

*lets get in touch*



**BEN PARR**

0466 388 772

[ben.parr@remax.com.au](mailto:ben.parr@remax.com.au)

[www.benparrproperties.com.au](http://www.benparrproperties.com.au)



SECURE YOUR NEW HOME EASIER



**A HOME BUYING GUIDE  
FOR TODAY'S MARKET**

BY BEN PARR

## THE PURPOSE OF THIS GUIDE

In an arduous market with tough competition at every turn, it can certainly feel difficult to secure a home especially if the process is not something that you are used to (most people tend to only buy / sell every 7 or so years).

The aim of this guide is to assist in providing as much valuable information as possible so that you can make the best decisions for you, your family and your real estate journey.

At the end of the day, you want to have confidence in your purchase, the journey, the agent you are dealing with and all of the legal stuff that can be overwhelming. This guide is designed to alleviate some of those stresses.

My philosophy in real estate is simple; everything I do is about honesty, service and trust and I certainly believe that at some point along the way, a great deal of real estate agents have lost focus on what is important in these transactions. This is why I wanted to put this guide together in order to help wherever I can.



## TABLE OF CONTENTS

3. THE BUYING PROCESS
4. CURRENT MARKET CONDITIONS
5. COSTS ASSOCIATED WITH BUYING
6. DOING YOUR RESEARCH
7. OTHER CONSIDERATIONS
8. STANDARD CLAUSES
9. FINANCE CORNER
10. QUESTIONS TO ASK THE AGENT
11. GLOSSARY OF TERMS

## GLOSSARY TERMS WORTH NOTING

### GOING TO PAPER

This essentially means putting your offer into a contract of sale being a legally binding document (if signed by other party). Note that expressions of interest do not count as they are not legally binding and only an offer on contract counts as going to paper.

### DEPOSIT

An amount put forward by you against the sale of the property. This amount is held in trust for the purchase and is typically 5-10% of the purchase price. Some agents ask for an initial deposit (upon signing) then a balance deposit due when unconditional.

### MULTIPLE OFFER

A sale process whereby each buyer is made aware that there are two or more buyers making an offer. Your offer at this point is effectively a best and final and you may not have another chance to re-negotiate your offer. See page 7 for more information.

### UNCON- DITIONAL

The state of the contract when all conditions and clauses have been met. At this point, your contract has no more variables and is just awaiting settlement to occur. It is a good time to start planning the move, electricity, gas, phone accounts etc.

### SETTLEMENT

Settlement is the stage of transfer from the previous owner to yourself. This is reflected by the Titles Office issuing new ownership of the property. IT IS NOW YOURS!! The solicitors handle this part of the transaction with the banks.

### COOLING OFF PERIOD

In QLD, contracts are subject to a 5 business day cooling off period. If you change your mind in that period, you can withdraw your offer but you will pay a penalty of 0.25% of the purchase price if you decide to rescind your offer.

### EXPRESSION OF INTEREST

A way to make an offer on a property without going to contract. Note: This is not legally binding and most agents should request offers to be made in contract form as it holds more credibility in the eyes of a seller when considering offers.

### EASEMENT

A section of land that that forms part of your block, and belongs to you, but someone else has rights to access it. A great example is a shared driveway down a battle axe block to another house OR water mains (or storm water) requiring access by council

### BUYERS' RISK

When a contract is signed by all parties, the property is deemed at the risk of the buyer from 5pm the next business day. This means that you must take out insurance to protect your new asset. A seller should still have their insurance in place just in case.

## QUESTIONS TO ASK THE AGENT



There are probably a million things swirling through your head like: is there anything wrong with the property? how much do I offer? what if I pay too much? or is this a good buy in today's market? (amongst plenty more).

There are a few good questions that can help answer a bunch of these concerns and make the process of decision making slightly easier in a complex time with purchasing a property. Some great questions are outlined below which are designed to help the pieces of the puzzle fall into place a little easier. Take note of these questions and remember to ask the agent when you find that right property for you!

- ✓ Can you please give me an indication of price?
- ✓ When will the sellers be making a decision?
- ✓ What is the preferred settlement term?
- ✓ What deposit is required?
- ✓ How do I make an offer?
- ✓ Will the sellers sell prior to the open home (or auction)?
- ✓ Will you consider an offer that is subject to sale (if applies)?
- ✓ Are there any easements on the property?
- ✓ When was the property built?
- ✓ Do you have a pool safety certificate (if applies)?

## THE GENERAL BUYING PROCESS

Pre approval from bank- The green light to go out and find a suitable home. Spend some time researching the market and create a "hit list". Go to plenty of open homes!



Inspections- View properties within your budget and find "the one" that ticks the boxes. Always inspect before buying. Makes notes that you can go back to and read about the home.



Make an offer- Where you see value in the property you like. There will be negotiations and hopefully you can secure the property you love. Don't let your dream home go for \$1000!!



Contract acceptance- The contract gets signed, you've bought the home! The clause periods such as finance and building & pest commence. Time to line those ducks up!



