

Hanahoe and Hanahoe's Helpful Tips to  
Buying your Home.

A Buyer's Guide.

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## **1. Introduction**

To celebrate being in business for thirty five years, we have decided to publish this booklet, as a helpful guide for anyone who is thinking about buying a home. We appreciate that while buying a home is a joyous occasion, it can also be very stressful. With this in mind, we have designed this guide as a helpful tool, to enable buyers to understand the process and alleviate as much stress as possible.

We have based this guide on frequently asked questions by clients over the years.

The purpose of this guide is to:

- (a) Inform you about the conveyancing process;
- (b) Answer your questions;
- (c) Give you useful tips on what you can do to speed up the process;
- (d) Try to make the process as stress free and as enjoyable as possible.

For many people this is a once in a lifetime transaction, so enjoy it and best of luck.

Regards

From all at Hanahoe and Hanahoe.

*This booklet is for general information purposes only and should not and cannot be taken as legal advice. No solicitor/client relationship or duty of care or liability of any nature exists between you and Hanahoe and Hanahoe solicitors, until you receive written confirmation that we are acting as solicitors on your behalf. This booklet was published in August 2015*

## **2. First Steps- mortgage approval**

When deciding to buy a house, we believe that your first step should be to apply for mortgage approval. Having loan approval before you make a bid ensures that you are fully aware of your budgetary restraints. Obtaining loan approval in advance reduces the possibilities of delays, once the conveyancing process has started.

## **3. Do I need a mortgage broker?**

A mortgage broker is an intermediary who attempts to arrange a mortgage from various lending institutions on your behalf. It is not necessary to engage a mortgage broker, as you can deal directly with lending institutions themselves. That said, you may find a mortgage broker beneficial, as they can carry out a lot of the ground work on your behalf and they may be able to achieve more favourable terms. Many mortgage broker's fees are paid for by the lending institutions, but you should confirm this before engaging their services.

If you would like us to recommend a mortgage broker please do not hesitate to contact us.

## **4. What should I look out for when deciding on the best mortgage for me?**

Firstly, we are not financial advisors and it may be prudent to seek professional financial advice before deciding on a Mortgage. Obviously one of the main aspects to consider is the interest rate. You will need to decide between a fixed or variable interest rate? While a fixed interest rate gives you certainty, it may be more expensive in the current climate, where interest rates are at a historical low, but again this could all change. You should be mindful that breaking a fixed rate mortgage contract may involve penalties. It is also worth noting that most lending institutions will offer products that allow you to split your mortgage between a fixed and variable rate.

## **5. What documentation do I need to get a mortgage?**

The documentation required for the various lending institutions may differ, but as a general rule you will require the following:

### PAYE worker

1. Six months current account bank statements
2. Recent statements in relation to any other loans or mortgages you may have outstanding.
3. Evidence of savings
4. Your passport or drivers licence
5. Two utility bills
6. Payslips from the last three months
7. Your latest P60

### Self Employed

You will also require the documents as set out in 1-5 above, but in addition you will require:

1. Three years financial statements (Accounts)
2. Completed Auditors Report
3. You may also require copies of your businesses bank statements

### If you are building your own home

You will also require:

1. A copy of the Planning Permission
2. A copy of the Architects Drawings
3. A copy of the Building Contract
4. A Land Registry Compliant Map

## **6. How long does it take to get mortgage approval?**

This will vary depending on the lending institution, but certainly having all the correct documentation as set out above will speed up the process. We would advise that you should give yourself at least two –three weeks to obtain mortgage approval.

## **7. Do I need to take out a mortgage protection policy?**

Under present legislation, it is compulsory to take out mortgage protection, if the property you are buying is going to be your primary place of residence (ie. your home). In certain unusual circumstances, where the cost of the protection is prohibitive and say, for example, if you are suffering from a serious illness, you may not be forced to take out a mortgage protection policy. However, this is the exception, not the rule. It is not compulsory to take out a mortgage protection policies on investment properties or properties which are not your primary place of residence.

## **8. What is a booking deposit?**

A booking deposit is the sum you will pay to the auctioneer once you have agreed to buy a property. The amount of booking deposits may vary. We recommend when paying the booking deposit, that you make the bank draft in favour of the auctioneer, but that you pay it through ourselves, so we can ensure you are not bound by any onerous conditions.

