your HOME your mortgage

A HOME BUYERS GUIDE

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Save time, stress and shoe leather

Take the leg work out of financing your property through engaging a mortgage broker

Introduction

From the moment you turn the key in the lock and take those first few steps through your new front door, the security of owning your own home is second to none. But the path to home ownership can be stressful and if not fully prepared it can prove to be time of great confusion, indecision and hard work – especially when it comes to finance.

Your Home, Your Mortgage arms home buyers and investors with essential knowhow and proven techniques to ensure you avoid the common pitfalls of financing a property.

Throughout this handy guide you'll find practical advice and helpful worksheets to steer you through the whole process – from researching the market and arranging your mortgage through to negotiating your property purchase and final settlement.

So whether you're looking for your dream home or your first investment property *Your Home, Your Mortgage* provides the insight and support every step of the way to ensure you succeed in the property market.

I wish you every success in your hunt for the perfect property.

If you're buying your first home or investment property – or looking to move to a bigger and better one – speaking to a mortgage broker is a good first step.

A broker will sit down with you, usually in your own home or another location easy for you, and show you the range of loans available from different lenders. They will then help you narrow them down to a loan that best suits your needs.

ASSESSING YOUR NEEDS

A mortgage broker will take the time to understand your needs, discuss your financial circumstances, and identify your loan requirements.

As a first step, they'll discuss your property goals, factoring in your loan requirements in light of your lifestyle, job, family and other aspects. They'll also discuss the type of documents needed to assist you to make a loan application – such as pay slips, tax returns, and personal bank statements.

Once they have a clear understanding of your financial situation and goals, your broker will be able to advise you on your home loan options.

COMPARING LOANS

As part of their service, your mortgage broker will recommend one or more home loans that fit your borrowing needs. They will be able to search through their database – which usually includes multiple lenders – to zoom in on specific loan products that meet your requirements, discussing their details and features with you.

To help you see how different products stack up against each other, your broker will provide you with a comparison rate for each product. Comparison rates are calculated using a common formula and include the advertised interest rate as well as fees and charges incurred at the start of a loan. They should be used as a guide only though, as

> "As part of their service, your mortgage broker will recommend one or more home loans that fit your borrowing needs"

they don't include all of the fees and charges you may incur over the life of a loan.

The sophisticated software brokers now use will give you not only a broad view of your lending options, but also a tight analysis on real specifics of the loan that have been identified as meeting your needs.

MANAGING THE LOAN PROCESS – FROM START TO FINISH

When you've chosen the loan you're comfortable with, your broker can help you fill out the necessary paperwork to get the loan process underway. This might include submitting your home loan application on your behalf and communicating with all the relevant parties until your home loan is approved.

If you decide you want to switch home loans or refinance at a later stage, your mortgage broker can also help you source new loans and give you advice at every step of the way.

> "When you've chosen the loan you're comfortable with, your broker can help you fill out the necessary paperwork to get the loan process underway"

WHY USE A MORTGAGE BROKER?

- **SAVE TIME –** your broker can do the groundwork for you, making it easier to find a loan suited to your needs. Moreover, they'll manage the application and approval process.
- **EXPERT ADVICE –** your mortgage broker knows what loans are out there, so you can expect to receive professional advice on the most suitable loan options.
- **REDUCE STRESS –** your broker can reduce stress by helping you source the most appropriate mortgage as well as keeping you updated along the whole mortgage process.

Tips for saving your deposit

Saving for that all important deposit can be tough – but here's three winning tips to **set you on your way to home ownership, fast!**

PUT YOUR GOALS IN WRITING: Setting a financial goal will make it much easier to plan and successfully save. Make a conscious effort to track your expenses so you can see where your money's going and cut back where you can. Small sacrifices such as taking the bus instead of a taxi or bringing your lunch to work can also go a long way towards helping you save.

BEAT THE CREDIT MONSTER: Credit card debt, unpaid bills and personal loan repayments can be major setbacks to your saving efforts. As part of your saving strategy get these debts paid off. Start by paying off your debts that have the highest interest rate – typically your credit card. If you can't pay it off in one lump sum, ensure that you pay more than the minimum monthly repayment. You'll not only slash your debt, you'll also have extra funds to channel into other debt commitments or even deposit savings.

MAKE YOUR SAVINGS WORK FOR YOU: Making cutbacks on your lifestyle is one thing, but putting that money to use is another. Remove the temptation to spend your savings by arranging a set amount to be taken out of your pay each month and put directly into a savings account. Shop around, and seek a high interest rate savings account to get the best returns – many banks now offer an online high interest account.

Switching for a better deal

Your life never stands still; and neither should your mortgage. If change is afoot, it might be **time to search for a more suitable product**

If your loan doesn't suit your lifestyle or personal situation you could be wasting thousands of dollars a year on extra interest and fees.

You may be able to refinance and find a loan that's more appropriate for your needs, with better features and a competitive interest rate to match.

If you feel that your loan no longer right for you speak with your mortgage broker. Here are some key reasons to prompt a review of your mortgage:

PAY OFF YOUR MORTGAGE FASTER!

