

# the Oracle

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## SERVICES

HOME LOANS

INVESTMENT LOANS

COMMERCIAL LOANS

BUSINESS LOANS

LEASING

HIRE PURCHASE

LOW DOC LOANS

CREDIT IMPAIRED LOANS

Welcome to the second edition of “The Oracle” review, we hope the articles will assist you in purchasing your next home or investment property with confidence.

Helping you to prepare your financial future *Angelo Benedetti*

### **Pre-approval—buy with confidence**

Purchasing a home, while a huge milestone, can leave even the most seasoned buyer feeling frazzled. Obtaining pre-approved finance takes the guesswork out of what you can afford—allowing you to bid with confidence and within your means.

Obtaining a pre-approval makes a lot of sense. It is better to discover that you can't afford to finance that dream beachfront property before you put down the deposit!

The pre-approval process is essentially the same as arranging full finance. You need to complete an application form and provide relevant documentation, such as proof of saving, tax returns and pay slips. A pre-approval can take from a few hours to a few days depending on the lender.

If your application is successful the lender will issue a ‘pre-approval letter’ with a shelf life of between three and six months. This will give you a clear picture of what you can borrow as well as your monthly repayments.

And when you find your home, you can bid with confidence—safe in the knowledge that you have the finance covered. However, even with a pre-approval, your property still needs to meet with a satisfactory valuation, building and pest inspections before finance will be finalised.

#### Advantages at a glance

**Bidding power**—If buying at auction you will need to pay a deposit and sign the contract on the spot; it is important you know your

budget and that finance is approved.

**Bargaining power**—If you are armed with pre-approval you will be treated as a serious buyer by real estate agents and sellers which gives you the edge over buyers who are unsure of their finances.

**Peace of mind**—A real understanding of your borrowing capabilities minimises the risk of buying beyond your means.



### **Negotiation Tips for Buyers**

There is room to manoeuvre in any negotiation, and property is no exception. Arm yourself with some basic buying strategies and you could save a tidy sum.

**Do the numbers:** Know your market. Once you get a feel for property prices in your chosen area you can bid with confidence. Check prices on line and in the local paper, but don't stop there. Get out and see as many properties in your target area as possible.—there is often a big difference between an advertised description and the actual bricks and mortar!

**Count your dollars:** Before you begin your property hunt establish your bottom line. Look carefully at your borrowing capabilities and

how much you can afford to repay each month. Remember that there are lots of additional expenses on top of the purchase price: stamp duty, legal fees and other costs all add up.

**Know your opponent:** The more information you have about a seller's motivations the better your position to drive down the price. Is it a forced sale? Has the vendor already bought another property? Ask the agent why the vendor is selling—this may indicate how flexible the price is.

**Start low and keep it slow:** Always begin with a low but realistic offer. In a buyers' market 10 per cent price reductions are not uncommon. There are also plenty of properties for you to choose from—and the vendor knows it. Don't get pressured into moving too quickly for comfort—keep the negotiating pace on your terms.

**Money talks:** At the end of the day an agent is likely to support a bid from a buyer who has cash available. A pre-approval will always give you the edge if you are competing with a buyer without finance.

**Don't believe the hype:** There's nothing an agent likes more than a number of buyers trying to out-bid each other. Remember the agent represents the seller—not you. Don't end up bidding more than you should for fear of missing out: it is better to walk away than pay above the market value.

If you would like to discuss your home loan options, please call Angelo Benedetti for a no obligation assessment.

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