

Welcome to the Spring edition of Conveyancing Focus

This issue is full of great tips and information to help you when you purchase your next property. We're going to be talking about deposit bonds, purchaser's compensation, title insurance and

building disputes relating to strata schemes.

So, get comfortable and why not enjoy a cuppa whilst getting the low-down on essential must-knows related to property purchasing and selling!

We can take care of your lending needs as well!

Here at Conveyancing Solutions, we're very pleased to now offer our clients the convenience of both home lending and conveyancing services – all under the one roof! Because our passion is to help our clients experience a simple and stress-free property transaction, it only makes sense for us to diversify and now offer a lending service as well.

We have teamed up with **Mortgage Options** and now offer lending services through 30 lenders with more than 400 loan products.

And best of all, this service is 100% free to our clients, so we can help you find the right loan for your property purchase or to refinance your existing loan!

To find out more about this unique service, contact our Accredited Mortgage Consultant on **1300 85 90 20**.

Looking for a loan or need to refinance?

When purchasing a property it is



common practice to put down a 10% deposit – but what if you just don't have the cash at the time? If so, no problems at all, thanks to deposit bonds.

A deposit bond is your way of paying the 10% deposit, without the hassle of arranging a cash deposit. Deposit bonds in effect are guarantees provided by insurers to the vendor and they can cover all of the deposit required until the settlement. Upon settlement, the purchaser pays the total price – including the deposit amount – as per the contract.

Deposit bonds are great because you don't need to liquify your assets to cover your deposit.

And because **Mortgage Options** can take care of your home lending needs, we can arrange deposit bonds as well for all forms of residential property purchases including home, investment – even off the plan purchases. And best of all, the deposit bonds are accepted by all major lending institutions, vendors, conveyancers and solicitors.

Provided you have your loan approval, your bond can be issued without delay. Our **Mortgage Options** Consultant can organize your loan approval as part of our no charge home loan service.

You pay a fee equating to 1.2% of the deposit amount (i.e. \$360 for a \$30,000 deposit) and approval can usually be arranged within 24 hours.

To find out more, please talk to our **Mortgage Options** Consultant.

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The low-down on purchasers compensation

You've heard of situations where purchasers inspect a property prior to completion only to find that a window is broken or the dishwasher doesn't work. What happens in situations like these, and can the purchaser claim compensation?

The answer is yes – within the parameters of common sense. Typically, the amount a purchaser can claim cannot exceed a certain percentage of the purchase price – usually it's around 5% but often altered to 1% – otherwise the vendor can rescind the contract.

In situations where say for instance a window is broken or the dishwasher doesn't work, settlement can take place with the dollar amount held back either from the deposit paid or the settlement funds in a trust account (usually the Estate Agent's Trust Account) pending the resolution of the dispute (e.g. repair or replacement).

In the event where an agreement cannot be reached, the Contract of Sale allows that a claim can be made under Clause 7 of the Contract. An arbitrator can be appointed by the Law Society to resolve the dispute. In the event that an arbitrator is not appointed, the claim will lapse.

Special Levies: who pays?

If you're considering purchasing you probably know about special levies – but who actually pays these? According to the Contract for the Sale of Land 2005 Edition, Clause 23.6 states that if a contribution to the Owner's Corporation is not a regular periodic contribution (standard quarterly levy) and it isn't specifically disclosed in the Contract, then the Vendor is liable to pay the Special Levy if it was struck before the date of the Contract. The only exception is if the Special Levy relates

to work not yet started by the Contract date. In this instance, the Purchaser is liable to pay the Special Levy. The Purchaser is also liable to pay the Special Levy if it is struck after the Contract date.

For this reason, it is advisable that you check with the Owner's Corporation about any Special Levy, what it is for and whether the work it applies to has commenced prior to the exchange of contracts. Failure to do this could result in a nasty surprise for the Purchaser.

Building disputes in strata schemes

As an individual owner of a unit in a strata or community scheme, you now have a right to lodge a building dispute with the Office of Fair Trading. The Office will then arrange an inspection of building work in common areas to investigate your complaint.

The new changes came into effect on

1 August 2008, so now individual owners can take action when they believe any building work in common areas creates an unsafe environment. Under the changes, caretakers and those responsible for the common area in question must comply with officers from Fair Trading and allow the inspection to be carried out.

Title Insurance: what is it?

You know that it makes sense to protect your home and contents from physical loss or damage, but did you also know that it's equally important to protect the actual ownership of your home?

Your Certificate of Title proves that you are the legitimate owner of your home, and it is this document that entitles you to the ownership rights to occupy and use the property, however you can be exposed to risks that limit those rights.

Title Insurance can help minimise or eliminate these risks. It protects your legal ownership of a property against losses incurred as a result of unknown or undetected risks that already existed prior to the date of settlement or your purchase or your sale.

Here are some of the risks you can be exposed to as a home owner:

- Forced removal of an illegal structure on your property by the Council because it



was built by a previous owner without Council Approval;

- Outstanding rates and taxes on the property incurred by previous owners – which you are liable for now as the current owner;
- Forced removal or the relocation of a structure because it encroaches over an easement or a neighbour's boundary; or
- Any issue that would have been revealed in an up-to-date survey report (excluding boundary walls and fences).

Title Insurance can also protect you if:

- A fraudster or identity thief attempts to sell your property;

- A neighbouring structure encroaches on your land and affects the use of your property; or
- You are prevented from transferring the property into your name because another person has recorded an interest on the title, before your bank registered your transfer document.

Title insurance covers you against all such risks and protects you for losses up to the purchase price of your property.

Like all insurance policies however, there are exclusions which Title Insurance will not cover you for. Exclusions include but are not limited to risks which don't cause loss or damage, risks which the insured creates, risks known to the insured, and risks that come into existence after the policy date.

For further information relating to Title Insurance, please don't hesitate to call our office.

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