

Conveyancing And Trust Account System

SETTLEMENT STATEMENTS

PART 1 – OVERVIEW

Statement items, the individual items which make up a settlement statement, are classified into groups called *Statement Item Groups* (SIGs).

The list of available statement items is fully maintainable by the user. Items can be edited added or deleted from this list at any time. Defaults can be set for each item in a group, such as the amount, the text that will appear in the printed settlement statement, how these items will be treated in the trust account etc.

Stamp Duty and LTO registration fee payable on a transfer are automatically calculated.

GST is also handled. At the time of creating a new statement item, selecting the *GST Applicable* option will indicate that the amount of the item entered includes GST. Additionally, an item can be manually marked as GST inclusive within the statements screen.

IMPORTANT NOTE RE GST

GST referred to here means GST payable on fees and searches only, and not to GST payable by other parties, such as GST included in an agent's commission.

CATS requires all default amounts for fee related statement items to be inclusive of GST. However, there is an option under System/Preferences for fees and GST to be individually itemised in a settlement statement.

A separate page on the statements screen allows for calculation of adjustments of rates, taxes, strata/community levies, rent etc. The adjustments screen is always from the perspective of the vendor but appear as appropriate in the purchaser's statement.

There is also a provision to adjust for less than 100% of the total, for situations where only a portion of the land in an assessment is being transferred.

As with editing and printing of documents, settlement statements are opened and printed in Microsoft Word, so they can be formatted in any way the user prefers.

When the formal statement is saved, it is accessible in CATS from the *Letters Screen*, where it is saved like any other letter or document relating to that file.

Tax Invoices

If a settlement statement is not applicable for the type of file being worked, e.g. preparation of a lease, the formal statement will be in the form of a standard Tax Invoice.

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SETTLEMENT STATEMENTS (Cont)

Statement Compilation Screen

Settlement Statement - File No. F7064 Aneve & Day / Fair Dinkum Japanese Imports Pty Ltd (Acting for Vendor)

Vendor		Purchaser	Adjustments	Reconciliation	View/Print Statement	
Del	Sel	Item	Statement Item Name	Dr	Cr	GST
	>	1805	Sale Price		251,000.00	
	>	1100	Commission due to Agent	5,500.00		
	>	1105	Contribution re Agent's Advertising	592.50		
	>	0975	Water Consumption Allowance	250.00		
	>	0200	Conveyance Fee - Land	605.00		✓
	>	0701	LTD Discharge of Mortgage registration	117.00		
	>	2030	Payout of 1st Mortgage	164,460.16		
	>	0903	Half cost of Prescribed searches incl GST	181.72		✓
	>	1215	Water Sewer Rates	53.60		
	>	1205	Council Rates	49.30		
	>	0210	File fee	77.00		✓
	>	3000	Adjustments balance forward		80.83	

Footnotes Insert Common Items Edit Payee Delete Row(s) 171,886.28 251,080.83 ↓ ↑

Statement Text
Professional fee for checking contract and forms, appropriate searching, preparing documentation, Liaising with other Conveyancers/Solicitors, preparing settlement statement, requesting funds, booking settlement, final checks and attendances to settlement.

- GEN CONVEYANCING
- BUSINESS CONVEYANCING
- LEASES
- LAND DIVISION
- APPS GENERAL
- MORTGAGES
- OTHER CONV
- Agent
- Stamp Duty
- Land Titles Office
- Searches
- Disbursements
- Payments - Rates Etc
- Payments - Other
- GST Holding Account
- Bypass Trust - Debits
- Bypass Trust - Credits
- Finance In
- Finance Out
- Sale Contract
- Adjustments

General

The statements compilation screen comprises five tabbed pages, *Vendor*, *Purchaser*, *Adjustments*, *Reconcile*, *View / Print Statement*.

The screen heading shows the file reference, names of the parties and for whom acting.

Statement Item Groups

The SIGs are represented by the yellow folders in the list at right. Within each SIG are the individual Statement Items. The Statement Items can be accessed by expanding the SIG folder by clicking the plus (+) sign next to it.

