

Surprise!!!



Financial surprises at settlement by purchasers.

Clients always feel stressed when we tell them about the shortfall of money for settlement. When it is time for settlement 9 times out of 10 we hear the familiar fear and distress calls such as:

Your calculation must be wrong!

Why do we get this so often?

You see, when you work out your calculations, you are short of something like 2 thousand dollars or more. There are hidden costs that you have not been told about or have not thought about.

Here are some of the hidden costs:

1. **Bank's registration of mortgage.** This is what purchaser has to pay to Land Title Office, which bank will make buyers pay. So they will say that is not a bank's fee but it is still a cost out of buyer's pocket.
2. **Bank's settlement fee.** Normally 5 times higher than the standard settlement agent fee! Again they will say that is not the bank's fee but the settlement agent fee.
3. **Title search fee.** which they will say it is not the bank's fee but it belongs to some searching company.

All the above can easily be \$1500.

Note that the above does not include bank's **Establishment fee**. Some banks do have such a fee and some do not. If they do have, that could be another \$800.00.

Then you have:

1. **Council rate fee.** (This is a normal practice you have to pre-paid for the full financial year). This fee depends on each Council. Some less expensive council will charge around \$1,500 per year to the more expensive council which is about \$3,000 a year.
2. **Sydney Water fee.** (You must pre-paid as a normal practice). This fee is per quarter, so it is a lot smaller than the council rate.

3. **Strata Levies.** (Pre-paid if you are buying a unit). This fee also depends on the strata managing agent and there could be a big range from \$350 as a minimum per quarter

As a rule of thumb, you need to allow for an extra \$3,000 as a minimum. Best you need to spare \$5,000.



QUESTION: Are our staffs good at calculating?

Our staffs have been practising calculations for years. We rarely get it wrong. We have perfected our exams on calculation.

QUESTION: Why do clients feel that the calculations are always wrong?

You see, that is because you are not familiar with the calculations and you were not made aware of the banks and the government charges.

Also, the fees such as for the Council and Sydney water rates are paid for your benefits. It was just that you pay in advance. That is how the system works.

QUESTION: Is the settlement calculation and cheque direction has to be submitted to the bank on time?

Preparing the calculation needs to be accurate. We need full concentration. We also work on a very tight deadline. Your bank will give us a deadline to submit the cheque directions to them. If we miss that deadline, they will cancel the settlement!

For the above reasons, we request that during this hectic and stressful time that you reframe from arguing with us. Instead, we need your co-operation.

QUESTION: Will you send us all the calculations and will the bank also send us the breakdowns?

Answer: We will always send you all the calculation and the costs of the breakdown as soon as it is practical.

Your bank will also send you all the breakdowns, usually 1 week after settlement.

QUESTION: What if the calculations are incorrect?

Answer: from our experience for 20 years, banks as well as us, we have not made 1 error in calculations.

Clients perceive that the calculations are in error. However, upon careful examination, all our clients understand that there were no errors. They just need time to analyse it properly.

If there were any errors, we will help you to get back any refunds.

Summary:

1. Settlement time is very hectic for conveyancers as they have to do many calculations.
2. Banks give a deadline to conveyancer to submit the cheque direction, if the deadline is not met, there will be no settlement.
3. Clients always perceive that calculation is incorrect. This is due to hidden charges by banks. There are also pre-paid rates such as council rate, water and strata if you are buying a unit.
4. As conveyancers, we are expert in calculations and we seldom get it wrong. You must trust us.
5. We ask clients to stay calm and refrain to contact us at this time as we need to fully concentrate.
6. All breakdowns will be given by us and the banks as soon as it is practical to do so. If you find any errors then, we are glad to assist.

By: Kristie Chong