



Things to consider when buying a Home...

Buying a home is one of the largest single outlays most people will make in their lifetime!

Before you start looking, do your homework so you know what you need to do to be prepared.

Finance

How much you borrow can have a massive effect on your future. Before you put an offer on your new home, meet with your Bank or a Mortgage Broker so you know how much you have to go shopping with!

Conveyancer

When should I talk to a conveyancer?

The earlier the better! You don't need to wait until you are ready to sign a contract - it makes sense to select your conveyancer as soon as you decide to buy or sell. And never sign anything before you've asked for your conveyancer's advice - it is always better to be safe than sorry!

Your conveyancer will assist with:

- Preparation of necessary transfer documentation
- Liaise with banks and lenders on your behalf
- Assistance with First Home Owner Grant applications
- Pension Concession applications
- Principal Place of Residence Concession applications
- Obtaining rate and planning certificates and making sure all outstanding rates and charges are cleared at settlement

Stamp Duty (*Land Transfer Duty*)

When you buy Victorian land, which may include buildings, you are liable to pay duty. The duty payable is based on the market value of the property or the purchase price, whichever is greater.

If you are buying land with an improvement (a house), the amount of Stamp Duty you will be liable to pay is dependent on the following categories:

- *Principal Place of Residence*
- *Non Principal Place of Residence*
- *Reduction for First Home Buyers*

If you visit the below website you will be able to access a Land Transfer Calculator to accurately factor this cost.

Visit State Revenue Office Home Page - www.sro.vic.gov.au
Select – Land Transfer Calculator



□ Deposits

When a formal offer is made for a property and a Contract of Sale is signed, you will most likely be required to leave a deposit as a show of good faith. Usually this amount is in the vicinity of \$500 or \$1,000. Deposits are generally refundable, especially if the vendor chooses not to accept your offer.

Once your offer is accepted by the Vendor, generally a 10% deposit is required within a certain period, such as 14 days or as agreed, and is generally not refundable. These funds are paid to the Real Estate Agent and are deposited into the trust account they operate. No interest is payable from this type of account.

The Balance of the property price is then payable at Settlement of the sale.

□ Section 32 (*Vendors Statement*)

The seller is legally responsible for the Vendor's Statement, which is usually prepared by their Conveyancer or Legal Practitioner. The seller must provide a vendor's statement to prospective buyers before any contract of sale is signed.

If you're considering buying a property, it's critical to get the vendor's statement checked by your own Conveyancer or Legal Practitioner prior to signing a Contract of Sale.

The Section 32 will cover information as follows:

- Mortgages – written contracts giving the lenders of finance certain rights over the property
- Covenants – agreements that require the property owner to do (or refrain from doing) something. For example, a covenant could state that no more than one dwelling may be built on the land
- Easements – a right held by one person to use another's land. For example, for drainage and sewerage pipe
- Zoning – how the council will allow the land to be used
- Outgoings – Eg. Rates, Water, Electricity etc
- A declaration if the property is in a bushfire-prone area.

A vendor's statement is a legal document – If it contains false, incorrect or insufficient information, a buyer may be able to withdraw from the sale up until settlement or take legal action.

□ Cooling Off Period

The cooling off period is 3 clear business days from the date of the Buyer signing. Eg. If you sign on a Saturday, the cooling off period ends on the following Wednesday. Throughout the cooling off period you may end the Contract for any reason.

Important Note:

Cooling off period DOES NOT APPLY at Auction. If the property passes in at Auction, for 3 clear business days after the Auction day, the Auction conditions still apply. Eg. There is no cooling off period should you put an offer in within 3 clear business days of the Auction.



□ Settlement Terms

Settlement terms traditionally are 30, 60 or 90 days but may vary depending on Vendor/Purchasers situation.

It can be an advantage to the buyer to get an offer across the line if the Settlement are shorter if the Seller is wanting a shorter settlement.

□ Pre Purchase Building & Pest Inspection

A pre-purchase or pre-auction inspection helps you know what you are buying!

A pre-purchase or pre-auction inspection is one of the smartest investments you can make when it comes to buying a new home. Save yourself potential thousands and valuable time by arranging a residential or commercial building inspection. Much better to find out that your dream home or office has structural problems or devastating termite damage before you part with any money. In fact, a full timber pest inspection and report is also a significant and essential part of smart property purchasing.

