COOMERA
REALTY

Home Buyer Guide

we value the opportunity
to be of assistance

home buyer's guide : your step by step guide to buying the home of your dreams

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Important Notice: The content of this publication is not to be relied upon as advice. The information should only be used as an overview, as individual circumstances vary. The information may be subject to change without notice and may contain errors. You should obtain all legal, financial and accounting advice from an appropriately qualified and licensed advisor. Published by Coomera Realty Pty Ltd ABN: 321 045 95 646.

introduction

Life is full of decisions - relationships, children, career and lifestyle.

Buying a home is about the biggest financial commitment you'll ever have to make. However, it's also going to be an exciting turning point - one that will most certainly make the most impact on your lifestyle. For many, it will be something never done before. Selecting the right home in the right area, organising finance and negotiating the sale - it all sounds a little daunting. Yet it isn't as complicated as you may think!

This book is just the start.

It will guide you through the complete process, from finding the home of your dreams through to finance arrangements and, finally, the move. We've included worksheets that will help you prioritise and ensure you find a home that will suit your needs both now and well into the future. Of course, if there's anything else you need to know, just ask. You'll find your Coomera Realty Sales Specialist is happy to assist in any way.

do your research

This is an important and exciting time in your life. We want to make sure it's enjoyable and that everything goes smoothly.

If you find the prospect of buying your first property a little intimidating, don't worry. Doing some basic research is easier than most people think. It increases your confidence and reduces the chance of making a mistake.

Most people start their search with an image of the property they would like in their mind. Frequently they have a short list of suburbs they're interested in as well.

You can establish an idea of where you're likely to find an affordable property by looking at the price ranges of properties for sale in different suburbs. Start by checking the real estate sections of newspapers, magazines or internet websites. Visiting websites such as coomerarealty.com.au will help you cover a lot of ground quickly and efficiently. Plus, you'll find lots of other valuable information to help you with your search. Coomera Realty are trained to assist you to identify your priorities, helping you to find the property that best suits your needs and budget.

Buying a home is not a task undertaken everyday. It's important to understand the process of real estate, what you can comfortably afford and the type of loan product best suited to you. This guide provides fundamental tips to make your journey easier but it's also important to listen to the advice of as many experienced people as possible. This will help guarantee you make an informed choice.

do your sums

"Borrowing Power" is a term you'll often hear used to describe the amount you can comfortably borrow to finance your property purchase.

Your borrowing power is determined by your current income and financial commitments as well as your savings and credit history. You should carefully consider your current and future living expenses so you'll be assured you can repay your loan and maintain the quality of lifestyle you'll require. A budget and purchase worksheet is provided on the following pages to assist you prior to meeting with your financial advisor or mortgage broker.

One of the biggest initial outlays you'll face is, of course, the deposit. This is usually 10 percent of the purchase price but don't forget that the deposit, like many elements of the property purchase, can be negotiated slightly depending on your individual financial situation and assets. It's not uncommon for a property owner to consider a 5 per cent deposit in some circumstances, so don't be afraid to ask your Agent if your funds are stretched. Having a good past saving history is also considered a big bonus when dealing with mortgage brokers on your loan application.

we agree that there is
great value in being local

In addition to the purchase price of your new property, you will need to pay for things like Stamp Duty (on the purchase price and the loan amount borrowed) conveyancing fees and possibly mortgage insurance. Stamp duty scales vary state to state so we have enclosed a Queensland Stamp Duty Table for you within this booklet. Alternatively you can visit our website and use the online calculator in the Buying Tab under Helpful Tools (where there are various online calculators to uti-

1.

The starting point is saving towards a deposit but it is important to understand all the costs associated with the home ownership. Such as mortgage insurance, taxes and legal costs. Starting a rigorous savings plan and doing all the sums can help you see what the hurdles are and how you can best plan to tick them off.

2.

Get some professional advice. Sit down with a range of lending institutes to fully learn and to understand the options and possibilities. Even if you don't act, you will properly understand where you are at and what you need to do.

3.

Be flexible with your expectations. Units and Townhouses / Duplex are available in many areas at lower prices and could provide a feasible market entry point. The key is to get into the market, pay down your mortgage and establish equity in the home as a basis for future financial options and flexibility. Then you are able to think about an up-grade or a move to a suburb you've always wanted to live in.