Under Contract- Work through the finance with your broker, conduct the building and pest inspection and any other conditions of contract. You are working toward meeting conditions.



Settlement- Conditions are met and settlement occurs a minimum of 14 days after. Property is transferred into your name and you now officially own the home. CONGRATULATIONS!

## THE CURRENT MARKET

As you are probably aware, the current real estate climate is particularly hot meaning there is plenty of competition in the market no matter where you look. This is driven by a number of factors including low availability of properties to buy and a mindset shift with a vast majority of people in the market, and yes, covid did play its part to a degree.



We keep hearing the phrase "seller's market", and yes, to a degree it is. But if it is a seller's market, it means that a higher volume of properties are transacted giving plenty of opportunity to the market to find something.

More people are taking the plunge and making the decision to sell giving a plethora of options to the market in almost every price bracket. The selling process has changed and many sales are now being conducted through the multiple offer process (see "Other Considerations" on page 7 for more information and further clarification).

At the end of the day, there is a very simple "supply and demand" issue and until this sorts itself out, we will continue to see strong growth and rising prices.... There are just too many people looking to buy than there are houses available. Unfortunately, nobody has a crystal ball and it is almost impossible to predict what the future has planned with property. All that you can do is act now and secure your new home that is fit for purpose for you and your family today!

**"IN ANY MARKET,  
THE BEST TIME  
TO BUY REAL  
ESTATE WAS  
YESTERDAY"**



## FINANCE CORNER

One of the most important aspects with your property search is buying within your budget. The best first step is approaching a mortgage broker to ascertain what your borrowing limit is and then proceed from there.

A mortgage broker has the flexibility to provide numerous options in the way of finance. Different lenders all offer different rates and packages and a mortgage broker can help you decipher all of the options available to you.



A broker will assist you in navigating the loan options, picking a suitable lender, documentation, application process, submitting your loan, getting the final approval and assist with the settlement process. A good broker is crucial and if you require a wonderful contact, feel free to call: (let him know I sent you)

**PAUL HABIB- Pivotal Financial**  
0419 224 001  
[paul@pivotalfin.com.au](mailto:paul@pivotalfin.com.au)

**"PRICE IS WHAT  
YOU PAY BUT  
VALUE IS WHAT  
YOU GET"**

### IMPORTANT CONSIDERATIONS WITH FINANCE

- ✓ Are you subject to Lender's Mortgage Insurance (LMI)?
- ✓ Are you eligible for a first home owner's grant (or similar)?
- ✓ Have you confirmed the appropriate time frame for your finance clause?
- ✓ Do you have a financial buffer if interest rates rise slightly?
- ✓ Have you planned and budgeted with your purchase?

## STANDARD CLAUSES

There are a few clauses in a contract of sale that are quite common and it is important to understand a little bit about them and how they can affect your purchasing journey. The most common we see are listed below.

### SUBJECT TO FINANCE

A finance clause is inserted into a contract to allow you adequate time to have a bank's approval to lend you the money. At the end of the day, unless you have the cash in the bank, you will need to get that lending approval in order to purchase the property under mortgage from the financial institution.

The benefit of this clause is to give you the confidence that you can obtain that sufficient finance. If it turns out that you cannot, you are able to terminate the contract without penalty and all deposit monies will be returned to you.

Typically, 14-21 days for finance is adequate and it is always a really good idea to check this timing with your mortgage broker, bank and agent prior to signing.

### SUBJECT TO BUILDING AND PEST

The building and pest clause is inserted to allow you to undertake a building and pest inspection on the property you have purchased. At the end of the day, you really just want peace of mind that the house is structurally sound and free from termites. Try not to get too hung up on the minor details as most of the time, you would have been able to see these small things at the time of inspection.

A building and pest inspector will generate an extensive report with their findings and have it back to you within a day. Take the time to read through and alert the agent to any areas of concerns. This clause is inserted for your benefit.

### SUBJECT TO SALE / SETTLEMENT

Often enough, people need to sell to be able to purchase. This may be a downsize move or scale up for the next chapter. This clause is inserted into a contract for the benefit of being able to facilitate your purchase of the new home as well as the sale of your current. Typically, you have a 30 day period to sell and another 30 day period to settle on top of that (60 days all up) and this date range can be altered to suit the property that you are selling.

There are multiple cogs turning at any one time so it is vitally important to select an agent that is dedicated to the hard work to effect these kind of transactions. You don't want the wheels to fall off when it is most important. Most subject to sale/ settlement clauses are also followed by a "sunset clause" of 72 hours which is to protect the seller against a timeframe that may become too elongated. This reads that if a more favourable offer is presented, you would need to go unconditional on your offer within 3 days or withdraw your contract to purchase.

## COSTS ASSOCIATED WITH BUYING

Just like selling a property, there are costs associated with purchasing a home that need to be considered before you make the leap into your purchase.

The most substantial cost without question is stamp duty. Stamp duty is a government tax imposed on the purchase of real estate and unless you are a first home buyer purchasing a property under \$550,000, it's completely unavoidable.

