A clear, impartial guide to…

Buying a home

Process | Contract | Moving in

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"Buying, selling or extending a home is one of the most exciting things you'll ever do – its also one of the biggest financial commitments you'll make. More than ever before, property means big money – YOUR money. It will pay for you to seek the best advice possible from professional experts who really know what they are talking about. It's my opinion that you can do no better than accept 'a helping hand' from RICS."

Phil Spencer

Buying a home

You're reading this because you have downloaded this RICS Information Guide from the Collier Stevens website. We have added some notes to show you where Collier Stevens Chartered Surveyors may be able to help you, whilst we are a member firm of the RICS and regulated by them the RICS does not endorse any particular firm – Steve, Practice Principal

Buying a property can be a complex process. Your home is probably the largest purchase you'll ever make, so having a survey makes good sense – and could save you thousands of pounds in costly repair bills.

When you buy your home, you can take advantage of expertise from the outset by using estate agents and surveyors that are RICS members.

The advantages of using an RICS member are:

- They give you clear, impartial and expert advice
- They act in your interest
- They are tightly regulated and have to follow strict rules of conduct – including having in place insurance to protect you
- RICS members have to update their skills and knowledge throughout their careers, so you can rely on their expertise
- You are protected by a complaints procedure.

Look out for firms that are 'Regulated by RICS'. Estate agents and surveying firms that are regulated by RICS will be easier to spot as they will be using 'Regulated by RICS' on their stationery and advertising material.

Collier Stevens are 'Regulated by RICS'

The process

1. Choosing your property

Decide on the kind of property and location you want. You should look around several properties and get a feel for the market before you buy.

2. Agreeing the sale

Before you sign anything, make sure you have read the Home Information Pack provided by the seller and you know what's included in the asking price.

- Check you're keeping all the fixtures and fittings as listed in the property details
- If you like the carpets, see if they're included too
- You'll find furniture isn't usually included, unless it's specifically listed.

Your accepted offer is still subject to contract – which means the sale is agreed but isn't binding until you exchange. For the time being, either side can back out without facing legal charges.

3. Financing your property

If you haven't already got a mortgage in place, your next step is to find one – or make sure you have the money ready.

4. Arranging a survey

Ask an RICS member to conduct a survey of the property – for more information, see the section on surveys in this guide, or take a look at our leaflet 'Understanding property surveys'.

5. Instructing your solicitor/conveyancer

Speak to your solicitor or conveyancer who will review the content of the Home Information Pack. Once they're happy with the legal aspects of the property, and you have the finance in place, you can exchange contracts.

6. Exchange of contracts

When you exchange, you may have to pay a deposit of 10% of the agreed sale price. You complete when the rest of the money is transferred to the seller – then you can move in.

7. Completion

Collect keys from the seller's estate agent and instruct your removal firm.

1. Choosing your property

Decide on the kind of property and location you want, such as semi-detached, terraced, or flat – then ask yourself a few questions each time you view somewhere:

- Can you really afford it?
- Is it near the transport links, or schools, or facilities you need?
- Do you like the area?
- Is it big enough?
- How old is it?
- Does it have enough outdoor space, such as gardens and garages?
- Is it freehold or leasehold?

To find suitable properties, we can provide a list of local RICS members who can help with your search. You can also try searching on the internet and looking through the local paper. It's probably a good idea to look round several properties and get a feel for the market before you buy.

Viewing a property

First impressions count for a lot – but you should view a property at least twice, preferably at different times of the day, to give you a better idea of what's on offer. Location is a big priority, so check the surrounding area and local amenities. Here are a few things to think about to make sure it meets your requirements:

- Nearby main roads, pubs, clubs or restaurants – they can be handy, but noisy
- Nearby railway lines – or overhead flight paths
- The feel of the community – does it seem friendly?
- The aspect of the house – does it get enough light?
- Is the property well maintained?
- The age of the property
- Garden size
- The condition of nearby properties.

On the inside, check to see whether:

- The property needs updating – and if so, how much?
- Everything works, like the lights, taps, plugs and windows
- The rooms are big enough
- The fixtures and fittings are going to be included in the sale
- You like the views
- It feels like home.

