A HOW-TO GUIDE

Making an Offer on a Property in Queensland

GreenSpace FINANCE

GreenSpace Finance
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Disclaimer: This document is a basic guide, plus provides hints and tips for making an offer on a property in QLD.

INTRODUCTION

Hello, I'm Will Burke

I'm Will Burke, the Director and Head Mortgage Broker at GreenSpace Finance. With over a decade of lending experience under my belt, I specialise in all areas of residential lending. My extensive knowledge, coupled with innovative processes and helpful guides, ensures outstanding customer outcomes every single time.
This is the reason why so many people are choosing GreenSpace for their home loan needs. Away from my professional life, I am a devoted father to my daughter Sophia and a loving partner to Taylor. An avid football fan, I am also passionate about health, sports, and mortgage brokering. In this e-book, I take you through the basics of making an offer on a property in QLD.

I'll also provide valuable hints and tips to guide you through the process. With our guidance, you'll be well-equipped to make an informed and confident offer on your dream property.

Will Burke

CHAPTER I

Making an Offer - Deposits

What kind of deposit do you need?

- ***Initial deposit*** - This is typically paid when the contract is signed, usually between $1000-$2000.
- ***Balance deposit*** - This is payable when the finance is approved, and the contract becomes "unconditional".

Both of these deposits are deducted from your contribution, as you are essentially "prepaying" the purchase price.

For example, if the purchase price is $500,000 and you pay an initial deposit of $1,000 and a balance deposit of $19,000, at settlement the seller will receive the balance of $480,000.

There are no set rules for the amounts of the initial and balance deposits. These amounts are part of the negotiation process.

What are 'Clauses' & what should I Expect?

Clauses

- ***Building and pest clause*** – This allows you a certain amount of time to obtain a building and pest report. If you are satisfied with the report, this clause will be "satisfied". The standard timeframe for obtaining a building and pest report is 7 days.
- ***Finance clause*** – This indicates the number of days you have to obtain formal finance approval from your lender. Consult your broker to confirm a suitable finance period before signing the contract. The standard timeframe is usually 14-21 days.

For example, if the contract stipulates 21 days for finance, this means you have 21 days to obtain finance approval.

On the 21st day, one of three things can happen:

1. Your broker provides you with a formal approval letter. If you agree with this, you will email your solicitor the approval letter. Your solicitor will then likely email the sellers' solicitors confirming that the finance has been approved and you are ready to make the contract unconditional.
2. If you require more time for finance approval, **email your solicitor and request a finance extension.** The seller has the option to either grant or deny the extension.
3. If your finance has been declined or the offered finance option is not acceptable (due to a high-interest rate), **email your solicitor to terminate the contract under the finance clause**. Be prepared to provide evidence of the decline if asked.

CHAPTER II

Timeline for settlement

Timeline in Days

This timeline provides a detailed breakdown of the process from the moment the contract is signed until the settlement occurs. It is a step-by-step guide to help you understand the duration and sequence of events that occur during this period.

The timeline is flexible and can be adjusted based on the specific needs of the buyer or seller.

If either party requires a longer or shorter settlement period due to their unique situation, it can be negotiated and agreed upon by both parties to ensure a smooth transaction.

Here is the detailed timeline in days that outlines the standard process:

- On **Day 0**, the contract is officially signed by both parties. This day marks the beginning of the process and also when the initial deposit is paid by the buyer to secure the property.

- On **Day 7,** the Building and Pest inspections are scheduled. These inspections are critical to ensure the property is in good condition and free of any potential issues that could affect its value or livability.

CHAPTER II CONTINUED

Your detailed Timeline in Days

By **Day 21**, the finance date is set and the balance deposit is paid. This is a significant milestone in the process as it marks the buyer's commitment to the purchase and the seller's agreement to sell.

Finally, at **Day 42**, the settlement occurs. This is the final step in the process where ownership of the property is officially transferred from the seller to the buyer.

General Guidelines for Proposing a Real Estate Purchase Offer

As a potential homebuyer, it's essential that you understand the various factors that influence the sale price of a property. One crucial factor is the sale price of other recently sold properties in the same area.

Understanding Comparable Sales

Comparable sales, or 'comps,' are recent sales of similar properties in the same area. These sales serve as a benchmark for determining the market value of the property you're interested in. To ensure an accurate comparison, take some time to conduct your own research on other sales in the area. Compare the features, location, size and condition of these properties against the one you're considering to purchase.

