

CONSUMER GUIDE

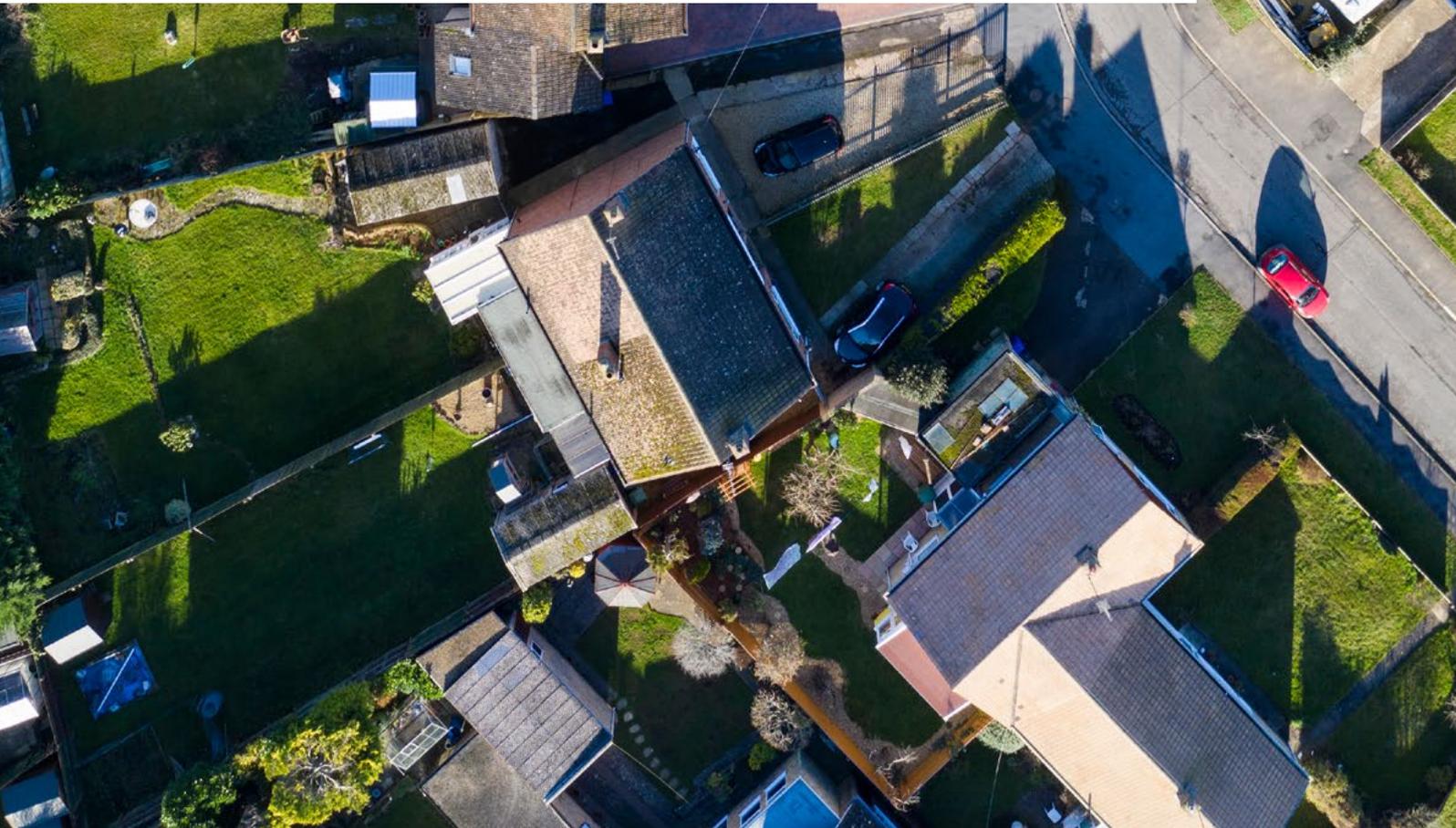


Buying a home

A clear, impartial guide

For use in England, Wales and Northern Ireland

rics.org/consumerguides



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How an RICS member can help

As the world's largest professional body for chartered surveyors, RICS offers clear, impartial, expert advice on the issues raised in this guide.

RICS members can help property owners in a variety of ways, so whether you want expert advice and a professional assessment of your issue, an opinion on costs, representation, or a professional to manage a project for you, visit [Find a Surveyor](#) to find an RICS member in your area.

Using the services of RICS members offers confidence because:

- they give you clear, impartial and expert advice
- they are regulated and have strict rules of conduct to protect you, as well as holding appropriate professional indemnity insurance
- they have to update their skills and knowledge throughout their careers, so you can rely on their expertise
- you are further protected by RICS' complaints service and access to independent redress.

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

RICS expertise when you buy a home

When you buy a home, you can take advantage of expertise from the outset by using an RICS estate agent, who will act in accordance with RICS professional standards.

Look out for firms that are 'Regulated by RICS' and that follow the standards in the current edition of [UK residential real estate agency](#), RICS professional statement.