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financing

Choosing the right home loan from the many products available can be daunting. It's important to understand all the alternatives before making your choice.

Talking to several brokers as well as a financial adviser will definitely help you sort the wheat from the chaff. There are two options available to you when organising finance. You can apply directly to a finance institution or you can use a mortgage broker to help you through the process. There are two fundamental types of home loans available, each offering you a range of repayment options.

"Variable Rate" home loan:

With a Variable Rate home loan the interest rate is described as a variable because it may change during the term of the loan, depending on economic conditions.

- Repayments can usually be made monthly, fortnightly or weekly
- The maximum terms is 30 years with many lenders
- Interest is calculated on the daily outstanding balance of your loan and charged monthly so any additional or increased repayments will benefit you immediately

Unless the loan is paid out in the first five years, there are rarely additional costs for early repayment of the loan, other than government / discharge fees.

"Fixed Rate" home loan:

As the name implies, this home loan product has a fixed rate of interest. The term for which the interest is fixed may vary from one to five years. After that, the loan may need to be renegotiated for another fixed rate period or it may simply revert to a variable rate home loan.

- You may be able to make the choice to repay interest only or principal and interest
- There may be additional costs if you opt for early repayment of the loan

Choosing the right home loan from the many products available can be daunting. It's important to understand the alternatives before making your choice.

Brokers are available at your convenience and will be happy to meet with you at a time and location that suits you. Consumer's don't usually pay for a Brokers service directly, the broker is paid by the lender.

Brokers can place business with any of the major lenders, so they have an incentive to find you the best, most suitable product, taking the hassle out of arranging finance as well as saving you time and money by finding the best deal available.

how much can you afford to spend?

Before you begin actively looking for a property you should sit down and determine what you can **comfortably afford**. The budget worksheet on the following page will help you to establish a price range.

A lending institution will apply a "Qualifying Ratio" which is the percentage of a home buyer's gross income that can be prudently allocated for debt, based on personal income.

As a general guide, lenders limit the total sum of monthly mortgage principal interest, tax and insurance payments to 28% of the borrower's gross monthly income. Furthermore, they may limit the total of all long-term debt payments to 36% of the borrower's gross monthly income.

budget worksheet

How much can you afford to pay each fortnight / month?

Your Income		
	YOU per fortnight / month	**YOUR PARTNER** per fortnight / month
NET SALARY / WAGES (after Tax and Super is taken out)	$	$
REGULAR OVERTIME (after Tax and Super is taken out)	$	$
COMMISSION (after Tax and Super is taken out)	$	$
NET RENT RECEIVED	$	$
NET INTEREST / DIVIDENDS	$	$
OTHER INCOME (including business Income a, benefits)	$	$
TOTAL	A $	B $
TOTAL A + B = C	**$**	Transfer this total to C

Your Expenditure	
	per fortnight / month
MORTGAGE PAYMENTS (other than this Loan)	$
RENT OR BOARD (if applicable)	$
CREDIT CARD REPAYMENTS	$
HIRE PURCHASE PAYMENTS	$
REPAYMENT OF OTHER LOAN/S	$
ESTIMATED MOTOR VEHICLE EXPENSES (fuel, maintenance, registration, insurance etc...)	$
LIFE ASSURANCE + SUPERANNUATION	$
SCHOOL + CHILDCARE FEES / MAINTENANCE	$
RATES	$
MEDICAL INSURANCE / HEALTH COVER	$
HOME AND CONTENTS INSURANCE	$
OTHER HOUSEHOLD EXPENSES (estimate amount for gas, electricity, phone, internet, water etc...)	$
FOOD AND CLOTHING	$
OTHER LIVING EXENSES (estimate amount for gifts, travel, entertainment, holidays etc...)	$
OTHER EXPENSES	$
TOTAL D	D$
TOTAL C fortnightly / monthly income from above	C$
Less TOTAL D fortnightly / monthly expenditure	D$
TOTAL FORTNIGHTLY / MONTHLY UNCOMMITTED INCOME	**$**

You would use this uncommitted income to make your mortgage repayments but do not forget to allow yourself a sufficient amount for any unexpected expenses.

we value what your home means to you

let‘s go property hunting

Shopping for a new home should be an exciting adventure! If you have a clear picture in your mind of what you want and how much you can reasonably afford, then it can be a fun and rewarding experience!