New properties – things to keep in mind

New properties are very popular and often sell at a premium to reflect the included extras. After a few years, the price of new property moves into line with the local property market.

Before you buy a new property, make sure you have a solicitor on board to check the property:

- Has proper planning permission and is correctly built on its allocated plot
- Hasn't been built on contaminated or filled land – or if it has, you have valid certificates ensuring the land has been properly treated first. This is crucial for building insurance.

You should also get the builder to give you:

- Proper guarantees, such as NHBC Buildmark or similar certificates
- Test certificates and user guides for any electrical, gas or built-in appliances
- The final certificate from the local authority building inspector
- Confirmation the property's energy efficiency matches the SAP (Standard Assessment Procedure) rating provided to the local authority.

If you'd like to know more about what to look for when buying a new home visit the National House Building Council website at **www.nhbc.co.uk**

Older properties and those needing work

If you want to buy an older property, we'd strongly advise having a building survey first. An RICS member will find out if there are any problems, and could help you avoid spending a small fortune to fix things at a later date.

When you buy an older property for renovation, you need to check building regulations carefully – your RICS member can help ensure this is done accurately and professionally. Some major building repairs may also need permission from your local authority building regulations department.

Before you buy a property to renovate, work out the total cost of repairs on top of the initial outlay – and decide whether the property is still worth renovating.

Listed buildings

If the property is a listed building, or in a conservation area, any work you do on it may be restricted, and you will have to follow certain guidelines. The scope for any structural change could be extremely limited and you'll need to discuss any proposals with your local planning authority. You may also have to get consent from English Heritage (or Welsh Heritage/CADW) before work can begin.

Non-traditional housing

If you're looking for something different, you could check out the possibilities of pre-fabricated buildings, constructed in a factory to your specifications and delivered on-site. Off-site construction can include anything from simple extensions built ready to plug into mains services, right through to entire pre-fabricated houses.

If you'd like to know more about non-traditional housing visit The Housing Forum at **www.constructingexcellence.org.uk**

"The housing market constantly fluctuates, so when you are buying you need to work at controlling the only variables you can influence: the property you choose and the price you pay. Remember, every design has its good and bad points – an RICS surveyor will know what to look out for in properties of a specific era."

Phil Spencer

Buying at auction

Most property is bought and sold through estate agents, but you can also buy property at auction. If you buy at auction you must exchange contracts and agree the sale straight away – you'll be legally bound to the sale and can't back out. We advise you to employ an RICS member to undertake a survey of the property before you buy.

For further information on buying at auction please see the RICS Property Auctions guide by visiting **www.rics.org/propertyauctions**

Types of ownership

There are four types of ownership or 'tenure' for property:

Freehold

If you buy a property freehold, it means you have full ownership of the property until you decide to sell it. Freehold properties are usually houses with gardens.

Leasehold

If you buy a leasehold property, it means you have part ownership and the right to live there for a fixed time only – usually the balance of either 99 or 125 years (999 years or longer in Northern Ireland). Leasehold properties are generally flats and maisonettes. A landlord owns the freehold of the building, but doesn't have access to your flat unless invited.

The value of a lease decreases with time, but you can usually extend your lease or buy a new one. Many building societies and banks may have restrictions on granting mortgages where leases are below 70 years. An RICS member can give you more information about this.

You'll also probably have to pay ground rent on leasehold property, and if it's a flat or maisonette, you may have to pay a service charge to cover repairs and cleaning of shared areas.

Before you buy a leasehold property, get your solicitor to check:

- How much these extra charges are
- Whether you have to pay them in advance
- If a management company is responsible for collecting payment
- Whether building maintenance is managed by the freeholder
- Any future costs, such as re-roofing, exterior redecoration, replacement of lifts or communal heating boilers
- Who has responsibility for repairs and maintenance.

An RICS member can advise you on buying leasehold property as there may be more onerous repairing and maintenance responsibilities than with a freehold property.

Further advice can be obtained from the Leasehold Advisory Service by visiting www.lease-advice.org

Commonhold

Leaseholders have the right to convert from leasehold to commonhold if they buy out the landlord, in both new and existing buildings. Commonhold provides a different management structure for blocks of flats and other inter-dependent buildings with shared services and common areas. Please note that commonhold does not exist in Northern Ireland, but leaseholders have a right to buy out their ground rent.

