

72 hour clause is there to help the seller, not the buyer

Property buyers should realise that the 72 hour clause is primarily for the benefit of the seller and not the buyer, says Rowan Alexander of Alexander Swart Property

The clause, of which property sellers are sometimes not aware, entitles the seller to insist that all the conditions in a buyer's offer be met within 72 hours of the working week (weekends are not included).

It is usually resorted to if the seller has reason to suspect that the buyer will be unable to meet the conditions or, more commonly, if the seller has received another offer which, if accepted, can be implemented immediately - or at least quickly.

Confusion arises, says Alexander, when the second buyer, his agent or attorney, assume that as soon as they have met all the conditions for a sale, the seller is obliged put the first buyer on the 72 hour clause-but this is by no means the case: it the seller's decision whether or not to implement the clause. There may be good reasons (e.g. the first buyer's price being the highest) why he may not wish to use the clause immediately.

Another cause of confusion, says Alexander, is that buyers making offers or counter offers may not realize that meeting all the conditions includes paying the bond registration and transfer costs within the prescribed time - not just getting approval for the loan.

In the current more difficult economic times, says Alexander, the 72 hour clause is increasingly valuable because some buyers are having difficulty obtaining bonds and meeting the Deed of Sale conditions - and achieving these can delay purchases almost indefinitely.

The ability to invoke the 72 hour clause is, therefore, a very useful expedient, he says, and it has helped many a seller find a buyer without having to wait too long.

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