

BUYERS CHECKLIST

**How much can you borrow?
What are the costs?
Which loan is right for you?
Obtain pre-approval
Search for a property
The buying process**

HOW MUCH CAN YOU BORROW?

How much you can borrow is often referred to as your “borrowing power”. Your borrowing power is assessed on a number of points:

- income
- savings
- current financial commitment
- credit history
- living expenses
- guarantors

Assess your finances and establish a monthly budget to see if you can afford the monthly mortgage repayments, and that you have enough funds to cover costs.

WHAT ARE THE COSTS?

In order to determine how much you can borrow, you will need to factor in all the charges such as:

- deposit
- taxes
- stamp duty (mortgage and property purchase)
- legal costs
- registration fees on a mortgage
- lenders mortgage insurance
- pest and building inspections
- application fees

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WHICH LOAN IS RIGHT FOR YOU?

There are many loans available with different features and fees to be considered. A loan which has a reduced interest rate may not be the cheapest option overall, when you take into account their monthly fees.

Make an appointment with one of R J S Loan Solutions staff to obtain pre-approval so you have a clear indication of how much you can borrow and what type of home loan is right for you. R J S Loan Solutions will search for and organise the most suitable loan for you and your taxation requirements (if required).

You need to consider a few things when deciding what loan to take, these include:

- can I make additional repayments without being charged extra?
- can I make repayments via direct debit, ATMs, internet and phone banking services?
- can I have a 'mortgage offset facility' – which allows me to offset funds in an account against my home loan?
- can I redraw funds at any time, how do I do it, and is there a charge for it?
- will I be able to restructure my loan in the future?
- are there home loan fees?

OBTAIN PRE-APPROVAL

A pre-approval gives you an idea of how much you will be able to borrow. Therefore, how much you can comfortably pay for your new property.

Pre-approval involves completing a loan application with all the relevant supporting documents, such as pay slips, bank statements etc.

Our competent staff at RJS Loan Solutions will work with you to complete the relevant paperwork to move the loan through to the approved status.

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SEARCH FOR A PROPERTY

By now, you will have no doubt started thinking about where you want to buy. With your pre-approval done, you now have a better idea of how much you can spend.

Some things to compare when looking for your home include;

- Price averages for the area
- Growth rate for that area
- Proximity to public transport
- Proximity to shops, schools, major roads and infrastructure
- Are there any repairs needed?
- Number of rooms, bathrooms, toilets
- Heating/ Air Conditioning: gas or electric

THE BUYING PROCESS

Once you have your pre-approval and found the property you want, make an offer. If it is accepted, a contract of sale will be organised. You may be required to pay a non-refundable holding deposit (it is a good idea to get your unconditional finance approval first).

This process can be broken into four stages:

1. Making an offer

There are two different types of offers you can make:

- a) Auction – if you are buying at an Auction, you are required to pay a deposit (usually 10% of the purchase price) immediately
- b) Private – If you are buying privately, you are usually required to pay a holding deposit (can be anywhere between 0.25% and 10% of the purchase price)

2. Contract of sale

The contract of sale (which is prepared by the vendor's legal representative or agent) outlines your offer, the date of settlement and any other conditions that must be met before the sale goes ahead.

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It is best you discuss the Contract of Sale with your legal representative before you sign. Arrange with your solicitor to review and sign the contract. You'll also need to arrange for the deposit (usually 10% of the property value) to be provided to the vendor.

There are two kinds of offers – unconditional and conditional.

Unconditional offer - This is an outright offer to purchase land or property. At this stage you should be absolutely certain that this is the land or property that you want and that you have access to finance for the purchase. Upon acceptance of your offer by the vendor, you are obliged (legally) to go through with the purchase.

Conditional offer - This is similar to unconditional offer, in the fact that it is also a legally binding contract (providing that all of your conditions are satisfied). The only way that the Conditional contract can be broken is if one or more of the conditions are not met.

Contracts are exchanged and you usually have between 28 and 90 days until settlement (the time of settlement will vary depending on your state/territory and your contract).

Note: Conditional on finance subject to 14/21 days approval.

3. Finalise loan

We work your loan through to the finalised stage by completing all of the necessary paperwork and then on to settlement. The loan documents are sent to you or your solicitor. You will need to make an appointment with your solicitor to receive advice and to sign the documentation.

4. Settlement

After the contract becomes unconditional and all documentation has been finalised with the lender (if applicable) your purchase will proceed to the settlement stage. You or your legal representative will “book in” a date for settlement. Don't forget to arrange insurance for your new home. Proof of insurance is usually required by your lender before settlement.