

home selling guide

thinking about selling your home?

Selling your home can provide big rewards if done correctly.

Aussie offers a comprehensive guide and insider knowledge to help you if you are considering taking the plunge.

contents

page

1 - 2	Should you sell or buy first?
3 - 5	Move or renovate?
6 - 7	Plan and fund your renovations
8 - 10	Choosing the right agent
11 - 12	Signing with an agent
13 - 14	Setting a price
15 - 16	Preparing your home for inspections
17	Glossary

Should you sell or buy first?

Move or renovate?

Plan and fund your renovations

Choosing the right agent

Signing with an agent

Setting a price

Preparing your home for inspections

Should you sell or buy first?

In an ideal world you'd sell your current property at exactly the same time as buying your next one—but, unfortunately, it rarely happens like that. Most people have to either sell first or buy first.

There are stresses that come with both options. If you sell first you might feel pressured to buy somewhere that's not quite right. If you buy first you won't know exactly how much you'll get for your current home and if the price will cover the cost of your new one. Plus, you may need to get a *bridging loan* to cover owning both properties at the same time.

If you're wondering which order would work best for you, take a look at some of the pros and cons of both options.

Should you sell or buy first?

Move or renovate?

Plan and fund your renovations

Choosing the right agent

Signing with an agent

Setting a price

Preparing your home for inspections

Selling first

If you sell your current home before buying your next one you:

- Can wait until you're happy with a price offered for your current property.
- Won't need bridging finance.
- Will know exactly what you have to spend on your new home.
- Can arrange for an extended *settlement* to give you the time you need to find another home.

But be aware, if you sell first:

- You might not find your next home before settlement and then you might have to rent somewhere—and move twice.
- property prices might rise while you're hunting for your new home—and you could get less bang for your buck.

Buying first

If you buy a new home before selling your current one you can:

- Be certain you'll only have to move once.
- Spend all the time you need to find your new home.

But be aware, if you buy first you:

- Will have to guess the value of your current home when working out the budget for your next one.
- May be forced into taking a lower price on your current home so you can sell in time for settlement.

- Might have to get a bridging loan to finance owning the two properties at the same time. rate when deciding how much you can borrow.

Bridging loans

If you follow the “buy first” path you'll probably need a bridging loan to cover you for the time that you own the two properties.

Like other home loans, you can get a choice of fixed and variable rates and features like *interest-only* repayments. What makes *bridging loans* a little different is they tend to:

- Have short terms of 6 to 12 months.
- More expensive.

Whether you'll pay slightly higher interest on your bridging loan will depend on your situation and how risky the lender considers it to be. Aim to borrow less than 80% of the value of both properties combined, that way you can at least avoid paying lenders mortgage insurance.

When you're doing all the sums remember:

- You might not get the price for your current home that your agent originally quoted.
- There are a lot of fees, charges and extra costs that come with buying and selling property.

Should you sell
or buy first?

Move or renovate?

Plan and fund
your renovations

Choosing the
right agent

Signing with
an agent

Setting a price

Preparing your home
for inspections

Move or renovate?

So your current home just doesn't cut it anymore. Maybe you need more space, or maybe you're just a little more flush than you were when you bought your first home—and want somewhere a little bit nicer.

Well, moving is not your only option. You could renovate.

As usual there are good things, bad things and costs to think about before you decide which way to go.

Should you sell
or buy first?

Move or renovate?

Plan and fund
your renovations

Choosing the
right agent

Signing with
an agent

Setting a price

Preparing your home
for inspections

Moving

Moving can be the simpler option because:

- If you find the right home there's nothing else to do but arrange finance and move in.
- You don't have to live in dust and building mess or move somewhere else during the renovations.
- You'll know exactly what your financial commitments will be no surprises, no budget blowouts.

But moving also means you have to:

- Deal with the stresses that come with moving and settling into a new house and a new community.
- Find the time and energy needed for house hunting.
- Cope with the difficulties and disappointments of finding the right place at the right price.

The costs of moving include:

- Stamp duty.
- Refinance costs.
- Agent's fees.
- Legal fees and conveyancing costs.
- Building and pest inspection reports.
- Removalists costs and all the other extras that come with buying a home such as utilities, and inspections.

Renovating

Renovating can be very satisfying, particularly if you love the area you live in, because:

- If you can't find a dream home in your price range, you can turn your current home into one.
- You don't have to move neighbourhoods, find new schools and deal with all the other resettling hassles.
- You don't have to go house hunting.

