

Buying a home

Buying a home can be both exciting and a major challenge. It makes sense to look at a broad range of properties, and also shop around for the best financial option for you.

Don't be hurried into a decision; take your time; read everything before you sign; and ask questions.

Location

When deciding where you would like to live, check the facilities available close-by such as shops, schools, public transport and parks. Compare prices of similar houses.

You should consider:

- homes that are currently being offered for sale (look at advertisements online and in the paper, and at the agent's office)
- similar homes that have been sold in the area, and the actual selling price.

The property

Consider whether you need a unit, townhouse, apartment or a house.

Owning a unit, townhouse or apartment means particular responsibilities and costs. Expenses can include quarterly or annual corporation fees to cover security, gardening, repairs, maintenance and so on. There may be restrictions (e.g. space for car parking, making noise, having pets, and whether you can rent it out).

Think about:

- how many rooms you will need, including bedrooms
- how your needs may change over time
- the size garden you want
- costs and time if you are planning to renovate
- council regulations on renovations or extensions, and
- council services available in the area.

Real estate agents must have available a **buyer's information notice (Form R3)** that will guide you in thinking about how well the house will provide you with value, safety and enjoyment. The notice recommends that you find out about things such as: asbestos in the home; damage due to termites; illegal additions or alterations; if there is a live music venue nearby; energy efficiency; and alternative water connections and sources.

When you purchase a property the agent must also provide you with a **vendor's statement (Form 1)**. This is a legal document which gives important information about the property such as mortgages on the property and zoning, and anything that will limit how you can use or renovate the property. (These may be called easements, caveats, covenants or encumbrances). A solicitor or conveyancer can help you to understand the document.

First Home Owners Grant

From time to time, State or Commonwealth Governments offer incentives to first home buyers. Contact Revenue SA (www.revenuesa.sa.gov.au) for further information.

Getting a loan

It is important to set a budget. Think about how much you can afford to borrow and repay. The bigger deposit you have the better.

Compare different loan options. Always ask questions about fees and charges, and make sure you get help to understand the fine print on all contracts and brochures.

Remember to plan for other costs such as:

- legal and conveyancing fees
- government charges (e.g. GST and stamp duty)
- property inspection fees
- moving costs
- building and contents insurance
- immediate repairs that may be required.

For more information about getting a loan visit www.moneysmart.gov.au

Negotiating the sale

A house may be offered for sale at a price or within a price range. The vendor (seller) will set a price, and you can negotiate with them, through the agent.

You can make a realistic offer to the agent based on your understanding of the value of the property.

You will need to make your offer in writing. You could make your offer subject to certain conditions (e.g. obtaining satisfactory finance or a satisfactory building inspection). It is recommended that you use an independent building consultant, surveyor or architect to provide a building report as they will know what to look out for.



If your offer is accepted then the contract will be prepared. The contract will include information about the deposit you will need to pay. The contract will also list the fixtures and fittings that are included in the sale. Check all measurements and boundaries to ensure that they correspond to those on the title.

Once you and the vendor have signed a contract, and you have received the vendor's statement (Form 1), then you have a cooling-off period of two clear business days during which you can pull out of the contract, no matter what the reason.

It is highly recommended that you retain a solicitor or conveyancer before signing the contract or before the cooling off period expires, so you can receive the appropriate advice on your rights and responsibilities under the contract.

Once the cooling-off period has passed and any conditions written into the contract have been met, the contract is binding. So make sure you understand your contract before you sign. There are consequences if you default on a contract.

Buying at auction

Some properties are sold by auction. The vendor will set a **reserve** price which is the minimum they are prepared to accept for the property. It is also helpful to look at sales data for similar properties that have sold in the area, and ask the agent what price the property is expected to sell for. Consider whether you want to spend money beforehand on building inspections, as this is non-refundable if you miss out on buying the home.

Remember that for auctions you cannot make the contract subject to conditions and a cooling-off period does not apply, so it is important to sort out your finances and conduct any inspections before the auction.

The vendor's statement (Form 1) and buyers information notice (Form R3) must be made available at the agent or auctioneer's office three business days immediately before the auction, and also at the auction site at least 30 minutes immediately before the auction. The agent must give you notice of where and when the Form 1 can be inspected (e.g. by newspaper advertisement, in promotional material for the sale or on the signboard advertising the sale).

Bidding

If you hope to purchase a property at auction you must register as a bidder by completing the appropriate form and you will need to show proof of identity.

Ultimately, the bidders determine the price they are prepared to pay for the property. Be clear about your own bidding limit.

Dummy bids (which are false bids, meant to push the price up beyond what real bidders are offering) are illegal in South Australia. The vendor is allowed up to three **vendor bids** at the auction. They must be announced by the auctioneer as a "vendor bid", and they must be less than the reserve price.

If bidding does not reach the reserve price, the vendor may decide not to sell the house at auction. The vendor may then choose to negotiate a sale with the bidders or choose to place their home for sale on the open market.

If you are unsure about bidding at an auction, you can arrange for someone to bid on your behalf. That person must register your details and provide the agent with a document that authorises them to bid on your behalf.

If you are the successful purchaser you will be required to pay a deposit on the day (unless otherwise agreed in writing). You should organise building and contents insurance effective from the date of signing the contract.

Settlement

Your contract will include a date for settlement, which is usually four to six weeks after the contract is signed by both parties. The sale is finalised at settlement when all checks have been made, the title and transfer documents are exchanged, and the balance of the purchase price has been paid. The settlement process is conducted between your legal and financial representatives and those of the vendor.

As one of the conditions in the sale contract, you may require a pre-settlement inspection of the property before settlement to ensure it is in the condition you expect.

Your conveyancer will advise you once settlement is completed and then you can make arrangements to collect the keys to your new home.

Contact us

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Advice in your language

Phone 131 450 to use the FREE Translating and Interpreting Service.