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*Better Buying
Guide*

A Complete Guide
to Help You on Your
Home-Buying Journey



Find your
**Right Property
Sooner**

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Welcome

Buying a home is both an exciting and nerve wracking time. Since 1928 we have been helping people just like you buy their first home, their dream, their investment property, their empty nester retreat and every other type of property purchase you can imagine. With 87 years of experience we have built up a lot of knowledge on the buying process and we wanted to share it with you - so you can better understand each step and find the right property for you sooner.

This guide is here to help you whether it's your second, third or tenth purchase and to give you a detailed description of each step. From understanding the process and the costs involved, to advice on how to do your research, what to look for in a property and what questions you should ask.

Read on to find out how different buying methods work, what should be in your contract of sale and other considerations to make your next transaction run smoothly.

Chapter 1:

Is it Time for a Change?

There may be a lot of things you like about your current home, but have you ever thought it might be missing a few key features? Whether it's more storage space, extra bedrooms for the kids or perhaps double garaging, these are all good reasons why you might consider moving home.





Starting a family

When you first moved into your current home, it may have seemed like the perfect size for you. However, if you're thinking of starting a family or adding a few more kids to the bunch, it's likely you're going to need some extra room.

A question you'll need to ask yourself is if your current home has enough space to accommodate your growing family. Otherwise, you might need to think about upgrading to a larger home with more bedrooms for the kids.

There are other features to think about too, such as schooling, parks and other amenities. Have you considered which schools you would like your children to attend? If so, then you may want to move into the school zone to ensure your children can enrol in the future.

It's a good idea to plan ahead. Ask yourself essential questions such as how many kids you plan on having and in what kind of timeframe this will happen.



Downsizing

As you age, it's important you think ahead and find a property that will be suitable for you during your golden years. Maintaining a large home after your family has moved out can be expensive and difficult. This is when many older people look to down size their home.

You may want to find a low-maintenance property in an area with great amenities and access to transport.

People also often choose to downsize their homes after they have become 'empty nesters'. This occurs when all of the children have all grown up and moved out of home, leaving parents behind.

Relocating

There are many instances in life where you might need to relocate towns, cities, states or countries. You may have received a new job in another town, or perhaps you just want a change in scenery or to live closer to a sick or elderly loved one.

Relocating to be closer to your work or loved ones may also help reduce the time spent commuting every day, so it may be an option to consider.

Chapter 2:

The Right Property for You

The two key questions to ask yourself when considering a new home are 'where' and 'what'. Where do you want to live and what type of property do you want to live in? The old real estate adage – *'location, location, location'* – is as important a concept today as it has ever been. It is not only more enjoyable to live in a good area, but it will enhance your property's value and appeal when the time comes to sell.



So what makes a good location?

- Consider growth areas with good access to local facilities and avoid environmental problems such as areas with busy roads or noisy factories nearby.
- The combination of good urban planning and natural beauty also result in desirable locations.
- Once you have decided on your location the next question is what to buy. Make a list of what is important to you – number of bedrooms, car access, size of land.
- Consider if you are prepared to renovate; if so, the worst house in the best street could be a good buy.
- Look for at least one special feature; maybe it is a view, a large backyard, a designer interior or original historical features.

- The Internet is a great place to start your research. Real estate sites such as domain.com.au, realestate.com.au and ljhooker.com.au offer online inspections with photos of properties and virtual tours and floorplans.
- Get to know the local area with the latest community news and more by finding your local LJ Hooker office on Facebook and their local website.
- Make searching easier and receive property updates direct to your inbox. Sign up for Property Alerts at realestate.com.au, Domain.com.au and ljhooker.com.au and receive the latest property updates in your area sent to your preferred email address.
- Make sure you read myLJHooker's library of tips and articles on buying and check out our exclusive member offers to help you save money during the buying process.
- Maps and information about facilities and services in specific suburbs and regions is available on ljhooker.com.au – a great help if you are moving to an area you don't know well.



Chapter 3:

The Cost of Buying Real Estate

Before you look for a brand new home, you'll need to prepare yourself financially. Buying a new home can be expensive, so it's important you plan ahead as best as you can.



Deposit

Deposits are usually at least 5 per cent of the home's overall cost, depending on the type of loan you obtain.

To determine how much your deposit will be, consider:

- The average home price of the area in which you wish to buy.

- The type of loan you wish to get.
- The amount you wish to borrow through your loan.

