

Serial 82
Sale of Land (Rights and Duties of Parties) Bill 2009
Ms Lawrie

A Bill for an Act about rights and duties of parties to a contract for the sale of
land

NORTHERN TERRITORY OF AUSTRALIA
SALE OF LAND (RIGHTS AND DUTIES OF PARTIES) ACT 2009

Act No. [] of 2009

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NORTHERN TERRITORY OF AUSTRALIA

Act No. [] of 2009

An Act about rights and duties of parties to a contract for the sale of land

[Assented to [] 2009]
[Second reading [] 2009]

The Legislative Assembly of the Northern Territory enacts as follows:

Part 1 Introduction

Division 1 Preliminary matters

1 Short title

This Act may be cited as the *Sale of Land (Rights and Duties of Parties) Act 2009*.

2 Commencement

This Act commences on the date fixed by the Administrator by *Gazette* notice.

Division 2 Interpretation

3 Definitions

In this Act:

buyer, of land, includes:

- (a) a prospective buyer of the land; and
- (b) a prospective grantee of an option to buy the land.

conveyancing agent means a conveyancing agent as defined in section 5(2)(c) of the *Agents Licensing Act*.

cooling-off period, see section 17.

disclosure documents, for land, see section 4.

encumbrance means a lease or tenancy agreement.

excluded particulars, for a proposed contract for the sale of land, means the following particulars:

- (a) the name and address of, and contact details for, the buyer;
- (b) the name and address of, and contact details for, the buyer's legal practitioner or conveyancing agent;
- (c) the amount of the purchase price and any deposit payable;
- (d) details of how the purchase will be financed;
- (e) the date of the contract;
- (f) the date of settlement;
- (g) other particulars normally negotiated by the parties, including, for example, a special condition:
 - (i) about early possession of the land by the buyer; or
 - (ii) that the contract is subject to a sale of other land by the buyer;
- (h) particulars prescribed by regulation.

land means a lot, and includes a registered interest in a lot.

lot, see section 4 of the *Land Title Act*.

misleading means misleading in a material particular or because of the omission of a material particular.

offers, land for sale, see section 5.

real estate agent means:

- (a) a licensed real estate agent under the *Agents Licensing Act*,
or
- (b) a registered agents representative of a licensed real estate agent under that Act.

registered means registered in the land register under the *Land Title Act*.

required certificate, see section 4(1)(g).

required document means a required report, required certificate or other document required by regulation under section 4(1)(h).

required report, see section 4(1)(f).

rescission notice, see section 13(3), 14(2) or 19(1).

residential property means:

- (a) vacant land on which the construction of one or more residences is permitted; or
- (b) land on which there is, or there is under construction, one or more residences.

seller, of land, includes:

- (a) a prospective seller of the land; and
- (b) a prospective grantor of an option to sell the land.

statutory easement or covenant means an easement or covenant:

- (a) created on the registration of a plan of survey mentioned in section 64 of the *Planning Act* or in another way under an Act; or
- (b) reserved under the *Crown Lands Act*.

unapproved structure means a structure for which a building permit and occupancy permit are required, but have not been obtained, under the *Building Act*.

working day means a day other than:

- (a) a Saturday or Sunday; or
- (b) a public holiday.

4 **Disclosure documents**

- (1) The **disclosure documents**, for land, are a copy of each of the following documents:
- (a) the proposed contract for the sale of the land other than the excluded particulars;
 - (b) an extract from the land register kept under the *Land Title Act* showing the details required to be included in a certificate as to title issued under that Act for the land;
 - (c) a registered encumbrance affecting the land other than a mortgage or a statutory easement or covenant;
 - (d) an unregistered encumbrance affecting the land or, if the encumbrance is a tenancy agreement that is not in writing, a document stating full particulars of the agreement;
 - (e) for a unit or lot under the *Unit Titles Act*, *Unit Title Schemes Act* or *Cullen Bay Marina Act* – a plan, scheme or other document registered under that or another Act in relation to the unit or lot;
 - (f) a report required by regulation (a **required report**);
 - (g) a certificate required by regulation (a **required certificate**);
 - (h) another document required by regulation.
- (2) A required report or required certificate must be prepared by a person:
- (a) prescribed by regulation; and
 - (b) who has the professional indemnity insurance (if any) required by regulation.
- (3) If the seller has obtained 2 or more required reports or required certificates, each report or certificate is a disclosure document for subsection (1).
- (4) A regulation may state a period during which a document remains valid for use as a disclosure document.

