

10 SECRETS TO BUYING THE RIGHT NEW HOME



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Buying Secret #1: Avoid Change of Employment Whilst Hunting Around for a New Home – Finance Tips

It is not wise to make any huge changes in your employment as most Banks will want at least six months in your new or current job and generally two years in the same industry. If you are currently employed it is best to stay there until you have completed building your new home. You do not want to take any chances with your credit profile either and job changes will affect your credit file. Lenders need to see that you are reliable and they want a complete paper trail so that they can get you the best loan possible. They will also look at the history of your savings in your bank account. Banks generally want to see at least 5% deposit in a genuine savings pattern over 3-6 months in your bank account. If you open new credit cards, amass too much debt or buy a lot of big-ticket items you are going to have a hard time getting a loan as all of these things affect your credit. It is just good common financial sense to limit all purchases and the level of debt that you have. You will end up with your new home but it can quickly be taken away from you if you cannot afford your mortgage payments because of other small debts.

Buying Secret #2: Get Pre-Approved for Your Home Loan

There is a big difference between a buyer being pre-qualified and a buyer who has a pre-approved mortgage approval. Anybody can get pre-qualified for a loan. Getting pre-approved means a lender has looked at all of your financial information and they have let you know how much you can afford and how much they will lend you exactly. Being pre-approved will save you a lot of time and energy so you are not running around looking at houses you can't afford.

It also gives you the opportunity to shop around for the best deal and the best interest rates. Do your research; speak to at least 3 banks and apply to at least two lenders as these days. Do not be disheartened if you get knocked back as it is fairly common. Many people give up at this point as the mistaken belief is that if one bank has said no, the others will too. Not true! Find out why you were not approved and then adjust your next application accordingly. Do not buy land on a short thirty day settlement and do not buy land that will take six months to receive title. Red Tape and Council holdups can delay the whole process over and above these times and can result in you losing your deposit or paying huge late fees to the developer.

Buying Secret #3: Check the Reputation of your Builder

There are many builders to choose from but not all are reputable. Do a little research online and check out their reviews. Speak to other home owners and find out what their experiences were like. It is imperative that a builder has consistently good quality work and is punctual. Be clear on their standard inclusions and also on their current offers of discount. Make sure everything is in writing and clarified when signing.

Buying Secret #4: Be Selective about Location

The most important thing to decide when building a new home is *where* to build. Often, new building developments are located on the outskirts of a city or suburban area so the closer to Melbourne and shops and transport the better. Paying a little extra now will pay off in the future. Ensure that you are closely located to amenities such as schools, parks, shops and public transport. If it is a new Estate find out if the developer is planning to add amenities that will enhance your lifestyle such as walking trails and ponds. Golden Rule: Spend more on the land than on the house contract.

Buying Secret #5: Watch your budget and ask for an 'As Displayed Price'.

New home communities list a base price for the homes that they offer. However, this is rarely the actual final cost when building a new home. Be aware that you can add thousands of dollars to the base price of a home very quickly. It is very easy to get carried away upgrading the standard flooring, cabinetry or lighting. It is important to know exactly how much you can afford and to

budget accordingly. Try to pick a builder who is offering you a fixed price upfront including all site costs. Usually most estates will require a H or P class slab and if it is not already included it can cost upwards as much as \$20,000 more after you have signed the agreement to build. Make sure you don't get caught out!

Build Secret #6: Do not Over Capitalize

No matter how much you love the current house that you are building it is possible that it will not be the last home you will ever own. Knowing that, you should be mindful of its potential resale value. Do not over capitalize and add upgrades that will overprice your home for the location. It is best to have the smallest house in the best area and street rather than have the best house in the worst street. Do not choose anything too out of the ordinary. If you are living in an average suburb where the medium home is valued at \$550,000 it would be foolish to build an \$800,000 home that would best suit the more affluent suburbs. It is also wise to be conservative when choosing colours and designs. Consider the sale of your home down the track. Keep in mind what the general public will be looking for and make sure that your home is relatively neutral and adaptable in regards to colour and design choices. You may love timber paneling and stone wall features but it could look dated in a few years time and put potential buyers off.

Buying Secret #7: Be Prepared for Delays – They are inevitable 99% of the Time

No matter what timeframe a builder provides you, there will always be delays. Inclement weather, shortages of supplies and labor problems can all factor into delaying the completion of your home. Delays most frequently occur during the planning process. Small changes to the layout, removing features or adding extra items all take time to be drawn up and passed on to the Engineer. Be aware of this going into the building process and be somewhat flexible. It usually takes around 6-9 months to build the home once you have received the permit approval.

Buying Secret #8: Keep a Close Watch on Progress

One way to help prevent delays and mix-ups is to stay involved in the building process. If possible, drive by the construction site to keep track of the progress that is being made and keep in touch with your builder on a regular basis. Each new home is designated a building supervisor who oversees your new home. Build a positive relationship with them early on. This will go a long way to seeing that things are done promptly and to your satisfaction. Ensure your progress claims are dealt with and signed off on time and forwarded to your lender to pay the builder.

Buying Secret #9: Avoid Making Changes

Try to avoid making changes to your designs once all of the plans have been completed. It will delay the completion of your new home and may add considerably to the final cost. The way your builder deals with you from the beginning through to signing the final contract and plans is usually an indication of how they will deal with you during the construction phase.

Buying Secret #10: What is the Right Price to Pay for House Packages?

This is one of the most important factors. I would suggest picking a lot that has been discounted as compared to the lots on the estate. There may be 'hot lots' that the developer wishes to clear and these lots will be more affordable. I would not suggest that you buy the largest lot in the street or the smallest either but go with something mid range. You cannot go wrong as buyers cannot visualize the difference in size of the land as compared to one slightly smaller. Therefore you may not get more for your resale down the track. The same applies for the actual dwelling. Go for larger living areas and preferably offer 4 bedrooms instead of 3 if you can afford it. This will entice a wider range of buyers.

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