



Thinking *about* BUYING

● A Guide
to House
Purchase
in Scotland



SCOTTISH EXECUTIVE

Making it work together



○ *Are you about to buy your first home?*

You are probably asking questions before you start. What type of mortgage is best for you? Who advises you? If you buy in a tenement or council estate, who maintains the property? To help you find answers, this leaflet lists the basic things you need to ask, from buying a home to keeping it in good repair.

Buying a home

Shopping for a mortgage lender

Shop around for a lender. You can get advice from lenders, financial advisers, mortgage brokers or solicitors. Every lender is different and they will offer you different mortgage deals and probably different loan amounts.

Questions to ask THE LENDER

- What are the differences between mortgages being offered? Endowments, repayment mortgages and other types involve different risks and different monthly payments.
- Is the mortgage 'fixed rate' (staying the same for a number of months) or 'variable' (changing monthly with interest rates)? If it's fixed, what happens after the fixed rate period finishes?
- Is the mortgage 'capped' so it can't rise above a certain interest rate? How much will monthly payments rise if there is an increase in interest rates?
- How much of a deposit will I require?
- Are there financial incentives like cashback or free valuation as part of the package?
- What is the lender's arrangement fee?

If you rent your home from a local authority, Scottish Homes or a housing association, you may be able to buy your home from them.

○ Questions to ask YOUR LANDLORD

- Do you qualify under Right to Buy?
- If so, what are the terms?

A clear, easy to read publication by the Council of Mortgage Lenders called *How to Buy a Home in Scotland* is available free from Scottish Homes and explains in detail the whole mortgage process.

How much can you afford?

What you can afford to spend on buying a home depends on your savings (for a down payment if necessary, costs of solicitor and insurance, plus removal costs), your earnings (for the mortgage), and expenses like food, clothes, recreation and bills (to determine the size of monthly mortgage payments you will be comfortable with). Remember you will also have to have money for repairs and maintenance once you've bought. This could amount to several hundred pounds in a year.

There are also some one-off house-buying costs:

- stamp duty: 1 per cent government tax on any property over £60,000 (and higher rates for properties over £250,000)
- mortgage arrangement fees: charged by the lender to organise your mortgage
- valuation and survey fees: the cost and choice of the type of survey
- solicitors' fees: these can include the registration fee for the property and any special work the solicitor has to enter into to get the property for you.

Find out from your adviser or solicitor what these costs will come to and make a rough budget. Don't opt for the biggest mortgage payments you could possibly afford – allow room for costs like buildings insurance and council tax. Ask your adviser to help you with this.

Critical questions to ASK YOURSELF at this point are

- Can I afford to keep up payments after making the initial outlay?
If not, you may lose your home
- Can I afford to cover the costs of maintenance of my property and my share of the maintenance and management of the common parts of the building?

Looking at properties

You can find properties advertised in newspapers, solicitors' property centres, estate agents, and on the internet. Newly-built properties are often advertised directly by the builder or the estate agent acting for the builder.

Questions to ASK YOURSELF

- Would renting be more economical than buying?
- What are my needs: number of bedrooms, special facilities, transport, schools, area, neighbourhood type?

Appointing a solicitor

Once you have found a property that meets your needs, you will require a solicitor to do your legal work in making an offer for it. The solicitor will be your legal adviser and will act under your instruction. Don't be afraid to ask your solicitor as many questions

as you need to! Your solicitor's first job will be to tell the seller's solicitor that you are interested in the property. This is called 'noting interest'.

○ Questions to ask YOUR SOLICITOR

- Is your mortgage lender happy to use the same solicitor as you for their legal work? This keeps your costs down.
- What are the solicitor's charges? You can get an itemised estimate of what he will charge you before going ahead.

Getting a valuation

A valuation is a basic inspection of the property. It helps the lender decide whether the property is structurally sound and how much it is valued at (how much they will lend you to buy it). Your solicitor will read the valuation and inform you of any major problems. Ask to see a copy. If the valuation contains the words 'non-traditional construction' ask your solicitor to explain how this might affect you.

Remember, this valuation is not a survey! It is not a detailed inspection of the property and only major visible defects will be noted. You may want to consider a Homebuyers Survey and Valuation which provides more detailed information about the condition of the property. This type of survey typically costs around £250–£500. A complete building survey is a very detailed report on the structure and condition of the property. This type of survey is the most expensive, the cost depends very much on the extent of the survey.

