

## **A GUIDE TO YOUR REAL ESTATE PURCHASE**

The following information is provided to help your purchase proceed with maximum efficiency, and by the due date for settlement. Please read it carefully since it may answer many questions you might have concerning your transaction. While every effort has been made for the guide to be as comprehensive as possible, we strongly recommend that you contact us should you have any specific queries concerning matters not covered by the guide or any other matters relating to your particular transaction.

### ***Your Rights***

You have a right to have your Conveyancer act in your best interest at all times. These rights are detailed in the Appointment to Act (Form 1) document and, where applicable, the Disclosure of Interest document (Form 2).

### ***Your Obligations***

You have an obligation to bring to your Conveyancer's attention any matters that you think may affect your interests in the transaction. This is especially important where the Conveyancer prepares financial information on your behalf, which you think is incorrect, or where you intend to vary the settlement date or take early possession of the property.

### ***General***

- It is important that you attend to any requests for signing of documents etc as early as possible and return the documents quickly, particularly when the time frame for settlement is short or if the mail is likely to take longer than the standard one business day.
- Take prompt action concerning any Special Conditions, which you have either stipulated or may need to satisfy, in your Contract for Sale by Offer & Acceptance.
- Make sure that payment of any monies, e.g. deposit or balance of deposit, is made by the date set out in the Contract.
- If you plan to be away during the period leading up to settlement, please contact us to make sure any necessary documents have been signed and let us have alternate contact details. For example the Transfer of Land cannot be faxed or e-mailed but many other authorities do not need original signatures.

### ***Finance***

If you require finance to complete the purchase, whether or not your Contract is conditional upon you accepting a loan offer from a financial institution, ensure that you take immediate steps to obtain the loan. Attend promptly to any request by the financial institution concerned to sign documents to avoid delays in settlement.

Once you have accepted a loan offer you should contact us and let us know that the loan is approved and advise the date on which you accepted the offer of finance. If your Lender is to be ready to settle on time, you will need to make an appointment to sign your Mortgage documents at least one week prior to the due settlement date. If you are dealing with a finance broker, please contact the broker who will assist you to find out from the Lender when the documents will be ready for you to sign. The Lender will advise you of any application, mortgage preparation fees or stamp duty which are payable in respect of the mortgage. The Lender's fees and disbursements WILL NOT be included in the Settlement Statement you receive from us, however they may be deducted from you loan funds at settlement, therefore increasing any balance amount that you may need to pay or have available prior to settlement.

### ***Documentation and Settlement Statement***

We will send a 'Transfer of Land' document to you for your signature/s together with an initial Settlement Statement which will show amounts payable by you in respect of stamp duty, settlement fees and other disbursements. Please promptly sign and return the documents, together with a cheque for any funds requested. The statement will either apportion current rates and taxes or include an amount to be held in our trust account pending receipt of the relevant details.

If you receive any accounts for rates from either the Water Corporation or the Local Government Authority soon after the settlement date, please contact us before making payment, as these accounts may already have been paid following settlement.

### ***Duty Rebates***

Depending on the purchase price of the property, you may qualify for a concession, rebate or exemption on the stamp duty where you reside in the property even if you are not a first home buyer. Currently this applies to property up to a value of \$200,000.00.

First home owners MUST be approved to receive the First Home Owners Grant to be also eligible for the First Home Owners rate of stamp duty on the contract. On purchase of an established home the threshold is a purchase price of \$500,000 with concessions up to \$600,000 and on vacant land it is \$300,000 with concessions up to \$400,000. Fact Sheets are available on the Office of State Revenue website at [www.osr.wa.gov.au](http://www.osr.wa.gov.au), or you may call our office to further discuss your circumstances.

### ***Rate & Service Enquiries***

We will make enquiries on your behalf to the Water Corporation (concerning the availability of services and the current or outstanding rates), to the relevant local authority (concerning rates, building licenses issued, orders and requisitions and housing indemnity insurance details) and to the Office of State Revenue (concerning any current or outstanding land tax). Fees are payable to the authorities concerned to provide this information. We will advise you of the fee which applies in the case of your property and include it in your settlement statement

Responses to the enquiries mentioned above are not always received prior to the settlement date in the case of a short settlement time. You might, therefore, wish to make your own enquiries direct with the Water Corporation concerning availability of services (connection to water and sewerage and any building restrictions which might apply) and with the Local Government Authority concerned to ensure that there are no outstanding orders or requisitions which apply to the property.

