

Buying Your First Home

Purchasing your first home is an exciting and potentially rewarding experience. It will no doubt be one of the largest financial commitments you will make in your life, so it pays to be well prepared. Your Accredited Mortgage Consultant will cover the information contained in this guide in greater detail during your interview, but should you have any questions please feel free to contact them at any time.

How much deposit is required?

There is no definitive answer because there are many variables when purchasing a home. The minimum deposit required can range from zero to 5%, depending on the Lender and the type of loan product. Some lenders require you to provide proof of your genuine savings via bank statements. These statements will need to demonstrate that you have saved your deposit over a minimum period of at least 3 months, and in some cases, 6 months. Money saved 'under the mattress', gifted from another person, or from the sale of a car or other lifestyle assets does not count as genuine savings.

Further more, you will require sufficient funds to cover the government duties and fees associated with the purchase. This can add another 4-6% of the purchase price to the cost of the home but need not come from genuine savings. If eligible, First Home Owner Grants can assist towards these costs.

There are also guarantee options for those with no or little deposit. Please refer to the Low Deposit Options information sheet for details.

How much of the property value can you borrow?

There are some lenders who will allow you to borrow up to 100% of the purchase price or valuation (whichever is the lesser), and you do not require any genuine savings. Be aware that the greater the percentage you borrow against the value of the house, the higher your fees and interest rate may be. Your Accredited Mortgage Consultant can advise you of your options.

Lenders Mortgage Insurance

Lenders Mortgage Insurance is required if you are borrowing 80% or more of the valuation or purchase price (whichever is the lesser). Lenders Mortgage Insurance is not a protection for the purchaser, it is simply a fee that covers the cost for the Lender to get insured, against any loss they may incur with your loan should the loan go into default.

The more deposit you have saved, the less Lenders Mortgage Insurance you are required to pay.

HomeStart Finance

Bernie Lewis Home Loans is one of four Accredited Loan Managers for HomeStart Finance. Provided you are a South Australian resident and can save a minimum of \$1,000 over a minimum 3 month period or provide 12 months satisfactory rental payment history, you may qualify for a HomeStart loan. HomeStart can also lend up to 100% in certain circumstances.

First Home Owner Grants

There is financial assistance available via first home owner grants. Please refer to the First Home Owner Grants information sheet for further details.

The Purchase Contract

The contract to purchase a home, once correctly executed, imposes a legal obligation on both you and the seller to fulfil its requirements on the agreed date, at the agreed price and to satisfy any conditions imposed by either party. If you change your mind about a property once you have signed the contract, after the initial 2 day cooling off period, you may lose your deposit and incur costs associated with or arising from the re-sale.

If you require a loan to purchase the property, we recommend that you sign the contract with a 'Subject to Finance' clause. If buying at auction, a finance clause is generally not acceptable. Please discuss this with your Accredited Mortgage Consultant before committing to a contract.

Finance Pre-Approval

Before looking for your first home and committing to a purchase, it is strongly recommended that you obtain finance pre-approval from a lender. Your Accredited Mortgage Consultant will be only too happy to meet with you to discuss your options, choose a suitable lender and complete the necessary applications to obtain your pre-approval.

This has the following benefits:

- You will know exactly how much you can afford to borrow and therefore the price range applicable to your situation.
- You will be able to plan your repayments within your budget.
- The lender can fully approve your loan once you have signed a contract, and valuations and mortgage insurance approvals (if required) have been obtained.
- Finance pre-approval from a lender is free of charge unless you request a valuation on the property prior to signing a contract. However, the valuation fee will be deducted from the application fee if you proceed with the purchase of that property.

The service provided by Bernie Lewis Home Loans is at no cost* to you.

* Except some private mortgage lenders, some personal loans and some leasing/hire products for business purchases.

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