

# Buying your first property – 10 easy steps to owning a new home.

## Step 1 – Pre-approval

Before looking for your first house, you will need to gain a pre-approved limit from your bank. This is the amount the bank will be willing to lend you. This will assist you in setting your budget and ensure that you are not looking for properties above your budgeted price range. At this point, you should already have savings for a deposit. Somewhere in the range of 5% to 10% is generally regarded as acceptable. A mortgage broker can also assist you with this process. **Ensure that if you do engage a mortgage broker that they disclose their commission and fee structure to you.**

## Step 2 – Choosing a property

Now you know how much you can spend, get out there and start looking! It's important to keep in mind several important factors:

- Most apartment complexes have a quarterly body corporate fee for maintaining the communal areas/facilities.
- Inquire about the amount you will need to pay for rates. Rates are a State/Territory Government tax, levied on property owners to provide funding for a wide range of municipal and other essential services.
- It is important to check the inclusions list on the property you are viewing to ensure that you will not be required to pay extra for basic inclusions such as carpet, tiles or fittings.

## Step 3 – Placing a deposit & drawing up a contract

Once you have found the property you want, the agent/developer will require you to place a \$1,000 deposit to remove the property from the market. This can generally be paid in cash, EFTPOS or personal cheque. At the same time, the salesperson will take your details so that a Contract of Sale can be drawn up.

## Step 4 – Conveyancing

At this point it is also important that you engage the services of a solicitor or conveyancer. At the time of paying the deposit, you should provide the contact details of your solicitor to your salesperson to prevent possible delays in the issuing of the contracts.

They will liaise with the developer on your behalf to arrange for the transfer of property ownership, review the contract and hand over all necessary information to your lending institution.

Your solicitor should also advise you of the amount of Stamp Duty you will be required to pay (and assist in arranging a Stamp Duty concession if applicable) and will also **liaise** with your **financial** lender to arrange for your First Home **Owner's** Grant to be paid to you, if you opt not to apply for it yourself. You may also wish to inquire with your solicitor and lender as to the possibility of using your First Home **Owner's** Grant as part of your deposit.

### **Step 5 – Finance**

At this point, you will need to inform your lending institution of your decision to purchase. They will advise you on:

- How much mortgage insurance you will be required to pay (if any)
- Details of the loan you have selected, such as total amount borrowed, interest rate, and repayment amount and frequency.

### **Step 6 – Signing the contract**

Once you have provided your salesperson with your **solicitor** details, they will arrange for a contract to be sent to your solicitor. They will explain the contract, what is expected of you, and what you should expect from the seller.

It is generally accepted that the exchange of contracts (i.e you signing the contract and paying the balance of the deposit) should occur within 14 days of the contract being issued (subject to availability of plans, **EERs** etc)

It should be noted that once the contracts have exchanged, the purchase is legally binding, so it is important that you are 100% happy with your purchase at this point.

### **Step 7 – Post exchange**

Once the contracts have been exchanged, you will need to wait for the property to be completed. During this time and depending on your builder/developer, you may also need to select the internal colour scheme you would like your home finished with.

This is also a good time to save as much as possible to reduce the overall amount you will be required to borrow from your lender at settlement.

Throughout the construction phase, you can contact your salesperson to check on the progress of your home, and, if a time can be arranged, meet your salesperson at the block for a tour of the unfinished home. It is important to note that you should always make an appointment to visit with your salesperson. Remember, it is a construction site, and Federal Occupational Health & Safety laws do apply.

When your home is nearing completion you will be contacted by your salesperson to arrange a time for you to perform the pre-settlement inspection. This involves you meeting a representative at the property to review it for any defects or maintenance issues prior to you accepting ownership. Any issues will be recorded by the salesperson in duplicate (a copy will be given to you also) and forwarded on to be rectified. The developer will also issue a settlement notice to your solicitor to arrange settlement.

### **Step 8 – Settlement**

Once all issues raised at the pre-settlement inspection have been resolved, you will be contacted by your salesperson to arrange handover. At this point the balance of payment is due to be paid. Your solicitor will contact your lender to confirm the settlement details and arrange for the funds to be transferred.

### **Step 9 – Moving in**

Congratulations, you are now the proud owner of your very first home!

Your salesperson will contact you to arrange a time for you to pick up your keys (unless you received them at settlement via your solicitor).

**NB:** It is important to connect electricity, gas and water services at least 5 days prior to occupancy. You should also contact your insurance provider to arrange home and contents insurance as once settlement has been completed, you will be liable for any loss or damage to the property.

### **Step 10 – Defects & Maintenance**

All new homes have a 90 day period in which the owner can record any non-urgent defects or maintenance issues. Once the 90 days have lapsed, you will be contacted by your salesperson to provide them with a list of any issues that require attention. The builder will then make a time with you to inspect the issues, and discuss with you a time to fix them.

Any **urgent** issues that require attention before the 90 day deadline (**i.e. leaking hot water system, no hot water etc**)-remove) should be communicated to the relevant maintenance company listed in your settlement pack. They will make a time to fix the problem, usually with 48 hours.

If you have any questions not covered in the above, you should contact your salesperson, **phone: 6242 5999 or email [sales@villagebuilding.com.au](mailto:sales@villagebuilding.com.au)**.