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PRE- SETTLEMENT INSPECTIONS

The standard Sale and Purchase Agreement gives the purchaser the right to inspect the property prior to settlement. This pre-settlement inspection gives the purchaser a chance to ensure that no damage has occurred and none of the chattels or fixtures are missing. However many purchasers are not aware of what they can do if an issues arises as a result of the pre-settlement inspection. What a purchaser can do depends on the situation.

Scenario A

Mark and Sarah notice during their pre-settlement inspection that there is a burn to the carpet in the lounge. When they originally inspected the property, the burn was covered with a mat. As the burn was there when they signed the agreement, the vendor has no obligation to fix the carpet, because when buying a property you buy it in the condition it was in at the time you sign the agreement.

So it pays to do a thorough inspection on your first visit to the property to be fully aware of what you are buying.

Scenario B

Matt notices during his pre-settlement inspection that there has been a hole in the wall which has been patched over. The patch is clearly noticeable as the new paint does not match the existing wall colour. The hole was made by the tenants during the party they had the previous weekend. As the damage occurred after Matt had signed the agreement, it is the vendor's responsibility to fix. So Matt

should call his solicitors as soon as possible after completing the inspection to let them what has happened. Matt's solicitors will write to the vendor's solicitor informing them of the damage and request one of the following:

- (a) That the vendors repair the damage prior to settlement;
- (b) That the amount it costs to repair the damage be retained by Matt's solicitor until such time as the vendor repairs the damage.
- (c) That the amount it costs to repair the damage be deducted from the purchase and Matt does the repairs himself.

If the vendor agrees to fix the damage prior to settlement, Matt has the right to re-inspect the property to ensure that the vendor has completed the repairs.

Accordingly this is why we recommended that if you are purchasing a property you do a pre-settlement inspection and let your solicitor know as soon as possible what is wrong because once you have paid the money across tough luck.

20 MINUTE FREE

WANT to review your Family Trust structure? THEN call us and take advantage of our 20 Minute Free interview