

Purchase Information Sheet

Steps involved in Purchasing your property

(Refer to the flow chart for easy reference)



Tel: 9689 1769

1. Finding a Property

Once you have found a property and a purchase price is negotiated, the agent will ask for your solicitor's details, so that an exchange of contracts can be undertaken.

2. Two Ways to Exchange Contracts – Unconditional Exchange (with a S.66W Certificate) or under a Cooling Off Period

There are two ways to exchange a contract, an unconditional exchange where your solicitor provides a Section 66W Certificate and the other is under a cooling off period.

(i) Unconditional exchange (S.66W Certificate)

In this case, once a purchase price has been negotiated, the agent will issue both our office and the vendor's solicitor with a sales advice, containing all the details of the purchase. A contract will then be sent to our office from the vendor's solicitor.

Once a contract is received, our office will contact you to arrange an appointment for you to attend our office to discuss the contract **before** we exchange contracts for you. Please note that once contracts are exchanged, the contract is legally binding on both you and the vendor.

(ii) Cooling Off Period

The agent will ask you to sign a contract immediately upon negotiation of the purchase price and you will be asked to pay a 0.25% deposit. The agent will also ask the vendor to sign a duplicate copy of the contract. The agent will then exchange the contract under (usually) a 5 business day cooling off period. The contract signed by the vendor will then be sent to our office and the contract signed by you will be sent to the vendor's solicitor's office.

Once the contract is received, we will then contact you to arrange a time to discuss the contract with you **before** the cooling off period expires. If for any reason, you do not wish to proceed with the purchase of the property, then you may rescind the contract at any time before the expiration of the cooling off period. However, please note that you will forfeit your 0.25% deposit to the vendor. The vendor does not have a reciprocal right to rescind.

If you decide to proceed with the purchase then you will need to pay the balance of the 10% deposit prior to the expiration of the cooling off period.

3. Pre-Exchange Matters

Whether contracts are exchanged under a cooling off period or are unconditionally exchanged (with a S.66W Certificate), the following needs to be undertaken/confirmed prior to exchange:

- (i) Formal loan approval must be received. We will liaise with your lender or mortgage broker in this regard.

- (ii) The contract must be explained to you and we negotiate any necessary amendments to the contract.
- (iii) Any pre-purchase inspection reports that you require must be undertaken. These include a Strata Report, Pest and/or Building Report, depending on what kind of property you are purchasing.
- (iv) If you are intending to provide the 10% deposit with a Deposit Bond, we must first approach the vendor for approval, and is usually granted.

In the case of an exchange under a cooling off period, points (i) to (iii) above are carried out following exchange but **before the expiration of the cooling off period**.

In the case of an unconditional exchange (S.66W Certificate), points (i) to (iii) above are carried out **before exchange of contracts**.

4. Post-Exchange Matters

Once contracts have exchanged or once the cooling off period has expired, the contract is legally binding on you and the vendor. We will then carry out our post-exchange property enquiries on the property, send out requisitions on the title, prepare the transfer and will arrange for your mortgage documents to be issued by your lender.

Once the mortgage documents have been received, we will contact you to arrange an appointment to discuss and advise you on the documentation. Once mortgage documents are signed we send them back to the lender with any other documentation they may require – usually you are now required to insure the property for Torrens title properties (not strata title). We will also provide you with a statement outlining all the costs and expenses involved in your purchase and an estimate of what you will need to contribute on settlement.

Stamp duty will also be payable on the contract and transfer. It is the purchaser's obligation to pay stamp duty on a Contract for Sale of Land within 3 months and for an "Off the Plan Purchase", within 15 months of the date of exchange, failing which a penalty will apply. However, settlement cannot take place until such time as we are in a position to provide your incoming mortgagee with a "stamped transfer". We will advise you of the due dates for the payment of stamp duty and will seek your instructions as to whether you will require this amount to be paid on or before settlement.

5. Pre-Settlement Matters

We will contact you prior to settlement to confirm the settlement arrangements of your purchase and will advise you of the final settlement figures.

You should contact the agent to arrange a time to carry out a final inspection of the property. This is normally done the morning of settlement, to confirm that the property is in the same state of condition and repair as at the date of exchange of contracts and that everything included in the sale is still present. If you haven't already done so as a requirement of your lender, you should also insure your property now.

6. Settlement

Usually 6 weeks after exchange, our office attends settlement on your behalf. You are not required to attend settlement. We will contact you once settlement has been effected, following which you may arrange collection of the keys with the agent. We will also send you a final settlement letter outlining all the details of your purchase for your records following settlement.

7. Following Settlement

We will advise council, the water authority and the strata managing agent (if applicable) of your address for the service of notices. It is your (or your tenants) responsibility to arrange connection of services, such as gas, water, electricity and telephone.

Should you have any questions following settlement, you may contact our office as we are more than happy to assist.

Auctions

Buying at an auction is totally different from negotiating to buy a property. As of 1 September 2003, new legislation came into effect to regulate the industry. There are many rules and regulations you need to know when buying under auction conditions.

The golden rule to know is, that once the hammer falls, both the vendor and purchaser are legally bound - there is no cooling off period.

Visit the site below for more information on buying under auction conditions.

http://www.fairtrading.nsw.gov.au/Tenants_and_home_owners/Buying_property/Buying_at_an_auction.html