



Local people. Local knowledge.

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PURCHASE INFORMATION BOOKLET

The information contained in this booklet is extremely important. We recommend that you read it carefully

Introduction

We thank you for engaging us to assist you in your conveyancing transaction. Please feel free to contact our office at any time by phone or email if you have any further queries after reading this booklet.

Purchasing a property is often the most expensive, and therefore daunting, process most of our clients undertake. We will do our best to simplify the process to ensure that it causes you as little stress as possible. By retaining a lawyer, you are assured that whatever happens with your transaction, we will be there to support you.

The purpose of this information booklet is to provide you with an outline of what is involved in the conveyancing process.

Verification of Identity (Vol)

We are obliged to verify the identity of our clients. This requires us to sight, in a face to face interview, a Passport and a Driver's Licence. If you do not have either of these documents, other documents such as an original Birth Certificate or Citizenship Certificate may be satisfactory. If you have a Driver's Licence and Passport, please attend our office at any time at your convenience and we will take copies of the documents to complete the verification process.

Fees

Our standard fees are based on the transaction proceeding in the normal manner. These fees are set out at the end of this booklet.

The Contract of Sale

The Contract of Sale is the most important document in the conveyancing process. It records the terms of your agreement with the Vendor regarding the purchase of the property. ***No binding agreement exists until both the Purchaser and the Vendor have signed the Contract.***

The Contract is a legally binding document and breaches of contracts of sale can result in serious legal consequences. We assist you to make sure that you comply with your contractual obligations.

As the Contract is designed to record your whole agreement with the Vendor, anything which was agreed orally does not form part of the Contract and you should not rely on any such agreements. If you are concerned that aspects of your agreement with the Vendor are not in the Contract, then you should advise our office.

Insurance

Whilst the standard contract does provide that the property remains at the risk of the Vendor, we recommend that purchasers insure the property at an early stage after signing the Contract.

A lender will also insist that the property be insured. It is better to have too much insurance than not enough.

Cooling Off

In limited circumstances, a purchaser may cool off (or end) a purchase, although this does not apply to a purchase made at auction or three business days prior to or after the auction date. Contact us ***immediately*** if you wish to cool off.

Nomination

Most contracts allow a named purchaser to nominate an additional or substitute purchaser. This involves additional paperwork and if you are contemplating nominating another purchaser you should advise our office at the earliest possible time. Usually we do not charge additional fees for a nomination.

Off the Plan

Off the Plan contracts relate to properties that are not separately titled or not fully constructed at the time of purchase. These transactions are more complex and may not be completed for many

months, or even years. Please refer to our ***Off the Plan Supplement*** for more information.

Electronic Conveyancing – PEXA

Most transactions can be conducted electronically. Where possible, we use Property Exchange Australia (PEXA) to settle the transactions. Although there are fees associated with using PEXA, there are also savings in relation to the cost of settlement agents and bank cheques.

Signing Documents

Once we have verified your identity and you have signed a Client Authority, we are able to sign all documents relating to the transfer of title. However, there are also a number of bodies which require you to sign particular documents, for instance:

- the State Revenue Office (SRO) requires some documents to be electronically signed by you; and
- the Australian Tax Office (ATO) also requires a declaration that you are not a foreign resident.

We will provide you with the links to the relevant websites and instructions as to signing these documents.

Release of Deposit

Purchasers usually pay a 10% deposit at the time the Contract is signed, and this amount must be held by a stakeholder (agent or solicitor) until settlement. It is possible for the deposit to be released prior to settlement, but the Purchaser is entitled to have full details of any amounts owed pursuant to any mortgage over the property before being asked to consent to release of the deposit.

If the relevant information is provided, it is usually for the Purchaser, after seeking legal advice, to consent to release of the deposit, but there is no obligation to do so.

If there is no mortgage over the property, the Vendor is ordinarily entitled to release the deposit 28 days after the date of the Contract.

The agent is entitled to take the commission from the deposit before it is released.

Financing your Purchase

Given the large sums of money required to purchase properties, the vast majority of purchasers obtain finance from a bank or financial institution to help fund the purchase. Ensuring that your finance is approved, and the relevant loan documents are signed well in advance of the settlement date is critical.