5 **When land is offered for sale**

A person **offers** land for sale if the person:

- (a) advertises the land is for sale or is to be auctioned at a future time; or

- (b) offers to sell the land; or
- (c) invites an offer to buy the land; or
- (d) offers to grant an option to buy the land; or
- (e) invites an offer to take an option to buy the land.

6 Application of Criminal Code

Part IIAA of the Criminal Code applies to an offence against this Act.

Note for section 6

Part IIAA of the Criminal Code states the general principles of criminal responsibility, establishes general defences, and deals with burden of proof. It also defines, or elaborates on, certain concepts commonly used in the creation of offences.

Division 3 Application of Act

7 Act applies to all sales of land unless excluded by regulation

- (1) This Act applies to the sale of all land in the Territory.

Notes for subsection (1)

- 1 *This Act does not apply to the sale of a parcel of land to be created on the registration of a plan of subdivision of vacant land (commonly referred to as a sale "off the plan"). This is because the parcel of land is not a lot as defined in the Land Title Act until registration of the plan.*
- 2 *Part 3 applies only to contracts, or proposed contracts, for the sale of residential property.*
- 3 *The definition **land** in section 3 includes a registered interest in a lot.*

- (2) However, this Act does not apply to the following land:

- (a) a unit to be created by the subdivision of land under Part III of the *Unit Titles Act*;
- (b) a lot or building lot to be created by the subdivision of land under Part IVB or IVC of the *Unit Titles Act*.

Note for subsection (2)

This Act does not apply to the sale of a proposed unit to which the Unit Title Schemes Act applies. This is because only an existing unit of a scheme under that Act is a lot as defined in the Land Title Act.

The Unit Titles Act and Unit Title Schemes Act require a seller of a unit to be created on the registration of a plan of subdivision (commonly referred to as a sale "off the plan") to give the buyer a disclosure statement for the unit (see Parts IVA, IVB and IVC of the Unit Titles Act and Part 2.3, Division 3, Subdivision 4, of the Unit Title Schemes Act).

- (3) In addition, a regulation may exclude land from the application of this Act or a provision of this Act.

8 Contracts excluded from application of Act

- (1) This Act does not apply to a contract, or proposed contract, for the sale of land if:
- (a) the buyer is a registered owner of the land as a joint tenant or tenant in common; or
 - (b) the buyer is a related person of the seller; or
 - (c) the contract arises from the exercise of an option to buy the land and either of the following applies:
 - (i) the option is contained in a will or lease;
 - (ii) the period for exercise of the option is longer than 60 days; or
 - (d) the contract arises from an unsolicited offer to buy the land by or for the buyer.
- (2) For this section, the following persons are related:
- (a) individuals who are spouses of each other, or who are parent and child;
 - (b) related bodies corporate under section 50 of the Corporations Act 2001 (a **related body corporate**);
 - (c) trustees of the same trust, or of different trusts if there is a beneficiary common to both trusts;
 - (d) an individual and a body corporate if the individual is a majority shareholder, director or secretary of the body corporate or a related body corporate;
 - (e) an individual and a trustee of a trust of which the individual is a beneficiary;
 - (f) a body corporate and a trustee of a trust of which:
 - (i) the body corporate, or a majority shareholder, director or secretary of the body corporate, is a beneficiary; or
 - (ii) a related body corporate is a beneficiary;

- (g) persons who acquire interests in a body corporate as a result of acquisitions that together form or arise from substantially one transaction or one series of transactions.

9 Conditions of contract

- (1) A provision in a contract for the sale of land that purports to exclude or change the operation of this Act has no effect.
- (2) This Act does not prevent a contract for the sale of land containing conditions agreed by the seller and buyer after the seller offered the land for sale.

10 Act does not affect other rights and remedies

This Act does not affect any right or remedy available otherwise than under this Act.

Note for section 10

Part 6, Divisions 3 and 4, of the Law of Property Act contain provisions about contracts for the sale of land.

11 Act binds Crown

- (1) This Act binds the Crown in right of the Territory and, to the extent the legislative power of the Legislative Assembly permits, the Crown in all its other capacities.
- (2) However, this Act does not make the Crown liable to be prosecuted for an offence.

Part 2 Disclosure of information by sellers of land

12 Disclosure documents to be available for inspection

A person must not offer land for sale without the disclosure documents for the land being made available for inspection by a prospective buyer.

Fault elements:

The person:

- (a) intentionally offers the land for sale; and
- (b) is reckless as to whether the documents are available for inspection.

Maximum penalty: 100 penalty units.

Note for section 12

The Electronic Transactions (Northern Territory) Act provides for documents to be produced by electronic communication.

