

First Home Buyers



Workbook 1



Loan
Capacity



Government
Grant



Transfer
Duty



Property

Mortgage Finance

How much can I borrow?

The Three "C"s of Credit

Your lender will examine all of the following areas to determine your loan eligibility:

» Character

Do you pay your bills on time? The lender will review credit reports, loan statements, etc.

» Capacity

Can you repay your debts? All lenders conduct serviceability assessments.

» Collateral

What security do you have? A lender will instruct a licensed valuer to provide them with a market report for the property.

Unless you qualify in ALL areas, finance may be declined.

The lending market is more complex today than at any other time in our history. An experienced mortgage broker will have over 50 lenders on their lending panel, and there are literally hundreds of options for borrowers to choose from.



Role of a Mortgage Broker

» Understand your needs

The Broker will find out as much as possible about your circumstances and goals.

» Work out your borrowing power

Your Broker will calculate how much you can borrow and how much you can comfortably afford to repay.

» Compare loans to find the right one

Your Broker can compare hundreds of home loans from over 20 lenders, including the big four banks, to quickly narrow down your choices to the ones that best suit you.

» Answer your questions

Brokers have a wealth of knowledge that they're only too happy to share.

» Do all the legwork

The Broker will prepare all of the paperwork and support you through the entire process.

» Help you with pre-approval

The Broker could help you get pre-approval for your home loan so you can buy with confidence.

Loan Pre-Approval

You don't need to find your new home before you can apply for a loan.

Some lenders provide a loan pre-approval – subject to meeting required terms and conditions. This is where your loan limit is approved for a certain time (usually around six months), and providing your circumstances have not changed you'll know exactly how much you can afford to pay for a property.

5 Key Requirements

- 1 Minimum 12 months renting (lease in same name as sale contract)**
- 2 First Home Buyer Eligible for QLD Grant of \$15,000**
- 3 Full time employment 6 months or casual 12 months**
- 4 Minimal existing debts**
- 5 Clear Credit File**

My Notes

Loan Capacity Test

Name:

Email:

Contact number:

Assets

Cash:

Property – residence:

Property – investment:

Shares:

Other investments:

Superannuation:

Total personal assets:

Gross income: 1.

2.

Liabilities

Mortgage – residence:

Mortgage – investment property:

Credit cards:

Taxation:

Personal loans:

Other:

Total current liabilities:

Business assets:

Business debt:

Overdraft:

Lines of credit:

Credit impaired or bankrupt:

Banker:

Accountant / Financial Adviser:

Net equity position:

The First Home Owner Grant

The First Home Owner Grant (FHOG) is a source of financial support for first home buyers. It's a one-off, tax-free payment to people buying their first home. State and territory governments hand out the FHOG on behalf of the Federal Government.

So what is the current situation in Queensland?

Broadly speaking, the main conditions that determine eligibility follow...

First Home Owners' Grant Eligibility

- » You must be an Australian citizen or permanent resident buying or building your first home in Australia.
- » The property you buy must be a recognised house or unit specifically designed for people to live in.
- » You or your partner must not have purchased a home in Australia before.
- » You must occupy the home for a period of at least 6 months within 12 months of settlement or within 12 months of building completion if it's a newly built home.
- » You must apply for the grant within 12 months of settlement or building completion.
- » The grant will be paid at the time of settlement or building completion.
- » Contracts must be exchanged between the buyer and seller before any cut-off dates.
- » You must be at least 18 years of age.
- » You must be buying or building a brand new home, valued under \$750,000.

First Home Concession Duty

When you buy land in Queensland that you'll use for your first home, you may be able to claim a concession that reduces the amount of duty you have to pay.

Purchase Price / Value	Concession Amount
Up to \$504,999.99	\$8,750
\$505,000 to \$509,999.99	\$7,875
\$510,000 to \$514,999.99	\$7,000
\$515,000 to \$519,999.99	\$6,125
\$520,000 to \$524,999.99	\$5,250
\$525,000 to \$529,999.99	\$4,375
\$530,000 to \$534,999.99	\$3,500
\$535,000 to \$539,999.99	\$2,625
\$540,000 to \$544,999.99	\$1,750
\$545,000 to \$549,999.99	\$875
\$550,000 or more	Nil

Single Buyers

The biggest challenge facing single buyers is meeting lenders' qualification ratios with one income.

