

Article on Contracts – Buying and Selling

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“COLD FEET”

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You’ve seen the house of your dreams, signed the Contract, opened the champagne, but, hang on, you’ve got cold feet. Next step, your lawyer’s office, “how can I get out of the Contract”?

When you sign a Contract, it becomes binding from the time all parties have signed it. If you change your mind, you cannot necessarily get out of it.

The conditions in a Contract allows the purchaser time to check that the property is as it seems, and also time to arrange finance or sell their own property. A finance condition, for example, puts an obligation on the purchaser to try and obtain finance, and yes, that means contacting more than one bank if necessary. If a purchaser cancels because of finance, then the seller can ask for proof of the efforts made by the purchaser to try and obtain finance.

Similarly, with title and LIM reports, the purchaser must have a reason for not approving these conditions. If relying on the “General Terms of Sale”, the seller has the opportunity to fix the problem. If the seller refuses to fix the problem, then the purchaser has the right to cancel the Contract.

However, if approval of title and LIM are included under the “Further Terms of Sale” rather than relying on the General Terms of Sale, the purchaser has more chance of being able to cancel a Contract without the seller questioning their decision.

Before opening the champagne and signing on the dotted line, make sure you have the right conditions. If you have any concerns at all, please talk to your lawyer first. We are not going to talk you out of the house of your dreams, but we will help you to ensure, with a well worded Contract, that it does not turn into a house of horrors.



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