



EYEON Property Inspections

PROPERTY BUYERS GUIDE

EYEON.COM.AU | 1300 798 274



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A MESSAGE FROM US

Thank you for downloading our E-book. We hope you find the information helpful. We have tried to provide you with insights about the various aspects of buying a property. Of course we understand that everyone's situation is different so the information in this book is mostly general in nature. This e-book isn't a substitute for professional advice.

This book is an information resource. We've written this book because part of our customer service culture is to help our customers in any way we can. It's often hard to find unbiased information with no strings attached.

As well as our insights, we've also included links to articles and websites we think you might find interesting. If you have any problems accessing any of the information in this book, please don't hesitate to contact us. See below for our details.

ABOUT EYEON PROPERTY INSPECTIONS

We help people buy and sell with more confidence. Our core service is to undertake property and records inspections of residential property. Our products are unique and designed to make it easier and quicker for buyers like you to check out your target property. You can find out more about us at [EYEON Property Inspections](#).

If you'd like to find out more about anything in this e-book or have questions about buying a property, please call or email us on 1300 798 274 or info@eyeon.com.au.

If you are also selling a property you might be interested to read our [E-Book for Sellers](#).



GETTING READY TO BUY

Getting the right outcome when you are buying a property requires some planning and a well-thought out strategy.

2 BIG QUESTIONS

We think most buyers will initially be focused on two main questions.

1. How much can I afford to spend?
2. What type of property do I need?

Let's take those questions one at a time.

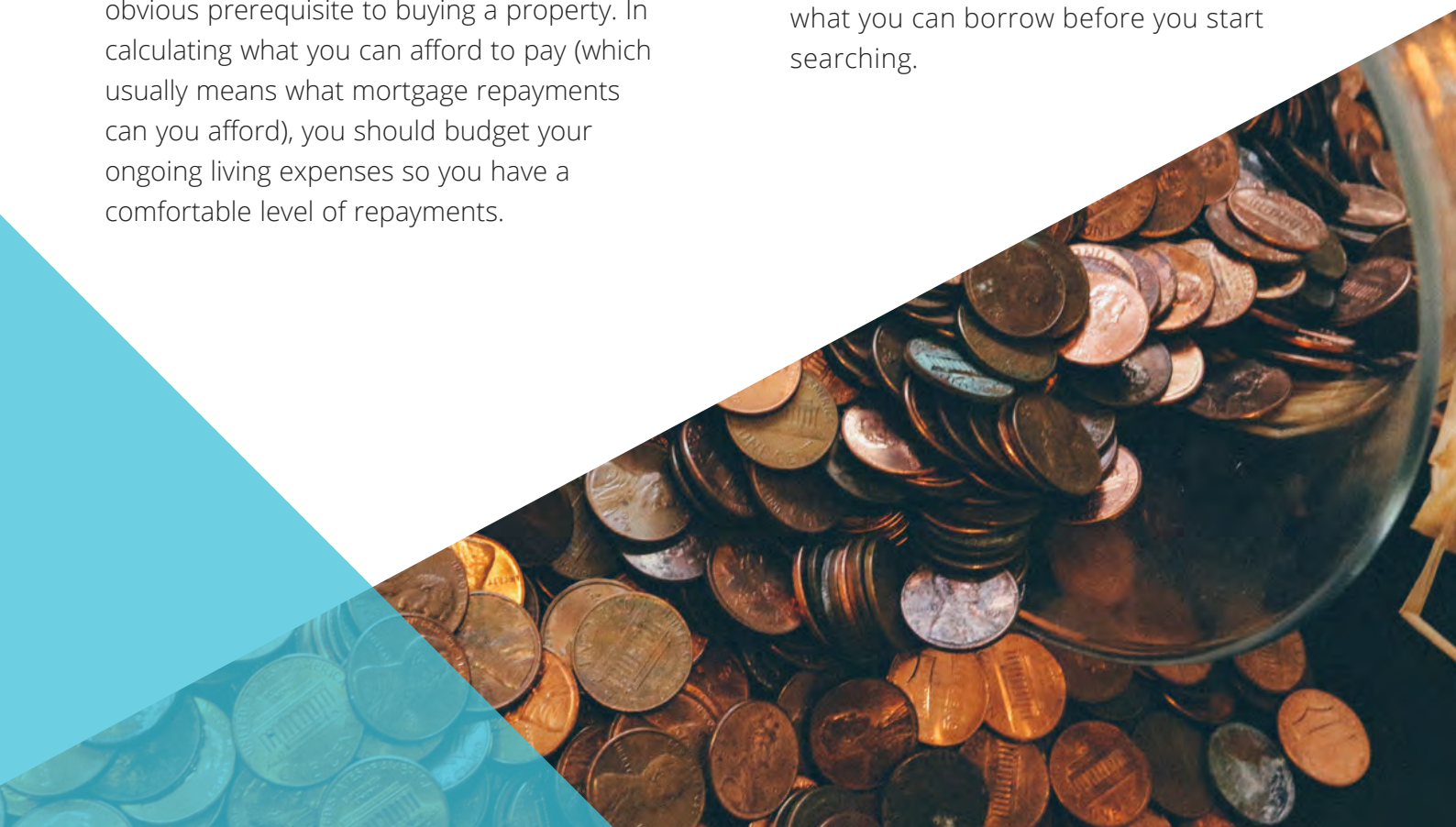
HOW MUCH CAN I AFFORD TO SPEND?

Working out what you can afford is an obvious prerequisite to buying a property. In calculating what you can afford to pay (which usually means what mortgage repayments can you afford), you should budget your ongoing living expenses so you have a comfortable level of repayments.

You should also make allowances for unforeseen events such as loss of an income for a period of time or future increases in interest rates.

It's important to remember that current interest rates are at historical lows. That means increases in rates can have a large impact on repayments. For example, if rates increased from 5% to 6%, interest payments go up by 20%. Do not over commit as you may encounter financial hardship in the future.

We recommend discussing these matters with a lending consultant and seeking prior approval from your financier so you know what you can borrow before you start searching.



GETTING READY TO BUY

WHAT TYPE OF PROPERTY DO I NEED?

