

A Guide To Your Real Estate Purchase

Buying real estate is always an exciting experience but sometimes, it can also be daunting. This information is provided to help your purchase proceed quickly and efficiently.

This information is important. Please read it carefully since it summarises certain obligations and 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 if you have any specific queries concerning matters not covered or matters relating to your particular transaction.

General

It is important that you attend to any requests for signing of documents etc as early as possible and return them quickly, particularly when the time frame for settlement is short or the post 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.

Make sure that payment of any money, eg 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 to give us alternate contact details. Some documents must have original signatures.

Finance

If you require finance to complete the purchase ie, your contract is conditional upon you accepting a loan offer from a financial institution, you must take immediate steps to obtain the loan. Attend promptly to any request from your financial institution to sign documents so as to avoid delays in settlement. Under the contract, you are obliged to use your best endeavours to obtain the loan.

Once you have accepted a loan offer you should contact us and let us know the date on which you accepted the offer of finance. If your financial institution is to be ready to settle on time, you will need to make an appointment to sign your mortgage documents of least 10 working days before the due settlement date. The bank will advise you of any application, mortgage preparation fees or stamp duty which are payable on the mortgage. The bank's fees and disbursements **will not** be included in the Settlement Statement you receive from us.

First Home Buyers

If you are purchasing your first home, you may be eligible for a government grant through the Federal Government's First Home Owner Grant. First home buyers are entitled to a one-off grant of up to \$7,000 if they meet the Scheme's eligibility criteria. If you are obtaining finance for this purchase, you should contact your financier as soon as possible to discuss your eligibility for the grant and lodge the necessary application. Further information and a fact sheet can be obtained from the WA Office of State Revenue website - www.osr.wa.gov.au.

You may also be entitled to a grant under the Home Buyers Assistance Account which has been established under the *Real Estate and Business Agents Act 1978* to provide first home buyers with financial support. This scheme provides a grant of up to \$2,000 for the incidental expenses of first home buyers when they

purchase an established or partially built home through a licensed real estate agent for a purchase price of \$400,000 or less. The scheme is administered by the Department of Commerce. You will find more information, including a fact sheet, on its website -

http://www.commerce.wa.gov.au/consumerprotection/content/Property_renting/Buying_and_selling/Home_Buyers_Assistance_Fund.html.

Transfer Document and Settlement Statement

We will send a Transfer of Land form to you for signing together with a preliminary settlement statement which will show amounts payable by you for stamp duty, settlement fees and other disbursements. The settlement 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.

Please sign the Transfer promptly and return the original document to us together with a cheque for any funds requested.

After settlement we will provide a final statement setting out the full disbursement of the funds including any adjustments of rates and taxes and payment of our fees. If you receive any accounts for rates from either the Water Corporation or the local government authority after the settlement date, please contact us before making payment since payment may already have been made.

Transfer Duty

We will advise you of the duty liability for your particular transaction. Alternatively, you may wish to visit our website – www.irdi.com.au - if you wish to calculate the duty applicable to your transaction.

Rates, Taxes and Service Enquiries

As part of the settlement process we will attend to the adjustment and payment of the shire rates, water rates and land tax (if applicable) and strata levies (if applicable). We will also advise the statutory authorities and strata company (if applicable) of the change in ownership.

To do this, we will make enquiries on your behalf to the Water Corporation (concerning the availability of services and the current rates), the relevant local authority (concerning rates, 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 for providing this information. We will advise you of the fees and include them in your settlement statement.

Responses to our enquiries are not always received before the settlement date. 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 authority to ensure that there are no outstanding orders or requisitions on the property.

You may also wish to check that any buildings or extensions have the necessary local authority approvals, as we do not enquire about this.

Utilities and Services

You must notify Alinta Gas, Western Power and your telephone provider that as and from the settlement date you will be the new owner of the property, so as to ensure that the utilities are connected in your name and the services are available. We cannot do this on your behalf.

Sewer Lines

If the property is not connected to the sewer then, in certain circumstances, it may be your responsibility to connect to the sewer line either within 1 year of the date of settlement or within 5 years of the Water Corporation issuing a notice to you to connect to sewerage.

Housing Indemnity Insurance

If a building licence was issued for a home or for substantial improvements after 1 February 1997, the builder (including an owner builder) must have indemnity insurance for the work. You will need details of the insurance if 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 obtain the necessary details.

Title Insurance

You may wish to consider obtaining a title insurance policy for the property you are buying. Title insurance is a unique type of insurance which protects your ownership and your use of the property you are buying. Some of the risks covered are title fraud (where other people use your identity to sell your property), illegal buildings, unapproved pergolas and fences in wrong places.

For more information about title insurance, visit www.landtitleinsurance.com.au or call 1300 701 815. Note that more than one title insurance company offers a similar product.

We recommend that you compare the benefits of the policies available to decide which title insurance company's product best meets your needs before deciding on a policy.

Septic Tanks

Under the *Health Act*, if the property you are purchasing is connected to a sewer line but septic tanks are still on the property and have not been decommissioned, then within 60 days of settlement, you must decommission these tanks. Failure to comply with the Act is an offence that will render you liable to a fine of \$1,000 or \$100 a day while the offence continues.

