

# Understanding the Legalities of House Buying

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**B**uying a home is an exciting step, especially your first home. The first step in tackling the legal process is to engage the services of a solicitor who will explain the transaction in a clear, simple and concise manner, and who will deliver creative, innovative and comprehensive legal solutions that are cost-effective and results-driven.

## Ask yourself the following questions;

Is the legal fee competitive?  
Is the solicitors' office near to my place of work?  
Will the solicitor see me outside normal office hours?  
Is the solicitor's office technology efficient?

## Booking Deposit

Once you have found the home you have been looking for, the first step is to pay a booking deposit to the estate agent. This deposit is 100% refundable should you decide not to proceed. You should ensure that the estate agent provides you with a receipt stating that the booking deposit has been paid subject to contract, title and loan approval.

## Contracts for Sale

Once you pay a booking deposit, the estate agent will then arrange for the seller's solicitor to issue contracts and copies of the title documentation to your own solicitor.

Generally, you would be required to sign the contracts within a 14 day period of receipt of the contracts by your solicitor. If you are buying a second-hand property you should arrange to have a full structural survey carried out by an architect/engineer/surveyor. Even if the property is relatively

new, and is still covered by the Home Bond or Premier Guarantee Scheme, a full structural survey is a pre-requisite. A second-hand property is bought with "warts and all". It is extremely important at this stage that you have a formal letter of

loan offer from your lending institution. Also, do your sums and calculate the cost of paying fees and outlays, e.g. stamp duty, land registry, fees etc. Your solicitor will, at the outset of the transaction, issue you with an estimate of all fees and outlays.

Once your solicitor is satisfied as to title to the property, you will sign contracts and pay the balance deposit which is usually 10% of the purchase price. You should deduct from this any booking deposit paid to the estate agent. Your solicitor will check carefully any special conditions of a legal nature attaching to your loan offer and will advise you accordingly. You should be fully satisfied that you can comply with all the loan conditions e.g. Life Policy, House Insurance etc., so that there will be no delay in your solicitor obtaining your loan cheque to complete the purchase. It is vital therefore, that you liaise on a regular basis with your mortgage broker.

At auction, if you are the successful bidder, you will be required to pay a full 10% deposit there and then, and you cannot sign the contracts subject to loan etc. It is fundamental, therefore, in an auction situation, that a full structural survey, planning



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search and finances are all in place prior to auction.

## Requisitions on Title

Once contracts are exchanged your solicitor will raise Requisitions on Title with the seller's solicitor. Effectively, these are queries in relation

to the title, and your solicitor must be fully satisfied with the replies to same. In the case of a new development, replies to Requisitions on Title will already have been furnished to your solicitor at contract stage.

## Nearing Completion-What you should do next

The builder's solicitor will send your solicitor a Completion Notice. At this stage the property transaction must be completed generally within a 14 day period from the date in which the Completion Notice is served. Within this time you should arrange for an architect or surveyor to carry out a snag list on the property and arrange for this to be furnished directly to the site foreman. Once all snags have been rectified, you should then arrange for a final inspection to be carried out. If you are buying a second-hand property the closing date will be fixed in the contract. You should attend the property for a final inspection before completion.

## Completion Day-What happens on Closing?

The closing of the transaction will take place at the offices of the seller's solicitor. Your solicitor will have obtained your loan cheque from your lending

institution, provided you have complied with all special conditions in your letter of offer. Any balance monies must be furnished to your solicitor by way of bank draft to complete the purchase. As your solicitor gives an Undertaking to your lending institution you must also put your solicitor in funds for all fees, stamp duty and registration fees on the day of closing. On this day, the property will be transferred into your name and you will be handed the keys to your new home.

## Post Completion

The Solicitor will then proceed to stamp and register the title and mortgage documentation on your behalf. When completed, the title documents will be sent to your Lending Institution as security for the duration of the loan. The undertaking given by your solicitor to your Lending Institution will then be discharged.

Buying a new home is probably the biggest and most exciting purchase you will make during your lifetime, and good preparation and the retention of a reputable solicitor, Mortgage Broker and other competent professionals will ease the process.

## DID YOU KNOW

The APR rate quoted on your mortgage is the real indicator of cost of credit for your mortgage and this is what you should use as a guide for comparison.