

Buying a Property

Make sure you are dealing with the owner of the property you are interested in or his authorized agent. If you are buying directly from a developer, make sure it has a valid licence. It is advisable to engage a solicitor to conduct a search on the property to confirm ownership and perform a bankruptcy/winding-up search on the vendor.

You must inspect the location, state and condition of the property as most vendors sell on a “as is where is” basis. If there is any repair required, you must raise it at this stage.

When you decide to purchase the property, you will sign a Letter of Offer/Intent prepared by the authorized agent or the developer. You will usually pay 3% of the purchase price as earnest deposit which will form part of the purchase price. You are required to execute the sale and purchase agreement within 14 days.

When you buy from an existing property owner, you pay up to 10% of the purchase price at the signing of the sale and purchase agreement (known as deposit) and the balance within 3 months from the date of signing the sale and purchase agreement. If you are buying direct from a developer, you pay progressively. If you fail to pay the balance purchase price, the vendor will have the right to forfeit your deposit.

The existing property owner will deliver vacant possession to you as soon as you pay the purchase price in full. The developer will do so within 24 months for landed property and 36 months for subdivided building from the date of signing the sale and purchase agreement. The defect liability period is 18 months after the date of vacate possession when you purchase from the developer.

The vendor will execute a memorandum to transfer the title to you. However, if there is no title, the vendor will execute a deed of assignment to assign all his rights and benefits under the principal sale and purchase agreement to you. If you are buying direct from a developer, they will execute a letter of undertaking to transfer the title to you.

Your disbursements will include stamp duty on the transfer document, stamp duty on the sale and purchase agreement, land search fees, adjudication fees, bankruptcy/winding-up search fees, land office registration fees, transport fees, etc.

Stamp duty payable on the transfer document is as follows:

“For every RM100 or fractional part of RM100 of the amount of the money value of the consideration or the market value of the property, whichever is the greater-

- (i) RM1.00 on the first RM100,000;
- (ii) RM2.00 on any amount in excess of RM100,000 but not exceeding RM500,00;
- (iii) RM3.00 on any amount in excess of RM500,000.

Your solicitor’s fees are determined under the Solicitors Remuneration Order 2006. The fees are as follows:

<u>“Consideration or Adjudicated Value</u>	<u>Scale of Fees</u>
For the first RM150,000	1.0% (subject to a minimum fee of RM300)
For the next RM850,000	0.7%
For the next RM2,000,000	0.6%
For the next RM2,000,000	0.5%
For the next RM2,500,000	0.4%
Where the consideration or adjudicated value is in RM7,500,000	Negotiable on the excess (but shall not exceed 0.4% of such excess)”

Note that the Order stipulates that no discount shall be given fees specified in the Order.
