

Real Estate

BY PAUL WRIGLEY



What is an Exchange of Contract and a Cooling Off Period.

When you purchase a property there is a process that you need to follow.

A property is not SOLD until the contracts have exchanged. A deposit of \$1,000 or 10% of the purchase price does not hold that property for you. There is no such thing as a holding deposit!

Once you exchange contracts, you have a 5 business day cooling off period. In this period you do your pest and building inspections and make sure your finance is approved. Once this 5 day period has passed the contracts become unconditional and the sold sticker goes up.

If you exchange contracts after you have done the necessary inspections and checks you run the risk of being gazumped. Gazumping is legal and not a pleasant experience.

My advice is to exchange contracts straight away (basically lay-by the property), make all the necessary checks and do it with peace of mind that the property is yours. If you need to pull out in the cooling off period due to a bad pest or building report or finance reasons you can. You do lose 0.25% of the purchase price. This fee goes to the vendor. If you were purchasing a house for \$350,000 your penalty would be \$875. This is a small amount of money for the peace of mind you get when making sure everything is ok with purchasing your next home or investment property.

If you have a question you would like answered, please forward your request to my email address: paulw@raywhitetoronto.com.au and I shall provide you an answer through this column.

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