Shared ownership

Housing associations offer shared ownership as a part-buy part-rent way to own a property. You pay a mixture of mortgage and subsidised rent, making the homes affordable for those on or below average incomes. If you start to earn more, you can increase your share in your home, and may have the option of owning the property outright.

2. Agreeing the sale

All homes now require a Home Information Pack (HIP) prepared on behalf of the seller.

It is most likely that the seller's estate agent will arrange for the HIP to be prepared. The HIP will then be provided to buyers so that they have information about the property up front and can make a more informed purchase decision.

The HIP aims to introduce greater certainty into the home buying and selling process by providing an energy performance certificate, searches and other information at the start of the process when a property is put on the market.

You should ask to see a Home Information Pack whenever you are interested in buying a property. The seller must have commissioned a Pack by the time a property is put on the market.

Your Pack must contain:

- An Energy Performance Certificate
- An Index of contents
- A sale statement (summarising terms of sale)
- Evidence of title
- Searches
- Leasehold or commonhold documents where appropriate.

The Index should explain the reason why any of the required documents are missing.

The Pack can also include other information that would be of interest to buyers – for example, a Home Condition Report, other searches, and any guarantees and warranties on the property.

Most property is bought and sold through estate agents. Once you have chosen your property, you may be able to negotiate with the seller on the asking price. Owners do not have to accept the first offer that is put to them and you can make them an increased offer.

Negotiation on the price of the property is often easier if there are repairs to be done, or if the seller is looking for a quick sale (refer to the section on arranging a survey for more information).

Before you sign anything, make sure that you know what is included within the asking price. Check whether you are keeping all the fixtures and fittings as listed in the property details. If you like the carpets, see if they are included too. You will find furniture isn't usually included, unless it is specifically listed.

Remember, always check what is included in the price before agreeing the sale. Once you are happy, agree the terms in writing as an oral offer is never legally binding.

Once you have chosen a property you will have to consider:

- How to finance your property purchase
- Arranging a survey
- Instructing your solicitor/conveyancer.

3. Financing your property

Unless you're a cash buyer, you'll need to arrange a mortgage to buy a home. A mortgage is a loan against the property, and there's a huge range of different ones available from banks, building societies and other lenders. Mortgage rates vary too, so it's worth shopping around to get the best deal you can.

What can you afford?

Based on your income, your mortgage lender can help you work out how much you can afford to spend on a property. Most lenders will give you what's known as an 'offer in principle', or the amount they'd be prepared to lend – and it's useful to get this before you start looking for a home.

Also, bear in mind there are always additional expenses like legal fees and moving costs. We've included a full checklist of costs at the back of this booklet, but here's an idea of things you'll need to budget for:

Moving costs

- Deposit – normally 5-10% of the property value. If you take out a substantial mortgage, you may be asked to pay a mortgage guarantee premium
- Mortgage repayments and lender charges
- Building survey or homebuyer survey and valuation
- Solicitor's fees, including searches, Land Registry (registry of deeds sometimes in Northern Ireland) and stamp duty
- Removal costs
- Possible reconnection costs for phone, gas, electricity and water
- Re-directing post.

Monthly costs

- Mortgage
- Buildings and contents insurance
- Council tax
- Water rates
- Electricity and gas
- Phone and internet
- Ongoing repairs and decoration.

4. Arranging a survey

Your home is likely to be the biggest purchase you'll ever make, so having a survey is worth it. A survey could potentially save you thousands of pounds in costly repair bills in the future.

Which?, the Council of Mortgage Lenders and any solicitor will advise you to get a survey before you buy a property, and not just to rely on a mortgage valuation. Here's why:

Mortgage valuation

Your mortgage lender may send a valuer or use a computer programme to assess whether the property offers sufficient security for the amount of the mortgage. The valuer is only concerned with problems that might affect the security of the loan, not whether there are any structural problems that need fixing.

Home Condition Report

Your HIP may contain a Home Condition Report (HCR). A Home Condition Report contains information about the physical condition of various elements of a property, which sellers, buyers and lenders will be able to rely on legally as an accurate report. It is prepared by an Accredited Home Inspector. Visit www.ricsfirms.com to find an RICS member in your local area.