PURCHASE PRICE	STAMP DUTY ESTIMATE*
\$500,000	\$8,750
\$750,000	\$19,600
\$1,000,000	\$30,850
\$1,250,000	\$45,225
\$1,500,000	\$59,600
\$2,000,000	\$88,350

\* The above estimated amounts are based on a purchase not being an investment or vacant land without any government grants / incentives. Always check these details with your mortgage broker.

When purchasing a property, you will need a solicitor or conveyancer to effect the legal aspects for you. They are paid to ensure that everything is in order and should always be there to assist you throughout the entire process.

Different law firms and conveyancing companies charge different amounts depending on the services they offer and how complex your purchase is.

Generally speaking, if you allow \$1,500 for the conveyancing aspect you should be covered. This amount is inclusive of their services and search charges.

Other costs that should be considered are things such as removalist costs, potential works to be completed at the new property and buyer's agent fees (if applicable) etc.

## DOING YOUR RESEARCH

The purchase of real estate is typically the largest transaction of our lives, so it makes perfect sense to do as much research as possible prior to purchasing what could be your new home (you can never do too much research).

Spend plenty of time in the sold section of realestate.com.au and domain.com.au and other websites to equip yourself with the best information regarding what is happening in your local market.

I have always suggested to start creating a record of properties you have visited, and what they eventually sold for, and you will soon find that you can place pretty accurate values on properties within your scope of purchase.



**"DON'T WAIT TO  
BUY REAL  
ESTATE, BUY  
REAL ESTATE  
THEN WAIT"**

Know the area that you are buying in, the location of local schools, public transport and shops etc. When I look at purchasing a property, I like to drive by at different times to get a very good understanding of the local traffic and other considerations that I may not have seen at the open home.

Knowing what you are purchasing is important. Always take the time to look at the construction materials and familiarise yourself with all of the elements that are sometimes easy to look past.

It is always a fantastic idea to ask what the local Council rates are (and the water charges if separate) as well as things such as body corporate fees.

### A HANDY RESEARCH CHECKLIST

- |   |   |
|---|---|
| <input type="checkbox"/> IS IT IN THE BUDGET?         | <input type="checkbox"/> IS THERE A POOL SAFETY CERT? |
| <input type="checkbox"/> DOES IT TICK ENOUGH BOXES?   | <input type="checkbox"/> ARE SMOKE ALARMS UPDATED?    |
| <input type="checkbox"/> ARE THERE RENOS NEEDED?      | <input type="checkbox"/> WHAT ELSE HAS SOLD IN AREA?  |
| <input type="checkbox"/> COUNCIL APPROVALS IF NEEDED? | <input type="checkbox"/> PEST MANAGEMENT UP TO DATE?  |

## OTHER CONSIDERATIONS

### MULTIPLE OFFER SITUATIONS

This process is put in place when more than one buyer wishes to make an offer on a property. The process dictates that the agent is to make you aware that another offer has been presented and your offer would need to be a first and final offer as there may not be another opportunity to negotiate the price.

It is designed to show no bias and prevents unfair play by the agent to get buyers to compete against each other. Be wary if you are asked to continuously increase your offer!! If this happens, it is an un-ethical and illegal practice for your offer to be used as a stocking horse to get a better price..... my advise: RUN!

### DUTCH AUCTIONS

As I touched on above, this is an un-ethical and illegal practice that unfortunately, is used in the market by some agents. It is the process of taking an offer and seeing if they can get a better offer from another buyer. I have seen this happen far too many times and if you find yourself in this situation, chances are that your offer will not be accepted as it may be used as a benchmark to get a better price from someone else (buyer beware).

### AUCTIONS IN THE CURRENT MARKET

Auctions are rapidly becoming a popular method of sale in South East Queensland with more and more buyers from interstate flocking to our shores. It is important to familiarise yourself with auctions and everything that it entails as at some stage, you may certainly be faced with having to bid at auction for your dream home. The process itself is quite streamlined in the sense that everything is kept open book on the day. You know exactly where the other offers (bids) are at any point and there are no closed curtains. There is another step with regards to finance that you NEED to know so definitely speak with your broker to line those ducks up. For more information, I have written a guide to auctions which you are most welcome to read. It is written in a similar style to this booklet.

### CAN YOU JUST TELL ME THE PRICE!?

This question is immensely frustrating to have to ask. So how do you get around it? Most agents don't list with prices... where do we start!?

In short, it is about your research and the ability to determine value in a property comparable to others like it. It will also come down to your budget and knowing what you are prepared to pay for that home, but getting an actual price from the agent is almost impossible. A good way to navigate this is to pose the question in the form of *"my budget is around the \$750,000 mark, is it worth me submitting an offer as I don't want to waste my time"*. Their response will tell it all.... you're either not close enough or it will be in your budget. Look for the responses like "Absolutely! I'd definitely submit an offer" OR "Yes, you are in the conversation".

Sometimes you will just get people that give you responses like "I can't really say anything, just submit an offer where you see value in the property". If you become stuck at any point, you are always welcome to call me and I'll gladly help wherever possible.

