

Purchase Procedure In Malaysia (Second Hand Property/Cash)

(as of March 2022)

★ Procedure

☆ Important point

1. Booking for the property

Submit letter of offer & pay the booking fees



- Can reserve the desired unit only after submission of letter of offer and the payment of the booking fee
- The amount of the standard booking fees is 3% of the Selling price

2. Appoint a local law firm as the attorney for the transaction



- Need to appoint a local law firm to be in charge of the assignment of second hand property ,investigation on Vendor and making of Sale and Purchase Agreement(SPA) .
- The appointed law firm will follow the transaction untill vacant possession VP).
- The quotation of regulated legal fee and miscellaneous expenses will be provided.

3. Conclusion of Support Agreement for the purchase of Malaysian property between the customer and our company



- Generally, Purchasers conclude Support Agreement at the time of the booking. Then our support will officially start.
- According to the Support Agreement, for the preparation of signing SPA, our company will explain the important points in SPA and the other relevant documents.
- After 1-2 weeks Vendor approved the booking of the unit, SPA and other relevant documents will be posted to the residential of Purchaser (place of signing the documents) . Purchasers need to sign the documents without delay. (need to beware of the deadline of signing the document stated in the letter of offer

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4. Check the inside ,equipment and furniture of the unit



- In Malaysia the defect liability by vendor is not applicable to the second hand properties so that Purchasers need to check the property properly before signing SPA. Purchasers need to request Vendor to repair it if defect found. The property will be handover on a “as is where is” basis.
- Vendors are required to create inventory list and attach it in SPA

5. Investigation on the collateral status and presence or absence of the issue of Strata Title



- As basic information, the payment terms at the time of Vendor’s purchase, purchase in cash or under loan and presence or no absence of the issue of Strata Title are important information for the conclusion of SPA. After investigation, this kind of information needs to be informed law firm

6. Sign SPA and other relevant documents



- If Purchasers cannot sign the documents in Malaysia, in principle Purchasers need to get the certificate of signature and certify all the document at the Malaysian embassy located in the country of residence.
- In the event that foreigners purchase Malaysian property, State Consent is one of the important requirements and the signing of State Consent application form will be proceeded.
- After all the necessary documents was signed, the documents need to be sent to Vendor’s law firm without delay.

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7. Pay down payment and legal fee for the transaction



- In SPA, the customers are required to make a down payment (generally is up to 10%) without delay after signing SPA. The down payment shall offset with booking fee that have been paid.
e.g. Selling Price RM1,000,000
Booking Fee RM10,000
Down payment
=1,000,000 x 10% – 10,000)
= RM90,000
- The legal fee including State Consent application fee need to be paid at the same time.
- If the payment is made from outside Malaysia, it will be mostly made by overseas remittance. There may be some cases where the banks may require any evidences for remittance. e.g. signed Letter of Offer, SPA, and other documents.

8. Pay Support Fees of Purchase to our company



- Support fees of Purchase is to be paid to our company based on the Support Agreement. The timing of the payment of Support fees is soon after SPA has been signed.

9. Obtain State Consent (If Purchasers are foreigners)

- Generally, State Consent will be approved approximately 1~2 months after the application is submitted to the state government.

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10. Payment of balance purchase price (90%)



- The payment terms of balance purchase price stated in SPA is as follows :
 - In case perfection of transfer for issuance of Strata Title to vendor is **incompleted.**
Within 90 days after the date of SPA, the date of consent from state authority (if any) ,or the date of the approval for the sale from Developer, whichever later
 - In case perfection of transfer for issuance of Strata Title to vendor is **completed.**
Within 90 days after the date of SPA, the date of consent from the state authority (if any), whichever later.
 - Generally, the law firm will hold the balance purchase price. If Vendor originally purchased the property under bank loan, the law firm will settle the remaining debts and release collateral to enable the delivery of Vacant Possession (VP).
- The date of VP is determined according to the date when Vendor receives the payment of the balance purchase price from Purchaser.
- For the preparation of delivery of VP, Vendor need to settle outstanding outgoings (service charge and utility bills and keep the access card in order.
- For the settlement of the outgoing, Purchaser shall pay all outgoings as at the date of VP. Also, Purchaser shall indemnify and reimburse Vendor of all outgoings after the date of VP paid previously by Vendor.
- Sometime the law firm will assist and will not assist to change the ownership of the electricity bill to Purchaser. If the customer cannot change the ownership by themselves, our company can assist for it as part of a support agreement

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11. Delivery of VP

- Vendor or Vendor's agent will attend the delivery of VP, the unit and the key handover to Purchaser, then the delivery of VP completed .

Other points to be noted

- A. In case Strate Title is not issued at the time Purchasers purchase the property but issued after Purchasers purchase the property, perfection of transfer for issuance of Strata Title to Purchaser is needed. At that time, the lawyer appointed by Developer will contact the Purchasers for the process and Purchasers need to pay the legal fee for the process., but no need to pay stamp duty of perfection of transfer because it was paid by Purchasers during the process of the purchase.
- B. The original SPA can be easily lost during the long-term storage .
SPA is very important documents at the time of disposal (sale) of the property. T
Vendor need to keep this kind of documents in a safe place .