



*First Home Buyers Workshop*

# The First Home Owner Grant

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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....



**\$15,000**  
**First Home**  
**Buyers Grant**

# Eligibility

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- 1) You must be an Australian citizen or permanent resident buying or building your first home in Australia
- 2) The property you buy must be a recognised house or unit specifically designed for people to live in
- 3) You or your partner must not have purchased a home in Australia before
- 4) 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
- 5) You must apply for the grant within 12 months of settlement or building completion.
- 6) The grant will be paid at the time of settlement or building completion
- 7) Contracts must be exchanged between the buyer and seller before any cut-off dates.
- 8) You must be at least 18 years of age.
- 9) You must be buying or building a brand new home, valued under \$750,000.

# First Home Concession Duty

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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

## Example

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You sign an agreement to buy a house in Queensland that will be your first home.

The amount you agree to pay is \$465,000. You will occupy the home immediately after settlement, so you claim a first home concession for the transfer duty.

Because the value of the home is within the \$350,000 to \$540,000 range of the home concession rate, duty is first assessed at:

\$3,500 plus \$3.50 for each \$100, or part of \$100, over \$350,000.

The first home concession amount is then subtracted from the result.

This is how the duty is calculated:

\$3,500 (for the first \$350,000)

+ \$4,025 (\$3.50 for every \$100 in \$115,000, the balance above \$350,000)

= \$7,525 (the transfer duty using the home concession rate)

– \$8,750 (the first home concession amount for homes valued less than \$504,999.99)

= \$0 (no transfer duty is payable when a first home concession is claimed on a home valued \$500,000 or less)



# Single Buyers

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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.



# Role of a Mortgage Broker

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**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

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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.







With over 100-members in Victoria, Tasmania, New South Wales, Queensland, South Australia and the Australian Capital Territory, Independent Builders Network is a name you can trust.

IBN deliver designs that reflect the real lifestyle of the now and not mass marketed floor plans that are designed to just be a 'cheap' house. IBN offer bespoke living opportunities without the price tag, providing you with a custom home at a very competitive price – dealing direct with the actual builder.





IBN builders are personally selected, highly experienced, qualified builders.

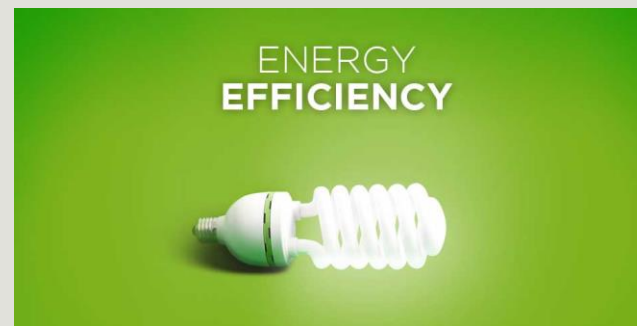
IBN builders are dynamic, professional industry leaders.

You will deal directly with your own builder throughout your build, not just a salesman.

IBN's expanding national network and exclusive supplier agreements mean that builders can offer you competitive pricing through combined buying power.

The IBN house design library comprises of over 100 unique house designs & 60 house façade options.

IBN use leading brands to give you the best quality products and finishes.



IBN are flexible with their plans, if don't like something then you can change it.

IBN specialise in energy efficient housing

# Rentvesting

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Many young people (approx. 15%) are choosing to make their first property purchase an investment property.

The practice is known as “rentvesting” and involves purchasing a rental property as an investment while renting another property in which to live.

This figure rises to 24% in New South Wales and 20% in Victoria – home to two of Australia’s most expensive state capitals.

According to many experts, rentvesting is a great for first first-home buyers to enter the property market.



# Rentvesting

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Essentially, the rent-and-invest strategy is to buy an investment property first, and rent where you want to live.

“It’s a tactic that overcomes financial obstacles and exorbitant property prices, because you can buy in a location that fits your budget and then rent in a location that suits your lifestyle.”

But what determines a smart location? Look no further than Brisbane middle-ring suburbs.



# Co-borrowing

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Co-borrowing' is a growing trend in the property market....

