

# Policy: Real Property Purchase

## Purpose

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This policy provides guidelines for the purchase of real property on behalf of customers of NSW Trustee & Guardian.

NSW Trustee & Guardian manage a range of activities relating to the purchase of real property on behalf of customers.

This is an area of operations carrying high risks as real property is generally a high value asset and procedures are required to ensure consistency, accountability and transparency of process.

Actions undertaken by staff in Trustee Services are documented in information systems and/or files.

Before the advent of the prudent person principle and the diversification of investments, the purchase of real property provided customers with a degree of diversification that was not possible from NSW Trustee & Guardian cash and fixed interest. Rental properties provided an income stream from the rent and capital gain through increases in the value of the real property.

Whilst some investments in property have benefited, many have not, and returns are sometimes poor. Some of the reasons for these poor returns include: price paid, standard, the location of property, unexpected major repairs, extreme wear and tear, tenant damage, agents neglecting to report defects, termite invasions, special levies for strata units (e.g. concrete cancer), and poor cash flow.

## Policy statement

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The purchase of real estate must be subject to the Financial Management Order, Will, Deed, Legislation, Court Order or other Trust document.

Other than in exceptional circumstances, the purchase is subject to consultation with the customer and other stakeholders.

The approval to purchase must be made in accordance with NSW Trustee & Guardian guidelines relating to the asset, including affordability.

Pest and building reports and a valuation are required for consideration of the purchase of real estate. A survey and strata report may also be required, where appropriate.

## Scope

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All staff involved in the purchase of real estate for a customer

## Legislative context

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[NSW Trustee and Guardian Act 2009](#)

### Definitions

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The term '**customer**' refers to all NSW Trustee & Guardian customers and stakeholders. Customer is broadly defined and should be considered in the relevant context. The term customer refers to:

- Person under a financial management order.
- Person who makes a Will, Power of Attorney or Trust Deed appointing NSW Trustee & Guardian to act in the appropriate capacity.
- Beneficiaries of estates and trusts – where the customer is a beneficiary of an estate or trust, decision makers must ask does the request support the administration of the estate or trust according to law.
- Stakeholders such as key contacts, family, social workers, support persons or organisations

### Document Information

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<b>Title:</b>	Real Property Purchase Policy
<b>Owner:</b>	Manager Property Services
<b>Approver:</b>	Director Trustee Services
<b>Date of Effect:</b>	13 August 2020