



 **VIBERTS**

PROPERTY





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Welcome

Viberts' property team has extensive experience in dealing with all property related transactions, both domestic and commercial.

Our team is friendly, professional, knowledgeable and helpful. We know that property transactions are demanding, whether they are for a modest flat or a housing development. We are always focused on facilitating the needs of our clients.

The following pages contain useful guidance for anyone planning to purchase a property. As probably the most significant purchase you will ever make, we want to help you get it right. This brochure is intended to give you confidence in the process and to highlight the full spectrum of factors you should consider so that you can make a fully informed decision; taking into account some of the common pitfalls. We will advise you every step of the way so that you end up with the perfect home for you.

Happy house hunting!

Our services include:

- > Purchases and sales of freehold, flying freehold and share transfer property;
- > Advice, review and negotiation of residential and commercial leases;
- > Pre-let and development agreements;
- > Advice connected to:
 - ▶ Planning applications and challenges / appeals;
 - ▶ Relief under the high hedge legislation;
 - ▶ Listing applications;
 - ▶ Planning obligation agreements and other planning related applications and objections; and
- > Debt restructuring and taking security over Jersey property.

Residential Status - the ground rules

Property ownership in Jersey is unique in that you first need to establish whether you qualify to own property in Jersey.

The position is slightly blurred when it comes to share transfer property. Anybody can buy and sell shares in a company and, unless there are special conditions, anybody can buy a share transfer property. However, unless the purchaser has the necessary residential status they may not occupy it.

Control of Housing and Work (Jersey) Law, 2012

This law replaced three laws which controlled the occupation of property in the island, the commencement of new businesses, and the control of the employees they engaged. The new law requires all people who have been resident on the island for three months or more to register. When you register, a card is issued which will have certain categories printed on it determining your status.

There are four categories of residential status:

| | |
|--------------------------|---|
| Entitled | <p>Entitled persons may occupy and buy any property in the island. To fall into this category you may be either:</p> <ul style="list-style-type: none"> > born in Jersey and have lived on the island for a period or periods amounting to a total of 10 years or more; > non-Jersey born but have lived on the island for a continuous period of 10 years or more; > non-Jersey born person who arrived in Jersey before the age of 20 whose parents have lived in Jersey for 10 years or more and who has lived in Jersey for more than 10 years before reaching the age of 40; or > a person who has been granted the status on hardship or granted the status on social and economic grounds as in the best interests of the community. |
| Licensed | <p>People with this status used to be called “J Category” occupiers under Article 1 (1)(J) of the former statute. This special status is granted to “essential employees”. People registered with this status may also buy and sell any property provided it is occupied as their principal place of residence. Often the licence will be time limited. If the employment linked to the special status is lost then the property must be sold.</p> |
| Entitled for work | <p>People with this status will fall into one of the following categories. Someone who:</p> <ul style="list-style-type: none"> > has lived in the island for a continuous period of 5 years or more; > is the spouse of a person with entitled, licensed or entitled for work status; > was divorced from a person less than 5 years ago who had the above status; or > started working for an undertaking in Jersey before the age of 16 and has been working for the undertaking since that age. <p>They may be engaged to work by a business just as a person who holds Entitled Status. They may not occupy Qualified Property by themselves.</p> |
| Registered | <p>A person who has been continuously resident in the island for three months or longer and does not fall into any of the above categories. They may occupy property designated as “Registered” rather than “Qualified”. They may not buy property in the island.</p> |

Company Acquisition of Property

There are policies which prevent the purchase of residential properties in the name of a company. Companies need a specific consent to buy property. Companies may lease non-residential properties such as shops or offices without consent. Other than the lease of non-residential land or a lease to a public utility, all other leases and purchases by a company require the advance consent of the Housing Minister.



