

shirevalues

EDITION 88



**SIGNATORY
BEWARE**
PAGE 2

**UNDERQUOTING,
A NEW PLAN
TO TACKLE THE
ISSUE**
PAGE 6

Wishing our local community a
Merry Christmas

02 9525 8066

www.mcdonaldpartners.com.au



mcdonald
PARTNERS REAL ESTATE

65
SINCE 1955
YEARS

SIGNATORY BEWARE

As the use of digital signatures has risen, the signatory applying the appropriate level of due diligence before signing has fallen. Like Amazon's one-button purchase makes retail spending 'friction-free,' digital signatures turn once cumbersome legal documents into a quick and effortless process for consumers and salespeople. Until something goes awry.

Salespeople love the explosion of digital signature usage. It has turned legally binding sales contracts and agreements into a 'Click here' button. The execution of the documents is highly efficient for all concerned, with the risk primarily carried by the signatory, not the document provider. If there is a dispute later, whatever is contained in the signed documents will ultimately prevail.

To digitally sign off on legally binding documents without thoroughly reading and understanding the content is the equivalent of signing a contract with a blindfold on. The frictionless nature of digital signatures is worth comparing to signing by hand. In the 'olden days,' a salesperson would call you into their office, produce a legally binding document, and aim to talk you into signing it. Salespeople call it 'closing.'

Before the meeting, professional and/or well-meaning advisors may have cautioned you, 'don't sign anything.' The chances of you signing legally binding documents

in that environment without first fully comprehending what you are authorising, were virtually zero. The same situation has now been boiled down to 'we have sent you an agreement for digital signing; please sign off and return to us so we can get started.'

All contracts carry repercussions of some kind. Whether it is a lease for a property you are renting, which has penalty clauses in it, an agency agreement for the sale of property with upfront advertising fees and expenses, or a Contract of Sale where the deposit can be forfeited if you fail to meet certain conditions.

Many people are signing off on important documents such as these without reading, questioning, and/or negotiating to the degree they should. Comedian Bill Murray once said, 'You will always spot the spelling error three seconds after you have sent the email.' We can all relate...

Proofreading a contract on a mobile phone is ill-advised; you miss things. A good rule of thumb is to print out any document you are asked to digitally sign. Once you have reviewed the document in a tangible format, if you are still comfortable signing it, by all means—proceed. If the document looks onerous or officious in physical format, press the pause button. Take further advice before acting; it could save you a world of contractual pain and penalty.



ARE YOU HAPPY WITH YOUR CURRENT PROPERTY MANAGER?

MCDONALD PARTNERS REAL ESTATE HAVE BEEN SERVICING THE SUTHERLAND SHIRE SINCE 1959. OUR PROPERTY MANAGERS HAVE OVER 30 YEARS OF COMBINED EXPERIENCE AND WE ARE NOW TAKING ON NEW CLIENTS.

IF YOU WOULD LIKE TO KNOW MORE ABOUT THE MCDONALD PARTNERS DIFFERENCE, PLEASE CONTACT OUR TEAM TODAY.



9525 8066 (24 Hours)
www.mcdonaldpartners.com.au

9	8			7	5		4	
	3	5	9		1			
		1			6			
	9							
2	1	4		6		7	5	9
							2	
			7			3		
			6		8	5	9	
	5		2	3			7	6

3				9			2	5
2	4					7		
	6		5				3	4
		3			6			
6	2						9	7
			1			8		
9	7				3		1	
		2					7	6
1	3			7				8

4	5		3					
			7		6		4	5
		7					2	1
1	4							8
		6	5	8	1	7		
7							5	9
5	6					9		
2	7		1		9			
				2			1	3

	6							9
		9		2			4	
	5	2			6	3		
	1	8	5					3
	3		6		1		9	
4					2	5	1	
		5	1			7	3	
	8			3		9		
7							6	



UNDERQUOTING

A NEW PLAN TO TACKLE THE ISSUE

Based on an article by Peter O'Malley of Harris Partners Real Estate

A surge in complaints to Fair Trading NSW about real estate agents underquoting looks to be the catalyst for a renewed push to clean up the tactic. Now the department has promised sweeping reforms aimed at making agents more accountable for the guidance they provide property buyers.

Examples of properties selling for 20% to 30% above the agent's initial guide are now common across Sydney. Admittedly, certain properties do exceed all expectations at times. However, when this defence is used on every campaign to justify the enormous spread between the agent's price guide and the final selling price, it's reasonable to conclude the system is broken and being exploited.

In 2016, Fair Trading made a concerted effort to extinguish the practice. In part, their guidelines for agents read:

Preventing underquoting – rules for agents

Underquoting is illegal. This can cause buyers to waste time and money preparing to buy a property they cannot afford.

From 1 January 2016, real estate agents in NSW must:

- Base their estimated selling price on all relevant evidence such as recent

sale prices for a similar property.

- Not use vague price statements such as 'offers over,' 'offers above,' or '+' an amount.
- Keep a record of prices quoted for a property.

If a real estate agent's estimated selling price changes because of new evidence, the agent must:

- Update the estimated selling price in the sales agreement.
- Update all advertising and marketing information materials.

What will change?

When announcing the forthcoming crackdown in August, NSW Strata and Property Services Commissioner John Minns acknowledged underquoting was "happening more often than the complaints we're receiving."

Mr Minns said the NSW government was establishing a task force within Fair Trading NSW to crack down on offences within the property sector, including underquoting.

"The ones I'm most concerned about is the deliberate and systemic underquoting which we believe exists in a relatively

small number of agencies,” he said.

The Commissioner used some revealing insights into how Fair Trading will now deal with underquoting. In short, they will:

- Target repeat offenders (agencies).
- Monitor the entire marketplace



The ‘taskforce’ used to crackdown on underquoting suggests a team of individuals will be surfing the internet looking for examples of properties being underquoted. The next battlefront in containing the issue is likely to be far more sophisticated and proactive in cleaning the tactic up than in previous attempts.

Big data tools used to monitor all agents advertising at all times is likely to be the base from which this crackdown begins. Without too much effort, the agencies with a consistently unacceptable spread between their advertised price and selling price stand out like the proverbial ‘sore thumb.’

In times gone by, these agents would not be called upon to justify this unmistakable trend. They would be only called upon to answer individual complaints made by an aggrieved home buyer to Fair Trading.

The penalty for underquoting has averaged about \$2200 in the past 12 months according to one report. Buyers may not notice a change in agent’s tactics overnight, but it will only take a few agents to get stung with the increased \$22,000 fines to alter how the agent’s price properties to the open marketplace.

- for systemic underquoting (until recently, only instances where a consumer made a formal complaint were investigated).
- Significantly increase the penalties given to agents caught underquoting.

When this happens, buyers, vendors, and agents willing to conduct themselves in a fair and clean manner will be the winners.



SELLING

IN

SUMMER

Speak to us today about your summer move



Shire Values is published by McDonald Partners Real Estate
11 Gynea Bay Road, Gynea 2227
All information within this newsletter is of a general nature.
We advise all parties to conduct thorough research and seek
professional advice before making any decisions.