

Prepurchase Property Inspections



When your clients:

- purchase property successfully they increase their wealth and are likely to seek your advice in future.
- buy or build they need assistance to make sure they:
 1. know the condition of what they are buying – Proof of Condition
 2. obtain the quality they are expecting from their building contractor.

Considerable information is available to lawyers about the advice they should give their clients. Much of this advice is commonsense and practiced by the majority of prudent practitioners.

What solicitors know

Item	Advice
CCH NSW Conveyancing Law Commentary	“Are the foundations, walls, floors, ceilings, roof, gutters, timbers, services (etc) structurally sound and in good condition?”
Practice Paper BC4 Enquiries on Real Estate Sale and Purchase	“If a purchaser’s solicitor does not make due enquiry at the proper time, the purchaser may buy a property with defects and be without a right to raise the defects in the contractual scheme. In such a case, the purchaser’s solicitor may be guilty of negligence.”
Practice Paper BC5 Property Inspections	“The prepurchase property inspection should be considered an essential precontract enquiry for a successful conveyance” – see Proof of Condition Flowchart .
Code of Practice for the Sale of Residential Property	“the purchaser should consider obtaining expert advice about the quality of the property”.

Lessons from 50,000 transactions

Issues often overlooked	Reason
ALL types of properties need inspection; including: <ul style="list-style-type: none"> • New or recently completed/renovated buildings • Commercial and industrial buildings 	See Inspection Checklist To verify quality and completeness of the new work. Owners can face considerable liabilities for issues such as serious waterproofing problems, neglected maintenance and fire safety.
Timber Pest Inspections should be carried out by Building Consultants with timber pest qualifications	The timber pest advice is likely to be more authoritative and not burdened with a quotation for unnecessary pest treatments.
Reports should offer solutions where possible	This helps purchasers see how they can fix up or live with the inevitable problems in the buildings they are buying.
Off the plan purchases need a very careful inspection prior to completion including verifying conformity with the contract inclusions and agreed quality	Buyers should not assume the work will be of acceptable quality and that important issues such as fire safety has been properly certified or the parking space is as per plan.
Building Consultants need copies where available of the drainage diagram, survey/strata plan before they inspect the property	This information allows the consultant to check for conformity of the actual improvements with these documents.
Please encourage your client to meet their Building Consultant on site or talk to them immediately after inspection.	Building consultants can better explain some of the more complex issues face to face. <i>Aust Torts Reports 81-019.</i> “You should never give advice to the purchaser on the content of a building or pest report. If the purchaser has any questions about a report, the purchaser should contact the inspector directly.”
Statistically Solicitors should anticipate at least 25 issues which their purchasers need to rectify, live with or seek further advice on.	Solicitors want their clients to be fully informed and do not want the repercussions from superficial advice.