

# THE PEARL & CO

## GUIDE TO BUYING A PROPERTY

### CHOOSING A PROPERTY

Find the right property which you can afford and which is the right size and in the right location for schools, public transport, shops, easy access to work, and an environment which you can tolerate.

Choosing the wrong property in the wrong location can be a very expensive mistake. Research the location carefully and also read the local papers especially the property pages to get a feel for prices in the area although the asking price for a property will vary depending on the size and location. Check to see if the area is noisy, near a main road, or train line, on a flight path, near an electrical substation. Is there parking nearby and if not is this within a controlled parking zone operated by a parking permit system. Is there off street parking and will your car fit into the space provided? Are there any major developments planned nearby? What does a parking permit cost?

Is the property in good repair or will it need to be refurbished? Are the fences in good condition? Do the appliances included in the sale work. Do the windows all open and are all keys available. Is the carpet in good condition? Are all fitted wardrobes in good condition? Are the kitchen units in good condition? Check inside all carpets. Check the outer areas and any wood work for rot.

### MAKING THE OFFER

Making an offer for the Property which is realistic and one you can afford is essential to a successful move. Before you make an offer make sure that you budget correctly for the expenses of buying to include the legal fees, survey

costs, brokers fees, mortgage application fees, stamp duty, land registry and moving expenses. Once your offer is accepted ask if the Seller is also buying a property and if so they have found a property to buy and if so when do they plan to move? Check how far the chain extends and if all parties in the chain can proceed.

## THE MORTGAGE

Applying for a mortgage can be done either directly with a lender or through a broker. Read the quality Sunday papers money section as they contain mortgage best buys and detail current offers, penalty tie in periods and application fees. Most brokers charge a 1 per cent fee for arranging a mortgage. Be on the look out for the penalty clauses and check if the rate is linked to base rate or the more expensive LIBOR rate. Check that you are borrowing enough to finance the purchase.

## MONEY LAUNDERING REGULATIONS

Under the money laundering regulations you will be required to supply your passport and or driving license plus a utility bill or bank statement to prove your identity. You will also be required to show the source of the funds being used to buy the property. All funds must be paid from a UK bank account. No cash (i.e. bank notes) can be used to buy a property.

## THE SURVEY

It is always best to have the house checked by a qualified surveyor. Ask for a full structural survey or RISC survey report. This can usually be combined with the mortgage valuation. It is also a good idea if the house is heated by a gas central heating system, to have it checked by a Gas Safe registered engineer. The wiring should be checked by an approved electrician. The drains can be

checked by a drains survey company to see if they are leaking or not. You may also need to have the property checked by a specialist company for rot to the timbers or for woodworm. It may also be necessary to have the property checked by a roofer. The loft should be checked to see if it is clear of rubbish and also any outhouse or garden shed or garage

## THE LEGAL PAPERS

The legal papers will include

1. The purchase contract
2. A copy of the title at the land registry and plan
3. Completed questionnaires from the seller
4. If the property is a flat a copy of the lease and details of the service charges and other information from the managing agents

## FREEHOLD TITLE

This means that the seller owns the building and the land on which the building is situated.

## LEASEHOLD TITLE

This means that the seller owns a lease which is a document granting a tenancy for a long period typically for 99 or more years. This will usually apply to a flat but can sometimes apply to houses. If there is a leasehold title there will as in a pyramid be a freehold as well, out of which was granted the leasehold title. It is very important to establish the identity of the freeholder as it will normally be the freeholder's responsibility to maintain and insure the fabric and structure of a block of flats. This is often delegated to a managing agent and sometimes to a management company which may be run by the residents themselves. The

length of the lease is very important and if it has less than 85 years left to run attention should be given to extending the term.

## THE SEARCHES

We will carry out various searches as follows

1. local search with Council for the area
2. drainage search with the water and drains provider
3. environmental search
4. plan search
5. chancel search
6. flood search

## ARE YOU BUYING THE PROPERTY JOINTLY

If you are buying the property jointly and particularly where the parties are not married you will need to decide if the house is to be owned as beneficial joint tenants or as beneficial tenants in common.

A joint tenancy means that the property will be owned in equal shares by the parties and on the death of the first joint owner the property will be owned exclusively by the survivor. The property will therefore not pass to the inheritors of the first to die.

A tenancy in common means that the parties own the property in either equal or unequal shares and their shares will pass to their inheritors and not to the surviving joint owner.

A trust deed should be drawn up if you choose ownership as tenants in common.

## THE REPORT ON TITLE

Pearl & Co always report in writing on the legal papers and explain in clear English what the title consists of. This will either be freehold in the case of most houses and leaseholds in the case of most flats. You will receive copies of all the papers relating to the property. If you are buying a flat we will report on the lease and summarise and explain the obligations in clear terms. The report will also detail what entries are on the local search and the other searches. The report will detail as far as we can service charges if the property is a flat or on a private estate and such costs as Council Tax and water charges. We will also try to obtain details of the companies providing the utility services.

## LIFE INSURANCE

It is advisable to take out life insurance to cover your mortgage loan.

## HOUSE INSURANCE

Prior to exchange arrange for the house and contents to be insured. Your survey report will normally advise on the reinstatement value i.e. what it would cost to be rebuild the house if it is destroyed. The insurance normally starts form the completion date.

## EXCHANGE OF CONTRACTS

Once you have received the report on title and all searches and your mortgage offer is issued you will be ready to sign the contract and agree with the seller to become formally bound to buy the property. A 10 per cent or sometimes 5 per cent deposit is payable on exchange of contracts. The date for completion is inserted in the contract. You should also contact the utility companies to take over the electric gas and phone on completion.

## THE COMPLETION DATE

This is the date that the balance of the purchase price is paid to the seller and the date you will get the keys handed to you and you can move into your new house. Prior to completion we require in clear funds the balance needed to buy the Property plus all expenses including stamp duty, land registry fees and our costs. The keys are normally collected from the estate agent. The property should have been cleared by the seller of all contents apart from those included in the sale.

## POST COMPLETION

Read the meters and report the readings to the utility companies concerned. Contact the council regarding the council tax and also the water company regarding the water charges. Change the locks to the outer doors. If applicable contact the burglar alarm company if there is a maintenance contract

Pearl & Co will register your ownership with the land registry and will send a copy of the title once this is received back from the land registry.

## MAKE A WILL

You should also make a Will to ensure that your estate is dealt with in accordance with your wishes after you die. Pearl & Co are experts at will drafting.