

Buyers **GUIDE**



LOOKING TO PURCHASE A *Home?*

Purchasing a new home is not a small decision. We understand there is more than one decision to make and things to get an order before signing on the dotted line.

We have combined all the need to know is to help you through the process of buying residential property to make sure it's an enjoyable and stress free experience.





MAKING AN Offer

Property owners receive all types of interest – some genuine, some not. If you want to ensure your best chance of being successful, be certain that you have the following items arranged prior to making an offer.

- Harcourts Packham

Should you decide to make an offer on one of our properties for sale, we will ask you to confirm the following details enabling us to help you in the best possible way;

- The best and final price you are prepared to pay for the property
- The amount you are prepared to pay as a deposit and your preferred method of payment
- The settlement period that you require
- The name of your chosen solicitor or conveyancer
- The name of your bank or financial lending institution
- Any special conditions or requests that you have so that we can inform the vendor (property owner)

Once we have this information, we are in a position to arrange a meeting with the vendor.

Some people submit letters of offer to test the possibility of sale, but do not actually stay true with their offer. This can lead to frustration and concern for the owners as they try to assess who is actually a genuine buyer. The best way to show an owner you are a genuine buyer is to present a strong offer on a contract of sale with clear conditions outlined. Prior to signing the contract of sale it is recommended that you ask to view the form 1 documentation. Some purchases may even choose to waive the cooling off rights to demonstrate their clear intent to purchase the property.

Once in agreement on price, settlement, conditions, etc has been reached with the vendor, the sale can proceed. An executed contract by both vendor and purchaser is the only way to actually buy and sell a property. Once the contract has been executed by both parties the property is officially under contract and no other contract can be entered into by the vendors unless specified terms are not met by the purchaser in which case the vendor then has the option to terminate the contract.



COOLING *Off*

**CONGRATULATIONS,
YOUR OFFER HAS BEEN
ACCEPTED, WHAT NOW?**

In South Australia, the cooling off period is 2 clear business days.

The cooling off period begins at midnight of the first business day that the buyer signed and receives a copy of the contract of sale and the form 1. The cooling off period ends at midnight of the second business day of the cooling off period.

During the cooling off period it is common practice for buyers to then conduct their building inspection of the property.

Once the cooling off period has expired and all conditions have been met the property is now unconditional and the purchaser is legally bound to buy the property.

No cooling off rights are applicable for properties bought at a public auction. If you are to purchase a property prior to auction most vendors will require that you also purchase a property under those same auction conditions, meaning that the contract would be unconditional and there would be no cooling off period. To waive your cooling off rights prior to auction you will need to sign your contract in front of a solicitor and receive what is called a form 3 waiver. This means that your solicitor has clearly explained the terms of what you are signing and that you are now waving your rights to a cooling off period. In some circumstances, you may be requested to waive your cooling off rights under a normal private treaty sale also.





BUYING AT *Auction*

Buying at auction is the most transparent method of sale available to a prospective purchaser and if understood and managed correctly should be an exciting and rewarding experience.

PRIOR TO AUCTION

- Inform the agent handling the sale of your interest and leave your contact details
- Request to be informed in the event that offers are to be considered
- Conduct research on the area where the property is situated to ensure it meets your requirements and understand what similar properties in the area I have sold for
- Before the auction of the property you are interested in, attend other auctions in the area to get a feel of the auction process and for a comparison of prices
- Visit your financial institution to arrange your finance prior to auction day and insure you have the 10% deposit ready to pay on the day in the event that you are the successful bidder
- Prior to auction, it is recommended that you arrange a building inspection to ensure that the property is in a sound structural condition
- Take the time to inspect the contract, certificate of title and form 1 (section 7 statement) Which must be on display at the agents office 3 clear business days prior to the auction date or, available to view at the auction for 30 minutes prior to the start of the auction
- Discuss any variations to the standard terms and conditions with the agent prior to auction who will liaise with the vendor. If there are variations agreed to, ensure you receive approval to any amendments in writing

FREQUENTLY ASKED QUESTIONS ABOUT AUCTIONS

WHAT IS A RESERVE PRICE?

The price below which a vendor will not sell.

WHEN SHOULD I REGISTER?

You can register for an auction at any point during the marketing campaign by contacting the agent directly to arrange this or you can register for the auction on the day during the open for inspection 30 minutes prior. In order to register you will need to provide photo ID or a passport.