If you're striving to be mortgage free, faster, there's a good chance there may be a more appropriate product to meet your needs. Some mortgage products are designed to motivate borrowers to repay their mortgages quickly, so now is the perfect time to talk to your mortgage broker and consider whether a new loan will see you on the road to financial freedom – fast!

BETTER INTEREST RATES AND LOWER REPAYMENTS

Rates and mortgage deals are constantly on the move. To make the most of a competitive mortgage market, you might want to evaluate the loan product you currently have. For example, you may want to go for a lower variable-rate, or lock into a fixed-rate. Break costs can be expensive though, so you'll need to check that you'll come out ahead when all costs are considered.

CONSOLIDATE YOUR DEBT

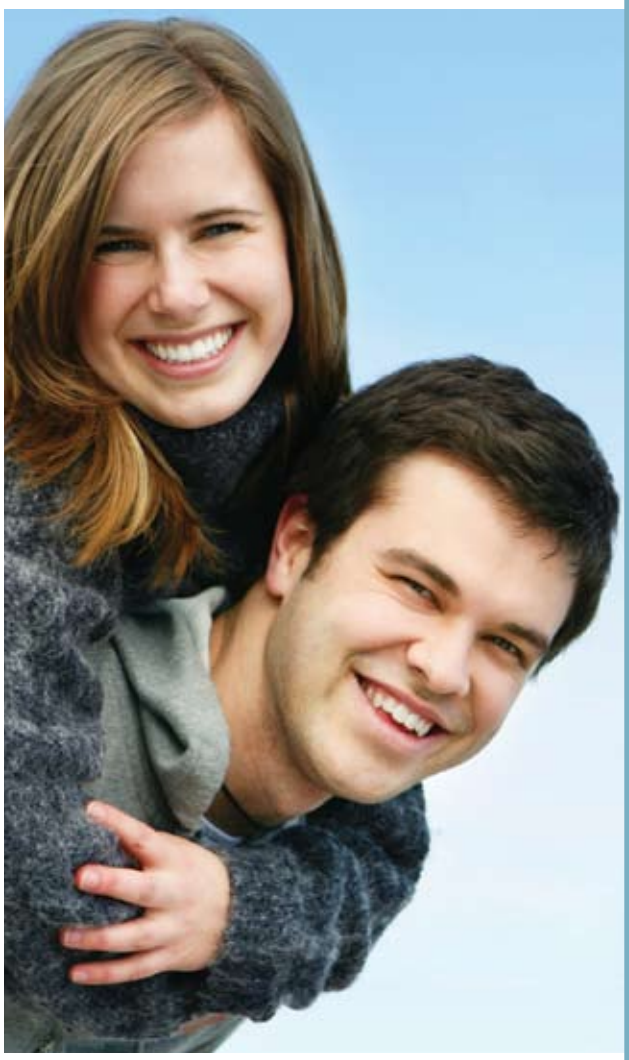
Consolidating your debts, such as credit cards or personal loans, into your home loan can save you thousands of dollars in interest charges. Rolling your debts into one monthly or fortnightly repayment can also help make juggling your finances a little easier, while improving your cash flow to boot.

AVOID MONTHLY FEES AND CHARGES

Some lenders charge a monthly service fee – further adding to your debt. Competition between lenders has increased and a number now waive administration fees, so refinancing your home loan with another provider can be a smart move to help cut your mortgage costs.

UNLOCKING EQUITY

As you pay off your mortgage you'll accumulate equity in your home. As long as you are capable of meeting your loan repayments, refinancing your mortgage can help you tap into the value that you've built up, using it for other purposes such as purchasing an investment property.



Are you ready to move in?

Your step-by-step check list for being home owner ready!

ARRANGING YOUR FINANCES

- [ ] Contact your mortgage broker and arrange appointment
- [ ] Arrange supporting documents (i.e. pay slips, group certificate, credit card & other relevant documents
- [ ] Assess lending capabilities with your broker, shortlist loan options and determine most appropriate loan from the shortlist
- [ ] Submit loan application with all supporting documents
- [ ] Obtain pre-approval

NOTE: Finance can be secured before or after you find a property; however borrowers should consider pre-approval so that they have a true measure of their borrowing capacity before they commit to a purchase