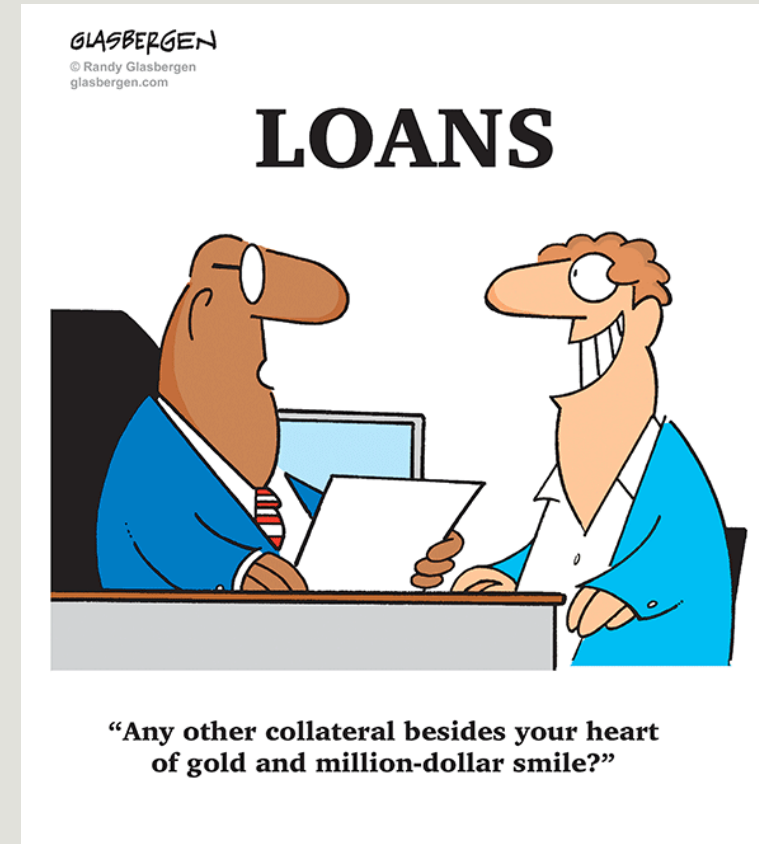
- By combining your resources, you and your co-borrower(s) are likely to have greater 'buying power'.
- It can be quicker to raise a deposit, and you may be able to put down a larger buying deposit
- It may be easier to meet the repayments with two salaries, which gives you both a bit more flexibility
- It's important to note that even if both parties are eligible for the First Home Owner Grant, only one Grant will be received.

The key to success is having a strong relationship with your co-borrower, planning ahead for how you will share the rewards and costs of owning a home, and have a legally-binding contract drawn up to address all these issues.

# Co-borrowing – the Contract

This contract needs to cover things like:

- 1) Maintenance
- 2) Payment for damage or renovations
- 3) What happens if one co-owner wants to sell up further down the track?
- 4) A contract is also essential because if one person defaults on a loan payment, the other person is often liable.
- 5) A contract also becomes critical if there is a breakdown in the relationship and one of the parties decides to opt out.





## First home super saver scheme

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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:

- 1) Both undeducted (non-concessional) personal contributions and deducted (concessional) personal contributions.
- 2) salary sacrifice contributions.
- 3) 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 per cent 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.

# Guarantor Home Loans

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These loans are now the *only way* to borrow between 100% and 110% of the purchase price of a property.

How much you can borrow using a guarantor loan may depend on what type of borrower you are:

**First home buyers:** 105% of the property value

**Construction:** 105% of the total land value and cost of construction.

**Refinancing:** 100% of the property value.

**Debt consolidation and purchase:** 110% of the property value.

**Investors:** 105% of the value of your investment property.

## How do guarantor loans work?

Your guarantor will provide a guarantee for your home loan which is secured on their property. In most cases, this is your parents assisting you to buy a home.

The idea is for you to get into the property market sooner. Once you have paid off part of your loan or your property has increased in value, then you can apply to remove the guarantee.

Guarantor loans have become very popular in recent years as they cost less than standard home loans, they allow you to buy without a deposit and some lenders now allow you to limit the size of the guarantee.

# What are the benefits of a guarantor loan?

Recently, no deposit home loans have been withdrawn from the market which makes guarantor loans the only way to borrow 100% or more of the purchase price. The benefits are:

- 1) You don't need a deposit, allowing you to buy a home now.
- 2) Save money by not paying an LMI premium
- 3) Discounted interest rates are available from some lenders.
- 4) You can consolidate some minor debts, such as credit cards, when you buy your home.
- 5) You can limit the size of the guarantee.



## Paying your mortgage off quickly

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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.

## First Home Buyer Specialist – Alyson Eady

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Over the years I have worked with hundreds of first home buyers and looking back I can say that most of these people were simply not prepared for what was to become one of the biggest financial steps that they would ever take....

Being properly prepared will certainly help you manage the emotional roller coaster that lies ahead.

Buying and selling property is our business and we have a network of builders and developers throughout South-East Queensland who specialize in quality house and land packages in the growth corridors....ask for a copy of our stock-list today, you won't be disappointed



Warwick Hoy

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Warwick has been in the finance industry for over 20 years, the last 11 as a Senior Mortgage Broker writing home loans for hundreds of loyal clients.

He has resided in Forest Lake since 2008 and has a excellent knowledge of the western suburbs market.

First home or investment property .

Warwick is available at short notice either at your home, in his office and at a convenient time for you.



