Podcast Transcript

Episode Title: Why Contract Reviews Are Essential Before Buying Property
Host: Ian (Speaker 2)
Guest: Paul Denny (Speaker 1)
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Transcript

Ian (00:00.174)

Paul Denny, very good morning to you.

Paul (00:01.500)

Good morning, Ian.

Ian (00:02.000)

From Bowral Conveyancing Centre. We had an interesting chat last week. In fact, a number of people commented to me about it. They were very interested because a lot of people don't realise that they really need to get their contract reviewed. Why?

Paul (00:15.000)

Definitely. Look, last week, we did look at the property. Today, we want to look at the contract itself. And often, there are a lot of things in the contract that are not immediately obvious to the untrained eye. We obviously are really tuned into looking for these things.

Just a couple of issues—I mean, there are plenty, but land tax is a big one. Now, most people are used to paying council rates and water rates, but some people also pay land tax. And when we're talking about land tax, it's thousands of dollars. So often, a vendor who, because of their personal circumstances, does pay land tax will be looking to get some of that paid back to them by the purchaser as an adjustment at settlement. Clearly, that's not fair and reasonable, so we would identify that and ask that to be deleted from the contract.

Some of the other things that come up sometimes are excessive penalties for minor delays, which are charged to the purchaser. Disclosure of illegal structures is a big one, where you might buy a property and then the council will come along and say, "Remove the shed because it was never approved." If that's disclosed in the contract, you've got no recourse against the vendor. So there are just three examples. Looking at a contract is often more of a fishing exercise to see what's in there.

But it also prompts a discussion about how ready you are to buy this property. Is your finance in place? "Yes, I've got approval for that." Yeah, but have they actually approved it fully? No, they haven't. What the bank needs to do is conduct a valuation before granting a full loan approval. In those circumstances, we would normally request that the vendor give the purchaser an extended cooling-off period of, say, 10 days to allow the bank to do that.

Other types of things that come up sometimes are people needing to sell another property. So obviously, they need more time for that. Instead of the normal 42-day completion period, we may request, say, 90 days to allow that to happen. And who's got 10% available as a deposit? Not a lot of people. So often we would request a 5% deposit. These are just examples of a few of the things that do come up commonly that we would ask to be added to the contract.

Ian (02:30.000)

I imagine people suddenly hit with the fact that they have to pay land tax would be a bit surprising.

Paul (02:34.000)

Yes. Indeed, it is, and we are talking thousands of dollars. Particularly if you're buying from someone who's not an Australian resident.

Ian (02:44.920)

You really need to speak to somebody who's independent and concerned more about you, the purchaser, and possibly the person who's selling as well, than perhaps the real estate agent.

Paul (02:54.500)

Absolutely, you're quite right. I mean, we act for the purchaser. The contract is prepared on behalf of the vendor, so everything is in their favour. Our job is to identify anything that's unfairly in their favour and ask for it to be changed or deleted.

Ian (03:10.000)

It's good to understand that. So if people want to find out more, they should get in touch with you at Bowral Conveyancing.

Paul (03:15.500)

Yes, bowralconveyancing.com.au

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Key Information

Website: www.bowralconveyancing.com.au