BUYING YOUR HOUSE

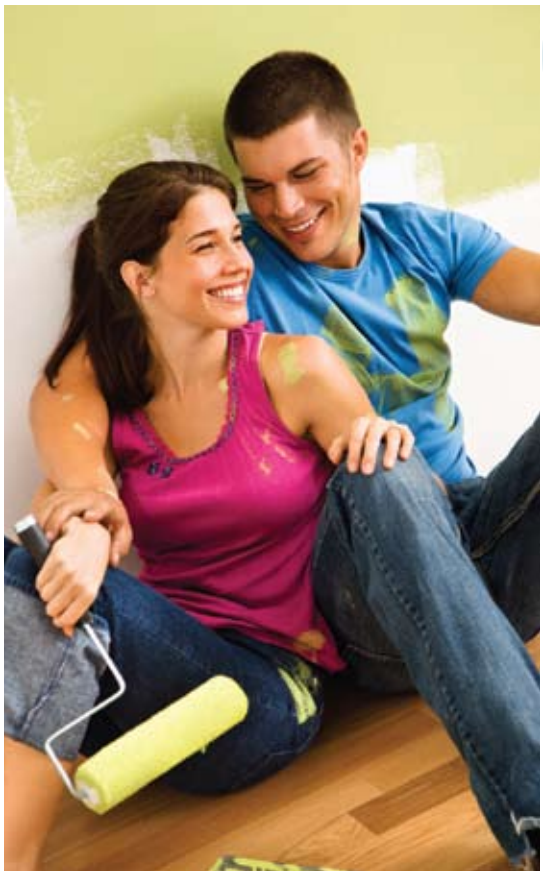
- [ ] Engage a solicitor or conveyancer to check sale contract
- [ ] Place offer for home/ win at auction
- [ ] Complete building and pest inspections, strata and title searches
- [ ] Exchange contracts along with agreed deposit
- [ ] Arrange insurance (contents; building and/or income protection)
- [ ] Process first home owner grant (FHOG) – different for NZ
- [ ] Complete settlement
- [ ] Pick up keys

MOVING IN

- [ ] If currently renting, advise landlord that you're moving
- [ ] Collect bond from rental agency

- [ ] Arrange disconnection of utilities and cleaning of old premise (if required)
- [ ] Arrange quotes from removalist companies/ schedule moving times
- [ ] Connect the gas, electricity and other utilities
- [ ] Connect Pay TV and Internet
- [ ] Connect new phone line and re-direct mail (can be arranged through your local post office)
- [ ] Re-direct newspaper delivery and advise family and friends of new address/ phone details
- [ ] Clean up homeand move the family in!

Case study – sourcing a broker



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Greg and Kylie decided after three years of marriage and with a baby on the way that it was time to explore financing and finding their first home. Strapped for time and with a lack of confidence in their product knowledge, Greg and Kylie felt the safest route to refinancing their property was to seek independent advice.

Some friends who had recently bought and financed their first home recommended speaking to a mortgage broker. Unsure of what to expect, Greg armed himself with some questions while Kylie picked up a mortgage and property magazine to cover some of the basics about property finance.

When Susanna, a local mortgage broker, arrived at Greg and Kylie's house the couple was surprised at the ease of the initial loan qualification process. They also felt assured of Susanna's credentials when she presented them with her Finance Broking Agreement and industry accreditations.

To Greg's surprise, their mortgage broker made the whole financing process very easy to follow, and he felt comfortable that he understood options that were open to them.

After a quick fact find, Susanna confirmed that Greg and Kylie would qualify for a loan and organised a convenient time for them to get together to access their options in more detail.

Six weeks later their offer was accepted on a three bedroom townhouse and Susanna oversaw their loan through to settlement.

Borrowing within your means

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While your lender will give you a maximum borrowing amount, **it's essential that you determine your own borrowing capacity when searching for your new home**

The choices you make when taking out a mortgage have long-lasting implications – so you need to approach borrowing with a healthy attitude.

How much you can borrow and how much you *should* borrow are two very different things. While your lender should not let you borrow more than you can afford, ultimately the choice is yours – so be careful not to over commit yourself.

When determining your borrowing capability, start by measuring your income against expenses, including your mortgage repayments. A good rule of thumb is that no more than 35 per cent of your gross monthly income should go towards servicing your mortgage.

Lenders use a similar method to work out how much to lend you. As a general rule, the bigger deposit you have and the higher your income, the more they should be willing to lend.

> "Ultimately the choice is yours – so be careful not to over commit yourself"

Here are some factors to take into account when determining how much you should borrow rather than how much you can:

HOW MUCH DEBT CAN I HANDLE?

Don't over commit. Borrowing too much can be a big strain on your personal life and lifestyle. Think about what aspects of your lifestyle you may be willing to give up, and those that you can't.

AM I BEING REALISTIC?

Houses are like stepping stones – it's probably best to start with something affordable and move towards your dream home as your personal earning capacity and equity grows.

WHAT ARE MY PLANS?

Think about what the future holds – both personally and financially. Are you a one or two income household and is this likely to change in the future?

WHAT ABOUT INTEREST RATES?

Consider how any rate rise will impact on your ability to make repayments and factor that in when setting your borrowing limits. And don't forget, there are added extras when purchasing a house, like solicitors and application fees, as well as ongoing commitments including council rates and utility bills – so consider these costs when determining how much you can borrow.

Capitalise on government incentives

If you're a first time buyer, the good news is that the government has introduced a number of incentives to help you achieve home ownership sooner!

It can be hard for first time buyers to get a foothold on the home ownership ladder, but take heart – there are various government grants and concessions that can help offset some of the expense when getting started in the property market.

As affordability has spiralled over recent years, combined with the increased cost of living – whether it is household items, food or even petrol – first home owners have struggled to make the transition from renting or living with parents to home ownership.

However conditions for first home buyers are now much more favourable. The Government's ongoing commitment to the First Home Owner Grant (FHOG) is certainty good news for budding buyers looking to purchase their first home. There's also a range products well suited to first home buyers – some of which you might not even be aware about.

