



Are there hidden costs when buying a house?

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There sure are! Let's have a good look and then you will be prepared.

In a brilliant blog last year, [RealAs](#) outlined an extensive list of hidden costs incurred when buying a house. These costs are important to consider and range from your car and petrol, from all the driving to inspections and open houses, the personal time committed to the process, which takes you away from other activities, to child care and food costs. The figure they quoted was well over \$10,000. So begin with knowing that it is a time-consuming and a costly activity, but if you are smart and use the brilliant online tools available, you will achieve your goal and do this within your budget.

Let's begin with the basics: the deposit, the more you can save the better position you will be in to buy the home you want. We have some blogs which will help you with this. We also believe it is important for you to organise finance before making any offer to buy a house or bid at an auction. There are two reasons for this. Having your finance places you in a strong negotiation position and secondly, ensure that you can cover the deposit if your bid or general offer is successful (a deposit is usually 10 percent of the purchase price), and have the remaining money available for settlement. Settlement of the property usually happens between 30 and 120 days after you buy the house.

But it doesn't stop there.

As well as the deposit required when buying a house, you need to allocate money for:

- Stamp duty. There is imposed by your state government such as Victorian Government's [State Revenue Office](#), based on the property valuation. You may also be required to pay a [foreign purchasers' surcharge](#). Ask your legal representative.
- Loan application and other borrowing costs. These vary depending on which institution you use and the amount of deposit you have. Additionally, if your deposit is less than 20% of the purchase price of your property mortgage Lenders Mortgage Insurance is required by law.
- Independent valuation of your property. Before any mortgage is granted, your lender/bank will arrange an independent valuation of your property - both the land and the buildings and improvements. Lenders will not accept the real estate agent or your personal valuation - even if you paid an independent valuation expert to produce it for you.
- Land title transfer fee and mortgage registration fee. These are state charges like Stamp Duty and Registration of Title/Land Transfer Fee. These are incorporated into your settlement when buying a house. The amount will vary depending on where you live, and your personal eligibility for any concessions,
- Body Corporate fees. Most apartments or strata title properties have monthly body corporate fees. These are listed in your contract of sale. Make sure you review these costs when buying your property as they can vary and be quite significant, particularly if the property is in need of a lot of maintenance or repair.
- Legal and conveyancing costs. Every property purchased requires the legal transfer of ownership of the property from the current owner to you, the new owner. You can use a solicitor or a conveyancer. The costs vary, and you should get a couple of quotes before you choose who will represent you.
- Removalist and moving costs. Removalist's and cleaners costs, time off work to even babysitters fees: all these add up. Plan ahead and get some quotes.

- Repairs or renovations that may need to be done before or when you move in. There are always little jobs that will need doing when you first move in, from putting in a fence for the dog to securing cupboards from the toddler.
- Building inspection fees. These occur before settlement, but you should factor them in. They vary depending on the size of the home but are a necessity.
- Council rates, water, power or gas charges. Check out the ongoing rate charges as these vary from council to council and property to property. Any outstanding amounts owed by the sellers will be deducted from the final fee you will pay at settlement. So you are not out of pocket. You also need to consider the setting up of your gas, water and electricity supply. Shop around to get the best most competitive rate.
- Mortgage repayments, The ongoing part for 20 plus years, best to pay fortnightly as this reduces your overall payments.
- Home and contents insurance. A must have for your security and a requirement for your financial institution. It is vital you arrange the appropriate insurance cover to protect against disasters like fires, flood, and theft. If you are building, insurance cover needs to be taken out when you sign a contract and pay a deposit.

There is lots to consider when buying a house, just plan away and start saving. Check out our other blogs to help you get there.

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