

# SIGNING THE SALE & PURCHASE AGREEMENT

## CHECKLIST

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Once you've found a property that fits your investment criteria, the next step is signing the Sale & Purchase agreement.

### THE PROCESS:

1. To begin with, we will put a 24hr hold on the property. This will allow time to review the Sale & Purchase agreement and ensure it contains a comprehensive 'due diligence' clause.
2. Sign the agreement using your name 'and/or nominee' so that you can assign another entity to own the property down the track, if required.

You need to sign the Sale & Purchase agreement to take the property off the market before undertaking your due diligence or incurring any expenses.

3. Once you have signed the Sale & Purchase agreement, you'll have 10-15 working days ensure that the property fits your criteria and get conditional approval from the bank that they will finance the purchase of the property.
4. This is also the time to get your lawyer involved. They will be the person who 'conveys' the property for you. Ideally, you'll work with a lawyer experienced with conveyancing new build properties. If you don't have a suitable lawyer, we can pass on the details of those we have worked with in the past.



## WHAT IS A SALE & PURCHASE AGREEMENT

The Sale & Purchase agreement is a binding contract between you and the vendor outlining all the details, terms and conditions related to the purchase of that property. It outlines the sale price, the deposit required, and what's included with the property, amongst many other details.

## DOING YOUR DUE DILIGENCE

Once you've signed the agreement, you get 10-15 working days to check the property and ensure it meets your requirements.

During this time, you need to:

- ☐ Get written conditional approval from your bank or mortgage provider of the loan you will need for the property. This can take a bit of time, so you'll want to make this one of the first things you get started on.
- ☐ Confirm how you will finance the deposit and whether you will require the bank to advance the deposit to secure the property.
- ☐ Have your solicitor review the agreement and ensure you fully understand the specifics of the agreement.
- ☐ Check if the property has a resident's association or a body corporate. This could have an annual cost that will need to be considered.
- ☐ Check you are familiar with the sunset clause. 12-18 months is generally about right but it will also depend on what stage the development is at, at the time of signing the sale and purchase agreement.
- ☐ Visit the site, a show home, and the neighbourhood, if you haven't already, to check the quality of work and whether it's an attractive area for renters. Alternatively, you could ask someone to go on your behalf.
- ☐ Confirm the weekly top-up amount, if any and ensure you know the impact on your personal finances/mortgage projection.
- ☐ Seek advice on the ownership entity – for the investment property. Your accountant would be best to advice on this.
- ☐ Fully understand the estimated start & completion dates as this will impact finance requirements.



### GOING UNCONDITIONAL

You have:

- Signed the Sale & Purchase Agreement
- Completed due diligence
- Are happy to commit to the property

This is the point at which you go 'unconditional' and pay the deposit to secure the property.

### HOW MUCH WILL THE DEPOSIT BE?

This is generally 10% of the total purchase price of the property and will be noted in the Sale & Purchase Agreement.

### HOW IS THIS PAID?

If you have the cash in the bank, you will pay this into your solicitor's trust account, who will pay this into the vendor's solicitor's trust account. It will stay there until settlement.

If you've purchased a land and build, this will be split a little differently. A portion will be paid as above, but another portion will be paid directly to the builder to cover the preliminary costs associated with the build.

### WHEN DOES IT NEED TO BE PAID?

This is due to be paid to your solicitor within 3 working days of 'going unconditional' on the contract.





## WHAT WILL HAPPEN NEXT?

### IF YOU HAVE PURCHASED A TURNKEY PROPERTY:

In this case, there will be a period of waiting while the build of the property is completed. You will get regular updates about how the build is progressing, and whether there are any changes to the completion date which could impact settlement. We anticipate bimonthly updates.

### IF YOU HAVE PURCHASED A LAND AND BUILD PROPERTY:

In this case, you will settle on the land within a few months of going unconditional and you'll be required to pay the full amount required to settle on the land. If you've borrowed from the bank to cover this portion of the purchase, you'll start making mortgage repayments on this amount.

You'll also start making regular progress payments (about 6 or 7) to the builder to pay for the completed build stages of the house.

The payment schedule will be documented in the Sale & Purchase Agreement and is either based on build milestones (like laying the foundations, the roof going on) or at regular time-based intervals.