Questions to ask YOUR SOLICITOR ○

- Would it be advisable to get a fuller survey done on the property before offering for it?
- Is there any potential repair problem like old roofing, subsidence, poor general maintenance?
- Is there anything else the solicitor notices in the survey that might cause problems later?

Getting an 'offer of advance' and making your offer

When the lender is happy with the valuation, the lender will issue you an 'offer of advance'. You can then make an offer on the property. On a fixed price property, the seller will take the first offer received for the fixed amount. However most sellers ask for 'offers over' a certain amount and set a 'closing date' by which offers have to be made. Your solicitor will prepare a letter setting out your offer and will send it to the seller's solicitor.

Questions to ask YOUR SOLICITOR ○

- How much over the asking price is it practical to offer? The solicitor should know roughly what is the going rate for your chosen property.
- What date do you want to move in (the 'date of entry')? Leave yourself enough time to make all the arrangements you need to leave your current home, usually 4–6 weeks.
- Do any planning conditions affect the property?
- Are there any 'burdens' or restrictions in the titles that may affect me?
- Are certificates of completion available for all alterations such as double glazing?

- Are there any statutory notices of repair? If repairs have already been agreed, you must be clear who pays.
- If the property shares elements (like the roof or stair) with another building, what proportion of the common repairs are you responsible for (see Common Repairs)?
- Is the seller leaving carpets, curtains or white goods like fridge, freezer or cooker in the property as part of the price?

Having your offer accepted

On the closing date the sealed offers are opened by the seller's solicitor. If your offer is accepted, the seller's solicitor will send your solicitor a written acceptance letter and you and the seller are then bound to go ahead with the sale. The solicitor will then get the title of the property transferred to you by obtaining the title deeds* for you. If you are buying a newly-built property, you may now need to pay a deposit. If you are paying a down payment on the mortgage this is when it falls due.

○ Questions to ask YOUR SOLICITOR

- Is there a common insurance policy in place?
- What additional insurance needs to be in place to cover loss or damage to the property?

Once the seller's solicitors get the payment for the property on the date of entry they will hand over the keys. Congratulations! The property is now yours.

* See *Points to Remember*

Common Repairs and Responsibilities



If you buy into a tenement, a four-in-a-block, a terrace or a former council house you may share part of your property, like the roof, garden or stair, with other owners. If you are buying a former council property, for example, you may share a responsibility for repair or maintenance in common with the local authority. Common responsibilities are usually listed in your title deeds or the Burdens Section of your Land Certificate so you can read them to find out your responsibilities. If your title deeds or Land Certificate does not list common responsibilities, or if you do not understand them, ask your solicitor to explain.

Questions to ask YOUR SOLICITOR

- What are the common parts of your property and who is responsible for them?
- What maintenance obligations are placed on owners to ensure the building is kept in an adequate state of repair?
- How are decisions affecting common property made?
- How is maintenance and management carried out?
- Has there been any major work carried out on the property lately? Is there any planned for the near future? This could involve several thousand pounds in costs.
- Is somebody in charge of repair and maintenance, like a stair association or a factor (see Factors)?
- How is maintenance and management funded?
- What is the anticipated level of expenditure for common repairs?

Your situation may be different if you are buying from your landlord or buying a property formerly owned by a council. Different local authorities and housing associations deal with maintenance of these mixed properties in different ways. Some will carry out maintenance or repairs and then charge owners for their share, or will appoint someone to manage repairs. Some expect owners to repair their own part of the property. The title deeds should spell this out. Get your solicitor to explain your responsibilities to you.

○ Questions to ask if you are buying from YOUR LANDLORD

- What do the title deeds say about common repairs and responsibilities?
- Does the council carry out any repair works on your property? Are you expected to repair it yourself?
- How is consent obtained from owners for repairs and maintenance costs if they are performed by the landlord?
- Does the landlord employ a factor (see Factors) to oversee these matters?

Whoever is taking care of repairs, remember it is still your responsibility as an owner to make sure you can pay your share of common repairs bills, through insurance or other means. Remember too that a repair is different from an improvement, and you cannot expect other owners to share in the cost of improving your property.

Factors

Most frequently, everybody in the stair or building agrees to pay a portion of the bill when a common repair is needed. However sometimes a factor is employed to manage a tenement or common property and property owners pay for the service. Factoring applies to common land or space and common parts of property like roofs, shared entrances, stairs, outside walls, and common services like cleaning and caretaking. The factor's main duties are dealing with repairs and tradesmen, collecting everyone's share of common repair bills, generally known as common charges, paying common insurance and handling rents and repairs. Factoring is more common in the west of Scotland than in the east, but whatever the factor does on your behalf, remember you are still responsible for the maintenance and repair of your property!