Property Ownership

There are four different types of property ownership which we call “tenure”:

Freehold

A freehold owner of a property is the owner of that property and (save where limited by law) by legal maxim he also owns everything above and below his property within its boundaries and is solely liable for any associated maintenance costs. The owner of a freehold property is said to own “immovable property” and must have a separate will to deal with that.

For centuries this system served the island adequately; however the law as it stood was found wanting when apartments were offered for sale because there are different owners on different levels (or floors) above the same land.

Leasehold

The first approach in response to this inadequacy was to grant long contract leases for particular apartments, but this was seen to be unattractive as the value of a leasehold property reduces as the duration of the lease diminishes. Lending banks will accept leasehold properties as security for mortgages unless there is a short term remaining on the lease, far exceeding the proposed duration of the mortgage.

Share Transfer

Another approach is for a limited liability company to own the freehold of a property (say a block of flats) and for shares in that company to be sold entitling the owners of those shares to exclusive use of certain parts of the company’s property (for example apartments within that block of flats). The owner of shares in a company does not own “immoveable property”.

Flying Freehold

In view of the fact that shares are not “immoveable property”, it was originally difficult to secure finance against shares in a company (although that problem has long since been overcome) so an alternative means was established in the early 1990s following the enactment of a law known as “Loi (1991) sur la co-propriété des immeubles bâtis” (the Flying Freehold Law). This Law provided a mechanism by which a freehold property can be transferred into the collective ownership of an association of members. In that way it has many similarities to share transfer property as the “flying freehold association” and the “share transfer company” perform a similar function. The significant difference is that each member of a flying freehold association becomes a freehold co-owner of the association property and therefore owns “immoveable property”. The co-ownership is specified in set proportions in a document called a declaration of co-ownership which grants each member with exclusive rights to a specified part of a building.

The “articles of association” of a share transfer company and the “declaration” of a flying freehold association both provide for the subdivision of the property and a constitution and rules for the administration of the property.

With Leasehold, Share Transfer and Flying freehold property there is a community arrangement amongst the owners and there will be periodic payments to be made towards the maintenance and running costs of the block. With the latter two, costs such as rates and buildings insurance are also shared.



Buying a property

How much can I borrow?

Until relatively recently the lending criteria for high street lenders was straightforward and could be explained as a percentage of your gross income based upon a set amount of deposit. Lenders now have a disparate set of rules to establish this figure so you are well advised to shop around amongst lenders and mortgage brokers in an effort to establish this figure.

Factors effecting this calculation will include the number of years until your retirement; the level of your basic salary (i.e. not counting bonuses); and the level of deposit which you have accrued.

You will hear the term “LTV” which is an acronym for “Loan to Value”. As it sounds, this is the relative percentage between the amount of your new mortgage and the value of the house, for example if you are looking to borrow £900,000 to buy a property valued at £1m then your LTV will be 90%.

How much will it cost?

There is a typical set of costs that will be incurred as part of the property buying process, such as estate agent's commission, mortgage penalties, stamp duty and legal costs. These vary according to the value of the property and factors such as the amount of administration required.

You will need to budget for the following buying/selling costs:

Buying

- > Stamp duty on your contract of purchase
- > Mortgage arrangement or booking fees
- > Your lawyer's fee (to include the cost of property search reports)
- > Your mortgage provider's lawyers fee
- > Stamp duty on your mortgage
- > Your surveyor's fee
- > Cost of any specialist reports
- > House, contents and life insurance premiums
- > Removals costs
- > Changing the locks


Selling

- > Estate agent's commission
- > Any early redemption penalties due to your mortgagee
- > Your lawyer's fee
- > Removals cost

Stamp Duty

Stamp duty is a tax payable by a buyer or borrower to the Treasurer of the States on the passing of a purchase contract and on the creation of a mortgage. This tax has been increased disproportionately in the last 10 years and it is now likely to be your biggest single expense when buying a property. The tax is calculated on a sliding scale based on the sale price or the amount borrowed. The more expensive the property, the greater percentage of that price is due in tax.