### ***Building Licenses***

Unless specifically requested your Conveyancer will not make enquiries with the Local Government Authority in relation to approved buildings on the property. In many dwellings and structures built before 1990 records are not easily obtained and further fees and extended time periods apply to obtain the same from the Local Government Authority. Where you consider that a patio, shed, games room or extension of a building was possibly erected after the main dwelling was built refer this query to the real estate representative who will make initial enquiries of the Seller. Where the Seller was the owner of the property at the time these structures were built they may have retained the approvals thus reducing the time money and effort required to obtain this information.

### ***Sewer Lines***

If the property is not connected to sewerage then, in certain circumstances, it may be your responsibility to connect to the sewer line either within one year of the date of settlement or within 5 years of the Water Corporation issuing a notice to you to connect to sewerage.

### ***Swimming Pools/Spas – Legislation Requirements***

The Western Australian Government has amended the Regulations that apply to all pool/spas with approval for installation on or before 30 June 1992. The amendment ensures that an appropriate barrier is installed and maintained on all properties with a pool/spa approved for building prior to 30 June 1992. In order to provide pool/spa owners with sufficient time to carry out the necessary upgrades, the Government provided a 5 year transitional period. This period ended on 17 December 2006 and requires all owners of pre-30 June 1992 installations to upgrade the safety requirements of the barrier so they comply with the barrier requirements of pre-November 4 2001 pool/spas.

If the pool/spa enclosure does not comply with current regulations, the Seller may be in breach of their obligations to the Buyer pursuant to Conditions 9.1(a)(1)(b) and 9.2(b) of the Joint Form of General Conditions for the Sale of Land.

If the property you are buying includes a pool/spa, and you are unsure if it complies with current regulations, please contact the appropriate Local Council for advice.

If the pool/spa does not comply with the current regulations, please notify us immediately so that the appropriate actions can be taken to ensure that the pool/spa complies with current regulations prior to Settlement.

### **Septic Tanks**

Under the Health Act, if the property you are purchasing is connected to a sewer and septic tanks are still on the property and have not been de-commissioned, then within sixty days of settlement, you must de-commission any septic tanks on the property.

De-commissioning is done by:

1. Emptying the tank by a person licensed to do so.
2. Either removing the tank, or if that is not practical, breaking up the base of the tank.
3. Back-filling the tank with clean fill and compacting.

### **Home Indemnity Insurance**

If a building license was issued after 1 February 1997 for a dwelling or for substantial improvements of a value of \$12,000.00 or more, the builder (including an owner builder) must have home indemnity insurance for the work. From 1 July 2007 the \$12,000 value limit was raised to \$20,000. You will need details of the insurance in the event you need to make a claim for structural defects within the period of the insurance. If you believe this applies in your situation, please contact us so that we can attempt to obtain the necessary details.

Owner Builders are not required to take out home indemnity insurance before they can build or undertaken substantial improvements, but **MUST** do so if they sell the property within seven years of obtaining an owner builder license from the local authority.

An owner builder **IS NOT** permitted to sell the property within 3 years of obtaining their owner builder license without receiving permission from the Minister of Fair Trading, through DOCEP.

### **Residual Current Devices (RCDs) – Legislation Requirements**

The Electricity Amendment Regulations 2009 came into force on 9 August 2009 in relation to residual current devices (RCDs), otherwise known as safety switches. The Regulations, which amend the Electricity Regulations 1947, require that from 9 August 2009, the owner of a residential premise must ensure that at least two RCDs are installed in accordance with the 2007 Wiring Rules:

- Before the title to the premises is transferred; or
- Before the owner enters into a residential tenancy agreement (with someone other than a person who was a tenant) in respect of the premises.

With limited exceptions, the obligation also exists in relation to residential premises which are unoccupied. The penalties for non-compliance are a fine of \$15,000.00 in the case of an individual, and a fine of \$100,000.00 in the case of a body corporate. The penalty is imposed on the defaulting person.

New homes where the building construction licence was granted after 1 January 2000 already comply with these requirements.

We will make enquiries with the Seller on your behalf to confirm that the residence complies with the Electricity Amendment Regulations 2009, and will notify you of the outcome of our enquiries accordingly. We suggest that it may also be prudent for you to make your own enquires with the Real Estate Agent to satisfy yourself that the residence you are buying complies with the current regulations. If your enquiries reveal that the residence does not comply, please notify us immediately so that the appropriate actions can be taken to ensure that the residence conforms with the current regulations prior to settlement.

### **Smoke Alarms – Legislation Requirements**

Effective from 1 October 2009, mains powered smoke alarms must be fitted in all existing residential buildings before the title to the premises is transferred, and when a new tenancy agreement is signed for rental properties. If there are no tenancy changes in rental properties, then hard wired smoke alarms must be fitted by 1 October 2011. These requirements are mandatory under the Local Government (Miscellaneous Provisions) Act 1960 Section 248 and the Local Government Act 1995 Section 9.60, and the Building Amendments Regulations 2009. The Local Government will have the capacity to issue infringement notices or fines up to \$5,000.00 to the defaulting person for non-compliance.

