

A Guide To Purchasing A Property



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INTRODUCTION

Purchasing a property can be an extremely stressful time particularly if you are a first time buyer. This guide aims to give you an overview of the steps that will be involved and what is required from you. Our aim at John O'Connor Solicitors is to make things as easy as possible for you and to give you peace of mind during this process.

STEP ONE – FINANCE

The first thing that you will need to do is to work out a budget in order to decide what kind of property you can afford. In most cases a mortgage will be required and this will involve going to your bank and making an appointment to see someone about obtaining a loan. You will need to provide the bank with details of your income and they will examine your credit history before deciding if they are willing to provide you with a loan. Under the new mortgage rules you will now be required to pay at least 20% of the price of the house upfront with the bank only able to lend 80% of the value of the house. You will also be required to show evidence of life and home insurance cover. Once all of these details have been approved you will get a loan offer.

STEP TWO – FINDING THE RIGHT PROPERTY

Now that your loan offer has been approved the next step is to find the right property for you. At this point we would advise you to contact an estate agent and inform them of your budget and the kind of property that you are interested in. It can often take some time before you decide on the right property. When you do you will be asked to make an offer and if this offer is accepted the property then becomes sale agreed. You are still not legally bound at this point and can pull out at any time prior to signing Contracts.

GOING SALE AGREED

Once you have gone sale agreed on a property you will be asked by your estate agent to nominate the solicitor that you would like to act for you in the purchase. It is also common procedure at this point that the estate agent will ask you for a deposit to cover their fees and outlay. They will then write to your solicitor with the details of the transaction and provide details of the vendor's solicitor.

DO I NEED TO DO ANYTHING AT THIS STAGE?

At this point we would strongly recommend that you obtain a survey of the property from a

registered structural surveyor in order to ensure that there are no structural or other defects in the property. This is very important as the vendor is not obliged disclose all defects and the caveat emptor (buyer beware) rule applies. If you have applied for a mortgage the bank will send a surveyor to the property to confirm the value of the property, they will not be checking the condition of the property and it is important to obtain your own independent surveyor.

SIGNING CONTRACTS FOR SALE

The solicitor for the vendor will then send your solicitor a copy of all of the title documents together with the Contracts for Sale. Your solicitor will then review all of the documents and raise any questions to ensure that good title to the property is being sold. They will also ensure that all taxes and any relevant service charges have been paid relating to the property. When they are satisfied that all of their queries have been answered they will then contact you to sign the Contracts. At this point you will also need to pay the balance of the deposit, which is normally 10% of the purchase price.

DO I NEED TO WORRY ABOUT THE LOCAL PROPERTY TAX?

Before you sign the Contracts your solicitor will ensure that the Local Property Tax has been paid in full. The vendor is liable for all LPT up to and including the 31st December of the year in question. The charge will then be apportioned and you will be asked to refund the vendor the amount due from the closing date until the end of the year. You will only become liable for the LPT from the 1st January the following year. It is also important that to ensure that all of the Non Principal Private Residence tax and the Household Charge have been fully discharged. Both of these taxes are no longer payable however as the charge follows the property it is important to ensure that they have been cleared and this will be checked by your solicitor.

DO I NEED TO WORRY ABOUT SERVICE CHARGES ON THE PROPERTY?

In certain managed developments (mostly apartment blocks) you may be obliged to pay service charges which go towards the upkeep of the development. The service charges on the property follow the same procedure as the LPT. The vendor will discharge all of the amount due for the entire year and this amount will then be apportioned on closing in the same way as the LPT.

FINALISING THE TRANSACTION

Once the Contracts have been signed they will then be sent back to the vendor's solicitor to be signed by the vendor. The two sets of solicitors will then agree on the closing requirements and

a closing date will be confirmed. Your solicitor will then liaise with you and your bank in order to have your loan offer drawn down. You will be required at this point to complete the loan pack and return it to the bank. The bank will then issue you with funds in advance of the closing date. On the closing date the balance of the purchase money will be transferred to the vendor and the keys will be handed over to you.

WILL I HAVE TO PAY STAMP DUTY?

Yes you will have to pay stamp duty on your new property. The current rate is 1% of the value of the property for the first €1,000,000 and 2% thereafter.

WILL THE PROPERTY THEN BE REGISTERED IN MY NAME?

As soon as the matter has been finalised and the stamp duty has been paid your solicitor will apply to the Land Registry to have the property officially registered in your name.

HOW LONG WILL THE WHOLE PROCESS TAKE?

All transactions vary in length depending on how complicated the title to the property is. The average time from when a property goes sale agreed until closing is around 2-3 months.

HOW MUCH WILL MY LEGAL FEES BE?

This will depend on the complexity of the title to the property. We will make it clear from an early stage what we expect our fees to be. We guarantee to offer a competitive rate with at all times providing a professional service. We do also offer a special discount rate for first time buyers.

If you require any assistance in relation to any of the issues or topics dealt with within this guide please feel free to contact us at **01-6684366** or info@johnconnorsolicitors.ie.



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