□ Methods of Sale

There are numerous ways a home can be offered to the market. The most common forms are Private Sale, Auction/Tender.

PRIVATE SALE

Home is offered to the market with the Vendors asking price as one of the following: fixed price, price range, offers above \$\$\$, price on application etc

Examples of Conditions of Sale

- Unconditional (not subject to Building & Pest Inspection or Finance)
- Subject to Finance – Eg. Within 14 days or as agreed with Vendor
- Subject to a Major Structural Defect & Termite Infestation within 7 days – Sale can only be terminated if a Building & Pest Inspection report finds a Major Structural Defect or Major Termite Infestation.
- Building & Pest Inspection to your satisfaction within 7 days – If Building & Pest Inspection Report findings are not to your satisfaction you can end Sale Contract.

Please Note:

If you sign a Contract that states “within 7 days”, be aware that this is 7 days – Monday to Sunday and can include public holidays.

If you sign a Contract and state “within 7 business days”, this will only count Monday to Friday and will not include Public Holidays.

Time is precious when you purchase a home and goes very quickly. Make sure you allow yourself the time to arrange your Building & Pest Inspection and Finance.



TENDERS / EXPRESSION OF INTEREST

This method of sale is usually associated with properties that are in a sought after location or the Vendors knows will attract numerous Buyers.

The property price is not always advertised and requires potential Buyers to compete against one another by submitting offers by a certain date and time, but neither party knows how much others are offering. This method is similar to a silent auction.

To make your offer attractive to the Vendor, it is recommended your finance is secured and you have carried out a pre purchase Building & Pest Inspection before your offer is submitted. By doing this you can submit an Unconditional Contract with confidence.

*Properties are usually sold to the highest bidder... **Hopefully that is YOU!***

AUCTION – Roll up Roll up!

Auction is a popular method of selling property, particularly when the market is strong and Vendors are confident that their property will fetch a good price.

You can make a pre-auction offer to the Vendor via the Real Estate Agent prior to the Auction, but keep in mind if you want to stop the Auction, your offer needs to be an amount that will attract the Vendor's attention!

If you proceed to Auction day, one of the benefits of being the successful bidder is that you get a definite result. Contracts are signed and exchanged on the day and are unconditional and legally binding to all parties.

Insurance

Even though the seller's insurance may cover the property up to the date of settlement, your lender will recommend you take out building insurance effective from the date the seller signs the contract. This is to safeguard their interest in the property, as well as your own. A lender often requires the borrower to arrange insurance cover, noting the lenders full name as "an interested party" or "as mortgagee". Failure to provide a certificate from the insurer with the lender noted as an interested party can lead to a delay in settlement.

Pre Settlement Inspection

The contract of sale requires the seller to hand over the property in the same condition as when it was sold. If, during the final pre-settlement inspection, you find that something is damaged or not working as it was on the day the property was sold, you can request a repair.

As the Buyer, you are entitled to inspect the home at any reasonable time during the week before settlement. You will need to contact the agent to arrange this inspection.

Make a list of the things you need to check from the notes you made about the property during your pre-purchase inspections. Check all the items listed in the contract are there and in the right condition.



□ Settlement

On settlement day, at an agreed time and place, your solicitor or conveyancer meets with your lender and the seller's representative to sign and hand over documents and cheques – neither you nor the seller need to be there. Documents are then sent to the titles office to register you as the new owner.

Your lender will do the following:

- Register a mortgage against the title which stays in place until you pay it off.
- Provide the funds to purchase the property or payout the existing loan.

Your solicitor or conveyancer needs to ensure:

- Any existing mortgage is paid off
- Any caveats (notice on the title that a third party has an interest or right in the property) are removed
- All clauses on the sales contract are fulfilled
- The transfer of land and mortgage is registered with the title office.

Your settlement agent should contact you to let you know if settlement went through successfully.

□ Housewarming

Moving into a new home ranks amongst the more exciting events in life, so it's definitely a time to break out the bubbly and celebrate.

Holding a housewarming party is a good way to welcome new and old friends to your new home!

**We hope you have found this information useful & on behalf of the team at
Melbourne Pre Purchase Property Inspections
we wish you all the best at such an exciting time!**