

Domestic Owner-Builder information for selling your home



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WHEN ARE CONDITION REPORTS & INSURANCE REQUIRED UNDER SECTION 137B OF THE BUILDING ACT?

| | REQUIREMENTS | |
|---|-------------------------|--|
| | Condition Report | Insurance (only where Works Exceed \$12K) |
| BUILDING PERMIT DOES EXIST | | |
| <ul style="list-style-type: none"> <u>Occupancy Permit (OP)/Certificate of Final Inspection (CFI) - Issued</u> <u>Time commences from date of OP/CFI</u> | | |
| First 6 years | Yes | Yes |
| 6 – 6.5 years | Yes | No |
| After 6.5 years..... | No | No |
| <ul style="list-style-type: none"> <u>Occupancy Permit (OP)/Certificate of Final Inspection (CFI) - Not Issued</u> <u>Time commences from date of Building Permit (BP)</u> | | |
| First 6 years | Yes | Yes |
| 6 – 7 years | Yes | No |
| After 7 years..... | No | No |
| BUILDING PERMIT DOES NOT EXIST | | |
| <ul style="list-style-type: none"> <u>Time commences from Certified Date of Commencement</u> <small>(Note 2)</small> | | |
| First 6 years | Yes | Yes |
| 6 – 6.5 years | Yes | No |
| After 6.5 years..... | No | No |

Notes:**1. Works valuation:**

This is based on the current replacement value of the work(s), not what it costs to carry out (i.e. what a registered builder would charge to carry out the work(s) today). Insurance is only required for works in excess of \$12K.

2. Certified Date of Commencement

Date certified by the owner by Statutory Declaration as the date of commencement of the work. Only applies when no Building Permit exists.

3. Multiple Circumstances

It is possible for more than one of the above cases to be applicable on a property e.g. owner obtains BP and CFI for extension, and the owner obtains BP for pergola but has not yet obtained the CFI and the owner refurbishes bathroom without a BP.

4. Exemptions:

The above is NOT applicable to single works packages by:-

- (a) a registered contractor (i.e. electrician or plumber) or
- (b) a single contractor (e.g. painter, tiler, carpenter etc.) to carry out a single activity (e.g. painting only, tiling only, etc.) but DOES APPLY to multiple activities (e.g., one or more contractors to refurbish a bathroom as this involves plumbing, electrical, tiling, painting etc.)

5. Penalties

Penalties of up to \$10,000 apply if a building is sold without the required report and/or insurance.

6. Voidable Contract of Sale

If a report is required and is not included in the Contract of Sale before the contract is signed by the purchaser, the contract is voidable by the purchaser up to the date of settlement.

7. Report Validity:

The date of the report must not be more than six months prior to the date of the signing of the Contract of Sale. A subsequent inspection and report would be required when more than six months have elapsed.

8. Information Sources

The above is based on our interpretation of:-

- (a) Section 137B of the Building Act 1993, Authorised Version No. 084, 1st January 2011 (www.legislation.vic.gov.au).
- (b) Ministerial Order No. S98 published 23rd May 2003 in Victoria Government Gazette (Special)