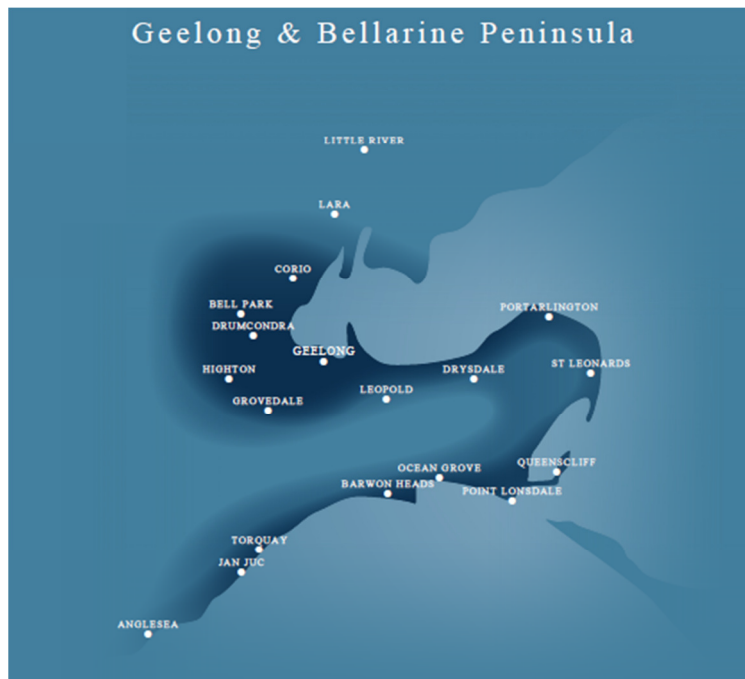


**BUYERS GUIDE**  
**TO**  
**CONTRACT SIGNING**  
**IN MELBOURNE**  
**BY**  
**JPP BUYER ADVOCATES**



Written by JPP Buyer Advocates 2012

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## **Helpful Hints on Contract signing.**

Contracts can be different from property to property

- Depending on the type of sale, Private Sale, Auction etc,
- Depending on the solicitor the vendor may use.

You may have a contract of sale & a Section 32 / Vendors Statement

Firstly

### **Vendors Statement,**

A vendor's statement is the minimum amount of legal requirements to purchase a property.

This will include information such as

- Restrictions (including Easements & covenants
- Rates, Taxes & outgoings & statutory charges
- Services ie: Power, gas etc,
- Planning & Road Access
- Building approvals & Insurance
- Notices
- Title
- Owners Corporations Act 2006

This needs to be signed by the vendor prior to you signing any contract, the Real Estate agent can & sometimes will sign this on the behalf of the vendor.

You are required to sign the Section 32 / Vendors Statement to acknowledge being given a copy.

(You are signing a legally binding document, have you had it checked by a solicitor or licenced conveyance) However you do have a 3 day cooling off period in some instances.

## **Contract of Sale**

As the purchaser you are signing the contract of sale of real estate.

### **Important notice to the purchaser.**

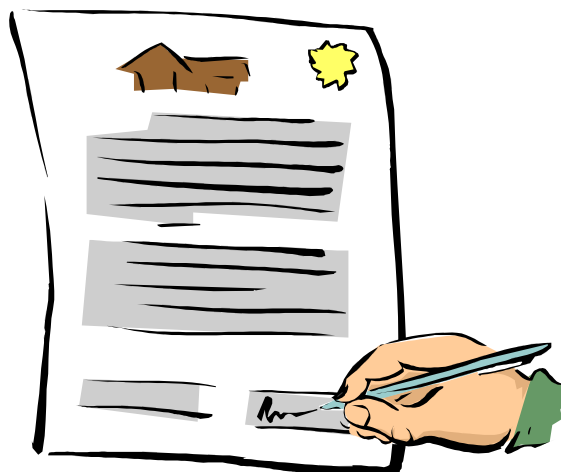
Cooling off period (section 31 sale of Land Act 1962)

You may end this contract within 3 clear business days of the day that you sign the contract if none of the exceptions listed below applies to you. You must either give the vendor or the vendors agent written notice that you are ending the contract or leave the notice at the address of the vendor or the vendors agent to the end this contract within this time in accordance with this cooling off provision.

