

A Guide for Buying a Residential Property in Victoria

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 and a section 32 vendor statement 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 and vendor statement, we will review it, guide you through the terms of the contract and advise you on any special conditions. If necessary, we can add special conditions to the contract, for example, the purchase may depend on the sale of your existing property.
- 4 If you're buying a dwelling then we recommend you obtain a building and pest inspection before signing or ask for the contract to be conditional upon a satisfactory building and pest inspection (often 7 days).

- 5 If you need to borrow money to purchase the property then you will need to obtain a written approval of finance from your lender or ask for the contract to be conditional upon finance approval within a reasonable time (often between 14 to 21 days).
- 6 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. Auctions contracts are generally unconditional. 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

- 7 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
- 8 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 or when finance is approved). 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
- 9 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 3 clear business days after you sign the contract. There is no cooling off period if you bought the property at auction (or within 3 days either side of auction) or if the buying entity is a corporation or you have agreed to waive your cooling-off right. If you decide not to proceed with the purchase, you must give notice to the seller of your intention to terminate the contract before the expiry of the cooling off period. You are entitled to a refund of your deposit (less a termination fee the greater of \$100 or 0.2% of the purchase price).
- 10 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. If an adverse search result is obtained, you may be entitled to terminate the contract or claim compensation, depending on the type of search result and your rights under the contract.

11

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). 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

12

The standard settlement period is between 30 to 90 days from the contract date, but you can negotiate a shorter or longer 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

13

Transfer (stamp) duty is payable on the purchase of the property. It is usually calculated based on the purchase price.

14

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. Your lender will deduct their fees and any statutory charges from the loan amount and will advise us of the funds available for settlement.

15

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. If your loan amount does not cover these costs then you should contact your broker or lender and provide them with authority to draw any extra funds needed from one of your bank accounts.

There are concessions available to some first home owners and home owners. 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).

16

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. This gives you an opportunity to make sure that the property is in the same condition as at the contract date and that any goods included in the contract are left at the property. Call us immediately if there is a problem.

Part D: Settlement

17

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.

18

After settlement the transfer of title and any discharge or new 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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