

**PCS Finance Pty Ltd**  
ABN 78 123 632 743  
4<sup>th</sup> Floor Seabank Building  
12-14 Marine Pde Southport Q 4215  
PO Box 10586 Southport Q 4215  
PH: 55327539  
FAX: 55327571  
MOB: 0411327539  
e-mail: mark@pcsfinance.com.au



## **Where does your Financier come in the steps to the Purchase of Management Rights.**

### **Step 1 See your Financier first**

While I may be biased an initial discussion with your Finance Broker or Bank will be able to provide you with a guide as to your borrowing capacity and therefore a Purchase Price. Armed with the knowledge of what price range you can go to will enable you to talk to your agent with some degree of certainty who will then be able to show you properties relevant to your price range.

### **Step 2 Choose an Agent**

Let your agent know that you have spoken to your Finance Broker or Bank immediately. The agent will appreciate the fact that you have done your Finance research as he will be able to direct you to relevant properties rather than showing a range of properties that are either outside your price range or well below that which you should be looking at. Also from these inspections you will see the quality of building your money will get you. You will now be able to alleviate any uncertainties that you may have had of where and how you were going to be living and whether you were making the right choice of industry.

### **Step 3 Back to your Financier**

Once you have inspected a number of properties ask the agent for the 'Business Summaries' of say two that you were keen on . The 'summary' will have sufficient information for your Finance Broker or Bank to be able to provide a brief finance scenario without knowing the specific building or exact location. This scenario will give you an idea of what loan repayments you will have and therefore what income surplus for living and tax will remain.

### **Step 4 Professional Advice**

Time to see your Lawyer and Accountant. These initial discussions will serve to give them a heads up that you are intending to purchase and for them to give you an outline on the purchase process from their perspective. While not wanting to ruffle any feathers you will need to see a Lawyer and Accountant experienced in the industry. Much like Banks have panel Valuers, they will insist on professionals who have a track record in the industry. Your Finance Broker or Bank or agent will be able to guide you here. Your chosen Accountant will be able to guide you in setting up a suitable structure in which to purchase the business and one which will need to be established prior to preparing any contract. They will also attend the Finance Due

Diligence or Income Verification of the business from which the Bank will base its Finance approval. Your chosen Lawyer will assist in setting up the structure suggested by the Accountant and will need to peruse any contract prior to execution. They will also attend a Legal Due Diligence of the business for you and or the Bank. The importance of the roles played by your Accountant and Lawyer cannot be overstated.

### **Step 5           Optional**

Have that Holiday and or do your Restricted Letting Agents course

I say this ‘tongue in cheek’ but there is nothing worse than someone coming back to me saying “I’ve signed a contract and am now going off to Thailand for a holiday for two weeks because I wont get a holiday for a while ”...

While you may have organized everybody there are always things that bob up that you need to make a decision. Make sure you are well rested before you sign a contract.

It is fine if you do your Restricted Letting License course after executing a contract but please do not leave the country.

### **Step 6           Back to the Agent**

Back to the agent for a final look and have them go into bat for a good purchase price. An “Offer and Acceptance” can be lodged on your chosen property. You will be safe in the knowledge that finance while not formally approved has been vetted and your Accountant has your purchase structure in place and your Lawyer is waiting to peruse contracts and Agreements.

### **Step 7           Contracts are Go**

Once the Offer and Acceptance has been accepted contracts can be drawn.

- While your agent attends to this you should alert your Accountant that a Income Verification will be required.
- Your Lawyer will need to peruse contracts before you execute them. Once executed your Accountant will then attend to the Income Verification.
- You can at this time see your Finance Broker again who will prepare a Finance application to be submitted to a short list of potential financiers for a quotation. You will have these quotations back to peruse by the time your Accountant has completed their Verification Report. The preferred Bank can then be advised and will utilize the balance of time remaining in the Finance Clause to have Finance approved by the due date.

### **Step 9           Insurance**

Being in business for yourself this is common sense and some Banks may insist on certain types of insurance and the required cover. The Banks can arrange this for you or alternatively your Finance Broker can refer you to an Insurance Broker who is experienced in the Industry.

## **Step 10          Lawyers are Go**

The balance of the contract time will be taken up by your Lawyer perusing Management and Letting Agreements and attending appropriate searches etc. You will also be preparing for the Body Corporate meeting.

In this period you will also need to execute Loan documents and have General and Trust Bank accounts established. This will need to be attended at least two weeks out from settlement to allow time for the order of cheque books and EFTPOS etc.

## **Step11          Settlement**

The Bank and the Lawyer will take care of this step as your involvement should be complete.

## **Conclusion**

The steps for your Finance Broker and Bank are complete. It is yours. You are not alone though. All the people in the process are available should you require further assistance, especially your Finance Broker. It may sound corny but Management Rights is a family and like a family all the members have an interest in your success.

While there may be small variations to the process these steps are basically in an order of preference for the Finance Broker. Whatever tack you choose, make sure you have a plan and include all the abovementioned parties in discussions before you sign anything.

Good luck in your purchase.

**Mark Harvey**  
**PCS Finance**