

Management Rights - Step by Step

The graphic below takes you through the typical process for obtaining finance and purchasing management rights. The sequence in the graphic assumes that each step is successfully completed in turn. For instance, if a vendor rejects your offer to purchase (Step 3b) you would go back to Step 2 (select another business to buy). If your finance is not approved (Step 10c) we would not provide the Letter of Offer (Step 11).

If you have any questions about any step stage, please contact Mike Phipps Finance.

1

Ask Mike Phipps to pre-qualify you for finance

2

- a) Select the management rights business you would like to purchase
- b) Talk to your accountant about setting up your business structure(s)

3

- a) Make your offer to purchase the management rights (usually through the agent)
- b) The vendor accepts your offer (subject to some negotiation)
- c) We seek finance quotes and assist you to complete and submit a formal finance application form

4

- a) Have your solicitor prepare the contracts
- b) All parties sign the contracts

5

- a) Commence the course for a Resident Letting Agent's licence
- b) Apply through the Office of Fair Trading for a Resident Letting Agent's Licence

6

- a) Ask your accountant to complete a net profit verification report on the business you intend to purchase
- b) Ask your lawyer to commence legal due diligence

7

- a) The lender completes a valuation report, or
- b) Requests a licensed valuer to inspect and complete a report

8

- a) The lender asks their solicitors to complete due diligence, or
- b) Requests your solicitor to provide us with a certification

9

- a) Your accountant provides us with the net profit verification report
- b) We provide a copy of the report to the valuers

10

- a) Valuation report is completed by the lender or an external valuer
- b) Credit submission is completed
- c) We notify you about the outcome of your finance application



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11

The lender provides you and your solicitor with the Letter of Offer

12

The lender reports the outcome of their due diligence to your solicitor, or

Your solicitor provides the lender with certification that due diligence has been conducted and is satisfactory

13

a) You accept the lenders offer of finance

b) The lender prepares the security documentation

14

a) The lender opens a trust account for your business. You cannot operate this account (it is 'blocked') until the Office of Fair Trading issues your Resident Managers Licence

b) The lender make preparations to install your EFTPOS and electronic banking services

c) We will arrange a quote for insurance

15

The body corporate committee meets and decides whether it will approve the assignment of the management agreement and letting agreement to you

16

The lender receives all signed security documentation

17

The lender solicitors issue settlement certification, or

completes internal settlement certification

18

a) The Office of Fair Trading issue you with a Resident Letting Agent's Licence

b) The Office of Fair Trading issues you with and an authority to operate a trust account

c) You provide the lender with the authority and they activate your trust account

19

a) Settlement takes place

b) The lender proceeds with the installation and activation of your EFTPOS and electronic banking services

We're with you, step by step

Mike Phipps Finance have developed a systematic approach to financing and purchasing new and existing management rights businesses. Inbuilt checks, triggers, and alerts ensure that the process stays on track. We will personalise the process, helping to ensure that you are aware of what is required at every stage, and that you stay in control.

You're in business!

After you've settled into your new business, we will maintain regular contact with you. As your business circumstances evolve, and your operational environment changes, we will be on hand to help you review your financial arrangements and adjust them accordingly.

Helping you purchase a management rights business is just the beginning of our relationship. We're keen to continue as a partner in your ongoing success.

Please note this process refers predominately to QLD, although process is similar in all states.



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