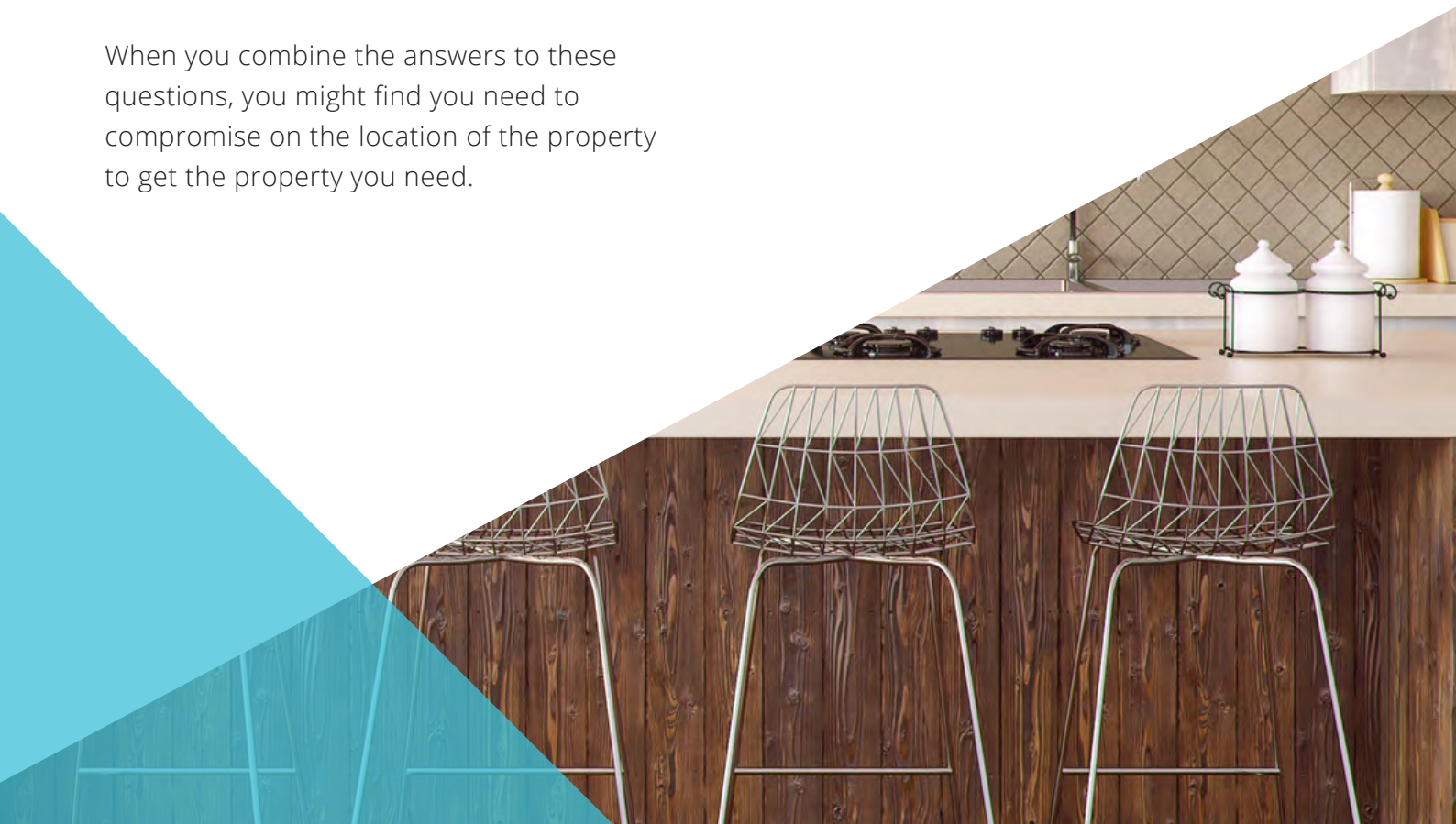
Before commencing the search for your new home, think about your likely requirements moving forward. Consider what factors are likely to be important to you now and in the future. Things like:

- How many bedrooms you will need?
- Will you need an extra bathroom?
- Backyard?
- Is it important to be close to work and/or family?

Have clear guidelines for identifying which type of property best suits you and your lifestyle.

When you combine the answers to these questions, you might find you need to compromise on the location of the property to get the property you need.

Or accept a few less features to live in the area you like best. As buying property is usually a long term investment, it is important to think seriously about these issues.



RESEARCH THE MARKET

Visit the 'Sold' section of [Domain](#) or [REA](#). You can search for recently sold properties in your target suburb or area. Many of these properties show the sale price so you can get a feel for how much other buyers have recently paid for properties in this area. You might recognise some of these properties so you could drive past them or check out the photos online to see what people are getting for their money.

Be a bit careful about drawing too many conclusions at this stage. There are a lot of factors that affect sale prices including land size, aspect, views, accommodation, features, property age, building design, market trends and so on.

You can also find out a lot of information by talking to local people, real estate agents and reading articles written by well-informed independent commentators.

Visit property for sale in your target area and attend a few auctions. You may need to bid at an auction to buy a property so getting some experience of the process is important. It will also give you a feel for any differences between the price guide provided to buyers and actual selling prices.

HELPFUL TOOLS

There are various software products available online that can help you with your preparation towards buying a home. A few examples are provided on the next page.



RESEARCH THE MARKET

ON THE HOUSE

A property portal that enables you to access suburb and street reports that show recent property sales. If you register on this site you can get the reports at no cost.

Visit www.onthouse.com.au.

HOME BUYER INFORMATION GUIDE

This tool supplies a Software Package that allows you to:

- Build a month-by-month budget showing cash flows and surplus/deficit.
- A spread sheet to analyse all costs associated with the project.
- Provisions to check out the “what if’s” like increase in interest rates and reduction in income.
- Various “templates” and “hints & tips” to assist with the preparation of buying a new house

Visit: www.hobig.com.au for full details and download.

MONEY SMART

A tool operated by ASIC and provides information about managing money, borrowing to buy property, investments and superannuation. It includes tips, calculators and other tools that can assist home buyers.

Visit: www.moneysmart.gov.au. An app for iPhone and Android is also available.



RESEARCH THE MARKET

KNOW THE LOCAL MARKET

Always remember that the selling agent is working for the seller and is trying to achieve the best possible price for their client. From the sale also comes their commission. The agent may appear to be looking after your interests but don't be deceived into believing everything they say.

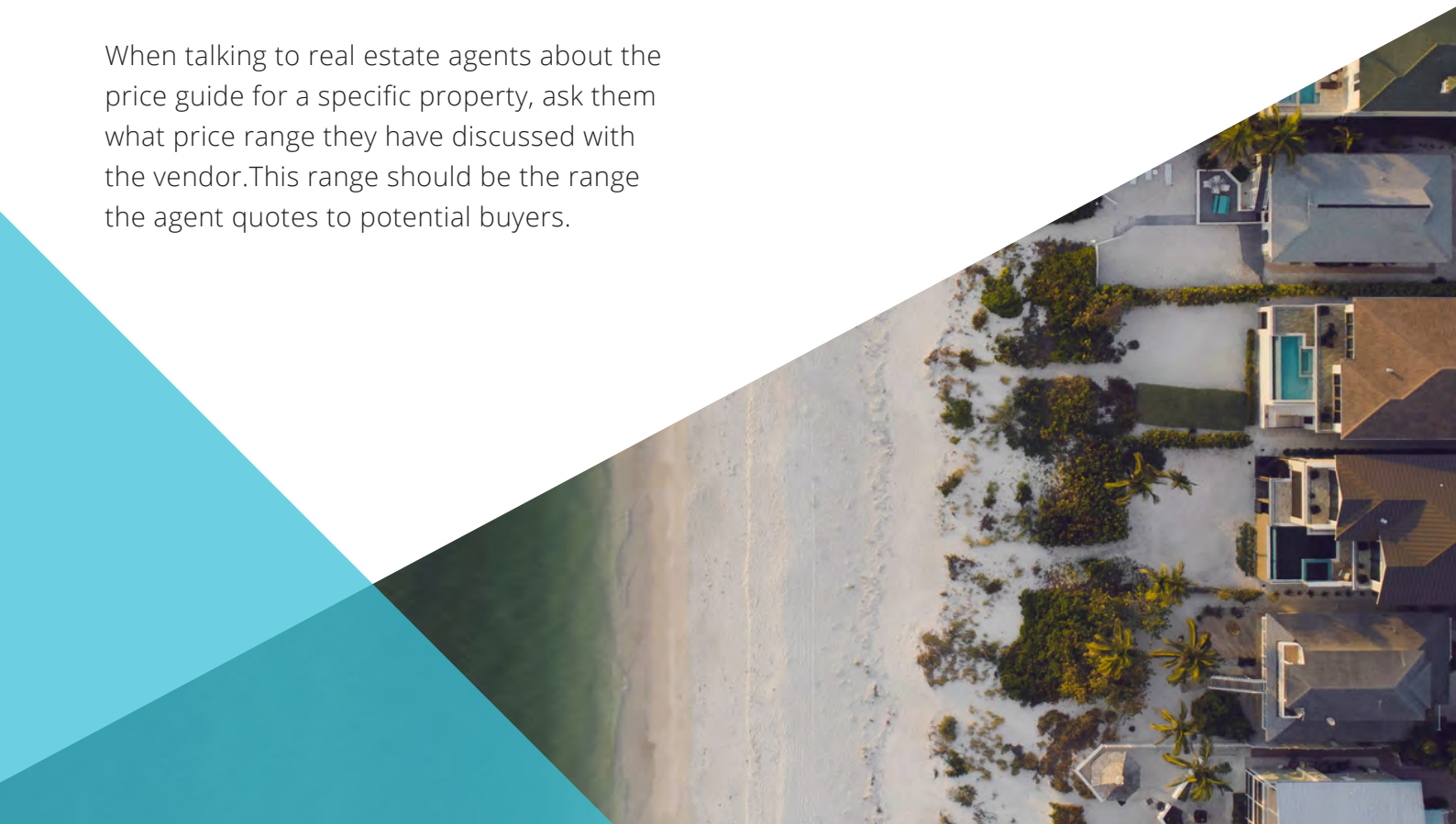
Before making an offer, deciding to bid at auction, agreeing to a price or signing a contract, it is critical to establish the current market value range of the property to ensure you don't pay too much. This range may or may not be the same as the asking price.

