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Newsletter

## 5 tips for buying property with friends or relatives

Lifestyles have changed considerably in the last few decades and many people are turning to buying properties with a friend or relative as a solution.

Pooling resources allows many people, who may not have otherwise had access to the property market, the chance to achieve a shared goal. However, it makes sense to be aware of a few precautions before you proceed.

### **Make sensible, not emotional decisions**

Deciding to enter a financial relationship with someone should not be based in emotion but in cold hard numbers. Don't let your feelings for the person cloud the reality of this decision. Agree that you will get independent professional advice from lawyers, accountants and real estate agents whenever necessary.

### **Understand each other's finances**

Agreeing to get credit checks, reviewing each other's tax returns for the past few years and looking at each other's current income and expenses is a sensible approach that informs both of you - to ensure neither of you is getting in over their head. It's also a good idea to have a plan if one of you loses your job and can't make the mortgage payments.

### **Decide on clear terms of co-ownership**

There are a couple of options to choose from in terms of the ownership structure. 'Tenants in Common' gives each party a share in the ownership of the property, while 'Joint Tenants' means the two of you together own the property

as one entity, without individual shares or rights of ownership.

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### **Invest in legal advice**

Getting an expert to advise you may cost a few hundred dollars or so each and that process will be well worth it in the long run, especially if things fall apart. A real estate lawyer can draw up a co-ownership agreement that covers everything as the detail of who does what with regard to management of the property, budgeting for ongoing expenses and necessary precautionary measures to protect you both in the long term.

### **Put management structures in place**

When owning a property there are always things that need to be cleaned, repaired, painted and replaced. To avoid a situation of resentment because one person is doing more than the other, try to build an estimated budget around these expenses and automate things as much as possible. Set up a joint expense account that each person contributes to equally to help cover these costs.

There are great advantages to buying properties with a friend or relative, as long as you both approach it sensibly and with solid professional support. The future is hard to predict and committing to a mortgage may seem like a good idea now, but things could look very different in a few years. Proceed with enthusiasm and motivation but also with caution and preparation.

## Relocating to a new city? We can help...

Deciding on a new place to live – not just the house but also the city – can be challenging, but if you have a general idea of your new lifestyle priorities, a real estate agent can be a great support to help you find the ideal solution.

Before you contact an agent, it's a good idea to map out your 'wish list' – what you want your new life to look like, what things you would like to have locally such as clubs, cafes, facilities and health care and a few preferred locations you have in mind. Next you should narrow down the location list to the specific type of property you see yourself in – is it a house, apartment, townhouse, or something else?

Once you have your wish list sorted, you can start to look for an agent to help you plan relocating to a new house. Ask family and friends if they can recommend a real estate agent, or use the 'Find an Agent' search function on the First National Real Estate website to find offices and agents in your target areas and familiarise yourself with their teams. Some agents even have Facebook pages that will give you a good sense of their personality and their values. Scroll through their feed to get an idea of who they are and read the comments to see what other people's experience of them has been.

Once you have clarified the locations, the agent can brief you with up to date information on recent sales, properties that are about to come onto the

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market and developments in the area that may impact on your investment in the longer term. A good agent will help you to relocate but should also have your longer-term investment goals in mind and, if they do, this could be the beginning of a long and fruitful friendship.

Of course that's just the introduction. Once you decide to proceed, the agent will be your eyes and ears on the ground – finding suitable properties for you and helping you to disregard those that aren't options. This can take much of the guesswork out of the job, especially if you are moving interstate and can't be there in person all the time.

Are you struggling to work out the right location to move to? First National now offers comprehensive city guides for each of Australia's capital cities. Just visit [firstnational.com.au](http://firstnational.com.au) and enter 'city guides' in the search field at the top right of our home page. **Download your free copy today.**

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