

***How to avoid paying too much for a home***  
*Knowing what a property is worth is central to avoiding paying too much for it.*



**Set a benchmark**

Comparing nearby properties that have sold recently is the best way to assess an acceptable price for the property you are looking at and provides a valuable bargaining tool when you are negotiating with a seller or agent. Make sure the properties are comparable, with a similar land size and number of bedrooms, for example, so you aren't measuring apples against oranges.

"Your mortgage broker can give you a list of sales in the area and then you can drive around and look online to do a quick comparison. If you can find one or two similar properties then you can be sure of what the property is worth," advises the finance broker.

**Keep in mind current market conditions**

The property market is always changing, so doing this research once and sitting on it for a few months will offer little help. Going to open homes and auctions regularly will give you insight into the current state of the market and how much certain properties are going for.

**Expand your search**

"My number one tip is to look at properties in the suburb next to the one that you want," says the finance broker. "We find that first-home buyers in particular usually end up buying in the more affordable suburb next door to the one that they first wanted to buy in."

**Don't exceed your financial capacity**

Even if a lender approves you for a particular loan amount, it doesn't mean you have to accept it – a higher loan amount means higher interest charges over the life of the loan, increasing the total cost of the property purchase, so only ever commit to a loan that you can afford alongside your current income and real expenditure. When calculating figures for the price of a home, ensure you also budget for maintenance and repair costs, as well as any other expertise you may require in the purchasing process.

**Bring in the experts**

"I would strongly recommend using a buyer's agent as buying a home is one of the biggest financial decisions of your life and most people go in blind," says the finance broker. "If cost is a concern, then I would suggest maybe using them only for part of the process that you need help with, such as the negotiation or bidding at an auction."

Having an MFAA accredited finance broker like myself onside is key to avoid overpaying for finance – I can search out the best loan for you and make sure it is one that you can afford.

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