

Buying a pre-owned home in Japan

1. The buyer sets a budget and determines his requirements, including size and location.
2. If financing is required, the buyer researches lending rates and terms and shortlists lenders.
3. The buyer submits a mortgage application to the lender and receives indicative approval. (This is optional and only available from foreign banks.)
4. The buyer submits a mortgage application with supporting personal documents to the lender and receives preapproval (optional).
5. The buyer finds a suitable neighborhood, building or home.
6. The buyer signs a contract appointing the real estate agent to negotiate on his behalf.
7. On the buyer's behalf, the real estate agent negotiates the price, closing date and other terms with the vendor.
8. On the buyer's behalf, the real estate agent makes a purchase offer to the vendor.
9. The vendor accepts the purchase offer.
10. The real estate agent reads the explanation of important matters.
11. The buyer, the vendor and their real estate agents execute a sale and purchase (S&P) agreement. The buyer pays a deposit to the vendor, who issues a receipt. The property is removed from the market until the sale closes or is canceled.

12. The buyer submits a mortgage application (with supporting personal and property documents as well as copies of the S&P agreement and explanation of important matters) to the lender for formal approval.
13. The lender reviews the mortgage application, appraises the home and approves the mortgage. A guarantor is arranged, if needed.
14. If the mortgage is from a Japanese lender, the buyer joins a group life insurance plan.
15. The sale closes. Taxes and other costs are prorated to the closing date. The balance of the purchase price is transferred to the vendor, who surrenders the keys and title. The buyer pays the real estate agent's commission and judicial scrivener's fee, arranges fire insurance and takes possession of the property.
16. The judicial scrivener registers the property in the buyer's name at the Legal Affairs Bureau and pays the registration and license tax on behalf of the buyer.
17. The buyer inspects the property to ensure everything is as recorded in the fixture checklist.
18. The buyer pays the real estate acquisition tax, if applicable.