As a current homeowner, you may be able to access the equity you have already built up in your loan to cover the deposit. If there isn't enough equity, you'll have to save the deposit yourself.

Stamp Duty

Stamp duty is a charge that is applied to the sale of residential property by state governments. It is not a fixed cost across the country - it differs in various states.

The cost is usually calculated based on the price of the home you purchase, but each state has its own system.

The rate often differs depending on several factors:

- Whether you are purchasing vacant land or a brand new house.
- If you are using the home as your main place of residence.

It can be complicated to work out stamp duty on your own, as there are many rates that apply to different house prices. Consult an online calculator to help you determine the cost.

Other Expenses

There are a number of other costs associated with buying your property:

- Refinancing fees for your mortgage.
- Pre-inspection costs.
- Legal services.
- A valuation of the home.

If you're moving from a house into a unit or apartment then you'll need to consider strata fees. This is an ongoing cost that covers the common areas of the apartment building, such as elevators, hallways and pools.

This figure may influence your decision to buy a certain townhouse or apartment, so it's best to determine how much this is before you commit to a property.

While these are not all significant figures individually, they can add up to a sizeable sum. Be sure you can pay for them as they arise.



Chapter 4: **Buy or Sell First?**

So you're going to buy a new home. Now comes the age old question: Should you buy or sell first?

Your decision may be affected by a number of factors, such as market conditions, personal preference and your financial situation.



Buy or Sell First?



Buy first:

pros

- You will have a home already secured as a safety net if your old house sells quickly.
- You can access equity in your loan to pay for the deposit for a new home.
- You can spend as much time as you like shopping around for a new home for sale.

cons

- You might have to organise bridging finance between the two properties, giving you a time limit.
- You might feel pressured by time and accept a lower offer.
- If your old home sells at a less-than-desirable price, you may have to fund the difference in costs.

Sell first:

pros

- The proceeds from the sale of your home can be used for your next purchase.
- You will know exactly how much to spend on your next home.
- You might have more time to find a new home while your old property is on the market.

cons

- If your home sells quickly, you could be left to make a rushed purchase.
- Local property prices could rise in the time between selling and buying a new home.
- You might have to spend more money to rent accommodation while between homes.

Chapter 5:

Finding a Home for Your Budget

Buying a new home means you will need to plan ahead for all the costs associated with the purchase.

It's crucial to plan ahead and think of factors such as stamp duty, legal fees and ongoing expenses so you know the true cost of your home. This will help you determine whether you can afford it and keep up with ongoing payments.

Refinancing Your Loan

As you will likely have equity built up in your home loan, you might be able to access this to cover the deposit for your new home. This is done through a simple refinance with your mortgage lender.

However, before you choose to refinance, you might want to ask yourself whether you are happy with your current home lender or if there are better deals you could find elsewhere.

Perhaps you would like to tie down a more competitive interest rate to save you money in the long run. Alternatively, you might find you want to switch to a fixed rate loan rather than variable.

Borrowing More

If you've got your eye on a home that is more expensive than your current one, it's likely you'll need to borrow more to fund the difference.

This means you'll need to reassess your borrowing capacity with a lender and discuss how changes in your financial circumstances may affect the amount you can borrow.

LJ Hooker Home Loans

LJ Hooker Home Loans has a team of property lending specialists right across Australia and are experts in home loans. You get all the services of a traditional mortgage broker, but with the added value of unique professional support around property buying right from step 1.

Searching for a Home

Once you have a figure in mind for how much you want to spend on a home, you can begin your search. Fortunately, there are many tools on the internet to help you do your due diligence before buying your second home.



Chapter 6: Finding The Best Home Loan for You

Shopping around to find the right loan for you is essential.

Research and Organisation is Important

Do your own research even if you plan to use a home loan broker. It pays to know about the current home loan market and it's not just about the economy and whether interest rates are rising or falling.

