

buyers guide

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the home of new beginnings

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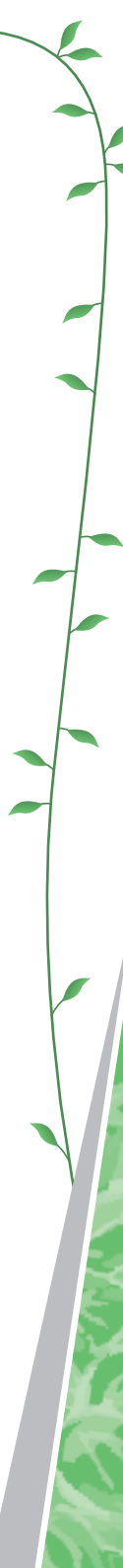
The decision to buy

Buying a home can be exciting, it can be stressful and it could be costly.

Provincial Real Estate is not just in the business of selling homes, it's in the business of educating people who want to enter the property market or expand on their property portfolio. This brief handbook will not totally cover all the do's and don'ts of buying real estate, but it will give you the foundations to 'Smarter Buying'.

Whether you're a first home buyer or a seasoned investor it's important to get back to basics when purchasing property. Sometimes those basics can end up being complicated if you haven't done your homework.

In addition to the information provided in this booklet, Provincial Real Estate's office doors are always open and our mobiles always turned on for any questions you may have before making the decision to buy.



Know your limit

Before considering buying a home, the first thing you should do is know your limit!

Make sure you visit either your bank manager, finance broker or both to understand what your financial limit is. Ask them to explain the various lending alternatives and the charges that apply. It would also be beneficial to seek advice from your accountant or financial advisor.

Once you are comfortable with your limit and have finance pre-approval, the next thing is to identify your needs and wants.





Needs and wants



Searching for that perfect home can be overwhelming. To avoid wasting time and disappointment make a list of what you need in a home first. Then ask your Provincial Real Estate agent to conduct a search on properties that fulfil your criteria in needs and budget. Make sure you have covered the following areas in your list:

Location – do you have to be close to amenities such as schools, transport, shopping, entertainment and parks? Location is often one of the biggest determinants of price. Make sure you narrow your search down to a few areas and then ask your agent to help you make the right decision.

Size and Features – in addition to working out how many bedrooms, bathrooms and living areas you need it is also important to think of what you don't like in your current home. Do you have enough storage space? Is the block big enough for the kids? Do you need side access? Is there room for a workshop? etc.

Priorities – once you have your list rank the priority of each feature. This will help you determine what you must have and what you desire in a home. Give this list to your Provincial Real Estate agent clearly stating the must have's and what the deal breakers are. Keep in mind not to get stuck on features you can change. If the rest of the house is perfect, it's easy to repaint walls, replace floor coverings or window treatments.

Constant feedback with your agent is important so he or she can gain a better understanding of your needs and wants.



Contracts, conditions and insurance


Once you have found the right home the next step is making a written offer. Your agent will normally have a standard contract (Offer and Acceptance) certified by REIWA (Real Estate Institute of Western Australia). On this contract you will be asked to state your conditions of the sale. Some of the standard conditions and requirements are:

Full names and address - these are the full names, as per birth certificate, and current addresses of the purchaser(s) which will be written on the contract. If the purchaser is a corporation then the incorporation (ACN) number must be included with the name.

Joint Tenants or Tenants in common – decide with your partner(s) before you make an offer as to whether you purchase the property as Joint Tenants or Tenants in Common. The definition for each is as follows:

Joint Tenants: is usually where parties are married to take advantage of automatic survivorship. When one party dies the other(s) may apply to have the title transferred to themselves on production of a death certificate of the deceased.

Tenants in Common: partners of a business who purchase the business premises, brothers and sisters - or where two or more friends or investors purchase a property - commonly use this type of tenancy. The proprietors are then able to sell their undivided share in the property or should they die, a Last Will and Testament may pass on their share. The share allocation of all parties must be shown on the contract.



Description of property – the contract should always state the full address, Lot number, Strata Plan / Plan / Diagram, volume and folio numbers of the property being purchased.

Strata Title: if the property is strata title it needs to be brought to the attention of the buyer. Additional enquiries about the buyers rights and entitlements will need to be made when a strata title property is negotiated. Prior to the prospective purchaser(s) entering into a contract to purchase a strata title property a Form 28 (Disclosure Statement) must be given to the prospective purchaser and acknowledged by them. Form 29 (Strata Titles Act 1985 Section 69A (f)) must also be given to the purchaser explaining their obligations and restrictions as an owner of a strata titled lot.