Break the chains - should I sell before I buy?

Whether you are buying a property for the first time or if your purchase is entirely independent of you selling another property, it is very likely that there will be other associated transactions which will need to happen in order to allow completion.

The seller will need somewhere to live and will probably be looking to buy a replacement home to coincide with his/her sale to you. In turn, the seller of the property which he or she is to buy may be in a similar position.

We refer to this as a “chain of transactions” which is a good description as each transaction is linked because the money from the sale of each property in the chain will partly fund the purchase of the next.

If a link is broken, for example if there is a problem with a particular property in the chain which causes that sale to be delayed, this will have a knock on effect and can mean that several or all other properties in that chain must equally be delayed.

“For this reason, the shorter the chain, the lower the risk.”

Some people decide to sell and move into temporary accommodation before returning to the market as a cash buyer. This may be advantageous, as it means you are not in a chain and become a cash buyer, but equally it may not (for instance in a rising market where increasing prices in the intervening period leave you less well off).

Any financial stress avoided by taking this approach is likely to be compensated on account of having to move twice. It is something you should consider, but there is no correct answer and the decision must be yours and yours alone.



Appointing an estate agent

A vendor's lawyer and estate agent work independently of one another and have different roles and responsibilities during the house buying or selling process.

If you are about to sell your property and need to appoint an estate agent, speak to colleagues, friends and family for reliable personal recommendations based on real life experiences. If you have an offer accepted on a property you wish to buy, there is no compelling reason why you should use the same agent to sell your own property. However, it is commonly thought that an agent may work harder to find you a buyer if there are several separate commission payments depending upon his success.

Estate agent's commission: sole agency vs. multiple agency

Estate agents charge commission usually payable by the seller only. This commission is calculated as a percentage of the sale price. Customarily this is either 1%, 1.25%, 1.5% or 2% of that sale price and GST is added thereafter (if applicable). There is nothing preventing agents from charging less or more.

If you are selling, it is very important that you agree this commission rate. You will be asked to sign a contract with the estate agent - *read it very carefully before you sign it*. It is customary for agents to charge the lower of these figures where they are appointed "sole agent" (i.e. where only one agent is appointed to advertise your property). This is because they do not need to compete with other agents not only when trying to find a buyer but also when concluding a deal. For this reason, appointing a sole agent can be false economy if you want your agent to work hard for you. If you appoint a sole agent and then later appoint others, make sure that you renegotiate your commission rate up front as it is likely to increase.

Once you have appointed an agent it is possible that you will be bound under his contract to pay him the commission on any sale, even if you subsequently find a private buyer for yourself.



The offer process explained

This process makes us all feel out of control. Are you paying too much? Is there really “another interested buyer”? Will the agent communicate your offer to the seller in the way which you would like him to, or will he just say; *“I’ve had an offer of x but I’m sure they will go higher than that...”*?

Such an important process should not come down to game play, but unfortunately there is a certain amount of posturing required.

Gazumping and gazundering

If negotiating in share transfer property, be sure to qualify any offer you make as “subject to contract and subject to finance”, or you may be bound to buy it.

With freehold and flying freehold property, even if a seller has agreed to sell and a buyer has agreed to buy there is no way to force the parties to comply due to a legal maxim. This maxim is intended to protect the parties from binding themselves before they have all the facts.

If you have had an offer accepted and have engaged your surveyor and lawyer and paid your mortgage rate booking fee, there is nothing to stop the seller from withdrawing from the transaction if he receives a higher offer from another potential buyer. We call this “gazumping” and it is generally the product of a rising market, when the seller has the upper hand.