When talking to real estate agents about the price guide for a specific property, ask them what price range they have discussed with the vendor. This range should be the range the agent quotes to potential buyers.

Be aware that some agents sometimes still quote a price range below what they expect to get for a property. By doing your own research and checking out other properties in the local area (see below), you will develop a better sense of whether the agent's price guide is realistic.

Remember, if you decide to look seriously at a property, you will need to invest in solicitor and inspection costs. If the property is "realistically" out of your price range, you might be wasting money by pursuing it.

Of course, you may be prepared to pay "a bit more" for the property because of personal circumstances.



RESEARCH THE MARKET

However, remember that your lender will always be focused on the market value of the property. Again getting pre-approval from a lender can give you more confidence about your purchasing power.

If you would like to be recommended to a Buyer's Agent, please call us on 1300 798 274.

BUYERS AGENCY

In simple terms, a Buyer's Agent finds, researches and evaluates properties and negotiates the purchase on behalf of a property buyer. Once the search criteria are established, the property hunt begins. A good Agent will then provide the buyer with shortlisted properties to look at and then, should the buyer be interested in one them, the Agent will arrange all essential inspections for that property and commence the negotiation process. We talk more about pros and cons of having a Buyer's Agent [here](#).



GETTING INDEPENDENT ADVICE

SHOULD I GET INDEPENDENT ADVICE?

While access to property data is widely available, interpreting it takes skill and experience. Therefore, it might make sense to get some expert advice.

Available advice includes:

- [Building Inspection and Timber Pest Inspection](#) (checking the condition of a house or townhouse)
- [Strata Records Inspections](#) for apartments (and townhouses which are part of a strata plan)
- Analysis of recent Comparable Sales
- Local Market Assessment
- Property Valuation

WHAT ARE THE BENEFITS OF OBTAINING INDEPENDENT ADVICE?

- Additional local market and property specific information to add to your own research.

- Reassurance about the condition of the property and the price you are prepared to pay.
- Allows you to discuss the positives and the negatives of the property with an independent professional who is representing you.
- It can be a useful tool in your negotiations with the selling agent / vendor.



PROPERTY CHECKS

CHECKING THE CONDITION OF THE BUILDING

It is vitally important to know if there are any major faults or defects in the building before bidding at an auction or making an offer.

When buying by private treaty, you can usually make an offer on a property “subject to a satisfactory inspection report”. BUT when you bid at auction all is final at the fall of the hammer so carrying out your property checks before that is essential.

Serious faults or defects may be costly to repair and will affect the price you can afford to pay for the property, not to mention its resale value.

HOUSES

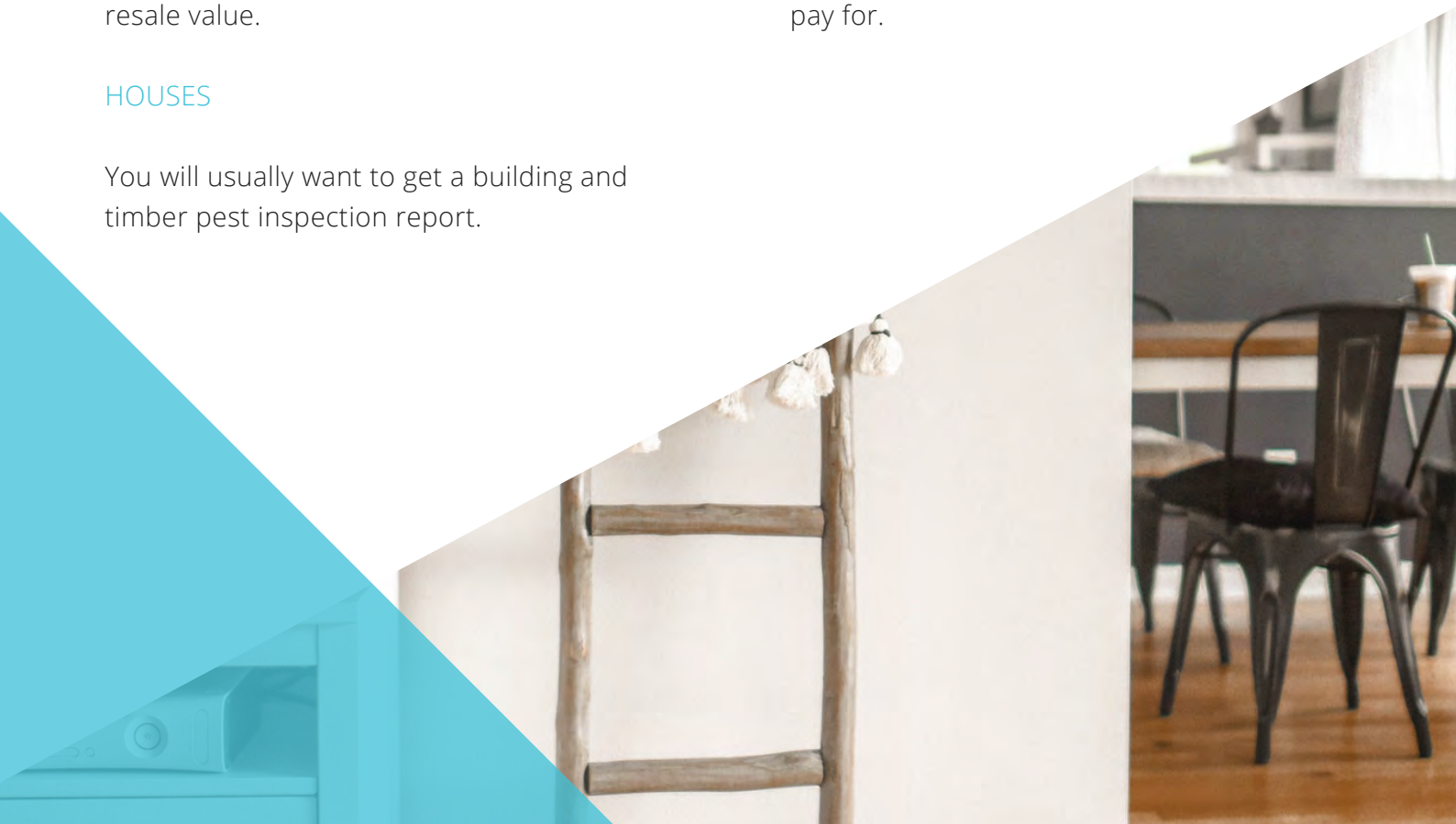
You will usually want to get a building and timber pest inspection report.

