

Negotiating to buy a property

Below are some hints and tips when negotiating to buy a property. In all cases we recommend that you seek legal advice as the contract you will be entering into is a legally binding contract.

This document should only be viewed as a guide.

Before you find a property

- Select a legal representative to assist you with the property purchase. Ask prospective solicitors and/or conveyancers to review the Contract of Sale before you sign to secure a property purchase.
- Select someone to conduct a building and pest inspection, be sure you have their contact details on hand when you find a potential property.

When you find a property that you really like

- Inspect it on a number of occasions and try to visit the street at different times of the day and the week to get a true feel for the location.
- Ask the real estate agent for a contract of sale. They can usually be obtained from the agent over email or during the 'open for inspection'.
- Forward the documents to your legal representative and ask them to advise you if there are any potential issues that you should be aware of.
- Potential issues could include an unusual title, detrimental planning permits, or owners (body) corporation management concerns (for home units).
- Some issues identified by your legal representative may be referred to your CORE Lending consultant to ensure that your finance will not be affected. Other issues are simply a matter for you to decide if it affects your opinion of the property.

Put yourself in the shoes of the vendor (and agent)

- Is the asking price realistic? Conduct your own research into recent property sales of similar types of property in the area.
- Before making an offer ask the agent if the vendor would prefer a long or shorter settlement period, this information may give you an indication on the vendor's eagerness to sell.

If they only want a 30 day settlement it may mean they are very keen to sell and may accept a lower price if you can agree to the timing. Alternatively the vendor may want a longer settlement. Once the contract is signed settlement date can be brought forward by agreement, but if you request to an extension there is a risk of financial penalties to you

- If you were the vendor would you accept an offer with all the conditions you'd like included? Adding extra conditions may reduce the purchaser's risk but the vendor and agent might see a greater risk of the sale falling through.

This could have implications for the vendor and agent. Marketing for the property will stop during the settlement period; however it will have to be restarted if the agreement falls through. This uncertainty may reduce the chance of your offer being accepted and can be an important factor if you are making an offer prior to auction when vendors may not accept many (if any) conditions.

Consider the terms and conditions of your offer

It is not only the purchase price that is important. The amount of finance required is important and should be discussed with CORE lending before making an offer.

Typical phrases you might want to use to make an offer are:

- I want to make an offer of \$X for the property.
- My preference is for a 45/60/90 day settlement period.
- Whilst I have already seen my broker and discussed finance, I will need a finance approval clause of 14 days included in the contract for the bank to formally approve the purchase.
- My offer is subject to a satisfactory building and pest report by my representative that will be completed within 48 hours.
- I don't have 10% cash available for a deposit, but I can offer 5% on formal finance approval.
- Finally my offer is subject to 'vacant possession' with the tenants having moved out prior to settlement.

Remember a purchase at auction cannot be made subject to conditions and the contract is an unconditional contract however you may discuss the settlement period and amount of any cash deposit with the agent prior to the auction.

Questions you may wish to ask the agent before auction

- I may be bidding at the auction and if successful would the vendor accept a 45 day settlement rather than the 60 days included in the contract?
- Will the vendor accept a 5% deposit rather than the 10% because my cash is tied up elsewhere at present and this is all I have available?
- Will the vendor accept a deposit bond rather than a monetary deposit?

To talk further with us at CORE Lending please drop into our office at 8/9 Longland St Newstead or call us directly on 07 32 600 600 today.