Unmarried couples are encouraged to document a partnership that stipulates their shares of the deposit and mortgage payments, home maintenance costs, and rights and share of ownership.

Unmarried status is not necessarily an impediment to financing since a lender's top concern is ability to pay. It can be a problem, however, if one of the partners has a troubled credit history.

First Home Super Saver Scheme

From July 2018 individuals will be able to apply to withdraw voluntary contributions made to super after 1 July 2017 for a first home purchase. These contributions include:

- » Both undeducted (non-concessional) personal contributions and deducted (concessional) personal contributions.
- » Salary sacrifice contributions.
- » Up to \$15,000 of voluntary contributions made in a financial year count towards the amount that can be released. The maximum amount that can be released is \$30,000 of personal contributions plus associated earnings.

Concessional contributions and earnings that are withdrawn will be taxed at marginal rates less a 30 percent offset.

Concessional contributions are salary sacrifice amounts or contributions for which a tax deduction has been claimed. These are taxed at 15%.

Non-concessional contributions – these are made after tax or where a tax deduction has not been claimed.

My Notes

Paying your mortgage off quickly

Mortgage products known as all-in-one loans or 100 percent offset loans allow you to use your mortgage as your key financial product. This means you have one account into which you can pay all of your income and draw from for your living expenses by using a credit card, EFTPOS or a chequebook, as well as making your mortgage repayments. These types of accounts can make a huge difference to the speed at which you pay off your loan.

Because your whole pay goes into your mortgage account you are reducing the principal on which interest is charged. Careful use of this sort of product can get you thousands of dollars ahead of where you'd be with a *"plain vanilla, pay once a month"* home loan.

However, it's not unusual for dedicated borrowers using these types of loans to cut the term of a 25 year-old loan to less than ten.



My Notes

Loan payments

House & Land	Cash	Weekly Repayments
\$400,000	\$16,000	\$446
\$430,000	\$18,500	\$480
\$450,000	\$20,000	\$502
\$470,000	\$22,000	\$525
\$480,000	\$22,500	\$536
\$490,000	\$23,500	\$547
\$500,000	\$24,000	\$558
\$510,000	\$25,000	\$569



My Notes

New House & Land Packages



Our property service has been designed to get clients “investment ready” before they put their loan funds or investment capital at risk... our aim is to actually create a roadmap for you that will ensure your future success as a property owner / investor.

In the SE corner of Queensland we have a network of builders and developers with whom we have worked for the last 15-20 years – providing residential house & land packages for First Home Buyers and Investors just like you. Our strategic alliance with the Independent Builders Network gives us access to over 30 builders and 100+ home designs and floor plans.

Where packages are to be constructed we become your “feet on the ground” and oversee the process through to completion for you. We also arrange where required – independent valuations, building & pest inspections and local solicitors to manage the conveyance.

In simple terms we do the leg work for you...

New House & Land Packages continued...

Building a house is not as straight forward as choosing a design and signing a contract, there may be a number of costs which can quickly impact your budget. We will prepare a due diligence check list to ensure that you are aware of these costs before you sign a contract.

Considerations:

- 1** If your block of land is not completely flat and your soil not right, there are going to be additional costs. If your block needs cutting, filling, retaining or your land is in a flood or bushfire zone, these are just some of the extra costs you may come across when building a house.
- 2 Site Costs:** Are largely based on the soil and contour reports. The worse the soil results and the larger the slope, the higher the site costs. Difficult access to your site will also mean you are likely to incur higher costs. Are there trees that will need to be removed?
- 3 Soil:** Before any builder can give you a fixed quote for a build they will need to have a surveyor do a soil test and provide a contour report. Soil and Contour reports can cost upwards of \$750.
- 4 Slope:** Contour report – Surveyors map the land to show the slope of the property. Your plans may need to be adjusted based on the slope of the land and the way the block slopes, e.g. sloping from the front of the block down to the back etc. so if your block of land has a slope then you will incur extra costs. Generally speaking the larger the slope the greater the cost. Excavation work, retaining walls and cut and fill are almost always required on sloping blocks. Sloping blocks also often require extra foundation work to ensure the building surface is level – all of which come at an extra cost.



New House & Land Packages continued...