The process

1



Choosing your property

Decide on the kind of property and location you want. To get a feel for the market before you buy, you should:

- research property online
- visit local estate agents and
- look around several properties.

2



Financing the property

Make sure you can afford to buy in the price range you are looking at. If you need a mortgage, obtain an 'agreement in principle' from your chosen lender/mortgage broker before making an offer. This ensures you have the best chance of agreeing a sale and time will not be wasted.

3



Agreeing the sale

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

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

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

4



Arranging a valuation and survey

For peace of mind, ask an RICS member to conduct a survey of the property.

For more information, see the section on surveys in this guide, or take a look at the consumer guide Home surveys.

5

Instructing your solicitor/ conveyancer

You will need a solicitor or conveyancer. 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.

Also ask your legal adviser about the tenure of the property and the long-term implications of this. If you're purchasing a leasehold property, this may involve additional costs such as a service charge, 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.

6

Exchange of contracts

When you exchange contracts, the seller is legally bound to sell the property to you. You can then find a removal firm, bearing in mind the agreed completion date.



7

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 the exchange of contracts. You then collect keys from the seller's estate agent and move into your new home.



Choosing your property

RICS can provide a list of local RICS estate agents who can help with your search; see [Find a Surveyor](#). You can also search online using property portals. Before you buy, it's a good idea to view several properties and get a feel for the market.

New properties

New properties are very popular and often sell at a premium price.

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, that you have valid certificates ensuring the land has been properly treated first (this is crucial for building insurance)
- has proper guarantees, such as an [NHBC Buildmark](#) or similar certificates
- has test certificates and user guides for any electrical, gas or built-in appliances and
- has the final certificate from the local authority building inspector.

They will also need to:

- confirm that the property's energy efficiency matches the provisional Standard Assessment Procedure (SAP) rating and
- if it is leasehold, check the lease terms, including the ground rent and the length of the lease. Beware of escalating ground rents which may mean you have to pay a significant amount each year to the landlord.

For more information about what to look for when buying a new home, see the [National House Building Council](#).



Older properties and those needing work

If you want to buy an older property of over 100 years old or a property that has been substantially extended or altered, an RICS Home survey level three is likely to be appropriate. Compared with the potential cost of repairs, this can offer good value for money. A more cost-effective alternative, where appropriate, is an RICS Home survey level two.

Older leasehold properties may only have a few years remaining on the lease, and will be significantly cheaper than properties with leases that have more than 85 years left. But you will need have to pay a significant premium if you wish to and are able to extend the lease.

For more modern properties, an RICS Home survey level one may be sufficient. For more information about all RICS surveys, visit the [RICS website](#).

An RICS surveyor 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. Remember that 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 is 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. Before work can begin, you may also have to get consent from:

- [English Heritage](#) (for properties in England) or
- [CADW](#) (for properties in Wales) or
- the [Department for Communities](#) (for properties in Northern Ireland).

Non-traditional housing

If you're looking for something different, you could consider off-site construction techniques, where properties are 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 thinking of buying a property of non-traditional construction, make sure that there is 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, see [The Housing Forum](#) or [Build off site](#).

Buying at auction

Most properties are bought and sold through what is known as 'private treaty' sales. But you can also buy properties 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. You are advised to employ an RICS surveyor to undertake a survey of the property before the auction. You also need to have any finance in place and need to have checked through any legal documentation.

For more information on buying at auctions, see the RICS consumer guide [Property auctions](#).

Types of ownership

There are four main types of ownership (otherwise known as 'tenure') for property.

Freehold

If you buy a property freehold, 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, 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.

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 less than 85 years. An RICS member can give you more information about this and the likely cost of extending your lease.

You may also need to pay ground rent.

When buying a leasehold property, enquire about the amount of ground rent that will be payable and whether 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, establish how often this takes place and by how much it will increase; for example, is there a formula or a fixed percentage uplift that you are contracting to pay? Make sure you establish these facts before proceeding with the purchase, as ground rents that escalate over the term of the lease can prove costly in the long run and can impact on the value and saleability of the property.





On leasehold properties (particularly flats or maisonettes), you usually have to pay a service charge to cover:

- repairs
- sinking (aka 'reserve') fund and
- cleaning, maintenance and repair of the structure and communal areas together with fees. Make sure 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 and
- if there are any onerous lease conditions that may increase costs, impact on value, affect saleability or impair the mortgageability of a property.

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- An RICS member can advise you on buying leasehold property as there may be more onerous repairing and maintenance responsibilities than with a freehold property.

For further advice, see the [Leasehold Advisory Service](#).

Commonhold

Commonhold is an alternative to the long leasehold system and can apply to flats, maisonettes and houses in a building or estate. It allows purchasers to buy property on a freehold basis rather than a defined term long lease. The common parts are owned and managed jointly by the collective unit holders within the block or estate through a commonhold association. For more, see the Leasehold Advisory Service's information on [commonhold](#). 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 be able to eventually own the property outright.

Government schemes

These include help to buy and starter homes. You may be eligible for schemes that provide an initial subsidy or financial support to help you buy your house.

