



PEERWEALTH

# Home Buyers Guide

Looking to purchase a home?

[www.peerwealth.com.au](http://www.peerwealth.com.au)



Peer Wealth will hold your hand through the entire buying process - answering any questions, offering our knowledge and experience, and most importantly ensuring the whole lending process runs smoothly.

## 1. Start Saving For A Deposit

Most lenders require a minimum deposit of 5% of the total loan amount, however if you are borrowing more than 80% then you will also need to cover the cost of Lenders Mortgage Insurance (LMI).

Additional fees to consider:

- Stamp Duty : Estimate 5% of your purchase
- Mortgage Insurance (LMI) : If you are borrowing more than 80% of the property value then you have to pay LMI
- Conveyancing/Legal Fees : Range between \$1,500 to \$2,500
- Bank/Settlement Fees : \$0 to \$500

### **Family Guarantee Loans**

If you're struggling to save for a deposit or find your dream home sooner than reaching your required deposit amount it's a common option to get family members on board, either through a gift or family guarantee. This can be a great way to increase your deposit to avoid paying Lender's Mortgage Insurance (LMI).

The family member/s may be able to use the equity in their home to guarantee part of your loan. The guarantor should understand that if you fail to make a payment, the bank may look at them to pay the guaranteed part of your loan. As such, it's important for all parties to seek independent financial and legal advice prior to entering a guarantee arrangement.

## 2. Find Out How Much You Can Afford

First step is to speak to a mortgage broker like us; we will give you a realistic idea of what you can afford.

The first thing we will discuss are your needs and goals, from there we will discuss your current situation and outline the options you have

giving you a realistic idea of your borrowing potential.

### 3. Get A Pre-Approved Loan

A pre-approved loan usually lasts 90 days and can be very useful.

It gives you a clear picture of what your spending limits are and gives you peace of mind that if you find your dream property, you can move quickly to make an offer. It may also put you in a stronger negotiating position than other potential buyers who don't have a pre-approval.

Your pre-approved loan will only be approved subject to some conditions i.e. valuation, circumstances not changing like loss of job or financing a car purchase.

### 4. Find your Property

Either do the homework yourself or hire a Buyer's Agent.

Our best advice is to remember what is important to you, what can and can't be changed i.e. noisy road versus an inconvenient wall (you could knock the wall down but you can't move the noisy road) and keep in mind your intention i.e. will it be a re-sell or are you going to stay long term.

### 5. Before Signing A Contract

Before going to an auction that you are bidding at or before submitting an offer, you should always:

- Get a pest and building report
- Review strata report if available
- Appoint a legal representative/conveyancer to review the contracts and help identify any unsuitable clauses.
- Consider a cooling off period
- Determine deposit requirements

It is always a good idea to keep your mortgage broker in the loop with everything above.

## 6. Make An Offer & Sign A Contract Of Sale

Whether you buy a property at an auction or make an offer on a listing your agreement with the vendor only becomes a legal commitment when a Contract of Sale has been signed by both parties.

This contract will confirm the selling price as well as any terms and conditions.

The period from signing a Contract of Sale to Settlement (when the property become legally yours) is usually six weeks (shorter or longer depending on your contract).

Note: even if you have a pre-approved loan, your lender will need to complete a valuation of the property you have chosen before issuing full approval.

## 7. Pay A Deposit

A deposit is required once your Contract of Sale has been signed by both parties (sometimes called 'exchange of contracts'). You won't yet have access to your home loan, so your deposit will need to come from savings or elsewhere. You may also be able to arrange a deposit bond until settlement. The deposit amount will be in the contract and can range between \$1 and 10% of the purchase.

## 8. After Signing A Contract

Update your mortgage broker so they can prepare for settlement.

Your mortgage broker will need to:

- Arrange a valuation
- Update the bank and provide any information needed to get a formal approval
- Check the formal loan contract prior to getting you to sign them
- Arrange any other funds required for settlement.

You will need to arrange insurance on the property if this is a condition of the bank.

## **9. Settlement Day**

You don't need to attend settlement day; the conveyancer will handle that for you. They will check that everything is done so that you can take legal ownership of the property and they will let you know once you are able to pick the keys up.

## **10. Post Settlement**

Your first mortgage repayment will come out usually one month after settlement, but this will be confirmed in your loan contract.

## **11. Get Insurance**

You are not only an owner of a new home, but of a large loan. If you lost your job, suffered a serious injury or illness, or even passed away, would you be able to meet your mortgage repayments?

Peer Wealth's insurance broker can help you secure a protection plan that is relevant to you and your family's needs. We make it easy so you can have peace of mind that you are covered in all essential areas and not paying for cover you don't need.

## **What does a Mortgage Broker do?**

Peer Wealth's mortgage broking fee is paid by the credit provider / bank who is selling the product, meaning you don't pay us a cent.

As mortgage brokers, we act as your advocate because we work for you, not the bank. We have access to an extensive list of lender networks and contacts ensuring we secure you the best suited loan product on the market.

We will:

- Use your unique circumstances to find you the best product
- Take care of the paperwork
- Do all of the negotiating to the banks
- Ensure the bank stays on top of the loan so that it is ready for settlement date
- Keep you up to date throughout the entire process
- And will be available for any questions throughout the entire process

We are also in it for the long haul; you can expect us to keep track of your changing needs, helping you should you need to switch products or wish to purchase another property.

## What does a Buyers Agent do?

Search for properties that meet your criteria

- Inspect properties
- Negotiate the purchase of an agreed property by private sale or action
- Provide ongoing support

For their service you can expect to pay either a flat fee, or a percentage of the purchase price. Some buyer's agents charge an engagement fee before they begin the search for a home.

The looking process for a property can be very time consuming so having a buyer's agent take that time and worry out of it. Buyer's agents may also have access to a wider range of properties than what is on the public market. The other main advantage is having a professional do the bidding or negotiating for you. They take the stress and the emotional connection away and use their skills to give you the best chance at purchasing the property at a price that is right based on the circumstances.



## **Tom Atkinson CPA | Partner**

Peer Wealth's Mortgage Broker

Tom Atkinson CPA is Peer Wealth's loan and mortgage expert after completing a Bachelor of Business, majoring in Accounting and Finance at UTS Sydney.

Having worked in the accounting industry for over 10 years, Tom developed a unique skill set to identify and provide tailored lending solutions for his clients, while ensuring the most tax effective outcome is achieved for their overall financial health.

Debt is a large part of many individuals and business organisations which is why Peer Wealth ensures all clients are structured efficiently and competitively. Tom's knowledge of products and lending companies ensures clients secure the right finance solution suited to them as fast as possible.

### **Peer Wealth**

The Atkinson family created Peer Wealth based on their vision to establish a financial ecosystem that manages client's financial and personal needs in a meaningful experience.

When constructing this vision, they analysed the key attributes that contribute to making one financially successful and designed this platform that allows clients to manage these key factors in an integrated approach allowing for optimal success.

This gradually formed what are now Peer Wealth's 7 arms; Tax & Accounting, Mortgage Broking, Wealth Management, SMSF, Insurance, Business Consulting, Auditing.



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