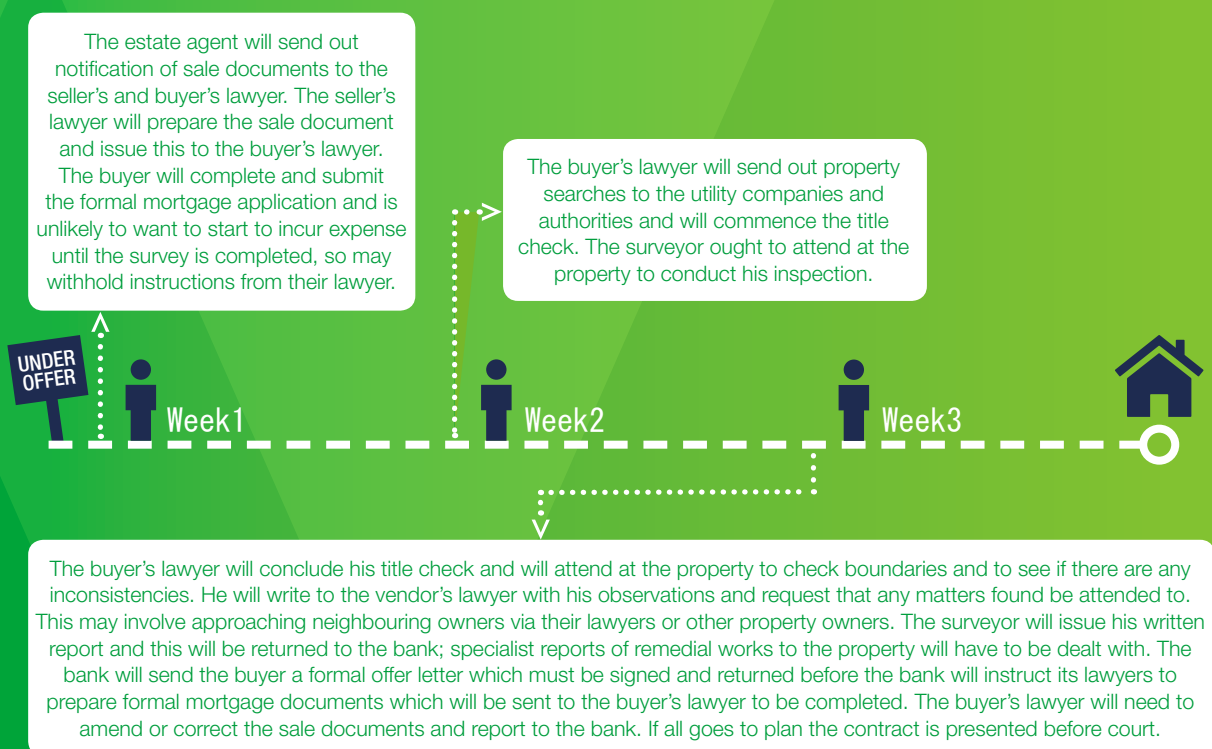
There is a flip side which might occur during a falling or flat market where a prospective buyer decides to renegotiate the offer a few days before completing, by which time the seller is fully invested in the sale. This is known as “gazundering”.

We cannot condone either practice, but it is important to explain that this can occur.

Timescale

The estate agent will propose a timescale based on the circumstances of the various parties, but buyers should be careful with this. Agents are acting in the interests of their client; the seller, and will be more focussed on getting the sale completed quickly, rather than ensuring that he is providing the buyer with enough time to deal with any problems if they arise during the process, for example, defects noted by the surveyor or legal matters raised by the buyer's lawyer. Three weeks is considered to be the minimum possible timescale to complete a sale in Jersey. Buyers should be wary of being asked to complete in this minimum timescale because problems requiring extra time to solve are commonplace. If these do arise there will almost certainly be a delay in completion during week three, just when everyone is expecting to move house.

During the minimum 3 week turnaround the following actions will take place:



Where possible the 3 week turnaround is best extended to 5 weeks to provide contingency. Buyers should be prepared to be strong and insist to estate agents that this contingency be provided as it is the buyer who is inevitably inconvenienced.

