



**Aboriginal
Housing
Office**



**NSW
GOVERNMENT**



Step-by-step Guide to Home Ownership

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2. **Preparing your loan application and obtaining pre-approval**
3. **Getting pre-approval**
4. **Additional costs**
5. **Preparing to buy and making an offer**
6. **Making an offer**
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8. **Building your home**

1. Sorting your finances

Sorting your finances includes getting on top of your debts, setting a budget and analysing your current spending. Please refer to the AHO's *Getting Ready for Home Ownership* factsheet that provides further information in sorting your finances prior to applying for your Home Loan application.

2. Preparing your loan application and obtaining pre-approval

Take the time to consider what home loan options work best for you and your situation when looking for a home loan product including IBA, banks, financial brokers or mortgage brokers. Mortgage brokers work with multiple lenders and can provide you with advice on what loan options could be best for you and what you can do to ensure you are more likely to be successful in securing a loan.

There are a range of questions that lenders may look at when assessing your home loan application, including;

- Can you afford to repay a loan?
- Do you have a regular savings history and a steady, reliable source of income and a steady employment history?
- Do you currently live within your income?

Please note this factsheet only provides general information.



- Do you have any debts (for example, credit cards, loans or Afterpay)?
- What is your credit rating (i.e., your history of repaying and managing debts)?
- Do you have an understanding of Lenders Mortgage Insurance (LMI) and how it applies to your loan?

3. Getting pre-approval

Working with your chosen lender in advance ensures you know how much you can borrow before you start looking for your dream home. Most pre-approvals last three months but this may be extended, depending on the lender.

4. Additional costs

Additional costs that are separate from your deposit, that you may need to cover include:

- Stamp Duty varies depending on the property purchase price (exemptions for first home buyers for homes valued up to \$800,000 and AHO tenants)
- Mortgage Registration Fee and Land Transfer Registration Fee
- Loan application/establishment fees
- Legal/conveyancing fees
- Settlement adjustments (rates/water/strata). These reflect bills paid by the previous owner that also cover time that you own the house
- Pest, building and strata inspections (vary from provider to provider).

5. Preparing to buy and making an offer

When you are ready to start looking to buy, and you know how much you can spend, make a list of the key things you are looking for in a home to suit you and your family's needs.

Real estate websites such as www.domain.com.au and www.realestate.com.au are both good places to start looking to see what is available. You may like to register your name with local real estate agents in the area you want to buy.

For more information, go to <https://www.fairtrading.nsw.gov.au/housing-and-property/buying-and-selling-property/>

6. Making an offer

Before submitting an offer to the agent, or seller, have your finance pre-approved and research prices for similar homes in the same area. Get a copy of the sale contract and have it examined by either a licensed conveyancer or solicitor.

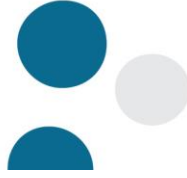
For more advice on making an offer, go to <https://www.fairtrading.nsw.gov.au/housing-and-property/buying-and-selling-property/buying-a-property/making-an-offer>



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7. Contacting a solicitor or conveyancer

Once you have decided to purchase a property, your licensed conveyancer or solicitor will act on your behalf to help with the legal requirements. At the time of the exchange, you will be required to pay a deposit. Generally in NSW there is a five business-day cooling-off period after you exchange contracts to change your mind.

Settlement usually takes place around four to six weeks after contracts are exchanged. This is when you pay the rest of the sale price and become the legal owner of the property.

8. Building your home

Buying a block of land and employing a builder to build your home has separate costs. You need to be able to afford both the purchase of the land and construction costs.

When choosing a block of land, you should ensure that it is registered and there are no restrictions that could affect the building of your home including zoning restrictions. You should check the Section 149 certificate from local government for further information on zoning restrictions and other restrictions that may impact suitability of the property.

For further information on building your own home please refer to:

- <https://www.fairtrading.nsw.gov.au/housing-and-property/buying-and-selling-property/buying-a-property>
- <https://www.nsw.gov.au/housing-and-construction/home-buying-assistance>

