


Guide to Purchasing Your Home

The A to Z of Home
Purchase

A low-angle photograph of a modern, multi-story residential building with a mix of yellow, brown, and white facades, set against a clear blue sky. The building features balconies and large windows, and the perspective is looking up from the ground level.

Disclaimer

This booklet is for information purposes only, and must not be relied on as a substitute for legal advice.

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Before you start

Buying a home will probably be the most expensive and important purchase you will ever make. You need to research, plan and have patience to make a successful purchase.

Most people need to borrow finance to buy a home.

You should:

- ask lending bodies (ie. banks, building societies, credit unions, cooperative housing societies, mortgage originators/managers and insurance companies) how much you can borrow, and when
- calculate what you can afford to spend by adding the amount you have saved with the amount you can borrow
- allow for lender fees, duty, legal and moving costs.

For more detailed information about borrowing, please refer to the booklet *Financing Your Home Purchase* and *A Guide to the Costs of Home Purchase*.

Choosing what to buy

You should buy your home on the basis of what you can afford, your current and future needs, and your lifestyle.

If you are single, have a demanding job or spend a lot of time away from home, then a unit or townhouse may be more suitable than a house and garden.

If you live with very young children, elderly people or people with disabilities, you should avoid a steep site with many stairs.

For a large family, the number of bedrooms is important.

Buying land and building a home

Many people prefer to buy land and build a home rather than buying an existing house or unit. You can buy land and build a house or you can buy a house and land package from a developer or

Landcom. The actual building of the house may be by a project home builder, or a custom builder. Refer to the booklet *Buying Land and Building a Home* or contact the Office of Fair Trading which also publishes booklets on building.

Buying an existing home

When you buy an existing home, remember that the seller does not have to admit any quality defects. There is no comeback if, after purchase, you find faults. Refer to the *Home Buyer's Checklist* for things to look for when inspecting properties.

Buying a house

When looking at houses, do not reject a property because it needs minor repairs or regular maintenance if it suits you. You may be able to do the work yourself. If you are thinking of making any additions or alterations, consider the costs.

Buying a home unit

When buying a home unit, you should check the layout of adjoining units for noise levels. For example, it will be noisy if your bedroom is directly below or above someone else's kitchen or living room.

Check whether there is a car space and whether it is a lock-up garage or a carport. Don't assume that unit numbers correspond to car spaces or garage numbers, or that any free space is available for your visitors.

Check that the unit meets your needs, such as near reliable transport, an internal laundry, balcony, lock-up garage, or adequate security. Beyond your front door, upkeep is less of a worry than a house.

Buying a villa or townhouse

Villas and townhouses are built on smaller individual blocks of land which can mean substantial savings, or make it possible to live in a more convenient location closer to facilities. They may have common walls but can also be detached. They retain a small private outdoor area or garden space.

Buying off a plan

Buying off a plan means buying a property, usually a unit or townhouse, before construction is completed.

When buying off a plan, have the terms and conditions of the contract checked by your conveyancer or solicitor to ensure that what is stated on the plan is what you will be buying.

The contract should be examined thoroughly to see:

- who holds the deposit
- what happens if the property is not completed on time
- how can you get your money back if there are problems.

When buying off a plan, be careful about:

- sales taking place before the local council has consented to the development application
- the standard of workmanship as properties may not live up to advertised claims for quality
- plans being changed by the builder before building commences
- signing the contract and paying the deposit with a waiting period before completion and settlement. There may be a two to three-year wait.



Ways to buy

Private treaty

Private treaty is when you buy:

- through a real estate agent or
- directly from the owner.

In both cases, the agent or owner will try to 'sell' you the property, emphasising its benefits and minimising its faults. DO NOT be rushed, pushed or persuaded by what is said. Remember, when it comes to signing a contract, you may be asked by the seller to state in the contract that you were not persuaded to sign as a result of anything you were told about the property. So take your time. Ask questions and, if you feel you require it, do not hesitate to ask to look at the property for a second or third time. When you are being shown through properties, take notes to allow you to compare properties. Use the *Homebuyer's Checklist* to help you.

Auction

Most auctions of property have a reserve price. A reserve price is the lowest amount the seller is prepared to accept for the property. The reserve price, however, is not made available to the purchasers. An auctioneer or agent is not bound to accept the highest bid, if this is below the reserve price, or accept any bid until the fall of the hammer.

