

Guidelines for investing

MEDIA RELEASE



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Researching a potential investment area through newspapers, websites and real estate agents is a good way to minimise the risk of getting stuck with a bad investment.

Continuing on the theme, the REIQ recommends that potential investors contact their local Council and the State Main Roads Department to determine whether they are planning any major developments in the area.

Investors should also obtain a copy of the South East Queensland Infrastructure Plan from www.oum.qld.gov.au for important information about future plans for the area they are interested in.

Your perfect investment may soon not be so perfect when you find out a freeway overpass is being planned for down the road.

“A solicitor should be able to supply you with a list of all the searches necessary for a prudent purchase,” REIQ managing director Dan Molloy said.

“But remember to ask for an extensive list of searches and pick out the appropriate ones for your purchase, as solicitors will act only upon your instruction.

“If you only ask for a title search that’s probably all you’ll get, but it’s not all you will need.”

If you’re investing in a unit or townhouse the selling agent must provide you with a Body Corporate Disclosure statement, which will give you comprehensive details regarding Body Corporate and sinking fund fees, current balance of the sinking fund, and insurances covered by the Body Corporate.

Even if you’re a first-time investor, property investment should be considered and managed as part of an investment portfolio and, unless you’re a seasoned property investor, independent advice can prove invaluable.

“For a good return on property, buyers should be looking towards the medium to long-term, say 10 to fifteen years,” Mr Molloy said.

Don’t forget that buying property as an investment attracts a higher rate of stamp duty and land tax than owner-occupied property. Contact the Office of State Revenue for information on the schedule (www.osr.qld.gov.au).

The following are some of the key steps in the process of buying investment property:

1. Get an independent valuation by a professional valuer.
2. Obtain from the selling agent a PAMD Form 27c Disclosure to Buyer.
3. Obtain from the selling agent the REIQ/Qld Law Society Contract of Sale with a PAMD Form 30c Warning Statement attached (which outlines your five-business day cooling off period). The Queensland Government forms recommend that the buyer seek an independent valuation and independent legal advice before signing any documentation.
4. Put in an offer and sign a Contract of Sale noting Special Conditions making the Contract subject to building and pest inspections, as well as finance if required.
5. Pay a deposit to the selling agent and receive a trust account receipt. Some buyers may choose to use deposit bonds which act as a substitute for the cash deposit between signing a contract and settlement of the property.
6. The Agent will then submit the Contract of Sale to the seller.
7. If you do not waive the right through a PAMD Form 32a Lawyers Certification, you may terminate the Contract under the cooling off provision within five-business days of signing the Contract. Penalties do apply.
8. Seriously consider using a solicitor do your conveyancing. During the conveyancing process your solicitor can make the appropriate checks.
9. Have the appropriate building and pest inspections carried out by a State Government licenced, fully independent inspector. They must be licensed by the Building Services Authority and you can verify this by logging on to www.bsa.qld.gov.au. Whether you are buying a brand new property or one with some age to it, the REIQ always recommends building and pest inspections
10. Once the Contract is unconditional, keep in touch with your solicitor with regard to any issues approaching the settlement date.

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