Who's on your team?



Team Seller

- > Estate agent
- > Seller's lawyer

The estate agent

The estate agent is employed and paid for by the seller. His job is to obtain the best price for the property and to act in a way to ensure that a sale concludes quickly so that his client (the seller) receives the sale proceeds quickly and with minimal hassle.

In general, a good estate agent performs a very important function. They endeavour where possible to encourage the other individuals involved in the sale process to observe schedules and deadlines. They also administer practical details such as liaising with both parties to make all sorts of arrangements including the timing of the handover of a property on completion, as well as by arranging access to the property by surveyors and lawyers.

Buyers make no mistakes!

Inexperienced buyers often misunderstand their relationship with the estate agent. They might incorrectly assume that the agent shares their interests, or that the agent is in some way accountable to them or will help them agree a lower price, correctly describe a property or its amenities and facilities or advise them on matters raised by surveyors and lawyers. As a buyer, unless you are paying an estate agent a finder's fee for him to represent you and you alone, this will not be the case. The estate agent is acting for the vendor and he has been engaged to sell the property rather than to represent your interests as the purchaser.

The seller's lawyer

A property may be your main asset and therefore represents a major proportion of your personal wealth. An investment in property is of no use unless its value can be realised upon a sale. The job of the seller's lawyer is to prepare and issue draft sale documents to the buyer's lawyer and then answer any questions and provide pertinent information and documentation as requested by the buyer's lawyer so they can satisfy them that the property is in order.

The seller's lawyer will also undertake to administer the repayment of the seller's mortgages and assist with the resolution of any issues raised by the buyer's lawyer. The role of the seller's lawyer is to protect a seller from unnecessary costs or matters raised by a buyer's lawyer which he deems to be excessive or unreasonable. He will generally ensure that the sale proceeds to completion in a timely manner so that a seller can realise the value of his investment.

If genuine problems are identified, the seller's lawyer will take on a large part of the task to seek suitable resolutions and will advise on the various available solutions and which of these are least risky, most cost effective and which are most time efficient.



Team Buyer

- > Surveyor
- > Mortgage provider
- > Buyer's lawyer

The surveyor “may the buyer beware”.

All property in Jersey is “sold as seen”. If a property has structural defects of any kind and these are not discovered until the buyer has concluded a purchase, he will not be entitled to any of his money back. There is no redress or recourse against the seller for matters which have not been raised prior to passing contract. It is imperative that all prospective buyers make all necessary enquiries prior to concluding their purchase. A surveyor is a highly qualified professional who can competently inspect a property and provide a written report of his findings. The level of detail of such an inspection is dictated by the type of inspection you commission him to undertake. Generally, there are three levels of inspection relevant to residential property and you get what you pay for:

| | |
|----------------------------------|---|
| 1. Valuation | This is a basic inspection; it is the minimum report required by mortgage lenders and the cheapest. The surveyor inspects the property and assesses its replacement and market value by providing a market comparison of other properties which have been recently sold. Any obvious structural defects which have the potential to effect the valuation or saleability of the property will be detailed. |
| 2. Homebuyer's report | This is a mid range inspection; the report will be more detailed |
| 3. Full structural survey | This is the most detailed report. The surveyor is a general practitioner. If a surveyor makes an observation, it is not uncommon for him to recommend a more thorough inspection by specialists in the relevant field. Mortgage lenders will generally take heed of any recommendations made by your surveyor by making them conditions of your mortgage advance. When budgeting for a purchase, it is wise to set aside a contingency fund to cover the costs of specialist reports in addition to your surveyor's fees. |

The buyer's lawyer

A property is unlike anything else you will buy. It may belong to you, but this may not mean that you will have a free hand to do whatever you like with it, to the exclusion of all others.