If the property is new or you plan to do major renovations you may need different support.

Property faults and defects are often not obvious or may be “hidden” during the marketing period. An experienced inspector knows what to look for. Likewise, timber pest infestation cannot be identified easily by buyers and pests such as termites can cause considerable damage to properties.

Some things to consider are:

- Inspections aren't cheap but be careful about choosing based on price only. Remember you usually get what you pay for.



PROPERTY CHECKS

- Make sure the inspector has current qualifications and current professional indemnity insurance. Ask for proof of a builder's license or related qualification and a certificate of currency for insurance.
- Find out how long they have been doing inspections. You are best advised to deal with someone with a decent amount of inspection experience.
- Make sure you can follow up with the inspector with any questions about their report. This is an important part of the process.

All inspections should meet the Australian Standards. It means some limitations, but these inspections are still highly valuable.

The information contained in a Building and Pest Inspection report should be considered in association with other market intelligence such as an assessment of the local property market and recent sales of comparable properties.

COUNCIL ENQUIRIES

If you intend on carrying out significant works to the property you should confirm with the local Council that such works would be permitted under the relevant planning regulations and laws. Significant works may include additions, extensions, shifting the dwelling, subdivision of the allotment and so on.

Planning regulations vary from council to council, however all councils have some form of development planning control that restricts demolition of structures built during a certain period of time and sets minimum standards for frontages, height of structures, lot sizes etc.



PROPERTY CHECKS

Planning regulations vary from council to council, however all councils have some form of development planning control that restricts demolition of structures built during a certain period of time and sets minimum standards for frontages, height of structures, lot sizes etc.

Council records also include details of Building Approvals in place for the property you are intending to purchase and whether all the necessary inspections have been carried out. Time and possibly the consent of the Seller are needed to request these details from the Council. The Council will also charge a search fee. Speak with your Solicitor in regards to required searches.

You might want to check Council flood records before the auction to determine if the property is situated in a flood prone area.

The Council may also be a source of information about possible new major development in the area and the location of services (sewer, water etc) and any easements.

Information for contacting local Councils around Australia can be found by following these links:

NSW

http://www.dlg.nsw.gov.au/dlg/dlghome/dlg_LocalGovDirectory.asp?index=1&mi=2&ml=2

VIC

<http://www.dpcd.vic.gov.au/localgovernment/find-your-local-council>



PROPERTY CHECKS

QLD

<http://www.dlg.qld.gov.au/local-government-directory/>

SA

<http://www.lga.sa.gov.au/site/page.cfm?u=210>

WA

<http://www.dlg.wa.gov.au/content/Directory/Default.aspx>

TAS

http://www.dpac.tas.gov.au/divisions/lgsem/local_government_directory

NT

http://www.localgovernment.nt.gov.au/home/council_information

ACT

<http://www.act.gov.au/browse/topics/land-building-and-housing>

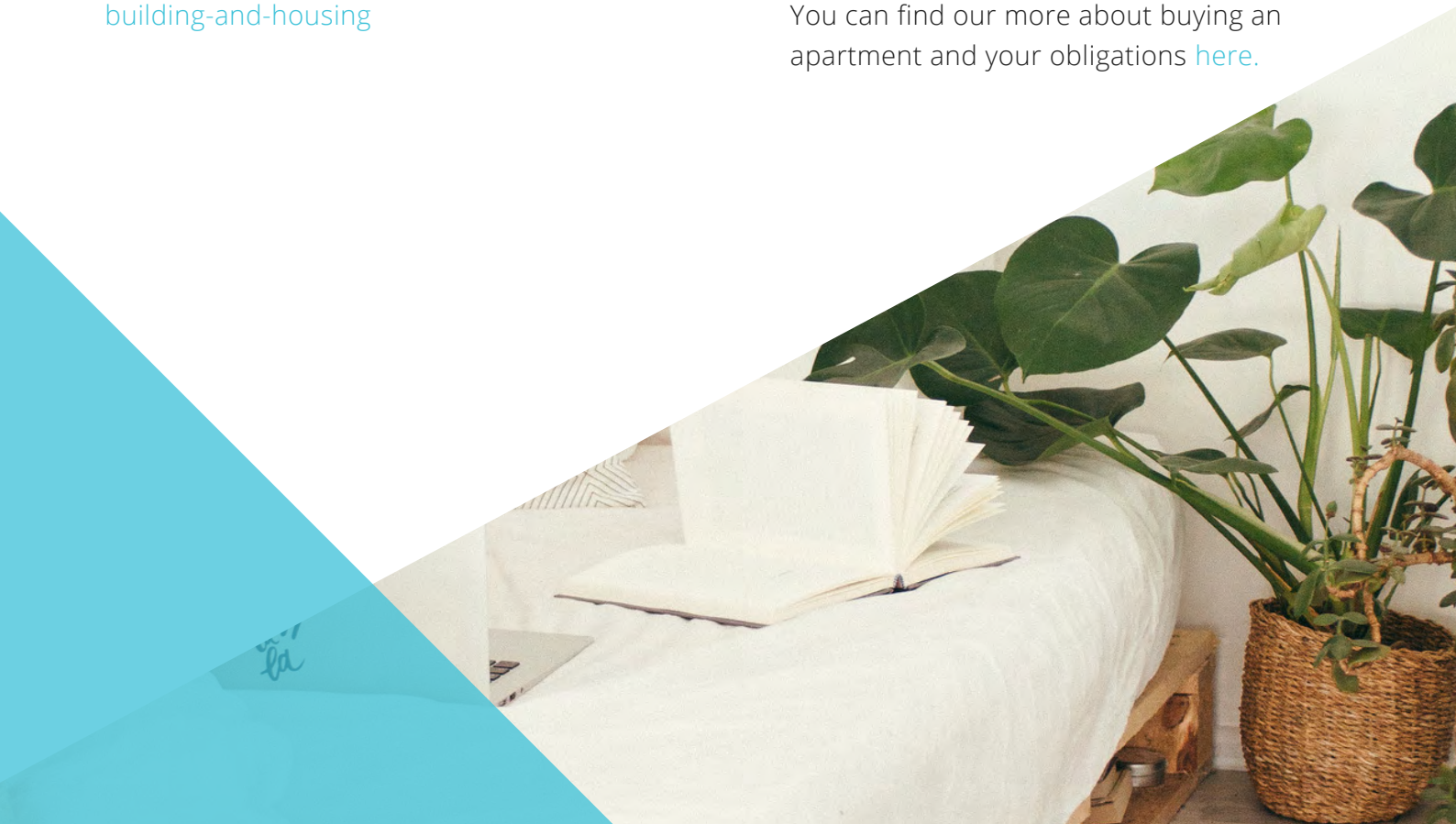
APARTMENTS

If you are purchasing a unit/apartment, most likely it will be part of an owners corporation.

WHAT IS AN OWNERS CORPORATION?

It is a legal entity established to deal with matters relating to the administration and management of the building. The committee of the Owners Corporation, which is elected by the members, meets regularly and is responsible for issues such as the upkeep of common property, building insurance and so on.

You can find out more about buying an apartment and your obligations [here](#).



PROPERTY CHECKS

CARRYING OUT PROPERTY CHECKS ON APARTMENTS

A building inspection is less valuable in this case, except in some small buildings or townhouses that operate under an Owners Corporation. You will usually want to get a report summarising the records of the Owners Corporation instead. In most cases, this will involve an inspection of the records by an inspector.

