
WHAT SHOULD I DO BEFORE APPROACHING A BANK FOR A MORTGAGE?

When approaching the bank or lending institution with a view to looking for a mortgage, preparation is the key – it is extremely important to get advice before speaking with your bank.

Many people will seek the advice of a mortgage broker, who can guide you through the application process. Nowadays the banks need to see a solid saving record.

GET “APPROVAL IN PRINCIPLE” BEFORE YOU START LOOKING FOR YOUR HOME.

Approval In Principle (AIP) is an indication of the amount of money that a bank or lending institution is likely to lend you to purchase a home. Once you have AIP you can establish your budget for the amount you can spend on the purchase of a home.

It is advisable to visit different auctioneers – decide what properties you like and compare and contrast.

Shop around

Once an Approval In Principle is secured you can shop around with banks / building societies as you might get more money, a better rate / terms / conditions.

Once you start looking at prospective homes visit a number of auctioneers to obtain details of properties on the market. Take away copy brochures and compare and contrast the properties on the market in your own time.

Make a list of essential features that you require of your new home but remember nothing is perfect and you may have to compromise!
Negotiate!

Always look for value for your money when purchasing your first home!

ARE THERE ANY RECENT CHANGES THAT FIRST TIME BUYERS SHOULD BE AWARE OF?

In the 2011 Budget first time buyer's relief was abolished. All buyers, be they first time buyers or investors are on a level playing pitch when it comes to stamp duty.

A rate of 1% applies on residential properties valued up to €1,000,000 with a 2 % rate applying on properties over €1,000,000.

SHOULD I HAVE A BUILDING AGREEMENT IF I AM BUILDING A HOUSE?

It is vital if you are building a house to have a building agreement with the builder. The building agreement will fix the price of the build and the terms and conditions of the contract.

One of the key clauses that needs to be negotiated with the builder is the retention clause. The retention clause enables you to hold back a sum of money for a period of time to deal with potential defects or problems with the new building. e.g. six months after moving into the house.

If you are building a new house you should, where possible, avail of guarantee schemes such as HomeBond) and Premier Guarantee.

These schemes will not cover every eventuality, but you should ensure that the property is registered with one of the schemes as they offer a structural guarantee and protection if a builder becomes insolvent.

THE BANK HAS CARRIED OUT A VALUATION – DO I NEED TO HAVE THE HOUSE SURVEYED?

The bank's valuation report is not a structural survey, it is simply a report for the bank on the features of the property e.g. size, number of rooms, location, value.

The valuer will not be checking for structural defects.

The basic legal rule which applies is "caveat emptor" i.e. let the buyer beware. As a buyer you take the property as it stands and the Seller is not under any duty to disclose any physical defects in the property.

It is essential that you arrange a survey of the property by a suitably qualified professional.

Remember "the day you buy is the day you sell".

Many factors have to be taken into account when choosing a home:

- Are all services nearby such as shops, schools, transport, sports facilities?
- Are there road-widening proposals in the pipeline? You certainly don't want a busy dual carriageway sprouting up outside your front door with huge juggernauts trundling past day and night.
- Are other developments planned for the locality?
- Has your next door neighbour a long standing ambition to set up a pig farm?
- Check with the local Gardai on the crime rate. Is it increasing? Drive through the area at night. Is that idyllic laneway at the rear of your house transformed into a den of iniquity once darkness falls?
- Have you plans to extend your family? If so, is the house large enough? Is there scope for an extension?

FOR MORE INFORMATION

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