Even if you are buying a house which is newly built, the land on which it stands is the principal asset. The land is not new and will have been the subject of numerous contracts passed over hundreds of years. Many of these contracts will contain terms created “in perpetuity”, meaning that these terms will become binding upon you and any subsequent owner of your property. In Jersey, these terms are called “servitudes” and “covenants”.

Certain servitudes and covenants can have a material effect upon the future potential (and therefore the value) of a property. For example, a property may be subject to a building restriction which prevents it being used for construction, yet it is not customary (nor is there any obligation) for a seller to tell a buyer about the existence of these terms when they advertise a property for sale. At worst case (and not as uncommon as you might think), part of the house which you want to buy may have been built contrary to the terms of a building restriction, meaning that a neighbouring owner could demand it to be demolished or significant damages be paid.

The mortgage provider

In recent years mortgage providers have increased their lending criteria to ensure that borrowers can meet their mortgage payments. It is in the mortgage provider's best interest to ensure that borrowers are not overstretching themselves and can meet their monthly commitments as well as pay their mortgage.

Things we will check

Viberts' property team will undertake the following checks as standard.

Provenance

Imagine a timeline showing the dates on which a piece of land changed hands. Now imagine the names of each successive previous owner written between each of those dates. This line would stretch back from the present owner's acquisition to the date upon which that land was transferred by letters patent into private ownership from the Monarch several hundreds of years ago. In the legal profession, we call this line the "title" to the land.

Title check

One of the most important jobs we undertake is to ensure that there are no breaks in this line by checking that each successive previous owner validly passed on their "title" to the next. We refer to this process as a "title check".

How we check titles and why is it important?

A title check is time consuming and skilled research which involves looking, in turn, at every contract passed by each successive previous owner from the date which they acquired that title until the date they passed it on. Not all of these contracts will relate to the property and there may be hundreds to look at, in order to identify only those which are relevant.

Once all these relevant contracts have been compiled, each one must be read from beginning to end. All Jersey property contracts passed before 2006 are written in French.

Our aim, although this is not always possible, is to conduct our title check back along the timeline to a point where the relevant land is free of servitudes and covenants, before the present boundaries were created. In this way we can move forward along this line collating all the contract terms as they are created.

There are a great many matters we consider in the course of a title check including:

- > Does the seller exclusively own the property, is he entitled to sell it to you?
- > If ownership has previously passed by succession (i.e. on the death of a previous owner), are there other heirs entitled to a claim or were conditions attached to that succession which are yet to be satisfied?
- > Could the Viscount cause a break in the title by setting aside a previous transaction?
- > Is the property subject to any leases, life enjoyments ("usufruit") or Dower, meaning that possession or enjoyment of it could be owed to someone else?
- > Has the property been pledged as security for previous mortgages and could that security be realised leaving you homeless?
- > As briefly mentioned above, has any part of the property been built or is it being used contrary to the terms of a restrictive covenant which could be enforced against you?
- > Are there any negative servitudes which could prevent you from using the property in the manner which you intend? For example, do neighbours have right of way across your property, or do they have rights to keep their drains and other services beneath a part of your property which is no longer accessible or which cause you particular problems?



- > Do any of the utility companies or authorities have statutory rights which could prejudice you? For example, does part of the public sewer cross the property meaning that the Minister for The Department for Infrastructure could prevent you from building an extension or conservatory on your property?
- > Does the property have the benefit of all necessary enforceable servitudes to ensure that you can use it as you wish to? For example:
 - ▶ Rights of way to get to it;
 - ▶ Rights for pipes, cables and drains to connect to mains supplies;
 - ▶ Rights to park on land belonging to another; and
 - ▶ Rights of access onto a neighbour's property to maintain or repair your property.

Do any of the above rights come with obligations and are these excessive or onerous?