The SIGs listed in upper case contain statement items relating to fees charged for conveyancing etc. so apart from searches, are the only items on which GST can be charged.

ing for Vendor)

- GEN CONVEYANCING
- BUSINESS CONVEYANCING
- LEASES
 - Memorandum of Lease
 - Extension Lease
 - Assign of Lease
 - Transfer of Lease
 - Surrender of Lease
 - Disclosure Statement
 - Director's Guarantee
- LAND DIVISION
- APPS GENERAL

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SETTLEMENT STATEMENTS (Cont)

Statement Rows

A statement row is selected by clicking the button captioned '>' at left of the row in the column headed *Sel.*

Once selected it can be moved up or down the list by selecting them and clicking the black up/down arrows at the bottom of the row grid.

Statement Text

The text in the panel at the bottom of the screen (in the above example, it contains the words 'Professional fees for checking contract and... etc). This is the wording that will appear in the settlement statement for this item.

This is the exact wording as set as the default wording entered when the statement item was created, but can be edited here as required to suit current circumstances.

Footnotes

To create a footnote to appear at the bottom of a settlement statement, click the button labeled *Footnotes* just above the *Statement Text* panel. The *Statement Text* panel will change colour and any text now typed into it will appear as a footnote on the statement.

Common Items

The Common Items button is designed to save time when compiling a settlement statement. Clicking this button will automatically insert rows into the statement screen thereby eliminating the need to insert them one at a time.

The statement items included as Common Items are determined by the CATS user at the time of creating the statement item.

Do not include Agent commission or marketing etc as common items as these are automatically included in the settlement statement when acting for the Vendor

Edit Payee

Used to change the way the item will be treated in the trust account from the default setting, or if the item is a cheque item, the payee of the cheque.

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SETTLEMENT STATEMENTS (Cont)

PART 2 - COMPILING THE SETTLEMENT STATEMENT

Purchase Price & Deposit

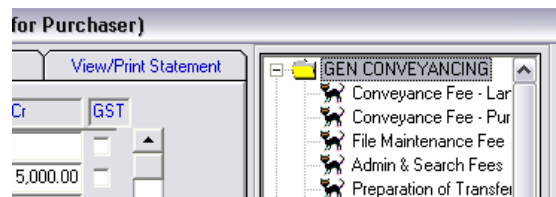
If the purchase price and deposit were entered when the file was first created, these amounts will appear automatically when the statement screen first comes up.

The deposit will not appear if it has not been marked as *Paid* when entering the file data.

Inserting Conveyancing Fee(s)

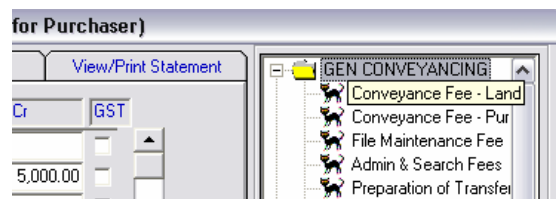
Conveyancing Fees SIGs are shown in upper case and are divided into five groups to facilitate selection. These fees groups are;

- General Conveyancing
- Leases
- Land Divisions
- General Applications
- Other Conveyancing



To add a conveyancing fee to the statement, click the '+' at the left of the applicable SIG to expand it and to display the individual statement items within it. (Because the list of statement items is maintainable by the user, your screen may differ to the example shown).

If the name of the statement item is too long to be fully displayed in the statement item list, allow the mouse pointer to hover over the item for a second or two, and the full name will appear.



To add the required item to your statement, click on the name of that item in the list. The item will be immediately added to the statement grid complete with statement text and the default amount allocated to it when the item was created.

Other Statement Groups

The following are the other SIGs that are included when CATS is first installed.

- Land Titles Office – e.g. Registration of Transfer, Plan Examination Fee etc.
- Stamp Duty - On transfer of land, mortgage, encumbrance etc
- Searches - LTO, Council, SA Water, Land tax, ESL etc.
- Disbursements - Water Consumption, payments to third parties
- Agent - Agent Commission, advertising or disbursements
- Payment of Rates Etc (to respective authorities) - council, land tax, water, ESL
- Payments – Other - (other payments to third parties)
- Bypass Trust Account Debits - Shared cost of searches, any sum not passing through the trust account.
- Bypass Trust Account Credits - Shared cost of searches, any sum not passing through the trust account.
- Finance In - Amount available from 1st and 2nd mortgagee
- Finance Out - Amount payable to 1st and 2nd mortgagee
- Adjustments - Not available to the user. For system purposes only.