Surveys

An RICS member carries out a survey to see if there are any problems and answer any concerns you may have. It's like a 'health check' for buildings, which could save you thousands in the future. There are two main types:

Homebuyer Survey and Valuation (HSV)

This is most suitable for conventional properties which are in reasonable condition. It provides a concise report detailing any significant problems that could make a difference to the value of the property.

Building Survey

This is suitable for all residential properties, providing a detailed report on their construction and condition. It's particularly useful if the property is dilapidated, has been extensively altered or you're planning a major conversion or renovation.

If an HCR has been carried out and highlighted significant issues, you may want a surveyor to investigate further.

To understand more about the different types of surveys available and what they offer, view the Property surveys leaflet guide by visiting www.rics.org/propertysurveys

5. Instructing your solicitor/conveyancer

When buying your property you will need to employ a solicitor or conveyancer to help you obtain the documents required for the completion of your sale.

Once you have found someone to undertake the legal work ensure that you have agreed the fee for your service. This can either be fixed or dependent upon the work to be undertaken.

Your solicitor will review the HIP and ensure that it is correct and deal with any matters that arise from it as well as get involved in the contract negotiation, exchange of contracts and ensure completion through transferring the title deeds and funds.

6. Exchange of contracts

After all the enquiry forms and contracts have been signed and returned, this is the point at which it is time to exchange.

The buyer and the seller will agree a date for completion, i.e. the date that the seller will need to move out of the property. This is the stage at which the sale becomes legal and binding.

7. Completion

The date of moving will have been agreed by both parties.

On completion day the funds will be exchanged between solicitors and the keys should be left with the estate agent for collection by the buyer.

Moving costs checklist

Legal fees

Solicitors/Conveyancers

These vary from place to place. It's worth asking if your solicitor will offer a no buy, no charge deal. When you buy, expect to pay the solicitor about 1% of the total agreed price – but check the range of services they'll provide for the fee. It's often worth choosing a solicitor on the recommendation of a friend or colleague – otherwise contact the Law Society.

Land Registry fee

This is a charge on the purchase of the property and is related to the buying price – your solicitor will have a list of charges.

Other searches

These are to check on things like mineral rights, flooding, subsidence, landfill sites and pollution in the area.

Mortgage lender charges

Valuation fee

This is usually included in the mortgage arrangement charges.

Mortgage arrangement fee

This varies from one lender to another, especially if you are taking out a fixed rate mortgage.

Mortgage indemnity policy

This is a one-off charge lenders make in case they have to repossess your property and sell it at a loss. It's approximately 8% of the difference between your loan and what the lender thinks the future price of the property might be – and you only pay it if your loan is for a high percentage (between 95-100%) of the purchase cost of the property.

Mortgage redemption charge

You only pay this if you change lenders and break the terms of the mortgage – and it usually only applies to fixed rate mortgages.

Bridging loan

If you complete the sale on your new property before you sell the one you already own, you may have to take out a bridging loan. There are two types – the closed loan and the open loan. With a closed loan you know in advance when you can repay it. With an open loan, there's no set repayment date and it carries a higher risk – so it's more expensive. An alternative may be taking out a flexible short-term loan from your bank.

Survey

Keep in mind when you buy a home, you want independent advice, giving you the detail you need. A valuation from a mortgage lender may be free, but it is not a survey. It only really tells the lender whether the house offers security up to the amount you are wanting to borrow. A survey from an RICS member will tell you a great deal more, and could save you thousands in the long run – especially in older properties, or when you want to make alterations. It may also enable you to negotiate the price.

Surveyors' fees vary, so compare prices before choosing, and negotiate the fee to match the size and type of property. Ask the surveyor exactly what's covered in the survey, so you know what you're paying for and can ask them to look for extra things.

Stamp duty

This is a tax on buying property on the price you pay – here's a guide:

For more information visit www.direct.gov.uk or call the Inland Revenue on +44 (0)845 603 0135

Buildings insurance

From the moment you exchange contracts, you need building insurance on your new property. Insurance rates vary between companies, so it's worth getting quotes from several different insurers – and make sure you know exactly what's covered in the policy.

