

Fixing the wings while flying - Can you renegotiate a sale contract?

Unlike contracts for many other industries, navigating your way through the process of purchasing a Management Rights business can be far more flexible than many people may realise. Each step along the process, from entering the contract through to collecting the keys on settlement day, can be like a choose your own adventure book. What your story looks like can be very different from one purchase to another.

Management Rights businesses come in all shapes and sizes. If you are buying a Management Rights business, one size does not fit all, when it comes to the terms and conditions that a contract needs. That said, the vast majority of contracts will look very similar, if you squint a little.

What are the key things that virtually all contracts include?

A right to review the seller's business records and verify the profit and loss the business has made in the past.

A right review the caretaking and letting agreements entered with the Body Corporate and check the records of the Body Corporate.

A right to review the letting appointments entered with owners in the letting pool.

A right to find finance for the purchase on terms you are happy with.

What makes these rights special is that each one of them provides the buyer with comfort and peace of mind that if they are not happy in any way with the business they are thinking of buying, they can renegotiate the terms of the contract or walk away. In an average sale, buyers are given up to two months to kick the tyres, shake the tree, and secure their finance. If at any stage during this time something doesn't seem right, buyers have multiple opportunities to overcome their concerns. And if their concerns can't be overcome, they can elect to terminate the contract and have their deposit returned.

In some situations when a serious concern has been identified the buyer might still want to go ahead with the purchase. A typical Management Rights sale contract will enable the buyer and the seller to renegotiate any and every term of the contract in order to find a solution that both parties can agree on. With outside the box thinking and a good team of advisors who specialise in Management Rights, there are very few issues that can't be solved with time and effort.

If you are thinking about buying a Management Rights business for the first time, find industry specialists who can guide you through the process and rest assured that there won't be any need to reinvent any wheels along the way. But also remember that every Management Rights journey is unique and if you want the perfect outcome just for you, don't be afraid to ask questions and tailor your contract to suit your circumstances.

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