Aside from basics such as the general suburb/s and number of bedrooms, there are other important things to consider, depending on your circumstances.

For example, is the property within walking distance to the local school for your children? How far to the train station if you have to commute to work? Is there off-street parking available? Does the residence offer a sunny aspect? Is it on a bus route? How close are the nearest shopping facilities or Medical Centre?

There are now many ways of accessing information on the property market. Of these, the internet is by far the most popular means of finding real estate for sale. Use the buying tab on the Coomera Realty website to find current properties listed for sale.

We also find we are selling some properties “off market” if we hold your details on our buyers database and match you to new listings when they get signed.

make an offer

Found a place you would love to call home?

Once you have considered other comparable properties nearby, take a deep breath and make an offer!

There are two ways to do this:

Unconditional offer: An unconditional offer is when you offer an amount to buy the house as listed (or negotiated) without requiring Special Conditions, Finance Approval or a Building and Pest Inspection. Also sometimes called a “Cash Contract” and terms are similar to that of an Auction purchase.

Conditional offer: A conditional offers is when you offer to buy the property only if certain conditions are accepted by the Vendor.

For example, your offer may be conditional upon arranging and requiring a time period for Finance Approval (standard QLD period is 14 days) and arranging a Building and Pest Inspection (standard QLD period is 7-14 days) and this is at your own cost, not the Sellers.

Another condition might be a longer settlement period of up to 60 or 90 days (standard QLD period is 30 - 45 days) and this might not suit the Sellers preferred time schedule. Talk to the Agent handling your offer in full prior to them preparing the Contract of Sale for you to sign. That way they know exactly where you stand in regards to your Conditional offer and whether it falls in line with the Sellers expectations of a Contract.

Other Special Conditions could be Subject to the Sale of your property; Contemporaneous (simultaneous) Settlement of your property with your purchase or Subject to Council enquiries for additions / extensions / shed / pool etc... and your Agent shall prepare these standard clauses for you to insert into the Contract.

Our Coomera Realty policy is to not prepare any written offer to purchase forms, we prefer to go straight to Contract with all offers, signed first by the Buyer and then presented to the Seller. We find that this is the best way to negotiate a successful sale in the quickest way possible and has proven to benefit all parties involved. A written letter of offer is not a formal document, nor are they recognised by the Real Estate Institute of Queensland (R.E,I.Q) of which Coomera Realty are longstanding members of. Sometimes this is a way for an Agent to negotiate a sale prior to going to Contract and this takes time going back and forth between all parties and is often a frustrating process.

If you offer is accepted and the Contract is executed then you still have the statutory 5 day cooling off period in which to terminate. A 0.25% penalty rate (usually the $1,000 initial deposit) can be retained by the Seller as they have engaged a Solicitor, each case varies.

1.

Avoid the temptation to make an offer prior to seeing a broker or your preferred bank. Obtain a pre-approval amount from them in writing before you really start getting serious about properties because you will find you might miss out on your "dream house" or your finance condition could fall over if you have not learned how much you can comfortably borrow. Don't just guess or assume how much you can afford, put in the time now and feel comfortable when you do go under contract on a purchase that your finance condition will be approved by the lender.

2.

Seek out a Conveyancer or Solicitor and have them at the ready if you need some professional advice from them when you are signing the Contract. They can prepare special clauses required and review the Contract of Sale to ensure that you are satisfied with the terms and conditions of the sale and that you are in a reasonable position to meet those terms.

3.

Conduct a Building and Pest Inspection by a reputable and certified inspector so you know if there are any problems with the property and what they might cost to rectify. Remember, established homes are not Brand New so expect some things to come up and always talk with your Inspector and Agent prior to making any decisions.

entering into contracts

When your written offer on Contract is accepted by the Seller then your initial deposit (usually $1,000) is paid and the Contract is dated and executed by the Deposit Holder (our Agency signs off on all our Contracts).

