

Budget Conveyancing

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Dear

We acknowledge and thank you for your instructions to act on your behalf. Please note the following:

Payment of money due under the contract and penalties

Ensure that your deposit is paid as per the contract and that your finance is in order. You should alert our office if there are any anomalies with obtaining finance in anticipation of settlement. An extension to finance may be required. All requests for extensions must be submitted in writing prior to the expiration of the finance clause date.

The vendor may seek release of the deposit prior to settlement. I will keep you informed in this regard and protect your interests. It is usually appropriate to consent to deposit release after completion of preliminary enquiries.

If you do not settle on time, then the vendor has the right to demand payment of penalty interest of 12.5% on the balance and perhaps additional losses. The vendor would also have the option to issue a rescission notice and then to retain the deposit and re-sell the property, suing you for any deficiency in price.

Other contract conditions

You cannot rely upon any information given to you outside the contract (unless you could prove that someone, for example the agent, made you certain promises that you relied upon). Unless you can prove some fraud or misleading conduct, you are buying the property 'as is', and there will generally be no comeback against the vendor.

The law requires that prior to entering into the contract you were handed a properly signed vendors statement. I presume that to be the case.

Settlement and insurance

The settlement date is stated within the contract (or earlier by agreement). Please note that, if at any time, a change in the settlement date is agreed upon between you and the vendors then this constitutes the cancellation of the original date in favour of the new date. In other words, you can't change your mind and go back to the original date if you find that the new date does not suit you. In the event that you and the vendors wish to bring the settlement date forward and you are obtaining finance, I must first of all determine whether your lender will be able to meet an early settlement date before confirming the amended date with the vendors.

It is the vendor's responsibility to hand the property over at settlement in the same condition as at the date of the contract, fair wear and tear excepted, and you may be able to withdraw from the contract should the property be substantially destroyed prior to settlement. If this happened, you would need to tell me immediately.

However, I recommend that you immediately insure the property against loss and damage as well as occupiers liability, as you have an insurable interest from the date of the contract. Also, if the property were

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substantially damaged you may want to have the option of proceeding by relying on your insurance to reinstate the improvements.

Final inspection

You have the right to carry out a final inspection of the property during the week prior to settlement. At that stage, you should check that all chattels set out in the contract remain, and that no fixtures have been removed. If you are in any doubt about whether an item is a fixture which should remain, or an unspecified chattel which may be removed by the vendor, please discuss this with me.

Briefly, the rule of thumb for the difference between a chattel (which may be removed by the vendor if not listed in the contract) and a fixture (which must remain), is that a chattel is generally removable. A dishwasher which is only connected by a power point and may be removed without damage to the property will generally be regarded as a chattel. A fixture tends to be something so built in that it forms part of the property, and the property would be damaged if the fixture were removed. A dishwasher permanently affixed under a bench is generally regarded as a fixture.

If the property is not in the same condition as at the contract date, fair wear and tear excepted (other than being substantially destroyed), or if chattels sold with the property have been removed, you have no legal right to delay settlement, but only have a right to sue for compensation later (although if you let me know there is a problem, I may be able to resolve it prior to settlement).

If the property had marks on the walls or spots on the carpet or appliances that did not work when you first inspected, then the vendor does not have an obligation to clean the property or fix the appliances – they only have to hand it over in the same condition as at the contract date (fair wear and tear excepted).

If you would like to arrange for a final inspection, please discuss this with your agent as they will be able to arrange collection of the keys.

Vacant possession at settlement

The contract provides for vacant possession at the time of settlement. In reality, it may be that the vendor could still be loading their removal truck at the time. I suggest that if you plan to move in immediately, you contact the agent directly in the week before settlement to discuss timing, as the actual time of settlement will not be arranged until shortly prior to settlement.

GST

The contract does not provide for you to pay any GST. If you have any queries regarding any potential GST issues in the future, or capital gains tax queries, you should consult your qualified taxation adviser as this firm cannot provide you with specialist taxation advice.