- Talk to LJ Hooker Home Loans, who are experts in home lending and ask them:
 1. What loan options are available?
 2. What will my repayments be?
 3. How much deposit is required?
 4. What are the fees and charges?
 5. What are the loan conditions and any penalties or exit fees?
- There are so many home loan products on the market that shopping around to find the right loan for you is essential. It is wise to look at a wide variety of options before you settle on a loan. Make sure you understand the terms and read the small print before you sign anything.
- LJ Hooker Home Loans will be happy to explain many of the common home loan terms used plus the various products and options available, it is worth your while reading up on a glossary of terms so you at least understand the jargon used.
- Think about your lifestyle to establish which loan features are going to be the most beneficial for your circumstances

and budget. If you are planning to start a family, consider opting for a home loan that offers an 'interest only' option to help ease the pressure of a reduced income or if you like security and peace of mind, then perhaps a 'fixed loan' is best for you. Some of the most important features of a loan you need to consider are:

1. Competitive interest rate.
 2. Sufficient time to repay (usually 25 or 30 year term).
 3. Favourable conditions and charges with limited fees/penalties.
 4. Options that suit your needs and circumstances eg. redraw facility.
- It is important to be organized so be sure to get your affairs in order before you go home loan shopping. By now you should have done a budget and worked out how much you can actually afford to borrow. It is this information that the borrower will want to see coupled with official documentation, such as tax returns and pay slips.



The Benefits of Using a Home Loan Broker

- Shopping around for the best deal is the most beneficial service a home loan broker can offer you. Essentially they sell the products of the lending institutions so they are in a prime position to pass on specials and new products plus a wealth of knowledge when it comes to advising the most appropriate loan to suit your needs.
- Using a home loan broker, such as LJ Hooker Home Loans can save you a huge amount of time and stress. You will be dealing with only one person, which should stop you from being bombarded with phone calls and advertising material from banks trying to vie for your business.
- What's more, a home loan broker is experienced in loan preparation and presentation. They will compile all of your documentation, liaise between you and the bank, resulting in the best possible case for approval.
- Make sure you use a home loan broker that is a member of an industry association, such the Home loan Finance Association of Australia. Also be aware that they are actually offering the best loan for you and not the one that offers them the highest commission.

Getting Approval

- Lenders take into account four main considerations or criteria when assessing your home loan application. Firstly your capacity to repay the loan based on your income and expenses. Secondly, if you are considered a good financial risk, so they will check your credit rating to see

that you have a history of repaying your debts. The third consideration is collateral, which ensures the property you are buying is adequate security for the money you wish to borrow to pay for it. Finally, they look at your capital, which are any assets you currently own.

- Getting your application approved is the next step to owning your own home. Common practice is to obtain a 'pre-approval certificate' prior to buying a property. This will help your property search and keep your budget in check. This certificate confirms that a financial institution will lend you 'x' amount of money when you find a property to buy. Be careful though, one of the standard conditions is 'subject to valuation'. If you pay too much for a property, your lender will see this as a risk and may not provide the cash. Not a good position to be in when you've already exchanged contracts!
- If you have a solid track record with a particular bank then this puts you in a favourable position for a loan. Use it to your advantage and start negotiating with your preferred institution. State your case for wanting to continue doing business with them. Be confident and firm, there may be room for negotiation. Despite what you may think, banks take customer loyalty seriously.
- With stricter lending criteria in the wake of the Global Financial Crisis, it may also be necessary to show a genuine history of your ability to save money. In some instances, particularly for first home buyers, a guarantor may also be required or a larger deposit (at least 20 percent of the purchase price).

Chapter 7:

Different Ways to Buy a Property

There are many different methods available to buy a home in Australia. Some buyers may choose to snap up a property at auction, while others prefer to gauge the market through a tender or expression of interest.

Ultimately, it all depends on the house you want to secure and the method you feel most comfortable with.



Auction

Auctions are a very popular buying method in Australia, as there is a chance of snapping up a property quickly at a good price.

pros

- Usually a fast transaction, and sales are unconditional.
- No back and forth negotiating between seller and buyer.
- You might be able to submit a pre-auction offer to the seller before auction day.

cons

- Can be stressful due to competition from other bidders.
- Sales are unconditional, so you need to have appropriate finance.
- Fierce competition may lead to you paying more for the home.

Tender and Expression of Interest

These two selling methods are quite similar to private treaty, but they are usually associated with premium properties. They are more formal and both require written offers passed through the agent to the owner.

pros

- You can submit conditions to the seller in your offer (unlike auctions).
- There is no set reserve price - it's solely the seller's decision.
- Your offer will be submitted privately, so others won't know what you have submitted.

cons

- You will need a deposit when you submit a formal offer to the seller.
- You won't know how much other buyers have submitted as offers are confidential.
- There is no asking price advertised for the home.



Private Treaty

Also known as a 'private sale', this selling method requires the vendor (or seller) to set a price from the start of their campaign.

pros

- Can be less stressful, as you have time to think about decisions and submit offers.
- You can negotiate terms and conditions with the seller.
- You will know the asking price for the property, giving you a good idea of what to offer.

cons

- Can be competitive and the agent doesn't always have to tell you the exact competing offer amount.
- May be a longer time frame due to contract exchange and settlement.
- The property is not 100 percent sold once the seller accepts your offer.

