

FLAT BUYER'S SURVIVAL KIT

21 tips - read them now.

If you are buying a flat or a maisonette, before you make an offer...

1 Beware of leases with less than 85 years to run. Below this length of term, many buyers are reluctant to purchase, and under 80 years, some lenders are reluctant to lend. Older leases may also contain defects which may in themselves make them unacceptable as security for a mortgage.

If the lease has more than 80 years to run, it can be extended at modest cost. But beware, you have to be registered as owner of the property for two years, so if the lease has fewer than 83 years, there is a risk that you won't be able to extend it in time, and so you should try to get the Seller to extend the lease at the time of sale.

For more details ask for our Leaseholders' Rights' Sheet.

2 Ask the agents how much the service charges are.

3 Remember that you are usually responsible to pay towards the cost of repairs to the whole building. If it looks as if it needs works, bear that in mind when making your offer. The state of the building is usually a good guide to the efficiency of the management of the block. If the landlord is absent this can cause complications.

4 Make sure that your offer is made on the basis that the Seller pays any costs charged by the Landlord for agreeing to the sale or for preparing any papers incorporating a covenant or promise on your behalf to observe the terms of the lease.

5 Avoid freehold flats unless what is being sold is the freehold of the whole building. "Share of freehold" (which means that the freehold is shared between the flat-owners) is fine, but do bear in mind that your mortgage lender will take a mortgage over the lease only, and if the lease is not up to scratch, it will need changing.

If you are buying any property...

6 Your survey is vitally important. Do not try to cut corners with it by going for the cheapest option, which is not really a survey at all, but a valuation for your lender, which does not protect you at all. A good survey will inform you about what you need to do to your property, and may enable you, should there be a defect not already apparent to you, to renegotiate terms from a position of strength. Do not forget, if you are purchasing a flat, that your survey should assess the condition of parts of the property for which you may be liable under the lease (see 3 above).

7 Never sign anything or hand over any money now. You may pay a deposit to a recognised estate agent providing it is refundable.

When you buy a new property

8 The Sales techniques employed by Builders' sales offices are particularly sophisticated. Often non-refundable deposits are requested. We have had cases where pressure has been put on purchasers after this to accept unfavourable contractual terms with the threat that if they withdraw, they will lose their deposit. We always advise clients never to pay a non-refundable deposit.

9	If the developer has agreed to take your property in exchange, he may will want the right to try and sell your property as soon as possible, and this is not unreasonable. But be aware that some developers request you to sign a form appointing them sole agents for a fixed period. During this period, even if you have cancelled your other arrangements with them, you may be responsible to pay commission to them on a sale, even if arranged through another agent, or privately. Take legal advice before signing anything, even in a show home!
10	Make sure you know what is actually included. See a detailed specification. if the development is half completed and there are people living there, why not knock on a door or two and find out whether they had any difficulties. Ask about whether the property was finished on time.
11	Bear in mind that new developments are often a building site for some time after completion. Landscaping works, or second or subsequent phases can impinge upon your peace and quiet for some time.

When you arrange your mortgage...

12	<p>Look very carefully at the deal offered.</p> <ul style="list-style-type: none"> • If you are getting a 'discount rate', or a 'cash-back', how long will you have to stay with that lender? • Will you be tied to a high rate for a certain period? • What sort of penalty will you have to pay if you sell early or want to remortgage? <p>Also please make sure:</p> <ul style="list-style-type: none"> • That the mortgage you are applying for is the right one for what you want to do with the property. Don't apply for a residential mortgage if you are intending to let it. • That the offer applied for can be afforded by you not just today, but in the future if rates go up.
13	If you are offered an endowment mortgage, ask for full details of the expected return, in writing. Also ask for estimates of the 5 and 7 year surrender values as these are the most common intervals before sale. Ask about the respective advantages of repayment, endowment, pension and other sorts of loans.
14	Most lenders will try to arrange your house insurance, both Buildings and Contents. we have had cases where the amounts charged by them are almost twice as much as are offered by other insurance companies. If you have arranged your mortgage through an external broker, ask them to get you a number of quotations. If not, try ringing around yourself. You have a right to insure with whatever insurer you wish, although most lenders will charge an 'administration fee' of between £25 and £50. You may save a small fortune.
15	Make sure you know what charges will be charged by your Lenders. The following may apply:
a.	Penalties for paying off the mortgage early.
b.	<p>A Mortgage Guarantee Premium, which protects the Lender against the risk that you might default and leave them with a loss. The premium is usually between 7% and 8% of the difference between the amount which you are borrowing and 75% of the valuation of the property. If you are borrowing 95% of a house valued at £100,000 for example, the premium would be between 7% and 8% of £95,000 - £75,000 = £20,000: - between £1,400 and £1,600. This is either deducted from the amount offered or added to the loan, so you pay interest on it.</p> <p>This is a large sum of money. If you do default, and a claim is made by the lender, this does not stop the company issuing the Mortgage Guarantee Policy chasing you for the amount it has to pay out.</p>