Encumbrances and Restrictions – ensure that you have been given a copy of the certificate of title and been made aware of any encumbrances such as easements, restrictive covenants etc that may affect the land. All encumbrances should be disclosed and stated on the contract by the agent.

Chattels and Fixtures – normally all fixtures and fittings or in other words those items that are fixed or bolted down to the home or property are included in the sale. Chattel items such as pool cleaning equipment, dishwashers and anything else that is not fixed to the property are not included unless stated on the contract. This can be a grey area so please discuss it further with your agent.

Purchase Price – should be clearly written in figures only, extra space is provided to accommodate any counter offers and both the seller and the buyer must initial and date any alterations in order to make the contract binding.


Deposit – is a sum of money and a token of goodwill on the part of the buyer. A deposit is the first payment towards the purchase of the home.

Cash Sale– in the case of a 'cash sale' - meaning the buyer is not required to borrow funds - then the finance clause does not apply. Signatures from the buyer(s) must be placed in the 'no finance required' section on the contract.

Subject to Finance– where buyers need to take out a loan this section must be completed. Displaying who the lender is (optional) and the amount of loan in dollars or percentage. A date must also be specified as to when the formal approval of finance is to be obtained. A normal period to obtain finance approval is 14 to 28 days from acceptance of the offer. A good idea is to check with your bank first.

Subject to the Sale of the buyers property – some buyers may not be able to purchase a property until their property has been sold. Normally a subject sale offer has an attached time period to sell the buyers home and for it to become unconditional. The sellers may attach a 48 hour clause condition to the contract.

48 hour clause – gives the seller the right to continue marketing their property in an effort to obtain a more favourable offer. If the seller subsequently receives a better offer, the clause generally provides that the seller may then give 48 hours notice to the first buyer, requiring them to make the first offer unconditional. If the first buyer does not do so then their contract is deemed to have come to an end and the deposit will be refunded.





Subject to successful settlement – is a condition where a buyer has their property under offer and is awaiting all conditions to be met. Making their offer subject to the successful settlement of their property means they have to settle their property in order to purchase their new home. A time period or date should always be specified.

Settlement date – is the date the property is to settle and where ownership is transferred from the seller to the purchaser. Sufficient time is needed for the settlement agent and/or banks to have documentation prepared and signed.

Termite Pest Inspection – it is always a good idea to have a termite / pest inspection to ensure the house and outbuildings are free from past or present termite activity and damage. Termite inspections are usually always nominated by the buyer and at the expense of the buyer.

Electrical, gas and plumbing – it is good to know that everything regarding electrical, gas, plumbing and even reticulation is in good working order just prior to settlement. We recommend purchasers carry out this inspection with the agent present at a final inspection (normally conducted within 7 days prior to settlement).


Structural – if you want peace of mind about the structural quality of the home then a structural inspection is a worthwhile investment. Cost can range from \$350.00 to \$750.00 depending on the size of the property and the extent of the inspection.



Joint Form of General Conditions – both the seller and the buyer must receive a copy of the Joint Form of General Conditions. This is a legal document providing additional conditions to those already incorporated or written in the Offer and Acceptance. These are conditions one would expect to find in a contract that is fair to both the seller and the buyer in relation to buying and selling property / land.

Writing special conditions – if you have a special condition to include in the contract there are 5 key rules to remember. 1- Be clear and concise, 2 – Specify who is responsible for the fulfilment of the condition or warranty, 3 – Specify clearly what has to be done, 4 – Include a time limit for performance, 5 – Include the consequences of non-fulfilment of an important condition.