Chapter 8:

Importance of Inspections

Real estate is a very valuable asset. In fact, your home might just be the most valuable asset you will ever purchase.

This means it's important to perform the necessary due diligence to ensure it's in good condition before you sign the contract of sale.

At the same time, you'll also want to make sure the home is a perfect fit for your lifestyle.

Neighbourhood

Attending an open inspection gives you the opportunity to scout out the neighbourhood and determine if it's a good fit for you.

When you go to an open inspection, here are some questions you may want to ask yourself as you walk around and get a feel of the area.

- Is it a safe neighbourhood?
- Is it a busy area? Check if the traffic noise spills into the house.
- Is it a tight-knit community?
- Are the neighbours next door renting?
- Where's the nearest hospital or medical centre?
- Is there adequate public transport?
Parking?
- Are there parks and other public spaces nearby?
- In which school zone does this property sit? Where's the nearest school?



House

When you attend an open inspection, you're not just looking through the home to see if you like the interior. You'll need to perform a more detailed examination of the property to see if it's in a good condition and worth the asking price!

It might be a good idea to take someone with you, such as a partner or friend, to get another perspective. Take a camera with you so you can review photos of the home later on. Don't forget to ask the agent for permission before taking any snapshots!

Questions to Ask The Agent

The real estate agent is there to help you make a decision. Don't be afraid to ask them any questions you might have about the property or the area. Here are some essentials you might want to ask:

- Is the property dry and warm?
- Is it insulated?
- How much are council rates?
- Does the property have any special restrictions?
- Are there potential zoning changes in the future?



Importance of Inspections

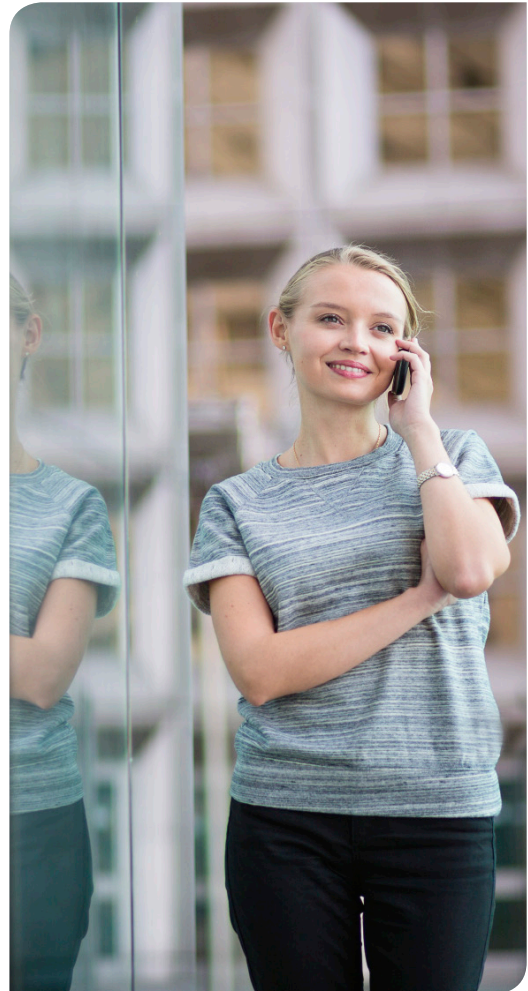
You might also want to bring up any questions you may have missed when you bought your last home. Think back and try to remember questions you forgot to ask your agent.

If the property you're looking at is a unit or apartment, there are other pertinent questions you should ask:

- Does the body corporate allow pets?
- What are the strata fees?
- Does the body corporate allow barbecues and other outdoor events at the property?
- Is there car parking provided in the building?

If you're serious about making an offer on the home, it's highly advisable you conduct a professional property inspection.

There are many professional services you can use to have a proper inspection performed on the home. These services can pick up problems you may have missed, such as structural or plumbing issues.



Chapter 9:

Auction Day: Tips and Tricks

If you haven't purchased a home by auction before, it's perfectly natural to have a few jitters about the process.



Buying property for sale by auction is exhilarating, competitive and a little bit stressful all at the same time. However, the satisfaction of securing your dream home with a winning bid is second to none.

