

THINKING OF BUYING REAL ESTATE? BE AWARE...

***It is usually too late to do a lot of things once you sign the Contract.
Before you sign an offer to purchase a property, think about the following:***

When Should I Contact McDonald Johnson?

You must read the Contract before you sign it! If there is anything in the Contract you do not understand, call us.

We can answer your questions quickly so that your agent can exchange. If you have already signed, DON'T PANIC!!! Contact us as soon as possible so that we can advise you of your options and rights.

What Should I Do Before Signing A Contract?

In addition to understanding what you are signing, be aware that the standard legal vendor warranties do not cover all the enquiries that can be made and which would affect a purchaser's desire to go ahead. Additional inspection and investigations may be appropriate and include:

- Pest Inspection.
- Building Inspection.
- Strata Report (In the case of a unit, apartment or townhouse).

What Do I Get?

Purchasers must clearly understand what they get for their money.

Your purchase may be of a house or a home unit and each of these will have standard inclusions such as blinds, built in wardrobes, clothes line, curtains, fixed floor coverings, insect screens, light fittings and a stove. Some properties may have additional inclusions such as dishwasher, air conditioning units or even swimming pool equipment.

You do not buy anything that can be moved from the land unless specifically agreed upon in the contract.

Unwary purchasers may also receive things that are less obvious such as a termite infestation or a structural defect.

It is essential for every purchaser to consider obtaining pre-purchase pest and building reports and in the case of a home unit a pre-purchase strata report.

What Does It Cost?

In addition to the agreed purchase price there are extra costs. These include legal costs and disbursements, borrowing costs and stamp duty (except if a first home purchase exemption applies).

If the pre purchase reports show defects which the owner will not pay to fix then a purchaser must decide whether they will pay the real cost of the property which is the agreed purchase price plus the costs to make good any defects.

Some defects identified in pre-purchase reports are improvements and maintenance and usually an owner will not accept responsibility for work of this nature.

However, some defects such as structural deficiencies or a termite infestation are clearly not obvious to a purchaser when they make their offer to purchase and it is reasonable for a vendor to give consideration to paying some or all of these costs.

Often legal assistance is necessary to finalise the negotiations for the purchase of a property where defects are disclosed by pre-purchase reports.



What Does The Contract Say?

The Contract sets out the legal agreements between an owner and a purchaser. It states the agreed price, when completion must take place and what penalty the purchaser will pay if completion is delayed.

Every Contract must contain vendor disclosure documents. If something is disclosed in these documents a purchaser cannot raise an objection after Contracts are exchanged. A purchaser can only exercise cooling off rights.

It is important that legal advice be obtained, preferably before a final offer is made to buy a property. If the agent exchanges Contracts, then, immediately after the exchange takes place.

Sound legal advice and assistance is essential to make sure that the Contract and the disclosure documents are satisfactory for a purchaser's intended use of a property.

You may also be buying rights that come with the property, for example, a right of way over the next-door neighbour's land to give access to the back yard, or the use of a common lane.

Just because there is an access that seems to have a regular use this does not mean that it is a legal right of access.

There may also be restrictive covenants preventing you from doing certain things with the land, for example, building above a certain height, keeping pets and local authority restrictions.

If something is disclosed in the course of legal searches, which adversely affects a purchaser's interest, then a purchaser may rescind the Contract.

This only refers to a limited number of title matters and does not refer to structural or quality issues of the property.

Be Aware Of The Different Nature Of Strata Titles!

Strata title property differs from other property in two main ways:

- (a) you usually purchase a share in common property that is shared by all owners of the units in the strata title development;

and

- (b) you must observe the by-laws of the owners corporation, a body formed to look after the interests of the strata title unit owner.

What Is The Cooling Off Period?

It is the period commencing from the time of exchange of Contract and concluding at 5.00pm on the 5th business day after the date of exchange of Contracts. This applies generally to residential property.

The vendor cannot withdraw from the Contract after the time of exchange of Contracts.

The purchaser may withdraw provided this is done within the prescribed time however forfeits 0.25% of the purchase price.

There is no cooling off period in certain circumstances including:

- Where the purchaser buys at public auction.
- Where a purchaser buys on the same day as the property was offered for sale by public auction and passed in.

How Long Does It Take?

Normally 4-6 weeks from the date of exchange.

Exchange is where the contents of the Contract are checked by both solicitors/parties to ensure that each Contract is complete and identical with the other and that each has been duly signed and witnessed.

The Contracts are then dated. This date is generally referred to as the date of exchange.

Our experience and systems allow us to act quickly and effectively in all Real Estate transactions

