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SUMITOMO FORESTRY
HOME SERVICE
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Real Estate Transaction Flow

Earning Real Estate Consulting Division



SUMITOMO FORESTRY HOME SERVICE CO.,LTD.

Key points when purchasing of real estate

S U M I T O M O F O R E S T R Y H O M E S E R V I C E

1 Understand the Japanese tax system

We can introduce you to affiliated tax accountants that have foreign staff

2 Carefully check the sale contract

Our foreign staff will be alongside you to carefully explain the details of the contract before you sign it

3 Hire a reliable management company to handle the post-purchase leasing of the property

We will introduce you to Sumitomo Forestry Residential (a company with foreign staff)

4 Appoint a tax payment manager and a reliable party to prepare and file tax returns

Same as for (1)



Put
together
a purchase plan

STEP
1

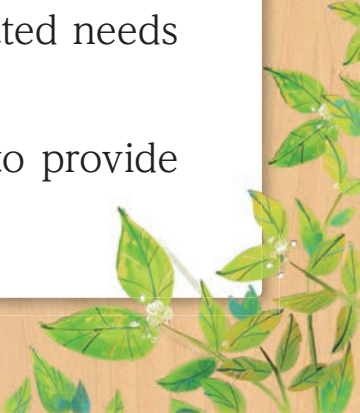
To achieve success in real estate investment, it is essential to carefully investigate the property that is going to be the target of the investment. To find the perfect property given your limited budget and the limited time available, let us carefully gather information on property prices in the area you wish to purchase a property in, characteristics of the area, and so on.



Strengths of Sumitomo Forestry Home Service

With a network that covers the Tokyo, Chubu, Kinki, and Kyushu areas, we work with companies comprising the corporate group centered on Sumitomo Forestry Co., Ltd. to meet the various real-estate-related needs of customers.

We also work with partner real estate companies nationwide to provide numerous services in a wide range of fields.





Decide your budget

STEP 2

Next, we will put together a funding plan. You probably already have a rough idea of how you are going to fund and recoup your investment, but we will formulate a more detailed plan for you. We will look at how much of your own money you are going to invest, how much you are going to borrow, and whether you know what expenses, such as taxes, you are going to incur. The plan will obviously also take account the risk of declines in rents or vacancy rates, maintenance expenses, and so on.

Strengths of Sumitomo Forestry Home Service

If you are considering a loan, we will introduce you to financial institutions, and if you don't know much about the Japanese tax system, we will introduce you to tax accountants that are affiliated with Sumitomo Forestry Home Service. Moreover, because the Sumitomo Forestry Group also contains a real estate leasing management company, we can provide numerous services in a wide range of fields from the purchase itself to post purchase real estate management



Inspect the property

STEP 3

Once you have picked out a property, It is crucial that you actually go and see it. Making an investment without looking at the surrounding area or the condition of the building is extremely dangerous. When you go to the building, you will examine its external appearance, check for cracks, and so on, and if there is a vacant unit, you will go inside and inspect the interior.

Strengths of Sumitomo Forestry Home Service

Regarding inspections, an experienced Sumitomo Forestry Home Service staff member will take you out to the property to inspect it.

We will provide you not only with details of the property itself, but also a variety of other materials and information to give you a full understanding of the surrounding area.





Make a purchase application

STEP 4

Once you have decided to purchase some real estate, you are going to make a purchase offer by completing and signing or affixing your seal to a purchase application form, purchase certificate, etc. Please be aware that this application is not a formal contract – it just tells the owner that you intend to purchase the property. This is when you negotiate the purchase price and decide on the dates and times for concluding the formal contract and transferring ownership of the property.

Strengths of Sumitomo Forestry Home Service

Sumitomo Forestry Home Service leverages its knowhow to ensure that contract negotiations are pleasant and leave both seller and buyer satisfied. We not only confirm the purchase price, but also the various other terms such as the date of transfer.



Undergo prior screening for a loan

STEP 5



If you are going to be taking out a real-estate-secured loan, you will need to undergo prior screening by the financial institution and guarantee company and get the loan approved. Please be aware that each financial institution differs in terms of the period and maximum amount of loans, the proportion of the purchase price they are willing to lend, and so on.

Examples of documents required for prior screening (may vary depending on the financial institution)

【Required for everyone】

prior screening application form, consent form for the handling of personal information, ID

【Required for salaried workers】

tax withholding statement, proof of employment

【Required for sole proprietors】

tax return

【Required for company operators】

tax withholding statement, company's financial statements, Certificate of All Historical Matters



Conclude the real estate sale contract

STEP 6

The next step is to conclude the sale contract. First, you will receive a document explaining important matters, as well as an oral explanation of these matters. The document contains important information concerning rights to the property, laws and regulations relating to it, and so on. Only proceed with conclusion of the contract once you have fully understood these matters. Next sign and seal the real estate sale contract and pay the deposit to conclude the contract process.

Strengths of Sumitomo Forestry Home Service

Real estate sale contracts are normally written in Japanese, so it can be difficult to understand their content. Sumitomo Forestry Home Service, however, has staff who are highly proficient in Chinese and English, and one of these staff will carefully explain the content of the contract to you before you sign it.



Conclude the real estate secured loan agreement

STEP 7

If you are taking out a real-estate secured loan, once you have concluded the sale agreement, you will undergo a formal screening by the financial institution and conclude the loan agreement.

Examples of documents required for prior screening (may vary depending on the financial institution)

【Required for everyone】

main screening application form, ID, certificate of official registration of seal, certificate of residence

【Required for salaried workers】

tax withholding statement, local taxation certificate etc., proof of employment

【Required for sole proprietors】

tax return, certificate of tax payment

【Required for company operators】

tax withholding statement, local taxation certificate etc., company's financial statements, Certificate of All Historical Matters





Conclude the lease management contract

STEP 8

When investing in Japanese real estate, post-purchase management is also important, so you will need to entrust the management of the property to a lease management company. Although real estate lease management companies differ from each other to some extent, they generally provide, among others, the following services:

- (1) Recruitment of tenants
- (2) Sorting out problems with tenants
- (3) Rent management
- (4) Payment in lieu of tenants that are behind on their rent
- (5) Vacancy guarantee service

Strengths of Sumitomo Forestry Home Service

The Sumitomo Forestry Group includes Sumitomo Forestry Residential, a company that specializes in lease management. This company manages over 30,000 properties, and can also handle the subleasing of single condominium units. It also employs overseas staff, allowing you to enjoy peace of mind when entrusting management of the leasing of your property after you purchase it.



Appoint a tax payment manager

STEP 9

Once you have purchased your property, the tax office will mail you demands for taxes such as real estate acquisition tax and fixed asset tax, on receipt of which you must pay these taxes. Because you are not in Japan, you are going to need to appoint a tax payment manager to take care of the tax payment procedures on your behalf. If you have bought real estate in Japan as an investment, you will need to declare rent revenue as real estate income.

Strengths of Sumitomo Forestry Home Service

At Sumitomo Forestry Home Service, we have forged partnerships with tax accountants that provide services to overseas investors. The tax accountants that we introduce to you will be able to handle the payment of taxes and the preparation and filing of tax returns on your behalf, allowing you to enjoy peace of mind.



Take ownership of the property

STEP 10

SUMITOMO FORESTRY HOME SERVICE IS CUSTOMER-FIRST PRINCIPLE

When the property is ready to be transferred, you will pay the remaining balance of the sale price. At the same time, the seller will transfer the property to you and you will complete the procedures to register it as yours.