Before Auction

There are a few things you'll need to organise before auction day to ensure everything runs smoothly.

Have the property valued so you have an idea of what it is worth. This figure will also help you set a bidding limit for how much you're willing to pay for the home. Keep this figure in mind and stick to it on auction day.

If there are any terms or special conditions you would like to include in the contract of sale for the home, now is the time to discuss these with the seller and the agent.

This is because the sale is unconditional as soon as the contract of sale is signed.

Obtain a copy of the contract and review it with the agent and your solicitor. This will give you an understanding of your legal obligations during the sale. Some inclusions may be settlement date, deposit and chattels.

Once you have approved this, you can review your finances to get everything in order. You'll need to pay the deposit for the home once you sign the agreement, so ensure you have the funds available.

On Auction Day

If the auction is being held at the property, make sure you arrive early to have a final inspection.

In order to start bidding, you'll need to register as a bidder with the auctioneer. Alternatively, if someone is bidding on your behalf, you'll need to organise this a few days before the auction and provide a letter of authority.

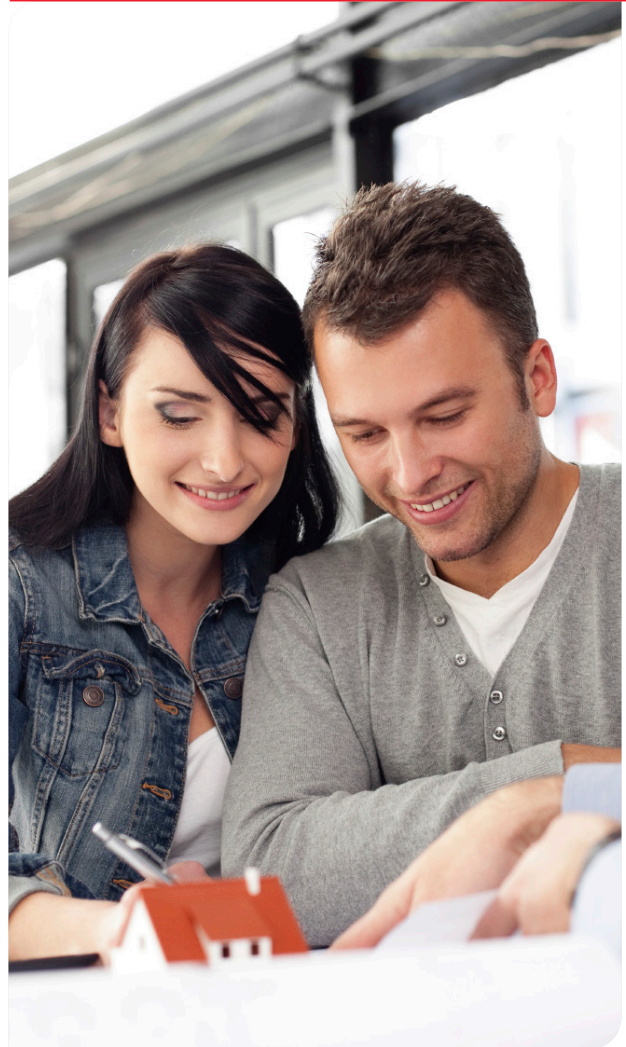
To ensure success at auction, it's a good idea to gauge the crowd of bidders and come up with a strategy. Some bidders may wait patiently until bidding starts to fizzle out before making a move.

On the other hand, some people prefer to start as soon as the property is brought forth to auction.

It's up to you how you choose to bid for the property, but it ultimately comes down to which strategy is more comfortable for you.

A final tip is to bring your chequebook with you to the auction. This will allow you to pay the deposit once the contract of sale has been signed.

Make sure you download our **'Buying at Auction'** eBook for more information about this process.



Chapter 10:

Buying by Private Treaty: Tips and Tricks

Buying a home through a private treaty sale is an extremely common method throughout Australia.

Many sellers choose to list their property through private treaty sales as they offer flexibility with negotiation and give them the chance to accept an attractive offer.



Don't Get Too Emotional

Although private treaty sales do not see the heat that auctions can get, it's still important to not become too emotionally tied to the home you want to buy. Leaving your emotions out of the equation will help you to negotiate with the agent. It will also reduce the risk of potentially blowing your budget if you become too attached to the home.

Research the Area

Do your homework and research recent sales and listings in the area that are comparable to the home you wish to buy. This will help you to judge whether the home has been priced fairly and how much you should submit as an offer.



