



A clear, impartial guide to

# Buying a home

For use in England, Wales and Northern Ireland



In association with



**DUNSIN SURVEYORS**  
CHARTERED SURVEYORS  
AND VALUERS

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# Buying a home

When you buy your home, you can take advantage of expertise from the outset by using an RICS estate agent who follows the standards laid out in the Blue Book: Residential Property Standards.

Many estate agents throughout the UK are RICS professionals. Here are the advantages of using an RICS regulated firm:

- 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 professionals have a specific set of rules and best practice guidance, the Blue Book: Residential Property Standards designed to help ensure RICS estate agents provide exceptional service
- RICS professionals have to update their skills and knowledge throughout their careers, so you can rely on their expertise
- you are protected by a complaints procedure and access to independent redress, for example through an Ombudsman scheme.

Look out for firms that are 'Regulated by RICS' and follow the standards laid out in the Blue Book. Estate agents and surveying firms that are regulated by RICS are easy to spot as they use 'Regulated by RICS' on their stationery and promotional material.



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# The process

## Choosing your property

Decide on the kind of property and location you want. You should research property online, visit the local agents and look around several properties, to get a feel for the market before you buy.

## Financing your property

Ensure you can afford to purchase in the property price range you are looking at. If you require a mortgage, obtain an Agreement in Principle from your chosen lender/mortgage broker before making an offer. This will ensure you have the best chance of agreeing a sale and time will not be wasted.

## Agreeing the sale

Before you agree a price or sign anything, make sure you know what's included in the asking price.

- check all the fixtures and fittings as listed in the property details are remaining
- if you like the carpets, see if they're included too and if not whether you can negotiate a separate figure for them

Your acceptance offer is still 'subject to contract' – which means the sale is agreed but isn't binding until you exchange contracts. Up to that point either side can back out without penalty.

## Arranging a valuation and survey

To ensure peace of mind, ask an RICS professional to conduct a survey of the property – for more information, see the section on surveys in this guide, or take a look at the separate guide in this series 'Home Surveys'.

## Instructing your solicitor/ conveyancer

You will need a solicitor or conveyancer and costs vary considerably so it pays to get estimates. Once they're happy with the legal aspects of the property, and you have the finance in place, you can sign and exchange contracts. Discuss with your legal adviser any requirement to pay a deposit as this can be up to 10% of the purchase price.

In addition, ask your legal advisor about the tenure of the property and the long term implications of this. If you are purchasing a leasehold property, this may involve additional costs such as ground rent payments and/or the purchase of the freehold interest. Ask them to check any ground rent clauses to ensure costs do not escalate unreasonably over the term of the lease.

## Exchange of contracts

When you exchange contracts, the seller is legally bound to sell the property to you. At this point, you should find a removal firm, bearing in mind the agreed completion date.

## Completion

You complete on the date agreed in the contract, where the rest of the money is transferred to the seller. This is usually two to four weeks from exchange of contracts. Collect keys from the seller's estate agent and then you can move into your new home.

# Choosing your property

To find suitable properties, we can provide a list of local RICS estate agents who can help with your search. You can also search the internet or look through the local papers. It's a good idea to look around several properties and get a feel for the market before you buy.

## New properties – things to keep in mind

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

Before you buy a new property your conveyancer will need to check that 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
- proper guarantees, such as an 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 provisional SAP [Standard Assessment Procedure] rating
- the lease terms, if it is leasehold, including the ground rent and the length of the lease. Beware of escalating ground rents which may mean you having to pay a significant amount each year to the landlord.

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](http://www.nhbc.co.uk)

## Older properties and those needing work

If you want to buy an older property, we strongly advise you to have a Building Survey carried out first. Compared with the potential cost of repairs this can offer good value for money. A cost effective alternative, where appropriate, is an RICS HomeBuyers Report.

If it is an older property and leasehold, the lease may have only a few years left to run – and will be a lot cheaper than a property with a lease in excess of 85 years. But you will have to pay a significant premium to extend the lease.