- 5 Bushfire & Flood Zones, Acoustics:** If you live in an area that is close to the bush your property may have a Bushfire Attack Level (BAL) rating so you may require a bushfire assessment report.

This is also the case for flood zones as the building will need to be redesigned to adhere to council planning department requirements.

An Acoustic assessment will also be required should your property be in a 'noise' zone such as under an air plane route, near train lines or a major highway to reduce the noise levels inside your new home.

- 6 Block retaining / Fill / Cutting:** You can assume you will need to employ a structural engineer if your retaining wall is over a metre in height and in some areas as low as 600mm, this a requirement by law in Australia. The choices for your retaining wall include: boulders, timber, blockwork, concrete etc. at varied costs. All of these will add extra costs to the retaining wall.

- 7 Council Costs:** Each council has different fee structures depending on what your application is for. They will include a lodgement fee and then the fees depending on the application to be processed.

My Notes

Full Turn Key Package

DBC Homes have specially designed packages that are perfectly tailored for a range of owner occupiers or savvy investors.

We offer fixed price, full turn key multi-residential and single dwelling packages. Our professional and experienced team guide you through every step of your build.

Full turn key means that everything is ready for you to move straight in once the keys are handed over. The home is complete including all flooring, window coverings, fly screens, clothes line, driveway, turf and even the letterbox.



Electrical

Energy efficient lights & ceiling fan light combinations
Reverse cycle split system inverter air conditioner



Data

Telephone points ■ TV antenna
NBN termination box ■ Data point



Windows & Flooring

Roller blinds to windows & sliding doors
Security screens to front & alfresco doors
Fly screens to openable windows
Ceramic tiles & carpet throughout



Fittings

Chrome tapware & towel rails
Quality doors & hardware
Satin or chrome front door lockset



Landscaping

Turf to yard (up to 405m²)
Concrete driveway ■ Metal letterbox
Clothesline ■ Fencing



Kitchen

20mm stone benchtops
600mm stainless steel oven ■ Rangehood
Cooktop ■ Dishwasher



ADAPTABLE LIVING

BY INDEPENDENT
BUILDERS NETWORK

Building Tomorrows Home Today



Young Families

Sports Injuries

Disabled

Elderly

The difference between a standard home and Adaptable Living homes...

The core elements that differentiates between standard and adaptable living homes can be summarised as follows:

- 1 A safe continuous and step free path of travel from the street entrance and/or parking area to dwelling entrance that is level.
- 2 At least one, level (step-free) entrance into the dwelling.
- 3 Internal doors and corridors that facilitate comfortable and unimpeded movement between spaces.
- 4 A toilet on the ground (or entry) level that provides easy access.
- 5 Reinforced walls around the toilet, shower and bath to support the safe installation of grab-rails at a later date.
- 6 Stairways are designed to reduce the likelihood of injury and enable future adaption.
- 7 A bathroom that contains a hob-less shower recess.

EXCLUSIVE TO THE INDEPENDENT BUILDERS NETWORK



Your Home - Your Builder

First Home Buyers Unplugged

Would I be eligible for financial assistance by building an Adaptable Living home?

Can I be an investor in an Adaptable Living home?

There are no restrictions on investors building homes that meet the Liveable Housing Guidelines. In fact the Federal Government is relying on the private sector to help provide the needed housing required to support those families covered by the NDIS and Specialist Disability Accommodation (SDA). SDA refers to specialist accommodation for people who require integrated housing and independent living supports. It is generally for people with very high support needs.

While most NDIS participants will have their housing needs met through options delivered by the jurisdiction in which they live, historically SDA was, and still is, in short supply.

The NDIA estimates that around 6 per cent of total NDIS participants currently around 28,000 people will require SDA.

To meet this level of demand, the supply and availability of SDA needs to grow. To support

this the funding available to participants for SDA has been designed to attract investment. At full Scheme, total funding for SDA is expected to be around \$700 million per year. This level of funding is expected to lead to investment in the development of new high quality, fit-for-purpose SDA which will increase availability. All investors should undertake their own due diligence.

Owners that have complying properties may register it with the NDIS and if a tenant is secured an additional rental premium (up to 50% of market rent is payable for the life of the tenancy).

Adaptable Living homes are designed to be more versatile, to better meet the changing needs of the occupants over their lifetime and as such there would not be any change in the process for applying for a home loan.

Call us now for additional information on this unique new housing package!



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