

THE Property Diaries



GET
"PURCHASE READY"
CHECKLIST

Hello!

We've created this checklist to help our listeners to not only do things right, but do them in the right order. Use our checklist to get yourself fighting fit and ready for your purchase journey.

Wishing you a prosperous voyage - Cate, Ren, Shannon and Stacey

Starting position

■ ADEQUATE SAVINGS

Savings, generous help, investing partner – wherever it is coming from, you'll need to have funds available for a deposit. The minimum amount you'll need to prepare yourself with is 5%, but in some cases lenders will require more. Some parents/family members can assist with equity in the form of parental guarantees, (also known as Family Pledge Loan). Some buyers like to partner up and co-purchase with another/others who have a deposit ready. However you choose to proceed, you'll need a source of money.

■ FINANCIAL CAPACITY

Do you have the financial capacity to meet your obligations? You will need to demonstrate a means to service the loan, maintenance and outgoings of the property. Servicing a loan relates to the consumer's ability to repay the debt with regular repayments and this relies on a source of income. Outgoings include council/water rates, insurances, and other items.

To get a rough idea of your loan repayments - Google 'Mortgage Repayment Calculator' and have a play with some online calculators (here's a good one: <https://www.canstar.com.au/calculators/home-loan-calculator/>)

■ WHY ARE YOU BUYING A PROPERTY??

Understand your 'why'. Is this to get a foot on the property ladder? Is it to have a place to call your own? Is it to guarantee yourself that a landlord won't serve a notice to vacate on you, ever again? Is it to start building wealth? Is this another property in your existing portfolio? Are you buying to help someone else? We all have our why. Once we understand it, we can make good decisions.

■ DO A HEALTH CHECK ON YOUR BANK ACCOUNT

You will likely be applying for a loan, and lenders will run a fine-tooth comb over your expenses when your loan application is lodged. They will want to see a regular source of income, a good savings regime, and controlled discretionary spending. They will also look for expenses that spell risky applicant, such as online gambling, casino cash withdrawals, short term lending solutions such as after pay, and any suspicious credits. The minimum period of time that a lender will assess is three months.



TIP: YOU'LL NEED TO SHOW THREE MONTHS OF CONSISTENT, RESPONSIBLE SAVINGS AND SPENDING SO GET STARTED WITH YOUR GOOD FISCAL BEHAVIOUR TODAY.



■ DO I ACTUALLY WANT TO DO THIS?!

Most importantly, you'll need genuine drive to do this. It's not easy and it requires a lot of important steps.

Getting pre-purchase ready

■ SORT OUT YOUR PRE-APPROVAL

Understand how much money you can borrow, and what your purchase price limit is. This requires a meeting with your lender. Before you look at interest rates and products online yourself, get some professional advice.

When you book the meeting, give them some information about yourself and ask them what they need from you. They will likely ask you to gather 'supporting documentation' such as payslips, bank statements and ID.

BE PREPARED FOR THIS TO TAKE WEEKS, NOT DAYS. LENDERS ARE FUSSY AND BANK ASSESSMENT QUEUES AREN'T ALWAYS FAST.

■ DISCUSS YOUR STRATEGIC PLANS

Talk to your lending consultant about your long-term plans, (if you have thought it through).

Be clear about how you plan to use this property because this will determine how they structure your loan. If there is any chance that you may one day have a tenant in your property, your loan MUST have an offset account.

If you find that you are not in a position to borrow yet, don't feel deflated!



TIP: FIND OUT EXACTLY WHAT THE CRITICAL MILESTONES YOU NEED TO ACHIEVE ARE. SET YOURSELF A PLAN TO ACHIEVE THEM AND TRACK YOUR PROGRESS. STAY IN TOUCH WITH YOUR LENDING CONSULTANT AS YOU GET CLOSER TO THE FINISH LINE.

■ JUMP ONLINE

Check out some recently sold properties in your suburbs of interest online. This is easy to do, but it can be overwhelming if you search too broadly. We suggest starting with your preferred suburb first. Go onto your preferred search engine, head to the sold tab and pop in your suburb, your maximum price point and a price point \$100,000 under your maximum price. Your window of price range should be tight.

