

Welcome to the Point2 Real Estate buying guide. This information has been put together to help you through the process. We have identified the key points to helping you make sure you get the best result and understand the process. Here, we focus on knowing what you have to spend, identifying how much a prospective property is worth, how to negotiate the best deal and what paperwork is required to complete the sale.

Buying the Property

Do your homework by going to open homes and property viewings. Comparing similar properties in your chosen areas will give you a feel for what a property is worth. When comparing homes, try to take the emotion out of it. Look at its features e.g. era of construction, how does it work for your family, land size, living room, bathrooms/bedrooms etc.

A good agent is there to help you find and purchase your new home.

How to negotiate the best price.

As a buyer, getting the best price for a property comes down to a number of factors including:

- How long has the property been on the market?
- How motivated the seller is.
- How well is it priced?
- Are there are other parties looking to purchase the property?
- Most importantly for you, how much do you really want the home?

By doing your homework, you will have a good idea how much a property is really worth. Have three stages to your negotiation, a 'realistic' price just under what you feel its true value is, a price in mind you think the property is worth and of course, your personal final price.

When making the decision to buy a new property, there are a number of factors that will influence your final purchase. These include borrowing power, reasons for the purchase (e.g. upsizing, downsizing, schools etc.), state of the market and the location you want to buy in.

Do your homework first.

After making the decision to buy, there are four simple first steps you should take to make sure you are ready to go:

1. Clearly define what you require in a property.
2. Find out exactly what your budget is.
3. Do your market research on which area you would like.
4. Determine the type of property you want e.g. house/unit or small land/large block, beachside etc.

Make a list

1. At any one time, there can be many or few properties on the market in any given area. List which properties you wish to visit and save time.
2. Wants/Needs
This list should be broken up into two columns, needs and wants. Example a pool could come under wants, while 3 bedrooms could come under needs. Don't be afraid to make changes to this list as time goes on.

What is my budget?

Your budget is going to be limited by two things, borrowing power and your personal limit. The banks will let you borrow a certain amount but you may set a lower limit yourself, depending on what you are comfortable repaying.

To establish these limits, you will need to make enquiries with a bank or mortgage broker about your borrowing power and/or how much your current property is worth.

Pre-approval

It always pays to go that little bit further and get pre-approval before making an offer on a property. For two reasons:

- Some things can be missed in the initial consultation and only with pre-approval can you be certain of your budget.
- When negotiating the purchase of a property, pre-approval provides a sense of certainty to a seller and would be the difference between an offer being accepted or rejected.

Bank or mortgage broker?

This is really a personal preference and may come down to the relationship you have with your current finance provider.

Banks are great for your day to day services, but if you go to them for the best mortgage deal, they are only going to show you their best deal, so it pays to shop around.

A reputable mortgage broker can come to you, work outside of regular business hours and look at possible options that the big four banks won't.

Section 32 Vendors Statement

Once you have selected the house you wish to purchase, ask the agent for a copy of the Section 32. The Section 32 is a document provided by the seller of real estate (vendor) to an intending purchaser. The name Section 32 comes from Section 32 of the Sale of Land Act which requires the vendor to provide certain information to the purchaser before a contract of sale is signed.

It usually contains the following information:

- Statutory warnings to the purchaser
- Vendor's details
- Title details
- Information regarding building permits issued in the past 7 years
- Particulars of owner-builder warranty insurance
- If the vendor is the owner-builder who completed building works, there should be a written inspection report (which lists any defect) in the Section 32
- Particulars of any mortgages or "charges" over the land (e.g.) debts charged against the land
- Information regarding covenants, easements and any other restrictions on title (whether or not they appear on the title)
- Planning information, particularly where zoning restricts land use
- Information regarding outgoings payable by the owner of the property
- Disclosure of any notices or order issued by authorities, regarding fencing, road-widening, sewerage etc.
- If there is access to the property by road
- Information on services connected to the property
- Due diligence

Offer:

Always put your offer in writing. This shows the vendor that you are serious and it also spells out what terms and conditions you want to include with your offer.

Deposit

The standard deposit is 10% however this can be negotiated. This is paid upon acceptance of the offer or after the special conditions have been fulfilled. You may include any special conditions you want however too many may put off a vendor. Standard conditions are generally building and pest inspections and finance.

Allow 7 days for a building or pest inspection and 14 days for finance.

Settlement is usually 30/60/90/120 days depending on your needs and what the vendor would like.

Multiple Offers

In the situation where there are multiple offers, you need to put your best offer forward for consideration by the vendor. The vendor may at their discretion choose to:

- Accept or reject any offer
- Or the vendor may counter offer and negotiate with one of the purchasers at their sole discretion.

Check with the selling agent how multiple offers are handled.

Remember, your agent is there to assist you so please do not hesitate to ask any questions you may have.