So before you start searching for your dream home, take some time out to learn more about these incentives and products. If you'd like an explanation on any government incentives and to assess your borrowing capabilities give your mortgage broker a call.

FIRST HOME OWNER GRANT

First home buyers across Australia may be eligible for the FHOG – which is a one-off, tax-free gift from the Federal Government.

As long as you and/or your spouse are a first home buyer over 18 years of age, and an Australian citizen or permanent resident, you are likely to be eligible for the grant.

The FHOG fluctuates in terms of both the amount available and the criteria borrowers must meet to secure it. While it's a federal initiative, the FHOG is administered by state governments – so ensure you check details in your own state.

If you'd like to find out whether you're eligible speak with your broker – they're well versed in all areas concerning the FHOG and can answer any questions; they can even assist you complete relevant paperwork should you have any difficulties.

Also visit www.firsthome.gov.au, which can also provide additional information.

STAMP DUTY BREAKS AND CONCESSIONS

Australia's State Governments have introduced breaks for the stamp duty associated with a property purchase.

Stamp duty is a mandatory government fee associated with each property purchase and typically calculated on the price paid for a property. First home buyers, like all purchasers, are required to pay stamp duty however in an effort to make home ownership more affordable concessions are available to eligible buyers which range from state to state.

It's essential to determine your eligibility for a stamp duty concession before you commit to a home purchase – if you go over the threshold by even one dollar you may reduce the concessions or price yourself out all other.

Be sure to speak to your broker when arranging your pre-approval to discuss your buying limits in order to receive stamp duty concessions on your first home. Knowing what breaks that are available will help you better determine how much you can, or need to borrow.

NEED MORE INFORMATION?

For further information on the First Home Owners Grant or details on stamp duty breaks contact your state's relevant government office.

ACT – www.revenue.act.gov.au
NSW – www.osr.nsw.gov.au
NT – www.nt.gov.au/ntt/revenue
QLD – www.osr.qld.gov.au
SA – www.revenuesa.sa.gov.au
TAS – www.treasury.tas.gov.au
VIC – www.sro.vic.gov.au
wa – www.dtf.wa.gov.au

Interest rates and how they affect your mortgage

With uncertainty surrounding interest rate movements **there has never been a more compelling reason to consider the impact rates have on your mortgage**

The rate of interest you'll pay on your mortgage depends on a combination of factors. This can include the Reserve Bank of Australia's (RBA) cash rate, your lender and the type of loan you have.

When working through your loan options with your mortgage broker there are a number of issues to keep in mind to ensure you're getting the most appropriate mortgage for your needs.

THE TYPE OF LOAN

Different loan types tend to come with different interest rates. So if your loan has a range of features, such as re-draw, offsets or early repayment facilities, you'll usually pay a little more in interest.

Alternatively while a basic loan doesn't have all the bells and whistles of other products the interest rate is typically lower.

When assessing which loan best suits your needs, ask your broker to explain how the different features work to assess whether they are worth paying a higher rate for.

For example if you're looking to drive your mortgage down quickly or would like flexibility in your repayments it may be worth paying for the features needed to do this most effectively.

THE TYPE OF RATE

With the possibility of movements in interest rates, some borrowers are choosing to fix their home loan rate – or 'lock in' a rate for a set period of time.

If you're considering this option, it's important to remember that a fixed interest rate is usually higher than the current variable rate. However, if rates are on the rise and you're concerned they'll keep going up fixing your rate will ensure consistency in repayments each month.

Alternatively a split loan can give you the best of both a fixed-rate and variable-rate loan. This means that if rates rise a proportion of your loan will be protected, minimising the impact of higher monthly repayments. If on the other hand rates fall your fixed rate will remain higher and the variable part of the loan will fall.

LESSEN THE IMPACT OF A RATE RISE

Should rates rise, there are a number of effective ways to lessen the impact on your finances:

- **FACTOR IN POSSIBLE HIKES** – Leave room for a number of interest rate rises when you assess your borrowing capabilities. This may mean reducing your mortgage amount slightly or purchasing property that's at the lower end of your price range.

- **INTEREST ONLY** – If you're really struggling to keep up with rate hikes, you can consider changing to an interest-only loan. While not an effective long-term strategy for owner-occupiers, it might be an option while you deal with the here and now.

- **REFINANCE** – Your situation may have changed from when you first took out your mortgage – for example you've now only got one person in the household earning a salary. Ask your broker what mortgages are available that better suit your situation.

Lenders Mortgage Insurance – What do I need to know?

LMI can help you **enter the market sooner**

Lenders Mortgage Insurance (LMI) helps Australian homeowners enter the market earlier through allowing you to borrow a higher percentage of a property's value.

For first home buyers, particularly those struggling to save a deposit but more than comfortable to meet their mortgage repayments, it can be a key tool to break free of the rental trap.

Through financing a higher proportion of a property's purchase price, lenders take on a higher level of risk should you fail to meet mortgage repayment, and the property needs to be repossessed and resold.

LMI is therefore payed by you to insure your lender against loss should this happen. It is important to be aware that LMI only covers the lender if you default, not you.

