into your home sooner, so you can begin paying off your loan and potentially start building equity too. LMI insures your lender in case you default on your home loan. Your lender will advise you on the one-off cost of LMI, if required, when you are discussing your loan options.
6. You will also need to pay Transfer Registration and Mortgage Registration fees. These vary by state and can cost you approximately \$100-\$400.
7. One of the largest costs is a state government tax called stamp duty or transfer duty, which varies by state and is generally charged as a percentage of the purchase price. Your solicitor/conveyancer or real estate agent will be able to provide you with an accurate estimate based on the price you are looking to pay for the property.
8. A Loan Application fee (also known as an Establishment or Loan Approval fee) may also be payable to your lender. \$600 is a common fee charged. Sometimes banks will have promotions to waive this fee so shop around and see what you can negotiate.

9. A property valuation will be required by your lender. Expect to pay between \$300 and \$600. This fee can often be capitalised onto your loan rather than paid up-front.
10. You'll also need to allow for the cost of reconnecting utilities like gas, phone and electricity (approximately \$80-\$100 per facility).
11. Don't forget the cost of removalists which will again vary based on how far you are moving and the volume of household items you might have.

Get some help

You may be eligible for government assistance through the First Home Owner Grant (FHOG) which varies from state to state. Generally this grant is payable if you are a first home buyer and purchase a brand new property under \$750,000.

For more information visit firsthome.gov.au

For more information

The LMI Toolkit on the Genworth website contains tools and resources that will assist you to better understand LMI and the mortgage market. Among these resources are It's My Home, our free home buyer magazine, fact sheets and videos that further explain LMI, the process of buying a home, and information on what you should do if you find yourself in financial hardship.

genworth.com.au/lmitoolkit

genworth.com.au/itsmyhome

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