



Advice from Alan

Conditional vs unconditional

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Conditional offers are where offers to purchase a property are subject to certain conditions being met. This means if the conditions cannot be satisfied, the parties have the ability to cancel the agreement, and the transaction will not proceed.

Once a conditional offer is accepted by the vendor, the purchaser is given an agreed period of time (for example 10 working days) to satisfy the relevant conditions. Once the conditions are satisfied, the purchaser (usually through their legal representative) will notify the vendor and their agent that the condition has been satisfied. Once all conditions are met (there are usually more than one), the transaction will go unconditional and will proceed to completion and settlement.

Common examples of conditions include obtaining a satisfactory builder's report for the property, receiving confirmation of insurance for the property, review and approval of title to the property, receiving a satisfactory LIM report from the local council for the property, and obtaining an unconditional offer of finance to purchase the particular property.

Completing all this due diligence before submitting an offer can incur a lot of expenses, especially if acceptable reports have not been made available by the vendor. Accordingly, often purchasers will submit a conditional offer to ensure that they only incur these expenses once their offer is accepted.

Unconditional offers are where the offer to purchase a property is submitted without being subject to any conditions. This means the offer would not be subject to any timeframes or conditions to carry out any checks and due diligence. If an unconditional offer is submitted and the vendor accepts it, the purchaser must proceed with the purchase. If a purchaser is considering putting in an unconditional offer, it is highly recommended that they complete their due diligence beforehand.

A situation whereby a purchaser must enter into an unconditional agreement is when the property is sold by auction. Accordingly, a purchaser must ensure that they are able to submit an unconditional offer (for example not having only conditional finance approval) before bidding on a property at an auction.