PRACTICAL GUIDE

Off-the-Plan Buying Checklist

Sunset clauses, deposit security, disclosure changes, finish schedules and the duty saving that makes OTP appealing.

Why the OTP duty concession matters

- Duty calculated on land value at contract date, not finished dwelling.
- On a $900k inner-city apartment with $250k land value, duty drops from ~$48k to ~$9k.
- Owner-occupier only; investors get no concession.
- Construction must be substantially incomplete at contract date.

Risks to underwrite

- Sunset clauses: vendor can rescind if not completed by sunset date; ensure clause is buyer-friendly.
- Deposit security: trust account or bank guarantee, not vendor's bank account.
- Specification changes: developer's right to substitute 'equivalent' finishes.
- Strata budget: forecast vs actual quarterly fees can vary widely.

Contract review priorities

- Defect liability and warranty: 6.5 years statutory, 2 years for non-structural.
- Owners corporation budget and 10-year sinking plan.
- Permitted variations (size, layout, finishes).
- Settlement valuation gap risk; bank may value below contract at completion.

Settlement risks

- Final inspection 5 to 7 days before settlement to document defects.
- Bank valuation at settlement; gap between contract and val must be covered by you.
- Defects logged in writing; chase resolution within DLP.

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