

HOW TO BUY A HOUSE BY NEGOTIATION

HOW TO BUY A HOUSE BY NEGOTIATION



DISCLAIMER: This information is given as a guide only and relates specifically to residential property purchased by negotiation and using the standard ADLS Agreement for Sale and Purchase of Real Estate. All information in this document is to the author's knowledge true and accurate. No liability is assumed by the authors and publishers for any losses suffered by any person relying directly or indirectly upon the information contained in this document. It is recommended that you consult a representative of The Property Practice Limited before acting upon this information.

HOW TO BUY A HOUSE BY NEGOTIATION

So, you've found 'the house', and it's being sold by negotiation, which means that it is advertised either with a sale price or 'by negotiation'. Sale of homes by negotiation is currently the most common way to sell a house.

At the moment houses, in general, are selling quickly, and there are often numerous potential purchasers competing for the same house in popular suburbs, which can be challenging for buyers.

Buying a house is an exciting time, but can also be stressful. You need to be able to act promptly when you find 'the one! This is where we can help. We want to make your house buying experience as stress-free as possible.

The following outlines the general process for buying a house by negotiation, which will help you to get your head around the procedure.



PRE-SIGNING CHECK

A Sale and Purchase Agreement is a legally-binding contract. Once signed, it cannot be changed unless you can get the consent of the other party to change it. Major problems can arise if, for example, a condition that has been inserted in the Agreement is not worded favorably for you, or a condition that is needed is forgotten altogether.

We understand that when making an offer on a house, time is often of the essence, which sometimes puts people off having the Agreement checked first. However, this can result in costly problems. Because we are mindful of this issue, we offer a Pre-Signing Agreement Check with fast turnaround, to ensure that things are done properly, but so that you don't miss out on putting your offer in quickly.

If you would like some more information about our Pre-Signing Agreement Check or to order online [click here](#), or [contact us](#) directly if you wish to discuss.

Important point 1: The real estate agent is acting on behalf of the seller, not you. By contrast, your lawyer 'has your back'!

Important point 2: A condition in the Agreement that makes it conditional upon your lawyer approving the Agreement is not as good as having your lawyer check everything over before you sign the Agreement. The matters that a lawyer can check under such a 'Solicitors Approval' condition are very limited.

Please note: If the property is under the Unit Titles Act 2010 i.e. operated by Body Corporate, there will be additional matters to consider that you should contact us to discuss.



AGREEMENT SIGNED

Once the Agreement is signed by both the seller and buyer, the real estate agent will forward the signed Agreement for Sale and Purchase to your lawyer. You or the agent can **upload your Agreement** to us here.

We will then order a copy of the Title to the property, check that it is all in order and write to you about the details of the property and the purchase process and the conditions in your Agreement.

Some common conditions people include in their Agreement are:

LIM REPORT

This is one matter we recommend the Agreement is conditional upon. If the Agreement is conditional upon a LIM report, you must **order this from the Council** within five working days of signing the Agreement.

MONEY MATTERS

If you need a loan from the bank to complete the purchase, the Agreement should also be conditional upon finance. We strongly recommend you have unconditional approval of finance from your bank before the Agreement is declared unconditional. For more information about this aspect of things, go to our **Tips Page**. If you would like us to check your offer of finance before a finance condition is confirmed satisfied, please **contact us**.

OTHER MATTERS – e.g. property valuations, builders reports, due diligence

There may be other aspects that you need to check such as obtaining a valuation on the property (which may be a condition of your finance approval anyway), getting a building report, or checking any lease or tenancy documents relating to the property. For instance, you don't want to be left in the situation of being landlord to a tenant with no valid tenancy agreement in place.

Once you have confirmed to us that you have completed your homework on the property and are satisfied with everything, we will notify the seller's lawyer that the conditions are satisfied and the Agreement is 'unconditional'.



UNCONDITIONAL!

CONGRATULATIONS!

At this point your purchase is officially a done deal! We will now sort out all remaining matters with the seller's lawyer.

We will also complete an assessment of your circumstances to check what ownership structure is best suited to you, and whether there are any other matters that should be addressed alongside the purchase.

For example, Wills, Relationship Property matters and Trust matters often arise when you purchase a property.

There are some things you need to do:

- If you haven't already paid the deposit, you will need to pay this now. Usually, this is paid to the real estate agent.
- Tell your bank that you have gone unconditional. They will then prepare the loan documents and send them to us. We will then liaise with your bank.
- Organise house insurance at this point and get your insurance company to send us a copy of the insurance policy well before the settlement date.
Please note: You can arrange the insurance in advance but have it start from the settlement date.
- Organise your telephone and power/gas accounts for when you move in to the house.

We will take care of the rates and water, ensuring that the correct apportionments will be made between the seller and the buyer as at settlement, so you don't need to worry about these things.



SIGN DOCUMENTS

Before the settlement date you will need to sign some documents. Once everything is ready for signing, we will arrange to meet with you. You can visit us at our offices or we can meet you at a place that is convenient for you. It may even be possible to email you the documents to sign.

If you need to contribute funds to the purchase over and above the initial deposit and your mortgage, we will also discuss at this point how much extra money you need to pay and how to do this. This money needs to be paid into our trust account before settlement.



BEFORE SETTLEMENT

You have the right to inspect the house before settlement to ensure that no damage (other than fair wear and tear) has occurred since you inspected the property initially. We recommend that you conduct this inspection at least 2 days prior to the settlement date so that we can deal with any issues that may arise. If there are any issues, they must be raised with the seller's lawyer no later than the day before settlement to allow you to withhold funds as compensation on settlement. Let us know once you have inspected the property that you are happy for us to go ahead with settlement.



SETTLEMENT – THE HANDOVER

As soon as we have completed settlement you can get the keys! The ownership of the house will be officially transferred into your name.

On the day of settlement, we will liaise with the seller's lawyer and if everything is in place, we will pay the funds across to the seller's lawyer.

We know you will possibly be waiting for settlement with moving trucks. We try to complete settlement as soon as possible in the day so that you can get into the house. However, what time the settlement occurs is often out of the control of the lawyers as it depends on other parties' actions and how quickly we receive the loan money from your bank and other factors. Unfortunately it is impossible to anticipate what time settlement will happen.

We will call you once the settlement has gone through following which you can pick up the keys for the property and move in. Generally real estate agents hold keys on behalf of sellers.

Legal costs are usually paid by deduction on settlement. We will provide you with draft accounting statements beforehand.



AFTER SETTLEMENT

You can sit back and enjoy your new home!

The lawyers notify the Council (and the water company) of the change in ownership after settlement and also ensure that your bank mortgage (if any) is correctly registered. We will send you copies of the relevant documents for your records and to your accountant if you wish.