



HIGHER VALUES

Buyers Guide

THE STAGES INVOLVED WITH BUYING A PROPERTY

- Find a property you wish to buy and make an offer.
- If your offer is accepted – find a Solicitor and let the agents have his/her details.
- Contact your Mortgage Advisor to arrange a mortgage, although it might be advisable to contact them once you have decided to buy a property, to make sure all arrangements are acceptable.
- Arrange to have a survey of your choice carried out. Your Solicitor will contact you and will probably ask you for some money on account to cover the cost of the searches. Your Solicitor will also contact the seller's Solicitor to request the draft Contract papers.
- Once your Solicitor receives the papers s/he will start the searches, check all the documents and raise any necessary enquiries.
- Copy documents will normally be sent to you, such as Fixtures and Fittings list etc, for your information.
- At this time, there may be a waiting period while your Solicitor is waiting for the result of the searches and your mortgage offer and while dealing with any enquiries.
- Once everything is received and your Solicitor has satisfactory answers to any enquiries raised, s/he will contact you to arrange for you to make an appointment to go through the papers in readiness for Exchange. At this stage you will be asked to provide your deposit and identification, if not already provided.
- Once all parties in the chain are ready to Exchange Contracts, a Completion date will have to be agreed with all parties. Exchange will then take place.
- Between Exchange of Contracts and Completion you will be asked to sign the Property Transfer deed and Mortgage forms if you are having this loan for the purchase.
- Your Solicitor will then apply for your Mortgage money and if any money is required from you, s/he will send a Completion Statement to you requesting the balance as CLEARED FUNDS in time for Completion.
- Your Solicitor will then undertake other necessary searches before Completion.
- On the day of Completion, once your Solicitor has received the mortgage money and any sale money, if any, s/he will forward the money to the seller's Solicitor and once s/he receive this s/he will then contact the Estate Agents and instruct them to release the keys, which you can then collect.
- When Completion has taken place your Solicitor will pay any Stamp Duty Land Tax, and once a Stamp Duty Certificate is received, s/he will send it and the Registered Title details to the Land Registry to register the property into your name. This may take several weeks.
- Once your Solicitor has received the Registered Title details from the Land Registry, a copy will be sent to you and your Mortgage Lender. If you do not have a mortgage on the property, your Deeds may be held by your Solicitor for safe keeping, or you may keep them yourself.



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INSTRUCTING A SOLICITOR

A conveyancing Solicitor or a licensed conveyancer normally handles all legal aspects of a property transaction. It is important to choose the right person or firm to handle the transaction as they have great influence on the time it takes to secure a satisfactory conclusion. You should make your choice of Legal representative based on the recommendations of family, friends or industry professionals.

At HJC we have carefully selected a small number of solicitors that have proven to be knowledgeable, efficient and helpful. Our recommendations are based on quality not price.

Please give us the details of your Solicitor as early as possible so that we can send them the sales memorandum. Your Solicitor will require full details of your purchase, including Mortgage arrangements, a cheque to cover the search fee and a proposed date for Exchange of Contracts.

MORTGAGES

For Mortgage advice HJC works in partnership with Charcol, an independent firm of financial advisors. In this way, we are confident of supplying you with the best and most impartial Mortgage information and advice on the market.

When you register with HJC, you will automatically be contacted by one of independent financial advisors (IFA). Needless to say, your advisor is completely up to date with the wide range of policies available from insurance companies and other financial institutions and will source the right product to match your specific requirements.

Of course, you are also entirely at liberty to contact your own Mortgage broker or deal directly with a lender. In any event you must submit an application form as soon as your offer on a property is accepted.

When you submit the Mortgage application form, you are required to provide a number of documents (a checklist appears on the following page). In order for your application to be processed quickly, you are advised to provide these documents as early as possible – ideally at your first meeting with your advisor, Mortgage broker or lender.

VALUATION FEE / SURVEY REPORT

Once you have submitted your application to a prospective lender, they will instruct a surveyor to carry out a valuation report on the property.

Although the lender arranges the valuation report, it is your responsibility to pay the valuation fee (if applicable). Please ensure that the fee is paid as early as possible, as any unnecessary delay could jeopardise the purchase of your chosen property.

WHY HAVE A SURVEY?

There are four main reasons why you need to have a property surveyed:

- You wish to be sure that the price is realistic — you don't want to over pay.
- You wish to know that the house does not have any defects that could lead to massive repair bills when you move in.



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- Your Mortgage Lender will insist on a Valuation before agreeing to how much to lend you.
- You wish to know how much to insure the house for. Generally the price of the house will be more than the insurance value (the cost of rebuilding).

WHAT KIND OF SURVEY DO YOU NEED?

Many purchasers are happy to rely on the valuation report carried out on behalf of the lender. Other purchasers prefer to instruct a surveyor to carry out an additional survey.

There are three types of surveys to choose from:

Valuation Report

This is not a survey as such and is used only to establish the value of the property. It does not give any indication of the condition of the property. It is not for your peace of mind, it is for the use of a Mortgage Lender. Some Lenders will pay for the Valuation fee or refund it after Completion.

