

THE 5-2-1 GUIDE TO SETTLE ON TIME



Over the past 12 months PEXA has been undertaking research and analysis to understand drivers of missed settlements. This has included comprehensive fieldwork with practitioners and banks to learn about what “good” looks like, detailed data analysis to identify blockers, and in-depth sessions with banks and practitioners to identify specific issues and to problem solve collaboratively. Overall, we have identified many learnings and potential best practice approaches for an “ideal” settlement.

We know that all parties are working towards the best outcome for their customer, and no one wants to miss a contracted settlement date. However, circumstances sometimes mean that the date and time set cannot be achieved, or it does not reflect customer expectations.

Based on our research and data, we have identified three practical steps practitioners can take to improve the certainty of settlement timing, reduce stress and anxiety on settlement day and enhance operational efficiencies for all parties involved in the process.



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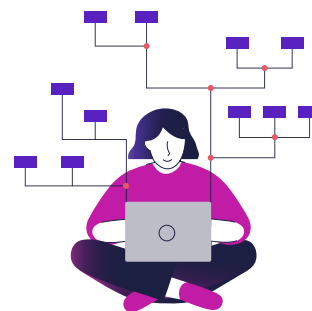
5 DAYS OUT FROM SETTLEMENT: CUSTOMER COMMUNICATION

Action:

- 5 days out from settlement, check in with the customer
- Is the customer ready for settlement?
- Have all required documents been returned to you and the bank?
- Have you surfaced any potential complexities? Have these been communicated to all parties?
- For sellers – has the customer decided and communicated how they are receiving surplus funds?
- For buyers – where applicable, are sufficient equity funds held in the right account?
- Have you invited customers to PEXA Key? Our data shows that practitioners who adopt PEXA Key tend to have a higher rate of on-time settlements

Why do this:

- Early, proactive communication and follow-ups are proven factors for on-time settlements



2 DAYS OUT FROM SETTLEMENT: FINALISING FUNDS FOR SETTLEMENT

Action:

- Funds for settlement will also require the completion of stamp duty verification as early as possible, but ideally at least 2 days prior to settlement
- Confirm to the incoming bank the amount required at settlement

Why do this:

- Stamp duty verification is a key milestone within the Workspace that allows the documents to be verified and all fees to be generated within the Financial Settlement Schedule
- Providing the Incoming Mortgagee with the funds required early allows them to complete their tasks in a timely manner and reduce day of settlement pressure

1 DAY OUT FROM SETTLEMENT: PROACTIVE RESCHEDULING

Action:

- Review settlements scheduled for the next business day to determine if there are any that are unlikely to settle
- Is it possible to change the settlement date to reflect the status of the Workspace? Coordinate with the other practitioner and where possible and agreed, consider moving the settlement to a more achievable date, eg: potentially investment properties, related party transactions or vacant land settlements where there is minimal customer impact
- Set realistic expectations with your buyer/seller about settlement date and time – ultimately all parties are focused on getting the best outcome for the customer and sometimes this is about being realistic about how things are tracking

Why do this:

- Continuously ensuring date and time reflect expectations so all parties to the transaction are on the same page
- Get banks focused on the settlements that matter and remove those that do not to enable operational efficiencies
- Reduce practitioner stress and anxiety and improve operational efficiencies by being realistic about what will be achieved the next day

