

BUYING YOUR PROPERTY: A STEP BY STEP GUIDE



Step 1 - have your loan pre-approval in place

Knowing how much you have for a deposit and how much you can borrow gives you the confidence to make a calculated offer on your property of choice.

Step 2 - choose the right home in the right location

Research your chosen suburb by checking all advertised listings in newspapers, the internet and real estate agents. Make sure that you know the price of recently sold comparable properties. By visiting open houses and attending auctions you will be more informed of the realistic value of a property. Does the property fit your family's growing needs?

Step 3 - make an offer

For properties sold by private treaty you will need to make an offer to the listing real estate agent. Obtain a copy of the contract for sale and organise for your conveyancer/legal representative to check it.

Properties being auctioned are frequently open to offers prior to the auction date. However, if sold at auction you will usually be required to pay a deposit of 10% immediately. The contract for an auctioned property is unconditional and no cooling off period applies. If bidding at an auction, make sure that your conveyancer/legal representative has checked the contract and organised pest and building inspections before you bid.

Step 4 - conveyancer/legal representative

The real estate agent will provide a copy of the contract for sale which should then be given to your conveyancer for advice and checking. The conveyancer will advise you of your cooling off rights (which varies from state to state). Once the contract has been signed by both parties, the contracts are legally binding. The contract will indicate when the deposit will have to be paid. If no pest and building inspections have been carried out, it is advisable that they are ordered by the conveyancer.

Step 5 - final loan approval

We will organise for loan documents for the balance of the purchase price to be prepared and signed by you.

Step 6 - insurance

Your lender will require you to organise building insurance.

Step 7 - final inspection

Arrange for a final inspection (just prior to settlement date) with the real estate agent. Check for all inclusions in the contract for sale and that they are in working order. Check light switches, power points, air conditioners, exhaust fans, hot water, swimming pool equipment and security system and request copies of all manuals for stove, dishwashers etc.

Step 8 - settlement

Your conveyancer will attend to settlement. This is the day on which the balance of the purchase price is paid to the vendor. Stamp duty and lender's mortgage insurance (if applicable) will also have to be paid. You can collect the keys from the real estate agent once settlement has been advised.

If something goes wrong

If you have signed a contract to buy a house it may be a costly exercise to withdraw even if you have not reached settlement. If the cooling off period has passed, the contract is binding. If you wish to get out of the contract you may be liable to pay compensation to the vendor. The amount will depend on the loss suffered by the vendor and is usually based on the amount it would take to re-sell the house including any loss on the subsequent sale. Read your contract carefully to be aware of the consequences of defaulting on the contract. If you do not wish to proceed with a contract, seek independent legal advice as soon as possible.

