



A clear, impartial guide to

# Buying a home

For use in England, Wales and Northern Ireland



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

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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 members. 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 members 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 members 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. Visit a mortgage adviser to check the likely level of mortgage you need and can afford. You should research property online, visit the local agents and look around several properties, to get a feel for the market before you buy.

## 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
- you will find furniture isn't usually included, unless it is specifically listed.

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.

## Financing your property

Unless you are financing the purchase without a mortgage your next step is to find one – or make sure you have the money ready.

## Arranging a survey

To ensure 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 separate guide in this series 'RICS Property 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.

## 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

**Decide on the kind of property and location you want, such as semi-detached, terraced, or flat – then ask yourself a few questions each time you view somewhere:**

- can you really afford it? Speak to a mortgage adviser at an early stage
- you might find it useful to write a list of ‘must have’ and a list of ‘nice to have’ requirements in a property
- is it near the transport links, or schools, or facilities you need?
- do you like the area?
- is it big enough? Does it have the right mix of rooms?
- how old is it?
- does it have enough outdoor space, such as gardens and garages?
- is it freehold or leasehold?
- is there any history of flooding in the area?

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.

## Viewing a property

First impressions count for a lot – but you should view a property at least twice, preferably at different times of the day, to give you a better idea of what’s on offer. Location is an important consideration, so check the surrounding area and local amenities. Here are a few things to think about to make sure it meets our requirements:

- nearby main roads, pubs, clubs or restaurants – they can be handy, but noisy
- nearby railway lines – or overhead flight paths
- the feel of the community – does it seem friendly?
- the aspect of the house – does it get enough light?
- is the property well maintained?
- the age of the property
- garden size
- the condition of nearby properties
- ask about the neighbours
- if the property needs updating – how much work would you want to do and when? how much will it cost to carry out?
- everything works, such as the lights, taps, plugs and that the windows open
- the rooms are big enough
- the fixtures and fittings are going to be included in the sale
- you like the views
- it feels like home.

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## 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.

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.

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 member 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 pre-fabricated buildings, 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 pre-fabricated houses, though arranging mortgage finance

may not be as straightforward as for conventional buildings.

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 member to undertake a survey of the property prior to the auction. You will also need to have any finance in place and have checked the legal documents.

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].

Leasehold properties are generally flats and maisonettes. A landlord owns the freehold of the building, but doesn't have access to your flat unless invited.

The value of a lease decreases with time, but you can usually extend your lease or buy a new one. Many building societies and banks may have restrictions on granting mortgages where leases are below 70 years. An RICS member can give you more information about this.

You'll also probably have to pay ground rent on leasehold property, and if it's a flat or maisonette, you may have to pay a service charge to cover repairs and cleaning of shared areas.

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 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 these are 'owned' collectively by the leaseholders, also known as share of freehold, or by a separate person or company.

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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.

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.



# 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.

Owners do not have to accept the first offer that is put to them and you can make them an increased offer. 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].

Before you sign anything, make sure that you know what is included within the asking price. Check whether you wish to keep all the fixtures and fittings that are listed in the property details. If you like the carpets, see if they are included too. You will find furniture isn't usually included, unless it is specifically listed but some items may be negotiable.

Remember, always check what is included in the price before agreeing the sale. Once you are happy, put this 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.

As from the end of January 2013, the property might also be subject to arrangements under 'green deal' which could include on-going payment in respect of energy efficiency improvements.

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 too, so it's worth shopping around to get the best deal you can. Make sure you are aware of any additional costs like arrangement fees.

## 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 'offer in principle', or the amount they'd be prepared to lend. It's useful to get this before you start looking for a home.

Also, bear in mind there are always additional expenses like legal fees and moving costs. We've included a checklist of costs at the back of this booklet, but here's an idea of things you'll need to budget for:

## Typical moving costs

- deposit – often up to 10% of the property value
- 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, so having a survey is worth it. 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. Your mortgage lender may send a valuer or use a computer programme to assess whether the property offers sufficient security for the amount of the mortgage. The valuer is only concerned with problems that might affect the security of the loan, not whether there are any structural problems that need fixing.

## Surveys

An RICS member carries out a survey to see if there are any problems and answer any concerns you may have. It's like a 'health check' for buildings, which could save you thousands in the future. There are three main types:

### 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.

### 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.

### Building Survey

This is suitable for all residential properties, providing a detailed report on their 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.

If an HBR has been carried out and highlights significant issues, you may want a surveyor to investigate further.

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.

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 member will tell you a great deal more, and could save you thousands in the long run – especially in older properties, or when you want to make alterations. It may also enable you to negotiate the price.

Surveyors' fees vary, so compare prices before choosing, and negotiate the fee to match the size and type of property. Ask the surveyor exactly what's covered in the survey, so you know what you're paying for and can ask them to look for extra things.

## 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

The cost of moving varies according to how much stuff you have, how difficult it is to pack, how far you're moving and the time of year. Shop around for the best deal – and remember it's worth checking to see if the quote includes insurance.

## Storage

If you're not moving straight into a new home, you may have to consider storage. The cost for this varies according to the quantity of stuff involved – as a rough guide, a two-bedroom house will probably fill up to four containers, and a three-bedroom house can fill six.

## Specialist advice from RICS members

Any RICS member specialising in construction, restoration or conservation can help you with:

- property extensions – designing alterations and additions and applying for planning permission
- re-planning property – advising you how to demolish or erect structural walls and other building elements
- any work affecting boundary or party walls with your new neighbours. If you want to know more about party walls, visit our website [www.rics.org/consumerguides](http://www.rics.org/consumerguides)
- safety features, including means of escape
- energy performance recommendations and certificates.
- repairing listed buildings and building in conservation areas.



## 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)



# 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 member 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**



## Advancing standards in land, property and construction.

RICS is the **world's leading qualification** when it comes to professional standards in land, property and construction.

In a world where more and more people, governments, banks and commercial organisations demand greater certainty of **professional standards and ethics**, attaining RICS status is the recognised **mark of property professionalism**.

Over **100 000 property professionals** working in the major established and emerging economies of the world have already recognised the importance of securing RICS status by becoming members.

RICS is an **independent** professional body originally established in the UK by Royal Charter. Since 1868, RICS has been committed to setting and upholding the **highest standards of excellence and integrity** – providing **impartial, authoritative advice** on key issues affecting businesses and society.

RICS is a **regulator** of both its individual members and firms enabling it to **maintain the highest standards** and providing the basis for **unparalleled client confidence** in the sector.

RICS has a worldwide network. For further information simply contact the relevant RICS office or our Contact Centre.

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