

The hidden costs of buying a home

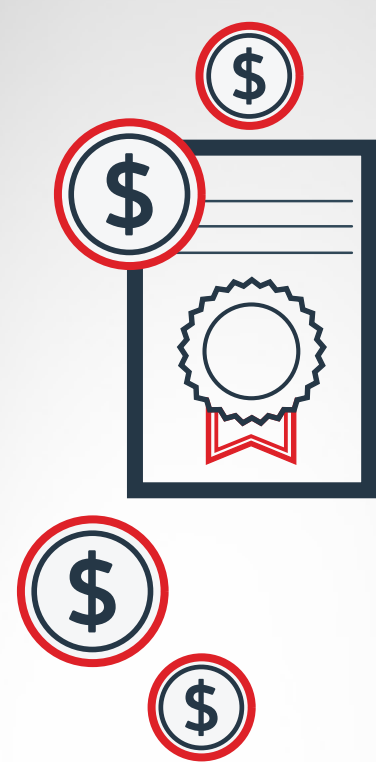
Don't get overwhelmed as you take this big step.

Apart from saving for a deposit and making monthly mortgage repayments, there are a number of other costs you need to consider when you are buying a home.

This guide helps you to understand some of the costs that can add up. Read on so you can be well prepared before signing on any dotted line. Note that some fees may vary from Lender to Lender.

Administrative costs

Legal fees



You'll need a solicitor or conveyancer to do the documentation for buying your property.

Government fees and stamp duty



Government fees include a transfer registration fee and stamp duty. The amount depends on things like which state you live in and whether you're a first-home buyer. Check with your lender to know what other government fees are applicable to your home loan application.

Use our [stamp duty](#) calculator to work out what you'll pay.

Buyer's agent fees



Fees vary with the services, but you're looking at paying an engagement fee in advance, or a percentage of the purchase price of the property you buy.¹

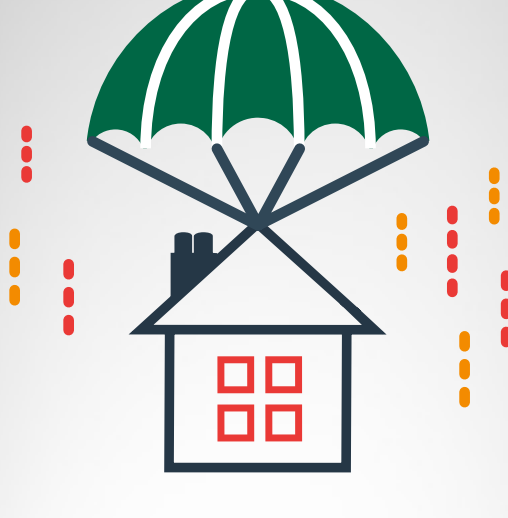
Protection costs

Risk fee



You might be required to pay a risk fee, like LMI, if you are unable to put down a deposit of at least 20% of the property purchase price.²

Home insurance



Home insurance covers the cost of loss or damage to your home. It's also often bundled with a contents insurance policy that protects your possessions from loss or damage. Talk to your insurance provider to work out the right amount of cover.

Income protection



Income protection insurance allows you to keep up with your payments for a certain period, in the event of loss of income if you're injured or ill.³

Another option is mortgage protection insurance that can cover your home loan repayments.

Essential practicalities

Utilities and connections



You'll need to put aside a certain amount to connect your water, electricity and gas, as well as things like a phone line and internet.

Inspection (building and pest)



It pays to inspect the property before you buy - a qualified inspector can spot potential problems that you might have overlooked.

Moving costs



The cost of moving house is something to think about. You can opt to do the heavy lifting with the help of friends and family, or pay for removal services.

Maintenance fees

Council and water rates



Building and property owners pay council and water rates to the state government, so they vary depending on where you live. Think of these fees as your contribution to the upkeep of your neighbourhood.

Strata fees



If you own a unit in an apartment block, you'll need to pay strata fees, which go towards general management of the building and the complex's common areas.⁴

Strata fees can amount to a pretty significant sum, and vary depending on where you live and the type of building you live in.

Renovation (if needed)



If needed, you'll also need to factor in the cost of renovating your home before - or after - moving in.

Make sure you weigh the cost of renovation against what you're paying to buy the home.

Financing costs

Home loan fees



When you take on a home loan, you might be required to pay:

- A loan establishment fee.
- A valuation fee for the lender to assess the value of your home.
- A discharge fee, if you are exiting a prior home loan agreement.

Mortgage repayments



You'll need to make your mortgage payments at least once a month. The sum you'll pay depends on your loan type, your lender, and the amount you borrow.

Use our [Mortgage Repayments Calculator](#) to determine how much your repayments might be.

Loan administration fees



Many lenders charge a 'service' or administrative fee that accompanies each of your mortgage repayments.

Sources:

1. <https://rebaa.com.au/buyers-agents/>
2. <https://www.moneysmart.gov.au/borrowing-and-credit/home-loans/fees#insurance>
3. <https://www.moneysmart.gov.au/insurance/life-insurance/income-protection>
4. <http://www.domain.com.au/advice/minimise-council-rates-strata-costs/>

Thinking of buying a home?

Check out our Home Loan Pre-Approval tool to find out how much you can borrow in 5 simple steps.

Alternatively, to discuss your home loan options, talk to a Pepper Money Lending Specialist on 13 73 77 or speak to an accredited Pepper Money broker.