Advantages of auction

- You can inspect the property with an agent who knows certain features of the property which may not at first be obvious, and usually knows facilities in the surrounding area. The viewing times are specified, giving everyone equal opportunity to inspect.
- The process of bidding may result in a realistic price being set by the buyers and not by the seller. The final price could be lower than anticipated.
- The successful bid is known at the fall of the hammer. If the highest bid is not accepted then the property is 'passed in' and the reserve price may be revealed.

- If the reserve price is not reached, the highest bidder usually has first opportunity to negotiate with the seller through his/her agent.
- If a bid is accepted the contracts are exchanged on the spot. This ensures that neither the seller's nor the purchaser's time is wasted.

Things to be aware

- You need to have your finance formally approved before attending the auction. Remember that on exchange of contracts you are legally bound to purchase the property. There is no cooling-off period.
- Remember your finance limit at all times. Do not bid above your limit.
- Remain calm and bid only FOR the property not AGAINST another bidder.
- The seller has the right to one bid, which can be made by the seller or the agent or auctioneer. The auctioneer must announce the seller's bid when it is made.
- Make sure you have a copy of the contract and any certificates and have had your solicitor or legal representative check the terms and conditions.
- Make sure you understand exactly what is included in the sale. All fittings to be included should be clearly listed.
- You should have a pre-purchase property inspection and a pest inspection to ensure the property is structurally sound and free of pests.
- You should arrange for a strata records inspection if purchasing a unit.
- You may wish to have a valuation done on the property if you are unsure of an appropriate price for the area. You may be able to establish a realistic estimate value by analysing recent sales information in newspapers or local estate agents' notices.

If yours is the successful bid you will be required to pay the deposit (usually 10% of the purchase price) on the spot. This is handed over to the agent immediately on signing the contracts.

Finally, be prepared that your bid may not be successful. You may have incurred some costs all the same – solicitor's/conveyancer's fees, inspection fees and valuation fees, and possibly fees from your lending body.

Options for legal work

The transfer of property ownership from the seller's name to the buyer's name is called conveyancing. To do the conveyancing, you can:

- engage a solicitor
- engage a licensed conveyancer or
- do it yourself.

If you engage a solicitor or conveyancer, choose one who will act solely in your interest and not also act for the seller.

Solicitors

All solicitors carry professional indemnity insurance and contribute to a fidelity fund.

Solicitors charge a negotiable fee with disbursements usually charged separately. Disbursements include such things as search fees charged by government authorities. A solicitor will often, but not always, charge for preparing the contract of sale and for advising on the mortgage document if this is needed.

You can find out about specialist property solicitors from:

Solicitor Referral Service
Law Society of NSW
170 Phillip Street, Sydney

Telephone: (02) 9926 0300
Freecall: 1800 422 713

Conveyancers

Conveyancers specialise in conveyancing only. They charge a negotiable fee and disbursements are charged separately.

Under the *Conveyancers Licensing Act*, all licensed conveyancers carry professional indemnity insurance and are covered by fidelity insurance.

Conveyancers are listed under 'Conveyancing' in the Yellow Pages or you can make enquiries through:

- Australian Institute of Conveyancers –
Telephone (02) 9633 1355

Do-it-yourself conveyancing

There is a do-it-yourself conveyancing kit available from:

- Law Consumers' Association –
Telephone (02) 9564 6933 (you will be required to join the Association to obtain a kit)
- Australian Property Law Kits –
Telephone: 1800 252 808

In addition to the cost of the kits, you will need to pay disbursements.

The Land and Property Information Inquiry Service (1300 052 637) simplifies the conveyancing process by providing a central point for lodging property inquiry forms. A single form and payment may be lodged with the Land and Property Information NSW, which will distribute the inquiry to the relevant authorities on your behalf.

A word of caution: If you do your own conveyancing all responsibility rests with you should you make a mistake. Although conveyancing is fairly routine, there are potential pitfalls into which a solicitor or conveyancer is less likely to fall. The professional's indemnity and fidelity cover is an important security for you to consider.

