



Dott & Crossitt

First Home Buyers Guide

What you should know before
buying your first home

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01

Property

The first step is to decide what type of property you wish to purchase. Different properties have different prices - and different risks.



Finance

Unless you are paying the whole purchase price with your own cash, the process of securing finance must be done almost in parallel with the purchase process

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Negotiation

Things to negotiate include not only the price, but also the size of the initial deposit. The inclusions with the property, settlement period as well as any applicable penalties.



Exchange

There's almost always a 'settlement period' starting from the point at which you sign contracts and pay a deposit until when the remainder is due and title is transferred

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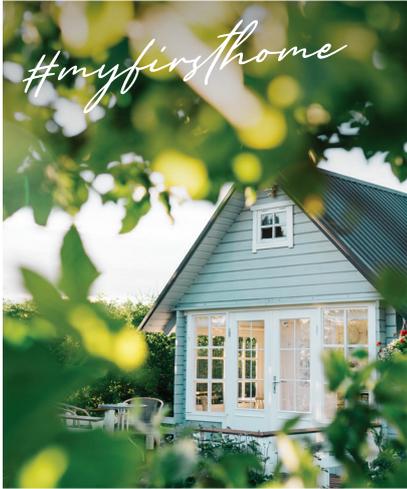
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Settlements

Settlement take place when all monies owing to the vendor are released and title is transferred into your name - and of course. It's when you get your keys!



What's the Best Buy?



Must
Pest and building
inspection

Must
Legal review of
contract

Maybe
Survey

House

Pros

- Often larger than apartments
- Outdoor space
- More opportunity to Develop
- Easier to renovate

Cons

- More expensive than apartments
- More outgoings payable (e.g insurance, re-painting & gardening)
- More DD required (e.g pests, building surveys)
- Land tax often higher



Must
Strata report

Must
Legal review of
contract

Maybe
Pest and building
inspection

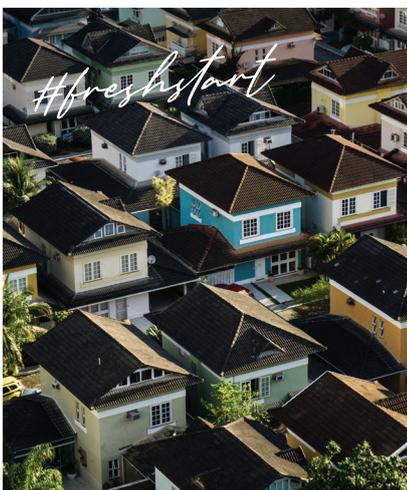
Apartment

Pros

- Generally cheaper than houses
- Council zoning less important
- Common property means lower outgoings
- Land tax usually less

Cons

- Living closely with other people
- Strata fees and levies
- Common property creates common liabilities
- Need for a Strata report



Must
Legal review of
contract

Must
Building contract
legal review

Must
Due diligence the
developer

New Build

Pros

- Less expensive than existing houses/apartments
- Custom finishings and inclusions available
- Delayed settlement may suit some buyers
- No legacy issues (e.g unapproved works etc.)

Cons

- You are buying something that doesn't exist
- Significant delays can and often do happen
- Almost impossible to lock in finance with a bank
- Market risk i.e by the time you settle it is worth less than what you paid for it

Don't get Caught out

Bank

Banks have two aspects to their credit approval:

1. "Pre-approval" which is their assessment of your creditworthiness as a borrower
2. "Formal Approval" which combines their own valuation of the property you are purchasing

Cool Off

In NSW, buyers of residential properties (only) have a 5 day cool-off period by law - this can be extended by agreement.

This time can be used to secure formal loan approval and complete other aspects of due diligence.

Structuring

If you are buying the property with another person now might be the time to think about structuring aspects like who will legally own the property (eg. both of you can equally, both of you in different portions or just one of you). It can have different impact on your finance, stamp duty and estate planning.

The Big Day

The Big Day finally arrives - usually 6 weeks after signing contracts but sometimes longer, sometimes shorter. Settlements used to occur at physical meetings in city venues or at solicitors offices but more often they just take place on an electronic portal

Cash

If you are lucky enough to not need to borrow money to complete the transaction then the process is a lot easier for you - just don't forget the factor in Stamp Duty too!

66w

Very often, vendors will request that buyers "waive" their cool-off rights so that they can know the sale is unconditional.

In order to do this, buyers must provide a so-called 66w certificate from their solicitors. Note that any sale on the day of an auction is automatically unconditional.

Dott & Crossitt

When the Details Matter



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