

How to use your property report to save you money

Your report is not just a document that should be left unread; it is more valuable than you realise. You will save the cost of any property report by reading this article, it is a small price to pay for the possibility of saving thousands on your purchase.

What will the report tell me:

1. It will tell you any defects that may exist with the property
2. It will show you photos to assist with a clear understanding of any problems
3. It will tell you if you need to act quickly or repair as part of routine maintenance
4. Give you reassurance to proceed with your new understanding of the property that you didn't have before.

What should I do with the report?

1. Read the report from front to back and don't just read the summary
2. Highlight areas of concern within the report
3. Highlight questions you have for the building inspector
4. Discuss the questions with your inspector so you have a clear and concise understanding of the problem.
5. You may need to obtain quotes for the repairs from a specialist tradesperson
6. Calculate the repair costs.

How to use the report to now save me money:

1. You have to decide in your mind what you are prepared to pay – your maximum
2. Have your mortgage approval in place
3. Say you have \$10,000 - \$20,000 of repairs to be carried out, the sellers will most likely offer to carry out the repairs themselves. Resist the temptation as the seller won't have the same quality intention as you will. Negotiating the purchase price down and engaging your quality tradesman at your price is a better option
4. So you have \$10,000 - \$20,000 worth of repair costs why shouldn't you negotiate a reduction in the price
5. Use the report to negotiate and don't be afraid to do so
6. Find out as much about the seller and why they are selling and what kind of settlement terms they are after
7. Prepare your offer in writing this is the most powerful way of negotiating. A written offer will have a greater impact than making a verbal offer
8. Have your Solicitor or Conveyancer read the contracts before you place an unconditional offer

9. Make it an unconditional offer ensuring you have your property inspection done, your mortgage approved and anything else to make the offer attractive eg. a short settlement if you believe that will suit the seller. As per point 6
10. Present the written offer with a signed contract and deposit cheque
11. Presenting a signed contract and deposit cheque means you are serious
12. The real estate agent will now be working for you. It's only when your offer is accepted that a real estate agent earns his or her money. You have an unconditional offer on the table so they will be working hard on the seller to encourage acceptance of the offer
13. Did you know that a \$10,000 reduction in the sale price will only affect the selling agents commission by a very small amount, e.g., hundreds not thousands of dollars. So they want to make this sale happen.

You have choices; you are in a position of power don't let the emotion of the purchase alter your purchase process. The options are yours:

1. Walk away from the purchase.
2. Negotiate some or all of the repair costs
3. Buy the property with your eyes wide open and expect to spend some additional money on repairs. No property will be perfect.

What will reducing the sale price mean for me?

- a. **Reducing your mortgage** will ultimately reduce your mortgage insurance (if applicable); stamp duty and mortgage repayments
- b. **Maintain your mortgage amount** and use the difference between the sale price and loan amount to carry out any necessary repairs
- c. **Maintain your mortgage amount** and use the difference between the sale price and the loan amount to buy that furniture you have had your eye on.

The power is in your hands; you have shown intent and are ready to buy.



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