## **9. Who pays the auctioneer?**

The auctioneer is engaged and works for the vendor (seller), it is therefore their responsibility to discharge his/her fees.

## **10. Are the contents included in the purchase?**

This is a question you should always ask the auctioneer before making a bid. As a general rule the contents are not included in the purchase price and unless there is a condition in the contract stating same, the vendor (seller) will be able to remove them before the sale completes.

## **11. What are the 'contents' of a house?**

As a general rule the 'contents' of a house are any items that are not integrated into the structure of the house. So for example the boiler

would not be considered contents and would be included in the sale. However things like carpets or curtains would be considered as contents and seller has the right to remove same.

If you are unsure whether something is part of the contents or not, make sure to ask us, as we can stipulate for it in the contract.

You may not want the contents of the property, so it is always advisable to inspect the property with the auctioneer before closing, to make sure you are not left with the task of disposing of numerous items you did not want.

## **12. How do I choose a solicitor? I should go with the cheapest, right?**

This maybe the biggest transaction you will ever make and therefore we recommend that you should be careful when choosing a solicitor. Undoubtedly look for value, but you need to retain a solicitor who has considerable expertise in this area. There are many things that can go wrong during a purchase that can either delay the closing or worse, cause the transaction to fall through altogether. It is therefore invaluable to have an expert to advise and guide you through the transaction. You also need to ensure that when you have purchased a property you have good title and that your ability to sell the property, if you so wish, is not hampered.

Price is certainly important, but we believe you should be more focused on value and expertise. While we are not the cheapest solicitors in the market, we believe we offer the best value and an exceptional service.

## **13. What Hanahoe and Hanahoe Solicitors will do for you?**

We pride ourselves on our client care and appreciate that a lot of the stress associated with buying a house, is caused by solicitors not keeping clients informed as to how the transaction is progressing. As well as ensuring that you are informed of all developments, we will provide you with the following services:

1. Offer you our preliminary advices and provide you with a detailed estimate of our fees and outlay.
2. Recommend other experts if required, such as structural

- engineers or mortgage brokers.
3. Deal with all pre-contract matters, such as investigating the title of the property and related matters.
  4. Attend on you to sign the contracts.
  5. Exchange the contracts with the other side.
  6. Draft the closing documentation.
  7. Conduct searches on title
  8. Order the loan cheque for closing
  9. Provide the lending institutions with the various undertaking they may require
  10. Stamp the Title Deeds and Register your title
  11. Prepare a Certificate of Title for the lending institution

**14. Do I need to wait on loan approval before can I sign the contract?**

Yes. Unless there is a loan approval clause in the contract, you should under no circumstances, sign a contract without first having formal loan approval and secondly ensuring that you are able to comply with the loan approvals terms and conditions.

Just because you have a letter of loan offer from your lending institution, does not automatically mean that you will get a loan approval. Any loan offer you receive from your lending institution will be subject to conditions. If for some reason you cannot fulfil these conditions, the lending institution is fully within their rights to refuse you the loan.

Once you have signed the contract you are committed to buying the property. If you cannot comply with your contractual commitments the seller can put the property back on the market and if it sells for a lesser amount, they can either take the balance, together with any costs incurred out of your deposit or if your deposit does not cover the difference, they can sue you for balance. Alternatively, if they feel that you can raise the purchase monies by different means, such as selling assets, they can sue you for breach of contract and seek an order from the Courts that you complete the purchase and pay the associated costs.



## **15. Do I need to instruct an engineer?**

Although you are not obliged to, we would strongly recommend that you instruct an engineer. Again we would remind you that this is likely to be the biggest transaction you will ever make and it does not pay to cut corners.

If you are buying a second-hand property, the seller is not obliged to inform you of any physical defects in the property. This is where the old legal adage '*caveat emptor*' or 'the buyer beware', comes into play. Therefore, to ensure that the property is structurally sound, you should instruct an appropriately qualified engineer to carry out a full structural survey.

Where you are buying a newly-built property, you do have the security of an implied but limited warranty that the building will be structurally sound. Even with this warranty, we would still recommend that you consult with a structural engineer. It is much easier and significantly less costly, to find out that the property is not structurally sound before you decide to sign the contract, as opposed to afterwards. Just because you have an implied warranty, it does not mean that the defect will definitely be rectified or that you will be compensated. Ireland is awash with stories of purchasers pursuing builders through arbitration or the courts, only to find out that the builder is insolvent or has gone bust.

