



## PLAIN ENGLISH GUIDE

# BUYING REAL ESTATE

Buying real estate is an exciting time. It can also be stressful as there are many things that have to be done, and they have to be done correctly - after all, it is a lot of money you are investing. Our Conveyancing team are here to help relieve the pressure and stress on you, and guide you through the process with ease and professionalism.

### **Holding Deposits**

Once you have found the property you are after, you can pay a holding deposit. This is an amount of money agreed upon once the price for the property has been agreed. It works as a gesture of good faith from you to the vendor. A holding deposit is fully refundable, if you change your mind before exchange of Contracts. In response to this gesture of good faith, you can ask the real estate agent to take the property off the market.

### **Finance**

When considering an investment in real estate you should think about how you will finance your purchase, whether with money saved, or by approaching a bank/financier. It is worthwhile considering making an appointment with one or more lenders to discuss your needs and goals. This can help set your limits when searching for or making an offer on your proposed new home or investment. It can also be helpful to find out what information/documentation they will require and start getting it together and even submit documents to financier. This can make approval much quicker when you find the right property.

Remember- pre approval offered by some lenders is not unconditional approval! It is likely the lender will require more information about your own circumstances and the location and value of the property before granting unconditional approval.

Budget for fees and mortgage insurance if necessary. Most financiers will require mortgage insurance if you are borrowing more than 80% of the value of the property.

### **Stamp Duty**

If you are not eligible for First Home Plus stamp duty exemption, stamp duty will be payable on your purchase. The amount of stamp duty depends on the value of the property. Please contact one of our property staff if you would like an estimate of stamp duty for your price range.

### **Pre-contract**

When you buy any property there are many searches and inspections that should be carried out- after all, you don't want to find out too late that the property has problems! Some searches can be done before exchange of contracts and some after. The following are examples of the types of searches that might be done:

- Pest and Building Inspection: to ensure the property is free from pests, and there are no structural defects. These should be organised promptly prior to exchange of contracts.
- Survey Report: to identify the property, check the boundaries of the land, and to confirm the location of improvements.
- Building Certificate: to make sure Council does not require anything to be done to ensure the buildings comply with all relevant building standards and that the buildings correct use is approved by Council.
- Check carefully the terms of any lease of the property paying particular attention to the rental paid, expiry date and whether there is any option to renew.



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### **Exchange of Contracts**

Exchange of contracts happens when each party hands to the other party a signed copy of the contract. Either immediately on exchange or upon expiry of the cooling off period, you are bound to buy the property. The agreed deposit will be payable prior to, or at the time of exchange.

If you buy a property at auction, remember that you are bound to sign the contract as soon as the hammer falls and you are the successful bidder. Therefore, it is vital that if you wish to buy a property at auction that you discuss the contract with us before the auction. There is no cooling off period if the property is purchased at auction or on the day of auction. There is also no cooling off period for any property that is not residential. All arrangements with regard to finance and inspections should be completed prior to the auction.

After exchange we will arrange preparation of any documents required, arrange stamp duty payment for you, as well as liaise with your lender to organise the settlement of the purchase.

### **Settlement**

Settlement usually occurs 4-6 weeks after contracts have been exchanged. Before settlement, you will need to make arrangements to provide us with the balance of the purchase price. Where a lender is involved, we will make arrangements for them to attend settlement on your behalf.

We recommend that you have a final inspection the day of, or the day prior to settlement, to ensure that the property is as it was when Contracts were signed.

You would usually take possession of the property at or after settlement unless there is a lease in place. Earlier possession can be negotiated with the Vendor or the agent.

At settlement we will arrange payment of the balance of the purchase price and receipt of title documents. We will then arrange the relevant post settlement documentation to ensure the ownership of the property is transferred into your name.