

Buying a Home When Single!

Louise: Hello everyone and welcome to this week's Flash Friday Finance Update. We've got the wonderful Liz Adepoju who has come to share her story with us on how she went about buying her first home. So, welcome Liz, how lovely to have you here!

Liz: Hi Louise! Thanks for having me.

Louise: I would love it if you could tell everyone a little bit about yourself and your personal situation.

Liz: So, I am a 35-year old professional. I work in healthcare, so I'm a registered nurse working in aged care management. I'm single and I've been living in Melbourne for over 31 years, originally born in Nigeria. And I have been on the journey of buying my first property in the last few months. I finally found my perfect dream home, and I'm all moved in. I've got to say, the journey - I have been seriously looking for it for at least 12 months.

Louise: Okay, I wasn't sure about that. So, tell us then, let me ask you, what's been your single biggest challenge, frustration, or concern with buying your home, your first home?

Liz: I think the biggest challenge for me was just not really knowing where to start. I mean I had the idea of like, I'll make a decent income, I want to get into my first home. I'm sick of renting -- so sick of renting. And I think for me once I got in contact with you, I know you were highly recommended, it really just helps me to focus and discipline myself into making this dream a reality. So, I think just getting the right advice was really good.

Louise: Cool! So you say you've been thinking of buying a home for at least 12 months. And how long have you been saving your deposit? Did you start much just in the last 12 months? Was that right?

Liz: Yes. So, to be honest, I probably was more serious about saving, when COVID happened. So, I didn't really have any excuse to blow my money on things that I didn't need.

Louise: It's the same for everyone. So you're not alone.

Liz: But I think it's hard to discipline myself by actually trying to maintain my monthly budget. I wasn't ever great with managing my money but then I found a great Excel spreadsheet, and it made it really easy for me to manage my incomings and outgoings and the money that I've usually saved for traveling or something else, I was able to easily come up with a reasonable 8% deposit, and it took me less than 12 months. So, I think just really disciplining myself on not spending money or buying things I didn't necessarily need. Yeah, I think it just goes to show what you can do when you put your mind to it.

Louise: How true! So did I help you get ready for the loan? Any information you could share with others there?

Liz: You're just being very open and honest about where I was. I think when I first touched base with you, I can't remember how much of a deposit I had but you were quite firm in that like, no, you need more. You've got to think about you. You've just got to think about your LMI (Lenders Mortgage Insurance). So, it did help me actually put away more... I was able to actually save a lot more than I thought I could. I think I was just putting away the bare minimum, but then I started putting an extra 1000. Sometimes an extra 1500 away every fortnight. And I think, even by the time I found the place I wanted to buy I wasn't sure if I would be able to afford it but everything just fell into place.

Louise: It certainly did. Well done you. So what actions did you actually take to get loan-ready? So I know you had some extraneous debts, and you managed. I told you right, let's clean all this up and you did. I'm very, very thrilled with you. So tell us about that because lots of people do this, they go out and when they're young and get car loans and cards and other things, and have HELP debt, and all sorts of things. Tell us, how did you go about that?

Liz: So one thing I did was I had two different credit cards, so I just consolidated them into one that had a better interest rate. And knowing that my focus was to get a home loan, I had a little bit left on my car loan and I paid extra to just get rid of it, so I knew that would dissolve, and all that would help my borrowing potential, and I think it just made me, by doing that, it helped me realize, it helped me budget a lot better. So even after getting my first home, I don't really have any debts besides my home loan so I think tidying that up, it's just a good feeling.





Louise: I'm so proud of you. You did really well because once you decided, you really smashed it out in a few months. I was very thrilled because when you first came I thought, "Oh no, this will take forever."

Liz: I had that feeling, but I'm like, no, no, I've got this.

Louise: Oh, I know and that's why I was so proud of you, you did very well. And so, what's been the best thing about getting your own home?

Liz: Honestly, waking up every morning knowing that I'm waking up in my own home and I've always loved to live close to the beach and be in nice houses, but just thinking back to some of the places I've rented, and how much I was spending paying off someone else's mortgage, it's nice to know that every penny that I'm paying off this home loan, it's going to something that's mine. So, that's a really nice feeling.

Louise: And you ended up with the fixed and variable mortgage?

Liz: Yes, I did.

Louise: And you got a variable portion to offset or pay down quicker, that was the aim, wasn't it?

Liz: Yeah, that was the goal. So, you know, I think, in the first two years anyway, I'll pay off as much as I can but even just things I want to get around the house and furniture and things like that, but I think in two or three years time, I've been really focused on trying to pay off as much as the home loan, as I can.

Louise: Awesome. And you said you were away you were paying Lenders Mortgage Insurance, could you explain that to someone else how that worked?

Liz: I mean, I didn't really understand Lenders Mortgage Insurance before I came to you, but after I got a better idea of how important it was like the way I saved was knowing that I had to save in addition to that, so, how much is that again? I've forgotten how much it is...

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Louise: It's a percentage of whatever you purchase for but what it really is is every cent you save reduces the LMI so that was what's really important because you can borrow more with good income like you have. But every cent you put in towards the deposit means you can reduce down the amount of LMI you pay. You did well on managing that so that was great. So any final advice you have for other first home buyers and particularly single ladies who were trying and thinking, should I be doing this or shouldn't I and what should I do?

Liz: Well, my advice is if you have a goal, just work on it. I think for me it was, I decided that this is what I wanted to do for myself, and I think I like the idea of being an independent young woman and being able to do it on my own. I think there's a lot of women out there that, there's this fear that I had, I might not be able to do it but you can absolutely do it. I think women are so much better at, or we're great organizers, so I feel like if we just plan and really execute that plan, you'll be surprised what you can do because I still pinch myself funding my own home.

Louise: And know that any support you need, that's what we're here for.

Liz: Oh, absolutely, and I've got to say, Louise, you've been absolutely amazing, with just making this journey actually become a reality because I think there was a part of me that said I have no idea but then since I met you and we had our first discussion and it just made me realize that no, I just need to get serious and I liked your tough love. You were like, no messing about. You were just like, no Liz, keep saving. That really did motivate me as well so having the right advice absolutely made this whole journey so much easier.

Louise: And quick! So you did very well. Well, congratulations on your beautiful new home because it is a very attractive house, actually. It's all yours, I'm so thrilled for you, it's really exciting.

Liz: Thank you.

Louise: It's been great. Well, thank you for sharing your story today. I know there are many others who will love hearing from you so, well done, you.

Liz: Thanks Louise and thanks for all your support.

Louise: Oh, my pleasure.

