

HOME BUYERS GUIDE



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Cause it's better, when it's yours

Buying a home is one of the most important decisions you'll make in life.

It can be exciting and daunting at the same time. A Green Light consultant can ensure you are armed with the all the information you need to help you on your way to owning your home. A Green Light broker will do the leg-work for you. They have access to hundreds of loans from a wide variety of lenders and will work with you to find the loan that suits your individual circumstances.

The steps outlined in this document are a guide designed to help you through the process.



Step 1

Work out how much you can afford.
(Do your sums)

Use the stamp duty calculator on the Green Light website to calculate how much you will need to pay.

www.greenlightonline.com.au

Even if you do not have enough money for a deposit, Green Light can help you. We have lenders on our panel that can lend a large percentage of the value of the intended purchase property.

Apart from the purchase price, additional costs that you may have to account for include stamp duty, legal fees and mortgage insurance. If you qualify for any grants, you could use these to help cover the associated purchasing costs or to increase your deposit. Green Light will be able to help you identify whether or not you qualify for any of these.

Stamp duty costs vary from state to state. Next to your mortgage, it is one of the biggest expenses that you will incur during the home buying process. If you are a first home buyer you may be entitled to concessions on the stamp duties payable.

Some other costs to keep in mind are removal costs, building inspection costs etc.

Step 2

Obtain Finance
Pre-approved



CAUTION

Not all lenders provide a full pre-approval where all the checks based on data provided are completed and verified. They simply do an 'indicative' result. In these cases problems can still be encountered. At Green Light we make sure all checks and verifications are done. This gives you peace of mind.

A Green Light consultant can organise a pre-approval for you before you start shopping for your dream house.

Often referred to as an 'Approval In Principle', a pre-approval means that you have satisfied the relevant lending criteria and therefore qualify for a Home Loan subject to suitable security property.

The advantages of a pre-approval are:-

- A Green Light consultant will help you select the right lender.
- Provides you with an indication on how much you can borrow.
- You have a net budget when you shop for a property. This reduces the time house hunting by narrowing property searches to those that you can afford.
- Gives you a competitive advantage over other home buyers. You are treated as a serious buyer by agents by having a 'pre-approval'.
- You will not encounter delays caused by unforeseen issues once you find a suitable property to purchase and have signed a contract. This alone will help alleviate much of the stress you may experience if there are problems with your loan application.

In summary obtaining a pre-approval is the best way to go as it provides you with comfort knowing you can get a loan and usually costs nothing to obtain. They are normally valid for a few months depending on the lender.

Step 3

Do your research

Once you have decided to buy a home and have seen a Green Light Consultant for a pre-approval; it is worthwhile doing some homework to ensure the new home meets your needs and requirements.

Things you should consider are:-

- The neighbourhood – It is important to research the perspective suburb(s) to see if you would enjoy living there. Even if you can buy a bigger home for your money in an area that's not appealing, it is important to remember you can always make changes to the house, not the neighbourhood.
- Obtain a property report - As a service to its customers Green Light can provide you with a report on the property you are considering purchasing. This is free and it will give details of other properties that have sold or are on sale in the area. Request a report from our home page if you have a property in mind.
- Location to Amenities: How far away are the shops, schools, public transport, and activities for the children and so on.
- Level of Crime: Certain areas have higher level of crime than others. You can check with the local police station for crime rates in particular areas or subscribe to receive police updates via e-mail.
- Condition of the other houses in the area: How well presented are the other houses in the area? Do they look run down? Are the lawns overgrown? Could they bring down the value of your home?
- Features of the house: What features are most important? Number of bedrooms and bathrooms? Does it have a lock-up garage?
- Future Developments: What developments or changes are planned in your area? Are there new roads or shopping centres planned for the future? You can search your area through your local council website or contact them directly for more information.

Call or e-mail Green Light for a free check-sheet to help you choose and compare properties you are interested in.

Phone 1300 939 675 or 07 4723 6612
info@greenlightonline.com.au

Step 4

Talk to A Legal Representative

Green Light recommends that you work with a solicitor or conveyancer right from the beginning of the house hunting process. In fact, once you have a loan pre-approval you should talk to a solicitor before you go house hunting so you know what to expect. This provides you with prior opportunity to obtain quotes on approximate costs and to establish a professional working relationship so that legal representation is available quickly once you find a home or if any unexpected problems are encountered.

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Step 4

Talk to A Legal Representative

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It is important to see your solicitor before signing any legal documents, in particular the contract of sale. This is to ensure that your best interests are protected. The real estate agent is a professional negotiator that represents the vendor. On the other hand your solicitor and Green Light broker are working for you.

As a simple rule – Do not sign anything to do with buying your home without first getting your solicitor to check it. Many solicitors, in fact, prefer you to do this as it can prevent problems and normally do not charge you extra for this service. Remember your solicitor is working for you and is being paid by you to have him look after you. They have your best interest at heart.

