

First-home owners warned not to bite off more than they can chew

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"Don't get burnt if rates rise and house prices fall" says leading online lender

Despite interest rates being at an all time low, Australia's leading online lender [www.MyRate.com.au](#) is warning first home buyers not to bite off more than they can chew because the current attractive environment will not last forever.



"There appears to be a rush by first home buyers to purchase their dream home before the boost to the grant expires on June 30," commented Kevin Sherman, Managing Director of [www.MyRate.com.au](#).

"Unfortunately, this is artificially inflating prices at the lower end and could have dire consequences for the future. Since the boost was announced, there has been a massive surge of 18 per cent in first time owners - in all, 42,000 Australians have taken up the first home owners grant offered as part of the Federal Government's stimulus response to the global financial crisis*."

While interest rates remain low for the moment, Sherman is cautioning those who are already nervous about future repayments. "It's important to take stock and ask yourself the following question: 'are you already stretched in your repayments?'. You don't want to be one of the first home owners to be affected; because there is a possibility that these inflated prices will fall and rates will go up during the term of your loan."

Kevin recommends that Australians looking to take advantage of this inflated Grant stick to these basic guidelines:

- **If you're not 100% certain - take a 'wait and see' approach** - the Grant right now is fantastic - but not if you have any doubts about how you will cope with that much debt. Only act if you are confident that you can repay your debt at a higher interest rate
- **Ensure your dream property is fairly valued** - compare the properties you're looking at to sales in the area this time last year. While they won't be the same, you need to make sure you're not being taken for a ride while chasing a government grant that may not be sufficient to compensate for the purchase price increase.
- **Speak to the experts** - consult a qualified financial advisor about your future, they can warn you about the risks and options you might not know. Arm yourself with information!