

A & S IRELAND

GUIDANCE NOTE

PENALTY PROVISIONS AND THE FAILURE TO SETTLE ON TIME

All contracts for house sale and purchase contain within them, a penalty provision.

In general terms, the penalty provisions of a contract will follow the lines that if you do not pay the price of your house on time, then a seller will be entitled to recover from you in the first instance, interest on the price of the property from the date when the transaction should have settled until the date when the price is actually paid. Beyond that, a seller will also normally stipulate that if you do not pay the price within fourteen or twenty one days of the contract date, then the seller can opt to re-market the property **entirely at your expense**. The defaulting purchaser therefore becomes responsible for all new advertising costs and Estate Agency costs incurred in the re-sale of the property as well as the liability for interest. The defaulting purchaser would also be responsible for any shortfall in the re-sale price. If therefore a purchaser has agreed to buy a property at £50,000, defaults in the purchase and the property is re-sold for £48,000 then the defaulting purchaser will be liable for interest on £50,000 from the date when completion should have taken place until the date when the seller receives the money together with Estate Agency costs, advertising costs and the shortfall of £2,000 **together with** any other reasonable out of pocket expenses due to the seller in say, heating or insuring the property.

House purchase and sale can be a very stressful and traumatic experience without anything going wrong so that inevitably if a purchaser does not settle on time, the seller is extremely anxious to understand the defaulting purchasers' responsibility.

This practice note has been dictated and produced both for the information of purchasers and sellers and if any specific questions arise in your individual circumstances then please do not hesitate to ask the solicitor within A & S Ireland who is assisting you in your house purchase or sale. We are always available for individual advice or assistance.

Whether you are a purchaser receiving this leaflet because of some difficulty you have encountered or whether you are a seller receiving this leaflet because your buyer has not met their obligations to you, then do remember that contract conditions can vary and that this document is intended only as a general guide.

This explanatory leaflet has been issued as part of the series of notes which we issue to clients in an effort to provide a **COMPLETE CONVEYANCING SERVICE**. There are other notes available on

***GUIDE TO YOUR MORTGAGE FINANCE
ALTERATIONS
KEYS/CENTRAL HEATING/and other PRACTICALITIES***

which are available on request.

Please let us know if you feel ***GUIDANCE NOTES*** on some other topic which concerned you would have helped you in your move.

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