

## **Here are answers to some of the most common questions asked by property buyers...**

### **1 - Do I have to pay GST on my home purchase?**

THE purchase of an already established home does not attract GST.

However if you are buying a newly built home then GST would have applied to many of the goods and services used to build the house, so while it is not something that is itemized directly to you, it is reasonable to assume that the overall cost of building the house has increased due to GST. It was for this reason that the government first introduced the First Homeowners Scheme back in 2000.

Also, services by professionals do attract GST. So the cost of services such as property valuations, building and pest inspections Check with your professional adviser about GST before you sign the contract.

### **2 - Do I have to go to the settlement myself?**

No. You can have a representative at settlement. This can be anyone who represents you, such as your banking manager. As long as you send the cheques made out to the right amount it will be fine. You should give the representative written authority to act on your behalf. If the seller sends a representative, they should also have a written authority to accept the purchase money from you or your representative.

### **3 - Do I have to pay for statutory certificates?**

The charges are different for different authorities. To be sure, ring the statutory authority for the right charge and address.

If you are using a lawyer or a conveyancing company, they will know these details.

### **4 - What happens if settlement is delayed?**

This depends on why it is delayed. Either party can serve a "notice to complete" which generally provides the other party 14 days to settle. If the property is still not settled after this time then the contract may potentially be terminated.

If the delay is your fault, then the seller is entitled to ask you to pay penalty interest for the number of days until settlement is finally made.

### **5 - Should I use a buyer's agent?**

A buyers' agent acts exclusively for the buyer (as opposed to the real estate agent selling the property, who is acting for the seller). A buyer's agent can locate suitable properties, organize inspections and negotiate the contract and selling price.

Buyer's agents will charge you a fee (the amount of which can usually be negotiated between you). However they will save you time and potentially money by negotiating a more favourable contract.

Using a buyer's agent appeals to some and not others. Either way, do some research and try to source and agent by referral from someone you trust.

### **6 - What sort of special conditions are likely to be in a contract?**

Contracts can include numerous special conditions, covering anything from termite and soil tests to the imposition of financial penalties if there is a delay. You should always seek a legal opinion before signing any contract.

### **7 - What if I do a title search and discover a caveat on the property?**

A caveat is a warning that another person or company has an interest in the property.

For example, it may be to secure a personal loan. If there is a caveat, make sure that it is removed before or at settlement.

### **8 - When should I get insurance?**

You should definitely have home and contents insurance in place before exchanging contracts. Although it is not strictly necessary until settlement, you are entitled (and it is prudent) to have insurance from the time of exchange.

### **9 - Can I buy a house with another person?**

Yes, and there are two types of co-ownership.

Joint tenants are just that – they own the property "jointly". This is usually the way property is owned by married and de facto couples. Joint tenants own equal shares of the property.

Tenants in common can sell their share of the land or leave it to any person in a will. Tenants in common can own the property in equal shares or on any other basis, eg 70 per cent - 30 per cent.

### **10 - Who does conveyancing?**

Mainly solicitors. In some states there are also licenced conveyancers. There are also do-it-yourself kits produced for some States.

When you are deciding which to use, some of the issues you should think about are:

- What's the cost?
- What protection is there if they make a mistake?
- Is there indemnity insurance which covers faulty work?
- Are there other issues that you may need advice about?
- Does the conveyancing looks straightforward (are there caveats, covenants, has the house been owner-built)?
- Do you have the time and energy to do-it-yourself?

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