

# Offer to purchase is a legally binding document

In a recent issue of 'Property Junction' Meg Wilson sets out many of the important facts that face a prospective home buyer when making an offer to purchase.

According to Tony Clarke, managing director of the Rawson Property Group, the first, and perhaps the most important, point to be recognised is that the offer to purchase, if accepted and signed by the seller, is legally binding. There is no possibility of the buyer changing his mind unless he is prepared to pay a heavy penalty covering loss of time, expenses and quite possibly loss of profit through the seller having to accept a lower priced offer.

The only exception to this rule are offers made on homes priced at R250 000 or less. Here the law allows a five day cooling off period during which the buyer can cancel the offer, provided he does so in writing. The offer to purchase ought to be comprehensive. This means that it should cover all the terms and conditions that a transaction involves and it should make clear reference to all the fittings and fixtures in the home, specifying which will be removed and which will form part of the sales package.

## Occupation date

The offer to purchase should also clearly set out the occupation date and the occupational rent that will be charged. Any conditions relating to the sale have to be fully explained at this stage - if they are applicable. If the offer is conditional on the purchaser first selling his existing home or some other property, this has to be clearly set out.

Similarly, if the buyer is still awaiting bond approval and this has not yet come through and the sale is conditional on it, this must be mentioned and a timeframe given for this to be achieved. The time allowed for the buyer of an existing home is usually 90 days, but there is a growing aversion among sellers to conditional offers and as the market improves this is likely to increase.

The most successful offers to purchase are always those with the fewest conditions attached to them. If the specified bond approval period or the time allowed for the sale of another house expires, the offer to purchase is automatically cancelled. However, with the agreement of the seller they can be extended on occasion.

## Interest on deposit

In addition to the exact specification of the occupational rent, it is especially important to clarify the date of occupation, as this will affect furniture removal bookings and may also have a bearing on the date on which the prospective owner brings in teams for clean-ups and renovation.

Clarke agrees that the deposit paid on the house is put into an independent interest bearing account, preferably one run by the attorneys or by the bank and the interest on this sum is repayable to the buyer as soon as the transfer takes place. "If the buyer expects to be paid interest on the deposit, written instruction to that effect should be given to the conveyancer. If such instructions are not given, the conveyancer is not obliged to pay interest," he concludes.

For more, visit: <https://www.bizcommunity.com>