13 Right to rescind contract if disclosure documents not available

- (1) This section applies if:
 - (a) a seller enters into a contract for the sale of land; and
 - (b) the disclosure documents for the land are not made available for inspection by the buyer; and
 - (c) on written notice given by the buyer, the seller does not remedy the failure to make the disclosure documents available for inspection before the earlier of the following:
 - (i) 5 working days after the notice is given;
 - (ii) the day for completion of the contract.
- (2) The buyer may, at any time before completion of the contract, rescind the contract.
- (3) The buyer rescinds the contract by giving written notice (a **rescission notice**) stating the buyer is rescinding the contract.
- (4) On giving the rescission notice:
 - (a) the amount of a deposit paid under the contract must be paid to the buyer and may be recovered as a debt; and
 - (b) the buyer is not liable to pay an amount for damages for rescission of the contract; and
 - (c) the buyer is not liable to pay an amount for costs or expenses relating to the rescission other than costs or expenses incurred by the buyer for entering into possession before the day for completion of the contract.
- (5) A real estate agent is not entitled to any commission or expenses from the seller in relation to the contract.

14 Certain conditions implied in contract

- (1) A contract for the sale of land is subject to the following conditions regardless of whether they are stated in the contract:
 - (a) except as disclosed in the disclosure documents for the land:
 - (i) the land is sold free of encumbrances; and
 - (ii) the buyer is entitled to vacant possession;

- (b) the information in the disclosure documents for the land is correct in all material particulars;
- (c) if, before completion of the contract, the buyer becomes aware of a breach of a condition mentioned in paragraph (a) or (b), the buyer may:
 - (i) rescind the contract; or
 - (ii) complete the contract and claim damages.
- (2) The buyer rescinds the contract under subsection (1) by giving written notice (the **rescission notice**) stating the buyer is rescinding the contract.
- (3) On giving the rescission notice:
 - (a) the amount of a deposit paid under the contract must be paid to the buyer and may be recovered as a debt; and
 - (b) the buyer is not liable to pay an amount for damages for rescission of the contract; and
 - (c) the buyer is not liable to pay an amount for costs or expenses relating to the rescission other than costs or expenses incurred by the buyer for entering into possession before the day for completion of the contract.

15 Application of Part to housing schemes

- (1) This section applies if the Chief Executive Officer (Housing) is the registered owner of land with another person under a prescribed housing scheme under section 22 of the *Housing Act*.
- (2) In the application of this Part to the sale of the land, the Chief Executive Officer (Housing) is not:
 - (a) required under section 12 or 13, to make disclosure documents for the land available for inspection to the buyer; and
 - (b) liable for damages merely because of a breach of a condition of the contract for the sale of the land mentioned in section 14(1)(a) or (b).

Note for section 15

This section does not affect the obligations of the other registered owners of the land to comply with this Part.

Part 3 Cooling-off period for contracts for sale of residential property

16 Application of Part

This Part applies only to a contract, or proposed contract, for the sale of residential property.

17 Cooling-off period

- (1) There is a ***cooling-off period*** for a contract for the sale of residential property during which the buyer may exercise the right under section 19 to rescind the contract.
- (2) However, there is no cooling-off period for a contract for the sale of residential property if:
 - (a) the property is sold by tender; or
 - (b) the property is sold by auction; or
 - (c) the property is offered for sale by auction and the property is sold:
 - (i) within 4 working days before the date of the auction; or
 - (ii) within 2 working days after the date of the auction and the buyer was a bidder at the auction; or
 - (d) the buyer waives the cooling-off period under section 18.
- (3) The cooling-off period starts when the contract is made and ends at 5 pm on the 4th working day after the day the cooling-off period starts.

Examples for subsection (3)

- 1 *If a contract is made on Friday, the cooling-off period ends at 5 pm on the following Thursday.*
- 2 *If a contract is made on Monday, the cooling-off period ends at 5 pm on the following Friday.*

- (4) The cooling-off period may be extended or shortened by:
 - (a) a provision in the contract; or
 - (b) a separate written agreement between the parties to the contract before, at or after the time the contract is made (but before the end of the cooling-off period).

- (5) However, a provision or agreement shortening the cooling-off period does not take effect until:
- (a) the buyer receives advice from a legal practitioner or conveyancing agent in relation to the shortening of the cooling-off period; and
 - (b) the legal practitioner or conveyancing agent signs a certificate that complies with section 21 to that effect; and
 - (c) the buyer gives a copy of the certificate to the seller.

18 Buyer may waive cooling-off period

The buyer under a contract for the sale of residential property may waive the cooling-off period for the contract if, before signing the contract:

- (a) the buyer receives advice from a legal practitioner or conveyancing agent in relation to the effect of the cooling-off period; and
- (b) the legal practitioner or conveyancing agent signs a certificate that complies with section 21 to that effect; and
- (c) the buyer gives a copy of the certificate to the seller.

