

PREPARING FOR SETTLEMENT

CHECKLIST

After the flurry of activity to go unconditional, there will likely be several months that you will not be required to do anything.

But, as you get closer to settlement, activity will start to pick up again as you work through the requirements before taking possession of the property.



HERE'S WHAT YOU'LL FIND IN THIS DOCUMENT:

- Practical completion
- Key financial decisions
- Sorting insurance
- Pre-settlement inspection
- Valuations
- Securing tenants
- Checklist



PRACTICAL COMPLETION

One of the first milestones that signal you're getting close to settlement is reaching practical completion. At this point, the builder is ready to apply to the local council to issue the Code Compliance Certificate (also known as the Code of Compliance or CCC) for the property. Depending on the council, this could take anywhere from a couple of days to a couple of months.





KEY FINANCIAL DECISIONS DURING PRE-SETTLEMENT

While we wait for the CCC to be issued, there are two key financial decisions that will need to be finalised.

- Your mortgage structure and interest rates. You will work with mortgage adviser or coach to finalise the bank you'll get your mortgage through, how that is best structured, and current available interest rates.
- The bank account structure for the rental property. This is the account that the rent is going to be paid into and the property expenses will come out of.

INSURANCE

This is the time to start getting quotes for your insurance options and decide whether you'll just take out a conventional home insurance policy, or also take out landlord insurance (recommended).

While landlord insurance isn't a legal requirement, it does covers you against damages or loss of rent due to tenant actions (or inaction) and is generally offered as an add-on to house insurance policies.

House insurance, on the other hand, will be a condition of your mortgage agreement with your bank.

You'll require the house insurance policy to take effect in the day you take possession, and most banks will require you to list them as an interested party on the policy.

If your property has a body corporate or residence society be sure to check with us that fire and general insurance is not already covered by this. If it is, we can assist with getting a policy document issued with your entity and bank as an interested party.

In addition to house insurance, we would recommend you get contents and landlord insurance. The wording of these policies is important, so speak to your recommended insurance broker to make sure you get this correct.

Note - as the property is a new build, the address may not yet be accessible through an online quote form. You may find you'll have to call the insurance company directly to get a quote.





THE PRE-SETTLEMENT INSPECTION

Following the code of compliance requested from the council, you will have the opportunity to inspect the property. You can do this yourself or get an independent building inspector to do this for you. They will make sure that what has been built is in line with the plans and specifications. Once this has been completed you can inform the builder, in writing, if any items need addressing.

It is common to have several items that need to be fixed – and it's up to the builder to ensure that they are addressed before settlement, whether that's something simple like touching up paint, or something a little more major, like fixing a dented garage door.

CHATTEL VALUATION

Chattels are what's included with the property but are not fixed ie, curtains or appliances.

You may be required to get a chattel valuation completed. These valuations can help you secure the right insurance for the property as well as assist the bank and your accountant to finalise the purchase.

SECURING TENANTS

Most importantly you will need to organise a property manager to start advertising the property to secure you the best tenants. Ideally, the property manager would be advertising the property just prior to settlement to ensure that you secure a tenant and some rental income prior to making your first mortgage payment.



YOUR SETTLEMENT CHECKLIST

- ☐ Received CCC
- ☐ Received Title
- ☐ Organise building inspection
- ☐ Finalise mortgage structure
- ☐ Finalise bank structure
- ☐ Organise chattel valuation
- ☐ Organise insurance quotes (property + landlord)
- ☐ Find a property manager to list the property for rent

If you need contacts for building inspectors, chattel valuations, insurance brokers, or property managers, we have several we've worked with in the past who are excellent, and we'd be happy to put you in contact with them..