You may elect to have your legal representative check over the contract document with you prior to signing because once you have signed and contracts are dispersed to solicitors, you are legally bound to complete the purchase. With Private Treaty sales a cooling-off period of 5 business days applies in QLD following the date of the Contract.

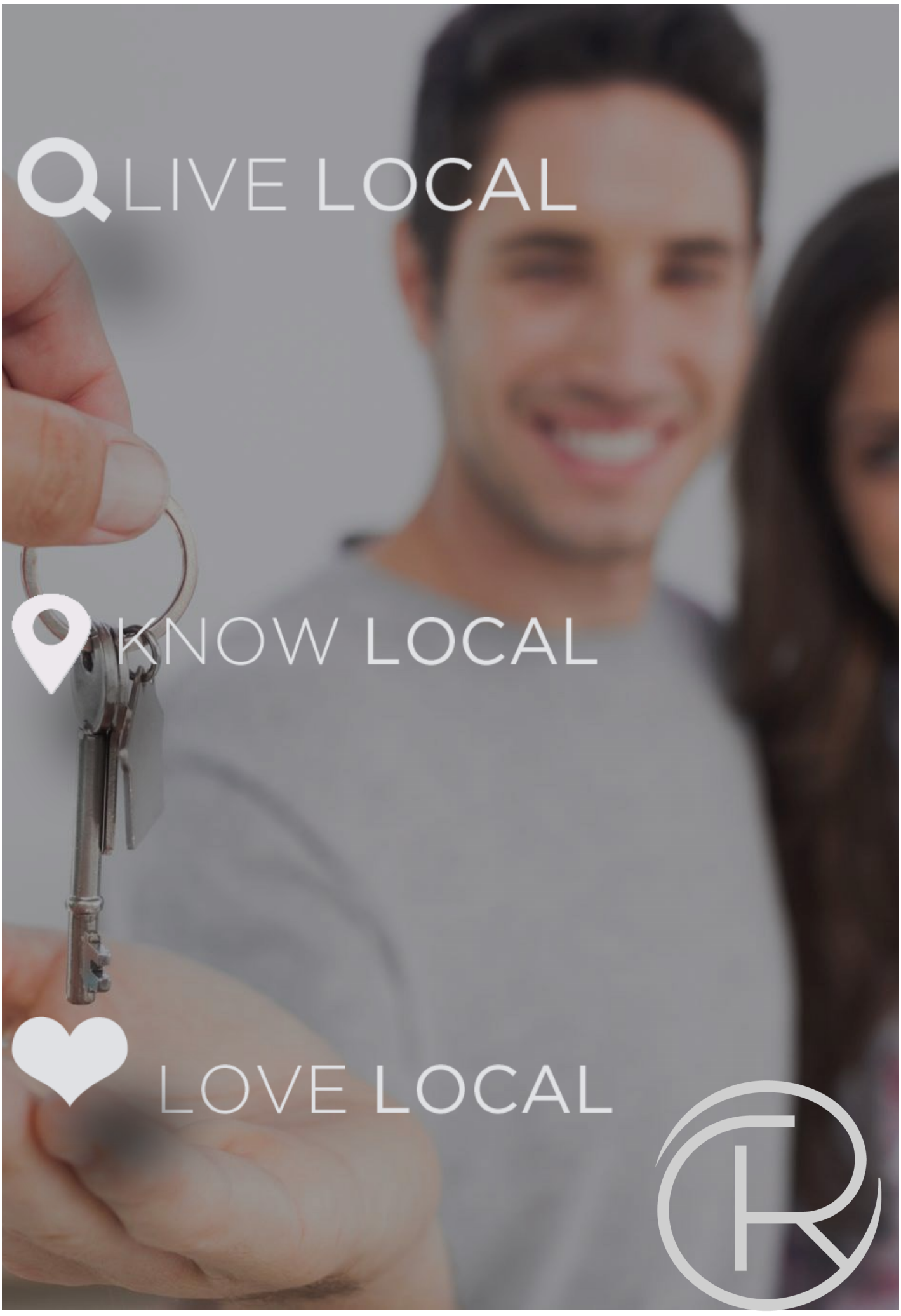
With Private Treaty sales, buyers are sometimes willing to enter into contracts before completing legal enquiries and building inspections. This is so they can be sure they have secured the property and protected themselves from the likelihood of the owner receiving a higher offer from another buyer. They use the cooling off period to then complete enquiries to their satisfaction, safe in the knowledge that the vendor is prevented from considering any other offers.

