



Buying Your Home

Tips And Tricks

Foreword

Hi. My name is Diane Dawson and I have been practising as a residential conveyancing solicitor for almost twenty years now. During this time I have seen the same frustrations, worries and disappointments present themselves over and over again. So I have written this booklet in the hope that it gives you some useful tips and tricks and helps you navigate the sometimes confusing world of banks, brokers, selling agents and solicitors so that ultimately, you can cross the threshold of your new home as quickly and painlessly as possible!

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A Three Stage Process

Buying a home in Ireland is a three stage process

Stage 1:

Loan Approval.

This is when you engage with a broker or with a mortgage advisor in the bank of your choice to obtain their approval to lending you the funds.

Stage 2:

Finding your home and going "sale agreed".

Once you have obtained your loan approval or if you are lucky enough to be buying without the assistance of a mortgage, you move onto stage 2 – seeking out homes in your area of choice and placing bids on properties until you have an offer accepted.

Stage 3:

The Legal Formalities.

This is where I come into the picture.

The first thing to note is that I fully appreciate that by the time you reach me, you are excited but already tired! You have already gone through the difficult process of obtaining loan approval. You have already gone through the perhaps even more difficult task of trying to find a home in your budget that ticks your boxes. Perhaps you have had multiple offers rejected. Finally, you have an offer accepted and you are delighted and relieved.. Until you realise that you are now only at the beginning of the legal process.

The Legal Process

The Legal Process can also be broken down into three stages:



pre-contract



contract



completion

Pre-Contract:

- Once the sale has been agreed, the selling agent will issue a document called a sales advice note. This note will confirm the names of the vendors and purchasers and their respective solicitors and will also confirm the sale price and the booking deposit which has been paid.

- If the vendor is well organised, he or she will have instructed their solicitor when the house was put on the market and the solicitor will already have drafted contracts which should now be ready to issue.

- Unfortunately though, sometimes vendors do not instruct their solicitor until the sale of the house has been agreed. The deeds may be held by a bank. It can take weeks for banks to release deeds from their security departments and then it will take time for the solicitor to go through the deeds when they arrive, and obtain other documents which will be required.

- So, contracts may issue very quickly after a sale is agreed or it may take weeks.

- During this time, the purchaser informs their lender of their decision to buy the property. The lender will organise a valuation of the property and thereafter will issue a loan offer to the purchaser and a solicitor's pack to me which will contain a copy of the loan offer and other documents which I have to complete.

Contract:

- Once the contract has been drafted by the vendor's solicitor, two copies of it are sent to me along with a copy of documents which prove that the vendor owns the property and that proper planning permissions are in place etc.

- The contracts and documents are examined by me in detail and if I have any queries or require further documents which have not been supplied, I raise "pre-contract enquiries".

- When I am satisfied that the contracts and documents are in order, I invite you to come into the office to sign the contracts and loan documents. You will be asked to pay a further deposit when signing the contracts. The booking deposit and contract deposit will make up 10% of the full price of the house. Both deposits become non refundable once the contracts have been signed.

- Once signed, I return the contracts to the vendor's solicitor. They sign both copies and return one copy to me. This is known as exchange of contracts. At this point, you have now entered into a legally binding contract. If you pull out after this point, you will lose your booking deposit and contract deposit and can be sued by the vendor for breach of contract / specific performance (a court order forcing you to complete the contract).

- There is a period of time after contract exchange and closing which is usually two to three weeks depending on the circumstances. This is to give the vendor time to arrange vacating the property and the purchaser time to organise the drawdown of their mortgage.



Closing:

The closing is the date that you get your keys!

From our perspective, what actually happens is that your mortgage is released from your bank and it is transferred by us to the vendor's solicitor in exchange for the original deeds. Once both solicitors are satisfied that all legalities have been attended to, the selling agent is authorised to release the keys to you.



Tips And Tricks

Pre-Contract

When you are looking at houses it is a good idea to ask the selling agent what the circumstances of the vendor are.

If the house was previously rented and is now vacant, the vendor can probably facilitate an imminent closing date.

If the house is occupied by a family and they have to buy another property, be prepared for a longer wait.

If the owner is deceased, find out if the grant of probate has already issued - if it hasn't again be prepared to wait.

It's also a really good idea to get clear with the selling agent on what exactly is and is not included in the price. All too often, we get calls from disappointed purchasers complaining that vendors have removed items which the purchasers understood would be left behind or that items have been left behind which should have been removed.

Contract

There is often great confusion as to what documents are to be submitted by the broker and what documents are the responsibility of the solicitor. This confusion is compounded by the fact that the banks are not uniform in their approach.

Generally the solicitor's documents are:

- 1. Acceptance of loan offer**
- 2. Solicitor's undertaking and client's retainer and authority**
- 3. Assignment of Life Policy**
- 4. Request for funds**

It is the responsibility of the purchaser and their broker if they have one to organise and submit evidence of the home insurance and the mortgage protection policy.