- > Will you become liable for taxes or other charges on the property, in some cases including GST?
- > Is the property compliant with legislation? For example:
 - ▶ It could be built contrary to the terms of a law and in such cases certain States authorities could have the power to order its demolition; or
 - ▶ It may have a well or borehole that needs to be registered or a private drain which requires a discharge permit, to avoid a fine or prosecution.
- > It may require a fire certificate for which an inspection by the authorities may result in extensive alterations being made.



Property searches

We will commission reports on your behalf from Planning and Environment, the Parish Hall, Jersey Water, Jersey Gas, Jersey Electricity Company and Transport and Technical Services, who will each provide us with information about your property. We use these reports to obtain information about the location of the mains services and adjoining public roads as well as to check:

- > That the structures have been passed by Planning and inspected by building control and that the property has been approved for the use which you intend for it.
- > If built or extended in the last 20 years, the Planning department may have imposed conditions on the property and these must be identified to check that they have been complied with.
- > That the property is not the subject of a closure order or other Court order, that it is not tabled for compulsory purchase and that it will not be affected by planned road-widening or other development.
- > The property may also be listed which will limit the scope for development.

Site visit

When we have completed the above title researches and received the above reports from the authorities and utilities, we attend at the property to check that the contract terms correctly describe the property and to ensure that the boundaries are clear and that for example none of the neighbouring owners can force the removal of any encroachments.

Share Transfer and Flying Freehold

If you are buying a share transfer (ST) or flying freehold (FF) property, there are additional checks to make which include:

- > Check that the ST vendor is recorded in the company records as the true sole owner of the block of shares; and that the history of ownership of the block of shares can be verified as correct in the company records.
- > Check that the ST block of shares is free from any mortgage or other debt and if not make sure that the mortgage will be repaid and discharged from those shares.
- > Check that the ownership of the ST Shares properly conveys the rights of exclusive use to the flat or apartment to you and that no unusual or unexpected obligations are placed on you.
- > Check that the statutory records of the ST company are in good order and that company legislation has been complied with.
- > Check that there are no unusual terms such as pre-emption rights which could affect the transfer of the ST shares.
- > Check that the FF Declaration is compliant with the FF law and that it:
 - ▶ Properly conveys the rights of exclusive use of the flat or apartment to you and that no unusual or unexpected obligations are placed on you.
 - ▶ Does not contain any onerous or unexpected rules or prohibitions as to the use or enjoyment of your apartment.
 - ▶ Provides clear provision as to how the Association and its property shall be administered.
- > Check that annual accounts of the ST company or FF Association have been prepared and approved by the shareholders or co-owners (as necessary).
- > Check that the ST company or FF association has fully insured the property.
- > Check that all past meetings of the Directors and shareholders or Co-owners have been properly held in accordance with the ST company's articles or FF Declaration and these meetings are duly and correctly recorded in minutes which have been duly signed and filed.
- > Check that the register of Directors, Secretary and Shareholders of the ST company are up to date and accurate.
- > Check whether the Directors or Shareholders of the ST company or FF Association have imposed any house rules or regulations affecting your enjoyment of the flat or apartment.
- > Check that all service charges are paid up to date and that no outstanding charges have accrued which may be passed over to you with the property.
- > Check that the ST company or FF Association has sufficient funds to meet any pending or envisaged extraordinary expenditure. Part of this work involves researching what expenses may arise in the near future.



What you need to do

Unless you tell us, we will conduct our researches on the property as it exists and as it is used at the time of the sale. If you are buying the property with the intention to extend or alter the property or to use it for another purpose in the future (whether or not you will do so straight away or even if it is more of a dream concept); share this information with us at the outset. In this way we can consider your possible future plans during the course of our researches and advise you of potential pitfalls or hurdles which you may need to overcome.

Tell us if you have pets, caravans or campervans, boats or jet skis on trailers or if you drive commercial vehicles, as restrictions preventing such things are quite common.

