

Your checklist for buying a property

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Determine your needs or property you want

At first glance, choosing what type of property to buy seems like an easy decision. But when you give serious thought to your needs, more options may become apparent. For example, young children may lead you to decide that you need a house with a big backyard. But maybe a townhouse with a small courtyard would be suitable, if it's next door to a park. If you don't have children there maybe something else to consider – pets, commute, leisure activities and other requirements.

The type of property and location you choose should reflect your lifestyle. Ultimately the decision will come back to one very basic question; how will you use your property? There's no right or wrong choice, just what's most suitable for you considering your needs, wants and budget.

Timing: One to two weeks.

Arrange finance

Talk to your bank or finance broker and determine how much you can spend on your property. Understanding your borrowing capacity will influence other factors such as the size of the property and the location. Don't rush into it – take a week or so to work out your finances, after all this is probably the biggest purchase you'll ever make.

You will also need to consider other costs associated with buying a property.

Stamp Duty is a State Government tax on certain documents or transactions. In Victoria, all transfers of land attract Stamp Duty, which is based on the market value or sale price of the property – whichever is greater. Current rates are available on sro.vic.gov.au (State Revenue Office Victoria).

Timing: One week.

Find the property

Start looking for the ideal place. A great way to start is registering with hockingstuart's property match system early alert. Simply specify the type of property you're looking for, the location, number of bedrooms, bathrooms, and price range and the database will match your requirements with a property that suits you. Registration takes just a few moments.

We know that finding the property that's right for you can be a challenge, and sometimes a lengthy one. The good news is that tools such as red magazine, hockingstuart.com.au, realestate.com.au and domain.com.au can offer considerable help in your search.

Timing: Up to eight weeks.

Inspect the property

Visit the property and get to know it as well as you can; think of it as test-driving your new home. Spend as long as you can getting to know it; take a good look inside and out, up and down the street and all around the neighbourhood. Don't be afraid to ask as many questions of the agent (or owner) as you like such as the age of the property, what the body corporate fees are, land size etc. And if you're really interested in the place, come back for another visit at a different time of day, if possible.

Depending on your findings, a building and/or pest inspection may be required. The former offers peace of mind if you're seriously considering a property. It's also a good idea to gather as much information as you can about the surrounding buildings (or apartments if you're looking at an apartment block) and other projects if any are planned. Nearby buildings in poor condition may devalue your own property, as might a large industrial site being built nearby. The local council is a good source of information about what projects may be planned for the area.

Timing: One or two days.





Prepare to make an offer

Before you make an offer, you should have pre-approval of the amount you're entitled to borrow from your bank, including an allowance for an upfront deposit. Before you make an offer seek advice on the Section 32, commonly referred to as the Vendor Statement, provided by the real estate agent. It is a good idea to appoint a solicitor or a conveyancer, who can help you with the often complicated legalities surrounding your purchase.

If buying at auction, you should consider attending other auctions beforehand. You'll get some event experience as well as a sense of the price of properties like the one you're considering. Seeking advice on this – and other matters in the process – from your hockingstuart agent is well worth it; their experience is invaluable.

Making an offer

The next step is perhaps the most satisfying and fun – buying it. There are two ways to buy a property, either through auction or private sale. The method of sale is up to the vendor. A property offered for private sale will be advertised at a certain price, which may or may not be negotiable depending on the vendor but it can't hurt to make an offer, something your hockingstuart agent will be happy to do on your behalf.

Attend the Auction

Before the auction confirm with the agent what the appropriate method of lodging a deposit is. This can be a personal cheque, bank cheque, deposit bond. Buying at auction offers a few benefits, such as it being an open forum, so you know who you're bidding against and what they are offering. On auction day, the property owners will set a reserve price. This is the price at which they agree to sell the property. The public forum of an auction often tends to pit bid against bid, encouraged by emotion and competitive spirit, leading to higher prices.

If your bid is the highest bid taken by the auctioneer and is above the vendor's reserve price you will purchase the property. If your bid is the highest bid taken by the auctioneer but hasn't reached the vendor's reserve price then the property will be passed in. You, as the highest bidder, will have the first opportunity to buy the property at the vendor's reserve price. The Auctioneer will clearly announce when the property is on the market and is going to be sold. If the property is passed in on a vendor bid then the vendor, via the vendor's agent, is free to discuss the purchase of the property with any genuine buyers.

Buyers are usually required to pay a deposit of 10% of the sale price of a property. This is payable immediately if the property is purchased at auction, or by an agreed offer if purchased at a private sale. The deposit is kept in an independent trust account, organised by the seller's estate agent. Often the vendor's agent's fees and marketing costs associated with the sale of the property will be deducted from the deposit before it is released. Section 27 of the Sale of Land Act makes it possible for the deposit to be released prior to settlement. This is known as an early release of deposit money.

The main consideration for you as a buyer is to make sure the balance of your payment will cover the amount owing against the property at settlement, and all contractual conditions have been met. The vendor must disclose any mortgage or caveats affecting the property in the Section 27 Deposit Release Statement, which the buyer must then sign and return to approve the early release.

Timing: One day.



Settlement

Congratulations on purchasing your property. This period gives you time to get everything ready for the big move. Visit hockingstuart.com.au for details on hockingstuart Removals.

It's also during this time that you'll conduct your final inspection of the property to ensure that it's in the condition you agreed to buy, that agreed-upon repairs, if any, were made and nothing has gone wrong with the home since you last looked at it. You may be pressed for time as the day of settlement approaches, and you might therefore be tempted to pass on the final inspection. It is never a good idea to forgo the final inspection.

What to look for in a final inspection:

- turn on and off every light fixture
- run water and look under sinks for leaks
- test all appliances
- check garage door remotes
- open and close all doors
- flush toilets
- inspect ceilings, wall and floors
- run garbage disposal and exhaust fans
- test heating and air-conditioning
- open and close windows
- make sure all debris is removed from the home
- chattels/goods

Taking out building insurance on your new home from the moment you sign the contract is advisable; that way you're covered for any unexpected contingencies.

It's a good idea to arrange utilities connection several days before you move in, just to be on the safe side. YourPorter can help you with providers for electricity, gas, phone, pay TV, internet and more. Call 1300 400 600 or visit YourPorter.com.au.

Timing: Settlement time is normally dictated by the seller as well as the banks providing the mortgages, but can be negotiated with you, the buyer. The most common settlement periods are 30 – 90 days.