

What you need to know
when purchasing a property



george**brand**



Purchasing a property

Purchasing residential real estate can be a very exciting process, however it can also be a confusing time for the prospective buyer. We will show you what you need know about the process and your rights so you can secure the right property for you.

Should you decide to secure or make an offer on one of our listed properties, we will ask you to confirm the following details, enabling us to help you in the best possible way.

1. The actual purchase price you will be paying for the property
2. The method by which you choose to pay the 10% deposit. e.g. cheque / bond / other
3. The settlement period that you require
4. The name of your chosen Solicitor or Conveyancer
5. The name of your bank or financial lending institution
6. Any special conditions or requests that you may have so that we can inform the vendor (property owner).

Once we have the above information, we are in a position to arrange a meeting with the vendor.

Buying Process

Property owners receive all types of interest – some genuine, some not.

Some people submit offers to test the possibility of sale, but do not actually stay true with their offer. This can lead to frustration and concern for the owners as they try to assess who is actually a genuine buyer. The best way to present a strong offer on any property is to utilise the **5-day Cooling Off Period** option available in all NSW property Contracts of Sale.

The cooling-off period is only available to the purchaser and allows for an offer to be submitted to the owner in writing, on the Contract of Sale. This clearly demonstrates to the vendor that you are serious about your offer.

Once an **agreement on price, settlement, conditions**, etc has been reached with the vendor, the sale can proceed. An **exchange of contracts** is the only way to actually buy or sell a property. The exchange of contracts occurs when the purchaser and vendor each sign an identical copy of the proposed contract for the sale of land, that land having a title. (The property on the land, being houses, townhouses etc., are known as improvements to the subject land.) The exchange of contracts can be made according to terms under either one of the following options on the next page.

Option 1

Unconditional exchange

This means the purchaser's solicitor has signed a 66W certificate. This certificate will waive any cooling-off period and makes both parties committed to an instant, legally binding relationship. There is no turning back. This option also applies when a purchaser is the successful bidder at auction (where contracts are unconditionally exchanged).

Option 2

Exchange of contracts with cooling off

As sales agents, we can only exchange contracts with a 5 day cooling-off period. The period for withdrawal lasts for 5 working days and allows the purchaser the right to rescind the Contract of Sale for any reason. This period commences upon exchange and terminates in New South Wales on the fifth working day at 5pm E.S.T.

Remember that Saturday and Sunday, along with public and bank holidays, are not business days. The vendor may extend this period by a clause in the contract or by notice in writing given before the end of the period. The cooling-off period is created to allow the purchaser time to organise inspections and reports, and to allow their legal representative to check the contract. If you are wishing to 'seal a deal', it is important that you understand the commitment level required by both the purchaser and vendor.

Cooling Off

Facts and benefits for the purchaser

The signing of a five day cooling-off period is a great way to purchase. This method provides full protection against:

- The vendor pulling out of the sale
- Another purchaser paying more for the property
- Any government body wishing to purchase the property.

With this contract exchanged, the purchaser has total control and time to ensure that everything is to their liking.

However, this protective method requires commitment by the purchaser. For example, if a rescission takes place, a financial penalty is incurred. The purchaser on

rescission forfeits 0.25% of the purchase price (\$250 in \$100,000, \$500 in \$200,000; note that no minimum amount is specified). This money is payable directly to the vendor. If not, the vendor has the right for recovery of 0.25% of the purchase price as a debt, where either no deposit has been paid or the amount of the deposit was insufficient. Neither party has any further claim against the other, except where the purchaser may have obtained possession (that is take ownership of the property).

In some cases, a purchaser does not wish to sign anything without their solicitor's approval. If this is the decision, George Brand Real Estate will issue the potential buyer with what is known as a Sales Advice.

This contains all the relevant details of the sale. Your solicitor will then make contact with the vendor's solicitor and proceed with reports and reading of contracts with no determined time-frame for exchange.

However, it is important to note that whilst this is taking place, the property will remain on the market, and anybody wishing to make an offer can do so.

Note: It is a legal requirement that every offer put forward must be presented to the vendor. Although you may be a day or two ahead with your solicitor, any other interested party is able to sign the Contract of Sale under a cooling-off period as specified above in Option 2.

The property is then secured, leaving you no option to purchase. Your solicitor is powerless to act, as contracts are exchanged and in the case of a cool off, this can be carried out by either the agent or the vendor's solicitor.

The fact is, although some solicitors may not want you to purchase using a cool-off period, it is the only way to actually secure a property (other than Option 1), allowing for time to conduct necessary research.



Tips:

1. Get organised

If you want to make an offer, be certain that you can follow through by having the following items confirmed.

- > A pre-approval of finance from your bank or lending institution
- > Your own property sold, or at least assessed for value and possible sale time
- > You have a solicitor or conveyancer selected
- > Determine how you will be paying the 10% deposit and associated costs
- > An idea of settlement times required before you take possession.

2. Building and pest reports

Before you purchase any property – in particular a new home – it is important that you receive a copy of a Pest and Building Report from a qualified inspector.

Please note that this report is a complete list of defects of the home, and is very different from the feature brochure that you receive from George Brand Real Estate. Most people are shocked with the report they receive on the home, and most times misinterpret the report, e.g. 'the home is 24 years old and ... is in need of new roof tiles'.

Roof tiles last approximately 25 years and need replacing on every home of that age. The point to remember here is that all homes at one time or another require maintenance, and that this is known as a capital improvement on the property.

3. Bank valuations

Don't be alarmed if your bank or lending institution request a valuation by a registered property valuer. This is normal practice of lending institutions, and serves as confirmation of the agreed sale price.

4. Buying at auction

If you are intending to buy at auction, all the above-mentioned must be in place. Auction day is final. If you turn up to bid and you are the highest bidder past the reserve price (on-the-market price) you are the instant owner awaiting settlement of that property.

Summary:

Preparation is the key. Understand your rights and have everything in place. If you follow the advice in this document, along with that of your solicitor and your George Brand Real Estate agent, you will be on your way to securing the right home for you. Whether you are considering purchasing property in the near future, or are currently in the process of buying a home through another company and in need of advice, please feel free to call any of the George Brand sales team with any questions that you may have. They will be happy to assist you.

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Copacabana (02) 4382-1000
Kariong (02) 4340-2424

Kincumber (02) 4369-2222
Strata (02) 4382-4003
Terrigal (02) 4384-4644

The Entrance (02) 4333-4333
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