Learn to Negotiate

The asking price is there to provide buyers with a guide of how much the owner is willing to accept for the property. However, this price is negotiable.

Determine what your budget will be and pitch an offer below what you're actually prepared to pay.

Don't reveal the maximum amount you're willing to pay straight away. Instead, work your way up through negotiations with the agents and the seller.

Set your Terms and Conditions

When you submit an offer, you'll also need to include any special terms and conditions for the sale of the home. For example, you may wish to have a longer settlement so you can sell your previous home, or perhaps the owner needs to fix up a certain part of the home. These conditions need to be included in the offer and the final contract of sale.

More on this in the next chapter.

Chapter 11:

What Should be in My Contract of Sale?

The contract of sale is a legally binding agreement between you and the owner of the property. It's important to ensure all information provided in this contract is accurate and correct so the transaction can be completed successfully.

Contract Information

There are many details that need to be included in the contract of sale for a property.

- Names and addresses of seller and buyer.
- Sale price of the property.
- Deposit amount and due date.
- Settlement date.
- Any special terms and conditions (finance, inspections etc.).
- Chattels included in the sale.
- Whether the house will be vacant possession or tenanted.

As this is a legal document, it's crucial to go through it with the real estate agent and your own lawyer or solicitor to ensure the contract is sound. A lawyer can also help you understand your requirements during the sale.

Cooling Off

In some states, there is a cooling off period that commences as soon as both parties have signed the contract for non-auction sales. During this defined period, you have the right to walk away from the sale, usually after paying a small termination fee.



However, some owners may provide the buyer with an agreement to waive the right to a cooling off period when signing the contract of sale.



Chapter 12:

Settling The Sale - What You Need to Remember

There are many things you'll need to organise between the time you sign the contract of sale and the settlement date.

During the settlement period, you will need to fulfil the conditions outlined in the contract of sale as well as any other obligations you have.

Finance

Before the settlement date rolls around, you will need to contact your mortgage lender and organise your finance for the home. Whether you're closing a bridging loan, using a loan portability feature or taking out another mortgage, your finance needs to be organised as soon as possible.

The balance of the home is due on settlement day and will usually be paid to the seller once the lender has authorised the payment.

Conditions

If you outlined any special conditions in your contract of sale, now is the time to fulfil these. For instance, the sale of your home may be subject to an inspection, valuation or some type of work by the owner. For a smooth transaction, this needs to be organised well in advance to ensure everything is completed by settlement day.

Handover

Once both parties and solicitors have written to the agent to confirm the sale has settled, the agent can organise the handover of the keys to the new owner.

This can take a couple of hours to be finalised, so it's a good idea to organise your removalists to come to your home the day after settlement.

Chapter 13: **Moving On, Moving In**

Congratulations! You have just purchased a home and are now on your way to becoming a seasoned real estate buyer. Taking possession of your new home is an exciting time. Starting fresh in a brand new property and moving all of your furniture in is sure to be a fun experience for everyone.



You will need to organise a few things in advance before you make the transition from your old home into your new one.

- Contact Australia Post and organise your mail to be redirected to your new address.
- Cancel the electricity, water and gas supply at your old home.
- Set up utilities at your new home
- Check whether your new home has council-supplied bins. Otherwise, organise the delivery of these to the property.
- Make sure your children have been enrolled in a new school in the area.
- Transfer or organise home and contents insurance for your new home.

Moving In

Will you be moving your furniture in yourself, or will you hire removalists? You will need to organise this well in advance so you can start packing and have a smooth transition into your new home.

Before moving furniture you will need to:

- Obtain at least three quotes from removalists.
- Organise some friends or family members to help you (if DIY moving).
- Get some boxes and packing material.
- Draw up floor plans for your new home. And work out where all your furniture will go.

Get to Know the Neighbourhood

As a new member of the neighbourhood, you may feel a little nervous about where the best

amenities are and what your neighbours are like. Take some time to explore your new suburb. Don't be afraid to introduce yourself to your immediate neighbours next door or across the road.

Once you've met, they can provide you with some helpful information. For example, they might know the best hidden restaurants in the area or which road to take to avoid morning traffic.

Another way to learn more about your neighbourhood is to go for a walk during the weekend. Head to the nearest shops, parks or beaches to get a true feel of your new home. Who knows, you might make a wonderful discovery on your journey, such as a new favourite cafe or shop!

For a more detailed guide on moving into your new home, download and read **The LJ Hooker 'Your Complete Moving Guide'**.



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