

7 POWERFUL REASONS

WHY YOU SHOULD ALWAYS GET A CONVEYANCER TO REVIEW YOUR CONTRACT OF SALE

Without a doubt, buying a property is one of the biggest commitments you will ever make, so it's important to be fully prepared from a financial and legal (not to mention emotional!) standpoint.

The exchange of real estate is a complex process that involves a number of legal documents - including the all-important Contract of Sale, which sets out the terms & conditions agreed upon by the buyer and seller, but which can throw off even the most savvy purchaser with its daunting legal jargon.

So - to help make your next property purchase as seamless (and ultimately enjoyable) as possible, here are 7 powerful reasons why you should always get a licensed conveyancing professional to review the Contract of Sale before you sign on the dotted line:

1. A licensed conveyancer will know how to protect you if your finance falls through (or the property fails a building & pest inspection):

You've probably heard of the all-important "subject to..." provision in a Contract of Sale. This condition exists to protect the purchaser from losing their deposit and other costs if their finance does not get approved, or from being lumped with a potentially dangerous or defective property if it does not meet the standards of a building & pest inspection.

Specifically, a licensed conveyancer will ensure that a Contract of Sale protects you in the following areas:

Conditions relating to finance approval:

Did you know that if the finance condition of the Contract of Sale is not completed (or only partially completed), then you will not be able to terminate the contract and claim your deposit back if your bank declines your request for finance? A licensed conveyancer will ensure that this section is completed correctly, and that the finance amount, financier and the finance date are clearly specified. They will also know which terms & conditions to include if you are unsure of the loan amount or the financier you will be choosing.

Conditions relating to a building & pest inspection:

Again, it is important that the Contract of Sale includes the correct terms & conditions to protect you from inheriting any building and/or pest problems that arise during the inspection. Unless this section of the contract is filled out correctly, you could end up with a property where (for instance) the previous owners did not seek council approval before undertaking extensions, and you are left with the costly task of tearing them down or the time-intensive task of getting the right permits and making the necessary adjustments after the fact.

2. They are experts at checking for (and spelling out) any special conditions:

Special Conditions are extra conditions that are included in the Contract of Sale by the purchaser or the vendor, depending on the particular property. These special conditions have the ability to override the standard terms & conditions as necessary, so it is important to understand what these terms mean before you sign the Contract of Sale.

Examples of special conditions might include:

- Whether the property will be available as a vacant possession or if it is subject to a lease
- Whether the buyer can take early possession of the property before settlement (and what the equivalent rental costs will be for this period)
- Whether the buyer can access the property prior to settlement (for the purpose of carrying out renovations and/or storing goods)

3. They will provide you with sound advice and valuable recommendations regarding the all-important 'cooling off' period:

Did you know that the 'cooling off' period only applies to private sales, and not to properties purchased at auction? Or that the length of the cooling off period can vary from one state to another?

Your experienced conveyancer will draw your attention to the terms & conditions surrounding the cooling off period (and negotiate these on your behalf if requested), as it might be your only opportunity to withdraw from the contract if you change your mind.

4. They will negotiate the best settlement terms & conditions to suit your needs:

As you may already be aware, the standard property settlement date is between 30-90 days (depending on the state), and hefty penalties can apply if this date is not adhered to.

Your conveyancer will work with you regarding your specific requests, and negotiate the following on your behalf before adding any special terms to the Contract of Sale, such as:

- *Length of settlement period* – this can be longer or shorter than the standard term, provided that it suits both parties
- *Amount deposit and method of payment* – the seller will generally ask for 10% of the property price, however your conveyancer may be able to negotiate a smaller deposit if you can obtain the necessary finance.

5. They will determine whether the property price includes GST:

GST applies to the purchase of new homes, but not established homes (unless the seller is registered for GST).

Your licensed conveyancer will help you determine whether the property you are purchasing is inclusive or exclusive of GST, and will ensure that this is specified on the Contract of Sale (including the exact amount of GST if applicable). Failure to do this could prove very costly later on!

6. They will inform you of any boundaries, restrictions or easements affecting the property:

Put simply, an easement is an interest in land which grants a person the right to use someone else's land for a specified purpose – for example, rights of way or access for services such as water, electricity and sewerage.

The law requires the owner of a property with easements to respect and adhere to them, as the rights of someone with permitted access to the property take precedence over any inconveniences experienced by the property owner.

An experienced conveyancer will check for any registered easements (which appear on the Title) and unregistered easements (private agreements), and how these could affect your property purchase.

7. They will draw your attention to what's down the road:

An important part of checking a Contract of Sale is reviewing the Vendor's Statement (otherwise known as a Section 32). The purpose of this document is to inform you of certain things about the property that you should be aware of (and that are not readily found through inspection alone), for example any approved proposals for developments in the area, council zoning allowances, or whether the property is in a bushfire-prone area.

In most cases the Vendor's Statement is attached to the Contract of Sale, however there are occasions when the Vendor's Statement is provided separate to this. A Vendor's Statement must be prepared by a legal practitioner, signed by the vendor, and then given to the purchaser before they sign the Contract of Sale. Yes it's a legal document that must be factually accurate and complete in order to hold up, but it's still the responsibility of the purchaser to check it – which is why we encourage you to engage the services of a licensed conveyancer to review the document and ensure that there are no nasty surprises for you down the road.

It's important to note that the Vendor's Statement does not include information on the condition of the building, whether it complies with current building regulations, and/or the accuracy of the measurements on the Title – and as such, you should always arrange an inspection from a qualified building inspector before you sign anything.

As always, keeping our clients informed and protected from ambiguous contracts and risky investments is of key importance to us at All Hours Conveyancing. To ensure that you don't succumb to any of the risks or traps outlined above, **contact us today** for our straight-forward, no-nonsense advice for purchasing a property.