It happens often that documents are rejected by the bank because of incorrect spelling of names, incorrect addresses or other inadequate information. This will ultimately delay the release of funds as documents have to be re-submitted and re-checked by the bank.



Closing

- The closing date is agreed between the vendor and purchaser at the time that contracts are signed.

• You should organise with your selling agent to carry out a final inspection the day before closing. It may have been some time since you last viewed the property and the final inspection will allow you to ascertain that everything is in order before we transfer your funds.

- On the morning of the closing, we have to arrange the transfer of funds to the vendor's solicitor. We carry out a detailed inspection of the title deeds when delivered. We also carry out a number of closing searches against the property and the vendor. We also have to carry out searches against you for your lender. These searches will highlight if any party involved has recently been made bankrupt or if they have any judgements registered against them.

• Once we are satisfied that everything is in order, we will authorise the vendor's solicitor to release monies to their client and they will authorise the selling agent to release the keys to you.

- You will not be able to collect the keys until that authorisation has been given and this is unlikely to take place until at least after lunchtime on the closing date.

A Word About Closing Dates!

- By far, the closing date is the biggest cause of dispute in residential conveyancing.

• The closing date must be viewed as being somewhat akin to the due date of a baby. We can never guarantee that the closing will absolutely take place on the closing date although we will absolutely always do our best to ensure that it does.

- The closing date is the date that all parties work towards, but ultimately it depends on a lot of moving parts becoming stationary and for various reasons it often happens that the closing does not take place on the closing date. This is usually because the mortgage has not been released by the bank in time for closing.

• While we appreciate that you are eager to make plans, try and have some flexibility with regard to those plans. If you are renting, try and give yourself some overlap between your departure of your rented accommodation and your closing date. Try not to book tradespeople or furniture delivery on and immediately after the closing date if possible. If you are booking time off work, try and have flexibility if it is possible. Often clients are disappointed to find that they book a week of work, their closing date gets delayed and their holidays are over by the time they get the keys!

A Word About Fees

When choosing a solicitor, there are many things to be considered including:

- **Location** – Some solicitors can now offer remote consultations and out of hours appointments if travelling / taking time of work will be a problem
- **Reputation** – Your solicitor will be handling a lot of your money on your behalf and you are placing a great amount of trust in them that they will ensure that everything is done correctly so that if you decide to sell or re-mortgage your house in the future, you won't end up paying another solicitor to correct some one else's mistakes.
- **Fees** – Your solicitor will give you an indication of the fee you will be charged at the outset of the matter. There is a lot of fear of getting a huge bill from the solicitor at the end of a transaction. While this may arise in litigation matters ie court cases, in straight forward conveyancing matters fees should not differ very substantially or at all, to the quote given at the outset.

If comparing quotations from different firms, it is important to ask if your file will be dealt with by a fully qualified experienced conveyancing solicitor or a junior clerk / trainee.

Be very wary of firms who advertise unusually low cost conveyancing services. The Law Society receives hundreds of complaints in respect of firms such as these on an annual basis.

Outlays

The outlays which arise in respect of a purchase are stamp duty, land registry fees and search fees.

Revenue imposes a tax called "stamp duty" on the transfer of property in Ireland. The stamp duty on residential property is 1%. This must be paid by you to your solicitor. When the purchase of the property has been completed, it is the responsibility of the solicitor to file an online return with Revenue and pay the stamp duty.

Once the stamp duty has been paid, it is then the responsibility of the solicitor to make an application to the Property Registration Authority of Ireland (PRAI) to have you registered as the new owner of the house and to register your mortgage. The PRAI charges a fee for this service. .

All Done And Dusted

When the PRAI have completed the registration, we will send you a copy of your folio. This document can be downloaded from www.landdirect.ie and is evidence of your ownership.

If you have a mortgage, we must then forward all of your title deeds to your lender who will store them securely until your mortgage is repaid.

If you do not have a mortgage, we can continue to store your deeds securely for you. We charge an annual fee for this service.

If storing deeds at home, they should always be kept securely in a locked, waterproof and fireproof safe.

We will write to you to confirm that we are closing your file, but it retained by us for a number of years in compliance with Law society requirements.



Conclusion

At times the conveyancing process may seem like a peculiar dance between selling agent, vendor, vendor's solicitor, bank, broker, purchaser and purchaser's solicitor.

It depends, as does all business, on good communication. In my experience, good communication between all parties is key to success. As information is passed from one party to another, it is often misunderstood and miscommunicated leading to breakdowns in communication.

All too often, I have seen relationships break down and transactions fall through because of a breakdown in communication that could easily have been avoided. As a purchaser, a good relationship between your solicitor and bank / broker is key to success in accessing your mortgage funds as quickly as possible.

A good relationship between the selling agent and your solicitor is important. A good relationship between your solicitor and the vendor's solicitor is equally important.

And a good relationship between you and your solicitor is most important of all a relationship where you feel comfortable to ask questions and confident that those questions will be answered and answered honestly.

I hope that this information booklet has provided you with some useful information. They say that moving home is one of the most stressful life experiences you will have. Our mission is to take the stress out of moving.

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