

# Update on Property

## Common Pitfalls of a Vendor

Below are some relevant questions and further specifics of this change:

**Read the Agreement** - Take your time to read through all the relevant sections and conditions. Seek legal advice BEFORE signing- the price, deposit amount and payment date, settlement date and legal description of the property are just some of the things you must check. Be careful of verbal agreements!

**Unit Titles** – The Unit Titles Act 2010 obliges you to provide the purchaser with both 1) a pre-contract disclosure statement (s146) prior to the signing of the contract and 2) a pre-settlement disclosure statement (s147) prior to the settlement date. Non-disclosure can be fatal to a contract! (There are costs attached to these so be aware!)

**GST** - Check whether the price should be “plus GST” or “inclusive of GST”. Ensure the GST schedule is completed properly.

**Tenancy** – If the property is tenanted, ensure that the tenant details are completed and not set as “vacant possession” or contain wrong tenancy details. Talk to your property manager (if any) about the exact terms.

**Bank Consent** – Confirm in advance whether bank consent is necessary (for sales where the purchase price is anticipated to be lower than the mortgage figure or where you have cross securitised assets) and/or whether any breakage fees will apply.

**Warranties** – Most agreements contain standard warranties and undertakings (clause 6 in the standard ADLS agreements). Ensure you are not in breach (e.g. if you have received a notice from council about the property, you must forward this to the purchaser. Ensure you do not have any outstanding requisitions.

**Chattels List** - Ensure the chattels are all correctly listed. All chattels (cf fixtures which are furniture fixed to the property) are excluded unless specified in the chattel list. Clause 6.2(1) provides a vendor’s warranty that all chattels are “in reasonable working order...(fair wear and tear excepted)...” so if this is not the case, this must be noted.

**Signing** – All of the vendors must sign. This means that if there are three vendors, all three vendors must sign or the contract can arguably be invalid. If it is a trust, all trustees must sign, if the entity is a company an authorised signatory can be sufficient.

**Possession Date** – This is often the settlement date and the date that you must move out (unless tenanted). As you are obliged to provide the keys to the purchasers upon settlement, it is not wise to organise trucks for the afternoon. You should move prior to this date or on the morning.

**Real Estate Agent** – Remember that the real estate agent is your agent and what he/she promises or says may be accounted to you.