The bigger the percentage of the property's purchase price you have to borrow the greater the amount you're likely to pay on insurance. So if your deposit is less than 20 per cent, and especially if you have no deposit at all, you will need to factor LMI into your home loan. Remember that should you have the required 20 per cent deposit for a mortgage you will not need to pay LMI.

> "LMI only covers the lender if you default, not you"

LMI is usually paid as a one-off lump sum at the time of settlement but it many cases it can also be added into the loan amount and paid off over the life of the loan – a term known as capitalising the LMI. Speak with your broker to assess whether this option is right for you.

The pick of the bunch

There's a huge choice of home loans available, **but to find your perfect match you'll need to do a bit of homework**

Making yourself familiar with a few of the popular products available will give you a strong head start when discussing your loan options with your broker.

Here are just a few of the product types you're sure to come across:

BASIC HOME LOANS
Basic home loans – or 'no frills' loans – offer borrowers a loan with a low interest rate. A popular choice among first home buyers, a basic home loan's interest rate is often half to one per cent below the standard variable rate, which is sometimes combined with minimal ongoing fees. Drawbacks include limited features, less flexibility, and additional charges if you decide to switch loans or pay the loan off sooner.

FIXED-RATE HOME LOANS
Worried about rising interest rates? A fixed-rate home loan will allow you to fix your interest rate for a specific period, usually from one to five years. It's a sound option when interest rates are on the rise or in times of economic uncertainty. Should interest rates plummet, however, you'll still have to pay off your mortgage at the fixed rate until the end of the agreed period.

STANDARD VARIABLE-RATE HOME LOANS
Considered a popular mainstream choice, standard variable-rate home loans allow you to borrow money for a set period of time, during which you make regular repayments based on the current interest rate. The interest rate can vary depending on fluctuations in the official cash rate.

> "A split-rate home loan offers both flexibility and security"

LOW DOC HOME LOANS
If you're a self-employed, contract or seasonal worker and do not have a regular income a low doc loan may be a solution.

While making homeownership a possibility for a cross section of Australians workers which previously found it difficult to secure a mainstream bank loan, most low doc home loans typically have higher interest rate. Your lender may also require you to take out lenders' mortgage insurance in order to secure a loan.

THE BENEFITS OF BUYING THROUGH A TRUST

If you're looking to buy as an investor, then purchasing your property through a family trust may have certain benefits, including greater flexibility when it comes to income and tax distribution. Everyone is different so you'll need to get professional advice on this one.

If you go down this route, you'll need to discuss the purchase with members of the trust. The trustee – the legal owner of the trust's assets – can decide whether or not to buy the property on your behalf.

Before you take the plunge, remember to seek professional legal and tax advice to make sure you understand the pros and cons. Ask your mortgage broker to refer you to relevant professionals if you do not have any existing relationships.

SPLIT-RATE HOME LOANS
Want the best of both worlds? A split-rate home loan offers both flexibility and security.

A good product for both first time and existing borrowers, split loans allow you to customise your loan's interest rate as you

> If you're a self-employed, contract or seasonal worker and do not have a regular income a low doc loan may be a solution

see fit: fixing the rate on a portion of your loan to give some certainty to part of your monthly repayments but also flexibility for the balance of your loan that is on a variable-rate.

INTEREST-ONLY HOME LOANS

Interest-only loans offer borrowers lower repayment options, while maintaining many of a traditional loan's features.

This type of loan allows you to pay only the interest component on a mortgage; it does not reduce the principle component. They are a popular choice for investors looking for good capital appreciation on their investments.

PRODUCTS AT A GLANCE

BASIC HOME LOANS
Pro – Interest rates are often half to one per cent below the standard variable rate.
Con – Limited features, less flexibility and possible penalty fees for early loan repayment.

LOW DOC HOME LOANS
Pro – Can help you enter the property market if you're a self-employed, contract or seasonal worker without regular income or proof of income.
Con – Typically have higher interest rates; you may also have to pay LMI.

STANDARD VARIABLE-RATE HOME LOANS
Pro – Make regular repayments based on the current interest rate; effective if rates do not rise.
Con – Should interest rates increase your regular mortgage repayments will rise.

FIXED-RATE HOME LOANS
Pro – Fix your interest rate for a specific period, giving certainty to regular repayment amounts.
Con – Should interest rates fall you'll still need to repay your mortgage at the agreed fixed rate.

SPLIT-RATE LOAN
Pro – Fix a portion of your interest rate to give certainty to monthly repayments while also benefit from a variable-rate portion should rates drop.
Con – If interest rates do drop you'll be left paying a higher rate for your fixed-rate portion.

INTEREST-ONLY HOME LOANS
Pro – Pay only the interest component on your mortgage.
Con – Repayments do not reduce the principle component of your mortgage.

Get a head start with a pre-approved loan

Competition for property can be fierce. **Get ahead of the pack with a pre-approved loan**

WHAT'S PRE-APPROVAL?

Sometimes referred to as an approval-in-principle, pre-approval is a general indication of how much you're able to borrow based on the information you provide to your lender. Although subject to terms and conditions, a pre-approval basically gives you the green light on your home loan even if you've not yet decided on a property.