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SETTLEMENT STATEMENTS (Cont)

Deleting Statement Items

If an item has been added to the statement incorrectly, it is easily deleted.

Select the row or rows to be deleted by clicking the check box in the column headed *Del*, then click the *Delete Row* button. You will be asked to confirm the deletion. Click *Yes* to proceed or *No* to change your mind.

Edit Statement Item Payee / Destination Details

When you first create a default statement item, you can specify a default amount and payee/destination for that item, e.g. if a cheque, to be payable to Land Titles Office, if a conveyance fee, to your fees holding account etc.

There will be times when the payee / destination that was set as a default is not applicable. It will then be necessary to change the payee/destination of the item, so that it is correctly processed through the trust account.

To change the details of the payee / destination of a statement item, select the require row by clicking on the '>' button in the *Sel* column to display *Change Item Details* window.

The screenshot displays the 'Settlement Statement' window for File No. MM17041, Case / Heaps & Mungus (Acting for Purchaser). The main window contains a table with columns: Del, Sel, Item, Statement Item Name, Dr, Cr, and GST. The table lists several items, including 'Purchase Price - Land', 'Deposit Paid', 'Conveyance Fee - Land', 'Miscellaneous', 'Half cost of Prescribed searches, copying incl GST', 'Stamp Duty Transfer', and 'Transfer F'. The 'Miscellaneous' item is selected, and a 'Change Item Details' dialog box is open over it. The dialog box has a title bar 'Change Item Details' and contains the following fields and options:

- Item Name: Miscellaneous
- Payment Type: Cheque Payment, EFT Payment
- Account Type: Hold in Trust, Non Trust Account Item, Holding Account
- Holding Account: Fees Holding Account (selected from a dropdown menu)

The dialog box also has 'Cancel' and 'Save' buttons. At the bottom of the main window, there are buttons for 'Footnotes', 'Add Common Items', 'Edit Destination', and 'Delete Row(s)', along with summary values: 833,370.20 and 30,000.00. A 'Statement Text' field at the bottom contains the text: 'Photo Copying, Bank Charges, & File Maintenance & Miscellaneous Disbursements'.

In the above example, the default may have originally been set for the GST amount involved to be treated as a cheque in the trust account.

It has been changed here to be treated as a fee to go to the fees holding account instead.

Click *Save* to save the changes or *Cancel* to discard them.

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SETTLEMENT STATEMENTS (Cont)

Handling Shared Search Fees

When it comes to sharing the cost of searches between vendor and purchaser, and not acting for both parties, the following procedure is recommended. It makes reconciliation of the statement easier and more logical, and resolves GST issues.

Acting for Purchaser only

Normally, the shared cost is shown as a debit to the purchaser in the settlement statement received from the vendor's conveyancer.

This means that the amount will bypass the trust account so this amount should be entered in the SIG called *Bypass Trust Account – Debits*.

Acting for Vendor Only

This is the reverse situation, i.e. where you have ordered and paid for searches, and are charging the purchasers via the purchaser's adjustment statement.

To share the cost between vendor and purchaser, the following is the preferred option.

- Charge the full cost (plus GST if that is your policy) to the vendor in the *Searches* SIG.
- In the vendor client's statement enter half the cost in the applicable statement item within *Bypass Trust Account – Credits*
- In the purchaser's statement enter the half cost in the applicable statement item within *Bypass Trust Account – Debits*.

The end result is that the vendor and purchaser each pay half the cost of searches and GST if applicable.

Fee for Provision of Searches

If acting for the vendor and charging a fee for the provision of the searches to the purchaser, then use a statement item in *OTHER CONVEYANCING* (call it say, *Photocopying & Providing Searches*), and include the amount plus GST in the purchaser's statement.

If that statement item does not exist, it can easily be created (see chapter *Maintaining Databases*).

