



GLOSSARY

Agent

A registered person who is authorised to act for another in the selling, buying, renting or management of a property. The term 'agent' is interchangeable with 'Land agent' and 'real estate agent'. Agents usually act for the owner.

Auction

A public sale of property in which the highest bidder is normally the successful buyer.

Body corporate

The collective ownership of the common areas in a block of apartments or multi-dwelling complex. It is responsible for the administration and upkeep of the areas shared by all the owners (common property).

Breach of contract

The breaking of one or more of the terms or conditions of a contract.

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Bridging finance

A short-term loan (approximately six to twelve months or less) that is used to fill the time gap between buying another property and either selling the one you own or obtaining a long-term loan. This type of borrowing is usually at a higher interest rate.

Building consultant

An expert experienced in designing and/or constructing a building. When employing an expert for a pre-purchase report on a property, you should ask whether he or she has indemnity insurance to cover any serious omissions about building defects not covered in the report. A building consultant is not required to be registered.

Buyer's advocate

An agent who acts solely for the buyer by sourcing suitable properties and representing the buyer during the buying process.

Caveat

A note on the certificate of title that an interest in the land is claimed by a third party.

Certificate of title

A document that shows who owns the property, the size of the land and whether there are any limitations on the title such as mortgages, easements or encumbrances.

Chattels

Moveable personal property or furniture.

Commission

Paid by the seller to the land agent, normally when the property is sold. It is usually a percentage of the selling price of the property. The amount of commission is negotiable between the seller and the agent.

Common property

Areas of a property that are used by and belong jointly to all of the owners of a property. This applies to such property as apartment blocks or multi-dwelling complexes.

Community title

A community title divides land into lots (of which there must be at least two) and common property.

Comparison rate

A tool that allows the true cost of a loan - interest rate, fees and charges - to be compared with other loans using a single figure percentage.

Consumer Credit Code

Regulates all credit for personal, domestic or household purposes. To ensure fair dealing and to protect the interests of consumers, all lenders must comply with the Consumer Credit Code.

Consumer credit insurance

An option for borrowers to guard against losing their property in case they default on the loan repayments. This will safeguard the loan if repayments cannot be made because of sickness, accident or unemployment.

Contract or contract of sale

A legal document usually prepared on the seller's behalf by an agent, solicitor or conveyancer that outlines the details of the sale. The contract of sale is legally binding when signed by both parties.

Conveyancer

A person (not a legal practitioner) who prepares conveyancing instruments for fee or reward for the purpose of transferring property from the seller (vendor) to the buyer. A legal practitioner is also allowed to engage in conveyancing work.

Conveyancing

Transferring the ownership of a property from the seller (vendor) to the buyer. It is usually performed by a solicitor or registered conveyancer.

Cooling-off period

A period of time in which a buyer can withdraw from the sale of a home (other than by auction). In South Australia, this period extends to the end of two clear business days from the making of the contract or the service of the Form 1, whichever is the later?

Covenant

An agreement that creates an obligation on the titleholder of a property to do or refrain from doing something. For example, a restrictive covenant could state that no more than one dwelling may be built on the land.

Deposit

A non-refundable percentage of the purchase price paid by the buyer when contracts are signed and exchanged. It is usually ten percent. The deposit must be held in a trust account by the land agent or by the vendor's solicitor or conveyancer, or held jointly in a trust account by the vendor and buyer. (See also Holding deposit.)

Deposit bond

Offered by some lenders as an alternative to a cash deposit. It is also known as a deposit guarantee.

Disbursements

Additional charges by solicitors and conveyancers on top of their fee for extras such as postage, phone calls and government charges.

Easement

A right held by one person to make use of the land of another. Drainage and sewerage pipes and rights of way are examples.

Encroachment

The use of, or intrusion onto, another person's property without consent. This usually refers to a structure.

Encumbrance

A third party's right that obstructs the unencumbered use or transfer of a property. Examples are easements, mortgages or caveats.

Estimated selling price

The price an estate agent estimates a property will attract. It must be recorded on the sales agency agreement as either a single figure or as a range where the difference between the top and bottom figures does not exceed ten percent of the bottom figure. For example, \$400,000-\$440,000.

First Home Owner Grants

A scheme providing first homeowners with a non-means tested, one-off payment of \$7000 (as of 1 July 2000). Also, a State Government grant of up to \$4000 available from July 2008.

Fittings

Items which can be removed without damaging the property such as garden ornaments, lighting and air conditioners. They must be listed in the contract of sale if the buyer wants them to remain with the property.

Fixtures

Items, which are attached to the property and cannot be removed without causing damage to the property such as bathroom suites, built-in wardrobes and kitchen stoves. They are usually included in the sale.

