



Six Step Buyer Checklist

- 1. How much can I borrow?**
- 2. What are the costs?**
- 3. Which loan is right for me?**
- 4. Get pre-approval**
- 5. Search for a property**
- 6. The buying process**

1 How much can I borrow?

How much can I borrow is often referred to as your “borrowing power”, which is basically how much you can borrow to finance your house or property purchase.

Your borrowing power is assessed on a number of points:

- your income
- your savings
- current financial commitment
- credit history
- living expenses
- guarantors

2 What are the costs?

In order to determine how much you can borrow, you will need to factor in all the charges such as:

- deposit
- taxes
- transfer duty (previously referred to as Stamp Duty)
- legal costs
- insurance
- registration fees on a mortgage



3 Which loan is right for me?

There are a considerable number of loans available with different features and fees, such as home loan rates, mortgage offset, redraw and ongoing fees to name a few.

Hidden Equity will search for and organise the most suitable loan for you and the best thing is **we don't charge you a cent for this service!**

You need to consider a few things when deciding which loan to take, including:

- Can I make additional repayments without being charged extra?
- Can I make repayments via direct debit, ATMs, internet and phone banking services?
- Can I have a 'mortgage offset facility' – which allows me to offset funds in an account against my home loan?
- Am I able to redraw funds at any time, how do I do it, and is there a charge?
- Will I be able to restructure my loan in the future?
- Are there fees attached to my home loan?

4 Get a pre-approval

Pre-approval is a term that means your loan has been approved in principle (given that you have met lending pre-requisites). It involves completing a loan application with all the relevant supporting documents, such as pay slips, bank statements etc.

From here, we work with you to complete the relevant paperwork to move the loan through to the approved status. A pre-approval gives you an idea of how much you will be able to borrow. Therefore, how much you can comfortably spend when looking for a new home.



5 Search for a property

This is the exciting bit!

Now you have your pre-approval sorted, you can start looking for properties. Most pre-approvals will last for 3 months, so you can take some time to ensure you find your perfect property.

When going to view properties, you should use a property inspection checklist. That way you can compare each house you view on similar points. Make sure you're thorough when inspecting a house.

Some things to compare when looking for your home include:

- Price averages for the area
- Growth rate for that area
- Proximity to public transport
- Proximity to shops, schools, major roads
- Are there any repairs needed?
- Number of rooms, bathrooms, toilets
- Heating, air conditioning, gas or electric



6 The buying process

The buying process is the final and most important step to home ownership. This process can be broken into four separate stages:

1. Making an Offer
2. Contract of Sale
3. Finalise loan
4. Settlement

1. Making an offer

There are two different types of offers you can make:

- a) Auction – if you are buying at an Auction, you are required to pay a deposit (usually 10% of the purchase price) immediately.
- b) Private – If you are buying privately, you are usually required to pay a holding deposit (this can be anywhere between 0.25% and 10% of the purchase price).

2. Contract of sale

The contract of sale (which is prepared by the vendor's legal representative or agent) outlines your offer, the date of settlement and any other conditions that must be met before the sale goes ahead.

Contracts should be subject to both obtaining approved Finance and a Building and Pest inspection – in this way it protects the buyer from purchasing a home that is not suitable to live in. **It is recommended that you discuss the Contract of Sale with your Legal Representative before you sign it.**

There are two kinds of offers – unconditional and conditional.

Unconditional offers

This is an outright offer to purchase land or property. At this stage you should be absolutely certain that this is the land or property that you want and that you have access to finance for the purchase. Upon acceptance of your offer by the vendor, you are obliged (legally) to go through with the purchase.



Conditional offers

These are similar to unconditional offers; it is also a legally binding contract (providing that all of your conditions are satisfied). The only way that the conditional contract can be broken is if one or more of the conditions are not met.

If the offer is accepted, arrange for your conveyancer to start arranging searches, inspections and checks on the property and contract, in readiness for exchange.

You will need to provide Hidden Equity with a signed copy of the Contract of Sale which will contain the property agent's name, your conveyancer details, and any other parties involved.

You will need to take out House Insurance once the contract has been signed by both the vendor and you. Seek advice from your legal representative on your legal responsibilities regarding this matter.

3. Finalise loan

Your lender will arrange for an independent valuer from their panel of approved valuation companies to visit your property.

Hidden Equity will monitor the progress of your loan through to the finalised stage by completing all of the necessary paperwork to ensure a smooth settlement.

4. Settlement

Once the valuation report has come back positive, and all conditions are met with your lender, your loan will be formally approved.

Once the contract becomes unconditional and all documentation has been finalised with the lender (if applicable) your purchase will proceed to the settlement stage. Usually your legal representative will "book in" a date for settlement and on that day you can pick up the keys to your new place!

For any more information, please contact Hidden Equity on 07 5438 1551 or email on info@hiddenequity.com.au

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