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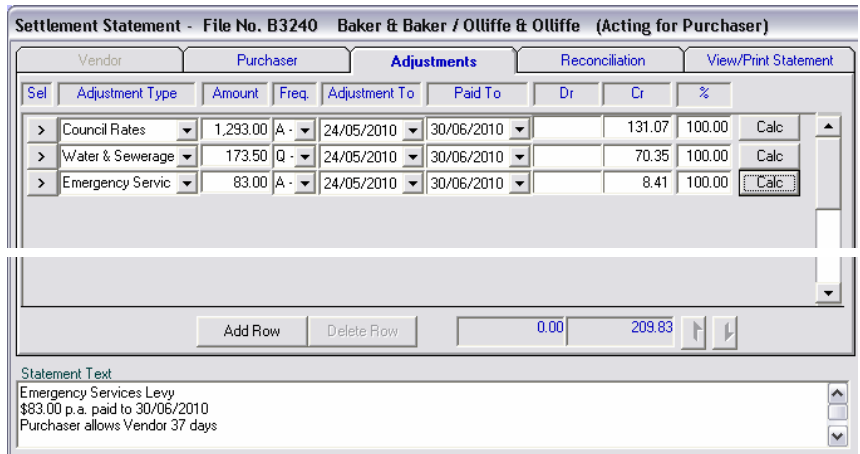
SETTLEMENT STATEMENTS (Cont)

PART 3 - ADJUSTMENT OF RATES & TAXES ETC.

CARE

Do not enter the amount outstanding and which is to be paid to the relevant authorities in this screen. Use the statement item group called *Payments – Rates Etc* in the vendor's section of the statement screen

Click the *Adjustments* tab at the top of the statements window to display the adjustments screen



Statement Text

The statement text at the bottom of the screen is what will appear in the printed settlement statement. It can be edited here as required.

Making an Adjustment, e.g. Council Rates

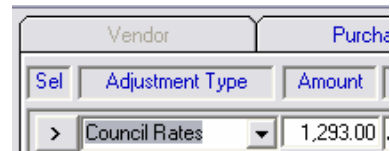
- Click the down arrow at the right of the box in the heading Adjustment Type. The list shows all available adjustment types. (NB: Adjustment items can be created and maintained in the same way as Statement Items).

Select (e.g.) *Council Rates* from the list.



- Enter the amount

Enter the amount payable for a monthly, quarterly, half yearly, or annual period as required. Do not include any commas or dollar signs in this box.



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SETTLEMENT STATEMENTS (Cont)

If necessary, select the adjustment period from the list headed *Freq.* Usually, the default shown as set up when creating the statement item is the most suitable.

Vendor		Purchaser		Adjustments	
Sel	Adjustment Type	Amount	Freq.	Adjustment To	Paid
>	Council Rates	1,293.00	A - Annually		
>	Water & Sewerage	173.50	A - Annually		
>	Emergency Servic	83.00	Q - Quarterly		
			M - Monthly		
			F - Fortnightly		
			W - Weekly		
			H - Half Yearly		
			B - Every 2 Years		
			T - Every 3 Years		

- Enter/Select the date to which to adjust.

This date will default to the day prior to the settlement date but it can be changed to suit the circumstances.

Vendor		Purchaser		Adjustments	
Sel	Adjustment Type	Amount	Freq.	Adjustment To	Paid To
>	Council Rates	1,293.00	A -	24/05/2010	30/06/2010
>	Water & Sewerage	173.50	Q -	24/05/2010	30/06/2010

- Similarly, enter/select the date to which the item to be adjusted has been paid or will be paid. In most cases, the correct date will be shown as by default, but it should be checked each time.
- Finally, click the *Calc.* button. The adjustment is calculated and the total of all adjustments is updated and carried forward to both the vendor and purchaser statement as applicable.

Vendor		Purchaser		Adjustments		Reconciliation		View/Print Statement	
Sel	Adjustment Type	Amount	Freq.	Adjustment To	Paid To	Dr	Cr	%	
>	Council Rates	1,293.00	A -	24/05/2010	30/06/2010		131.07	100.00	Calc
>	Water & Sewerage	173.50	Q -	24/05/2010	30/06/2010		70.35	100.00	Calc

Add another row and continue the process until all adjustments have been entered.

Adding Another Row

There are two ways to add a new row to the grid. Either;

- Click the Add Row button at the bottom or
- Double click the grey area immediately below the last adjustment row in the grid.

Changing Order of Appearance of Rows

Highlight the row to be moved by clicking '>' button in the *Sel* column, then move it up or down by clicking the arrows at bottom right of the screen. The top row can not be moved.



Proportional Adjustments

There are times when it is necessary to base adjustments on a proportional basis.

If so, enter the details as described above, change the percentage in the column headed “%” to that required, and click the *Calc* button. The percentage will appear in red to alert the user to the change.