An inspection of the records will reveal information like financials, capital works fund forecast, insurance details, copies of recent minutes of meeting, disputes between owners, whether the building has a fire safety certificate on file, recent or ongoing defect rectification issues and so on. This information is important because it is more likely to reveal information about future maintenance and repair issues that might require you to pay a special levy.

A special levy occurs when the Owners Corporation does not have the funds needed to fund repair or major maintenance items. Special levies can be substantial amounts and they can come as a shock if they are unexpected.

In some jurisdictions you will receive a Disclosure Statement from the Seller as part of the contract. A Disclosure Statement sets out basic information like the location of Owners Corporation Records, levies and lot entitlements. Generally, these statements often provide quite limited information.

You can see an example of a strata records inspection report [here](#).



PURCHASING AT AUCTION

PURCHASING AT AUCTION

If you have identified a property you are interested in which is to be sold by auction, there are several important issues to consider before bidding.

NO COOLING OFF PERIOD

If you are the successful bidder at the auction, you own the property and will have to pay a deposit (usually 10% of the purchase price) immediately following the auction. Even if you find out later there are faults in the building, the price you have paid is too high or you cannot raise the necessary funds, you still have an obligation to pay the seller. Being unable to settle the purchase of the property will mean losing your 10% deposit and potentially other legal claims from the seller.

It is important to carry out due diligence (property checks) and research before the auction.

You need to be fully informed about all aspects of the property before you commit. We also recommend that you obtain independent professional advice tailored to your specific circumstances. The information below should assist you in seeking that advice.

PROPERTY CHECKS

All your property checks will need to be carried out well before the day of the auction. It is recommended you receive your inspection report at least a few days before the auction so you can properly consider any issues and have an opportunity to discuss your questions with the inspector.



PURCHASING AT AUCTION

PROPERTY FINANCE

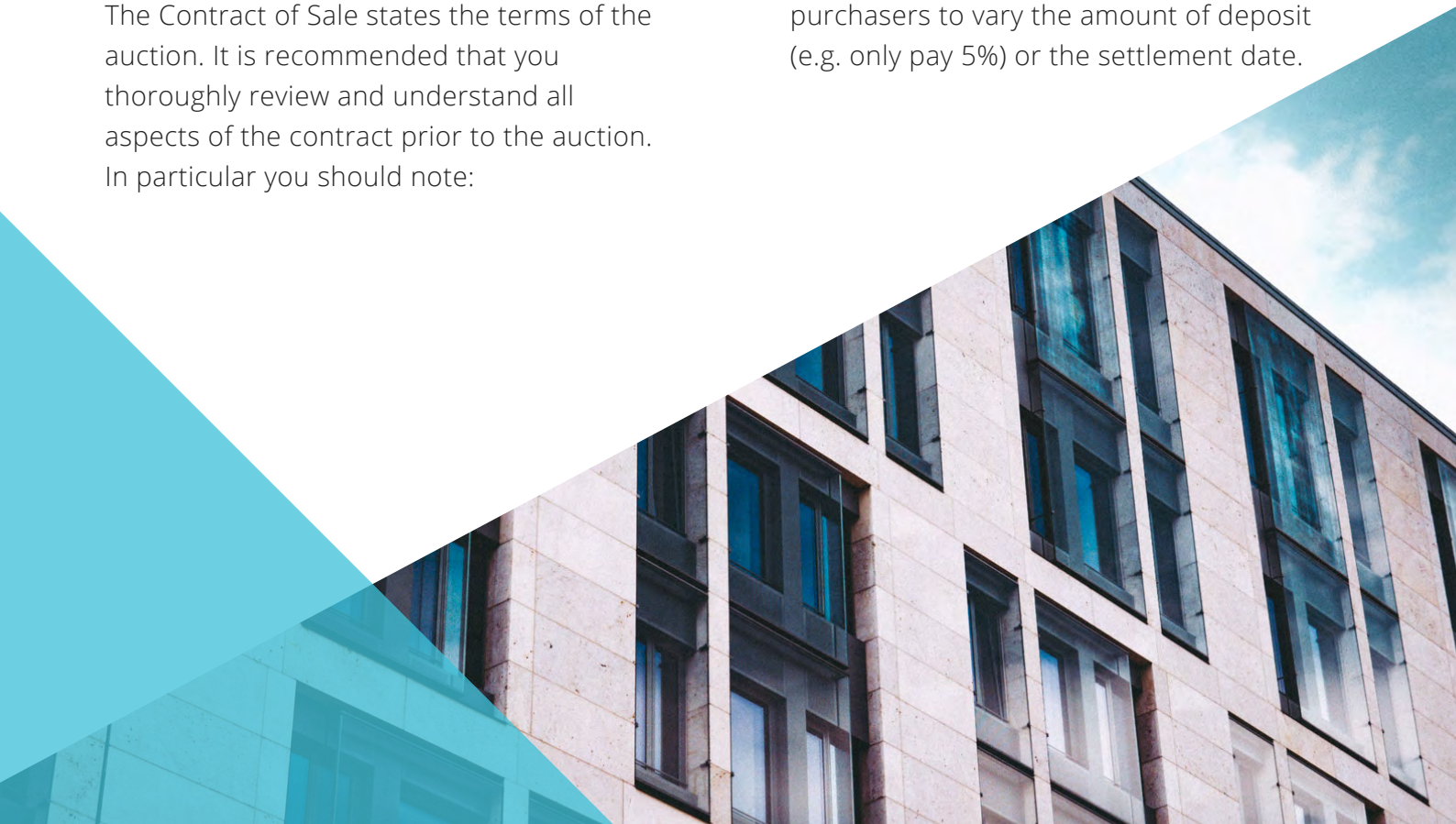
Auction contracts are unconditional. It is important that you have arranged your finance prior to bidding at an auction. While there is time between the auction date and settlement date, it is important for you to know how much you will be able to borrow from a lender. Lenders will often offer a pre-approval process for auction properties so that you know that you can bid up to a certain level. But remember your financing will still be subject to a satisfactory property valuation for mortgage purposes.

REVIEW THE CONTRACT OF SALE

The Contract of Sale states the terms of the auction. It is recommended that you thoroughly review and understand all aspects of the contract prior to the auction. In particular you should note:

1. Which of the chattels or improvements are to be excluded (i.e. removed) or included (i.e. left in situ) following the sale. Disputes often arise in relation to items such as light fittings, dishwashers, curtains, cubby houses and swimming pool equipment. The contract should clearly state what is to stay and what is to be removed. If the contract is unclear on any item, clarify this with the selling agent prior to the auction.

2. The amount of deposit payable at the fall of the hammer and the settlement date, which is when the balance of the purchase price will be due. Normally the deposit required is 10% of the purchase price. In some cases it is possible for potential purchasers to vary the amount of deposit (e.g. only pay 5%) or the settlement date.



PURCHASING AT AUCTION

However such variations must be arranged with the selling agent prior to auction day.

It is strongly recommended that you contact your solicitor prior to the auction to discuss the contract and associated legal matters.

BIDDING ON ACTION DAY

If the property passes the checks above, and you decide to bid at the auction, you need to determine an absolute maximum amount you would be prepared to pay for the property prior to attending the auction. Remember that if you are the successful bidder, at the fall of the hammer you will be responsible to pay the deposit immediately and the full purchase price at the date of settlement. You should never be pressured to extend your limit on auction day if it could cause financial problems.

In addition you should have a strategy for bidding at the auction.

Often it is beneficial to attend a number of auctions beforehand to gain an insight into the auction process and the [various tactics](#), which are often employed.