Services

Electricity, gas, water, sewerage, and telephone services are set out in the vendor's statement. You will have to arrange for connection of services in your name as from the date of settlement, and you will have to pay any relevant connection fees.

If for some reason you discover that services are not available for connection, you need to advise me as this may constitute a false representation by the vendor. I therefore suggest that you contact the utility providers regarding connection in your name a reasonable time before settlement.

Building works

If it appears that any works at all have been carried out at the property during the past 7 years, you need to tell me because this could mean that these works were unauthorised. If unauthorised works were carried out, you may have the option of withdrawing from the purchase and/or requiring the vendor to obtain the necessary permits, inspections and warranty insurance, if applicable.

If you have not already done so, we recommend that you consider obtaining a building inspection report from an authorised building inspector. Of course this will largely depend upon the vendor agreeing to grant access to the property. However, even if you cannot obtain an inspection before settlement, a report will

enable you to plan the future maintenance and repair of the property and if any action may lie against the vendor later for any deliberate concealment or misrepresentation.

If you intend to carry out any works at the property once you settle, and you do not intend using a registered builder, please ask us about your owner-builder obligations (particularly in regard to any future sale).

Smoke alarms

The law requires that smoke alarms be installed in within 30 days after settlement. Failure to comply with this obligation can result in a fine and could affect your insurance protection so I recommend that soon after settlement you satisfy yourself that smoke alarms are properly installed.

Swimming pool

The law also requires pools to be adequately fenced and for such fences to be constructed within 30 days of the sale of a property. If the pool is not adequately fenced, you will be obliged to construct an adequate fence within 30 days of settlement.

Professional Fees – Costs Agreement

To our professional costs for acting on your behalf in connection with Real Estate, including and comprising (however not restricted to) instructions; perusing Contract Note and Vendor Statement; obtaining Title Search; numerous applications for rate certificates, including all relevant inquiries; drawing and engrossing Requisitions on Title, perusing answers to the same; drawing and engrossing Transfer of Land, obtaining signatures; all telephone attendances upon your bank and yourself; drawing and engrossing Statement of Adjustments; arranging and effecting settlement of transaction; attending to Acquisition notices; advising relevant authorities of change in ownership; booking settlement with Vendors Representative and Lender (once); scheduling and arranging settlement (once), attending a settlement taking place in the central business district of Melbourne (once) - \$88 settlement fee applies to non CBD settlement; telephoning client and agent advising settlement has occurred; care skill and attention to detail: -

Disbursements	INCLUDED
Conveyancing Fees	\$490.00
GST	10%

Our services included in the quotation are stated above. These services are adequate to carry out the conveyance. Any service (e.g. legal action) required to complete the conveyance that is not specified in the contract will incur an additional fee. We charge \$25 for any extensions to time, alteration of the transfer of land document after it had been drafted. We charge \$75 for early access to the property, part settlement (i.e. paying more than the 10% prior to settlement). We charge \$75 for a pension/concession discount and nomination. We do not attend to stamping and lodging of your title. Any other additional work we charge at a rate of \$25/Hour. Stamping and lodging of the title is not included in the service.

You will receive no less than 24 emails updating you as to the status of your file. You are able to reply to the messages for a return reply. Phone calls dialed into our office exceeding eight inbound calls are charged at \$10 per additional phone call after the eight allotted.

Please note all prices are excluding the goods and services tax.

If an external entity is required to complete the conveyance, then the customer agrees to pay the external entity the nominated service fee. By signing these papers the client acknowledges accepting this condition of engagement and agrees to indemnify Budget Conveyancing for any breaches.

In compliance with the Legal Profession Act 2004 we advise that we hold Professional Indemnity Insurance with Resource Underwriting Pacific Pty Ltd for \$1.5 million on any one claim and in the aggregate that covers us against civil liability in connection with our work and we retain the law practice of Legoll Pty. Ltd. to assist with legal services when required in connection with this transition.

All Notice In Writing

By signing and accepting our service, you, the purchaser, agree to serve all notice and correspondence in writing with our office only. No verbal conversation will be acceptable as official notice of any sort as interpreting what is said is subjective and open-ended.

