KADOTA

# TIPS FOR **PURCHASING** *YOUR PROPERTY*

## BEFOREHAND

### MAKE SURE YOU HAVE YOUR PRE-APPROVAL IN PLACE

In order to make an offer with confidence, it's crucial to have your pre-approval in place so you know your exact borrowing limit and maximum purchase price, including an allowance for all the extra costs, such as stamp duty etc. With a pre-approval in place, you can confidently go house shopping!

### SUBJECT TO FINANCE

Ideally (and definitely if you don't yet have a pre-approval in place) you would make your offer subject to finance for at least 14 days. An auction is an unconditional purchase, however if buying privately, including a finance clause in the offer provides time to have your loan application unconditionally approved, including receiving a valuation on the property being purchased.

### ORGANISE YOUR TEAM

Engage a solicitor / conveyancer to review the draft contract of sale and section 32, it's very important that a professional reviews these documents to advise you of anything to be aware of prior to the auction. You will need to request these documents from the agent handling the sale. Read through all of the documents and always ask if you are unsure of anything, it's important to clarify details such as settlement terms, deposit required and fixtures included and excluded. *Speak to us if you would like details of some lawyers / conveyancers we have worked with.*

### INSPECTIONS

Depending on the type of property, you may wish to arrange a building and pest inspection. When buying privately, building and pest inspections are often a condition of sale so you have time to arrange after the signing of the contract, but an auction is an unconditional purchase so you may want to consider arranging prior, if you believe you have a good chance of success at the auction.

## TIPS FOR BIDDING AT AN AUCTION

### DO YOUR RESEARCH

When you are looking in an area, whether buying privately or through an auction, research the prices in that area for the type of property that you want. Find out about the good and bad features of the area, and comparative prices to other areas. Look at similar properties to the type that you are seeking.

### ATTEND LOCAL AUCTIONS

It is valuable experience to attend as many local auctions as you can to see how the auction proceeds. Observe how people bid, and who is at the auction. Work out people's style of bidding. The same people may be bidding against you for your property soon.

### BUYING AT AN AUCTION

The most important thing to remember is that under the auction system, when you buy a property, there is no cooling off period as there is when you buy 'for sale'. The auction sale is legally binding on the day. These guidelines should help you with understanding the auction process.

## WHEN YOU HAVE DECIDED ON THE PROPERTY

### REGISTER YOUR INTENT WITH THE AGENT

Advise the real estate agent if you are interested in a property. They will advise you if the vendor would consider sale prior to auction, and whether any offers have been received prior to the auction day.

### ESTABLISH YOUR BIDDING LIMIT

It is important that you set your own bidding limit. Decide what the property is worth to you based on what you can afford. To make sure you can afford a property, work out the limit on your loan and add 3% to the interest rate. If you could still afford to make the repayment then that is a very safe limit.

### SET AN UNEVEN LIMIT

Wherever possible, it pays to set an uneven limit, rather than stopping on a round number. For example, rather than stopping at $710,500, try going to $711,000. A small $500 bid could make the difference if the other bidder is close to their limit.

### ASK FOR HELP

Many people find the auction process daunting. Don't be afraid to ask a friend, relative or real estate agent, to assist you with your bidding. Many people ask someone else to bid on their behalf as they may be less inclined to bid emotionally and will not exceed a predetermined limit. Make certain that they have very clear instructions in writing on what they can and can't do on your behalf - remember, there is no cooling off period with an auction.

## ON THE DAY

### PRESENTATION IS IMPORTANT

If you look like an affluent, confident property buyer, this could help convince your competition that you won't stop until the property is yours. Remember that it isn't always the person with the most money that wins at auction. It is the person who convinces everyone else to stop bidding.

### CHECK THE CONTRACT OF SALE AGAIN

On the auction day you should always check that your copy of the contract of sale is exactly the same as the original auction contract and that there have been no late changes.

### BIDDING

Remember how an auction looks from the auctioneer's perspective. They are often looking at a large number of people who are invariably turning around, whispering etc. If you are standing at the back of this scene, or hidden in the shade of a tree, the auctioneer may well miss your bid, particularly when you are bidding for the first time. Stand in clear sight of the auctioneer and make your first bid obvious to them.

Make sure the auctioneer understands what you are doing. Bid early, clearly, confidently, and avoid unusual sign language that may be misunderstood. Buyers are usually reluctant to start bidding at auction but the best policy is to bid loudly and confidently showing bidders you intend to purchase the property.

### KEEP CONTROL OF YOUR BIDDING

If the bidding is increasing in larger denominations than you are comfortable with, consider offering a lower denomination as your bid. The auctioneer does have the right to refuse it, but there is absolutely no harm in trying.

It is important not to be drawn into a bidding war on a property you want. Emotions can lead to you paying more than you can afford and there is no cooling off period with an auction.

### MAKING A DEPOSIT

When the property is sold at the auction you are required to sign the contract of sale and pay a deposit of usually 10% on the spot or as arranged with the agent via funds transfer.

### THE END OF THE AUCTION

Hopefully, now you are celebrating your successful purchase. Time to break out the champagne!