Our advice is to be safe and consult an engineer. If you wish us to refer you an engineer, please do not hesitate to contact us.

## **16. When should I instruct an engineer?**

Obviously you need to consult with an engineer before you sign the contracts. However we recommend that you do not instruct one until we have received the contracts from the vendor's (seller's) solicitor. The reason we say this is because the contracts will often be accompanied by maps and planning documentation, which will be of assistance to the engineer, when carrying out his survey. Such documentation may decrease the engineers workload and prevent him from having to make more than one visits to the property, this in turn, should reduce his/her fees.

**17. Is it okay to simply rely on the banks surveyor?**

No you cannot. For starters you have no contractual relationship with the banks surveyor. Therefore if the banks surveyor misses something you have no recourse against them. You also do not know how well the bank surveyor has investigated the property. As a general rule the banks surveyor is not particularly concerned whether the property is structurally sound, he/she is more concerned that the valuation of property corresponds favourably to the mortgage.

**18. Why do I need good title?**

When purchasing a home you need to ensure that you have what is called 'good marketable title.' This is one of the main reasons that you need to engage solicitors who are experts in conveyancing. Before buying, you want to be sure that no other parties have any interest in the property and that you are fully advised of any rights of ways, burdens or easements on the property. If you do not have good title, you will not be able to sell the property, or if you are able to sell it, you will not be able to sell it for its full market value. You also will not be able to get a mortgage on the property without your solicitor being able to show the banks that you have good title.

**19. Why do I need to be sure that the planning permission is in order?**

For many of the same reasons that you need good title, you need to ensure that there are no issues with planning. Firstly, lending institutions will not give you a mortgage if the planning is not in order. Secondly, if the planning is not in order or unless you can rectify it during your tenure, you will have serious difficulty in selling the property. Purchasers should remember the adage that 'the day you buy is the day you sell'. Therefore you want to ensure that your title and planning is perfect, so you can sell the property after the sale has closed.

We also recommend that you visit the planning department of the relevant local authority, to ensure that nothing affects the property or surrounding area, which will hinder your enjoyment of the property or its value.

**20. What is Stamp Duty and how much is it?**

Stamp Duty is essentially a tax on the transfer of a property, which is paid by the purchaser.

On most residential properties, stamp duty is currently 1% of the purchase price. So if the purchase price is €300,000, stamp duty will be €3,000. However, if the property is valued at over 1 million, the stamp duty will be 1% on the first million and 2% on the balance.

On commercial properties and farms lands the stamp duty is 2% of the purchase price.

## **21. How much are Land Registry fees?**

Land Registry fees are paid to the Property Registration Authority. The current Land registry fees on the purchase of a residential property are as follows:

Properties valued between

€1 - €50,000	€400
€50,001.00 - €200,000.00	€600
€200,001 - €400,000	€700
In excess of €400,000	€800

There is also a Land Registry fee on the registration of a charge of €175.

## **22. I am buying an apartment, do I need to pay Management fees?**

Before buying an apartment or any property which is managed by a management company, you have to be careful that you are fully aware of all the management fees and charges. You should also make inquiries to ensure that the management company have a good history of performing their duties. Inspect the development and speak to existing owners, to satisfy yourself that common areas are being maintained and that the management company is investing in the development. We of course will make inquiries on your behalf as part of our title investigations, but you need to be sure of the day-to-day running of the management company. Remember 'the day you buy, is

the day you sell' and you do not want to be left with a property you cannot sell due to difficulties with the management company.

### **23. Where are my title deeds kept?**

If you have bought a property with the assistance of a mortgage your title deeds will be kept by the lending institution until your mortgage has been redeemed. If you do not have a mortgage we can store the deeds on your behalf, or you can of course keep them yourself.

### **24. Conclusion**

We hope that you have found this booklet helpful and that it has assisted you in understanding the conveyancing process and answered any questions you may have. If you have any further questions please do not hesitate to contact us.

Finally may all of us at Hanahoe and Hanahoe wish you the very best of luck in the purchase of your new home.