But renovating is stressful and will take a lot of time and energy—especially if you manage the project yourself:

- You'll have to deal with unreliable tradespeople, council regulations, legal issues, budget blowouts and day-to-day decision-making.
- Renovations tend to take longer and cost more than expected.
- You might have to move during the renovations and if you don't, you'll probably have to live in a construction zone and lose full use of certain parts of your home.

Should you sell
or buy first?

Move or renovate?

Plan and fund
your renovations

Choosing the
right agent

Signing with
an agent

Setting a price

Preparing your home
for inspections

The costs of renovating include:

- Builder and contractor costs.
- Materials.
- Permits and council fees.
- Design fees.
- Rent—if you have to move out.

Renovations don't have to be huge. You might be able to make your current home look and work the way you want just by knocking down a wall, adding storage space and laying floorboards. So some of the costs like rent and council fees might not apply.

Should you sell
or buy first?

Move or renovate?

**Plan and fund
your renovations**

Choosing the
right agent

Signing with
an agent

Setting a price

Preparing your home
for inspections

Plan and fund your renovations

Before you start planning your renovation in detail you should seriously consider if:

- Your current home can be structurally and legally renovated to meet your needs.
- You'll avoid overcapitalising.
- You can get the finance you need to do the job.

Should you sell or buy first?

Move or renovate?

Plan and fund your renovations

Choosing the right agent

Signing with an agent

Setting a price

Preparing your home for inspections

Check you can make the changes you want

Cost is not the only factor that can get between you and your dream home. There might be a couple of hurdles you have to jump over before you start planning.

You should check:

- **Can the existing structure of your home support the additions you'd like?**

A building inspection can help you answer that – it might also uncover potential problems such as dry rot or white ants which could make moving more viable when compared with the costs of fixing these problems.

- **Will your local council approve your plans?**

Local planning laws may limit what you can do with your property.

- **Will your strata or body corporate approve your plans?**

If you live in an apartment block, you need to consider what your neighbours will allow.

Avoid overcapitalising

When you first start planning the changes you'd like, try to estimate what your home will be worth when you finish renovating. If the cost of the renovation is more than the market value it'll add to your home, you'll be overcapitalising.

To avoid overcapitalising, the experts reckon that you should spend no more than 30% of the value of your home on renovations. But to be sure, get your home valued, then checkout what similar but renovated places nearby are selling for. The difference between the valuation and the average price of the other renovated homes is the amount you should look at spending.

Also chat to agents in your area to see what kind of renovations are popular and tend to add the most value. Then draw up a budget including building material costs, architects fees, insurance and labour. Remember the best way to avoid budget blowouts is to know exactly what you want and clearly explain that to your builder when you are getting a quote.

Get funding

If your home has increased in value since you bought it and you've built up some equity in it, you can use that equity as security to finance your home renovation.

There are 2 main ways you can tap into this equity:

1. Get a line of credit – this type of loan allows you draw on cash, up to an approved amount, only when you need it. With a line of credit loan you only pay interest in the funds you've drawn.
2. Refinance your current loan – talk to your existing lender about increasing your loan or shop around to see if you can get a better home loan deal somewhere else.

Should you sell
or buy first?

Move or renovate?

Plan and fund
your renovations

**Choosing the
right agent**

Signing with
an agent

Setting a price

Preparing your home
for inspections

Choosing the right agent

Not all agents are alike. Some will work hard to ensure you get the best price for your property and make the sales process as smooth as possible for both you and the potential buyers. Others will just go through the motions: Advertise. Open house. Auction.

It all comes down to choosing the right one. So like everything else in the property game, some homework is crucial.

Should you sell
or buy first?

Move or renovate?

Plan and fund
your renovations

**Choosing the
right agent**

Signing with
an agent

Setting a price

Preparing your home
for inspections

Shortlist some local agents

You don't have to meet all the agents working in your area to find the best one. Ask around, talk your neighbours or local store-owners, and see if they can recommend anyone. Flick through your local rag and shortlist the agents selling similar properties to yours—and getting good prices. Then call them up and arrange separate times for them to visit and value your property.

Hammer them with questions

After a tour of your home ask the agent:

- What do you expect the property to sell for? Why? What comparable sales and statistics led you to that price?
- What will be the best method of sale for this place? Why?
- How will you market this property? Signs, direct mail, internet, newspapers, window displays?
- What will the marketing cost?
- What open house dates and times do you suggest? Why are those dates and times better than others?
- How much commission do you charge?
- What paperwork is involved?
- How will you get the best price for this property?
- What feature or features will be most attractive to buyers?
- Do you recommend any improvements that will increase the chances of a sale?

