

BUYING OFF THE PLAN

When you 'Buy off the plan' it means you purchase a property before it is fully built, or even when it is just an architect's plan. You normally pay your deposit when you exchange contracts, then when the property is ready for you to occupy, you pay the remainder.

When you buy property off the plan, you have a chance (depending on the product and position) of seeing your asset accumulate rapidly in value after you pay the deposit. When it comes time to paying the remainder of the price, you might be buying a property for considerably less than its market price.

But beware - buying off the plan means legally committing yourself to the purchase long before seeing the property and knowing its true value.

When buying off a plan it is very important to have the terms and conditions of the contract checked by your solicitor to ensure that what is stated on the plan is what you will be buying.

The contract should state:

- Who holds the deposit
- What happens if the property is not completed on time
- How can you get your money back if there are problems
- Before you decide to buy you should ask:
- How will the property look when it is finished?
- What standard of workmanship and finish is guaranteed?
- What kind of area is the property in? Is the property suited to it?
- What is the quality of the developer's previous work?
- How long will it be before I can move into my new property (or rent it out)?

Look out for the following difficulties when buying off the plan:

- Sales may take place prior to development consent being granted by the local council where the council requires changes to the plan.
- Often there is no guarantee of the standard of workmanship. Properties may not live up to advertised claims for quality and end-use performance.
- The builder may change the plans before building commences.

This information is intended as a guide and is not legal advice. Do not rely on this information when making legal or financial decisions. For legal advice please see a lawyer. Each state has different property laws and this information will not be not be accurate for each state.