Questions to ask YOUR SOLICITOR ○

- Is there a factor employed for your property? If so, read the factor's contract before signing it. Get it explained if it seems unclear.
- What is the annual charge and are there extra charges for things like writing letters or dealing with grants?
- How does the factor inform owners of repair or maintenance work to be carried out?
- Are owners consulted on decisions about what needs to be repaired?
- If you disagree with the factor's contract, what is the procedure for changing it? Remember it has to comply with what is in your title deeds.



Dealing with Problems

If you and other homeowners are taking a decision about a common repair and one refuses to agree, then there are procedures you can follow to get the work done. If you are having problems getting agreement from your neighbours on a repair, you can ask the council (even if you are not in a council property) to issue a Compulsory Repair Notice and make the repair themselves. Or if someone else orders a common repair without getting other people's agreement, you can refuse to pay if you can show the person was not acting in your best interests. However, if you did benefit from the repair, you will probably have to pay some of the bill. Again, your title deeds will tell you the details so get your solicitor to explain your rights.

A good way to avoid problems is to get any decisions about common expenditures in writing and have all the neighbours sign it. Also be sure to get everybody to sign and confirm they will pay for any common repair, or get the council's written approval, *before* committing yourself to a builder. Otherwise you may be liable for the whole bill. It is sometimes difficult for owner-occupiers in shared buildings where there are absentee landlords to know who to liaise with in order to deal with statutory notices, common stair issues and anti-social behaviour. Registers of Scotland Executive Agency is responsible for maintaining Scotland's two national property registers – the Register of Sasines and the Land Register. Information on ownership of specific properties is available at a current cost of £2 (Register of Sasines) and £4 (Land Register) per property. Further information can be obtained from the Customer Service Centres in Edinburgh and Glasgow, details of which are shown opposite.

Edinburgh Customer Service Centre
Erskine House
68 Queen Street
Edinburgh
EH2 4NF
DX550906 Edinburgh 9

Glasgow Customer Service Centre
9 George Square
Glasgow
G2 1DY
DX 501752 GLASGOW 9

Questions to ask YOUR SOLICITOR

- How many neighbours need to agree to a given piece of work before it can be done?
- Is the repair urgent enough to be made without everyone's consent (for instance a leaking roof)? If a property is likely to deteriorate without repair, the repair can be done even if neighbours have not agreed to it.
- Do you need written permission, from neighbours or the council, before starting a repair?

A helpful booklet explaining and giving advice to owner occupiers on common repairs, factors and property management is available free from the Scottish Executive.



Maintenance and Safety at Home

Once you have moved into your new home, you will need to keep it warm and watertight to maintain its value. A few basic checks once a year will prevent most emergencies. Do this basic inspection and plan for any repairs needed. Setting aside a little money each month for maintenance means you can fix problems as they arise.

- Ceilings: are stains or dampness showing?
- Roof: look at it from the ground or use binoculars. Is it sagging? Is the covering secure and no slates or tiles missing? Are the flashings secure especially around dormer windows?
- Chimneys: is the chimney stack straight? Does it ventilate properly? Are cracks visible?
- Gutters: are they unblocked and free running? Are there any bends or breaks that might collect water? Paint cast iron gutters regularly to keep them from corroding.
- Downpipes: are there damp patches nearby where water may be leaking out? Install a mesh guard in the gutter so leaves do not get down the pipe.
- Walls: is dampness showing? Stone, brick and wood all weather differently and need pointing and painting. Keep an eye out for signs of decay or cracks.
- Doors and windows: paint wooden window frames regularly to keep them from decay, especially if you live near the sea.
- Stairs: keep stairs safe by checking they are not loose or unlit.

A useful booklet on repair and maintenance at home is 'How Fit is Your House?' available from HomePoint, Scottish Homes.

Points to Remember



- If there is anything you are not sure of along the way, ASK! If you don't understand the answer, ask for another explanation. That's what advisers are for.
- Check you know the full costs at each stage before you enter into any agreements.
- If you share part of your property in common, find out what your rights and responsibilities are for common repair and maintenance.
- Do regular maintenance checks round the home to prevent emergencies.
- Always keep a little money aside for unexpected bills.
- Most home-owners now get a Land Certificate rather than title deeds. A Land Certificate is a copy of the title sheet held by Registers of Scotland and contains a description of the property, together with any rights and responsibilities.

Enjoy your new home!

The information in this leaflet has been compiled for the Scottish Executive by

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