Not sure which solicitor to use? Call us at Green Light. We can refer you to well-known solicitors who are specialists in this field. Like anything, some solicitors may be cheaper than others but may not be as good as others who cost a little more.

Green Light and their staff do not receive commission for referring you to outside agencies such as solicitors.

What is Conveyancing?

The term 'Conveyancing' refers to all the legal and administrative work associated with transferring the ownership of property from one owner (seller or vendor,) to another (the buyer.). The conveyancing process starts after an offer has been made and accepted for a property, and solicitors' details have been exchanged by the two parties.

It is possible to complete the conveyancing yourself. However, due to the time constraints, onerous amount of paperwork and most importantly the legal consequences involved, Green Light strongly suggests you employ a professional to undertake this for you. If you make a mistake by doing it yourself you will have no recourse, however if a solicitor makes a mistake, which he shouldn't, you will. For the relatively small amount you will save doing things yourself it really is not worth taking a risk.



CAUTION

Real property purchase and conveyancing laws differ substantially in the various States and Territories of Australia. A further reason to consult a solicitor before shopping for a home.

Step 5

Go Shopping

There are various resources you can use to pre-qualify potential homes to ensure that they meet your basic requirements of price, location and characteristics as determined in Step 3 above.

- **The Internet:** Visit real estate websites, such as myhomeonline.com.au or realestate.com.au to gain descriptions and pictures of a wide range of properties. This site allows you to narrow your search by location, price, the number of bedrooms and other desired features you need and it helps you get a 'feel' for the market.

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Step 5

Go Shopping

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- **Newspapers and real estate magazines:** Check the property section in the weekend newspaper or look for real estate magazines available at newsagents, convenience stores and other outlets. These free publications feature pictures and brief descriptions of listed properties in any given area with details of "open house" times for when you can inspect the property.
- **"For Sale" signs:** Drive around locations that interest you and look for "For Sale" signs. This is a good way to find homes that are sold privately without the use of an agent.
- **Visit Display Villages:** If you are looking for a newly built home, this will allow you to see a number of different houses completed by various builders. It also gives you an opportunity to gain information from builders. Take careful note of work quality and standard.
- **Work with a real estate agent:** Certain buyers find it beneficial to seek a real estate agent to assist in the purchase. They are trained professional and will know what is available on the market.
- **If building, check with the BSA** at www.bsa.qld.gov.au to ensure the builder is licensed and to learn your rights and responsibilities.
- **At Green Light we have access to RP Data reports** and can provide this to you free of charge. This will give you some history on the property you are considering purchasing and information on sales activity in the area. If you would like a report you can obtain one from our home page.

Useful House Hunting Tips

- **Keep records:** It's a good idea to visit lots of different homes before choosing one. When going for a property inspection it is important to take notes. To make sure you have all the information you need to compare homes, prepare a check-list. Don't forget to account for property rates, major repairs and other matters that will affect your monthly housing expenses (eg. pool maintenance). You should also be ready to compromise. Chances are you won't find a home that has everything you want. Call Green Light for a check list to help you compare.
- **Think Twice:** Even if a home seems perfect, go back and take a second, more critical look at it. Visit on different days and times, chat with prospective neighbours and look beyond cosmetics and consider the potential for the home.
- **It is very important not to be in a hurry.** Take your time. Being in a hurry could result in many mistakes such as being pressured into signing contracts without thinking things through or getting legal advice.

Step 6

The Offer

Once you have found the home you would like to purchase, you will need to present the vendor with an “offer”.

It is important to consider at this point that properties do not have a fixed price. Therefore savings can be made by negotiating with the vendor or his agent over price. A typical opening offer is about 5-10% lower than the asking price, and the two parties take this as a starting point for further offers and reductions in asking price until an agreement is reached. Be aware that the asking price is often set high in order to encourage a higher opening offer than would be given with a lower asking price. In most cases it is anticipated that you will negotiate.

Some factors that you need to consider before you make the opening offer are:

- The number of people interested in the property. If you are the only buyer, you are in a strong negotiating position and the seller is likely to accept a lower price. If there are two or more parties making offers, the seller and their agent will be far tougher during negotiations and you may be sensible to offer a more realistic price. Remember many agents may tell you that there are other people interested in the property to try and encourage you to make a higher bid or to act quickly. Try not to be pressured and talk to your solicitor first.
- How quickly the seller needs to sell. If they need to sell quickly, they will be more likely to accept a lower offer.
- How long the house has been on the market. If the seller is having difficulty selling the house, they are more likely to accept a lower price. Check whether the asking price has dropped since it went on the market. Try and establish why it is taking so long to sell – Is there a hidden problem? Our reports will help you with this.



CAUTION

Remember: When buying property it is always “Buyer Beware”.

The process of making an offer, receiving a counter offer and then revising it again is not uncommon. The whole process can seem like a roller coaster ride — exciting, but stressful. It’s all part of making the deal work best for you and the vendor.

The table on the next page outlines the entire process for you in detail.

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Step 6

The Offer

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YOU

The real estate agent prepares a Contract of Sale for the Purchase. This contract should include all the details of the sale.

