



Buying guide

Buying a home is an exciting experience, but can be somewhat daunting, especially if you're buying for the first time. However, a little planning, some homework, and a clear understanding of the steps involved should mean that the hardest part is actually choosing your home. This guide outlines the steps involved, from working out what you can afford to buy, through to buying a home.

Finance

Before you start looking for the house of your dreams, it's a good idea to have finance approved. This will also give you an idea of what price range you can afford. You should also keep in mind the additional ongoing costs that you will need to allow for when owning a home, such as rates, insurance, etc.

The first step is working out how much money you have for the deposit. Then you will need to select your home loan lender.

Choosing a bank or mortgage provider can be a difficult task. A good place to start your research is the internet. Most mortgage providers have their own web site, where they list available loan products as well as current interest rates. You may consider using a broker who has access to all major banks and lending institutes. This is a free service and can save you thousands.

Some things to consider include whether the loan will be subject to interest rate changes (fixed rate or variable, or a mixture of both), how the repayments will affect your lifestyle and over what term the loan should be. Use the comparison rate tables, as these will show the effect of any additional costs such as loan establishment fees or early repayment penalties. Once you've chosen your lender, you will need to make a formal application for a loan. Your loan approval is usually valid for 3 months.

House Hunting

Once again, before you start house hunting, do your homework. Think about what you need (as opposed to what you want) in your home. Is a small home or apartment situated closer to work preferable to a larger home further away from work but in a good "lifestyle" area? Take into consideration how many rooms you need, whether proximity to community facilities, schools and transport is important, or whether you are prepared to do renovations on the property in the near future. Make a list and stick to it!

Next, talk to a real estate agent or a buyer's agent (the latter acts exclusively for the buyer, unlike real estate agents who usually represent the person selling the property). Let them know what you're looking for and ask them to contact you if any properties fitting your criteria become available. Some agents offer the facility of messaging or emailing alerts to you.

Expect this process to take some time, as it may involve spending weeks (or at least weekends) inspecting properties. Look through local newspapers, surf the internet and attend "open for inspections" in the neighbourhood you're looking to buy in, to get an idea of prices and what is available. Take notes about the homes you like – it can often be difficult to remember details later.

Once you've found the house of your dreams, you can start negotiating to buy it. An initial deposit may be required – this does not secure the property for you, but it is an indication that you are serious. At this time also, make sure you understand what is included in the sale of the property.

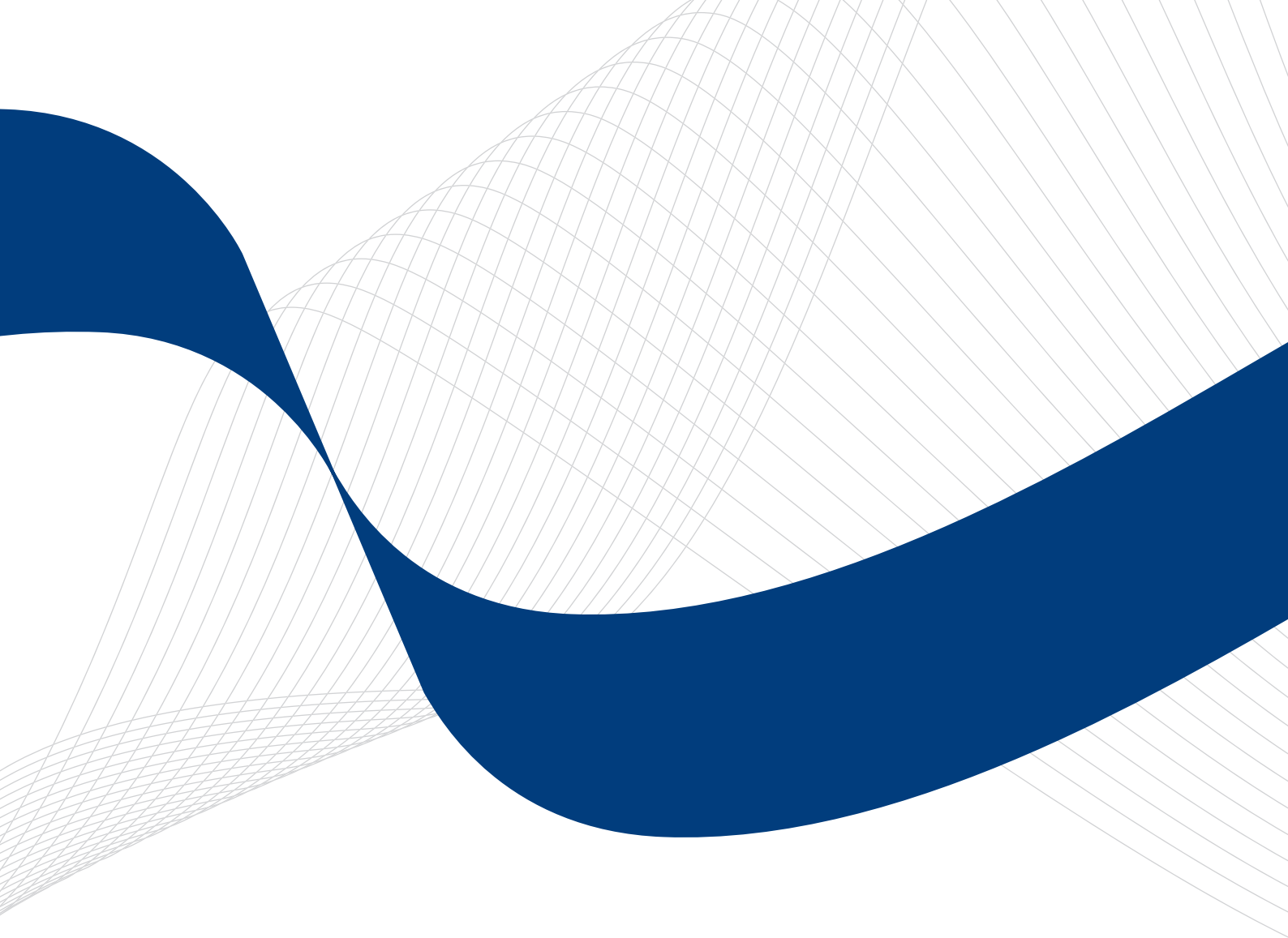
Legal Matters

Once you and the seller have agreed on a price, you will be required to pay a deposit.

The next thing to do is appoint and consult your settlement agent. Usually the settlement agent will be provided with a copy of the sales contract by the seller's agent. Your settlement agent should check the contract and make sure it contains all required documentation, terms and conditions. The contract should include a copy of the property title, any local planning certificates, a diagram showing sewerage, copies of any documents pertaining to easements, a list of any special conditions and inclusions (such as floor coverings, curtains, etc).

Settlement

The final step in the home buying process is settlement. This is when the buyer pays the balance of the agreed purchase price and, in return, the title deeds of the property are transferred from the seller to the buyer. The title deeds are then normally held by your lender until the loan is repaid. Before the final settlement, your settlement agent should make sure any rates or taxes outstanding on the property have been paid by the seller up to the date of settlement. When settlement is complete, you (or your lender) will receive a copy of the property title and, of course, a set of house keys!



mallison.com.au