

# BUYING GUIDE



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Buying a property can be an exciting time, but it can also be a daunting one as it's one of the biggest financial decisions many of us will make. It can be reassuring to work with a trusted, local real estate agent who is dedicated to helping you achieve your property dreams.

PRDnationwide's Property Buying Guide provides a list of financial and legal terms and identifies Home ownership remains 'the great Australian dream', regardless of whether it is for investment or residential purposes.

## Types of Property

Some people prefer houses; others might be looking for a unit, townhouse or villa. Choosing the property type is just the first of the decisions. How many bedrooms do you need? How many bathrooms? Do you need a car space or a garage? Would you like a garden or prefer a terrace, and what size kitchen do you require? All these requirements need to be considered so that the property you're looking for meets your needs.

Then you need to think about where you want to live. Your budget might help that decision, but you still need to consider proximity to schools, transport, shops and sporting facilities to ensure the property suits your lifestyle or, if it is an investment, those you expect as tenants.

When searching for a property, it's good to select a property with at least one unique feature. It could be a renovated bathroom, large kitchen, original federation fixtures or beautifully landscaped grounds. Different properties are harder to replace, so historically they have a higher resale value.

Keep an open mind, the best deal might be just around the corner.

## What can you afford?

Calculate what repayments you can afford. As a 'rule of thumb', lenders will base the loan on an amount that does not exceed a set percentage of gross (pre-tax) income.

Be sure to talk with your financial adviser or lender first about what you can realistically afford and loan rates that best suit your needs.

Resources in this guide will show you through the process of finding the home for sale of your dreams with information such as finance and legal terms that may be new to you and the steps involved in buying property.

## Finding your dream home

There are numerous ways to sell a property, so there are a variety of places to find your property.

You have several options:

- Register with PRDnationwide's Real Estate Property Finder.
- Register your intent to buy with your local PRDnationwide Real Estate Agent.
- Research local newspapers.
- Search for real estate and homes for sale using the internet.
- Word of mouth - tell lots of people you are looking to buy. They might know a place for sale that would suit you.
- Drive around the suburbs you are interested in and see what is available.

## Do your research

- Find out what is available at both ends of your price range.
- Attend auctions in your preferred area.
- Go to open houses to find out what is available.
- Contact your local PRDnationwide office for a research profile on the suburb.
- Start your search early.

## Securing your property

Inspection times are usually displayed on the marketing material. There are two types: open house or inspection by appointment. In an open house arrangement the public is invited to view a property at set dates and times. Inspection by appointment requires you to contact the sales agent to arrange a time to inspect the property.

When inspecting a property take your wish list and make notes about the property. Check with the selling agent if you can take photos of the property to remind you of its features. Once you have inspected several properties, you will have a good idea of what is available and what your budget will buy.

When you have chosen the property you plan to buy, you may choose to have a pest and building inspection. If the property is being sold at auction, it is essential that these inspections are completed beforehand, and you review the contract of sale.

It is important to note that the laws differ in each State, so consult with your legal representative or local PRDnationwide Real Estate Agent.

## Making an offer

The offer and acceptance process is quite formalised, so it is important to understand the process before making an offer.

For a property that is for private treaty sale at a price:

- The agent will submit all offers to the seller
- The property remains on the market until an offer is accepted
- Your offer may include a finite date
- Your offer can be made subject to finance
- Your offer can be made with specific items being omitted or included in the contract e.g. to exclude a water pump. These special conditions must be written into the contract.

- You can make an offer containing a deposit, prior to acceptance, to demonstrate your intention to purchase. (The balance of the deposit is paid after acceptance). Should your offer be declined, your deposit will be refunded.
- An offer is not legally binding to both parties until both the buyer and the seller have signed the contract.

## Offer Acceptance

Once your offer has been accepted, you are required to pay the deposit as specified in the contract. The seller will then sign the offer document, making a "contract", legally binding you to the sale.

Some States have cooling off periods after contracts have been signed. We strongly recommend you seek legal advice before signing.

## Deposits

By law, all deposit monies must be banked into an official trust account on the next day they are received or by no later than the next business working day.

Real Estate agents do not receive any interest or benefits whatsoever from holding deposits on behalf of the seller.

If purchasing at Auction the holding deposit must be paid on the day or as stated in the contract.

## Buying at auction

Before attending an auction you must register as a bidder. Your PRDnationwide Real Estate Agent will be able to assist you with this process.

Ensure you have conducted all inspections and you are ready to purchase the property. Auctions are held either on-site or in-rooms. It is essential that your finances are in order, that you have money ready to pay a deposit and, if you intend on borrowing, a certificate from a mortgage lender indicating how much you can borrow.

