

## **INTRODUCTORY GUIDE**

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*A step by step process to "selling" a property*

### **STEP 1: LISTING YOUR PROPERTY**

You'll need to first list your property with a Real Estate Agent. Someone who will help you get the best price for your property without paying one dollar more than you should. Remember an agent should solely represent the interests of the vendor, you.

They should: tell you all about recent sales of properties like your own; help you choose the selling agent; tell you what commission you should pay; tell you how much you should pay for marketing; manage the selling agent on your behalf; and tell you about offers made for your property.

A real estate agent should endeavor to get you the best price for your property with the least fuss.

### **STEP 2: PRE CONTRACT ... VENDOR'S STATEMENT**

As your legal representative it is our role to act on your behalf and to look after your interests. There are many steps to take in the sale process.

We start by taking detailed instructions, which is done by you filling in the Seller's Form (available on our website).

If you don't have a physical copy of the title we will obtain this through a title search.

#### **Section 32 (Vendor's Statement)**

Prior to signing any contract for the sale of your property a disclosure statement providing prescribed information must be given to any intending purchaser.

To prepare a proper Section 32 Vendor's Statement we need information about the property and we have to obtain certain documents to attach to the contract and Section 32 Vendor's Statement.

We will apply to the proper authorities for statutory government certificates including town planning, local council, water, etc.

What happens if you don't get it right?

#### ***Sale of Land Act 1962***

*S32 (5) Where a vendor—*

- (a) supplies false information to the purchaser in the statements or certificates required to be given by this section; or*
- (b) fails to supply all the information required to be supplied in the statements or certificates required to be given by this section--*

*the purchaser may rescind any contract for the sale of the land which has been entered into on the basis of that information at any time before he accepts title and becomes entitled to possession or to the receipt of rents and profits.*

At MCB D Conveyancing Services we have a proud reputation of getting it right. Unfortunately the consequences for not getting it right are serious.

#### **Seller's Form:**

Our intentions are to make sure that your interests are fully protected as well as to give you the speediest possible service. It will help us to achieve these objectives if you would complete our Seller's online Form.

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#### **Title information:**

Copies of the land title documents must come from the Land titles Office to complete the contract. We will conduct a title search to procure these.

#### **Building works as an owner builder:**

If in the last 7 years you have built or done renovations worth more than \$12,000 as an owner builder special attention has to be made to comply with the current legislation. An building inspection report has to be included within the contract and the works need to be insured by an approved insurer. If a contract is signed in contravention of the Act the contract is voidable at the option of the purchaser.

#### **Capital Gains Tax:**

Be aware of the potential tax liability associated with your sale. For example unless the property is used as your principal residence, you *may* be taxed on any profits made by you on the re sale of such property.

If you intend to sell within 12 months of a purchase, or if you believe you might be affected by any Capital Gains Taxes, you should contact the Tax Office or your Accountant. We are not qualified to give you taxation advice so it's best to talk to an expert before selling your property.

#### **GST:**

Ditto with GST!

GST is payable unless you qualify for an exemption. The sale of your own personal residence is a major exemption from GST.

Care, caution and consideration needs to be given to all other property sales including investment, commercial and brand new developments. Unless the contract contains a special condition regarding GST, the selling price will be deemed to include GST. If you are registered for GST and you are not entitled to an exemption, it is your responsibility to pass on the GST to the ATO.

Another exemption is the sale of an investment property which is considered to be the sale of a going concern. If this may be the case this needs to be discussed so the correct special conditions are added to the contract.

A partial exemption is the application of the margin scheme which requires a valuation report of the property as at 1 July, 2000.

Again, you should always contact the Tax Office or your Accountant first. We are not qualified to give you taxation advice so it's best to talk to an expert before selling your property.

#### **Auction:**

Where you have chosen to auction the property we will prepare the Sale documents accordingly.

#### **Legal fees:**

We have a genuine flat fee for conveyancing for when you're selling a property. Our fee includes our professional fees, all our out-of-pocket expenses for all title searches, certificates, settlement fees and GST. You pay nothing more than what we quote you. We don't ask for our fee upfront for a Sale and we give you 3 months to sell your property before we bill you for part of our fee so that we can then cover our cost in having obtained all certificates and the preparation of the Contract of Sale / Vendor's Statement. The smaller left over balance of our fee will then be collected at settlement.

## **STEP 3: POST CONTRACT ... ONCE THE PROPERTY IS SOLD**

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### **Discharging your mortgage:**

Once the contract for the sale has been signed you need to make an appointment with your bank or credit union to sign a 'Discharge Authority'. We will also write to the lender to make settlement arrangements. In most cases you need to continue making mortgage repayments.

### **Tenancies:**

If the property sold is occupied by a tenant AND you have sold the property with vacant possession NOTICE has to be given to the tenant.

In the case of the Residential Tenancies Act the minimum period is 60 days. Usually your managing agent will arrange this. This is not applicable if you have sold subject to the tenancy.

## **STEP 4: PRE SETTLEMENT ... DEPOSIT, TRANSFERS, ADJUSTMENTS, ETC.**

### **Deposit:**

We will arrange with your estate agent to account to you for the deposit. Generally the earliest the deposit can be released to you is 28 days after contracts have been signed.

### **Transfer:**

The Purchaser or their representative will prepare the Transfer of Land document. This needs to be executed by you or your attorney. If the registered proprietor is a company you will need to advise us if the company has a common seal or not.

### **Adjustments:**

At settlement an adjustment is made for council and water rates as well as body corporate fees (if applicable). We suggest that you don't make any payments in the last 4 weeks before settlement to avoid errors. With respect to water rates we will contact the rating authority to arrange a final water meter reading. You will then receive a final account for water usage.

The adjustment of rates will ensure that all rates and taxes due on the property up until settlement date are paid and the Purchaser pays from the settlement date. Most Councils will require all rates for the current rating year to be paid at settlement even though they may not be due until a later date. This will be reflected in the adjustments. Any arrears and/or outstanding interest on the rates and charges will be adjusted together with fees pertaining to the discharge of any mortgage or caveat

### **Settlement:**

We will arrange and attend to settlement on your behalf. The balance of monies due will be paid to you in a bank cheque.

### **Inspection:**

The purchaser is entitled to an inspection of the property in the week preceding settlement. The purpose is to check that the property is in the same condition and state of repair as at the date of contract. Problems arise when vendors post-contract seek to remove or exchange light fittings or curtains and even garden plants. If you wish to keep any such chattels these must be specifically excluded in the contract.

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#### **Keys:**

On the day of settlement you need to leave the keys with the estate agent in the morning. Arrangements need to be made with the removalists to have the property vacant by the appointed time of settlement which is normally around noon on the day of settlement. We will advise you of the exact time of settlement.

#### **Electricity, gas, telephone:**

You should arrange for an electricity meter reading, gas reading, etc. to be made so final accounts can be sent to you.

### **STEP 5: POST SETTLEMENT ... HOUSEKEEPING**

#### **Insurance:**

You can cancel your insurance on the property and claim any refund of premium to which you may be entitled.

#### **Electoral roll, VicRoads:**

You should notify the Electoral Office and VicRoads of your change of address. A card is obtainable for the electoral roll purpose at Australia Post. VicRoads can be notified via phone or via their website.

#### **Notice of Disposition (Sale):**

We will notify the council and water board of the change of ownership and any Owners Corporation Company (if applicable).

Contact details for various authorities  
(for final accounts):

Water:

South East Water 131 851

Yarra Valley Water 132 762

City West Water 131 691

Electricity, gas and telephone retailers seem to be constantly changing so the contact details need to be checked.