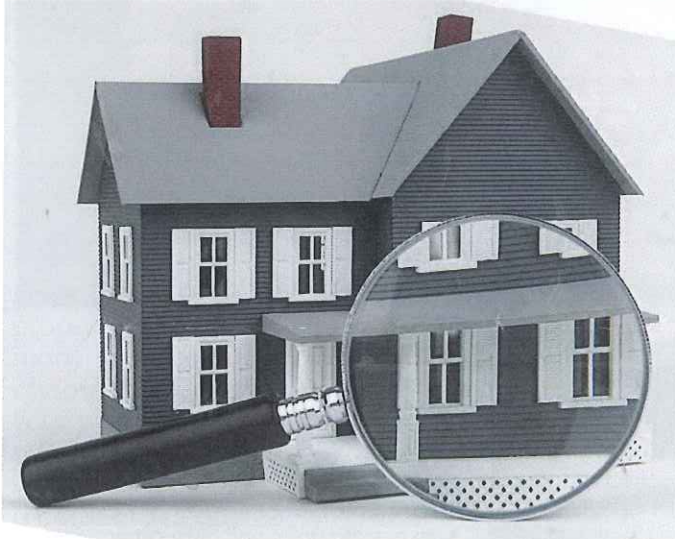




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Due diligence: Your best friend, not your homework

Purchasing a residential property is likely going to be the most valuable asset you acquire in your lifetime.

This means you should take every precaution to ensure it is in good condition before you sign the contract of sale.

Many buyers can feel overwhelmed by the time, effort and research that needs to be put into performing due diligence. However, due diligence should be your best friend, not your homework, as it allows you to gain an in-depth view of the property

you're buying.

Property structure and condition

Attending an open inspection for a home is absolutely essential to determine whether it's the right fit for you. However, you shouldn't just walk through once and decide if you're going to buy it.

Before signing the contract of sale, you need to obtain a professional property inspection to make sure the home is both structurally and internally sound as well as free of pests.

Imagine if you spent thousands of dollars on a home only to find it's going to require thousands more to fix the floors. A professional inspection can help you to identify any problems the home might have before you buy it and save you from this situation occurring.

Value and returns

Do you know if the property you're buying is appropriately valued? It may be prudent to obtain a professional valuation to give you an idea of how much the home is really worth before you complete the sale.

An independent valuation can also inform you of the potential resale value of the home, as well as rental return should you choose to turn the property into rental accommodation.

Your finance

Another essential part of due diligence on your behalf is to ensure you have the necessary funds to complete the sale.

Will you be able to pay the deposit for the home at the time you sign the contract of sale? Can you pay the balance of the property by the time settlement date rolls around?

In this case, it's a good idea to get your finance pre-approved before you begin searching for a home. Not only can this help to make the home buying process a lot less stressful, it can also give you a leg up in the negotiation process.

Ask us about getting a competitive quote from our Alliance Partner, AFG – Australia's largest independent mortgage brokers.

Jim Oates

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