Click on search to see what the recent sales in your chosen suburb are. Don't go back any further than six months into sales history. Beyond this point is not necessarily a clear indicator of today's value.

■ MAKE A LIST

Make a list of the properties that appear in your sold search that you like, or feel are representative of what you have in mind.

If you have limited examples, (or worse still, none), this search demonstrates that your ideal is not feasible or realistic. You will need to adjust one or more of your parameters.



We call this pictographic the Magic Quadrant and it doesn't take much to enable an unviable brief to become viable. [Click the link to explore.](#)

By adjusting one variable and trying the sold tab search again, you'll get a firm idea of what your budget will buy you in any given area.

It is not uncommon for buyers to contemplate the required compromises in an effort to have a feasible and realistic brief. From alternative suburbs, to smaller land allotments, (ie. townhouse instead of house), there are ways to implement a suitable compromise.

■ DEFINE YOUR CRITERIA

Once your sold tab search has identified your eligible suburb and dwelling type, you can make a list of your search suburbs and your criteria. This includes your locations (eg suburbs, proximity to transport requirements etc), and property attributes (eg minimum 3 bedrooms, must have off street parking).



WRITE IT DOWN SO THAT YOU HAVE A WORKING DOCUMENT. INCLUDE THE SOLD PROPERTIES YOU LIKED SO THAT YOU CAN CITE THEM AS EXAMPLES WHEN ASKING THE AGENTS FOR HELP.



■ PLAN AN ITINERARY

Start your real online search when you are ready to start inspecting some options. You don't have to be purchase-ready to do this, but you should make sure the agents are aware that you aren't yet seriously looking at buying. You are still in your research phase.

Plan your inspection itinerary and be mindful of your travel time between inspections. Get yourself a folder for the agent brochures and take notes as you complete each property inspection.

(It's not uncommon for the property to be a bit different to what you were expecting from online listing photos)

■ TAKE NOTES

Mark any deal-breakers and non-negotiables in your observation notes. You will note aspects of some properties that you couldn't tolerate, for example; busy roads, noisy environment, unpleasant neighbourhood, high voltage powerlines too close, etc.

■ MONITOR THE MARKET

Register for the Saturday night auction results to be emailed to you. This can be easily done; our major property search engines have simple subscription links. Check out your chosen suburbs every week and note the sale prices in your observation notes.

After you have tracked 4-6 weeks of property sales results in line with your physical inspections, you will no doubt have a firmer idea of values for this particular dwelling type in your chosen suburbs than the local agents will. You will start to become a local area expert within a short time.

■ ATTEND SOME AUCTIONS

If possible, start attending some public auctions to get an idea of the various styles of auctioneers, auction terminology and bidding style. Read some good resources to get a better understanding of auction rules too such as this source and this source.

Arrange your A-Team

■ CHOOSE YOUR SUPPORT PERSON(S)

Well-meaning friends or family are not necessarily the perfect support. Only choose those who understand your 'why', support your 'why', and won't override your preferences with their own.

■ FIND A CONVEYANCER/SOLICITOR

Have a great solicitor or conveyancer ready to perform your contract review, and remember that this can sometimes require a fast turn-around time, so be clear to ask your recommended solicitors or conveyancers what their terms and service turnaround times are.

■ FIND A BUILDING INSPECTOR

Ask for recommendations for good, local building inspectors who can offer building AND pest inspection assistance

Time to go shopping

■ SORT YOUR PRE-APPROVAL

Once your lender confirms that you are ready to start shopping, note your pre-approval date, understand any conditions associated with your loan, and set up your inspections, (just as you had during your research phase).

This time, let the agents know that you are purchase-ready, pre-approved and committed to being responsive if they contact you with any off-market opportunities.

ENJOY YOUR JOURNEY... AND REMEMBER, PROPERTY IS LIKE PEOPLE. NO SINGLE PROPERTY IS EVER PERFECT, BUT IF IT TICKS YOUR "MUST-HAVE" CRITERIA, IT DESERVES SPECIAL ATTENTION.



IF YOU'D LIKE TO SKILL UP WITH SOME PROPERTY EDUCATION, JUMP ONTO OUR PODCAST, #THEPROPERTYDIARIES AND LISTEN TO SOME OF OUR EPISODES.

WWW.THEPROPERTYDIARIES.COM.AU