



Legal and Taxation Services

PURCHASING A PROPERTY

Summary of a Purchase of a Residential Property

1. You decide the price you can afford to pay. You may want to discuss this with your bank.

Our own LEGAL EASE PROPERTY LOANS offers our clients a "LOAN SEARCH" to find you the best loans available. Not only is this service FREE, but after your loan is finalised we send you a REBATE CHEQUE. This can be done even if you have already chosen your lender. About two months after settlement we send you \$100 per \$150,000 that you borrow.

2. You find a property that you like and agree to a certain price. By law a draft "Contract for Sale of Land" must be immediately available for prospective purchasers to inspect.

3. You and the vendor may be asked by the agent to sign a contract in his office. If you sign, you will normally have 5 business days after the agent exchanges contracts to "cool off" and cancel your purchase (on condition that you lose the \$250 per \$100,000 of the price which you normally pay as part of the deposit.) Cooling off rights apply only to residential properties. The advantage of signing the contract at this early stage is that you can cool off but the vendor cannot sell the property to someone else while we do searches and you wait for finance approval.

3.1. We recommend that you do not sign anything that you do not fully understand. You may want us to explain the document to you before you sign it. If you do not sign anything, it is usually safe to pay the agent a small part deposit of about \$1,000 but there will be no binding agreement between the parties. If you are dealing directly with the owner, we do not recommend paying any part deposit to the owner.

4. If necessary, you make a formal loan application at your bank, (or through our LOAN SEARCH/CASH REBATE service) as soon as possible. You should ask about the chances of success and when a written approval can be expected. You should NOT commit yourself to the purchase before your finance has been approved in writing.

5. When you are confident of your loan being approved, you see us to discuss the contract and the transaction. We prepare a financial estimate for you and ask you for money to cover the cost of necessary searches, survey, pest report etc, which we explain to you and discuss.

6. When your loan is approved you come to us to discuss and sign the contract (if you haven't already done this) and pay the deposit for the purchase (usually 10% of the price less holding deposit already paid.) If you wish we can arrange a deposit bond (an alternative to a cash deposit) which costs about 1.2% of the deposit.

7. If our preliminary searches etc are satisfactory, we allow your cooling off period to expire or, if the contracts have not yet been exchanged by the agent, we meet with the Vendor's solicitor and exchange contracts ourselves, which makes the sale binding on the parties. Usually the purchaser is expected to give up his "cooling off" rights when he has had a solicitor's advice.

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8. After exchange of contracts, we continue our searches and enquiries to ensure that you will be getting good title to the property free of fraud or unknown title defects. If you are borrowing money for the purchase we also correspond with your bank and satisfy the bank's requirements.

9. We report to you about exchange of contracts, ask you for stamp duty money and estimate the date of settlement (completion).

10. You arrange household insurance (buildings) in the exact names of yourself and the lending body. The insurance risks pass to you from the date you are entitled to occupy the property. We recommend that you start your insurance cover from about a week before that date (usually the expected settlement date). Your bank will normally expect to have possession of the insurance policy before it settles the loan.

11. About 3 weeks after exchange of contracts you sign your mortgage documents.

12. About 4 weeks after exchange of contracts:

a) We estimate the date for "settlement" more accurately and ask you for the final amount (usually BANK CHEQUES) to complete the purchase, including the balance of our fees and expenses;

b) You should apply for connection of the electricity, telephone and gas and book a removalist.

13. Usually about 5 - 6 weeks after exchange of contracts, we meet the vendor's solicitors and your bank for the "settlement" to complete the transaction. There is no need for you to attend. Usually this settlement entitles you to move into the property and we ensure that the keys are made available to you as soon as possible - usually through the real estate agent within an hour of settlement.

14. Shortly before the settlement we recommend that you inspect the property to ensure that the agreed inclusions are there, no rubbish has been left on the site and the property has not been damaged since your last inspection.

15. After settlement the Land Titles Office, local council, Water Board and Valuer General are notified that you are the new owner of the property and we report to you with detailed financial statements.

16. If you found your loan through us, we send you the REBATE CHEQUE about 60 days after settlement.

17. You tell your family and friends about us. We trust that your comments will be positive! Of course if you have any complaints please tell Philip Farrugia and we'll do our best to resolve the problem quickly and fairly.

To arrange an appointment to discuss your needs, call us on **02 9602 8488**.

Download more helpful fact sheets from our website:

Selling a Property

Appointing a Guardian

Giving a Power of Attorney

Should I make a Will?

www.mgfarrugia.com.au/services

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