In our experience too many purchasers assume that engaging the services of a mortgage broker means that they do not need to do anything to obtain their loan. They take the view that the mortgage broker will sort it out. This is a dangerous mistake to make as unfortunately all too often we find that brokers, mobile lenders and home finance managers fail to ensure that mortgage documents are prepared and signed correctly.

Without correctly signed mortgage documents, your bank will not advance the money you need to settle your purchase. This can lead to delays in settlement and unnecessary cost to you in the form of penalty interest and additional legal fees.

We recommend that mortgage documents are signed **at least two weeks prior to the due date for settlement**. This takes into account that inadvertent mistakes can be made and ensures there is time to attend to these errors without the danger of delaying the settlement date. We urge our clients to routinely follow up their lender throughout the transaction to make sure that everything proceeds in a realistic timeframe.

Stamp Duty and Related Fees

All property purchases in Victoria attract stamp duty. Stamp duty is a state government tax levied against a purchaser when they purchase a property. The amount of duty payable depends on the value of the property, with more duty being levied the more expensive the property is.

Titles Office Fee

This fee is generally much less than stamp duty and is between \$500 and \$3,000 depending on the value of the property.

Where you borrow money from a financial institution to fund your purchase, that financial institution will be responsible for paying the stamp duty and titles office fees on your behalf. These fees, together with any fees charged by the financial institution for their services, will generally be deducted from the amount the bank lends you. For example, if you borrow \$300,000 and your stamp duty, titles office fees and other fees total \$15,000,

the bank will only provide \$285,000 at settlement. If more money is required for the settlement, we will then need to obtain it from you.

Too often we find that brokers fail to factor these fees into their calculations for purchasers, and when we advise the purchasers of the additional funds required for settlement, they are not in a position to provide them. Regardless of who may be to blame for this oversight, it will be the Purchaser who ends up suffering the most and it is therefore in your interest to ensure that **all expenses** are taken into account when ascertaining how much you need to borrow.

Various exemptions and concessions are available, such as the Principal Place of Residence concession, Pensioner exemption and Off the Plan concession. We are able to assist you in applying for these concessions. Full details are available at www.sro.vic.gov.au.

Foreign Resident Capital Gains Withholding (FRCGW)

If you are purchasing a property over \$750,000, the Vendor is obliged to provide a Clearance Certificate, or you must withhold and pay to the ATO 12.5% of the purchase price. We will look after this on your behalf.

Final Inspection

You are entitled to conduct a final inspection of the property in the week before settlement and you should contact the agent to arrange for this. The purpose of the inspection is to establish that the property is in the same condition as on the Day of Sale, fair wear and tear excepted.

You may have to accept some minor deterioration, such as an overgrown garden or dirty swimming pool, but you should report any substantial deterioration to our office.

Services

It is your responsibility to arrange for connection of electricity, gas and telephone services. Steps should be taken in advance of settlement as there may be waiting periods.

Settlement

Settlement is the time when purchasers (and their lenders) pay the balance of the purchase price to the Vendor. Purchasers must provide us with funds

required for settlement by bank cheque or direct deposit. These funds need to be at our office two business days before settlement is due.

Settlement will be conducted electronically. There is no physical settlement and you will not need to attend.

Keys

Keys are usually collected by the Purchaser from the agent after settlement. The agent will only hand over keys upon receipt of written authorisation from the Vendor, which will be sent to the agent after settlement has taken place. Other keys will normally be left in the property, along with instruction books and household information.

Rate Adjustment

The Vendor is obliged to pay the rates on the property until settlement and the Purchaser is obliged thereafter. Rates are adjusted at settlement to ensure that this occurs. This is done by deducting from the money paid to the Vendor the amount outstanding for rates, and then adjusting those rates as paid, so that the Purchaser pays back to the Vendor the rates paid by the Vendor for the period after settlement. A cheque is then forwarded to the rating authority for any amount owing and rates are therefore paid until the end of the rating year.

