

Tips:

1. Get organised

If you want to make an offer, be certain that you can follow through by having the following items confirmed.

- ✓ A pre-approval of finance from your bank or lending institution
- ✓ Your own property sold, or at least assessed for value and possible sale time
- ✓ You have a solicitor or conveyancer selected
- ✓ Determine how you will be paying the 10% deposit and associated costs
- ✓ An idea of settlement times required before you take possession.

2. Building Reports

Before you purchase any property - in particular a new home - it is important that you receive a copy of a Building Report from a qualified inspector.

Please note that this report is a complete list of defects of the home, and is very different from the feature brochure that you receive from Downton Property. Most people are shocked with the report they receive on the home, and most times misinterpret the report, e.g. *'the home is 24 years old and ... is in need of new roof tiles'*.

Roof tiles last approximately 25 years and need replacing on every home of that age. The point to remember here is that all homes at one time or another require maintenance, and that this is known as a capital improvement on the property.

3. Bank valuations

Don't be alarmed if your bank or lending institution request a valuation by a registered property valuer. This is normal practice of lending institutions, and serves as confirmation of the agreed sale price.

4. Buying at auction

If you are intending to buy at auction, all the above-mentioned must be in place. Auction day is final. If you turn up to bid and you are the highest bidder past the received price (on-the-market price) you are the instant owner awaiting settlement of that property.

Summary:

Preparation is the key. Understand your rights and have everything in place. If you follow the advice in this document, along with that of your solicitor and your Downton Property agent, you will be on your way to securing the right home for you. Whether you are considering purchasing property in the near future, or are currently in the process of buying a home through another company and in need of advice, please feel free to call any of the Downton Property sales team with any questions that you may have. They will be happy to assist you.

Yours faithfully,



Natalie Downton

M. 0417 434 136

P. 03 6105 0454

E. nat@downtonproperty.com.au

www.downtonproperty.com.au



What you need to know when
purchasing a property





Purchasing a property:

Purchasing residential real estate can be a very exciting process, however it can also be a confusing time for the prospective buyer. We will show you what you need to know about the process and your rights so you can secure the right property for you.

Should you decide to secure or make an offer on one of our listed properties, we will ask you to confirm the following details, enabling us to help you in the best possible way.

1. The actual purchase price you will be paying for the property
2. The method by which you choose to pay the 10% deposit. e.g. cheque / bond / other
3. The settlement period that you require
4. The name of your chosen Solicitor or Conveyancer
5. The name of your bank or financial lending institution
6. Any special conditions or requests that you may have so that we can inform the vendor (property owner).

Once we have the above information, we are in a position to arrange a meeting with the vendor.

Buying process:

Property owners receive all types of interest – some genuine, some not.

Some people submit offers to test the possibility of sale, but do not actually stay true with their offer. This can lead to frustration and concern for the owners as they try to assess who is actually a genuine buyer. The best way to present a strong offer on any property is to already have spoken with a bank or broker and have finance pre-approved. With a shorter timeframe for finance to be approved it clearly demonstrates to the vendor that you are serious about your offer.

Once an **agreement on price, settlement, conditions**, etc has been reached with the vendor, the sale can proceed. An **exchange of contracts** is the only way to actually buy or sell a property. The exchange of contracts occurs when the purchaser and vendor each sign an identical copy of the proposed contract for the sale of land, that land having a title. (The property on the land, being houses, townhouses etc., are known as improvements to the subject land.)

Your purchasing options:

Need Assistance With Finance? Contact Yellow Brick Road Wealth Management Hobart

Yellow Brick Road Hobart helps Australians on the road to their hopes and dreams. How? We are a full service wealth management company that offers products and services for home loans, financial planning, insurance, superannuation, and investments. We offer competitive rates, an all-encompassing portfolio of services and a network of trusted local wealth managers whether in Tasmania or anywhere in Australia.

We offer local wealth managers (mortgage brokers and financial advisers) we are local business owners with a vested interest in our local community. We understand the hopes and dreams of the people who live in our patch, and how to achieve them.

How can Yellow Brick Road help me to buy a property?

For typical home loans, lenders want you to be able to contribute a deposit to the sale price of the property. The most cost-efficient loans occur when you can contribute at least 20 per cent of the purchase price, as a deposit.

Lenders Mortgage Insurance

Yellow Brick Road's home loans offer Lenders Mortgage Insurance (LMI) for people with less than 20 per cent as a deposit. LMI is paid by the borrower, to cover the extra risk to the lender.

Savings

Saving cash gives you options when borrowing to buy a house. Not only is 20 per cent deposit the optimum point to reach, but a lender wants to see that most of these savings (in cash, managed funds, shares etc.) have been accumulating for a year or more.

Equity

If you're purchasing a second property, you can use the equity in your current property as a deposit for the new purchase. Equity is the component of the property's value that you own, not the lender. There are two ways to build equity: by making higher repayments than the lender's schedule requires; and capital growth in the property.

Income

Lenders all need evidence that you can repay the loan, so you must produce evidence of employment and earnings. This part of the loan obviously suits employees on a PAYG arrangement, because it is easy for you to produce pay slips and evidence of your salary. For those who are self-employed or contractors, you may be asked by a lender to produce more evidence of your income, including tax returns, Business Activity Statements and even written declarations from your accountant.

Loan type

No two borrowers are exactly the same and from the outset you need the right loan. Typically you will start with the interest rate: the lower your interest rate, the less you pay to borrow the money. If you need a simple home loan to get started, and you want to pay the lowest rate, look at a no-frills loan such as the YBR Rate Smasher.

Insurance

You need to protect your new asset. Typically you need insurance to cover the house and contents, and your cars. But if you're the breadwinner you should also have life insurances to cover the mortgage and other family debts, should you die or become incapacitated. These policies protect your wealth and they should be structured properly to ensure they have the desired effect. Structuring your life insurance and ensuring you have the right cover at the right price – you should see a Yellow Brick Road Wealth Manager, which can be accessed through your local YBR branch. Some don't know but you may have no upfront costs to do this as in some circumstances it can be paid through your superannuation.

To contact Yellow Brick Road Hobart, call us on 03 6135 4875 or Andrew on 0414 077 002.