You are entitled to a refund of all the money you paid EXCEPT for \$100 or 0.2% fo the purchase price (whichever is more) if you end the contract in this way.

EXCEPTIONS – The 3 day cooling off period does not apply if:

- \*you bought the property at or within 3 clear business days before or after a publicly advertised auction:
- \*the property is used primarily for industrial or commercial purposes:
- \*the property is more than 20 Hectares in size and is used primarily for farming:
- \*you and the vendor previously signed a similar contract for the same property: or
- \*you are an estate agent or a corporate body.



# CONTRACT OF SALE OF REAL ESTATE\*

Part 1 of the form of contract published by the Law Institute of Victoria Limited and The Real Estate Institute of Victoria Ltd

Property address: .....

The vendor agrees to sell and the purchaser agrees to buy the property, being the land and the goods, for the price and on the terms set out in this contract.

The terms of this contract are contained in the –

- particulars of sale; and
- special conditions, if any; and
- general conditions in Form 2 of the **Estate Agents (Contracts) Regulations 2008**; and
- Vendor's Statement required by Section 32(1) of the **Sale of Land Act 1962**, as attached and in that order of priority.

## SIGNING OF THIS CONTRACT

**WARNING: THIS IS A LEGALLY BINDING AGREEMENT. YOU SHOULD READ THIS CONTRACT BEFORE SIGNING IT.**

Purchasers should ensure that, prior to signing this contract, they have received a copy of the full terms of this contract.

The authority of a person signing –

- under power of attorney; or
- as director of a corporation; or
- as agent authorised in writing by one of the parties –

must be noted beneath the signature.

Any person whose signature is secured by an estate agent acknowledges being given by the agent at the time of signing a copy of the terms of this contract.

SIGNED BY THE PURCHASER: .....  
..... on ...../...../20.....

Print name(s) of person(s) signing: .....

State nature of authority, if applicable: .....

This offer will lapse unless accepted within [ ] clear business days (3 clear business days if none specified)

SIGNED BY THE VENDOR: .....  
..... on ...../...../20.....

Print name(s) of person(s) signing: .....

State nature of authority, if applicable: .....

The **DAY OF SALE** is the date by which both parties have signed this contract.

### IMPORTANT NOTICE TO PURCHASERS

**Cooling-off period** (Section 31 of the **Sale of Land Act 1962**)  
 You may end this contract within 3 clear business days of the day that you sign the contract if none of the exceptions listed below applies to you.  
 You must either give the vendor or the vendor's agent **written** notice that you are ending the contract or leave the notice at the address of the vendor or the vendor's agent to end this contract within this time in accordance with this cooling-off provision.  
 You are entitled to a refund of all money you paid EXCEPT for \$100 or 0.2% of the purchase price (whichever is more) if you end the contract in this way.

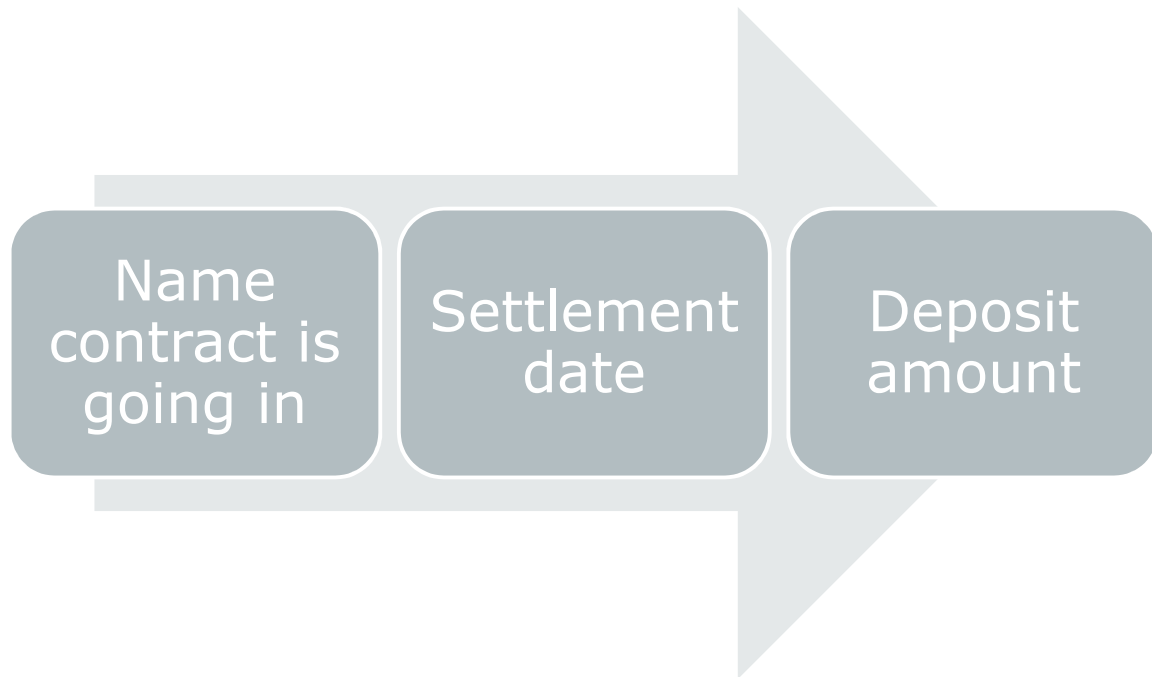
- EXCEPTIONS:** the 3 day cooling-off period does not apply if:
- you bought the property at or within 3 clear business days **before or after** a publicly advertised auction;
  - the property is used primarily for industrial or commercial purposes; or
  - the property is more than 20 hectares in size and is used primarily for farming; or
  - you and the vendor have previously signed a contract for the sale of the same land in substantially the same terms; or
  - you are an estate agent or a corporate body.