For more modern properties, an RICS Condition Report may be sufficient.

For further details of all RICS Surveys please visit [www.rics.org/homesurveys](http://www.rics.org/homesurveys)

An RICS professional 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 surveyor 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. Bear in mind the cost of repairs and improvements are not always cost effective in terms of increasing the value of the property.

## 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 off-site construction techniques, 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 main services, right through to entire factory produced houses. If you are considering buying a property of non-traditional construction you should ensure that there is an appropriate insurance or indemnity cover in place. This is likely to be a requirement of any mortgage.

If you'd like to know more about non-traditional housing visit The Housing Forum at [www.housingforum.org.uk](http://www.housingforum.org.uk) or Build off site at [www.buildoffsite.com](http://www.buildoffsite.com)

## Buying at auction

Most property is bought and sold through what is known as a 'private treaty' sale. However, you can also buy property at auction. If you buy at auction you must exchange contracts straight away. This means you will be legally bound to the sale and can't back out. We advise you to employ an RICS professional to undertake a survey of the property prior to the auction. You will also need to have any finance in place and have checked through any legal documentation.

For further information on buying at auction please see the RICS Property Auctions guide by visiting [www.rics.org/consumerguides](http://www.rics.org/consumerguides)

## Types of ownership

There are four main types of ownership, otherwise known as '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) although the lease may have already been extended.

Leasehold properties are generally flats and maisonettes, though the incidence of leasehold houses is increasing. With a property of this tenure the landlord owns the freehold of the building, but doesn't have access to your property, unless invited.

The value of a lease decreases with time, but you can usually extend your lease or buy a new one. The price to renew a lease will, however, increase as the remaining term of the lease decreases and can be very costly. Many building societies and banks may have restrictions on granting mortgages where the remaining lease term is fewer than 85 years. An RICS professional can give you more information about this and the likely cost of extending your lease.

You will also probably have to pay ground rent.

When buying a leasehold property enquiries should be made as to the amount of ground rent that will be payable and if it is fixed for

the whole term or if it will increase over the course of the lease term. Where there is provision for ground rent increases, it should be established how often this takes place and by how much it will increase, for example, is there a formula or a fixed percentage uplift which you are contracting to pay? Care should be taken to establish these facts before proceeding with the purchase, as ground rents that escalate over the term of the lease can prove to be costly in the long run and can impact on the value and saleability of the property.

On a leasehold property and, particularly if it's a flat or maisonette, you will usually have to pay a service charge to cover repairs, insurance sinking [aka 'reserve'] fund, and cleaning of shared areas together with fees. Ensure you know how much you will have to pay annually and if you can afford it before agreeing to purchase. Service charges can escalate too, so make enquiries at an early stage about any planned increases. Again, high service charges can affect value and saleability.

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 known planned future costs, such as re-roofing, exterior redecoration, replacement of lifts or communal heating boilers
- who is responsible for building insurance
- who has responsibility for repairs and whether the block is 'owned' collectively by the leaseholders, also known as share of freehold, or commonhold or by a separate person or company
- if there are any onerous lease conditions which may increase costs, impact on value, affect saleability or impair the mortgageability of a property.



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An RICS professional 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](http://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 interdependent 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.

## Intermediate forms of ownership

These include shared ownership and shared equity schemes. You pay a mixture of mortgage and/or 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.

## Government schemes

These include help to buy and starter homes.

You may be eligible for schemes that will provide an initial subsidy or financial support to assist you in your house purchase.

Such schemes may have restrictions on resale or arrangements for repayment. Your legal advisor will be able to assist you with understanding the implications for you and if these rules will impact on your longer term plans.



# Agreeing the sale

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.

All offers and negotiations are normally conducted through the estate agent.

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).

Remember to always check what is included in the price before agreeing the sale. Once you are satisfied put an offer in writing to confirm the detail but bear in mind that this will still be subject to formal exchange of contracts, drawn up by your solicitor.