Alternatively, you can engage services of a professional negotiator to bid on your behalf at the auction. Why pay extra in this already expensive process?

- A professional negotiator knows all the tactics for securing the best possible price.
- They know when things are too good to be true.
- They are not affected by emotions, so you won't end up paying more than you should.
- They can be there when you can't.

If you would like to find out more about this option, call us on 1300 798 274.



PURCHASING AT AUCTION

INSURANCE

If you are the successful bidder at the auction, you need to insure it straightaway. The property will usually be at your risk from the day after the contract is signed.

The value of the building is only part of the cost of the property but it is important that the building is properly insured. Insurance companies offer [calculators](#) to help determine the replacement cost of the building but they only provide an estimate.



PURCHASING BY PRIVATE TREATY

Private treaty refers to a property offered for sale with an asking price or by inviting purchasers to submit an offer. In most cases, a real estate agent will handle the sale of the property by private treaty.

We recommend that you obtain independent professional advice tailored to your specific circumstances. The information below should assist you in seeking that advice.

PROPERTY CHECKS

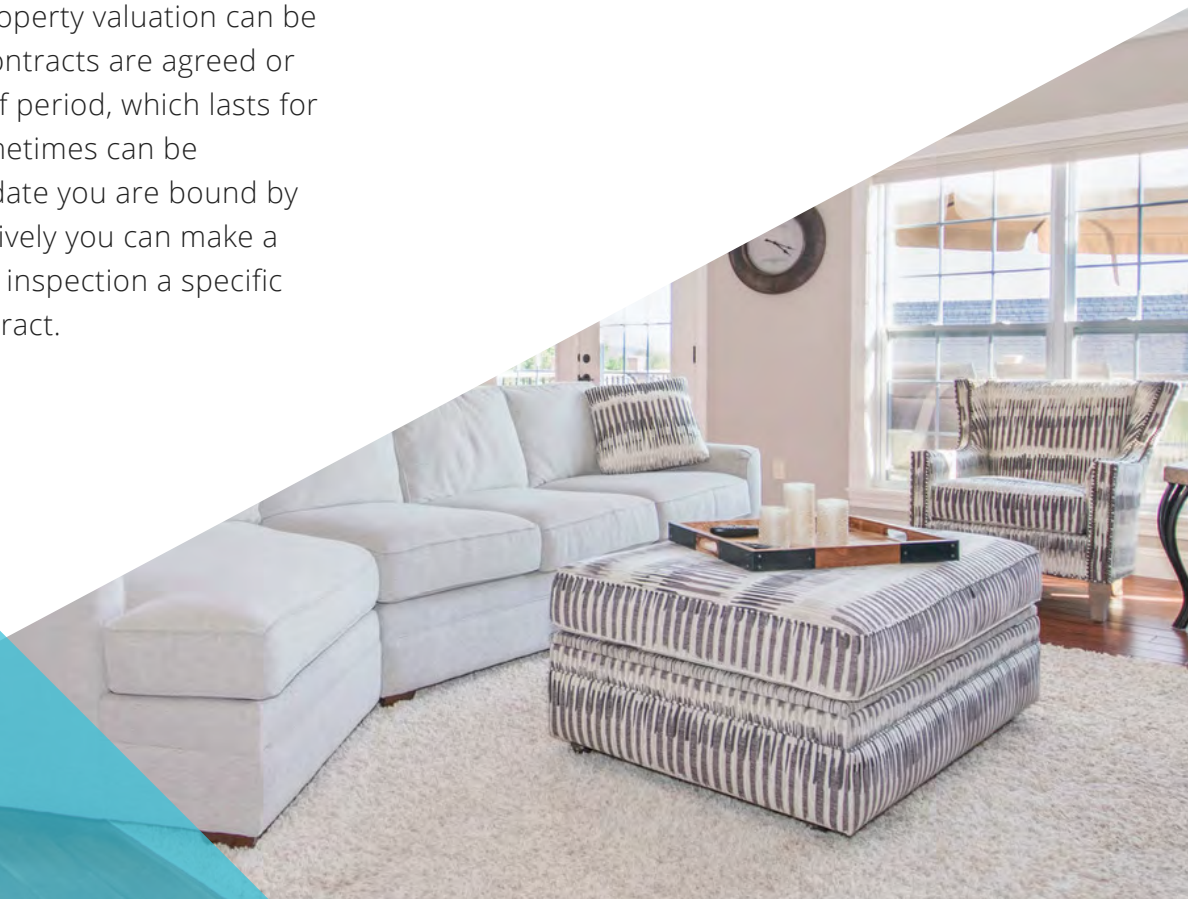
It is generally recommended to carry out the property checks before making an offer.

However, if this is not possible, a property inspection and/or property valuation can be carried out before contracts are agreed or during the cooling off period, which lasts for 5 business days (sometimes can be extended) from the date you are bound by the contract. Alternatively you can make a satisfactory property inspection a specific condition of the contract.

It is always recommended to plan ahead and not leave the property checks until the last minute.

MAKING AN OFFER/CONTRACT

Once you have identified a suitable property and carried out your research and property checks, generally the next step is to commence negotiations with the selling agent. Negotiations can be complex and emotional. Therefore, if you are not confident in this area we recommend you seek advice from someone who is experienced in handling real estate transactions.



PURCHASING BY PRIVATE TREATY

When making an offer, the agent will normally give you some verbal feedback if your price is likely to be acceptable to the vendors. In many cases the agent will request that you put your offer in writing in the form of a signed contract.

Some of the main terms and conditions of the contract you should consider before signing include:

Price – the price you specify in the contract will be the price you are required to pay for the property should your offer be accepted.

Deposit – you should state the amount of deposit you are willing to pay.