Steps of Buying

Step 1: Looking for property

Real estate agents advertise through journals, such as *Homes Pictorial* and *The Realtor* which are published regularly. They are available from real estate agents and contain photographs and illustrations of properties available. Landcom and other developers also publish brochures about their estates and land and housing packages.

Many newspapers carry advertisements for properties for sale. If you have decided on a specific area or suburb, local newspapers will be helpful as they usually contain illustrated real estate sections for the area.

If you have access to the Internet, there are websites available which carry details of properties for sale.

If you give details of your requirements and price range to real estate agents, they will be able to help you by showing you a number of suitable properties in the area you are looking.

An 'Open House' is a good opportunity to visit a property at the advertised time.

Make sure you are very specific about the type, location and price of home you are looking for as some agents may show you properties which they are finding difficult to sell. You should view a large number of properties to compare value for money. This will also help you to realise your own requirements and what your money can buy.

There are many points to consider when inspecting properties. Remember to ask yourself:

- Does it suit my needs?
- What are its faults?
- What are its features?
- How does the price compare with other properties seen?

Use the *Homebuyer's Checklist* when inspecting properties.

Step 2: Checking the contract of sale

A seller must have the Contract of Sale ready before offering a property for sale. The seller must also provide with the contract:

- a Section 149 certificate from the local council, detailing zoning and other information
- a sewerage diagram
- a copy of the title folio from the Land and Property Information NSW
- copies of all documents creating easements or restrictive covenants
- a cooling-off statement
- a notice directing parties to the *Conveyancing Act 1919* (Section 52A) and the *Conveyancing (Sale of Land) Regulation 2000*
- if it is a strata unit, copies of the folio of the Register for the lot and common property and a copy of the strata plan.

If the information is not attached, you may be entitled to cancel the contract within 14 days of exchanging the contract. You may also reserve the right to cancel if the seller breaches certain warranties required by the Vendor Disclosure and Warranty Regulation.

Step 3: Expressing an interest in a property

Once you have found the property you intend to buy, give a copy of the Contract of Sale to your solicitor or conveyancer to check.

Once you make an offer, most real estate agents will ask you to pay an initial or part deposit as a sign of good faith. If you haven't signed and exchanged contracts this payment does not 'hold' the property. It is refundable if you change your mind. You can still miss out if another buyer exchanges contracts before you.

You can make arrangements through your solicitor or conveyancer with the agent to exchange contracts with a five day cooling-off period in order to secure the property. It is unwise to enter into any contract without first obtaining legal advice.

Beware of gazumping

Gazumping can take two forms.

1. The intending buyer believes that the property has been secured by payment of an initial or part deposit, then proceeds to arrange finance, legal and other matters. When ready to exchange contracts, the intending buyer finds that another buyer has exchanged contracts on the property. Or

2. The seller or the real estate agent accepts two or more initial deposits and then tells the intending buyers that the price has gone up. The intending purchasers are then left to outbid each other as if it were an auction. This is unfortunate for the buyer, but the seller is entitled to get the best price for the property.

Step 4: Applying for a loan

You should submit a formal application to your lending body for a loan on the property as soon as possible. You should not exchange contracts for the property (with or without the cooling-off period) before finance has been approved in writing. With your formal application you will usually have to pay fees to the lending body, such as establishment and valuation fees. The lending body will value the property to determine whether the property is adequate security for the amount of the loan.

The lending body lends a percentage of the valuation of a property, not a percentage of the purchase price.

Step 5: Arranging inspections

Building inspection

A building inspection checks structural soundness, including:

- foundations
- the condition of all structural timber (ie. floor joists, rafters)
- all load bearing walls and members
- the outer skin of the building (may be brick, stone, timber, fibro)
- plumbing and electrical wiring

- kitchen and bathrooms (to update can be expensive).

Before engaging a consultant, confirm exactly what the inspection entails and what further inspections, if any, may be required. A consultant should have sufficient knowledge to enable her/him to identify any areas of concern.

Building inspections are conducted by companies listed in the Yellow Pages under 'Building Inspection Services'.

Pest inspection

You should also have the property inspected for pests before buying it. The lending authority may require this. Check that the company carrying out the inspection carries professional indemnity insurance. This will cover the company and therefore your costs, should the company make a mistake.

