Ray Williams MP

Member for Castle Hill
Parliamentary Secretary to the Premier
for Western Sydney

MEDIA RELEASE

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UNSCRUPULOUS DEVELOPERS GOUGING UNSUSPECTING PURCHASERS

Member for Castle Hill and Parliamentary Secretary to the Premier for Western Sydney, Ray Williams, has warned property developers from taking advantage of off-the-plan purchasers.

"There have been recent cases in Castle Hill where vendors have threatened to go to the Supreme Court to rescind a contract unless new homebuyers pay an increase in the purchase price – in some cases amounts as much as $125,000 above the original agreed purchase price."

"It is frankly deplorable behaviour if developers think they can extort more money from unsuspecting purchasers by threatening to rescind their contract." Mr Williams said.

In November of 2015, the NSW Government legislated that property developers could not rescind a contract through a "sunset clause" for a property bought off-the-plan.

"At the time we were seeing property developers taking deposits from people, then as prices rose, rescinding the contract and selling the property for much higher prices than they were originally purchased," Mr Williams said.

The new legislation is retrospective, meaning it protects purchasers who signed contracts prior to its introduction on 2 November 2015.

In order for a property developer to rescind a contract, they would need to demonstrate in the Supreme Court particular hardship in finishing the project on time, which in the majority of cases would be highly unlikely.

"Every developer in NSW has been put on notice through this legislation – they cannot simply extort additional money from purchasers by threatening to rescind" Mr Williams said.

"Any person buying a property off the plan, who receives a letter threatening to invoke the "sunset clause" unless an agreed amount of money is paid on top of the purchase price, should immediately contact Fair Trading on 13 32 20."

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