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Real Estate Jargon Explained

Contract of Sale

Contains the details of your home and the conditions of sale. You should organise a contract of sale through your solicitor or conveyancer as soon as possible. Even if you don't know which agent you're going to choose, preparing your contract as early as possible means that your property will be advertised sooner and buyers will be able to see it earlier.

Cooling Off Period

Once you've accepted an offer, usually a 5 to 10 business day cooling-off period begins. This allows the buyer to conduct building and pest inspections, their solicitor to review the contract, etc. If you're selling by Auction, there is no cooling-off period. Usually a 10% deposit is paid on the spot and contracts are exchanged immediately.

Initial deposit

A buyer will put down a deposit in order to secure the property during their cooling-off period. This is usually 0.25% of the agreed sale price. If the buyer pulls out for any reason (except death or mental disability), you keep this deposit in most cases.

Deposit

At the end of the cooling-off period, the buyer must pay their remaining deposit (usually 10%). The deposit is held by your agent in a Real Estate Trust account, in most cases.

Settlement Period

Once contracts are exchanged, the settlement period begins (usually 42 days from the date of exchange). You can then use this time to find another home (if you haven't already), organise your finances and move out, etc. Often extended settlement periods are negotiated if you or the buyer need more time.

Final Inspection

The buyer is allowed a final inspection just prior to settlement to ensure that the condition of the property and the inclusions are as per the contract.

Settlement

The buyer pays the balance of the purchase price and picks up the keys from the agent. Normally your bank and solicitor will take their fees out of the settlement proceeds and issue you a cheque for the remainder. Your real estate agent would usually take their selling fee from the deposit and send you a cheque for the balance.
