

6 STEP BUYER CHECKLIST

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1. How much can I borrow?
2. What are the costs?
3. Which loan is right for me?
4. Get pre-approval.
5. Search for a property.
6. The buying process.

1. How much can I borrow?

How much can I borrow is often referred to as your "borrowing power", which is basically how much you can borrow to finance your house or property purchase.

Your borrowing power is assessed on a number of points:

- your income
- your savings
- current financial commitment
- credit history
- living expenses
- guarantors.

2. What are the costs?

In order to determine how much you can borrow, you will need to factor in all the charges such as:

- deposit
- taxes
- stamp duty (mortgage and property purchase)
- legal costs
- insurance
- registration fees on a mortgage.

3. Which loan is right for me?

There are heaps of loans available with different features and fees to be considered, such as home loan rates, mortgage offset, redraw and ongoing fees to name a few.

Finance tools actually search for and organize the most suitable loan for you and the best thing is we don't charge you a cent for this service!

You need to consider a few things when deciding what loan to take, including:

- Can I make additional repayments without being charged extra?
- Can I make repayments via direct debit, ATMs, internet and phone banking services?
- Can I have a 'mortgage offset facility' – which allows me to offset funds in an account against my home loan?
- Can I redraw funds at any time, how do I do it and is there a charge for it?
- Will I be able to restructure my loan in the future?
- Are there home loan fees?

4. Get a Pre-approval

Pre-approval is a term that means your loan has been approved in principle (given that you have met lending prerequisites). It involves completing a loan application with all the relevant supporting documents, such as pay slips, bank statements etc.

From here, we work with you to complete the relevant paperwork to move the loan through to the approved status. A pre-approval gives you an idea of how much you will be able to borrow. Therefore, how much you can comfortably pay for your new property.

5. Search for a Property

This is the exciting bit!

By now, you will have no doubt started thinking about where you want to buy.

With your pre-approval sorted, you now have a better idea of how much you can spend.

When going to view properties, you should take with you our property inspection checklist so that you can compare each house you view on similar points. Make sure you are thorough when inspecting a house.

Some things to compare when looking for your property include:

- Price averages for the area.
- Growth rate for that area.
- Proximity to public transport.
- Proximity to shops, schools, major roads.
- Are there any repairs needed?
- Number of rooms, bathrooms, toilets.
- Heating/Air Conditioning: gas or electric.

6. The Buying Process

The buying process is the final and most important step to home ownership. This process can be broken into 4 separate stages:

1. Making an offer.

There are two different types of offers you can make:

- a) Auction – If you are buying at an auction, you are required to pay a deposit (usually 10% of the purchase price) immediately.
- b) Private – If you are buying privately, you are usually required to pay a holding deposit (can be anywhere between 0.25% and 10% of the purchase price).

2. Contract of Sale

The Contract of Sale (which is prepared by the vendor's legal representative or agent) outlines your offer, the date of settlement and any other conditions that must be met before the sale goes ahead.

It is best that you discuss the Contract of Sale with your legal representative before you sign it.

There are two kinds of offers – unconditional and conditional.

Unconditional Offer

This is an outright offer to purchase land or property. At this stage you should be absolutely certain that this is the land or property that you want and that you have access to finance for the purchase. Upon acceptance of the offer by the vendor, you are obliged (legally) to go through with the purchase.

Conditional Offer

A conditional offer is similar to an unconditional offer, in fact it is also a legally binding contract (provided that all of your conditions are satisfied). The only way that the conditional contract can be broken is if one or more of the conditions are not met.

3. Finalise Loan

Once you have pre-approval we can work your loan through to the finalized stage by completing all of the necessary paperwork and then on to settlement.

4. Settlement

After the contract becomes unconditional and all documentation has been finalized with the lender (if applicable) your purchase will proceed to the settlement stage. You or your legal representative will "book in" a date for settlement and on that day you can pick up the keys to your new place!