The amount of the pre-approval is usually determined by your ability to meet the loan repayments. Most pre-approvals are valid for up to three months.

There are many different types of pre-approval but if you're looking to go into negotiations with a vendor with some certainty behind you, an unconditional pre-approval is the best way to go. It will typically cost you a little extra in processing and assessment fees, but an unconditional pre-approval will place you in a stronger negotiating position with most sellers in the market.

Be careful with the term unconditional as it means that all of the lender's requirements to assess the application have been satisfied (including valuations, if applicable). However, there still may be some other lender conditions that apply.

HOW DO YOU GET PRE-APPROVAL?

To kick start the pre-approval process you'll need to give your mortgage broker some key documents.

These should include proof of your income – such as a letter from your employer or copies of your pay slips – proof of identity, and details of any assets you own.

> "A pre-approval basically gives you the green light on your home loan even if you've not yet decided on a property"

Other paperwork might include details of any existing loan commitments and limits on credit cards. Once your financial status has been given the tick of approval by the lender, you'll receive a pre-approval notification that will see you on your way to home ownership in little or no time at all.

WHY OBTAIN PRE-APPROVAL?

- **PEACE OF MIND** – a pre-approval gives you the confidence of knowing how much you can borrow when buying a property.
- **JUMP THE QUEUE** – having your home loan pre-approved enables you to seize the opportunity and act quickly when you find the property you want.
- **STRONGER BARGAINING POWER** – a pre-approval can sometimes help you negotiate a better price with the seller, especially if there are fewer stringent conditions upon the sale.
- **ABILITY TO BID AT AUCTIONS** – under the conditions of a cash contract, a pre-approval allows you to bid at auction for the property of your choice.

How to manage your mortgage more effectively

While there's no getting out of mortgage repayments – unless you strike a financial windfall! – there are **ways to make paying off your loan easier. Here are five proven tips to better manage your mortgage!**

1 **SET A BUDGET:** Work out your expenses, fortnightly or monthly, and factor in your mortgage repayments. You might need to cut back on spending in places to make sure your mortgage is a priority. Keep a diary of your spending and stick to your budget.

2 **CUT YOUR DEBT:** Reduce the number of credit cards you have (ideally down to one) and their credit limits, and only use them sparingly. Having a mortgage means taking control of your spending.

3 **PAY MORE THAN THE MINIMUM:** Split your monthly mortgage repayment in two, so you make your repayments fortnightly, helping to save on interest chargers. When extra funds come your way, like tax refunds, put them straight into your home loan as well – it can really make a difference in the long term.

4 **DIRECT DEBIT:** Arrange for your mortgage repayments to be direct debited from your pay, so you always make them on time.

5 **DON'T BE LATE:** If you're struggling to meet your repayments, speak to your broker. Refinancing may be one option available. It may be better to extend the loan term than to default.

Better buying

Arm yourself with some essential buying skills for purchasing property via auction or private sale

Both private sale and auction have positive and negative points from a buying perspective. Once you've found your dream home, keep these points in mind when handling both buying situations.

BUYING VIA PRIVATE TREATY

A private sale is popular from a buyer's perspective for several reasons, but top of the list would have to be the control and flexibility it can offer.

PROS: In a private sale, as a buyer you're in a strong position to negotiate the terms and conditions of the sale to suit you. You can make several offers over a period of time, without rushing or being locked into a binding contract. There is typically a cooling-off period after your offer has been acceptedwhich also gives you the chance to pull out of the sale should you change your mind.

CONS: On the flipside, one of the downsides of private sales is the possibility that multiple offers may be made to the vendor without your knowledge. This can work against you if another party makes a higher offer that is accepted by the vendor, when you might have been willing to make a similar offer eventually.

BUYING AT AUCTION

Purchasing a property at auction involves bidding against other parties, and the competition can get hot! For this reason, purchasing at auction is often preferred by experienced or confident buyers, but less experienced or first time buyers can purchase at auction too.

> "One of the downsides of private sales is the possibility that multiple offers may be made to the vendor without your knowledge"

PROS: Buying a home at auction allows you to see your competition face-to-face, and get an idea of how many other parties are interested in the property. It also gives you the chance to make a higher offer than a competing buyer, something a private sale doesn't always give you the scope to do. There's also the advantage of knowing

BUYING TIPS FOR PRIVATE SALE AND AUCTION

PRIVATE PURCHASE

- Get a mortgage pre-approval – it will establish your credentials as a serious buyer and may give you leverage to negotiate.
- Do not sign any contracts without the approval of your solicitor.
- Insert an acceptance date into your offer by which time it will lapse if it is not officially accepted.

AUCTION

- Attend a few auctions to familiarise yourself with the process before you take the plunge.
- Obtain a copy of the auction rules and conditions and make sure you understand them well. Also have your solicitor review the contract before you attend the auction, and ask them to negotiate conditions on your behalf – for example longer settlement terms or less deposit down.
- Thoroughly examine the property before bidding at auction, including pest and building inspections.
- Most importantly, set your maximum bidding limit and stick to it.

