

## Short Minutes Transcript: Sale of Land Contract - Prescribed Document Changes

Lawcover often sees a spike in claims when there is a change in the law.

New requirements under the Conveyancing Regulation have resulted in a number of claims against solicitors. Under this Regulation, which commenced on 1 September 2017, additional prescribed documents, including service diagrams and warnings must be attached to the contract. Failing to do so gives the purchaser a right of rescission.

A solicitor prepared a Contract for the Sale of Land for a vendor using the 2016 edition. After the contract was sent, the solicitor advised the agent by letter that this version of the contract would need to be amended to include the new prescribed documents. This included a warning about loose-fill asbestos insulation. The solicitor advised that the amended contract was enclosed with the letter sent to the agent. In fact, the contract was not enclosed and the agent did not understand the nature or significance of the letter. The agent proceeded with the auction using the contract originally provided.

The property was sold for \$3.85m and a few days later the purchaser relied on the omission of the prescribed document to rescind the contract.

While the vendors were able to re-sell the property, there was a shortfall of \$150,000 on the purchase price. The vendors made a claim against the solicitor for the shortfall.

Solicitors need to ensure that:

- They stay up to date with changing regulations
- Conveyancing contracts should be checked to ensure that all prescribed documents are attached
- Outgoing letters should also be checked to ensure that documents referred to as enclosed are, in fact, enclosed
- Developing a conveyancing checklist can help minimise these risks

A summary of the main changes to the Conveyancing Regulations can be found on the link below:

[The Law Society of NSW - Summary of main changes made in the Contract for the Sale and Purchase of Land 2017 Edition](#)

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