

WHAT IS A SECTION 27 STATEMENT?

A Section 27 statement is a formal request from the Vendor to release the Purchaser's deposit to them, prior to settlement.

WHY WOULD A VENDOR REQUEST THIS RELEASE?

There are many reasons a Vendor would want to have access to deposit funds early – the most common reason being to allow Vendors to use the Purchaser's deposit money to supplement their own funds to place a deposit on another property prior to settlement, or to pay agent's commission on the sale of the property.

WHEN CAN A VENDOR REQUEST THIS RELEASE?

A Vendor can serve this statement in writing when:

- The Contract of Sale is not subject to any condition *ensuring for the benefit of the purchaser;*

➤ Common examples of such conditions include the sale being subject to finance, or subject to a building and pest inspection. However, the utility of this requirement has been debated, as many conditions in a Contract of Sale benefit the Purchaser in some way or another.

A Vendor must also disclose the details of any mortgage or caveat registered on Title.

CAN A PURCHASER OBJECT THIS RELEASE?

A Purchaser can object to the release in writing if:

- The Vendor has not provided **supporting evidence** from the mortgagee regarding the details of the mortgage; or
- The Vendor **owes their lender over 80% of the sale price** of the property (or otherwise if there may be insufficient funds available at settlement to discharge the mortgage(s)); or
- A third party has lodged a **caveat** against the property (providing notification of their interest in the property); or
- The Vendor has **not met the above requirements** to serve the statement in the first place.



If the Purchaser fails to provide a written, valid objection to the early release of the deposit to the Vendor **within 28 days** of the statement being served, they are deemed to have consented to its release.

HOW DOES THE DEPOSIT GET RELEASED?

Once both parties have signed (or after 28 days have lapsed with no objection), the Purchaser must release the deposit to either the Vendor's licensed real estate agent, conveyancer or legal practitioner. Vendors should be aware that, if the deposit is released to their real estate agent, the agent could retain the commission owed out of the deposit, and only release the remaining balance to the Vendor.