> Purchasing a property at auction involves bidding against other parties, and the competition can get hot!

the property is yours there and then, rather than having to spend weeks or months in negotiation.

CONS: One of the disadvantages of buying at auction is the limited scope to negotiate the terms and conditions of the sale contract. After a final bid is accepted, there is no cooling-off period – you must put the deposit down immediately. The other possible downfall is the tendency for competition to drive up the purchase price. Be careful that you don't get tempted in the heat of the moment into making a bid that's beyond what you can afford, or have budgeted, to spend.

CASH ON THE SIDE

So you're ready to buy your new home? Remember, your mortgage is but one of many expenses you'll need to cover as you move in to your new property. Have you factored the following into your budget?

- **BODY CORPORATE FEES:** If your new home is not free-standing – i.e. a unit – it may be subject to ongoing yearly fees. Enquire with your real estate agent or body corporate to get a full picture of your responsibilities.
- **CLEANING:** If you are vacating a rental property to move into your new home you may be required to cover the cost for professional cleaning as part of the terms of your lease.
- **REMOVALISTS:** Professional removalists can be expensive so weigh up the pros and cons of hiring specialists compared to getting a bunch of friends around and doing it yourself. It's worth checking with your insurance company whether any damage to your goods is covered should you undertake the moving yourself rather than use the services of a qualified professional. Moreover, if you decide to place your goods in storage, check whether your current insurance covers it while in a storage unit – you may need to take out additional insurance for this purpose.
- **UTILITIES:** Setting up utilities usually requires connection fees and/or bonds – fees can differ from service to service, but expect to pay $60 or more for each utility.
- **RATES:** Don't forget to factor in council rates and other associated fees; and be aware that they will most likely go up in the future.
- **ELECTRICAL GOODS:** You may need to buy new white goods such as dryers or microwaves if they aren't included in your new home.
- **FURNISHING:** Kitting out a new house can certainly add up, so budget accordingly or look for other alternatives – such as borrowing family and friends' spare or old furniture.
- **LANDSCAPING: :** If you are moving into a new house you may need to spend money on a lawn, fences and gardens. Even in more established houses, you may need to put your hand in your pocket for tidying up.

Choosing your home checklist

Determine your must-have features **compared to those you could live without**

	ESSENTIAL	PREFERABLE	HANDY
LOCATION			
Close to work			
Close to schools			
Close to parks			
Close to shops			
Close to amenities i.e. hospitals			
Close to sports grounds/ local clubs			
Close to train station/ bus routes/ public transport			
Close to family and friends			
Close to leisure and entertainment i.e. cinemas			
INTERNAL FEATURES			
Separate dining room			
Separate children's rumpus room/ parents retreat			
Open plan layout			
Guest room/ area			
Additional toilet/ bath			
Study			
Modern kitchen			
Built-in heating/ cooling system			
Built-in wardrobes			
Additional storage			
EXTERNAL FEATURES			
Fully-fenced yard			
Double/ lock-up garage or workshop			
Gas cooking/ heating			

	ESSENTIAL	PREFERABLE	HANDY
Outdoor area			
Off street car parking			
North facing			
Swimming pool			
Security system			
Fully renovated/ landscaped – no work required			
Requires renovation/ landscaping – work required			
No steps			
Low maintenance			
Street lighting			

Ready, set, buy – the role of buyer's agents

It's well known that real estate agents act on behalf of the vendor, but **did you know that there are also professionals that provide a service to buyers?**

Buyer's agents are gaining popularity with time poor buyers and those with less experience or confidence in the market. They can be engaged to identify suitable properties and even take on the negotiations with real estate agents or vendors.

Some buyers seek the services of an agent to avoid trawling through property listings, pounding the pavement visiting open houses and haggling with estate agents.

But for others, engaging a buyer's agent can take much of the emotion out of negotiating, which some agents claim can result in a better purchase price.

Buyer's agents are experienced in dealing with real estate agents and have an in-depth understanding of the market as well as the sales process – which can certainly be an advantage for those who lack confidence.

Charges can vary from a flat fee to a percentage of the property purchase depending on the services provided. You may be able to pay a smaller amount if you are only after representation at an auction.

If a buyer's agent sounds up your street look for a recommendation from friends or from your broker and make sure you check their credentials, fees and charges carefully before engaging them.

Before you buy – inspections and pre-purchase checks

Use this checklist to make sure your **new home doesn't contain any hidden surprises**

CHECK REQUIRED	COMPLETED
Have a qualified builder inspect your property and provide a professional condition report. Highlight any structural problems or issues such as rising damp or old wiring; obtain quotes for repair.	☐
Organise pest inspection.	☐
Check the local council's building regulations should you plan to renovate and determine any restrictions that may apply before you buy.	☐
Have all legal aspects relating the land and title checked by your solicitor or conveyancer.	☐
Check with the council on zoning or any upcoming developments nearby – particularly those in your immediate neighbourhood such as new roads and highways or high-rise, high-density unit developments.	☐
Ensure all appliances work (i.e. dishwashers, stoves, hot water systems).	☐

Preparing the family for a move

While moving into a new home can be very exciting for some families, **it can be a bit more challenging for others**

One of the most daunting parts of moving can be sharing the news with the kids. Communication is the key to a smooth transition, so keep some of these tips in mind when the time comes!