Fixed interest rate

An interest rate that remains unchanged for a set period.

Form 1 (Vendor's statement)

Information which the seller must provide to the buyer advising of restrictions such as covenants and easements, outgoings such as rates, and any other notices.

Goods and Services Tax (GST)

A consumption tax of ten percent levied on the final consumer of the goods or services. The supplier of the transaction is responsible for collecting the GST and sending it to the Australian Taxation Office.

Gross income

Total income before income tax and expenses are deducted.

Holding deposit

An amount paid to the vendor's agent, solicitor or conveyancer when making an offer on a property. This is not compulsory and is refundable if the offer is rejected.

Interest only loan

Throughout the term of the loan, only the interest is paid off. The loan itself (the principal) is repaid at the end of the time limit of the loan.

Joint tenants

The form of ownership where two or more people purchase a property in equal shares. If one dies, his or her share of the property passes to the surviving owner/s. (See also Tenants in common.)

Land agent (agent)

A registered person who is authorised to act for another in the selling, buying, renting or management of a property. Land agents usually act for the owner. The term 'land agent' is interchangeable with 'agent' and 'real estate agent'.

Lease agreement

An agreement or contract for rental of a property between a landlord and tenant.

Memorandum of Transfer

A document that records the change of ownership of a property from the vendor to the buyer.

Mortgage

A written contract giving the lender of finance certain rights over specific property. For example, the house being bought by the borrower as security for the loan.

Mortgage guarantee insurance

Paid by the borrower to protect the lender against failure by the borrower to keep up mortgage repayments or to pay back the loan in full when it is due. Such insurance normally applies where the borrower's loan exceeds 80% of the value of the property. This type of insurance is taken out by the lender with the cost passed on to the borrower. The borrower remains liable for any shortfall, for example, if the property is sold and the proceeds do not cover what is owed to the lender.

Mortgagee

Organisation that lends money to a borrower by a mortgage agreement.

Net income

Your income after income tax and mandatory levies have been deducted.

Off the plan

Purchasing 'off the plan' involves buying a property before it has been built. Such purchases are usually based on the architect's plans and models.

On the market

The point at an auction where a price is reached at or above which the seller is prepared to sell. Also see Reserve price.

Outgoings

Any costs incurred by the seller on top of the agent's commission. For example, advertising costs. All outgoings are negotiable.

Passed in

The circumstance where a property for auction is not sold, usually because it has not reached the seller's reserve price.

Principal

The amount of the loan itself without interest or other charges associated with the loan.

Private treaty sale

Sale of property either by a vendor acting on their own behalf or via an agent through private negotiation and contract.

Rebates

Discounts received, usually for bulk purchases such as advertising. Any undisclosed rebates received by an agent must be passed on to the seller.

Reserve price

A seller's minimum sale price for the property. It must be recorded in the auction record.

Sales agency agreement

A legally binding document that is signed by the seller and the agent. It details the agreement between the seller and the agent. Many aspects of the sales agency agreement, such as commission and advertising costs, are negotiable between both parties.

Sales representative

A registered person employed by a registered land agent to sell real estate.

Settlement

The occasion when ownership of a property passes from the vendor to the buyer and the balance of the sale price is paid to the vendor.

Solicitor

A legally qualified person who undertakes legal work and provides legal advice for a fee. A solicitor may specialise in Conveyancing and property law.

Stamp duty

A state government tax, based on the sale price of a property, paid by the buyer when property ownership is transferred.

Strata title

Individual ownership of an apartment or unit within a block or multi-unit complex. This is separate from and additional to the joint ownership of common areas shared by all the property owners in the building or complex.

Tenants in common

A form of joint ownership of a property in which each person owns a share of the property, equally or unequally. On the death of one owner, the deceased's share passes to his or her heir/s, who assume/s the role of tenant in common with the other existing owner/s.

Title

A legal document that identifies who has a right to the ownership of a property.

Torrens Title

A system of title by registration that is governed by the Real Property Act.

Valuation

An estimate of the value of a property by a qualified valuer, usually for a fee. Only a qualified valuer can undertake valuations. A land agent can only perform an appraisal of the property.

Vendor

The person selling the property.

Vendor's statement (Form 1)

Information which the seller must provide to the buyer advising of restrictions such as covenants and easements, outgoings such as rates, and any other notices such as compulsory acquisition.

Wrapping

A type of contract where the property price and loan interest rates are usually well above the market rate. Penalties for defaulting can be severe. Such contracts should be entered into with caution.

Zoning

The permissible uses of an area of land as stipulated by the council

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