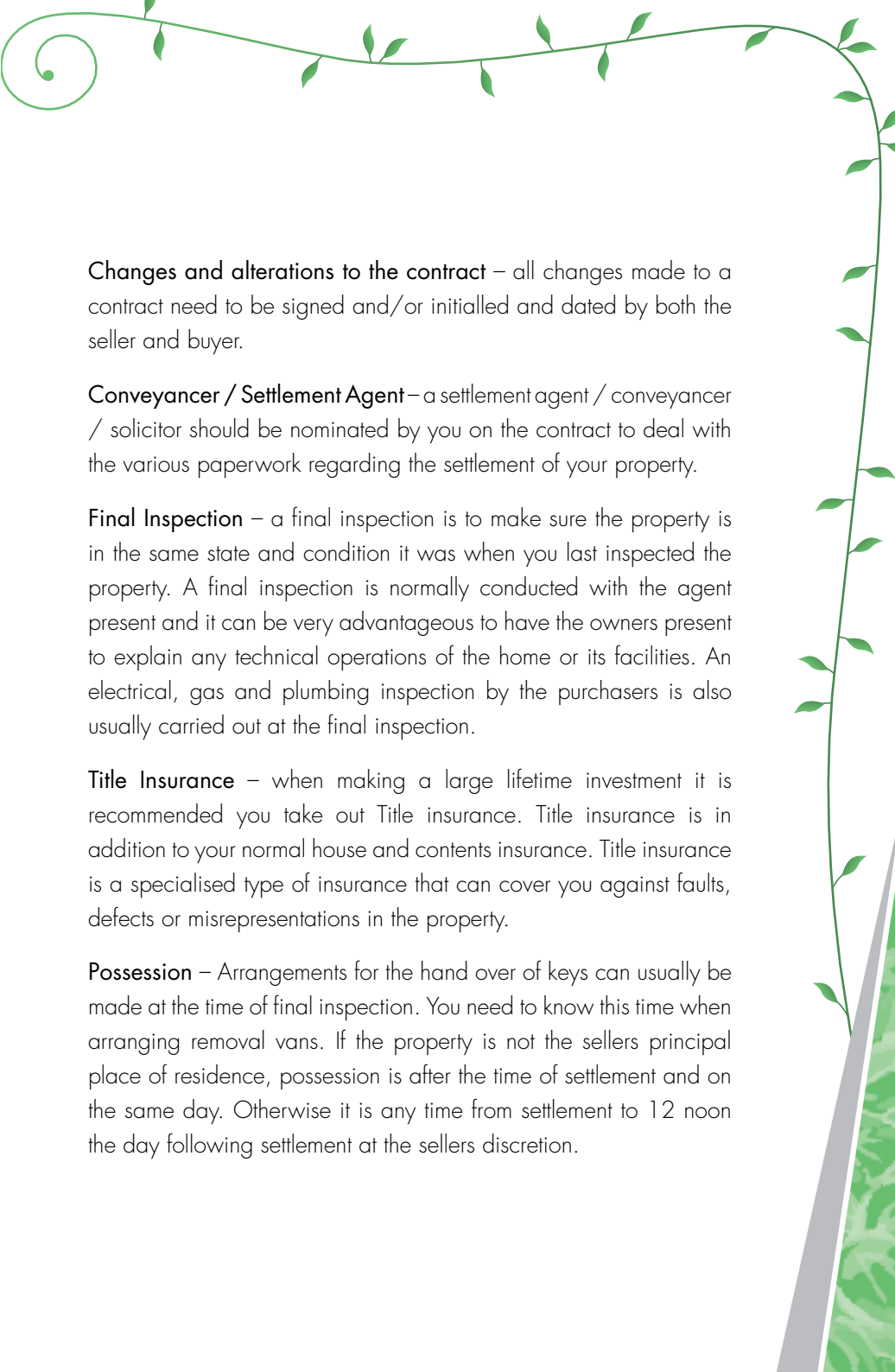
Changes and alterations to the contract – all changes made to a contract need to be signed and/or initialled and dated by both the seller and buyer.

Conveyancer / Settlement Agent – a settlement agent / conveyancer / solicitor should be nominated by you on the contract to deal with the various paperwork regarding the settlement of your property.

Final Inspection – a final inspection is to make sure the property is in the same state and condition it was when you last inspected the property. A final inspection is normally conducted with the agent present and it can be very advantageous to have the owners present to explain any technical operations of the home or its facilities. An electrical, gas and plumbing inspection by the purchasers is also usually carried out at the final inspection.

Title Insurance – when making a large lifetime investment it is recommended you take out Title insurance. Title insurance is in addition to your normal house and contents insurance. Title insurance is a specialised type of insurance that can cover you against faults, defects or misrepresentations in the property.

Possession – Arrangements for the hand over of keys can usually be made at the time of final inspection. You need to know this time when arranging removal vans. If the property is not the sellers principal place of residence, possession is after the time of settlement and on the same day. Otherwise it is any time from settlement to 12 noon the day following settlement at the sellers discretion.





P: 08 9293 2200

F: 08 9293 2288

W: www.provincialrealestate.com.au

E: enquiries@provincialrealestate.com.au

A: Stirk House, Shop 3 / 3 Canning Road, Kalamunda