You should have your legal representative look at the contract BEFORE it is signed and shown to the vendor. It is a legally binding document.

The real estate agent will present the offer to the vendor, who will
(1) accept the offer
(2) make a counter offer or
(3) reject the offer.

VENDOR

Situation 1

The vendor accepts your offer. The deal is concluded.

Situation 2

The vendor may make a counteroffer, asking for a higher price or different terms. You sign the offer back to the vendor with a higher price than your original offer, but lower than the vendor's counteroffer. The vendor accepts this counteroffer. The deal is concluded.

You sign the offer back to the vendor with a higher price than your original offer, but lower than the vendor's counter offer.

The vendor accepts this counter offer. The deal is concluded.

Situation 3

The vendor may make a counter offer, asking for a higher price or different terms. If a counter offer is returned to you at a higher price, ensure that you know exactly how much you can afford before you start negotiating. You don't want to get caught up in the heat of the moment with costs you can't afford.

You reject the counter offer and decide not to make a subsequent counter offer.

The sale doesn't go through and your deposit is returned.



CAUTION

The above is typical of a Queensland property purchase and will differ slightly in other states. We recommend that you check with your solicitor first.

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Step 6

The Offer

continued...

You reject the counteroffer and decide not to make a subsequent counteroffer. The sale doesn't go through and your deposit is returned. When you make an Offer to Purchase, the real estate agent or your legal representative will most likely add certain conditions to it, making it a conditional offer. This means that the contract will only become final when the conditions are met.

The following two conditions are generally standard in the Contract of Sale, especially for first-time buyers:

- A satisfactory Building and Pest Inspection
- Subject to Finance

Step 7

Life Insurance/Loan Protection

The mortgage or home loan is the biggest financial commitment that you and your family will have. If the unimaginable were to eventuate, how would the significant 'other' in your life cope with sizeable monthly repayments and reduced income? Not a pleasant thought, is it?

Green Light stress the vital importance of having adequate life insurance or 'loan protection'. For a relatively small premium you can have peace of mind that in an event of a 'worst case scenario', your dependents will not have to worry about home loan repayments or losing the family home all together.

Talk to your Green Light Consultant about loan protection, alternatively, if it is life insurance you require, we can organise a convenient time to see a Financial Planner specialising in life and risk insurance who can advise you on your insurance needs.

It is important to note that you insure your house and motor vehicles as they are a substantial asset. Why not insure your largest and most valuable asset; which is your ability to earn an income and provide for your family.

Step 8

Finalise Your Loan

It is now time to get the home loan formally approved.

In step 2 of this guide, a Green Light consultant organised a pre-approval to determine maximum borrowing capacity. Generally the only condition that needs to be satisfied is the location of a suitable security property. From a lenders perspective, a suitable security property will be determined via a property valuation.

Before going to the lender who pre-approved your loan, your consultant will do a check to make sure it is still the most suited for you.

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Step 8

Finalise Your Loan

continued...



IMPORTANT HINT >

If something better is available your loan can be changed to another lender knowing that you still have a fall back to the original lender, if needed.

When you take the purchase contract to your Green Light consultant they will then organise a valuation of the home you want to buy through the chosen lender after checking that the loan is still suitable for your needs.

Once the valuation is completed and everything is in order the lender will issue a formal / unconditional approval and will then issue the lending agreement and mortgage documents.

During the period it takes to finalise the home loan it is important to organise a building and pest inspection to guard against unexpected surprises once you move in. In some circumstances it may also be appropriate for an electrical and swimming pool inspection to be carried out.

If you are in Queensland, once the contract is completed and signed it is important to organise building insurance on the property you are buying to protect your interests even before finance is approved. In Queensland 'risk' passes when a contract is signed which means if something happens to the property while it is under contract it is your (the buyers) responsibility.

Not sure how to go about getting a cover note – talk to us at Green Light. We will point you in the right direction.

Step 9

Settlement

Congratulations!!

You can move in! Buying a home is often likened to a wedding – it is full of stress and uncertain ground. We suggest that you follow the steps in this buyers guide and let the professionals, such as your solicitor and Green Light Consultants, guide you. In this way buying your home should be an exciting and enjoyable event.

Settlement day is the day when you finally achieve your goal – you take legal possession and finally get to call your new house your own. You are sure to feel great relief and satisfaction but remember that the home buying process isn't over just yet. **There are quite a few things that need to be done on settlement:**

- Organise where you will collect the keys from before settlement day to avoid confusion. Whether it is from the real estate agent or from your legal representative.
- You must provide the balance of the purchase price to your legal representative along with the other statutory costs. Your solicitor, legal representative should be able to provide you these figures the day before settlement.
- Your legal representative will liaise between the lender and the vendor's legal representative to organise settlement times and venues.
- Your legal representative will effect settlement and registers the home in your name, and provide you with the keys to your new home if this has be organised beforehand. It is normally not a requirement for you to attend settlement.