



moving house guide



Introduction

Moving house can be a really enriching experience, especially if you have a little more room to manoeuvre financially, than you had first time around. But before you start house hunting, we would suggest you sit down with a pen and paper and do the math!

Financing the move

Add together:

- ▲ the likely net proceeds from the sale of your present home (i.e. after repaying your present mortgage)
- ▲ the maximum mortgage you can comfortably afford
- ▲ other available capital or savings.

Deduct from the total of these, the estimated expenses of moving, including the various fees and stamp duty and allowing for essential repairs, possible redecoration or improvements. The result of this calculation should give you the approximate maximum price you can afford for your new home.

Net proceeds from the sale of your present home

Estimate what price you think your home will fetch. If you have had an estate agent's valuation, you can use this as a guide but market forces will prevail at the end of the day. If houses in your area change hands frequently, you could ask neighbours and friends how much they bought or sold their house for. You can then deduct from this the balance of any mortgage to be paid off on your present home and the estimated costs of selling it.

For very rough budgeting purposes, allow approximately 3 per cent of the sale price to cover expenses in relation to selling your home.

Choosing the right Mortgage

It is important to organise your mortgage as soon as you think you have found a suitable property. The loan may take a few weeks to process, and the person you are buying from (and the estate agent) will want to know that your mortgage lender is all set to go.

What type of mortgage and rate is best?

There are a wide range of mortgages in the market at the moment and its important to choose a mortgage which suits your lifestyle as much as your pocket. For example if you work for yourself and experience cyclical increases and decrease in disposable income, a current account mortgage might be the ideal solution for you. This type of mortgage will give you the flexibility to lodge extra funds at times of prosperity. Or perhaps you like the security of a fixed rate mortgage, knowing each month exactly how much you will need to pay out.

Get an indication of how much you can borrow

Once you have clarity as to how much you'd like to borrow, get approval in principle from NC Mortgage Brokers. Approval in principle indicates exactly how much the banks/building societies are willing to lend you.

One call to NC Mortgage Brokers on 1890 450 890 and we will arrange an Approval in Principle within a few days.

Costs involved in Moving

Don't forget to budget for all the other costs associated with moving:

- ▲ Legal Costs
- ▲ Stamp Duty (if applicable)
- ▲ Estate Agents fees
- ▲ Valuation fees
- ▲ Structural survey
- ▲ Insurance (Life, Home and Contents)

Choosing a solicitor

Finding a solicitor to carry out the conveyancing on the property, who is competitive and experienced in this area, is important. Prices can differ from one solicitor to another – so don't be afraid to shop around.

Put aside between 1% to 1.5% of the purchase price of your new home to cover solicitor's fees, before VAT. There will also be other related costs, for example, phone and fax charges, as well as a payment to the Land Registry or Registry of Deeds Office.

NC Mortgage Brokers can provide you with a list of solicitors who specialise in conveyancing.

Other fees involved

Valuations

A professional valuer has to look at the home you want to buy and then write up a valuation report. This valuation report makes sure that the property is worth at least the amount you are paying for it.

The fee for a valuation is approximately €127. Be aware that a valuation report does not detail any structural inadequacies in the property, it merely serves to advise lenders on the actual market value of the property.

Structural valuations

In order to get a mortgage, all lending institutions insist on a valuation report. However a valuation report's sole purpose is to indicate a market value for the property. It does not, however indicate if there are any structural problems with the house, which could be detrimental to the monetary value of the property.

A structural surveyor's report is recommended especially if you are buying a second hand property. This report will highlight faults that aren't easy to see. It can also give you an estimate for any repairs or renovations that need to be carried out. In addition, if the damage can be rectified without incurring huge costs, you may be able to use the survey results to negotiate a reduction in the asking price of the property to compensate you for the extra expense you will incur further down the line.

Stamp Duty

This is a tax payable to the government when you buy a new or second-hand home. However, in certain circumstances, especially with new homes of a certain floor area, stamp duty may not be applicable.

Mortgage Interest Relief

This is a tax relief you are entitled to on mortgage interest payments. This tax relief is now deducted at source.

Enquiries in relation to the tax relief at source for mortgage interest should be made to:

TRS Section, Collector-General, Sarsfield House, Limerick. LoCall: 1890 463 626

Things to consider when viewing property?

A property check list is a great tool to help ascertain all the things you deem important in a property. It also keeps you focused. Bring a copy of this with you to every property you view. Property and relationships are not too dissimilar! It's highly unlikely that you will find everything you are looking for in just one so be flexible and prepared to compromise.

Finding a property

Once you have decided what sort of property you are looking for and the area where you want to live, contact as many local estate agents as possible. Ask them to send you details of suitable properties on their books on a regular basis. Try and read as many property supplements as possible. There is a vast amount of column inches given over every week to commentary on property in both the national, local and daily papers, so keep abreast of it.

Keep in close contact with the relevant estate agents in the areas you are considering buying. By building up a relationship with estate agents you can guarantee that you will get an early look at properties which have just been placed with their agency. In this way, they will know you are a serious buyer and they will generally make the effort to contact you when new properties come up.

Keep a record of each property you visit, together with a few notes reminding you of its good and bad points. Then you can look back on this list to check that you are still fulfilling your requirements based on your predetermined criteria.

Making an offer

Once you have found a property you would like to buy, the next step is to make an offer, normally through the estate agent. Most sellers build a certain amount of leeway into their price, so it is usual to offer less than the seller is asking.

In deciding what you are prepared to pay, bear in mind things like the property's state of repair and how much you would have to spend on building work or redecoration.

Your first offer might be up to 10% below the asking price. It is then up to the seller to either accept that price, or try to negotiate a higher one. If there are several potential buyers interested in that particular property, the vendor may have enough bargaining power to insist that his full asking price is met. Indeed, in a strong market, the property may sell for a price in excess of the asking price! If you know that many people will be interested in the property (perhaps because good properties of that type are scarce in the market), and you are very keen on it, you might consider offering the asking price up front to avoid a "bidding" war.

Offer accepted

Once your offer has been accepted, the estate agent will confirm this in writing. You can then go ahead with arranging a survey and finalising your mortgage details. The acceptance of your offer is not legally binding until you and the seller exchange contracts.

Exchanging contracts

With your survey safely completed you can move to the next stage - getting a formal mortgage offer from your chosen lender which will detail all the conditions of the loan.

Typically at exchange (unless exchange and completion are on the same day), you will have to put down a deposit of 5% or 10% of the purchase price. You will also need to make sure that the building is insured as you are now legally obliged to buy the property (your solicitor will help make sure that this happens).

When you have signed the contract, your solicitor will deliver it to the seller's solicitor in exchange for the contract the seller has signed. From this point onward, both you and the seller are legally committed to the deal.

Completing and moving in

All that remains after exchanging contracts is to pay over the money needed to buy the property, less any deposit already paid at exchange, on the agreed date. Your solicitor will get the mortgage funds direct from the lender and the remainder (if any) from you, and then pass it all on to the seller's solicitor. Once payment has been confirmed, you can collect the keys to your new home from the estate agent.

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