

POST-PURCHASE PARTY POOPERS



5 unexpected costs that can turn your dream home into a house of horrors

You've found the perfect home, had the housewarming party, and now it's time to sit back and enjoy your new home. Not so fast.

There are plenty of potential post-purchase expenses lurking just behind your new front door. However, with some expert knowledge and planning, you can be prepared for whatever surprises your new home throws your way.

Beyond the buy

For most buyers, it's all about the deposit and subsequent mortgage repayments. However, there is more to consider. Some experts estimate that immediate costs beyond the deposit can run to around 10% of the property purchase price, and there are also ongoing future expenses to consider.

Here are some common costs you need to plan ahead.

1. Homes – it's what's inside that counts

The immediate period after purchase can give rise to a host of costs. Remember to include the removalist which can run into well over \$1,000. Make sure you measure first so you can ensure your furniture fits. And remember, unlike a rental there is no guarantee the property you purchase will be sparkling clean when you take ownership, so you may need to employ contract cleaners, especially if you are planning to rent out the property. New locks, curtains, blinds, new appliances (if your existing ones don't fit) and possibly flooring may also be required. Adequate savings will ensure you can attend to these items sooner rather than later.

Incidentals like filling your pantry with the basics are often overlooked by first home buyers. Also things taken for granted at home are items like cleaning products, an ironing board and iron, clothes baskets, cutlery and cooking utensils, kettle, toaster and the basics used daily are not always factored into a move. Look around home first (inside and out) and create a list of items you will need to budget for.

Remember you will also now be responsible for household utilities like gas, electricity,

rates, water, internet connection and yes – you'll be up for your own Netflix, Stan and Foxtel services.

2. House or unit – it makes a difference

When it comes to ongoing costs, there is a great divide between owning a freestanding house and owning a unit or apartment. Generally, when you purchase a home, you can do as you please to your land and home (as long as you have the appropriate council permits) and you are solely responsible for all maintenance and ongoing costs.

Owners of units or apartments, on the other hand, are generally governed by strata title, meaning broadly that the common areas of the complex will be managed by strata management, and strata regulations will determine each individual owner's rights and obligations.

3. Strata fees and sinking funds

If you have purchased a unit or apartment, you will need to pay strata fees which will cover the costs of the upkeep of common areas (these costs are usually known and budgeted for). You may also be required to contribute to a sinking fund to cover emergency or unexpected costs. Strata fees vary depending on the size of your building or complex and can include items such as water rates even if your home is separate. Prestigious buildings can command strata fees of tens of thousands per year, smaller complexes can be around \$3,000 per year.

4. Ongoing maintenance and repairs

House, unit, apartment, duplex... no matter what type of property you have purchased, one thing is for sure – it requires work to maintain it. There are various factors that impact the amount you need to set aside for maintenance (such as the age, location and size of your home), however a general rule of thumb is to set aside 1% of the value of the property each year for maintenance and repairs. It's a good idea to have the property sprayed for pests and rodents before you move in (no one wants a creepy crawling house guest!). If you are lucky enough to have a garden you will need to factor in time or cost of weeding, raking and mowing,

and if you have a pool there is substantial ongoing maintenance to consider.

5. Unexpected emergencies

Every home has the potential to surprise you with costs you simply couldn't have planned for. This is where an emergency fund will come in particularly useful. Situations such as your neighbour filing a complaint to council saying your massive jacaranda tree has damaged their storm water pipe/system and you are liable; or a huge storm results in a leaking roof; or a family of possums takes a shine to your back deck... there is no limit to the possibilities. Good home and contents insurance will cover many unexpected expenses, however if you do not have an emergency fund you could be caught off guard.

So, while you are working out a budget to save for your deposit, make sure you look beyond the day of sale and set aside enough funds to cover all the things your new house will need to make it a happy home.