Prior to auction, your solicitor must check the terms and conditions of the contract.

If your bid is successful, you are required to pay the deposit and sign the contracts immediately. A personal or bank cheque is usually acceptable - consult with your PRDnationwide real estate agent beforehand. Each State is different, so consult your agent, but there is generally no cooling-off period, you are now committed to buy.

If the bidding does not reach the reserve price, the house is not sold, and is termed "Passed In". The highest bidder at the auction now has the first opportunity to negotiate with the seller.

## Auction guide

For many, weekend property auctions have become a means of research and general enjoyment for many real estate enthusiasts.

A professionally run, transparent auction can be a successful and satisfying transaction experience for both the buyer and seller and should not be something to fear or avoid. As a buyer, it is essential to understand the conditions of sale by auction prior to attempting to participate in a formal auction.

If you have any doubts as to the auction process or contract conditions, it is recommended that prior to auction your solicitor reviews all documentation.

## How to bid at auction

- Attend a couple of Auctions to get the feel for how they work.
- Have a game plan in relation to how much you can spend. Discuss this with your Real Estate Agent so they can help you secure the property.
- Arrive early to give yourself plenty of time to register as this is required before you can legally bid for a property.
- Make sure the Auctioneer can see you and hold up your bidder number and call out your bid clearly. Generally the Auctioneer will nominate the increase they will accept i.e. "Will go in rises of \$10k or \$20k from here."
- By bidding early and strongly, it sends a message to the other buyers you are serious and they might not wish to compete for the property. This puts you in a strong position.
- If the property has not met the reserve, you have not spent any money and all you have done is have a bit of fun, so don't be shy.
- If you propose to bid on behalf of another person, you must provide a letter of authority and provide the name and address of that person or persons to the Auctioneer in order to register them as bidders in the bidder register. If you are not sure, your Real Estate Agent can help you with this.
- Make sure you are familiar with the terms and conditions of the Auction prior to bidding at the Auction. The Auctioneer will read out some or all of these prior to the start of the Auction. If you are not sure of anything, ask your Real Estate Agent or Auctioneer prior to the start of the Auction.
- When bidding at Auction, remember that if you are the successful bidder you will be required to sign the contract of sale and pay a deposit of 10% or a nominated amount on the spot.

## Important points to remember

- There is no cooling off period when buying at Auction.
- Have your finance organised prior to the Auction.
- Always speak to your Agent about the deposit required at least a week before the Auction.
- Consider getting a Pest and Building inspection prior to the Auction.
- Only bid within your means but bid strongly and confidently.
- If the property is passed in, the property is then on the open market and the highest bidder has the opportunity to negotiate with the seller.
- You have the best chance to buy the property for the best price at Auction as the terms and conditions are favourable to the seller.
- If the property is passed in you then can make an offer with conditions on it but you need to act swiftly and generally, the best time is immediately after the Auction has concluded.

- The Auctioneers decision is final in all matters relating to the Auction.
- Make sure yourself and any other decision maker is available for the Auction and only rely on the judgement of yourselves. Do not allow other parties who are not purchasing the property to distract or influence your decision, unless they are willing to be held responsible for the outcome.
- If you are not sure about anything, ask your Real Estate Agent or the Auctioneer, as they are there to help.

## Foreign Buyers

At PRDnationwide we strive to ensure foreign buyer interest is taken seriously and our real estate agents are keen to work with you to meet your requirements.

Investment in Australia from overseas is controlled by the Foreign Investment Review Board (FIRB). The Australian government also regulates the people who are approved to operate in the investment and property industry.

Before making a business or property investment in Australia, be sure to consider the following:

- Deal with a reputable International Property Specialist.
- Have access to quality property research.
- Legal, Financing and Taxation advice is imperative.
- Property Management Services to look after your property.
- Make sure the property has FIRB approval or is capable of receiving approval.

For more information on foreign investment guidelines and general FAQ, please visit the Australian Government Site at the following address:<http://www.firb.gov.au/content/faq.asp>

## PRDnationwide International

PRDnationwide is an internationally respected group of real estate agencies and consultants with over 30 years experience in the business. Our International division was specifically established to cater for the needs of people wanting to invest in Australia from overseas.

We understand the challenges of investing from overseas and have spent the last twenty years providing solutions to suit each individual's requirements. Our International division manages and co-ordinates affiliate offices and agency networks around the world, including Hong Kong, Singapore, Malaysia, Indonesia, Middle East, New Zealand and South Africa.

## Rural & Lifestyle

PRDnationwide Rural Specialists can provide strategic property solutions and advice to rural and regional Australia relating to large scale farming, aquaculture, viticulture, sheep and cattle stations, rural retreats and regional lifestyle properties.

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