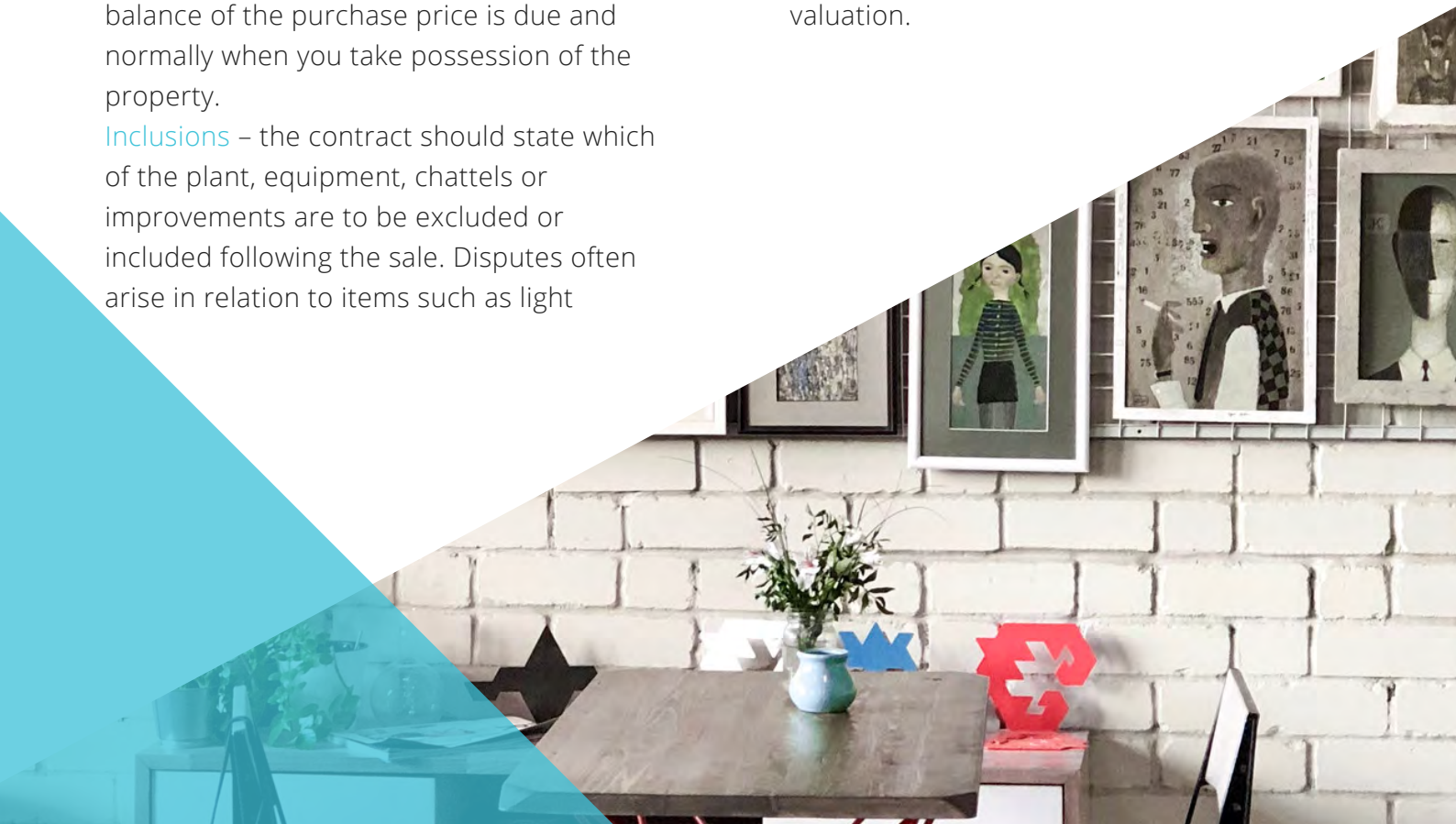
Settlement date – the date upon which the balance of the purchase price is due and normally when you take possession of the property.

Inclusions – the contract should state which of the plant, equipment, chattels or improvements are to be excluded or included following the sale. Disputes often arise in relation to items such as light

fittings, dishwashers, curtains, cubby houses, and swimming pool equipment and accordingly, the contract should clearly state what is to stay and what is to be removed.

Subject to Finance - if you are borrowing money, then we recommend that an appropriately drafted "subject to finance" provision be included in the contract. Generally this provision will give you a certain time period from the date of the contract to obtain finance approval.

Subject to Inspection/Valuation - if you require the contract to be subject to a satisfactory inspection / valuation then an appropriate clause should be included in the contract. Generally a time period will be specified to obtain the relevant inspection/ valuation.



PURCHASING BY PRIVATE TREATY

Special Conditions – if you require any other conditions to be included in the contract then a clearly drafted provision should be included in the contract as a special condition.

Once you have signed a contract, should the terms and conditions be acceptable to the seller, the contract will become legally binding and enforceable when the seller signs it.

COOLING OFF

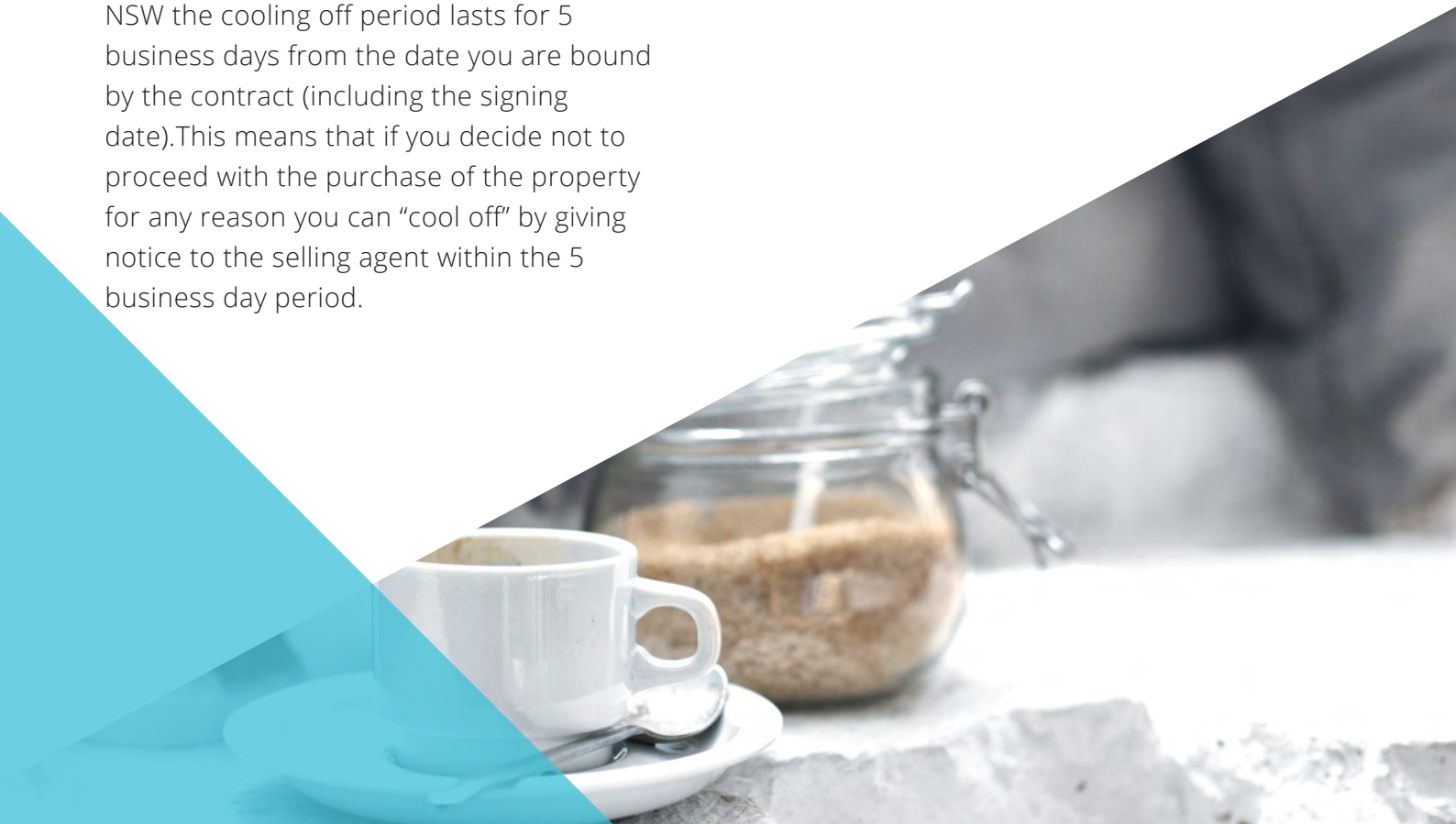
The sale of residential property, other than a contract formed on a sale by Auction, is generally subject to a cooling off period. In NSW the cooling off period lasts for 5 business days from the date you are bound by the contract (including the signing date). This means that if you decide not to proceed with the purchase of the property for any reason you can “cool off” by giving notice to the selling agent within the 5 business day period.

Sometimes this period can be extended.

It should be noted that should you elect not to proceed with the purchase your deposit will be refunded to you less 0.25% of the purchase price which is paid to the seller. There is no additional GST payable on this amount.

INSURANCE

Most contracts stipulate that the property is at the buyer’s risk from the day after the contract is signed. Therefore you should arrange adequate insurance cover as soon as the contract is signed.