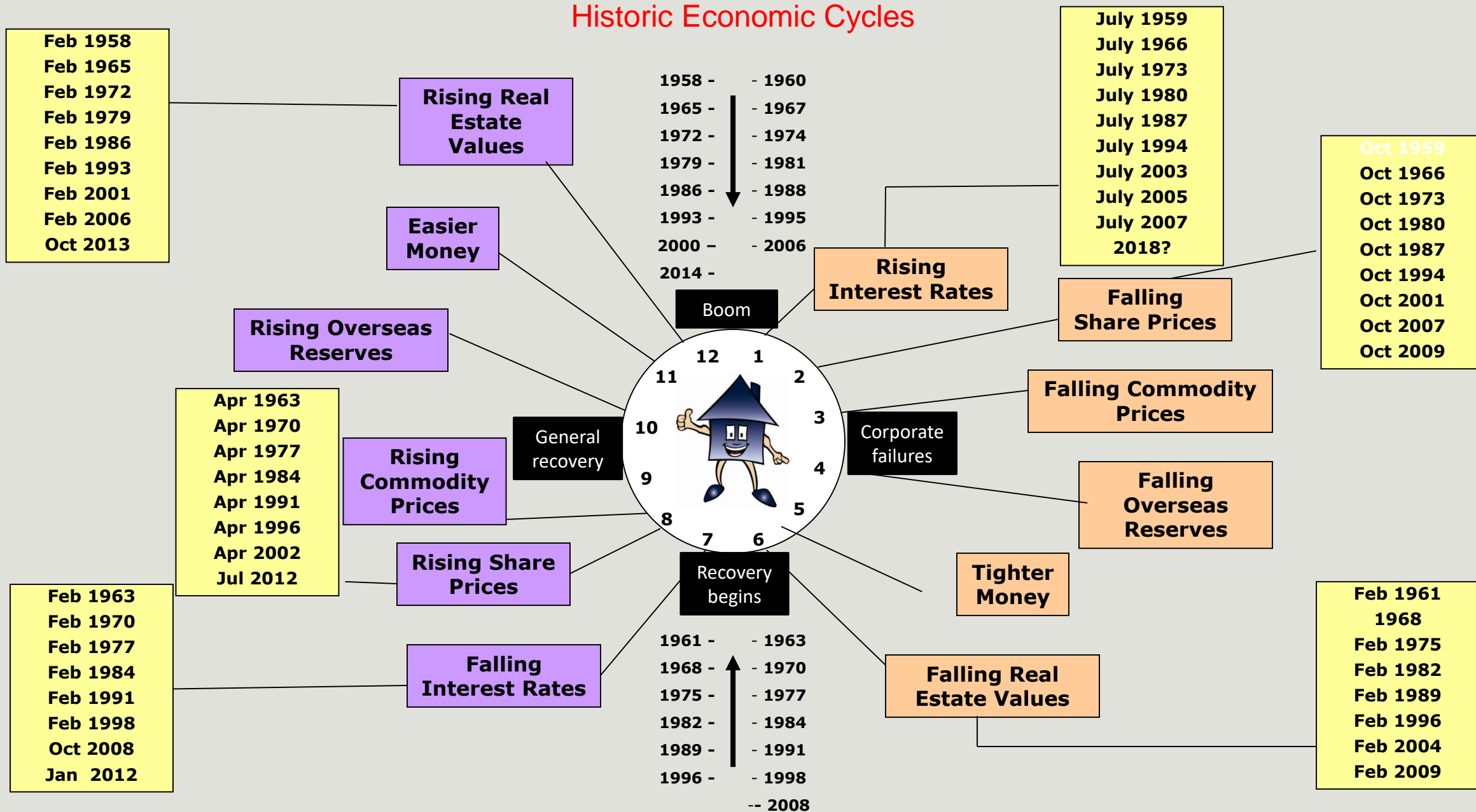




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<i>House &amp; Land</i>	<i>Cash</i>	<i>Weekly Repayments</i>	<i>5 key requirements</i>
\$400,000	\$ 16,000	\$ 446	1) Min. 12 months renting (lease in same name as sale contract)  2) First Home Buyer Eligible for QLD Grant of \$20,000  3) Full time employment 6 months or Casual 12 months  4) Minimal existing debts  5) Clear Credit File
\$ 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	

# Historic Economic Cycles



Recession



Sharon  
Admin  
Manager



Cameron  
Reg'd Property Valuer



Murray  
Development Manager

Katy  
Property  
Management



Carolyn  
PM Business  
Development  
& Sales



Kerry Boustead  
Senior Associate



Chris - Agency Principal



Rick  
Operations Manager

Lyn  
Leasing  
Management



Leisa  
Property  
Consultant



Rick  
Operations Manager

Julie  
Property  
Management



Alyson  
First Home Buyer  
Specialist



Mark Foelz  
Property Sales

Brendan  
Property  
Consultant



# Forest Lake's No.1 Agency

2015, 2016, 2017 & 2018

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A LIFETIME OF **EXTRAORDINARY**  
PROPERTY EXPERIENCE IN RESIDENTIAL MARKETS

OVER <b>28</b> YEARS IN REAL ESTATE	OVER <b>30</b> YEARS IN PROPERTY DEVELOPMENT
INVESTMENT PACKAGES IN OVER <b>60</b> LOCATIONS THROUGHOUT QLD & NSW	
AN <b>EXPERT</b> FINANCIAL SERVICES SUPPORT NETWORK AT YOUR DISPOSAL	OVER <b>\$500</b> MILLION OF PROPERTY SALES
<b>HUNDREDS</b> OF PROPERTIES UNDER MANAGEMENT	



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2018



**AGENCY  
OF THE YEAR**  
AWARD WINNER

**FOREST LAKE QLD**





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