- Do you have any presentation tips that could attract a better price?
- How have you negotiated buyers into paying a better price in the past?
- What is your sales record? How many sales have you managed? How many of those properties sold and at what price? How many were in this area?

Also while you're chatting, see if you actually get on—the selling process takes a couple of months and you'll be in close contact for most of that time.

Check out the agent's track record

When whittling down your shortlist, do a little more digging. Look closely at how the agents promote the other properties on their books. Ask around about the reputation of the agencies they work for.

Agents that are proud of the service they've provided should be happy to put you in contact with previous clients. If you can, ask those clients about:

- The difference between the initial valuation and the final selling price.
- The agent's local knowledge.
- How well the agent communicated to them and the buyers

Should you sell
or buy first?

Move or renovate?

Plan and fund
your renovations

**Choosing the
right agent**

Signing with
an agent

Setting a price

Preparing your home
for inspections

Watch out for the price/commission balance

Don't choose an agent simply because they give you the highest valuation or lowest commission. You could be setting yourself up for disappointment.

Some agents will promise an unrealistic price, just to get your business, then later, when it comes to the crunch, say the market has dropped and convince you to take a lower price. If they've asked for a high commission at the same time as giving you a high valuation, chances are they've calculated the lower "more realistic" price from the beginning.

You should also be wary of agents offering very low commission rates. Low commission offers them less incentive. They might not work as hard to get the extra dollars for your home.

Should you sell
or buy first?

Move or renovate?

Plan and fund
your renovations

Choosing the
right agent

**Signing with
an agent**

Setting a price

Preparing your home
for inspections

Signing with an agent

If you vetted a handful of agents and decided which one to go with, the next step is to sign an agreement or authority with that agent.

Should you sell or buy first?

Move or renovate?

Plan and fund your renovations

Choosing the right agent

Signing with an agent

Setting a price

Preparing your home for inspections

The authority is a legally binding contract, so get a solicitor or conveyancer to look it over before you sign. It will detail all elements of the sale, including:

- How much commission you'll pay the agent for managing the sale of your home. It's usually a percentage of the sale price. It can be negotiated.
- Under which circumstances the commission is payable. For example some authorities will stipulate that you have to pay the commission even if you manage to find a buyer without the agent's assistance.
- How much you agree to spend on marketing your home.
- The selling price or reserve price of your home.

Before you sign, check if you'll be hit with charges even if your home doesn't sell.

Private treaty or auction?

Your agent will recommend a method of sale – either private treaty or auction. As usual, find out the agent's reasons for the recommendation.

Private treaty – is when you set the price and interested buyers make offers for your home, not knowing what other buyers think it's worth. Your agent negotiates with the potential buyers on your behalf.

An auction – is a more public affair where all potential buyers come together at the same time to bid on your property.

The set date is supposed to encourage potential buyers to act quickly. There are usually extra costs involved with this method.

Your agent's responsibilities

Once you've signed an authority, you can then expect the agent to:

- Create and manage the marketing campaign.
- Manage inspections, show people through your home and make follow up calls.
- Negotiate the selling price.
- Facilitate the actual sale.
- Manage the auction process.

When contracts are exchanged the agent should also arrange a trust account for the deposit.

Should you sell
or buy first?

Move or renovate?

Plan and fund
your renovations

Choosing the
right agent

Signing with
an agent

Setting a price

Preparing your home
for inspections

Setting a price

While your agent should help you set a realistic price for your home, and provide reasons and evidence backing up this estimate, you shouldn't rely totally on that figure

Should you sell or buy first?

Move or renovate?

Plan and fund your renovations

Choosing the right agent

Signing with an agent

Setting a price

Preparing your home for inspections

Do some research. Lots of factors will influence the price of your property including the size, the location and if it's been recently renovated.

Factors that will have a big impact on your sale are:

1. The current economic climate, including interest rates, employment levels and consumer confidence.
2. The level of supply and demand for properties similar to yours in your area.
3. Recent sales for similar properties in your area.

If, after considering these factors, you're still not sure, you can also pay for an independent valuation. Or try one of the websites that offer free valuations. These online valuations usually come with input from an agent in your area, so be prepared to get a call from the agent wanting to follow up the valuation with a visit and a chat about why they're the right person to manage the sales process for you.

