



## Vendor Information Sheet

### The contract for sale

In New South Wales legislation requires that any person intending to sell a residential property must have a copy of the contract available for inspection by any prospective buyer. The contract must have attached to it a full title search, a planning certificate from the Local Council and a drainage plan. There is a penalty imposed on both the agent and the seller for failure to have a contract available when a residential property is offered for sale.

In Victoria, a contract does not have to be pre-prepared, but it is a good idea to have a Vendor's Statement (Section 32 Statement) prepared in advance as this will speed up the signing of a contract.

The preparation of these documents is done by the seller's solicitor.

You may list your property for sale with more than one agent, unless you have agreed to a sole agency. Your listing agreement must be in writing otherwise the agent cannot claim commission.

**Exchange of contracts** happens when signed copies of the contract are exchanged between the parties and the deposit is paid. A binding agreement for sale and purchase comes into effect from that day.

In New South Wales, buyers have a **cooling-off period** which gives the right to cancel the contract within 5 business days of exchange of contracts. If the buyer cancels the contract under this provision, 0.25% of the purchase price is forfeited to the seller.

If the seller wants a contract which does not contain a cooling-off period, then this can be achieved by having the buyer provide on exchange a certificate from the buyer's solicitor which waives this cooling-off right.

In Victoria, there is a 3 day cooling off period from the date the seller accepts the buyer's offer. However, this cooling off right does not apply where the buyer obtains legal advice before signing the contract.

All **fixtures** are included in the sale without having to be named. Generally, a fixture is something which is nailed, screwed or bolted to the property. If you wish to take any fixtures with you, eg. TV antenna or dishwasher, this must be specified in the contract.

The **Completion Date** or settlement date is the day when the title of the property and possession are given to the buyer in exchange for the purchase money.

If a buyer fails to complete the purchase on time a seller may give written notice requiring settlement within 14 days (the buyer risks the loss of the deposit if this notice is not complied with).

**Vacant Possession** must be given at the completion date, all possessions and refuse must be taken away. A seller is obliged to keep the property reasonably preserved, given its condition at the time of exchange of contracts and allowing for fair wear and tear. A seller should keep insurance cover on the property current until after the settlement, as any damage is at the seller's risk until then.

All **rates** on the property are apportioned between the seller and buyer as at the completion date. The parties' solicitors will attend to this when calculating the moneys to be paid by the buyer at settlement.

The selling agent will require payment of the agent's commission on completion of the sale. The amount will be deducted from the deposit held by them. A seller should make sure that there is agreement with the agent about the amount that will be charged.



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### Our role in your sale

- to attend upon you to obtain particulars for preparation of the contract,
- to prepare the contract so that it complies with legislative requirements,
- to supply a copy of the contract or vendor's statement to the agent,
- then when a buyer is found, to complete the contract in accordance with the agreed terms of the sale and to submit a copy of the contract to the buyer's solicitor,
- to attend upon you to sign the original contract,
- to advise you about and negotiate any changes to the contract which the buyer may request,
- to attend to exchange of contracts with the buyers solicitor,
- to give notice to any mortgagee of the sale and to have the mortgagee prepare a Discharge of Mortgage in readiness for settlement,
- to answer requisitions submitted by the buyer's solicitor,
- to attend upon you to sign the transfer documents,
- to prepare the statement of settlement adjustments which includes adjustments for Council rates, water charges and fees payable on the Discharge of Mortgage,
- to make the settlement arrangements with the mortgagee and the buyer's solicitor including details of the cheques required to be provided at the settlement,
- to attend at the settlement and ensure that the documents handed over are all correct and that the documents and cheques received are in order,
- to ensure that the mortgage is paid out in full and to attend to the payment to the seller of the balance of the sale proceeds,
- to attend on the agent to obtain the balance of the deposit moneys and to account to the seller for this amount also,
- to notify the rating authorities of the sale.

### Expect the Inspectors

The buyer is likely to make a number of inquiries or have inspections done of your property. These may include:

- A survey report checking that the buildings are located inside the legal boundaries, that there are no encroachments by or upon the property and walls, eaves and gutters are the right distance from the boundaries.
- A pest inspection to show that the property is free of insect and fungal pests.
- A certificate from the local council which confirms that all building works are approved.
- A building inspection by a builder or architect to check that the building is free from defects.
- A plumber or electrician may inspect the property for the condition of those services.
- That pipes, drains and services are legally located and connected.
- That no authority has any proposals affecting the property eg, resumption for road widening.
- If the property is strata title, that there are no serious problems which affect the Body Corporate or Common Property.



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Please think about the things that a buyer will want to investigate. You may decide to remedy any possible problem now, or disclose a defect or non-compliance by mentioning it in the sale contract. Sometimes a sale may be spoiled when the price is driven down after a defect is revealed by the buyer's searches. Worse still, the buyer may acquire legal rights to cancel the contract or to claim compensation from the seller. The best advice is to clear up doubts now so they don't become problems in the course of the sale.

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