

The forgotten costs of buying a home

Application & establishment fees, stamp duty + more.

When taking out a mortgage, many people forget to consider the associated fees and expenses. Here are some of the extra costs that you'll need to consider when you take out a home loan.

Home loan application fees

Most lenders charge a home loan application fee. This can range from loan to loan, and covers:

- Loan contracts
- Property title checks
- Credit checks
- Attending a settlement

Mortgage fees and costs

- Mortgage establishment fees – Lenders & brokers generally charge a mortgage establishment fee – a fee for setting up a mortgage.
- Property valuation – A third party chosen by the lender, is appointed to determine the value of your land and improvements.
- Mortgage registration – Your Mortgage deed needs to be registered with the government.
- Mortgage stamp duty – Some State Governments charges stamp duty to register your mortgage.
- Lenders mortgage insurance – If you don't have 20% of the purchase price or the value of the property, the lender will require you to pay for a lenders mortgage insurance policy that covers their risk in the event you default on your repayments.

Property fees and costs

- Building, Pest and Electrical Inspection fees – It's wise to have your property inspected for any structural or electrical problems and for pests (e.g. termites).
- Stamp duty – Governments charge Stamp Duty to transfer the ownership of a property.
- Registration of transfer fee – The new owner of the property needs to be registered at the Land Titles Office.
- Legal fees – You generally need to pay a Solicitor of Settlement Agent to handle the transfer of ownership of the property on your behalf



- Home & contents insurance – Most homeowners insure their home and contents against a range of threats: burglary, fire, storm, etc. Lenders insist that your property is insured while you have a mortgage.
- Life and income protection insurance – Borrowers should consider protecting their incomes and themselves while they have a mortgage.
- Utility costs – Connecting electricity, gas and telephone can attract a fee.
- Council Rates – Your local council charges rates to cover garbage collection and a host of other services.
- Water Rates – The water corporation charges rates for the supply and upkeep of water to your property.
- Body corporate fees – If you buy an apartment or Strata Titled property, body corporate fees are charged, and some fees can be significant – particularly if the building is in need of a major work (e.g. concrete cancer, security upgrade, new hot water system, etc) or if there are lifts, pools and other communal facilities.
- Maintenance costs – Don't forget to make provision for regular maintenance on your home – even if you decide not to undertake significant renovation.

To learn more about the hidden costs of buying a home, talk to your Chocolate Money Advisor today by calling 1300 137 539 or email info@chocolatemoney.com.au .



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