Strata inspection

The seller's solicitor will supply a certificate under Section 109 which should show some relevant information about the management committee, insurances, cost of levies, deeds, and books.

The prospective purchaser can also arrange for a pre-purchase strata inspection, covering other written records. This inspection, although optional, is recommended as there can be problems that might otherwise go undetected. It would need to be carried out before the exchange of contracts.

Strata inspections are conducted by some of the companies listed in the Yellow Pages under 'Title Searchers'.

As strata inspections cover written records only, a separate building inspection is recommended.

Step 6: Deciding on type of ownership

If you are buying the property with someone else, you will need to decide the type of ownership you will have. There are two types of shared ownership:

- Joint Tenants, where the property is held by two or more people in equal shares. If one dies, his/her share goes to the survivors and

- Tenants in Common, where the property is held by two or more people in equal or unequal shares. If one dies, his/her share goes to a person named in his/her will.

Step 7: Exchanging contracts

When all the reports are in order and the loan is formally approved, your solicitor or conveyancer will organise the exchange of contracts.

The contract is a legal agreement between the seller and the purchaser. It sets out the terms and conditions of the sale. Any fittings you are purchasing with the property, such as curtains, blinds, light fittings, awnings, air conditioner or TV antenna, should be listed in the contract to avoid disputes at or after settlement.

The contract is prepared in duplicate by the seller's solicitor or conveyancer. The original is forwarded to the seller for signature. The copy is forwarded to the purchaser's solicitor or conveyancer for approval and then signed by the purchaser. The exchange of contracts is then carried out.

Step 8: Paying the deposit

On the date that the contracts are exchanged, the agent will request that you pay the agreed deposit stated in the contract. While the amount is usually 10%, it can vary by agreement.

Your solicitor or conveyancer will normally pay this deposit to the real estate agent, and it will be held in the agent's trust account. Alternatively, the parties may agree to invest the deposit and receive interest. It is very unwise for the purchaser to hand the deposit over directly to the seller on exchange or to release the deposit to the seller to use as a deposit in a separate purchase of their own.

Five day cooling-off period

After the exchange of contracts, there is provision for a five day cooling-off period. This means you can change your mind and cancel the contract.

If you decide not to proceed during the five day cooling-off period you will forfeit 0.25% of the

purchase price to the seller (eg. on a \$250,000 property you would forfeit \$625).

There is no cooling-off period if:

- you instruct your solicitor or conveyancer to sign a Section 66W Certificate which waives your cooling-off rights or
- you are a successful bidder at an auction.

Step 9: Paying the stamp duty

You will need to pay stamp duty which is calculated on the purchase price of the property. It must be paid within three months of signing the contract, unless you are eligible for the First Home Plus Scheme.

First Home Plus provides full or partial exemptions on duty to first home buyers who are buying property or land up to certain values. First Home Plus is not means tested. For information about First Home Plus, contact the Office of State Revenue on 1300 130 624.

Step 10: After exchanging contracts

It takes four to eight weeks from exchange of contracts until settlement. During this time, enquiries and searches are made and documents prepared by your solicitor or conveyancer.

- The Transfer document is prepared and taken to the Office of State Revenue for stamping together with the original Contract of Sale. The transfer is then sent to the seller or his representative. Once signed by the seller, it will be returned to you at settlement.
- If the seller does not have a recent survey attached to the contract, your solicitor or conveyancer may obtain a survey report, which shows buildings and fences, the correct boundaries and any encroachments onto the land or on the neighbouring property.
- All relevant enquiries relating to your land are made, including electricity, water and local government authorities. This will show council and water rates, arrears and if the land is subject to a land tax charge in the hands of the seller.

- Your lender will prepare the mortgage document which sets out the terms and conditions of the loan. Make sure you fully understand your mortgage document before signing it. Know exactly what you are contracted to pay: how, when and for how long.
- Requisitions on title are sent to the seller or the seller's representative for completion. Requisitions obtain information from the seller which may not have been previously disclosed or discovered during inspection of the property. An example is whether there are any disputes with neighbours relating to fences.
- Close to settlement, a settlement statement is sent to the seller for completion. This details the final amount owing, including the adjustments for rates and taxes as at the date of settlement. The seller will inform your solicitor or conveyancer how the cheques are to be drawn.