While mains powered smoke alarms are the preferred alternative, smoke alarms with a 10 year battery life are permitted in dwellings where the construction of the building does not permit a space to conceal the wiring and there is no other suitable alternative location or where mains power supply is not available.

We will make enquiries with the Seller on your behalf to confirm that the residence complies with the Local Government (Miscellaneous Provisions) Act 1960 Section 248, the Local Government Act 1995 Section 9.60, and the Building Amendments Regulations 2009, and will notify you of the outcome of our enquiries accordingly. We suggest that it may also be prudent for you to make your own enquires with the Real Estate Agent to satisfy yourself that the residence you are buying complies with the current legislation. If your enquiries reveal that the residence does not comply, please notify us immediately so that the appropriate actions can be taken to ensure that the residence conforms with the current legislation prior to settlement.

### ***Strata Title properties***

If the property you are buying is a strata title property, the Strata Titles Act states that you must receive a disclosure statement (Forms 28 & 29) either prior to, or at the time of, making your offer to purchase the property. If you have not yet received the required disclosure information, the law gives you rights to avoid the contract. Please contact us if you have any queries and we will refer you for legal advice if necessary.

### ***Inspection of the property***

Your Contract gives you the right to a final inspection of the property on one occasion within 5 business days before the settlement date or possession date. You should contact the real estate agent concerned and make arrangements to inspect the property to ensure that it is in the same state and condition as it was when you made your offer to purchase. If your contract has a condition which states that certain items are to be in working order at settlement or if it states that repairs are to be carried out by the Seller, you will need to check that these have been attended to satisfactorily and that the items mentioned are in fact working.

### ***Keys***

We will notify you once settlement has taken place, at which time you should contact the real estate agent concerned to arrange to collect the keys and any other security devices to the property. If the property is the Seller's normal place of residence, the Seller is entitled to stay in possession, i.e. occupy the property, until 12.00 noon on the day following settlement. That provision is intended to allow adequate time for the Seller to vacate the property.

### ***After settlement***

If a Mortgage is to be registered on the property by your Lender, the Certificate of Title will be held by the Lender as security for the loan. If you are paying "cash" for the property, we will forward the Certificate of Title to you by registered mail once it has issued back from the Department of Land Information. If you wish to collect the Certificate of Title from our office, please advise us and we will contact you once it has issued back. We recommend that you make arrangements for safe keeping of the Certificate of Title since it can be difficult and expensive to replace. You might, for example wish to make arrangements for the Title to be held in a safe custody packet with your Bank.

### ***Things you should do***

- It is your responsibility to make arrangements for connection of the power, gas and telephone services to the property. We can not attend to those matters for you as they are 'occupier' agreements. We will, however, notify the Local Authority, Water Corporation or alternate water supply authority (if applicable) of the change of ownership and arrange for the water meter to be read as close as possible to settlement date. With a small number of multi-story Strata Units electricity and gas may be read and adjusted by the Strata Company but this will be clear on their response to our enquiry.
- As far as INSURANCE is concerned, the property is generally at your risk from the date of settlement OR possession date, i.e. the date from which you occupy the property, whichever is the earlier. With the exception of common insurance on strata title properties, we can not make insurance arrangements for you. It is strongly recommended that you make adequate arrangements for insurance for both the property and your contents, direct with the Insurer.

Please arrange the insurance prior to settlement or possession date, whichever occurs first. PLEASE NOTE, the majority of Lenders will require to see, prior to settlement being arranged, adequate insurance cover in the form of the "Certificate of Currency". Please refer to your loan documents, which will normally outline insurance requirements. Failure to provide a copy of the insurance certificate to your Lender may result in settlement being delayed and penalties being applied by the Seller.

- You may wish to organise a re-direction of your mail to your new address.
- Don't forget to provide your new address and contact details to friends, relatives, sporting organisations, health providers, schools and anyone else with whom you deal regularly. Change your address with the Electoral Commission as soon as you move to ensure this is not overlooked.
- You may wish to obtain quotes and book a removalist prior to the settlement date. Make sure that you are regularly in touch with us so that we can inform you if there is likely to be any delay in settlement. Unfortunately, due to the multiple parties involved, we cannot guarantee that settlement will be effected on the due date but will endeavour to achieve your contracted settlement date and with your help ensure you are ready to settle at that date.

Either you or the seller may delay settlement for up to three business days after the due date, so, unfortunately, the contracted date is not assured.

***If you have any queries concerning any aspect of your transaction, please contact us without delay.***