



A clear, impartial guide to

# Buying a home

For use in Scotland



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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.

## 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.

## The Home Report

Since December 2008, it has been mandatory for a Home Report to have been carried out on properties for sale. A Home Report is carried out on the instructions of the seller and can be relied upon by a purchaser. A Home Report by law must be carried out by a chartered surveyor registered to practice by the Royal Institution of Chartered Surveyors.

## Instructing your solicitor/ conveyancer

You will need a solicitor or conveyancer and costs vary considerably so it pays to get estimates. Scots property law underwent a radical overhaul in 2004, which included abolishing the feudal system. A binding contract to purchase or sell is reached on acceptance of all points in a missive letter.

## Missives

The contracts for either your purchase or sale transactions are contained within formal letters between the parties solicitor. This will usually then be met by a qualified acceptance which agrees the terms which are acceptable and proposing alternatives to any which are not. Further qualified acceptances are issued until no outstanding issues remain, at which point there is a legal binding contract. Missive letters may also contain suspensive contracts. These are conditions which, if not satisfied, may allow for automatic termination of the contract. A common example of this is the refusal of a planning application. However, the contract is concluded and binding until such a condition fails to be satisfied or a party withdraws.

Missive letters are not required to be signed by the parties themselves, but are signed on their behalf by their respective solicitors.

## Conclusion of Missives

The contract to purchase or sell is contained within the missive and the full purchase price will usually be paid on completion on the contractual date of entry. There is no requirement to pay a deposit unless that is agreed between the parties.

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# 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 there any history of flooding in the area?

To find suitable properties, 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.

## The Home report

The Home Report is a legal requirement for homes marketed for sale in Scotland.

The Home Report is a document which contains information about a residential property (house, flat, apartment, tenement, villa etc.) which is on the market for sale in Scotland. It should be given to anyone interested in buying that property and a copy of the report can be obtained from the vendor or their selling representative.



The Home Report has three parts:

1. **A single survey and valuation** of the property which must, by law, be carried out by a chartered surveyor who is a member of RICS. The single survey will give information about any problems that materially affect the value of the property and will categorise the repair. It will also state the property value and how accessible it is for disabled people
2. **Energy Report** with an Energy Performance Certificate which also must be carried out by a chartered surveyor who is a member of RICS. The report is a standard format and will show how 'green' the property is and will rate the home A-G for energy efficiency [similar to how fridges and freezers are rated]. The report will recommend how to improve some of the property's energy efficiency
3. **Property Questionnaire** which will be filled out by the home owner showing, for example, who the electricity supplier is; whether the home has satellite TV; what the parking arrangements are and the council tax band as well as other general information.

The Home Report Documents can be no more than 12 weeks old when the property is put on in the market for sale.

Additionally, on request of the home owner, the chartered surveyor can provide a 'generic Mortgage Valuation Report' for inclusion in the Home Report. This is a document for a person who wants to buy your home, to take to a lender to discuss a mortgage. It is not a legal requirement of the Home Report but has been included to assist potential buyers.

For more information on Home reports, visit: [www.scotland.gov.uk](http://www.scotland.gov.uk)

## Properties exempt from a Home Report

There are number properties which do not require a Home report. These are:

- Brand new homes sold off plan or recently completed
- Newly converted premises where a property converted to a home has never been used in its converted state
- Right to buy homes
- Seasonal and holiday accommodation which legally can only be lived in for up to 11 months of the year. This does not include second homes or holiday cottages which could be used all year
- A portfolio of residential properties – a group of homes which will be sold in one transaction, to one 'commercial' buyer and not as separate homes
- Mixed sales where the home is sold as part of the business such as a farmhouse which is part of a working farm or a flat above a shop which is sold with the shop
- Dual use of a dwelling house where the home is, or forms part of, a property most recently used for both residential and non-residential purposes, such as a commercial studio where the owner also lives in the home
- Unsafe properties which are obviously dangerous for people to live
- Properties to be demolished which have the consents needed for demolition and consents obtained for redevelopment.

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## Viewing a property

A Home Report can be obtained from the selling agent ahead of a visit to 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 your 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.

## 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 solicitor 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

The Home Report provided for a property that you are interested in contains a 24 point condition survey, an EPC, a valuation and property questionnaire completed by the seller. A Home Report provides potential buyers with information on the condition of the property based on a non-disruptive visual inspection. However, should you wish to instruct your own survey you can. Information on our Home Buyer products can be found at: [www.rics.org/hbr](http://www.rics.org/hbr)

For further details of all RICS Surveys please visit [www.rics.org/uk/knowledge/more-services/consumer-guides/home-surveys/](http://www.rics.org/uk/knowledge/more-services/consumer-guides/home-surveys/)

An RICS member will help to identify problems, and could help you avoid spending a small fortune to fix things at a later date.

When you buy a 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 Historic Scotland before work can begin.

## Off-site construction

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.constructingexcellence.org.uk](http://www.constructingexcellence.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 conclude missives 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 with your legal adviser.

For further information on buying at auction please see the RICS Property Auctions guide by visiting [www.rics.org/propertyauctions](http://www.rics.org/propertyauctions)

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# Agreeing the sale

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

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.

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. An EPC is contained in the Home Report.

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
- instructing your solicitor/conveyancer.





# 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

- mortgage repayments and lender charges
- Home Report (cost of which is borne by the seller and only applicable when selling)
- solicitor's/conveyancer's fees, including registration and search fees
- Land and Building Transaction Tax (LBTT which replaces stamp duty in April 2014)
- removal costs
- possible reconnection costs for phone, gas, electricity and water
- Estates agents fees.

## Monthly costs

- mortgage
- buildings and contents insurance
- council tax
- electricity and gas
- phone and internet
- ongoing repairs and decoration.

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# Moving costs checklist

## Legal fees

### Solicitors/Conveyancers

These vary from place to place. It's often worth choosing a solicitor on the recommendation of a friend or colleague or otherwise contact the Law Society of Scotland.

### 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

There are various searches that can be instructed in the purchase / sale of a property. These can depend on the location and may include such things as a Local Authority search to see if planning permission has been granted over an adjoining property or a Coal Authority search to see if there have been coal workings in the vicinity. Your solicitor will be able to advise on the searches which are required.

## 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.

### Land and Buildings Transaction Tax [LBTT replaces Stamp Duty in April 2014]

This is a tax on buying property, based on the price you pay.

For more information visit [www.scotland.gov.uk](http://www.scotland.gov.uk)

### Building insurance

It is normal practice that you need building insurance on your new property from the date of entry. This should be confirmed by your legal adviser. Insurance rates vary between companies, so it's worth getting quotes from several different insurers – and make sure you know exactly what is covered in the policy.

### Services

You don't usually have to pay to have gas or electricity to be 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 a 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
- safety features, including means of escape
- energy performance recommendations and certificates
- repairing listed buildings and building in conservation areas.

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## 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)

Inland Revenue

[www.hmrc.gov.uk](http://www.hmrc.gov.uk)

Council of Mortgage Lenders

[www.cml.org.uk](http://www.cml.org.uk)

Scottish Government

[www.scotland.gov.uk](http://www.scotland.gov.uk)

Law Society of Scotland

[www.lawscot.org.uk](http://www.lawscot.org.uk)

Registers of Scotland

[www.ros.gov.uk](http://www.ros.gov.uk)

Historic Scotland

[www.historic-scotland.gov.uk](http://www.historic-scotland.gov.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

## 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



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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

[rics.org/consumerguides](http://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](http://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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