\*This contract is approved by the Law Institute of Victoria Limited, a professional association within the meaning of the **Legal Profession Act 2004**, under section 63A of the **Estate Agents Act 1980**.

**Sample front page of an REIV contract of sale. This is a 4 page document.**

- This needs to be filled out, most agents will have this done, awaiting your details.
- Check the Price, check the deposit, subtract Price & Deposit to be sure of accuracy.
- Settlement date will need to be filled in,

## **Prior to signing you need to know**



### **Name on Contract**

Is the property going in your name

- Both names
- Company name
- Tenants in common
- Name & or nominee

By adding "and or nominee" to the contract, this allows you to exchange names with solicitor during settlement period. An example of this is "Fred Peter Smith And Mary Jane Smith And or nominee"

### **Settlement date:**

This date can be negotiated to suit you, agents may set it at 30, 60, 90 days, however this can be changed if both parties agree.

It can become a good negotiation tool if you are not fussed with an exact settlement date.

Ensure the settlement date is not a weekend, if settlement date were to fall on a weekend or public holiday the property would settle the next business day.

We suggest avoiding settling Fridays, we all like everything to run smoothly, however when 2 parties are attempting to settle at the same time, banks, solicitors, paperwork can be delayed. And if you have booked removalists etc, it can be costly to delay.....

## **Deposit amount**

The usual deposit required is 10%.

If buying at auction, this is required to be paid on signing the contract on the day.

If buying private sale – you first need to place an offer, some agents will ask for deposit cheque with the offer, remember if the offer is rejected you then have to get the deposit back, this will need to be taken back out of the trust account of the agency. This can be time consuming.

An offer can go down without deposit, with the words, deposit paid upon acceptance of offer. You are then required to direct deposit or deliver a chq to the agency if successful.

The deposit amount can be negotiated also, some vendors are happy with a 5% deposit. This will depend on whether the vendor is in need of the funds prior to settlement. Negotiating the terms & deposit, can make a difference in the acceptance of an offer, everyone's circumstances are different.

This is where prior knowledge of reason for selling can assist.

## **Special Conditions**

If buying at auction, the special condition pages are very important that you understand them or your solicitor has agreed to them,

We have had so many contracts for auction that we have spent hours upon hours of negotiating several conditions out of the contract prior to us bidding.

Many solicitors / conveyances will add special conditions that even there vendors are not aware of, there are certain conditions written in legal terms that you need a solicitor to tell you what it means!! If you have a good solicitor they will assist you with what needs to be removed.

It is then up to you to contact the agent to ask them to get special condition Number ?? removed, some agents will happily assist, so not so happy!

However if you don't understand a special condition, prior to signing, just remember you are signing a legally binding document.

**AT AUCTION YOU DO NOT GET A COOLING OFF PERIOD!!!!!!!!!!!!!!!!!!!!!!**