



What is settlement and when does it occur?

- Settlement is the official sale finalisation process between the financial and legal representatives of the vendor and purchaser. Ownership and title of the property passes from the vendor to the purchaser and the balance of the sale price is paid to the vendor.
- Most contracts of sale of land specify a settlement date between 30 and 90 days from the day of the sale.
- The purchaser obtains the keys to the property on settlement day and may then take possession. If the property is tenanted, the purchaser becomes entitled to rent payment from the settlement day.
- Most property sales are made on cash terms basis. The purchaser usually presents a 10% deposit and the balance of purchase price becomes due on settlement day.
- The purchaser does not necessarily have the actual cash but must ensure that finances are available to provide the vendor with cash. This is usually in the form of a draft or bank cheque.
- On the day of settlement, the legal representatives of both the vendor and the purchaser meet at a location stipulated by the vendors solicitor. This venue may be the legal offices if the solicitor or a settling room at a local court or bank.
- In the case of a contract for the sale of land where the title is clear of all mortgages, the vendor will make a copy of the certificate of title to be handed to the purchaser's solicitor at settlement.
- If there is a mortgage attached to the title, a representative of the bank or lending institute holding the title will be present at settlement. The lender's representative will collect the balance of the mortgage owed by the vendor before handing over the title.
- The purchaser's solicitor may have a representative of a bank or financial institution present at settlement. If the purchaser has arranged finance through a bank or financial institution, the representative will require the certificate of title in exchange for the finance provided.