

## INTRODUCTORY GUIDE

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

### STEP 1: REVIEWING THE SALE DOCUMENTS

Once we have received the sale documents from your real estate agent, we will immediately review them. There are three key documents:

1. **Vendors Statement** (sometimes called "a section 32 statement")
2. **Contract of Sale**
3. **Release of Deposit Form**

1. The **Vendors Statement** must be provided by law to a purchaser before the property is sold. It contains detailed information about the property including:
  - The property title and a map of the property boundaries
  - The planning zones that apply to the property
  - Local council report on building permits, details of rates and any notices given by council affecting the property
  - Whether land tax is liable to be paid on the property
  - Water authority report on water rates
  - Vic Roads report on whether there are any road plans affecting the property
  - Details of any building renovations and insurance arrangements
  - Owners corporation payments, if they apply

It is important that we independently check the most important information in the Vendor's Statement to protect your interests.

We will purchase on your behalf the certificates that are important to protect your interest in the property. These would normally include a copy of the certificate of title, a local council certificate confirming council rates, a land tax certificate to check on whether land tax is liable to be paid and a water information statement checking on liability for drainage and parks charges plus roads certificate and planning information.

2. The **Contract of Sale** is the document that you and the vendor signed when you agreed to buy the property. The Contract of Sale contains very detailed terms and conditions.

Examples of important terms and conditions in the Contract of Sale are:

- The purchase price for the property
- The date you and vendor agreed to complete the sale of the property
- What furnishings, fittings or equipment you purchase with the house (typical examples include the dishwasher, light fittings, blinds). These items are often called "chattels".
- What happens if there is a dispute between you and the vendor
- Whether you are liable to pay GST on the purchase of the property

3. When you signed the contract to buy the property, you may have signed a **Deposit Release Form**. This enables the deposit you paid to be released to the Vendor.

Before you agree to sign the release section of this form, we need to make sure that the title to the property is accurate. To do this we ask the Vendor a series of questions, known as 'requisitions'. This is explained in more detail in Step 3. Once we are satisfied with the answers we receive, we recommend that you sign the release.

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#### STEP 2: COLLECTING INFORMATION ABOUT THE PROPERTY AND YOU

To prepare the documents needed to purchase your property, we need information about you and the property. The information that we will need to begin with is:

1. The name, address and telephone number of your bank/broker/mortgage person
2. The name, address and telephone number of your real estate agent
3. Confirmation of who will be purchasing the property (e.g.) you and your partner, and the correct spelling of the names of the person/s or entity going on title including any middle names.

#### STEP 3: VENDOR ENQUIRIES AND DEPOSIT RELEASE

We will receive a telephone call from your real estate agent, giving us the contact details of the vendor's representative. Your estate agent will send us copies of the signed **Vendor's Statement, Contract of Sale and Deposit release form**.

Before we recommend that you agree to release the deposit, we will send the Vendor's Representative a list of questions about the property, known as *requisitions*. You can refuse to release the deposit until these questions have been answered satisfactorily, and we have independently checked the property title.

Once we have completed these checks and are satisfied with the answers, we will write to you recommending release of the deposit.

#### STEP 4: ORGANISING SETTLEMENT

"Settlement" is the day that the title to the property is transferred to you. The date of settlement will be contained in the **Contract of Sale**. There are a number of tasks that we need to perform before settlement day. These tasks include:

- Preparing a "Transfer of Land" document that enables the legal transfer of the property to you. You will need to sign this document. We will then forward it to the Vendor's representative.
- If you are borrowing money to purchase the property, we will liaise with your lender and ensure that they have all the information needed to complete the documentation and finance needed to transfer the property to you.
- Arranging a time with the Vendor's representative to settle the property, which is usually done about one week before Settlement.
- Prepare a calculation of final payment figures, known as "Adjustments". The final purchase price is "adjusted" to take into account whether the Vendor has overpaid or underpaid fees such as council rates, water rates, owner's corporation fees and land tax as at the settlement date.
- Advise your lender of final cheque payments

Once we have completed these tasks, we are ready for Step 5 - Settlement day.

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### **STEP 5: SETTLEMENT DAY**

Settlement normally takes place at a location preferred by the bank that has a mortgage on the property. If there is no mortgage on the property the Vendor's representative can nominate the venue. Typically, the vendor and purchaser's representatives, the vendor's bank (if discharging an existing mortgage) and the bank lending money to you will attend settlement. As we will represent you at settlement, there is no need for you to attend.

On the day, everyone will check that the documents and cheques are correct. If everything is accurate, we will exchange documents and cheques and settlement is completed! We will call you and let you know that settlement has been completed. You should arrange to obtain the keys for the property directly from the real estate agent. The real estate agent is notified that settlement is complete and will be able to then hand over the keys to you after settlement has occurred.

### **STEP 6: FINAL REPORT & AUTHORITY NOTIFICATION**

After settlement, we will prepare a final report on the conveyance. It is a legal requirement to notify the State Revenue Office that you have acquired the property and we and/or your bank will send this notification on your behalf. Once these tasks have been attended to, the conveyance process is complete.