19 Right to rescind during cooling-off period

- (1) The buyer under a contract for the sale of residential property may rescind the contract by giving the seller a written notice (a **rescission notice**) stating the buyer is rescinding the contract.
- (2) The rescission notice may only be given during the cooling-off period and is ineffective if given after completion of the contract.

20 Consequences of rescission

- (1) This section applies if a rescission notice is given for a contract under section 19.
- (2) The contract is taken to be rescinded from the time it was made.
- (3) The amount of the deposit paid under the contract must be paid to the buyer and may be recovered as a debt.
- (4) The buyer is not liable to pay an amount for damages, costs or expenses for rescission of the contract.

- (5) However, if the buyer entered into possession during the cooling-off period, the buyer is liable to pay the buyer's costs or expenses relating to the early possession.
- (6) A real estate agent is not entitled to any commission or expenses from the seller in relation to the contract.

21 Certificate of legal practitioner or conveyancing agent

A certificate mentioned in section 17(5)(b) or 18(b) complies with this section if it:

- (a) is in writing; and
- (b) is signed by a legal practitioner or conveyancing agent who is not:
 - (i) acting for the seller; or
 - (ii) a member or employee of a firm of which the legal practitioner or conveyancing agent acting for the seller is a member or employee; and
- (c) states it is given for section 17(5)(b) or 18(b); and
- (d) states the names of the parties to the contract and details of the residential property the subject of the contract; and
- (e) contains a statement to the effect that the legal practitioner or conveyancing agent explained to the buyer the effect of giving the certificate to the seller.

Part 4 Miscellaneous matters

22 Making misleading statement

A person must not make a misleading statement in a document that is, or purports to be, a required document.

Fault elements:

The person:

- (a) intentionally makes the statement; and
- (b) knows it is made in a document that is, or purports to be, a required document; and

- (c) is reckless as to whether it is misleading.

Maximum penalty: 200 penalty units.

23 Giving misleading document

- (1) A person must not give a misleading document that is, or purports to be, a required document to someone else (the **receiver**).

Fault elements:

The person:

- (a) intentionally gives the document to the receiver; and
- (b) knows it is, or purports to be, a required document; and
- (c) is reckless as to whether it is misleading.

Maximum penalty: 200 penalty units.

- (2) Subsection (1) does not apply if the person, when giving the document to the receiver:
 - (a) draws the misleading aspect of the document to the receiver's attention; and
 - (b) to the extent the person can reasonably do so, gives the receiver the information necessary to remedy the misleading aspect of the document.

24 Compensation for misleading document

- (1) This section applies if:
 - (a) a person buys land under a contract; and
 - (b) a required document for the land is made available to the buyer; and
 - (c) because the document is misleading, or is otherwise prepared without the exercise of reasonable skill and care; the buyer incurs loss or expense.
- (2) The person who prepared the document is liable to compensate the buyer for the loss or expense.

25 Time for starting prosecution

A prosecution for an offence against this Act may only be started within 2 years after the alleged commission of the offence.

26 Rescission notice

- (1) A rescission notice must:
- (a) be signed by the buyer or buyer's legal practitioner or conveyancing agent; and
 - (b) be given to the seller or seller's legal practitioner or conveyancing agent.
- (2) If the question whether a rescission notice has been given arises in a legal proceeding, the burden of proving the giving of the notice is on the buyer.

27 Approved forms

The Chief Executive Officer may approve forms for this Act.

28 Regulations

The Administrator may make regulations under this Act.

Part 5 Transitional matters for Sale of Land (Rights and Duties of Parties) Act 2009**29 Definition**

In this Part:

commencement date means the date this Part commences.

30 Act does not apply to existing contract

This Act does not apply to a contract for the sale of land made before the commencement date.

31 Application of Act to land listed or advertised before commencement

- (1) This Act does not apply to a contract for the sale of land made after the commencement date if, within 6 months before the commencement date, the land:
- (a) was listed for sale under an agreement with a real estate agent; or
 - (b) was advertised for sale by the seller.

- (2) However, this Act applies to the sale of land if a contract for the sale of the land is not made within 6 months after the commencement date.
- (3) Also, this Act applies to the sale of land that:
 - (a) was listed for sale under an agreement with a real estate agent before the commencement date and after the commencement date is listed for sale under an agreement with another real estate agent; or
 - (b) was advertised for sale by the seller before the commencement date and after the commencement date is listed for sale by a real estate agent.