

LEGAL MATTERS

Cassab & Associates Solicitors E-Newsletter

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Planning to buy off-the-plan?

There's no hiding the multitude of cranes filling the Sydney skylines in the past few months!! Many of them are building apartments which have already been sold! The demand for off-the-plan properties is higher than its ever been before! So what's all the hype really about? This month, we are going to compare the pros and cons of buying off-the-plan properties.

Pros	Cons
<ul style="list-style-type: none">• Lock in market prices of today without having to pay for a few years• Potential government first home buyer assistance• Floor plan flexibility• More time to save money and arrange your affairs before moving in• Often buyers have choices with regards to finishes so that each apartment is personalised to the buyer	<ul style="list-style-type: none">• Control over the timing and quality of the build is out of buyers hands• Strata levies are difficult to predict before settlement and may come as a surprise after settlement• Some contracts give the developer the right to make changes to apartments or the building• It can be hard to visualise what the completed unit will look like from concept plans and a list of inclusions

Whether the pro's outweigh the con's is a matter for each individual buyer upon consultation with their legal advisor. To help in making the decision there are some questions you may wish to consider...

- Does the builder and developer have good track records in terms of quality of work and financial solvency?
- Do I want to wait potentially up to a few years before moving in to the property and is this enough time to get my finances in order?
- Do I understand the unit I am buying based on floor plans, digital concept plans or display suites?
- If strata levies turn out to be higher than expected, will I be able to sustain the increase?
- Does my developer have the right to change my apartment without my consent? What are my rights if this happens?

Come and see us! We're always available to talk!

Building Defects Bond Scheme

In our August E-Newsletter we looked at the new strata laws due to take effect on 30 November 2016. In addition to these changes, the new strata laws have also established a Building Defects Bond Scheme, commencing on **1 July 2017**.

The scheme will require developers to pay a bond, to the value of 2% of the total cost of the build, to the Secretary of the Department. This money set aside is then able to be used upon completion to resolve any defects. This scheme is the government's response to the quality, cost and timeliness issues of building repairs which sometimes occur post settlement in new strata developments.

Some points to keep in mind:

- Defects are to be identified by an independent and qualified building inspector (cannot be an individual with a personal or financial interest in the building work);
- The developer bears the cost of appointing an inspector;
- The inspector is to deliver an interim defect report 15-18 months after completion of the building;
- Upon remedying any identified defects, any remaining funds from the bond may be claimed by the developer; and
- If there are no defects identified in the building inspectors final report, the bond is returnable to the developer in full.

More information can be found [here!](#)

Inspiration for the month

The secret of getting ahead is getting started.

- Mark Twain

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