Registration

When the title is handed over at settlement, it is still in the Vendor's name. If you are not borrowing from a lender, we will attend to payment of stamp duty and registration of your ownership and the transfer will usually be registered within a week. If it is an electronic settlement, this will occur immediately.

When a purchaser borrows money from a financier, the title will be handed over to that financier. The financier will write to you following settlement and registration to confirm that the title is in your name and will set out the relevant information regarding settlement.

Completion

We will provide you with full financial details relating to the settlement and we will also advise the Council, your water authority and the SRO of your purchase.

FEE STRUCTURE AS AT 1 JULY 2019

STANDARD CONVEYANCING - PURCHASE

Purchase Price	Legal Fees
Standard costs on purchases up to \$1 million	\$1,100 including GST, plus disbursements
Standard costs on purchases of \$1 million - \$2 million	\$1,300 including GST, plus disbursements
Standard costs on purchases over \$2 million	By negotiation

ADDITIONAL SERVICES - PURCHASE

Guarantee Advice: An additional fee of \$440 is payable where we are required to provide legal advice in relation to the loan you are obtaining from the bank. Banks will sometimes require the borrower/guarantor to obtain independent legal advice for a variety of reasons, the most common being that the borrower is borrowing through a company or a superannuation fund, or that the borrower is having a third party (for example, their parents) guarantee performance of the loan. Such legal advice normally takes about an hour to give and an appointment must be arranged in advance. Our standard fee for such advice is \$770, but this is reduced in the context of a conveyancing transaction.

SCHEDULE OF COMMON DISBURSEMENTS AS AT 1 JULY 2019

(subject to change by providers without notice)

Disbursement	Fee (Including GST)	Why We Order it
Title Search	\$24.85	Required by the Sale of Land Act
Copy of Plan of Land	\$17.40	Required by the Sale of Land Act
Title Instrument (Covenant, Caveat etc.)	\$15.40	Required by the Sale of Land Act
City West Water Information Statement	\$41.79	Discloses any possible unregistered easements
Hobsons Bay City Council Land Information Certificate	\$55.52	Discloses various charges which may affect the land such as:
Wyndham City Council Land Information Certificate	\$51.80	Failure to clear land Flammable cladding charge Fire Services Levy
Maribyrnong City Council Land Information Certificate	\$56.44	
State Revenue Office Land Tax Certificate	\$37.95	Discloses any land tax liability (where property is not PPR)

SCHEDULE OF COMMON DISBURSEMENTS AS AT 1 JULY 2019

(subject to change by providers without notice)

Disbursement	Fee (Including GST)	Why We Order it
Owners Corporation Certificate (Standard - 10 Days)	\$177.80	Required by the Sale of Land Act and includes information required by the Owners Corporation Act when selling land subject to an Owners Corporation
Owners Corporation Certificate (Priority - 5 Days)	\$256.32	
Owners Corporation Certificate (Priority Express - 2 Days)	\$303.40	
Council Building Certificate (approx., depending on council)	\$77.50	Discloses building permits issued in the last 10 years
PEXA (Electronic Settlement) Service Fee	\$114.07 or, where there is more than one title to the property, \$130.68	Fee Charged by PEXA to settle in its settlements platform

WILLS AND POWERS OF ATTORNEY

We recommend that you review your Will regularly. When you purchase a property is a good time to do so. Considering whether to give a Power of Attorney (Personal, Financial and Legal or Medical Treatment Appointment, or both) ('EPA') is also advisable. Our fees in this regard are as follows:

<u>Single Person</u>		<u>Couple</u>	
Will	\$350	Wills	\$600
One EPA	\$300	One EPA Each	\$500
Both EPAs	\$400	Both EPAs Each	\$600
Will and one EPA	\$500	Wills and one EPA Each	\$700
Will and both EPAs	\$600	Will and both EPAs Each	\$800

Please note: the above prices do not apply to Wills for couples in second marriages as they require more complex documents. Please contact our office to obtain a quote.

Clients with special needs may be advised to have a Testamentary Trust Will prepared. Our costs for this are:

Single person: \$1,100

Couple: \$1,500

