



## PRACTICAL GUIDE

# Deposit Strategies (5%, 10%, Bond)

When a 5% deposit is acceptable, when a deposit bond wins, and how Section 27 release affects your negotiating position.

## Standard 10% cash

- Default option; vendor preference; no fees.
- Held by agent or vendor's lawyer in trust account.
- Released to vendor at settlement (or earlier if release clause negotiated).

## 5% deposit

- Negotiable on private sale; requires vendor's lawyer to draft accordingly.
- Useful if your cash is tied up but you have firm equity elsewhere.
- Often paired with a slightly higher offer price or shorter settlement.

## Deposit bond

- Insurance product replacing cash; one-off premium of 1% to 1.5% of deposit.
- Useful when cash is in offset/equity but not liquid.
- Not all vendors accept; check before signing.

## Bank guarantee

- Bank issues guarantee for deposit amount; you provide security to bank.
- More expensive than deposit bond but stronger document.
- Standard on large commercial purchases; rarer in residential.

## Releasing deposit early

- Section 27 release gives vendor access to deposit before settlement.
- Useful as a trade for price reduction or longer settlement.
- Comes with risk; only release if vendor's title is clean.

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