Negotiating an offer

If you choose to sell your home by private treaty, buyers will submit offers to your agent. It's your choice whether to accept, decline or negotiate an offer.

Your agent will act as a middle man between you and the interested buyer, informing the buyer of your decision or your counter offer.

In response to your counter offer, the buyer may withdraw the original offer, accept it, or counter with a different offer.

This process can continue indefinitely until both you and the buyer are happy with a price.

Even if you decide to sell via auction, you may encounter this process. Interested buyers will often make an offer before the auction.

Estimating how much you can spend on your next home

Don't base the budget for your next home only on the expected selling price of your current one. You might not get the price you want.

You should also include the costs of selling when estimating how much you can spend on your next home. Apart from the agent's commission, marketing and advertising expenses, conveyancing and legal expenses there's also presentation costs and the cost of transferring or refinancing your mortgage.

If you're selling an investment property you'll also have to pay capital gains tax.

Should you sell
or buy first?

Move or renovate?

Plan and fund
your renovations

Choosing the
right agent

Signing with
an agent

Setting a price

**Preparing your home
for inspections**

Preparing your home for inspections

As much as people might talk about property being a wise investment, buying a home is an emotional purchase for most people. Love at first sight can happen.

So think of each inspection like a first date between your home and its suitors. Highlight its good features, camouflage its not-so good ones and look for ways to tap into the emotions of your potential buyers.

If you don't have the time or energy to clean and preen your place yourself, consider hiring some professionals. There are home makeover experts who know tricks to make a property more saleable. They can bring in furniture, artworks and feature items to ensure that your house is presented 'just right'.

Should you sell or buy first?

Move or renovate?

Plan and fund your renovations

Choosing the right agent

Signing with an agent

Setting a price

Preparing your home for inspections

Before the inspections

If you are going to prepare your home yourself, you first need to take a fresh look at it.

On the outside

- Fix peeling paint.
- Clean away cobwebs.
- Repair doors, windows or gates that stick or don't close properly.
- Rip up weeds from pathways, patios, driveways and garden beds.
- Clear leaves and other debris rubbish from around the house.

If your garden is looking tired spend some money at a nursery, or hire some pot plants and strategically locate them in empty areas.

On the inside

- Air out or remove any animal or smoking smells.
- Paint over any evidence of damp on the walls.
- Try to cover carpet stains with rugs, furniture or a pot plant.
- Clear out most of your personal clutter.
- Remove some pieces of furniture to add a sense of space - just leave strategic pieces that people consider essential.

If you smoke, don't do it inside during the inspection period and avoid cooking fish or any other strong smelling food during this time.

On the day of the inspection

- Clean everything – bedrooms, bathrooms, kitchen, living area - make sure everything is crisp and sparkling.
- Open curtains, blinds and windows to let in as much natural light as possible.
- Turn on lights in dark parts of the home.
- Heat cooler areas and cool down the warmer ones.
- Lock away your valuables.
- Buy some fresh flowers and place them in rooms around the home. Make sure there's a big bunch in view when a person first enters.
- Carelessly drop a newspaper on a sofa in an otherwise perfect lounge room to give it a more "homey" feeling.
- Make your place smell inviting - brew a fresh pot of coffee or pop some of those part - baked loaves in the oven an hour or so before the inspection.

While a pleasant aroma is inviting, don't overdo it with sprays and plug in devices – buyers may wonder if there is something to hide.

And lastly, don't stick around during the inspection. Leave the agents to do what they do best.

Should you sell
or buy first?

Move or renovate?

Plan and fund
your renovations

Choosing the
right agent

Signing with
an agent

Setting a price

Preparing your home
for inspections

») glossary

Bridging Loan

An inspection generally carried out prior to the purchase of a property to ensure the building is structurally sound. Contracts of sale can be made to subject to the satisfactory building inspection.

Interest Only Repayments

This feature allows you to pay off only the interest part of the loan. It won't save you money because you won't reduce your principal. In fact you'll probably pay a bit more interest in the loan term but it will reduce your regular repayments for a period of time.

Settlement

There are generally two types of settlement that happen with most property purchase:

1. Settlement of the property is when the balance of the purchase price is paid to the seller. The buyer receives the keys and becomes the legal owner of the property.
2. Settlement of a loan coincides with settlement of the property. It's when the lender transfers the borrowed funds to the seller or the sellers mortgage holder