Step 11: Organising insurance

From settlement, when the property becomes yours, you are responsible for damage. However, you may wish to insure the property before settlement if you are not aware that the seller has a current insurance policy.

If you are buying a home unit, a Certificate of Currency should be obtained from the insurer of the owners' corporation to make sure the property is adequately insured. Your lender will require details and proof of this on or before settlement.

If you move into the property before settlement, the seller would probably want to make a special arrangement whereby you are responsible for insurance from the time you take possession.

Step 12: Making a final check

On the day of settlement, it is important that a final search of the title is obtained from the Land and Property Information NSW. This is to ensure that the property is clear from any interests or restrictions which may have been recorded between the date of exchange and settlement.

You should carry out a final inspection of the property to ensure that it has not been damaged and all fixtures and fittings listed in the contract are intact.

Step 13: Day of settlement

Settlement is the completion of the transaction.

A date is arranged by both parties and your lender for settlement. This is usually at the seller's lending body. Representatives of the seller and the purchaser attend, together with a representative from the lending bodies of the seller and purchaser.

- The lending body pays the loan moneys and the purchaser pays the balance.
- Your solicitor or conveyancer authorises the seller's representative to collect the deposit from the real estate agent.
- Your solicitor or conveyancer will receive a signed transfer and the title deed, and the lender will arrange for the Land and Property Information NSW to register the transfer and the mortgage on title. The title documents and mortgage will be held by the lending body until the term of the mortgage is completed.
- You pay the duty on the contract.
- You are responsible for insuring the property from settlement. You should have arranged this before settlement whether or not it was a requirement of your lender.
- Remember to budget for your moving costs and ongoing costs such as council rates, water rates and insurance. Your solicitor or conveyancer will advise you to pay all rates at settlement.
- The key to the property is handed over at settlement or you can pick it up from the estate agent immediately after settlement.

Types of Home Ownership titles

Torrens Title

Torrens Title is the name given to the Government system of recording ownership of land. It is by far the most common land title, and the cheapest to buy and sell. Once you are registered on the title, you are the guaranteed owner.

Strata Title

Strata Title is the common method of unit ownership. The *Strata Schemes (Freehold Development) Act* makes possible the sub-division of the airspace above the surface of the land, and the issue of a Certificate of Title to part or parts of a building. This enables the purchaser to buy the actual space enclosed by the unit and then sell, lease, mortgage or otherwise deal with the unit as any other owner of property.

The individual owners in a block of Strata Title units are compelled by law to form an owners' corporation, which controls the general administration and necessary funding of common property.

All unit owners are required to contribute towards the costs associated with the common property areas (eg. lighting of entrances and hallways, gardening, maintenance). Facilities, such as lifts, swimming pools and saunas, will increase the contributions markedly.

As a unit owner your involvement can vary from paying the levy and abiding by the rules to participating in the executive committee of the owners' corporation.

For more details see the booklet, *STRATA LIVING – What You Should Know about Residential, Commercial and Other Strata Schemes*, available from the Office of Fair Trading.

Common Law Title

Also known as Old System Title, this consists of a series of title documents called 'a chain of title'. Following a sale, Common Law Title will be

converted to a qualified Torrens Title. Action may be taken at a later date to convert that to a full Torrens Title.

Community Title

Community Title is a form of sub-division which allows common property areas to be incorporated into a land sub-division. On registration of a community style plan, an association will be established similar to an owners' corporation under strata schemes legislation. People purchasing into such a scheme will receive a Torrens Title for the lot they own and membership of the association. They will also share ownership of the common facilities.

Company Title

Company Title is where unit owners are actually shareholders in a private company. Buying a certain number of shares entitles the shareholder to exclusive possession of a particular unit, and perhaps space for a car.

Shareholders vote to decide company rules governing occupation, such as rights to lease, sell or transfer shareholdings. You must have the company's approval to alter in any way the occupancy of a Company Title unit. Because you do not actually gain a title to the property but shares in a company, lending bodies are more reluctant to lend for this sort of property.



Common Home Purchase Terms

AGENT: A person authorised to act on behalf of another person in the sale, purchase, letting or management of property. A real estate agent must be licensed by the Office of Fair Trading.

AMENITY: Denotes a characteristic or feature of a neighbourhood.

