

Buying a Home

The information contained in this document applies primarily to a purchase by “private treaty” (not at auction). A number of different obligations apply when a property is to be sold by way of auction.

Entering a Binding Agreement

It is important to note there is no binding agreement until formal written contracts are signed by both parties. Agreements dealing with property must be in writing and contain sufficient information to clearly identify the property, the parties, the main terms and conditions and price. A “holding” deposit is usually not a binding agreement.

A binding agreement for the purchase of residential property is usually secured by the payment of a 10% deposit of the purchase price payable by bond or cheque and exchange of formal written contracts. In most cases the real estate agent will hold the deposit until the purchase is completed. The deposit may be invested for the joint benefit of you and the party selling the property.

Prior to entering into a binding agreement for a property it is important to make a number of enquiries to ensure you are fully satisfied with the property you intend to purchase.

Pre-Purchase Inspections

Subject to certain disclosure requirements, the party selling the property is under no obligation to advise you as to any physical or title defects the property may have.

There are a range of inspections that can be undertaken to ensure the property you are buying is not structurally defective or termite infested. A range of enquiries can also be made to address matters such as whether any building on

the property complies with the relevant building code. The range of enquiries and inspections required will vary depending on the nature and type of property you intend to purchase.

Remember – “buyer beware”.

Finance

It is important to ensure you have your financial arrangements organised prior to entering into a contract for the purchase of land. White Barnes are able to assist you in arranging finance.

Negotiate Terms of Contract

In New South Wales a draft form of the contract for sale must be prepared and available before the property is offered for sale. The contract will usually include a standard form contract for sale and a number of special conditions, as well as copies of certain documents relating to the title of the property.

Terms of the contract can be negotiated with the seller of the property, usually through your solicitor. It is important you take into account your specific needs when negotiating and finalising a binding agreement for the purchase of property. For example, you may need to extend the date of settlement to ensure your funds are available.

One important matter for negotiation is whether you as the purchaser are entitled to a “cooling off” period. A cooling off period is the purchaser's statutory right to withdraw from a contract usually within 5 business days after the signing of the contract. A fee of 0.25% of the purchase price is payable by the purchaser when they exercise their right to withdraw from the contract for sale.

The seller of the property may insist upon you “waiving” your right to a cooling off period.

Exchange of Contracts

Once you have satisfied yourself and all matters relating to the purchase and negotiating necessary changes to the contract, exchange of contracts can proceed.

After Exchange of Contracts - Completion

After exchange of contracts your solicitor will take a number of steps to ensure your purchase “settles” on the agreed date. This will involve a number of matters including calculations and payment of stamp duty, enquiries with government departments, a request for information from the seller and making arrangements for settlement.

On settlement you become the owner of the property.

Pre-Settlement Inspection

Prior to settlement it is appropriate to undertake a final inspection of the property you intend to purchase. If there are any alterations or changes to the property these matters should be addressed prior to completion.

White Barnes Conveyancing Services

White Barnes are able to help you in purchasing or selling your property, as well as assist you in arranging your finance.

Liability limited by a scheme approved under the Professional Standards Legislation.