Services

You don't usually have to pay to have gas, electricity or water reconnected, but there may be a charge to reconnect the phone.

Moving expenses

The cost of moving varies according to how much stuff you have, how difficult it is to pack, how far you're moving and the time of year. Shop around for the best deal – and remember it's worth checking to see if the quote includes insurance.

Storage

If you're not moving straight into a new home, you may have to consider storage. The costs for this vary according to the quantity of stuff involved – as a rough guide, a two-bedroom house will probably fill up to four containers, and a three-bedroom house can fill six.

Specialist advice from RICS members

Any RICS member specialising in construction, restoration or conservation can help you with:

- Property extensions – designing alterations and additions and applying for planning permission
- Re-planning property – advising you how to demolish or erect structural walls and other building elements
- Any work affecting boundary or party walls with your new neighbours
- Safety features, including means of escape.
- Energy Performance recommendations and certificates. Repairing listed buildings and buildings in conservation areas

If you want to know more about party walls, visit our website www.rics.org/partywalls

Useful links

Here are some useful website addresses for advice when you're buying a home:

Royal Institution of Chartered Surveyors
www.rics.org

Which?
www.which.net

Homecheck
www.homecheck.co.uk

Inland Revenue
www.hmrc.gov.uk

Land Registry
www.landreg.gov.uk

Land Registers of Northern Ireland
www.lrni.gov.uk

General Consumer Council Northern Ireland
www.gccni.org.uk

The Leasehold Advisory Service
www.lease-advice.org

Council of Mortgage Lenders
www.cml.org.uk

Law Society
www.lawsociety.org.uk

Home Information Pack
www.homeinformationpack.gov.uk

Free RICS guides

RICS have a range of free guides available for the property issues listed below.

- **Buying a home**
- **Selling your home**
- **Property surveys**
- **Extending your home**
- **Subsidence**
- **Boundary disputes**
- **Party walls**
- **Right to light**
- **Compulsory purchase**
- **Letting a property**
- **Renting a property**
- **Flooding**
- **Property auctions**
- **Buying and selling art and antiques at auction**

To order your free copies, visit
www.rics.org/usefulguides

alternatively email
contactrics@rics.org

or call the RICS Contact Centre
0870 333 1600

For more information

We hope this guide is useful to you. If you'd like to know more about buying a home, or how RICS can help, please contact us.

Visit our website
www.rics.org/buyingahome

alternatively email
contactrics@rics.org

or call the RICS Contact Centre
0870 333 1600

Consumer helplines

RICS offers telephone helplines giving you 30 minutes free advice on:

- **Boundary disputes**
- **Party walls**
- **Compulsory purchase**

Just call **0870 333 1600** and you will be put in touch with an RICS member local to you, willing to provide a free 30 minute initial consultation. Lines are open 0830 - 1730 (GMT), Monday to Friday.

Find an RICS member

If you want to find independent, impartial advice from a qualified professional with good local knowledge, contact us.

Look out for firms that are 'Regulated by RICS'. Estate agents and surveying firms that are regulated by RICS will be easier to spot as they will be using 'Regulated by RICS' on their stationery and advertising material.

To find a chartered surveyor in your area visit
www.ricsfirms.com

alternatively email
contactrics@rics.org

or call the RICS Contact Centre
0870 333 1600

RICS (Royal Institution of Chartered Surveyors) is the leading organisation of its kind in the world for professionals in property, land, construction and related environmental issues. As part of our role we help to set, maintain and regulate standards – as well as providing impartial advice to Governments and policymakers. RICS has 140,000 members who operate out of 146 countries, supported by an extensive network of regional offices located in every continent around the world. To ensure that our members are able to provide the quality of advice and level of integrity required by the market, RICS qualifications are only awarded to individuals who meet the most rigorous requirements for both education and experience and who are prepared to maintain high standards in the public interest. With this in mind it's perhaps not surprising that the letters RICS represent the mark of property professionalism worldwide.

Your local RICS member

The Royal Institution of Chartered Surveyors
12 Great George Street
Parliament Square
London SW1P 3AD
United Kingdom

T 0870 333 1600
F 020 7334 3811
contactrics@rics.org
www.rics.org

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