In the event that the buyer decides not to proceed with the purchase before the expiration of the cooling off period, a small percentage of the deposit is forfeited. Check the contract for the exact details or ask an advisor before entering into contracts.

Once contracts have been executed, your legal advisor or conveyancer will manage the rest of the transaction through until settlement – the day the balance of all monies are paid and ownership of the property is transferred to the buyer.

Conveyancing is an integral part of the buying process. This is the protocol by which legal title (or ownership) of a property is transferred from one party to another. This is usually done in one of three ways; a solicitor, a conveyancer, or by the purchaser using a do-it-yourself (DIY) conveyancing kit. Solicitors are usually the more expensive option but can provide you with a wide range of legal advice in relation to your property purchase. Expect to pay anything from $500 to upwards of $1,500, depending on the circumstances of your particular property transaction.

Conveyancers are licensed to provide the same conveyancing services as solicitors, but cannot provide comprehensive legal advice should problems with the transaction emerge. In such an event it may become necessary to retain a solicitor, in addition to the conveyancer. Conveyancers are often less expensive than solicitors, with fees ranging from $500 to $1,000 (although their costs will vary depending on the circumstances of your particular property transaction).


LIVE LOCAL
KNOW LOCAL
LOVE LOCAL

settlement

You're now on the home straight with the finish line in sight. It usually takes four to eight weeks from the exchange of contracts for settlement to be completed.

Until settlement, the property remains in the possession of the vendor.

How the settlement process works

1. Your solicitor / conveyancer will prepare all the documentation that will be required to complete the purchase on the day of settlement.

2. Your solicitor / conveyancer will contact the vendor's legal representative to arrange the date, place and time of settlement.

3. Your solicitor / conveyancer will advise you prior to settlement, of the exact date, time of settlement and the amount of funds that you are required to provide prior to settlement

(if applicable).

4. After settlement, the vendor's solicitor will contact the real estate agent that sold you the property and instruct them to release the keys to the property to you. This normally occurs around one hour after settlement and the agent cannot legally release keys until ordered to do so by the vendor's solicitor in writing.

5. Your solicitor will contact you to confirm settlement has taken place. They will also send you a Statement of Adjustment to show you how the funds have been disbursed to all parties involved. At this point, the property is officially yours. So, send out the invitations for your house warming party!

we trust in the
value of good people

1.

During the settlement Period purchasers are entitled to ask for accompanied access to the property for "reasonable" purposes. This might include measuring up for appliances you need to buy, curtains you may wish to order, or renovations you might wish to begin planning for. Remember though, the property still belongs to the owner and they are not obliged to grant access so it's wise to be judicious with your requests.

2.

Stay in close contact with your legal representative when planning removal van booking times. It's crucial that your belongings will be delivered to your new home at a time that fits tightly with the legal process.

3.

Your agent cannot hand over the keys to your new home until instructed in writing to do so by the vendor's solicitor. This can cause difficulty if you have moved out of your current residence and settlement does not proceed as planned, causing delays.

SOPHIE WATTS

Maintaining the fact that we are a successful, locally owned and operated "family business", Coomera Realty is proud to have Principal Geoff Benson's daughter Sophie on the sales team.

Sophie is one of the Gold Coast few 'young guns' professional agents committed to delivering excellence in all aspects of the property business. Since starting in the real estate industry over 8 years ago, Sophie has had a passion for property which has driven her to achieve phenomenal success from a young age.

Sophie has credited her success to hard work, goal setting and a vision to be the very best. Sophie's infectious and enthusiastic approach to all aspects of the business is an asset to her rapidly mounting career. Being exceptionally sharp with new systems and surrounded by people who specialise in customer service support & database management, allows Sophie to dedicate time to the critical areas of buyer management, sales negotiation and marketing strategy for her sellers.