WHAT IF I CAN'T MAKE IT ON AUCTION DAY TO BUY A PROPERTY?

If you are unable to attend an auction for whatever reason, a third party may bid on your behalf on the day. This person is called a proxy bidder. If you require someone to bid on your behalf you must notify the agent that you have instructed a third party to bid on your behalf. The person bidding on your behalf will be asked to sign a proxy form prior to the auction, along with a form that will instruct the third-party of the amount they are able to bid up to for you. This form stays as a confidential document between the purchaser and the proxy bidder.

WHAT IS A BUYERS' ADVOCATE?

This is a person who is commissioned to act on behalf of a buyer. If using a buyers' advocate, we recommend you to ensure they are a licensed agent and a member of REISA.

WHAT IS A VENDOR BID?

A vendor bid is a bid made on behalf of the vendor. It can only be made by the auctioneer and must be declared as a vendor bid each time it is used. Vendor bids can only be made 3 times, however they are usually limited to 1 or 2 and are made up to but not including the reserve price.

WHAT DOES "PASSED IN" MEAN?

The bidding has not reached the vendors reserve price and the property has not sold. If an auction is passed in it cannot be reopened and sold under auction conditions.

IF I AM SUCCESSFUL, WHEN IS THE DEPOSIT DUE?

The first business day after auction.

CAN THE TERMS AND CONDITIONS OF THE CONTRACT BE ADJUSTED?

When bidding or buying under terms and conditions variations to either the preferred settlement period or the amount of the deposit to be paid can be adjusted but do need to be presented and approved by all parties.

TIPS FOR BUYING AT *Auction*

- Auctions are now in an error of transparency meaning the only advantage you have over your competition is giving the impression that you were definitely there to buy, no matter what, so we can encourage you to bid strongly.
- If the property does not reach the reserve price the auctioneer will hold the property over to negotiate with the highest bidder to give them first right at the reserve price so make sure that you are that person.
- Don't be afraid to be the person that starts the bidding. In fact we encourage it as it shows to your competition that you are serious and I are here to buy the property. Some people feel that by holding out to bid is a good strategy however you are only delaying the inevitable and it is more important to show your clear intention to the other bidders.
- Always stick to your limits within reason but don't ever miss out on a great opportunity just for a couple of bits.



PRE-APPROVALS

WHAT IS PRE-APPROVAL?

Pre-approval means the bank has approved your loan subject to your financial position remaining unchanged and subject to you finding a property. You're now ready to go out and purchase subject to finance.

DO I NEED PREAPPROVAL?

The short answer is yes. If you are looking to purchase, your offer is more likely to be accepted if you have pre-approval, as it shows your finance is ready. A pre-approval can take up to a week depending on bank wait times but will last six months. A bank system generated preapproval is different to a broker preapproval. It is strongly advised to have a broker obtain a full pre-approval. The difference is credit and employment checks have been completed and the loan has been reviewed and approved via a credit team. A broker pre-approval will allow you to bid at auction.

LOANS AND LENDERS MORTGAGE INSURANCE (LMI)

HOW MUCH CAN I BORROW?

The banks look at two things:

- The deposit amount you currently have to spend. (Minimum deposit amount is 10% of the purchase price but 25% is best to avoid lenders mortgage insurance 'LMI')
- Income (a secure job and steady income)

The exact amount you can borrow varies between lenders, your living expenses and what existing loans and credit cards you have will also be a factor.

WHAT IS LENDERS MORTGAGE INSURANCE?

Lenders mortgage insurance ‘LMI’ is an insurance to protect the lender in case the borrower default. It is payable as a once only upfront fee when you take out the line. It is only payable if you have less than 25% deposit (25% included purchase costs like stamp duty and government charges) and can be added to the loan each lenders lender mortgage insurance cost will vary.

STAMP DUTY

WHAT IS STAMP DUTY?

Stamp duty is a once off tax collected by the government for transferring ownership of a property. This is payable on settlement and is approximately 5%. Stamp duty may not be payable if you are transferring an owner-occupied property between spouses. It is not refundable.

GST

In South Australia, GST is only applicable on certain property types if the seller is registered or required to be registered for GST purposes.

If you are purchasing existing residential property, GST does not apply, and the sale from the vendor to you is considered “input taxed,” so you cannot claim a GST credit on the purchase.

If you are buying new residential property, most buyers are required to pay a withholding amount from the contract price to the ATO at the time of settlement.

