



SIX IMPORTANT PRE-CONTRACT MISTAKES TO AVOID

The following advice from O'Shea Legal is for the benefit of Clients who have agreed or are about to agree to purchase a property either through an Auctioneer or privately. See also attached our complimentary step by step "Guide and Timeframe" on how a typical property purchase transaction should proceed.

IMPORTANT ADVICE FOR HOUSE PURCHASERS

- STEP 1** As soon as the purchase price is agreed the Auctioneer/Agent will request you to pay a 'Booking Deposit' usually representing a figure sufficient to cover their fees in the transaction. They are obliged to hold this as Stakeholders pending completion. Before handing over a deposit you should confirm that the Auctioneer is adequately bonded so that your money is fully protected in the event that the Auctioneer goes out of business before the transaction completes. Under no circumstances should a booking deposit be paid directly to a Vendor.
- STEP 2** Having paid the booking deposit you should obtain a receipt with the words '**Subject to Contract**' marked on the receipt by the Auctioneer. This means that the transaction is not binding on you and you are entitled to withdraw from the proposed purchase and have your booking deposit refunded to you in full. This option to withdraw will apply up to the time you sign the legal **Contract to Purchase** after which you are committed to proceed to close the purchase.
- STEP 3** Always obtain from the Auctioneer/Agent a copy of the '**Building Energy Rating Certificate**' before signing the Contract to Purchase so that the Energy Rating of the building is known to you. There is a legal obligation on the seller to procure such a Report for your benefit.
- STEP 4** Having paid the booking deposit you should proceed immediately to engage the services of a fully qualified **Architect or Surveyor** or suitably qualified person,

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who is fully insured, to undertake a survey of the Property on your behalf. Typically the cost will be somewhere between €350.00 and €500.00. The Survey (to which should be attached a copy of the Architect's/Surveyors Professional Indemnity Policy) should be available to you prior to signing Contracts. It will alert to you to any unforeseen structural or other problems with the house and it will also alert your Solicitor to any extensions or alterations that may require Planning Permission. Other issues that should be addressed include:

- Check for compliance with Planning Permission;
- Check for compliance with Building Regulations;
- Check for developments to the property since original construction and alert solicitor;
- Check if the property is located in a flood plane- check OPW Website www.floodmaps.ie;
- Check for dry rot, rising damp, woodworm, solid roof structure etc;
- Check for radon gas emissions and adequate vents- check RPII Website www.rpii.ie;
- Check for possible road widening proposals;
- Check for Pyrite use in construction;
- Check for proposed local developments such as mobile phone mast, traveller settlement, industrial development etc
- Check for boundary disputes with neighbours.

STEP 5

While your Solicitor will undertake a **Planning Search** in the Local Authority Planning Office prior to you signing the Contract, this Search is conducted through a 'Law Agent' and is confined to the Property itself. It will alert the Solicitor to any Planning Applications affecting the Property. It would however, be in your own interest to attend yourself at the Planning Office to view the Planning Applications in the immediate vicinity of the Property. For example, if there was a proposal to locate a Mobile Phone Transmission Mast, Industrial Development, Traveller Halting Site, Road Widening Proposal or some other such Scheme in the locality then it would be in your best interest to know this prior to signing the Contract as it will affect the future re-sale value of your Property.

STEP 6

If you are liable to pay **Stamp Duty** and if there are contents included in the sale, you should agree with the Auctioneer the value of those contents. The reason being that you are only obliged to pay stamp duty on the house value and, depending on the value of the contents, you could save several hundred or even thousand euro in stamp duty by doing this.

- *At O'Shea Legal we have been acting for Purchasers and Sellers of houses for in excess of 25 years and can deal with your transaction quickly, efficiently and cost effectively.*

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- *This means that you are assured of the transaction proceeding smoothly to completion with minimum stress and worry on your part.*
- *As we are a Member of the Law Society of Ireland and carry full Professional Indemnity you also get a guarantee of good marketable title to your Property so that if you decide to sell in future the sale will go smoothly.*

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GUIDE & TIMEFRAME - A TO Z OF HOUSE PURCHASE

The following information advice from O'Shea Legal is for the benefit of clients who are in the process of purchasing a Property and is a useful guide to consult as the process progresses towards completion. Highlighted in blue are the actions that need to be taken by you the Purchaser to facilitate a smooth progression and stress free experience.

- (a) As soon as your offer is accepted **pay a Booking Deposit** to the Auctioneer/Agent and **advise the name and address of your Solicitor.**
- (b) **Obtain from the Auctioneer a copy of Building Energy Rating Certificate.**
- (c) **Confirm a Closing Date with the Auctioneer** acceptable to both the seller and yourself.
- (d) **Agree a valuation for contents with the Auctioneer / Agent** as it is important that you avoid paying stamp duty on contents.
- (e) Your Solicitor receives the *Contract to Purchase* and *Copy Title Deeds* from the Seller's Solicitor and reads same.
- (f) You receive from your Architect/Surveyor a detailed **Report on the condition** of the Property.
- (g) Your Solicitor does a *Planning Search* against the Property to see if there are any extensions or alterations which may be unauthorised. Meanwhile you should **attend at the Planning Office** to do a more detailed search.
- (h) If you are applying for a loan, you should ensure that you have received the **written Loan Offer** from the Financial Institution involved and it is very important to ensure that you can satisfy any conditions in that Loan Offer before committing yourself to the purchase by signing the Contract to Purchase.

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- (i) Assuming all is in order, you sign the Contract to Purchase in duplicate and pay the balance of the deposit bringing up your *total deposit to 10%* of the purchase price.
 - (j) The Contract to Purchase signed in duplicate is sent by your Solicitor to the seller's Solicitor with the deposit.
 - (k) The *seller signs* both parts of the Contract and returns one part to your Solicitor. **Note – only at this stage** is the Contract binding on both sides.
 - (l) Your Solicitor will then investigate the Title and deal directly with the seller's Solicitor and raise 'Requisitions on Title' and prepare the closing documents.
 - (m) Your Solicitor will then deal directly with the Financial Institution and arrange for the *loan cheque* to be available for closing.
 - (n) Most Loan Approvals will require you to lodge directly with the Lender a Life Assurance Policy aka Mortgage Protection Policy together with a Household Insurance Policy with the interest of the Financial Institution noted on this Policy prior to release of the loan cheque.
 - (o) The Solicitor will then arrange with the seller's Solicitor for a *closing appointment*. This appointment rarely takes place on the contractual closing date but is usually within a few days of that date.
 - (p) Only when the appointment is confirmed by your Solicitor should you make arrangements for removal vans etc., to move in on the appointed date.
 - (q) The Solicitor then advises you of the funds that are required for completion of the purchase to include balance of purchase monies over and above the loan cheque, Solicitors fees, stamp duty and any other outlays.
 - (r) On the *closing date* the Solicitor attends to handing over the balance of purchase monies in exchange for the original deeds and keys. You will also meet the Solicitor at some stage to sign the Deed of Transfer of the Property into your name and the Mortgage documentation.
 - (s) The Solicitor will then proceed to pay the stamp duty to the Revenue Commissioners and *register your title* which take up to six to twelve months after closing to complete. The deeds are then lodged with the Financial Institution for the duration of the Mortgage.
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- *As we are a Member of the Law Society of Ireland and carry full Professional Indemnity you also get a guarantee of good marketable title to your Property so that any sale in future will proceed without difficulty.*
- *You also get the benefit of a friendly service and prompt response to your communications.*

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