When you find a property to compare against the one you're buying, you need to categorize it into one of the following groups:

1. Comparable Property: The property has similar features, size, and condition to the one you're considering.
2. Superior Property: The property has better features, is larger, or in better condition than the one you're considering.
3. Inferior Property: The property has fewer features, is smaller, or in worse condition than the one you're considering.

CHAPTER II CONTINUED

Understanding Comparable Sales Continued

When making your offer, you can reference a property on the same street that sold recently to justify your proposed price. For example, you might say, "I believe this property is worth $600k because number 7 sold 5 months ago for $580,000, and it has a larger yard."

The real estate agent and seller may consider it a comparable sale, but you can point out certain negative or positive aspects to negotiate the price. For example, you can argue that the property is on a busy main road or near a noisy train line, which may decrease its value.

Key Factors to Consider When Examining Comparable Sales

When looking at comparable sales, several factors should be taken into account. These include:

- **Neighbourhood Factors:** This includes the reputation of the suburb, whether the street is desirable and quiet, and the width of the street.
- **Land Factors:** Consider the size, shape, and slope of the lot, the size of the backyard, how the house fits on the lot, any views it might offer, and any council overlays that might impact future development.
- **House**
  a. Total square meters
  b. Square meters of the living areas
  c. Quality of finishes
  d. Outdoor living area
  e. Pool
  f. Shed
  g. Quality of fence and landscaping
  h. Solar, water tank, etc.
  i. Repair costs for any issues

The real estate agent and the seller might have different views on how a recent property sale fits into the above categories. Therefore, it's your responsibility to express your opinion on the property's value and explain your reasoning.

CHAPTER III

Bonus Tips For Making an Offer

Communication

The real estate agent and the seller might have different views on how a recent property sale fits into the above categories. Therefore, it's your responsibility to express your opinion on the property's value and explain your reasoning. Talk to the real estate agent - Don't hesitate to ask numerous questions about other property sales in the area and how they decided on the price.

Costs and Issues

List costs/issues - If there are repairs or issues that need to be addressed on the property, make a list along with their costs. If possible, support this with a quote from a qualified tradesman.

Please note all information in this document is of a general nature. Before discussing or documenting any offers, we strongly recommend you consult your solicitor.

Offer Form

You can use the “OFFER FORM “on the next page when making an offer on a property.

REMEMBER, There is no right and wrong answer to any of the below dates and amounts but keep in mind they ALL form part of what the seller considers when accepting an offer

CHAPTER III CONTINUED

CONTRACT OF SALE

After submitting the form below, if the seller accepts your offer, the real estate agent will transfer the details from the offer form into a "contract of sale" for your signature.

The contract of sale will then be sent to you for signing. Once both the buyer and seller have signed and dated the contract, it becomes a "live contract".

In a competitive market, real estate agents often bypass the offer form and request that prospective buyers fill in a contract of sale as the offer. This is a quicker process because if the seller agrees with your offer, they can simply counter-sign the contract, making it live.

The Order Form Can Be Printed and Copied

CONCLUSION

GreenSpace Finance, Our Story

GreenSpace Finance, a reputable financial company, was established in the year 2016. Since its founding, it has grown exponentially, carving out a niche for itself in the competitive financial sector.

We are a unique amalgamation of professionals with years of experience and a wealth of knowledge from diverse backgrounds. Our team comprises veterans from various sectors, including banking, accounting, and investing, which allows us to bring a rich array of expertise to the table.

Our speciality lies in various lending areas, a feat that we take immense pride in. We are not just a finance company; we are a team of passionate individuals who find fulfilment in our client's success. Our commitment to our work is reflected in the wide range of financial solutions that we offer.

We are passionate about helping our clients reach their financial goals. We take immense joy in preparing our clients to become "buy ready", and nothing makes us happier than hearing their success stories upon their property purchase. Our dedication extends beyond just professional services; we treat our clients like family, ensuring that they receive personalized and quality service.

DISCOVER WHY WE'RE THE TALKING POINT

GreenSpace Finance has come a long way since its inception. Founded in the year 2016, we've made significant strides in the financial sector, and the numbers speak for themselves.

2016

THE YEAR IT ALL BEGAN.

50 PLUS

THE NUMBER OF 5-STAR REVIEWS WE HAVE RECEIVED, REFLECTING THE SATISFACTION AND TRUST OF OUR CLIENTS IN OUR SERVICE.

1,600

THE NUMBER OF PROPERTIES WE HAVE FINANCED, A TESTAMENT TO OUR UNWAVERING DEDICATION AND COMMITMENT.

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