ALLOTMENT: When a larger area of land is subdivided into smaller pieces, these smaller parcels of land are known as allotments. Also referred to as 'lot', 'building block' or 'block of land'.

APARTMENT: See 'Home Unit'.

APPRECIATION: The increase in the value of property caused by economic factors, such as inflation, supply and demand etc.

AUCTION: A public sale in which a property (or an article) is sold to the highest bidder.

ARCHITRAVE: A moulding surrounding a door or window opening.

BEAM: A horizontal load bearing structural member.

BEARER: A sub-floor timber supporting the floor joists.

BOUNDARY: A line separating adjoining properties.

BREACH OF CONTRACT: Breaking the conditions of a contract.

BRICK VENEER CONSTRUCTION: In housing, a system in which a structural timber frame is tied to a single brick external wall.

BRIDGING FINANCE: Finance obtained over a short period as a prelude to long-term funding. Higher interest rates are usually charged for this form of finance.

BUILDING REGULATIONS: Rules of a legal or statutory nature by which local councils control the manner and quality of the building. They are designed to ensure public safety, health and minimum acceptable standards of construction.

CAVEAT: If a caveat is lodged upon a title to land, it indicates that a third person (the person who lodged the caveat) has some right or interest in the property.

CAVEAT EMPTOR: 'Let the buyer beware'. This principle of law puts onus onto the buyer to be satisfied with the item before buying.

CERTIFICATE OF TITLE: A document identifying the ownership of land; it shows who owns the land and whether there are any mortgages or other encumbrances on it etc. This document is usually held by the lender as security for a loan. Details can be obtained through a search of records at the Land and Property Information NSW.

CHATTELS: Property other than real estate, movable possessions which may be included in a sale (ie. furniture etc).

CLEAR TITLE: A seller has a clear title when there are no restrictions (such as an outstanding mortgage) preventing a sale, and title of the seller is established.

CLUSTER HOUSING: Detached group of houses which shares open space.

COMMISSION: The fee or payment made to a real estate agent for services rendered (eg. someone who engages an agent to sell their home pays the agent a commission).

COMMON PROPERTY: An area which is available for the use by more than one person (eg. home units have common areas such as stairs, driveways, storerooms etc).

COMMON LAW TITLE: See page 16.

COMMUNITY TITLE: See page 17.

COMPANY TITLE: See page 17.

COMPULSORY ACQUISITION: (resumption): The power of a government authority to purchase property from an owner who does not wish to sell.

CONTRACT OF SALE: (referred to as the 'contract'): A legal document which sets out the terms and conditions the seller and the buyer enter into when a sale is to take place – the contract contains a description of the property.

CONVEYANCE: The transfer of ownership of property from the seller's name to the buyer's name.

COOLING-OFF: The period of five business days allowed after exchange of contracts during which time the contract may be cancelled.

COVENANT: An agreement by one party to adhere to certain terms, conditions or restrictions regarding a property. A covenant is not usually valid unless noted on the title to the land. The nature of the covenant should always be established and the question asked: What effect will this covenant have upon the future plans for the property?

DEPOSIT: A deposit is normally paid by the buyer at the time of exchanging contracts; normally 10% of the total purchase price. Any amount paid earlier as an initial or part deposit will usually form part of the 10%.

DEPOSIT GUARANTEE BOND: A written guarantee from an insurance company to the seller for payment of all or part of the deposit.

DISBURSEMENTS: Miscellaneous fees and charges incurred during the conveyancing process, including search fees charges by government authorities.

DUTY: A state government tax on financial transactions. For the sale of real estate, it is calculated according to the sale value.

FITTINGS: Goods or articles that can be removed from a property without causing damage to it.

FIXTURES: Items, such as built-in cupboards, bath, toilet or stove, that cannot be removed from a property without causing damage.

FREE STANDING: A dwelling which stands independently of others.

HOME UNIT: A residential dwelling grouped with others, sharing common property and registered under Strata Title or Company Title.

INTEREST ONLY LOAN: See 'Mortgage (fixed)'

INVENTORY: A list of items included with a property, usually furniture, furnishings, movable items etc.

JOINT TENANTS: Joint tenancy is the holding of property by two or more persons in equal shares. If one person dies, his/her share passes to the survivor.

