



Buyer's Guide

This guide has been compiled to assist buyers on the journey to purchasing your first home or investment property. NPM will ensure you fully understand key considerations leading into, during and following the purchase of a property.

Key considerations as you embark on the purchase of a property

1. If you are considering working with an agent to assist you in understanding the market and searching for your next opportunity, be sure to select carefully. This person will be a very important advisor in your search and you will work closely with them, so you need to feel comfortable with their knowledge and experience.
2. Should you require finance, prior to commencing your search it is recommended you secure pre-approval for a mortgage with a bank and/or a mortgage broker. This ensures you have a clear understanding of your position and budget, giving you the necessary confidence and negotiation capacity as you identify a property.
3. Take the time to educate yourself on the market and familiarise yourself with your target locations, neighbourhood(s) and even specific buildings that suit your criteria. Having knowledge of the market and factors affecting the performance of different locations will pinpoint potentially suitable properties and give you further confidence in pricing and budgeting.
4. Assemble a trusted team. Your key advisors will play important roles in ensuring your purchase runs as smoothly as possible. Surrounding yourself with an experienced solicitor/conveyancer, banker/mortgage broker and accountant will remove unwanted stress and allow you to focus on the most important thing – selecting the right property.

Key steps in the purchase process

Purchasing a new home or investment property is a major event. You can expect to take the following steps:

Determine your budget

Consult with a mortgage broker, bank or financial advisor before you begin looking to determine your budget. If you are going to finance the purchase, you must know the loan size for which you qualify, based on your personal finances and situation. This, in turn, will dictate your purchase price, which is key for you to understand and set pricing criteria as you embark on the search for your new property.

Get pre-approved for a mortgage

Once you have determined your budget, you should obtain a pre-approval letter from a bank or mortgage broker. Your agent may need this letter to submit with any purchase offers to demonstrate your credibility as a buyer.

Find 'the one'

The timeframe for finding your next home or investment property will vary depending on availability, criteria and circumstances. You may identify a property within a matter of days or weeks, however, if you have specific requirements this may extend to a longer period. Stay on track by ensuring you update and adhere to your key search criteria and considerations to avoid wasting time on unsuitable properties.

Negotiation

Once you have identified a suitable property, the appointed agent (or your buyer's advocate if you have appointed one) will guide you through the negotiation. While price is paramount, the negotiation process may also bring into play other key considerations such as cash purchase vs subject to finance, settlement timeframe and the ability to sign an unconditional contract. This is also the time for you to undertake due diligence and conduct a review of the sale and property documentation. You may make a holding deposit in some cases.

Contract execution

Once key terms are struck and mutually agreed upon, they are incorporated into the Contract of Sale. When your legal team has completed their review of the final contract, you will execute the contract and make payment of the deposit (usually 10% of the purchase price). The vendor then countersigns the Contract of Sale and it is distributed to all sides for formal exchange. Until both parties have signed the contract, neither is bound to the transaction, so it is important that all sides act quickly and in good faith toward completion.

Finance

If you are purchasing without finance there will be no requirement in this regard. However, should you be seeking finance or have entered into a conditional contract subject to securing finance (usually within a tight timeframe), you will need to work with your accountant and banker/mortgage broker to finalise your loan application and secure your funding.

Settlement

Once your Contract of Sale is unconditional and all other matters are in place, the property will move to settlement at the pre-determined time. There are often many parties involved in the settlement process, including the respective legal teams and bankers/mortgage brokers, each liaising with several third parties to bring together required documents and confirmations to secure settlement. In total, the process from accepted offer to settlement usually takes between 30-60 days. Speak with your appointed team to confirm other requirements that may require action to be enacted prior to settlement, such as insurances.

Buying costs

It is important to have an understanding of potential buying costs as you prepare for a purchase process.

Lawyer/conveyancer:

Generally \$800 - \$1,250 + GST.

Mortgage fees (if applicable):

Check with your financier regarding application and other fees.

Advocacy fees (if used):

A percentage of the purchase price or a fixed fee.

Adjustments:

Made depending on pre-paid costs borne by the vendor.

Stamp duty:

Check with your accountant and legal team.

This will depend on your circumstances and purchase price.

FIRB levies:

Check with your accountant and legal team for current status.

FIRB application fees:

Check with your accountant and legal team for current status.

The above are estimates only. Buying costs should be confirmed with your lawyer, accountant, financier and NPM on an individual transaction basis.