	c.	Loan arrangement charges.
	d.	Transfer charges. Banks usually charge for sending money by electronic means to our account.
Generally - keep your eyes open.		
16	Tell us about..	
	a.	Vacant sites near the property, or boarded up properties which might be developed.
	b.	Council notices stuck on lamp-posts indicated changes in parking arrangements or potential developments.
	c.	Any part of the property which appears to be unfenced.
	d.	Any part of the property which looks as if it has been added or changed, including porches, loft conversions, conservatories, extensions, garden sheds, new windows, plumbing, electrical works, etc.
	e.	Trees very near the property.
17	Think about the neighbouring properties as well as the one you are buying. Do they have the potential to "grow" extensions which might impact on your enjoyment of your new property? Just because an application might not have been made, it does not stop one being made, and local planning authorities only have limited grounds for refusing applications.	
18	If something comes up which you are not sure about, ask. Never assume that 'it will be OK'.	
19	Keep us informed about things that happen. We welcome being told about how your survey went, and if you have any problems with any aspect of the transaction we will try to guide you.	
20	Use the Internet. There is a lot of information on the Internet, some of which is useful, and some of which is not! Here are some sites which we think are worth looking at before you buy:	
	www.upmystreet.co.uk	Just enter the postcode of the property you are hoping to buy and up pops quite a lot of information
	www.voa.gov.uk	Valuation Office. Contains details of council tax and business rates for every property in England and Wales.
	www.homecheck.co.uk	You can get free information about the environment in and around your property, from the company who provide our fuller environmental searches.
	www.iammoving.com	This site will take away some of the burden of notifying people that you have moved.
	www.ordnancesurvey.co.uk	Links to maps.
	www.old-maps.co.uk	Links to historical maps.
	www.multimap.com	For maps and (in many areas) aerial photographs of your property.
21	If you want to find out who supplies gas or electricity to a property: <ul style="list-style-type: none"> • For Gas, call 0870 608524 • For Electricity call 0845 6000102 option 4 	

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WHAT HAPPENS NEXT!

This is a guide to what you can expect to happen in your
Conveyancing Transaction.

Time	Things you do.	Things done by the Your Solicitor	Things done by the Seller's Solicitor	Things done by others.
Early Stages	Make an offer via Estate Agents (if any), and instruct your Solicitor. Sends Solicitor a cheque to cover Search Fee (normally £400).	Sends you an estimate of fees on request.		Seller instructs Solicitors. Estate Agents notify all parties of sale.
		Writes to Seller's Solicitor with Property Information Forms for Seller to fill in, asking questions about the property.	Apply for Seller's Deeds and up to date copies of the Land Register entries. Writes to your Solicitor.	
Sorting out money	Apply for Mortgage and arrange for Survey.	Sends off Local Search and other necessary searches.	Obtains Deeds and sends copies, together with draft contract, to your Solicitor. Asks Seller to fill in Property Information Forms. Writes to Landlord (if leasehold) asking for up to date copies of insurance and service charge accounts.	Lender does survey, as does your surveyor, if different.
	Send Survey report to Solicitor. Sort out any conditions attached to the Mortgage, such as insurance, extra reports, etc.	Receives draft contract and raises any extra questions. Approves contract. Alerts you to any legal problems.	Sends Property Information Forms to your Solicitor, answers any outstanding	Mortgage Offer issued by Lender and sent to your Solicitor
Getting ready	Start thinking about what date you would like to move. Provisionally book removals.	Prepares reports on: ‡ Title to the Property ‡ The Lease (if Leasehold) ‡ Planning Search ‡ The Contract ‡ The financial implications of the sale.	Sends contract to Seller for signing.	Local Search returned by Local Authority.

Doing the exchange	You read report and sign Contract, after asking any questions. You pay a deposit (usually 5-10% of the price) to your Solicitor.	Solicitor gets in touch with Seller's Solicitor and agrees a date for completion. When everything is agreed, contracts are exchanged on the telephone and the Deposit and contract are sent to the Seller's Solicitor.	Checks on completion date.	
			Contract sent to your Solicitor after exchange.	
Preparing for completion	Finalise removal arrangements. Attend your Solicitor's office and sign final papers, bringing proof of identity.	Prepare final papers, and accounts. Send draft transfer deed to Seller's Solicitor for approval, with completion arrangement questions (Requisitions) Apply to Lender for mortgage money. Make final Searches at Land Registry and in order to check that Buyer is not bankrupt! Prepares SDLT return.	Approve transfer Deed and have it signed by Seller. Find out how much money is owing on Seller's Mortgage. Answer Requisitions and provide a Completion Statement.	
Completion nears	Pay any money due to finance the transaction so that it is in your Solicitor's hands in time to be cleared for completion. Finish packing.	Check that all is in order.	Make sure that everything is ready for completion.	
The Big Day	Telephone Solicitor at mid-day to check all has gone well. Collect keys and move in.	Send purchase money by Bank transfer to Seller's Solicitor.	Release keys. Pay off Seller's Mortgage. Send Deeds to Buyer's Solicitor. Send rest of money to Seller.	Seller moves out and makes sure that a set of keys is with the Estate Agents

Afterwards	You live happily ever after....	<p>For us, there's still loads to do,</p> <p>Pay any Stamp Duty Land Tax which needs to be paid.</p> <p>Apply to the Land Registry for registration of your title.</p> <p>Tell your new Landlord (if leasehold) that you have bought the property.</p>	When form of receipt and discharge for the Seller's Mortgage is received, send it off to your Solicitor.	
When your title is registered		<p>Send you a copy of your title.</p> <p>Send the original papers to your Lender.</p>		
And finally...		Keep file for 10 years in case there are any queries.		