

A Guide for Buying a Residential Property in the Australian Capital Territory

Part A: Before you sign the contract

- 1 Buying a property is often the biggest financial transaction a person will make in their life so you need to choose a trusted conveyancing lawyer to help guide you through the process and to make sure your legal interests are protected.
- 2 When you have expressed your interest in purchasing a property or your verbal offer has been accepted, the real estate agent or the seller's solicitor will prepare a contract for you to sign. Seek legal advice from **lawlab** before you sign - seller and agents have their own interests in mind, but a good conveyancing lawyer is there solely to protect your interests.
- 3 **lawlab** helps speed up the contract to settlement process by using the secure online property platform **Rundl** (www.rundl.com). Once we receive the draft contract, we will review it, guide you through the terms of the contract and advise you on any special conditions.
- 4 Residential property in Australia is usually freehold but in the ACT residential property is leasehold. With leasehold land tenure, you buy the right to use land under a lease for a term (usually 99 years). Provided that the land is not required by either the Territory or Commonwealth, the Territory will renew the residential lease towards the end of the

99 years, without payment (other than an administrative fee).

- 5 If you're buying a dwelling then the seller must provide you with a building, pest and energy efficiency rating report before you make your offer to buy. This report forms part of the contract and if you proceed to buy the property you are required to reimburse the seller for the cost of the building and pest inspection report.
- 6 If you need to borrow money to purchase the property then you should obtain a written approval of finance from your lender before you sign the contract or ask for the contract to be conditional upon finance approval within a reasonable time
- 7 If you're buying at an auction, register to bid by contacting the real estate agent before the auction day or on arriving before the auction. You will need to provide your full name, address and some photographic identification. If your bid is the highest and above any reserve price set by the seller then you have made the winning bid.

Part B: After you sign the contract

- 8 Once the contract is signed by both the buyer and seller and is exchanged, it becomes

legally binding. The contract is normally dated by the seller's solicitor or real estate agent on the date that it is exchanged. You can track the progress of your sale 24/7 using **Rundl**.

- 9 At the same time as signing the contract, you need to pay a deposit. The deposit is negotiable and is usually an amount up to 10% of the purchase price. You may be able to negotiate paying an initial deposit when you sign the contract and the balance at a later date (e.g. once any cooling off period expires). The deposit must be paid strictly when it is due and is usually paid to the trust account of the real estate agent or the seller's solicitor for them to hold until settlement.
- 10 You may be entitled to a cooling off period which means you can cancel the contract without any reason before the cooling off period expires 5 clear business days after the day the contract is exchanged. There is no cooling off period if you purchase the property as a corporation or if you bought the property at auction (or same day as the auction) or you have agreed to waive your cooling-off rights. If you decide not to proceed with the purchase, you are entitled to a refund of your deposit (less a termination fee equal to 0.25% of the purchase price)
- 11 The property will be at your risk from the contract date, so it is crucial that you take out insurance immediately.

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You should order searches on the property you are purchasing so you can discover whether there are matters that materially affect the property that the seller has not disclosed.

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If your contract is subject to any conditions, we will need to give notice on your behalf to the seller's solicitor advising them whether or not the conditions are satisfied (e.g. if you have obtained finance approval). It is important that any notice relating to any conditions are provided by the due date to the seller. We will collaborate with the real estate agent and your broker or lender on RUNDL so everyone is kept up to date on the progress of your purchase and can work together towards your settlement.

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The period between exchange and settlement is usually between 30 to 60 days but you can negotiate a longer or shorter period if required. If you're obtaining finance, keep in mind that your lender may take at least 2 to 3 weeks to confirm formal approval, issue loan documents and be in a position to settle

Part C: Preparing for Settlement

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Transfer (stamp) duty is payable on the purchase of the property. It is usually calculated based on the purchase price. There may be concessions available to buyers of new homes or vacant residential land. If any concessions apply to you then we will prepare declarations for you to sign and return. We will advise you when and how you will need to pay transfer duty (which may be required before or at settlement depending on the settlement date and transaction type).

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If you are obtaining finance for your purchase then your lender will prepare the loan and mortgage documents for you to sign. If a guarantor is guaranteeing the loan then they may need to obtain independent legal and financial advice.

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We will prepare settlement figures and send these to you for your approval prior to settlement. You should budget to have enough funds to cover the purchase price (less any deposit paid), transfer duty, legal costs and any adjustments for outgoings.

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You should contact the seller or the real estate agent to arrange a final inspection of the property on the morning of or the day before settlement.

Part D: Settlement

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There is usually no need for you to attend settlement as we will attend settlement on your behalf. Once settlement has occurred we will contact you immediately to advise that your purchase has settled! You can then collect any keys from the real estate agent.

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After settlement the transfer of title and any discharge of mortgage will be lodged for registration at the land titles office. The local authorities also get notified of the change of ownership.

The conveyancing process of buying a property can be complex and confusing at times but as experienced conveyancing lawyers, **lawlab** will make your journey easier and you can be confident you are in safe hands.

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lawlab has more than 100 years of experience, we can offer you practical, efficient and expert legal advice on your purchase. Please call 1800 529 522 or email: conveyancing@lawlab.com.au.

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