SHARE FROM THE START

If you have children, it's best to break the news early on. They will feel included and it will also give them time to get used to the whole idea.

INCLUDE THEM

Be open about the move and make sure you include the kids in all the steps and processes. Chat about their fears and uncertainties and try to be understanding.

BE POSITIVE

Your attitude will influence your family's so be enthusiastic. Just don't go too overboard and insist they will love aspects they might not. Be realistic – adjusting could take time.

BE PREPARED

Make a list of the positives about the new house or neighbourhood, so you can mention these when you break the news. Think about the possible negatives as well so you can be prepared to tackle those head on.

INFORM THEM

Provide your kids with lots of information about the new house and area, and what they can expect. If they will be attending a local school, find out as much information about it beforehand and pay a visit before the move. This should help them feel more secure and make the adjustment easier.

Protecting your purchase

Insurance is essential for **all new property purchases**

When it comes to buying your new home, insurance is just as important as the home itself. There are two types of insurance you'll need to consider: building or home insurance may need to be in place soon after you sign a contract to purchase a house, and contents insurance will need to be in place from the day of settlement.

BUILDING OR HOME INSURANCE

Depending on the type of loan you've taken out, it may be compulsory for you to take out building or home insurance to safeguard the lender's interest in the property. Even if this is not mandatory, it is strongly advisable.

Building or home insurance covers you for damage to your property or its fixtures. Depending on your level of cover, you may be able to protect yourself from fire and storm damage to burglary.

Essentially, home insurance covers the cost of restoring your property to its present condition if it is damaged. The level of cover should factor in the market value of your home, as well as additional costs like cleaning, alternative accommodation and rebuilding. Make sure you don't underestimate these costs, as you may end up seriously out of pocket in the long run should disaster strike.

> "Make sure you don't underestimate costs, as you may end up seriously out of pocket in the long run should disaster strike."

CONTENTS INSURANCE

Contents insurance protects you in the case of loss or damage to your personal belongings and items in your home, such as whitegoods, clothing and furniture. While you may already have contents insurance, it's a good idea to update it after a move into a new property, especially if you've decked out your new house with brand new furniture and appliances.

You'll usually have a choice between two types of contents insurance. You can choose a policy that replaces the old goods with new ones; alternatively you can opt for an indemnity policy, under which you'll receive the depreciated value of what was damaged. The choice is up to you!

TIPS TO FIND THE RIGHT INSURANCE FOR YOUR NEW PROPERTY

1. **TAKE TIME TO SHOP AROUND:** compare the price of each policy with the cover offered – don't go for a cheap deal with very little cover or pay top money for cover you don't really need.
2. **ENGAGE SPECIALISTS:** Use a professional valuer to assess your home and get quotes from a builder on the cost of making various types of repairs in the event your home was damaged. Also take time to work out the value of your home's contents – it's very easy to underestimate how much your belongings are really worth. Walk through every room and develop a thorough list of all the contents. Also keep receipts and take photos to use as proof of ownership. It's also a good idea to visit stores to find out the current value of certain goods so yours are insured for the right amount.
3. **KEEP DOCUMENTS SECURE:** Remember to keep copies of your insurance policies, receipts and photographs away from the house, as they won't be much help to you if they are damaged. Leave a set at your parents or a friend's house for example.

A new home, a new community

Moving house can be one of life's more exciting experiences; it can also be one of the most stressful. **To help ease the transition into a new home, it pays to think ahead**

MAIL: Keeping on top of bills is a must, so make sure your post is redirected to your new address as soon as possible. Make sure you remember to notify your bank and any other service providers or regular billers about the move. The last thing you want is to be late in paying an account or to miss out on any important news.

UTILITIES: Find out about utilities (water, gas, electricity and phone) and what you need to connect (including costs) before the big move to ensure your life runs as close to normal as possible as soon as you're in your new home.

SCHOOLS: If your move involves a change in school for your children make sure this is sorted out well before the move. Include them in the decision process to help them get excited about the move, rather than upset and anxious.

AMENITIES: To help your family settle in find out as much as you can about your new community so you can explore and discover it together. Establish the locations of any facilities that would appeal, such as sporting clubs, gyms, parks and even video shops.

NEIGHBOURS: Pop over and say hi to your new neighbours. It's always handy to have a good relationship with the people in your neighbourhood, and they might have some tips to help you settle in quickly to the area.

BUDGET: Moving into a new home is as good a time as any to take a look at the family budget and reassess your spending priorities as well as factor in any changes that might have occurred now that you've moved.

The best advice when making a move to a new home is to be organised and not to take the move too seriously. Enjoy discovering your new neighbourhood and make the most of that new home feeling!

Name:

Allan Faint

Company:

Home Finance Centre Hobart

Address:

309 Liverpool st Hobart

Telephone:

office - 0362315255 mob - 0407316648

Email:

allan.faint@hfca.com.au

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