



CAHIR & CO. SOLICITORS

**FIRST TIME BUYERS**  
A STEP BY STEP GUIDE



CAHIR & CO.

---

S O L I C I T O R S

36 Abbey Street, Ennis, Co Clare

Tel: 065-68-28383

## Contents

Step 1: Is home ownership right for you?

Step 2: Are you financially ready?

Step 3: How much will it really cost?

Step 4: What should you buy?

Step 5: Your professional team.

Step 6: How can you find the right home?

Step 7: Ready to Buy? Making an offer.

Step 8: What next?

Step 9: The final steps.

## **Step 1: Consider If Homeownership Is Right For You?**

Do you enjoy moving often to new locations to new locations?

Do you prefer using your savings for such things as holidays, retirement or starting your own business, hobbies?

Do you enjoy not having to worry about regular maintenance and repairs mortgage repayments or upkeep of property.

If you answered yes to any of these questions, you may not be ready to own a home yet. While you probably have a lot of good reasons for wanting to buy a home, you also have to consider your reasons for not wanting to.

Remember that buying a home is one of the biggest emotional and financial decisions you'll ever make, so prepare yourself to make a knowledgeable decision.

Although buying a home almost always seems like a great idea, it is important to understand what homeownership involves. Of course, being a homeowner is something to be proud of but it also means having to invest money, time and energy and take on added responsibilities. So, before you decide to buy a home, make sure you're ready to make that commitment.

When most of us consider becoming homeowners, we immediately think of how wonderful it will be. It is true that there are a lot of good reasons for wanting to buy a home, but equally as many to stay as a tenant and continue to rent.

### ***Here are some of the main advantages of owning a home:***

**Financial Security.** If housing prices rise, your home can provide you with some financial security due to capital appreciation.

**Flexibility.** You can decorate or renovate your home to meet your own family's personal tastes and needs with no constraints or restraints from a landlord, Management Company or Planning direction.

**Stability.** Having a place of your own to call home.

### ***Now it is important to consider the downsides as well.***

**Financial Stress.** Coming up with the deposit, meeting regular mortgage payments and other ongoing costs will tie up a lot of your cash, and can put considerable stress on your finances.

**Maintenance.** Keeping your home in good shape requires time and money.

**Higher Costs.** You may pay more each month for a mortgage than when you rented. There are also extra costs for maintenance and property taxes.

**More Responsibility.** You alone are responsible for payments, repairs and maintenance.

## **Step 2: Are You Financially Ready?**

So, you've decided that homeownership is right for you. Now you need to determine if you are financially ready to buy a house. You should evaluate your current financial situation, how much house you can afford and the maximum home price that you should be considering.

You need to carefully budget before considering any property. This involves calculating the funds at your disposal either on deposit or cash, estimating the value of your equity in your existing house, if applicable, getting a quote from a Solicitor of the costs involved in purchasing, obtaining approval in principle from a lender-this gives confidence that a lender will lend a certain amount of money when a property is found. Consider engaging an auctioneer to find you the home of your choosing.

### ***Get a Mortgage Pre-Approval***

The lender will look at your finances to establish the amount of mortgage you can afford. At that time, the lender will give you confirmation of the current interest rate.

The idea of having a pre-approved mortgage makes the search for your new home much easier and less time-consuming because you have an achievable price range in mind.

A Financial Institution or Mortgage Broker will assess your application for a mortgage under a specific set of criteria.

### Step 3: How Much Will It Really Cost?

Once you have figured out the home price range you can afford and the type of mortgage you qualify for, you will need to calculate all of the associated costs of the transaction to make sure you are financially ready.

**Up-Front Costs.** You will need to plan ahead to cover the many up-front costs of buying a home. Timing is important to help make sure things go smoothly.

**Life Cover of Mortgagees.** Your lending institution will require that a life policy is taken out so that.

**Valuation Fee.** Your lending institution will want a valuation of the property to make sure that the property is good security for the money they are lending. This usually costs around €150 but it is important to remember that this is not a structural survey. A full structural survey should be carried out by a suitably qualified person such as a surveyor or engineer. This is most important whether you are purchasing a new or existing house. It costs more than the valuation report and is usually in the region of between €300 and €500.

**Booking Deposit.** This must be paid when you make an Offer to Purchase. The cost varies depending on the area, but it may be up to 5% of the purchase price payable usually to the auctioneer selling the house.

**Balance of Deposit.** Normally at least 10% of the purchase price is required as a deposit and the mortgage may the other 90% of the purchase price.

**Prepaid Property Taxes and/or Utility Bills.** You may be required to reimburse the vendor for pre-paid costs such as property taxes, filling the oil tank, etc. It is apportioned between both the Vendor and Purchaser (if applicable).

**Property Insurance.** The mortgage lender requires this because the home is security for the mortgage. This insurance covers the cost of replacing the structure of your home and its contents in the event of unforeseen accidents. Property insurance must be in place on closing day or when your Solicitor is requesting your loan cheque if you are using bank finance.