All homes being sold require an Energy Performance Certificate (EPC) to record the energy efficiency of the building. The certificate provides a rating A to G, where A is very efficient and G very inefficient. The EPC will also include recommendations on how to improve the efficiency of the home. An EPC lasts for 10 years unless significant changes have been implemented to a property.

Bear in mind that the running costs for a property with a lower EPC rating will be higher. In addition, properties with a lower EPC rating may prove more difficult to re-sell in the future, as government policies move to encourage greater energy efficiency.

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

- financing your property purchase
- arranging a survey
- instructing your solicitor/conveyancer.

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# 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, so it's worth shopping around to get the best deal you can. Make sure you are aware of any additional costs such as mortgage arrangement fees, legal and moving costs.

## 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 and the minimum deposit you will need.

Most lenders will give you what's known as an 'Agreement In Principle [AIP]', or the amount they'd be prepared to lend. Estate agents and sellers tend to look more favourably on prospective buyers who have an 'AIP' when making an offer as it demonstrates you are serious and have an idea about your affordability.

## Typical moving costs

- mortgage repayments and lender charges
- Building Survey, HomeBuyer Report or Condition Survey
- solicitor's/conveyancer's fees, including searches, Land Registry (registry of deeds sometimes in Northern Ireland) and stamp duty
- 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.

# Arranging a survey

Your home is likely to be the biggest purchase you'll ever make. 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

A valuation is not a survey. A valuation generally is concerned with problems that might affect the security of the loan only. Specific defects may be accounted for in the valuation, but don't necessarily need reporting to the lender or borrower.

Valuations may be undertaken as a physical inspection, but are sometimes a 'desktop valuation' or Automated Valuation only where the property may not even be inspected by a surveyor.

## Surveys

An RICS professional carries out a survey to see if there are any problems and answer any concerns you may have. There are three main types of survey inspection:

### Survey Level One: Home Condition Report [HCR]

The RICS Condition Report describes the condition of the property, with a summary of any risks and potential legal issues. It uses simple 'traffic light' ratings to clearly highlight the condition of elements of the property.

### Survey Level Two: HomeBuyer Report [HBR]

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.

### Survey Level Three: Building Survey

This is a detailed report commenting on a properties' 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.

Essential for larger or older properties, or if you're planning major works. The most comprehensive report provides you with an in-depth analysis of the property's condition and includes advice on defects, repairs and maintenance options.

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/homesurveys](http://www.rics.org/homesurveys)

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# 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.

This can either be fixed or dependent upon the work to be undertaken.

Your solicitor will get involved in the contract negotiation, exchange contracts and ensure completion by transferring the title deeds and funds.

## 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 contracts.

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. Your solicitor or conveyancer will need you to sign the contract before they can exchange.

## 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 and 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 or 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. There will be additional fees for these searches.

## Mortgage lender charges

### Valuation fee

This is usually included in the mortgage arrangement charges.

### Mortgage arrangement fee

This varies from one lender to another and can be a significant amount.

### Mortgage indemnity policy

This is a one-off charge some lenders make in case they have to repossess your property and sell it at a loss. The cost of the policy varies and will depend upon the percentage of the loan in relation to the value of the property. You only pay it if your loan is for a high percentage 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 often 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, where available, it's very 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 is not a survey. It only really tells the lender whether the house offers security up to the amount you are wishing to borrow.

A survey from an RICS professional could save you thousands in the long run – especially in older properties which require higher maintenance, or in properties where you wish to undertake alterations. The survey may also enable you to negotiate the price.

Surveyors' fees vary based on the type or age of the property and the level of report you are looking for, so compare prices and consider your requirements before choosing. Ask the surveyor exactly what's covered in the survey, so you know what you're paying for. If you have any specific concerns, speak to the surveyor and ask them to take a closer look at the item.

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## Stamp duty

This is a tax on buying property, based on the price you pay.

