

# Buying a House with a Friend – A Checklist

## AGREE ON WHAT YOU'RE LOOKING FOR

If you're looking at investing in property with a friend, it's important that you agree on what you're looking for BEFORE you start actually searching for properties. It's a good idea to sit down together and make a list of all the 'wants' you have. You can list down the suburbs that you agree on, your requirements for public transport, shops, parks and other amenities. You should also make a list of the criteria you have for the actual property, such as block size, number of rooms, structural requirements, etc.

## DISCUSS YOUR FINANCES AT LENGTH

If you go into a joint property purchase with a friend, you need to know that they can cover their share of the mortgage repayments (otherwise all the repayments will fall into your lap). In much the same way, your friend needs to know that you're a financially viable purchase partner. Make sure you are both clear about your finances and agree on the share that you have in the purchase, e.g. you may not agree to be 50/50 partners. Make sure all financial decisions are clearly discussed and documented.

## BE PREPARED

It's not just a good motto for the scouts. 'Be prepared' also applies to you when you're looking for a home / property. It's important that you spend the time doing all the research and groundwork that you can. Find out what the median property prices are in the areas / suburbs you're considering on your list, read up on property market trends, auction results in areas of interest and get as much information and insight into the area as you can – that way, you will know what prices are relative and which are not. Attend auctions so you understand the process and the obligations of a bidder.

## CONSIDER THE FEATURES AND BENEFITS THAT YOU NEED FROM YOUR HOME LOAN

Whenever you take out a mortgage it's important to look at the features, benefits, fees and other requirements that come with your mortgage. For instance, how can you both make repayments? Is there a fee for you both making separate repayments? Do you both need to sign in order to access money on your mortgage? What repayment methods do you have for your loan?

## CONSULT A SOLICITOR

As with any relationship, things always start out well but then don't always stay 'happy' the whole time. It's important to keep an open mind and realise that there is a chance that you and your friend may have a falling out, or a difference of opinion which can impact your joint property purchase relationship. It's a good idea to have all the terms of your joint purchase legally documented. You should also agree before even going through with the purchase exactly how you will handle any disputes if they do arise at any time. Your solicitor will be able to give you the best advice as to what you need to document, how and why.

## TAKE OUT INSURANCE

If you or your friend are unable to work for any reason and hence your income is affected, this will in turn impact your ability to service your loan. So, it's a good idea for you to both take out insurance that ensures that you are able to make repayments during any 'out of work' periods. It's also a good idea to have such an instance identified and covered off in your legal agreement, e.g. after a certain time of being unable to make mortgage repayments, the other party can be bought out of the ownership.

## RELAX AND ENJOY

Purchasing a property and getting your foot into the property market is an exciting step. So, make the most of it, enjoy the fact that together you are able to realise your dreams and enjoy the moment.

CALL 13 RAMS, *that's* 13 7267 or visit [RAMS.com.au](http://RAMS.com.au)

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