PURCHASING COSTS

As a purchaser you should be aware that there are a number of additional costs associated with purchasing a residential property other than the purchase price. This section provides an overview of the main costs associated with purchasing a residential property in New South Wales which include the following:

TRANSFER DUTY

Each State and Territory Government charges a transfer duty (or Stamp Duty) on all residential property transfers. The amount of transfer duty is calculated on the purchase price or the unencumbered market value (whichever is the higher).

For information about Stamp Duty rates in each jurisdiction please visit:

<http://www.moneybuddy.com.au/home-loans/guide-stamp-duty.html>

BUILDING AND PEST INSPECTION

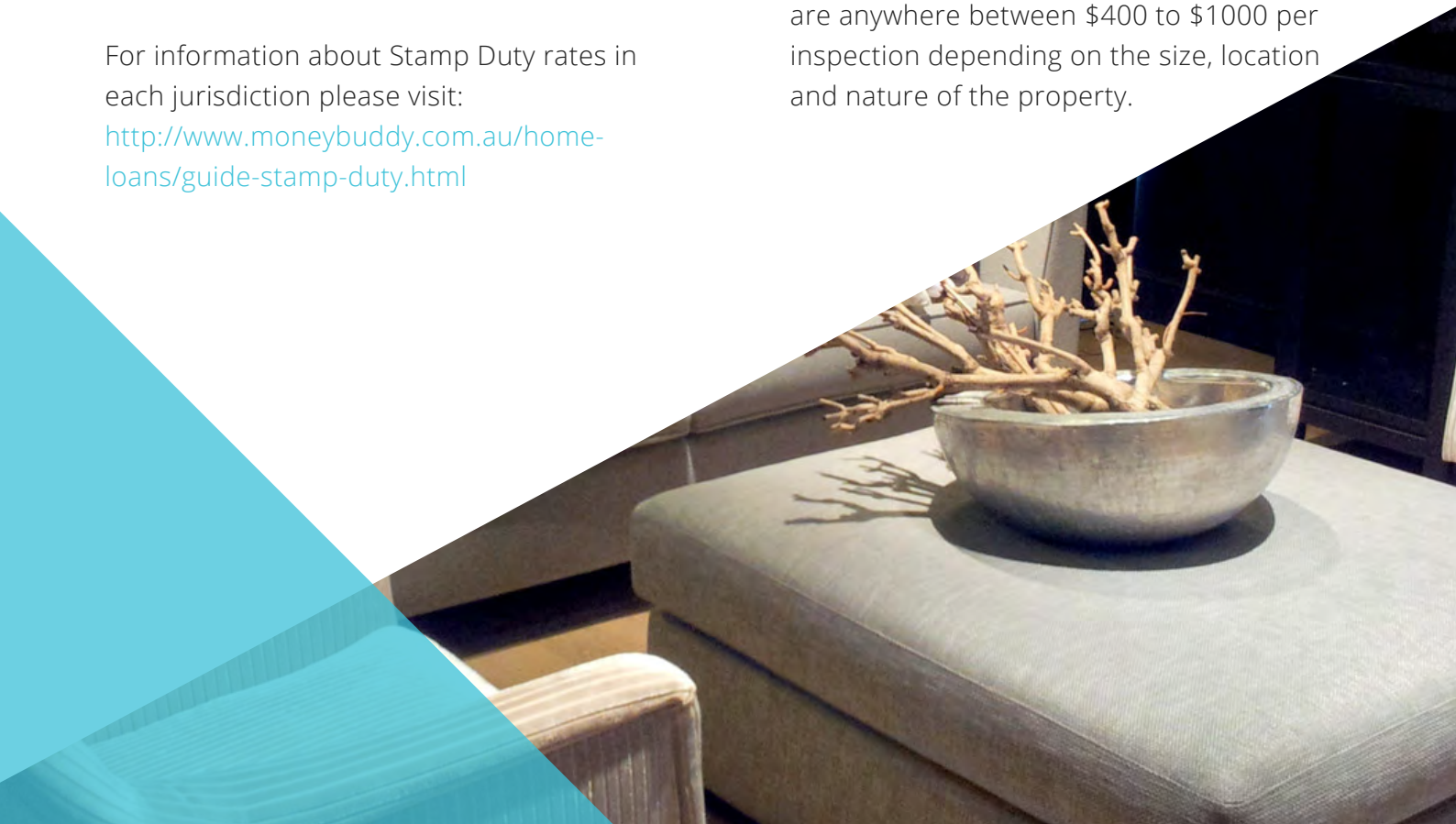
The cost of these inspections and reports are anywhere between \$400 to \$1000 per inspection depending on the size and location of the property.

STRATA RECORDS INSPECTION

The cost of these inspections and reports are generally anywhere between \$250 to \$400 per inspection depending on the size of the building.

INDEPENDENT PROPERTY VALUATION

The cost of these inspections and reports are anywhere between \$400 to \$1000 per inspection depending on the size, location and nature of the property.



PURCHASING COSTS

TITLES OFFICE REGISTRATION FEES

The Titles Office will charge a fee for Registration of the transfer. Fees vary from State to State.

CONVEYANCING

Once the contract has been accepted and signed by the seller, you should instruct your solicitor to carry out the conveyance on your behalf. Conveyancing is the transfer of ownership of the property from the seller to the buyer. Fees for conveyancing are generally start at \$900+ if you use a solicitor or, if you use a licensed conveyancer, are usually up to about \$700. To this amount there will be added costs for Transfer Duty (Stamp Duty), searches and other outlays. Ask for a comprehensive quote to ensure you understand what additional outlays are to be expected.

Your solicitor will liaise with the seller's solicitor and other relevant authorities to determine the settlement amount which you are to pay to the seller on the settlement date. The settlement amount will take into account the price of the property, the deposit already paid and adjustments for various charges such as Council rates and water fees.



MOVING IN

Once settlement has occurred, the property is yours and you are free to collect the key from the selling agent. Remember to organise to have services such as gas, electricity and phone/internet access connected as soon as possible.

You may also need to consider sending a notification of your change of address to:

- Family & Friends
- School
- Doctor & Dentist
- Bank/ Building Society
- Electoral Register
- Credit Card Companies
- Insurance Companies
- Share Registrars
- Post Office
- Publications / Subscriptions (Magazines, Paper deliver, Charities etc)
- Sports & Social Clubs
- Professional Organisations



FIRST HOME BUYERS

FIRST HOME BUYERS

Buying your first home can be a very exciting time with plenty of information to learn, often in a short space of time.

Always be mindful that it is you who needs to make the many decisions that lead to the ultimate one of whether to buy a particular property or not. Obtaining independent advice from people who do not have a vested interest in the outcome of your decision is often one of the best ways to avoid all the potential traps and pitfalls.

There are some Government incentives and benefits which you may be entitled to as a first home buyer. The most publicised of these is that of the First Home Owner Grant.

FIRST HOME OWNER GRANTS (FHOG)

The FHOG provides assistance to Australian citizens and permanent residents when building or purchasing their first home. To receive the FHOG, each applicant must comply with the eligibility criteria. Criteria for qualifying applicants and properties vary in each State and Territory.

To check your eligibility for Federal or State Government grants and concessions please visit <http://www.firsthome.gov.au/>.



CONCLUSION

Purchasing a home can be one of the most exciting experiences but it can also be one of the most daunting. So when you have made the decision to purchase, it is a good idea to obtain as much unbiased information as possible.

We trust this Property Buyer's Guide has provided some useful information to assist with your decisions.

If you would like any further details on local contacts or require any further valuation, building and pest inspection or strata inspection advice, please contact us on 1300 798 274.

