Ray White

Buying an Investment Property in Western Australia

RAY WHITE URBAN SPRINGS

We bring the *whole* team

Key considerations to avoid unnecessary cost and risk

Purchasing an investment property is an exciting step, but it also comes with a number of practical, legal and compliance-related considerations that are often overlooked. Many buyers are simply not aware of these requirements until after settlement, when unexpected costs, delays or issues can arise.

Whether the property is tenanted or vacant, and whether it has been privately managed or managed by an agency, confirming the right information early can help you avoid unnecessary expense, reduce risk and ensure a smooth transition into leasing and ongoing property management. This guide outlines some key items we recommend all investor buyers review as part of their due diligence.

All Tenanted Properties

(Privately managed or Agency managed)

WHAT TO LOOK OUT FOR

When you purchase a property with a tenant already in place, you are not just buying the home – you are also inheriting the existing tenancy and the legal responsibilities that come with it. This applies regardless of whether the property has been privately managed by the seller or professionally managed by an agency.

FIRST THINGS FIRST: GET THIS IN WRITING

Ask the seller (via the selling agent) to confirm in writing that all five of the documents below will be provided once the sale is unconditional or at settlement.

1. Lease Agreement
2. Property Condition Report (PCR)
3. Rental Payment Ledger
4. Tenancy Application & Supporting Documents
5. Proof of Bond Lodgement

The 5 *Essential* Tenancy Documents

1 LEASE AGREEMENT

This confirms the terms of the tenancy you are inheriting, including:

- Rent amount
- Lease start and end dates
- Any special conditions
- Inclusions or exclusions
- Rent review dates

This document forms the foundation of the tenancy and sets out the rights and obligations of both landlord and tenant.

2 PROPERTY CONDITION REPORT (PCR)

This document is particularly important.

Under WA legislation, tenants must be provided with a Property Condition Report on the prescribed REIWA form within 7 days of moving in. If a compliant PCR was never completed, your property manager will need to prepare one while the tenant's belongings are still in the property. This limits how thorough the inspection can be and may impact your ability to claim cleaning or damage costs from the bond at vacate.

PCR costs vary depending on the size of the property. If the seller cannot provide a compliant PCR, the responsibility (and cost) falls to the buyer, and the report must be issued to the tenant within 7 days of settlement.

The 5 *Essential* Tenancy Documents

3 RENTAL PAYMENT LEDGER

This provides a full rental payment history, allowing you to see not only whether the rent is up to date at the time of settlement, but also whether there is any history of late or irregular payments.

4 TENANCY APPLICATION & SUPPORTING DOCUMENTS

These documents confirm that the tenant provided appropriate identification and supporting documentation, such as payslips and bank statements, at the start of the tenancy.

5 PROOF OF BOND LODGEMENT

Tenants generally pay a bond equal to four weeks' rent (plus a pet bond if applicable). The bond must be lodged with Bonds Administration within 14 days of payment. Where this has not been done correctly — which most commonly occurs when the property has been privately managed by the seller — resolving the issue becomes the buyer's responsibility after settlement.



All Investment Properties

(Tenanted or Vacant)

All investment properties must meet current legislative requirements at the time they are leased. When a property is purchased, any compliance gaps identified after settlement become the buyer's responsibility and may involve additional costs, regardless of whether the property is tenanted or vacant at the time of purchase.

SMOKE ALARMS & RCDS

Under WA law, rental properties must be fitted with hardwired smoke alarms and at least two Residual Current Devices (RCDs). While sellers are required to confirm in writing that these are installed, they are not legally obligated to provide a recently completed Electrical Safety Certificate (ESC).

Most professional property managers require an ESC completed within the previous 12 months as part of their risk management processes. **To avoid additional costs after settlement, it is advisable to request that the seller provides a current ESC as a condition of sale.**

MINIMUM SECURITY & CORDED WINDOW TREATMENTS

Properties may not fully meet current minimum security or corded window treatment requirements. While a property may have been rented previously, this does not guarantee it meets current compliance standards.

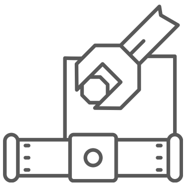
It is important to note that the seller is **not legally responsible** for bringing the property into compliance with current legislation. Any compliance upgrades required after purchase will be the buyer's responsibility.

If the property is purchased vacant, all required compliance items must be addressed before a new tenant can move in. Your property manager will be able to advise you further on what is required.

All Investment Properties

(Tenanted or Vacant)

PRO-FIT TYPLEX 1050 PIPES



Some properties built between 2017 and 2022 may contain Pro-fit Typlex 1050 pipes, and have been associated with leaks in some WA homes.

The WA Government has commenced a program of practical remediation and preventative measures which may be available at no cost to owners, regardless of when construction was completed. It is also a legal requirement for sellers and landlords to disclose if Typlex pipes are present, so this should be confirmed as part of your due diligence when purchasing an investment property.

Strata Properties

If the property is within a strata complex, the seller is legally required to provide the following information as part of the sale process:

- Strata plan and any registered bylaws
- Strata company details
- Certificate of currency for strata building insurance

These documents are essential for both compliance and effective risk management.

Vacant Properties

When purchasing a vacant property intended for leasing, it is worth considering conditions of sale that help minimise additional costs after settlement. Addressing these items upfront can save time, expense and delays in getting the property advertised for lease.

Examples may include:

- Requiring the seller to provide a professional carpet cleaning receipt prior to settlement. For larger homes – particularly two-storey properties with carpeted living areas, bedrooms and stairs – this cost can exceed $1,000.
- Confirming the property will be handed over in a clean and tenant-ready condition.
- Confirming the property will be handed over fully cleared of all seller belongings internally and externally, including rubbish, pot plants, outdoor furniture, items behind sheds, and any materials left in garages, roof spaces or yards.
- Ensuring any agreed maintenance or repairs are completed before settlement.
- Requesting permission to use the existing sales photographs for the leasing campaign.

Including these conditions can help reduce upfront costs and ensure the property is ready to lease as soon as possible after settlement.

Proof of Ownership

Your property manager is required to hold proof of ownership for all properties under management. To avoid Landgate search fees, ask your settlement agent, conveyancer or solicitor to provide a copy of the new Certificate of Title once settlement has been completed.

Final Note

Many of these items are far easier — and less costly — to address before settlement rather than after. Having the right conditions in place and ensuring the correct documentation is provided can help protect your investment and ensure a smooth transition into property management.

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