If you are purchasing “off-the-plan,” which means you enter a contract to buy new residential property before it is completed, you will pay a deposit and sign a contract with the developer. On settlement, the purchase price will include GST and you may be required to pay this amount directly to the ATO.

OTHER COSTS TO CONSIDER WHEN PURCHASING

Building inspection	\$400 - \$500
Pest inspection	\$200 - \$400
Conveyancing	\$600 - \$800
Bank settlement fees	\$0 - \$500
Adj. Council and water rates	\$0 - \$1000+
Home insurance	POA

STAMP DUTY

Calculator

VALUE	STAMP DUTY	TRANSFER FEE
\$300,000	\$11,330	\$2,271
\$325,000	\$12,580	\$2,513
\$350,000	\$13,830	\$2,674
\$375,000	\$15,080	\$2,915
\$400,000	\$16,330	\$3,076
\$425,000	\$17,580	\$3,318
\$450,000	\$18,830	\$3,479
\$475,000	\$20,080	\$3,720
\$500,000	\$21,330	\$3,881
\$525,000	\$22,705	\$4,123
\$550,000	\$24,080	\$4,284
\$575,000	\$25,455	\$4,525
\$600,000	\$26,830	\$4,686
\$625,000	\$28,830	\$4,928
\$650,000	\$29,580	\$5,089
\$675,000	\$30,955	\$5,330
\$700,000	\$32,330	\$5,491
\$725,000	\$33,705	\$5,733
\$750,000	\$35,080	\$5,894
\$775,000	\$36,455	\$6,135
\$800,000	\$37,830	\$6,296
\$825,000	\$39,205	\$6,538
\$850,000	\$40,580	\$6,699
\$875,000	\$41,995	\$6,940
\$900,000	\$43,330	\$7,101
\$925,000	\$44,705	\$7,343
\$950,000	\$46,080	\$7,504
\$975,000	\$47,455	\$7,745
\$1,000,000	\$48,830	\$7,906

**These prices are estimates only*



THE *PaperWork*

WHAT IS THE ROLE OF A CONVEYANCER?

- Advise you on general aspects of buying a property.
- Check your contract and form 1 and advise of any implications.
- Offer independent advice on special conditions that may be included in the contract.
- Advise you on the difference between buying as joint tenants or tenants in common.
- Advise you of your responsibilities in regards to insurance.
- Inform you of the obligations, regulations and responsibilities when buying a strata unit or community lot.
- Tell you about all of the settlement costs.
- Obtain and examine the title and statutory charges to ensure that there is no outstanding charges on the property.
- Advise on the preparation or transfer of leases when buying an investment property.
- Advise if a caveat is required to protect your interest.
- Calculate rates and taxes to be adjusted on the property and discuss any applicable land tax limitations.
- Liaise with your bank and provide information for your new loan when buying.
- Prepare a transfer and other documentation necessary to the transfer of the property.
- Arrange for the government stamp duty to be paid on the transfer prior to settlement.
- Prepare a settlement statement and forward it to you prior to settlement so you know what you need to pay.
- Coordinate settlement on your behalf.
- Arrange payment of any money due to be paid at settlement.
- Once the settlement is completed advise you that settlement has occurred.
- Forward change of ownership notifications to the relevant local council, SA water and strata manager and pay any outstanding rates or taxes





MOVING

DONT FORGET TO PASS ON THE GOOD NEWS!

Remembering the list of services to be connected and companies to contact when changing your postal address can be a daunting task.

Preparation is the key. The more organised you can be ahead of moving day will pay off when it comes time to shift everything and settle into your new home.

We've taken away some of the work for you and compiled a list of the most important people in institutions to contact and let them know of your new address.

- Mygov
- Post office
- Gas supplier
- Electricity supplier
- Water supplier
- Internet and phone provider
- Satellite/ cable TV
- Alarm system
- Banks and financial institutions
- Accountant
- Taxation office
- Superannuation fund
- Health care provider
- Physios and chiropractors
- Building societies
- Educational services
- Place of employment
- Government benefits
- Public library
- Insurance company
- Licenses and passports
- Retail store accounts
- Online store accounts
- Motor vehicle registration
- Electoral roll
- Local council
- Pet registration
- Vet
- Social clubs (gym, golf etc)
- House cleaning service
- Magazine/ newspaper subscriptions
- Friends and relatives

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