



Don't buy a lemon fact sheet

It's a sour deal when you invest hundreds of thousands of dollars in a property that ends up being a lemon.

It's buyer beware in real estate, but how do you protect your interests when you're not an expert on building structures, compliance issues and termites.

This fact sheet provides valuable tips on how you can avoid buying a lemon.

<p>1. Never buy without having your own professional property inspection completed.</p> <p>A report only costs a fraction of the purchase price—much less than 1%—but provides priceless peace of mind</p>	<p>If you're buying in the ACT you're not legally obliged to get your own property inspection. You're given a copy of the seller's report and can rely solely on it if you wish. However, there is nothing stopping you from sourcing your own, independent report and comparing it to the one you receive through the seller. It's a valuable second opinion.</p> <p>If you're buying in NSW there is no legal requirement for either seller or buyer to organise a property report before a purchase. However, having your own report is the only way to be sure you're making the right investment.</p>
<p>2. Select a reputable, qualified property inspection company to conduct your inspection.</p>	<p>Not all property inspection companies are equal.</p> <p>If you're buying in the ACT beware that the only thing a property inspector needs to operate is professional indemnity insurance. They don't need a licence, professional qualifications, accreditation or even any building industry experience.</p> <p>If you're buying in NSW beware that property inspectors don't even need to be insured to operate, and many aren't.</p>



<p>3. Remember the vested-interest factor.</p>	<p>When sellers engage the services of a property inspection company they, not you—the buyer—are the client.</p> <p>Sellers have a vested interest in a favourable report that maximises their sale price and doesn't prevent their sale. Also, there's no requirement for sellers to improve their property based on report results—they don't have to act on any defects.</p> <p>The most professional, experienced property inspectors operate with integrity and write detailed accurate reports regardless of who engages them.</p>
<p>4. Take all property inspections seriously, reading from top to bottom.</p>	<p>In the ACT, sellers must legally provide buyers with a copy of all property reports produced for the purposes of sale (usually through real estate agents). It's then up to you, as the buyer, to read the report and decide whether to a) continue with a proposed purchase, b) negotiate a price that takes into account issues outlined in the report.</p> <p>Here's the catch: Some buyers see property reports provided by the seller as a mere formality and so they don't take them seriously.</p> <p>It's buyer beware if you don't want to get a sour deal. You absolutely need to read all reports from top to bottom. It's the only way to be sure where you stand. And, if you're not 100% confident, get a second opinion through your own independent, property inspection company. Buyers get mechanics to check over used cars and people with health issues often get a second opinion</p>



	<p>before deciding how to proceed. Why wouldn't you with a major investment like property?</p>
<p>5. Discuss the contents of the report with the property inspector, to ensure you understand all contents</p>	<p>Don't be shy. You're not a technical expert in property, compliance, nasty timber pests like termites or energy ratings, so pick up the phone—or arrange to meet with your property inspector—and go through the report together. It's a sure way to be confident you understand all the detail.</p> <p>Alarm bells should ring if the property inspector won't meet or talk to you. This is not a good sign.</p>
<p>6. Discuss the contents of the property inspection reports with your Solicitor</p>	<p>This is another way to build your confidence and avoid buying a lemon, especially on detailed, complex compliance issues. Your solicitor is there to give you, as buyer, independent advice—or point you to others who can help.</p>
<p>7. Source indicative quotes on repairs</p>	<p>Just because a property inspection report points to flaws (minor or major) it doesn't mean you shouldn't proceed with the purchase. But you should do so fully informed and that means buying only after you have an idea of how much it could cost you to fix defaults.</p>
<p>8. Act on the advice in the report</p>	<p>Don't rely on any report that hasn't been prepared in line with Australian standards. This means explaining:</p> <ul style="list-style-type: none"> defect type repair priority location of the defect the relevant specialist you should seek further advice from.



	<p>This information is important—if the report recommends further advise from an engineer, for example, or a timber pest control expert or electrician, make sure you act. Otherwise you could well get caught by surprise and be up for a lot of unexpected repairs. And it's the only way to be fully informed on the potential costs of fixing a problem.</p>
<p>9. Australian standards for building and timber pest inspections</p>	<p>If you're buying in the ACT be aware that ACT legislation requires all property reports to be prepared in accordance with the Australian standard. Is this requirement met 100% of the time? It's not.</p> <p>Every seller in the ACT who engages a property inspection company should receive a copy of a pre-inspection agreement also in accordance with the Australian standard. However, there is no requirement for the seller to share this with you, the buyer—you're not the client, after all.</p> <p>If you engage your own property inspection company, however, you get to see this important agreement.</p> <p>If you're buying in NSW there is no need for property inspectors to be licensed, insured and no requirement for them to inspect in line with Australian standards—absolutely no need.</p> <p>Surety Property Reports inspects 100% of the time in line with Australian standards.</p>
<p>10. A slow market is no reason to drop your guard</p>	<p>When buying in a slow market you need to be extra careful. Some sellers have listed their properties because</p>



they need 'to get out' of financial difficulties. They may not have been paying much attention to maintaining their property and may not be willing to rectify any defects noted in their property inspection report.

This means you, as the buyer, could end up with the sour deal. And it could cost you thousands. Always have your own independent property inspection done—it's the only way to be sure, including in a 'buyer's market'.