Homebuyer's Report

This is a package designed specifically for homebuyers. It provides advice and information on:

- The general condition of the property.
- Any significant defects or matters which need urgent attention and advice on what to do about them.
- A valuation of the property — as it stands — and possible after any defects have been repaired (if applicable).
- A value for insurance purposes.

This type of survey will usually be slightly more expensive than a straight forward Valuation but is ideal for more modern properties. For older properties or where the property has defects that you are aware of, a building survey could be more appropriate. You should address any problems that are identified with a specialist or independent expert.

Full Structural Survey

This is a more detailed report and is usually used for older, larger, dilapidated or unusual buildings such as thatched cottages or converted barns etc. It looks at all aspects of the property, including:

- A comprehensive report on the construction of the building including materials used.
- A technical analysis of any significant defects and advice on what to do about them.
- Information on any other defects, general disrepair and shortcomings in the physical condition, maintenance and design of the building.

LEASES AND LEASEHOLDS

A leasehold interest means a right to exclusive possession of the property for a fixed term of years.

A landlord can either be a private landlord or a Management Company.

You normally have to pay to the landlord or Management Company ground rent and service charges annually. This is payable by every flat owner in the block. The charges and frequency of payment will normally be shown in the lease.

The service charge is paid to cover costs such as communal lighting, cleaning, maintenance and repair, and gardening. This normally also covers the buildings insurance.



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It is very important that you pay all payments promptly in respect of these charges (as the landlord will be protected under the lease if you breach these covenants). If the charges are not paid, the landlord could apply to the Court for re-entry or forfeiture of the lease, and take proceedings to evict you from the property for serious financial default or other breaches of the terms of the Lease. A Court Order would be needed before they can evict you, but in addition to losing your home you would be responsible for the cost of the legal proceedings. If any mortgage is owed it will need to be paid off in full and the Mortgage Lender could sue you for any shortfall.

Your Solicitor will check the lease through very carefully to make sure that you and your Mortgage Lender are satisfied with the contents and clauses of that lease and understand it.

NEW HOMES

If you are buying a new house, try to find one that is covered by a guarantee scheme like N.H.B.C's Buildmark. Should any major structural defects occur, the builder will repair the property, or alternatively you will be insured for the cost of the repairs for a set period.

Where a Developer is registered with the National House Builders Council (N.H.B.C), upon the property being completed you will be issued with a "Guarantee".

This Guarantee should not be viewed as a guarantee as such, but as more a form of insurance against structural defects which may arise within the first two years.

This "insurance" requires the Developer to build the property with proper materials in accordance the requirements of the company (N.H.B.C.)

Minor defects and outstanding works on the grounds will not allow you to delay your Completion of the purchase if the property is otherwise finished and habitable.

The Developer will have reserved rights to come onto your property following Completion to complete building works on your property and/or adjoining properties, and/or the garden area.

The Developer can make minor alterations from the plans and specifications and/or materials used as long as they do not decrease the value of the property.

The Developer or its Solicitor normally charges a "document fee" on Completion, for preparing and supplying copies of all the documents.

It is important that you make an appointment to see the property a few days before Completion to prepare a 'snagging list' of outstanding works which you require the Developer to carry out before Completion. Quite a few Developers will no longer let buyers have access between Exchange and Completion for laying carpets and you should check the position, if you wish to do this before the Completion.

FINAL STAGES

MORTGAGE OFFER

Subject to a successful application and a satisfactory valuation report, a lender will issue a Mortgage offer. The written offer is sent to you as well as to your Solicitor.



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CONTRACT SIGNING

Before your Solicitor asks you to sign the contract, he/she needs to be in receipt of a satisfactory search, a written Mortgage offer and satisfactory replies to enquiries raised during the exchange of documentation and information with the vendor's Solicitors. Once these elements are in place and agreed dates have been set for exchange of contracts and completion, you should sign the contract without delay. Any unnecessary delay can still jeopardise your purchase.

DEPOSIT MONIES

Once the contract has been signed, your Solicitor will need the deposit funds before exchange can take place. The amount of the deposit is normally between 5% and 10% of the purchase price. Both sets of Solicitors would have discussed this and your own solicitor will advise you on the actual amount required. You can provide the funds to your Solicitor via a personal cheque, a telegraphic transfer or a banker's draft. Personal cheques are the least desirable option as they can take up to five days to clear causing unnecessary delay.

EXCHANGE OF CONTRACTS & LEGAL COMPLETION

Your Solicitor is now ready to exchange contracts on your behalf. Once exchange of contracts take place, the transaction becomes legally binding. You are advised to make arrangements for buildings insurance on the property as soon as exchange of contracts has taken place. On the agreed date that completion takes place, HJC will let you know what arrangements have been made for the handing over of keys.

Please note that it is our legal obligation not to release the keys until we have confirmation from the vendor's Solicitor that he/she is in receipt of cleared funds for the full purchase price.