Once a row has been changed to adjust at a certain percentage, that same percentage will appear when a subsequent row is added.

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SETTLEMENT STATEMENTS (Cont)

PART 4 - PREVIEWING A STATEMENT

The progress of a settlement statement can be viewed on screen at any time by clicking on the tab at the top of the statements screen labeled *View/Print Statement*.

You can view a settlement statement on screen by clicking the *View* button, or open it as a Word document for viewing, editing and or printing by clicking the *Print Preview* button.

The following shows an on-screen view of a vendor's statement.

Settlement Statement - File No. X3789 Warren / Burrows (Acting for Vendor)				
Vendor	Purchaser	Adjustments	Reconciliation	View/Print Statement
VIEW VENDOR'S STATEMENT		VIEW PURCHASER'S STATEMENT		
<input type="button" value="View"/> <input type="button" value="Print Preview"/>		<input type="button" value="View"/> <input type="button" value="Print Preview"/>		
All Vendors ▾		All Purchasers ▾		
	Dr	Cr		
Sale Price - Land		1,410,000.00		
Agent Commission	25,380.00			
Agent Disbursements	1,296.00			
Water Consumption Allowance	400.00			
SA Water - Meter Reading	16.06			
Discharge of Mortgage	121.00			
File Maintenance Fee	97.90			
Conveyance Fee - Land	550.00			
Adjustments				
Council Rates \$1,090.00 p.a. paid to 30/06/2012				
Purchaser allows Vendor 339 days		1,009.59		
Balance due to you from settlement	1,383,148.63			
	1,411,009.59	1,411,009.59		

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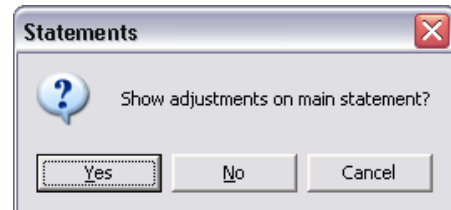
SETTLEMENT STATEMENTS (Cont)

PART 5 - PRINTING A SETTLEMENT STATEMENT

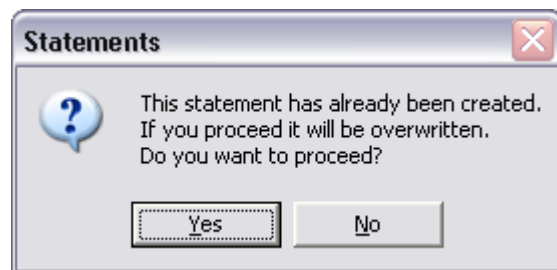
Click the *View/Print Statement* page.

Click the *Print Preview* button to create a copy of the settlement statement as a Microsoft Word document.

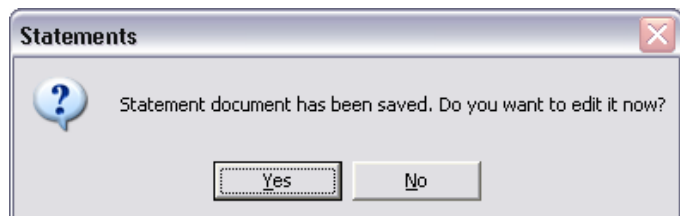
You then need to choose whether adjustments should be included on the main page of the settlement statement, or on a separate page. If the statement is going to be a long you may want adjustments to be on a separate page with totals carried forward to the main statement.



If you had already prepared and saved a settlement statement for the same file, you will be asked to decide whether you want to edit that existing statement, or overwrite it with a new one.



Choose whether to edit the statement now or at a later time. The statement can be viewed and edited in the Letters & Documents Screen, just like any other letter or document.



IMPORTANT NOTE

If changes are made to the financial details of a statement opened as a Word document, these changes will not be reflected in the statement data screen. Changes for this purpose should always be made in the statement compilation screens, and the formal settlement statement should be regenerated.

Fitting the Settlement Statement Onto a Single Page

If the settlement statement spills onto the second page, use the feature in Word called *Shrink to Fit*. Consult the help feature in MS Word for instructions on how to do this.

If the original settlement statement significantly spilled onto the second page, *Shrink to Fit* may make the writing too small. In that case, regenerate the statement with adjustments on a second page, or simply leave it as two pages.