Drains survey

Public sewers are maintained at the cost of the Department for Infrastructure. The pipework which connects a property to a mains sewer or a private drainage systems (e.g. septic tank and soakaway systems) are privately owned and are the responsibility of the homeowner. A surveyor will only consider the condition of drains if this is included in the level of report which you have commissioned and even then, only do so to the extent that he is able to see them. Drainage contractors have specialist camera equipment which can be used to check for subsidence or deformation of drainpipes (an indication of leaks), ingress of tree roots, damaged joints and can see whether a drain is functioning effectively. These inspections are not obligatory but they tend to be fairly inexpensive. The costs are often justified, either where problems are identified in advance of a sale (such that remedial costs can be deducted from the agreed price) or when a clean bill of condition provides a buyer with peace of mind that he will not be exposed to unexpected costs.

Check the States of Jersey Planning website

Conduct a search on the Planning website to try to find past planning applications for nearby properties. This may indicate if there is any planned development of a nearby property. The information on that website is not certified and a buyer's lawyer will not be able to provide such information.

Conduct your own recce

In the weeks leading up to completion, stop by at the property at various times of the day and evening to get an overview of any practical issues such as traffic congestion on your planned route to work. Knock on the neighbours' door and introduce yourself as an interested purchaser, it is amazing what "money can't buy" gems of wisdom you might receive; from details of petty squabbles over parking and dustbins to details of disruptive neighbours or neighbourhood issues.

Obtain a registration card

In order to conclude your purchase you will need to prove your residential status under the Control of Housing and Work (Jersey) Law, 2012 detailed at the beginning of this brochure. If you do not have such a card you will need to obtain one from the Social Security department in La Motte Street. If you already have one, check that it has not expired.



Arrange buildings and life insurance

If you are buying property you will become the owner upon passing contract, and you must ensure that you have building insurance which takes effect as soon as that contract is passed. You should also arrange to have insurance in place to cover your contents from the date you move in.

Life insurance is not generally a requirement of your mortgage but is a good idea to have. This is an insurance policy with a monthly premium which is intended to repay the outstanding amount of your mortgage should you die unexpectedly. You may like to consider upgrading this cover to include critical illness, so that if future health problems arise preventing you from working then your mortgage payments ought to be covered by the policy.

Mortgagee interest

Your lender will need to see a copy of your buildings insurance schedule before you complete your purchase and will want to see that its “interest” is noted on that schedule under “mortgagee interest”. When applying for your insurance policy, make sure you tell the broker that you have a mortgage and the name of the mortgage provider.

Buy-to-let properties

If you will not be an owner-occupier of the property which you are to buy, make sure that you inform your insurance company as your policy may not be appropriate or effective once the property is let.

Named items

A general household contents policy will have certain exclusions for high value belongings such as musical instruments, jewellery, paintings/antiques; these items and their values should be specified. Check that your policy includes cover for garden machinery and bicycles.

Never be under-insured

In all cases, make sure that your property insurance policy expresses a value which is at least the replacement value specified by your surveyor and increase this every year at least in line with inflation. If ever you claim and the amount of the insurance is less than the underwriters’ opinion of the replacement value of your property by a set proportion; you will only receive that proportion of your claim, even if that claim is well below the level of the total amount of your insurance.

Arrange removals

Property is commonly sold with vacant possession, meaning that you will need to vacate the property you are selling to coincide with the sale. It is not uncommon for the seller and buyer to agree that the seller can remain in possession until the following day, but any arrangements beyond that can cause legal issues. Discuss possession arrangements with the estate agent as soon as possible once your offer has been accepted.

It is not uncommon for completion to be delayed at the last minute for reasons beyond your control. If you are proposing to engage a professional removals firm, make sure that you check how their terms and conditions will affect you in the event that there is a last minute unexpected delay before you pay any deposit or sign any contracts with them.

Enquire what will happen in the event that your possessions are damaged in transit and check that the firm has an acceptable level of insurance.



VIBERTS

Lexcel
Legal Practice Quality Mark
Law Society Accredited

Contact us:

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