“Service with a Smile’ is a vision to build positive relationships with all my clients whether buying, selling or seeking market guidance. Real estate is a people business, not just property, and Coomera Realty embodies every expectation I would look for in an agency if we were selling our own home” Sophie says.

Read reviews from Sophie’s previous clients by heading to www.ratemyagent.com.au

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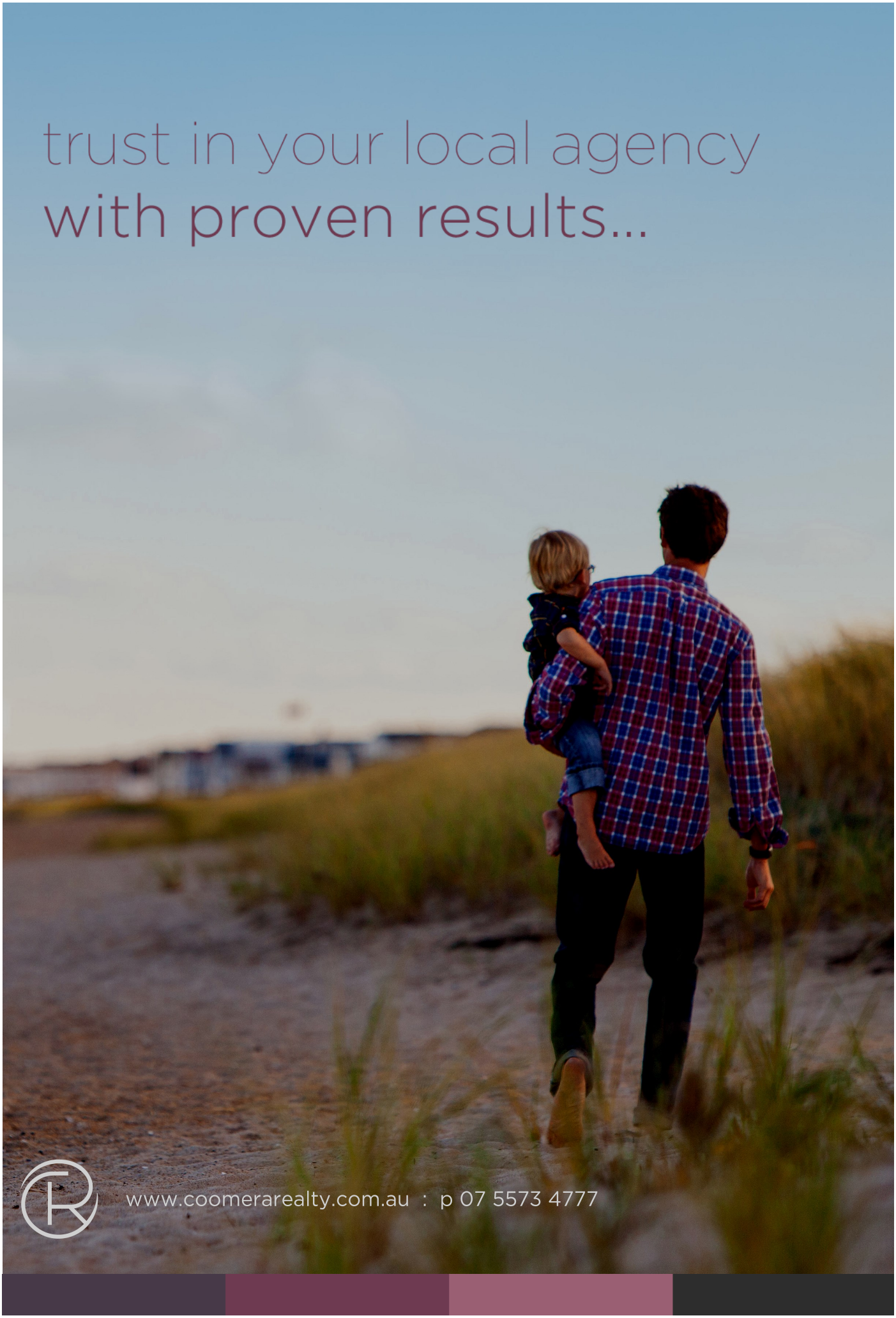
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