Such schemes may have restrictions on resale or arrangements for repayment. Your legal adviser will help you understand the implications and whether these rules will impact your longer-term plans.



Financing your property

Unless you're a cash buyer, you'll need to arrange a mortgage.

A mortgage is a loan against the property, and there's a huge range of different mortgages available from banks, building societies and other lenders. Mortgage rates vary, so it's worth shopping around to get the best deal. Make sure you're 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 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.

Typical moving costs

- mortgage repayments and lender charges
- survey fees
- solicitor's/conveyancer's fees, including searches and Land Registry (registry of deeds in Northern Ireland)
- stamp duty land tax
- removal costs
- possible reconnection costs for phone/internet, 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.

Agreeing the sale

Most property is bought and sold through estate agents. Once you have chosen your property, you may be able to negotiate the price with the seller

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

Negotiation on the property's price is often easier if:

- there are repairs to be done or
- the seller is looking for a quick sale (see 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.

Energy performance certificates



All homes being sold require an Energy Performance Certificate (EPC) to record the energy efficiency of the building.

The certificate provides a rating of A to G, where A is very efficient and G is very inefficient. The EPC will also include recommendations on how to improve the efficiency of the home. An EPC lasts for ten years unless significant changes have been made to a property.

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 purchase
- arranging a survey and
- instructing your solicitor/conveyancer.



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?, **UK Finance** 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 is generally only concerned with problems that might affect the security of the loan. 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 only a 'desktop valuation' or automated valuation where the property may not even be inspected by a surveyor.



Surveys

There are four main types of RICS survey inspection.

RICS Home survey level one

This describes the condition of the property, with a summary of any risks and potential legal issues. It clearly highlights the condition of elements of the property.

RICS Home survey level two

This is most suitable for conventional properties that are in a reasonable condition. It provides a concise report detailing any significant problems that could make a difference to the value of the property.

RICS Home survey level two (survey and valuation)

This report provides all of the features of the Home survey level two report with the additional feature of a market valuation and reinstatement cost.

RICS Home survey level three

This is a detailed report commenting on a property's 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.

This type of survey is 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 learn more about the different types of surveys and what they offer, see RICS' [Home survey standard](#).

RICS surveyors carry out surveys to see if there are any problems and answer any concerns you may have

Instructing your solicitor/ conveyancer

When buying a property, you 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, make sure you have agreed their fee, which can either be fixed or dependent on the work they undertake.

Your solicitor will

- get involved in the contract negotiation
- exchange contracts and
- ensure completion by transferring the title deeds and funds.

Exchange of contracts

Once all the enquiry forms and contracts have been signed and returned, this is the point when it is time to exchange contracts

The buyer and seller will agree a date for completion, i.e. the date that the seller needs to move out of the property. **This is when the sale becomes legal and binding.** Your solicitor or conveyancer will need you to sign the contract before they can exchange.



Completion

The moving date will be agreed by both parties.

On completion day, the funds are exchanged between solicitors and the keys are collected from the estate agent by the buyer.

Moving costs checklist



Legal fees

Solicitors/conveyancers

These fees can vary. See if your solicitor offers a no buy, no charge deal and check the range of services they provide for their fee. It's often worth choosing a solicitor recommended by a friend or colleague; alternatively, 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

Some lenders have this one-off charge in case they have to repossess your property and sell it at a loss. The cost of the policy varies and depends on 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. 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

When you buy a home, make sure you get independent advice that gives 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 want to borrow.

A survey from an RICS member could save you thousands of pounds in the long run – especially in older properties that require higher maintenance, or in properties where you want to make 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 opt 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.

Stamp duty

This is a tax on buying property, based on the price you pay. For more information visit [GOV.UK](https://www.gov.uk).



Building insurance

From the moment you exchange contracts, you need building insurance for 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 from removal firms. 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 might need to consider storage, which varies in cost depending on the number of items you wish to store.

Useful links

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

Which?

HM Revenue & Customs

Land Registry

Land & Property Services
(LPS) (Northern Ireland)

Consumer Council Northern
Ireland

UK Finance

The Leasehold Advisory
Service

Law Society

Property Care Association

Ombudsman Services

Free RICS guides

RICS has a range of free guides available for the following property issues:

Development issues

Compulsory purchase
Home extensions

Home hazards

Fire safety
Dilapidations
Flooding
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

Visit [our consumer guides website](#) or [RICS' public website](#).

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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

[Visit the RICS website](#) for more information on buying a home.

Consumer helplines

[Contact one of our regulated firms](#) for a 30-minute initial consultation.

Find a Surveyor

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

Surveying firms that are regulated by RICS are easy to spot as they use 'Regulated by RICS' on their stationery and promotional material.

Delivering confidence

We are RICS. Everything we do is designed to effect positive change in the built and natural environments. Through our respected global standards, leading professional progression and our trusted data and insight, we promote and enforce the highest professional standards in the development and management of land, real estate, construction and infrastructure. Our work with others provides a foundation for confident markets, pioneers better places to live and work and is a force for positive social impact.

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