

# My Strata Title is Out – What's Next?

In this article we answer some questions that you always wanted to ask a lawyer



## What is perfection of transfer and charge?

So, you have just received a letter from the developer informing you that your strata title has been issued. You are asked to contact a lawyer to perfect your title and charge.

**Your question: I have signed a sale and purchase agreement before this. You mean I didn't have a strata title to my property all this while?**

If you receive such a letter from the developer, it is likely that individual strata title has not been issued when you signed your sale and purchase agreement. This letter also means that the developer's master title has now been subdivided into individual strata titles for you and other buyers.

**Your question: Can I ignore the notification from the developer?**

The short answer is you shouldn't. If you have a loan, your bank will also likely be notified of the issuance of the strata title and may exercise its power of attorney to perfect the transfer and charge if you fail to do so. Delays may also result in storage and other charges being imposed upon you by the developer before the strata title is released. Plus, the passing of time may itself bring other unnecessary and costly complications.

**Your question: What then is involved in the perfection of transfer and charge?**

When the strata title is first issued, it will be in the name of the developer even though the property has been sold to you. The process of ensuring that your name appears in the strata title is legally known as perfecting the transfer/title to you. Simultaneously with this, your bank will also register its charge to secure the loan given to you. This latter process is known as perfecting the bank's charge.

## Money matters

Now that we have established that you shouldn't ignore nor can you avoid this process, we are sure you will ask the following further questions.

**Your question: How much do I need to pay?**

As there will be legal work involved, you need to engage a lawyer to assist you. There will be professional fees, stamp duty, registration fees, bank execution charges, and other disbursements payable to various parties such as the land office and stamp office.

**Your question: What is the stamp duty payable?**

Commonly, stamp duty would be payable on the memorandum of transfer (MOT), and the rate depends on the purchase price and the date of your sale and purchase agreement with the developer.

With effect from 1 January 2019, stamp duty on the MOT is calculated as follows:-

| Purchase Price    | Rate |
|-------------------|------|
| First RM100,000   | 1%   |
| Next RM400,000    | 2%   |
| Next RM500,000    | 3%   |
| Above RM1,000,000 | 4%   |

**Your question: Can I get a discount on the stamp duty?**

From time to time the Government of Malaysia announces certain reductions/exemptions in stamp duty. Therefore, it is worthwhile and important to enquire with a lawyer on your eligibility.

**Your question: But I remember having paid stamp duty when I bought the property previously. Are you sure I still need to pay for this?**

If you did not purchase your property from the developer, then it is likely that you would have paid stamp duty on a document known as a deed of assignment. In that case, the MOT will be stamped at only RM10.

**Your question: Will there also be stamp duty payable for the charge?**

Yes, and this will be at RM10/copy. Most banks will require 4 copies of the charge to be executed.

Next steps

**Your question: Who shall I engage as my lawyer?**

This is a personal choice. You should choose a lawyer whom you think can do the job for you at a fee you are comfortable to pay. There is also no harm to ask for a few fee quotes prior to committing yourself. For a [quote](#), provide the purchase price, loan amount, the name of your bank, and whether your property is freehold or leasehold.

**Your question: Am I bound to engage the original sale and purchase and loan lawyers?**

No. You are not bound to engage the original sale and purchase or loan lawyers, or anyone recommended by a third party such as the developer, your joint management body, or even your bank. Appointment of your lawyer is up to you.

## Useful legal terminology

**Charge:** A legal interest over your property which you give to your bank. It serves as a security for the loan or banking facility that the bank had granted to you. A charge is reflected in your title and can only be registered once the title is issued.

**Deed of assignment:** An agreement where an assignor's interest in a property is assigned to an assignee. This is used in a sale or loan transaction where no title has been issued for the property.

**Master title:** The title held in the name of a developer or proprietor for the entire building or development, which will be further subdivided into strata titles.

**MOT:** Short-form for memorandum of transfer. It is a document used in the transfer of ownership of a property when there is already a title issued by the land authority.

**Strata title:** The title for a parcel in a subdivided building or land, such as an apartment, condominium, SOHO-type, or office unit.

## Our social responsibility

This article has been written as part of our initiative to educate the public about various legal issues and is available for free download from our website. If you would like to copy or re-use any of our contents to spread awareness to others, please drop us an email or WhatsApp so that we may confirm that the law has not changed since we wrote this. For further information or updates about various aspects of the law, visit our blog at [www.lochambers.com](http://www.lochambers.com).

## About us

Our team comprises experienced and dedicated lawyers and support personnel, who work together to deliver high quality legal services to our clients. Feel free to reach out to us if you have further questions.

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