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Other information in the vendor's statement

Planning

I recommend that you make enquiries with the planning authority and the Council to ascertain permitted and prohibited uses under these restrictions, particularly if you intend redeveloping the property in the future.

Rates and outgoings

I will check the information provided in the vendor's statement and make any necessary monetary adjustments. You need to arrange a week or so before settlement for a special meter reading to be undertaken by the water provider on the day of settlement and for transfer of the account into your name.

Sewerage and drainage

Registered easements are shown on the plan attached to the title. Further information in relation to sewerage and drainage is available from responsible authority.

Notices and orders

The vendor's statement provides that the vendor is not aware of any notices or orders affecting the property (other than current rates notices). If a notice or order is issued in respect to the property, generally you will be responsible to comply with it from the date of the contract.

I will undertake normal checks in relation to these matters and the property generally. If there are any unusual matters or you have any particular concerns, please contact me to discuss this.

Measurements

I enclose a plan of the land obtained from the title.

I recommend that you immediately check the occupational measurements of the property against title measurements for any discrepancy, including the connecting distance to the next street, because you need to ensure that the property is of the right dimensions and that the location is correct. You must check that any fences on the property are situated exactly on the boundaries.

You also need to check that nothing has been built over any easement shown on the plan.

Please tell me immediately if the measurements are incorrect or something has been built over an easement. Any objection has to be made to the vendor within 21 days of the date of the contract. An objection may possibly justify a claim for compensation and I will advise you further if necessary.

Easements

If you wished to build something of a permanent nature over an easement at some later time, you must first seek the written consent of the relevant authority.

You also need to be aware that easements may also be *'implied'* for the purposes of sewerage, gas, electricity and telephone lines. Please inform me if there appear to be any such easements evident from your inspection of the property.

Recommended council enquiries

You should check with the council that the property is not in a special area designated for things such as flooding, bush fire prone, significant snowfalls. The local council will be able to provide you with maps designating these areas. You should also check with the council that there are no matters which will otherwise impact on the property such as land fill etc.

What you will be asking the council, in plain terms, is if there are any town planning permits allowing anyone in the area to do something which is not strictly in line with the zoning of the property you are buying, or if anyone has a private section 173 agreement with the council which allows or imposes certain requirements on the property or any properties in the area, which you would not normally be able to discover by just looking around the area.

- After settlement, I will notify the council, water authority and state revenue office of settlement, and ask them to update their records to reflect the new ownership.

Recommendations

This letter contains a number of recommendations. It is my job to let you know about the enquiries you can make in a property purchase but it is your choice whether or not you make the enquiries, and to weigh up the possible risks if you decide not to.

Please note that although I recommend you check things such as measurements, the reality is that you will need the vendor's permission because you are not entitled to re-enter the property until you carry out your final inspection during the week before settlement.

We shall keep you informed, and you likewise with us. Please advise if you have any queries.

Yours Sincerely,

Budget Conveyancing.

Next steps?

Enclosed with this letter is a questionnaire which will provide me with important information I need on hand throughout the transaction.

Notice of Acquisition

This document is presented to council, the state revenue office and water authorities to verify the change in ownership. Please ensure ALL detail on this document is correct and accurate. Please sign this document and return to our office with the other documents you have received.

Questionnaire

Please complete and sign the questionnaire and return it to me (by email or fax) at your earliest opportunity.

Contracts

You should now take a fresh and careful look at the contract and vendor's statement. If there is any matter which requires clarification in the documents or in this letter, please contact me.

Transfer of Land

1. Please sign and return the Transfer of Land document to our office (attached) - – please note, return both of these documents to our office – for your information, you are the transferee.

a. Transferees (s) must sign

b. Signatures must be witnessed by an independent person over 18

If there are any anomalies, please correct these details on the relevant form and return all documents to our office.

Please return all these documents to our office (PO Box 1253, Carlton, VIC, 3053) ASAP.

We ask that you read and understand our professional fees structure in the attached disclosure statement.

We ask that you keep our office informed with respect to your finance. No contact from your end we will presume your finance is “in order”.

Thank you,

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