

Owning a home

This factsheet provides information on the costs of owning a home and what to do if you are struggling

Owning a home is different to renting a home, and it is not as simple as replacing rent with home loan repayments. There are many other costs you have to pay as a homeowner.

Home loan (or mortgage) repayments

The biggest cost will be your home loan repayments.

You can shop around to find the best home loan - make sure to ask questions from the lender about how the loan works and what it really costs, including the interest rate and any startup or ongoing fees. You can use the mortgage calculator tools on ASIC's MoneySmart website to help work out your loan repayments, including if you can afford any increase in your interest rates. It's important to allow some extra room in your budget so you can manage any increase in repayments.

MoneySmart has some helpful information on choosing a home loan.

Home loans are secured against the property - this means if you fall behind on your home loan repayments and cannot get hardship assistance, the lender can take action in court to repossess and sell your home.

Local Council and water rates

Council rates are yearly costs that must be paid to your local council to cover things like rubbish collection, road repairs and local facilities. Most councils will provide the option to pay quarterly.

Water rates are charged by your water provider (sometimes it's your local council) to cover the water supply and usage at the property.

You can ask the real estate agent for an estimate of how much these rates will be for a property you are interested in buying. These rates can change, but you can talk to your local council and/or water provider for any hardship options, and concessions if you are a pensioner.

Councils can take legal action if you fail to pay your council rates, and this can include taking and selling your home. This depends on the state or territory your home is based in.

Building/home insurance

If you have a home loan, you will be required by your lender to have building insurance for your home in case it gets damaged by an insured event. For a strata property, strata will need to arrange their own building insurance, but you should have home contents insurance. This is a yearly or sometimes monthly (but may be more expensive) cost that must be paid called a premium. If you miss paying your premium, then you might not be covered.

Paying a premium does not mean you are paying into a savings account you can get back - you are making a regular payment into a joint fund to stay covered in case your home is damaged by an insured event. Your Product Disclosure Statement sets out what your insurance will do including what will cover you for and what it will exclude. **Make sure to read this statement.**



Not having building insurance could be viewed as a breach of your mortgage. This does not cover your contents, that is an additional insurance.

Repairs, maintenance and gardening costs

It is also a good idea to put aside some money for repairs, maintenance and gardening - you never know when you might get a roof leak, or a plumbing issue.

Strata levies/body corporate fees

If you buy an apartment, you will also have to pay strata levies (also known as body corporate fees).

Help after you buy a home

Things can happen in life that leave you struggling to pay your mortgage, council rates, strata rates or insurance - for example, losing your job, an illness, loss of a loved one.

If you are having money problems, you should contact your lender as soon as possible and explain you are in hardship - the earlier you seek help, the more options you have available.

This equally applies to your council, owners corporation and insurance company. Asking for help does not put your property at risk. But if you do nothing and keep falling behind, you could end up losing your home.

You can contact Mob Strong Debt Help to get support and advice on your options.

Your home and bankruptcy

If you go into bankruptcy or if your creditors force you into bankruptcy, such as they obtain a judgment against you for a debt over \$10,000, this would put your house at risk. The bankruptcy trustee could repossess your home to pay the debt, interest and their fees. You should seek advice first before considering bankruptcy.

The earlier you ask for help from your creditors the more options you have available.

Help

Call **Mob Strong** on 1800 808 488 for more information. We are a free First Nations driven legal advice and financial counselling service. We help Aboriginal and Torres Strait Islander peoples from anywhere in Australia.

We are a free and independent service. We keep your information private.

We acknowledge Aboriginal and Torres Strait Islander peoples as the traditional owners and celebrate their diversity, their ongoing cultures and connections to all lands and waters and pay our respects to elders past, present and future.

This fact sheet is for information only. You should get legal advice about your personal situation.

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