Decommissioning is done by:

- emptying the tank by a person licensed to do so
- either removing the tank or, if that is not practicable, breaking up the base of the tank, and
- back filling the tank with clean fill.

Residual Current Devices (RCDs) in Residential Premises

Under the *Electricity Regulations 1947* as amended, the seller must ensure that residential premises have two RCDs installed which comply with the Electricity Regulations before the title to the property is transferred. The only exceptions are if:

1. an inspector certifies that the residence does not have a switchboard which is capable of supporting two RCDs and it is impractical to install two RCDs, in which case the switchboard must have at least one RCD installed; or
2. the residence is to be demolished within 6 months of the date of transfer of the property. If this applies, the owner must give to the Director of Energy Safety a written statement, signed by you as the buyer, that the premises are to be demolished by the buyer on or before a date specified in the statement, which must not be later than 6 months after the settlement date.

Any residence built under a building construction licence issued after 1 January 2000 should already comply with the Electricity Regulations.

We will request the seller to provide evidence that the residence complies with the Electricity Regulations. However unless there is a special condition in the contract, the seller is not legally obliged to provide that evidence. Even if the evidence is not provided, the seller must still comply with the Electricity Regulations and is liable for a fine of up to \$15,000.00 for individuals and up to \$100,000.00 for a body corporate if the seller is in breach of the Electricity Regulations relating to RCDs.

If you have any doubts about whether there are two RCDs in the residence, we suggest that you make arrangements with the seller's agent for a qualified electrician to inspect the residence to ensure that the Electricity Regulations have been complied with.

Strata Title Properties and Strata Insurance

If the property you are buying is strata titled, the *Strata Titles Act* requires that you receive a disclosure statement (Forms 28 and 29) either before or at the time of making your offer to purchase the property. If you have not received the required disclosure information, the law gives you certain rights to avoid the contract. Please contact us if you have any questions about this.

Under the *Strata Titles Act 1985*, the Strata Company must insure and keep insured any building or part of a building, or improvement that is common property and effect and maintain insurance in respect of damage to property, death or bodily injury for which the proprietors of the lots could become liable in damages as holders of the common property. You should check that this insurance is in place.

Inspection of Property

Under the general conditions of the contract, you are entitled to inspect the property on one occasion within 5 business days before the settlement date or possession date, to satisfy yourself that the state and condition of the property is the same or substantially the same as it was at the time the contract between you and the seller was made. It is also an opportunity for you to determine if there is any rubbish or debris which you can ask the seller to remove from the property before settlement.

You should make your own arrangements for this inspection with your real estate agent. We will proceed to complete settlement on the presumption that you have made this inspection and are satisfied with the state and condition of the property, unless you advise us in writing to the contrary.

Where the Property is Currently Tenanted

You must advise us if the property is currently occupied by a tenant and also advise whether you expect the tenancy to continue for your benefit after settlement has been finalised.

Under the general conditions of the contract, you have various rights relating to tenancies which must be exercised some time before the due date for settlement. We cannot exercise these rights on your behalf unless and until we receive your written advice.

Keys etc and Possession of the Property

Under the general conditions of the contract you should make your own arrangements with your real estate agent concerning the collection of keys, security devices and details of access codes etc, as soon as you are entitled to possession of the property.

If the seller occupies the property as their principal place of residence, then the seller may remain in occupation of the property until 12 noon on the day immediately following settlement. That provision is intended to allow adequate time for the seller to vacate the property.

If the property is vacant at the time of settlement, you can ask for the keys once settlement has taken place. Please liaise with your real estate agent in this regard.

After Settlement

If a mortgage is to be registered on the property, then the certificate of title will be kept as security by your financial institution. If you are paying cash for the property, we will forward the title to you by certified or registered mail once it has been returned to us by Landgate. You should make adequate arrangements for its safekeeping as it can be difficult and expensive to replace.

Things You Should Do

1. **Connections to services:** As set out above, it is your responsibility to make arrangements for connection of power, gas and telephone services to the property. We are unable to attend to these matters for you. We will however, notify the local authority and the Water Corporation of the change in ownership and arrange for the water meter to be read.
2. **Insurance:** As far as insurance is concerned, the property is at your risk from the date of settlement or from the date of possession (ie, the date on which you begin to occupy or could have occupied the property) whichever is the earlier. With the exception of common insurance on strata titled properties, we cannot make these insurance arrangements for you. We strongly recommend that you make adequate arrangements for insurance for both the property and contents direct with your insurer before settlement or the taking of possession of the property. Further, most financial institutions will require a borrower to have adequate property insurance cover and to produce a Certificate of Currency. Please consult your financier about this issue.
3. **Removalists:** You should obtain quotes and book a removalist before the settlement date. Make sure you are regularly in touch with us so that we can inform you if there is likely to be any delay in settlement.
4. **Mail redirection:** You may wish to organise redirection of your mail to your new address.
5. **New address notifications:** Don't forget to notify friends, relatives, sporting organisations, schools and anyone else you deal with regularly of your new address and contact details.

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