### For more information visit

[www.hmrc.gov.uk/sdlt/intro/rates-thresholds.htm](http://www.hmrc.gov.uk/sdlt/intro/rates-thresholds.htm)

or call the Inland Revenue on  
**+44(0)845 603 0135**

## Building 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 or internet.

## Moving expenses

Shop around for the best deal on removals – remember it's worth checking to see if the quote includes insurance of your possessions.

## Storage

If you're not moving straight into a new home, you may have to consider storage which varies in cost depending on the number of items you wish to store.

## Specialist advice from RICS professionals

RICS professionals specialising in construction, restoration or conservation may be able to help you with property extensions/planning/alterations or other property topics, but these may require additional fees.



## Useful links

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

RICS

[www.rics.org](http://www.rics.org)

Which?

[www.which.net](http://www.which.net)

HM Revenue & Customs

[www.hmrc.gov.uk](http://www.hmrc.gov.uk)

Land Registry

[www.landregistry.gov.uk](http://www.landregistry.gov.uk)

Land Registers of Northern Ireland

[www.dfpni.gov.uk/lps](http://www.dfpni.gov.uk/lps)

General Consumer Council  
Northern Ireland

[www.gccni.org.uk](http://www.gccni.org.uk)

The Leasehold Advisory Service

[www.lease-advice.org](http://www.lease-advice.org)

Council of Mortgage Lenders

[www.cml.org.uk](http://www.cml.org.uk)

Law Society

[www.lawsociety.org.uk](http://www.lawsociety.org.uk)

Property Care Association

[www.property-care.org](http://www.property-care.org)

Ombudsman Services

[www.ombudsman-services.org](http://www.ombudsman-services.org)



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# Free RICS guides

RICS has a range of free guides available for the property issues listed here.

## **Development issues**

Compulsory purchase  
Home extensions

## **Home hazards**

Dilapidations  
Flooding  
Japanese knotweed  
Subsidence

## **Neighbour issues**

Boundary disputes  
Party walls  
Right to light

## **Residential**

Buying a home  
Buying and selling art and antiques at auction  
Home surveys  
Letting a property  
Property auctions  
Renting a property  
Selling a home

## Further 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

[rics.org/consumerguides](https://www.rics.org/consumerguides)

alternatively email

[contactrics@rics.org](mailto:contactrics@rics.org) or call the RICS Contact Centre **02476 868 555**

### Consumer helplines

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

- Boundary disputes
- Party walls
- Compulsory purchase.

Just call **02476 868 555** and you will be put in touch with an RICS professional local to you, willing to provide a free 30 minute initial consultation. Lines are open

**0830 –1730 [GMT], Monday to Friday.**

## Find a Surveyor

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

Look out for firms that are 'Regulated by RICS'. Estate agents and surveying firms that are regulated by RICS are easy to spot as they use 'Regulated by RICS' on their stationery and promotional material.

To find an RICS firm in your area visit

[www.ricsfirms.com](https://www.ricsfirms.com)

alternatively email

[contactrics@rics.org](mailto:contactrics@rics.org) or call the RICS Contact Centre **02476 868 555**



# DUNSIN SURVEYORS

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- Collective Enfranchisement
- Leasehold Enfranchisement Valuations
- Commercial Valuations
- Compulsory Purchase and Compensation
- Inheritance Tax Valuations
- Lease Extensions
- Lease Renewals
- Matrimonial, Litigation and Expert Witness
- Party Wall Matters
- Probate Valuation
- RICS Home-Buyer Service
- Specific defects Report
- Valuation Reports
- Rent Reviews
- Capital Gains Tax Valuations
- Retrospective Valuations
- CPR 35 Compliant Expert Witness Reports
- Freehold Purchases
- Tribunal Representations
- Negotiations
- Property Defects Reports
- Commercial Surveys
- Schedules of Condition
- Schedules of Dilapidation

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## Confidence through professional standards

RICS promotes and enforces the highest professional qualifications and standards in the valuation, development and management of land, real estate, construction and infrastructure. Our name promises the consistent delivery of standards – bringing confidence to markets and effecting positive change in the built and natural environments.

### Americas

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