MORTGAGE: A legal document which expresses the terms and conditions applying to the lending of money secured over real estate.

MORTGAGE (fixed) or interest-only loan: The amount borrowed is not repaid until the end of the term of the loan. Repayments made are only payments of interest.

MORTGAGE (amortising or reducing): The principal and interest type loan which is the most common form of housing loan. The repayments through the term of the loan include both interest and principal.

MORTGAGEE: The person(s) who lends the money.

MORTGAGOR: The person(s) who borrow the money.

OLD SYSTEM TITLE: See page 16.

OPTION TO BUY: A legal document giving a person the right to buy. In the document the price and period are specified. A fee is paid and if the person proceeds to buy the property the amount comes off the purchase price. When the person does not proceed to buy the property the fee is forfeited.

OWNERS' CORPORATION: All the owners collectively of a block of units. The executive committee, which is elected by the members, meets regularly to discuss various matters relating to the administration of the building (eg. upkeep of common property).

PRINCIPAL: The amount of money owed to a lending authority.

PRIVATE SALE: The seller does not engage an estate agent but acts for himself or herself. The seller deals directly with the buyer.

PRIVATE TREATY SALE: Sale of property through an estate agent by private negotiation and contract.

REAL PROPERTY: Land with or without improvements thereon.

RESERVE PRICE: The minimum a seller has specified he/she will accept at auction.

RIGHT OF WAY: A right which gives a person access across certain land.

SEARCH (TITLE): The process of investigating or examining title to land to ascertain if the vendor has the right to transfer ownership. A title search reveals the names of the owners and the other precise details of the property, such as the existence of any restrictive covenant, mortgage or caveat on the title.

SEMI-DETACHED: Two houses joined together with a common wall or walls; usually registered under Torrens Title.

STRATA TITLE: See page 16.

TENANTS IN COMMON: This is the holding of property by two or more persons in equal or unequal shares. If one person dies, his/her share passes to the person named in his/her will.

TERRACE: One row of houses joined together with common walls, usually registered under Torrens Title.

TORRENS TITLE: See page 16.

TOWNHOUSE: Two-storey attached dwellings registered under Strata Title.

TRANSFER: A document registered in the Land and Property Information NSW acknowledging the change of ownership of a property, to be noted on the Certificate of Title.

UNENCUMBERED: Describes a property free of mortgages, covenants, restrictions etc.

VENDOR: A person who offers a property for sale.

VILLA: Single-storey attached dwelling registered under Strata Title.

ZONING: Statutory description of the allowable uses of land as set out by local councils or planning authorities.

Useful Telephone Numbers

ARCHICENTRE 1300 134 513

DEPARTMENT OF FAIR TRADING

Customer Service Enquiries 13 32 20

Real Estate Matters (02) 9895 0297

Strata Schemes (02) 9338 7900

1800 451 431

HOUSING INDUSTRY ASSOCIATION

(02) 8878 8400

LAND & PROPERTY INFORMATION NSW

(02) 9228 6666; 1300 052 637

LAW ACCESS NSW

1300 888 529

LANDCOM - SALES OFFICE

(02) 9629 2999

MASTER BUILDERS' ASSOCIATION

(02) 8586 3555 1800 451 393

OFFICE OF STATE REVENUE

FIRST HOME PLUS/FIRST HOME OWNERS

GRANT SCHEME

(02) 9685 2187; 1300 130 624

REAL ESTATE INSTITUTE OF NSW

(02) 9264 2343

SYDNEY BUILDING INFORMATION CENTRE

(02) 8303 0580; 1300 884 876



Further information

If you have any questions about the information in this brochure, please contact the **Home Purchase Advisory Service**:

Telephone: Freecall 1800 806 653

TTY Service: 1800 628 310

Email: advisory@housing.nsw.gov.au

Housing NSW's website has current information on home purchase issues and services, including all the Home Purchase Advisory Service publications.

Website: **www.housing.nsw.gov.au**

The information contained in this brochure was current as at February 2008.

Interpreter Services

If you have difficulty understanding English, contact the Translating and Interpreting Service (TIS) on 131 450. The Translating and Interpreting Service will telephone Housing NSW for you at no cost.



www.housing.nsw.gov.au

Housing NSW
March 2008