

Deposits for off-the-plan sales

Changes to community and strata titles legislation To take effect from 28 October 2013

Introduction

The *Statutes Amendment (Community and Strata Titles) Act 2012* will change the laws (the *Community Titles Act 1996* and the *Strata Titles Act 1988*) governing community and strata titles in South Australia, to take effect from **28 October 2013**.

The changes to the community and strata titles laws are designed to improve protections for consumers who buy into or own units in strata and community titled developments. In doing so, they introduce further rights for owners and further obligations for body corporate managers as well as, in some cases, further obligations for community and strata corporations.

The following fact sheet is one in a series of fact sheets that have been prepared to explain the effects of these impending law changes and what they mean for owners and community and strata corporations and for body corporate managers.

To protect consumers who pay large deposits to purchase lots 'off-the-plan', deposits will be required to be paid into the trust account of a legal practitioner, conveyancer or land agent to be held on trust until the plan is deposited and lots created.

Further, a person will be prohibited from selling a lot before the plan of community division is deposited unless the contract of sale provides that the deposit is to be held on trust by a specified legal practitioner, conveyancer or land agent.

If no plan has been deposited within the agreed time, the buyer can rescind the contract and recover the deposit. If an agreed period is not specified, a default period of 6 months applies.

A provision in the contract of sale providing for the deposit to be held on trust, as well as a provision setting out the timeframe (ie period after the date of the contract) in which the plan is to be deposited in the Lands Titles Registration Office, are to be:

- printed in bold in a font size not less than 14 points;
- specifically brought to the attention of the purchaser by the vendor; and
- initialled by, or on behalf of, both the purchaser and the vendor.

