

Ray White®

What you
need to know
when
purchasing
a property

Purchasing a property:

Purchasing residential real estate can be a very exciting process, however it can also be confusing time for the prospective buyer. We will show you what you need to 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, enable 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 and Conveyancer
5. The name of your bank or financial lending institution
6. Any special conditions or request that you may have so that we can inform the vendor

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 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 accordingly to terms under either one of the following options on the next page.

Your Purchasing Options:

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. This period for withdrawal lasts for 5 working days and allows the purchaser the right to rescind the Contract of Sale of any reason. This period commences upon exchange and terminates in New South Wales on the fifth working day at 5pm EST. 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 the 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 exchange, 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; usually the .25% deposit which is paid to the vendor.

In some cases, a purchaser does not wish to sign anything without their solicitor's approval. If this is the decision Ray White will issue the potential buyers with what is known as a Sales Advice. This contains 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. 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 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 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 you can follow through by having the following items confirmed.

- ✓ A pre-approval of finance from your bank or lending institution. Why not get Ian Buckley from the Loan Market to give you a free no obligation second opinion
- ✓ Your own property sold, or at least assessed. Call Ray White Denny Partners on 4388 8888 for a neutral opinion.
- ✓ You have a solicitor or conveyancer selected
- ✓ Determine how you will be paying the deposit and associated costs
- ✓ An idea of settlement times required before you take possession

2. Building & Pest Report

Before you purchase any property - in particular a new home - its important you receive a copy of a Pest & Building Report from a qualified inspector. The point to remember with these reports is that all homes at one time or another require some maintenance.

3. Bank Valuation

Don't be alarmed if your bank or lending institution request a valuation by a registered property valuer. This is normal practice and serves as a confirmation of the agreed 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. A agreed deposit usually 10% is required on the fall of the hammer. If you are buying at auction talk to you solicitor, finance people and real estate agent to make sure you have everything ready to go on the day.

Summary

Preparation is the key. Understand you rights and have everything in place.

Whether you are considering purchasing a property in the near future, or are need real estate advice, please feel free to call **Paul Denny on 0417 266 488** with any questions you may have.

Information provided by Lee Woodward - Real Estate Academy Training Organisation - excellence in training

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