**Legal Fees and Disbursements.** Must be paid upon closing and costs vary depending on the time expended on the file to include file work, attendances, correspondence, perusals, calculations checkings, questions raised, value of subject matter, research, dictation, secretarial work, drafting and reviewing all documentation based on the circumstances of the case including the complexity, importance, difficulty, rarity and urgency of the legal questions raised, the professional skill, labour and responsibility involved and specialised knowledge given and the professional time expended thereon. Solicitors are obliged to furnish you with a written note of the expected cost of the legal fees and disbursements as soon as is practicable after meeting with you and reviewing title to the property.

**Land Registration Fees.** You will have to pay Land Registration fees prior to closing. The Land Registration fees depend on the value of the property that you are purchasing and the type of application necessary. Solicitor can furnish you with a list of the Land Registration fees necessary for your transaction prior to closing, but you can also see the different charges on the PRA website ([www.pra.com](http://www.pra.com)).

**Stamp Duty.** Must be paid by you after closing and within 44 days before penalties and interest begin to accrue. Stamp Duty rates can change from year to year but the current rates are:

- (i) For property worth less than €1,000,000                      1% of purchase price.
- (ii) Rate on excess of price over €1,000,000                      2% of purchase price.

In addition and up-front costs, there may be other expenses for you to consider:

(a) Management Service Charges: You may have to make pay service charges if a Management Company manages the Estate/Apartment Block within which you have purchased your property. These fees may be annual or monthly fees. As your Solicitor we will advise you of them once it can be seen, from the title.

(b) On-going Property Taxes. An annual Local Property Tax (LPT) charged on all residential properties in the State came into effect in 2013. A half-year payment was due in 2013, with a full-year payment due in 2014. The LPT is collected by the Revenue Commissioners. If you own a residential property in the State you are liable for payment of the tax. As your Solicitors we can advise you as to your liability.

(c) Water Charges: A new system of water charges is being introduced for homes that are connected to a public water supply. Irish Water, the new national water services authority, will administer the charges. Water meters are being installed at present and the first bills for domestic water will issue in 2015.

(d) Appliances. Check to see what contents come with the house, so you can decide what appliances need to be replaced (if any).

(e) Decorating materials. Paint, wallpaper, flooring and tools for redecorating may be a cost if the property needs work done or you are refurbishing.

(f) Service installation/re-connection fees charged for utilities. You may be required to pay an installation/re-connection fee for utilities such as telephone, television and electricity services or a maintenance contract such as ones that are required for a septic tank under new legislation.

(g) Moving Expenses: Often if a purchaser is relocating for a job the costs can be under estimated so itemizing a list of costs that may occur is valuable as often the final costs can be more than that anticipated.

## Step 4: What Should You Buy?

**Your Current and Future Needs.** Before you start searching for a home, you need to think about your needs both now and in the future. Here are some things to consider:

**Size requirements.** Do you need several bedrooms, more than one bathroom, space for a home office, a two-car garage?

**Special features.** Do you want garden, storage or hobby space, a fireplace, attic stairs? Do you have family members with special needs that should be considered?

**Lifestyles and stages.** Do you plan to have children? Do you have teenagers who will be moving away soon? Are you close to retirement?

Try to buy a home that meets most of your needs for the next 5 to 10 years, or find a home that can grow and change with your needs.

**Choosing a Location That Is Right for You.** Even if the home you choose has everything you need, the location might not be appropriate. When deciding where to live, you should take the following things into consideration:

- Whether you want to live in a city, a town or an out-of-town location.
- Where you work and how easy it is to commute.
- Where your children will attend school and how they will get there.
- Whether you need a safe walking area or recreational facilities such as a park nearby.
- How close you would like to be to family and friends.

### ***Considering Type of Property to Buy:-***

**New Home, previously Owned or Build Your Own?** When thinking about the kind of home you want, the first thing you should consider is whether you want a previously owned home or a new home. Here are some characteristics that may help you decide:

#### **New Home**

**Personalised choices.** You may be able to upgrade or choose certain items if the property is not yet finished.

**Up-to-date with the latest codes/standards.** The latest building regulations must be complied with and energy-efficiency standards will generally be much better. A BER Certificate will confirm the rating.

**Maintenance costs.** Lower maintenance costs because everything is new and many items are covered by a warranty.

**Builder warranty.** A homebuilder's warranty may be available with new homes.

The house may be covered by Homebond or Premier Guarantee Schemes.

Neighbourhood amenities like schools, shopping malls and other services may not be complete. You may wish to have good public transport and connectivity nearby. Extra costs. You may have to pay extra if you want to add a fireplace, plant trees and sod, or pave your driveway. Make sure you know exactly what's included in the price of your home. New homes can have additional works done by agreement with the builder.

### **Second Hand Property:**

Easy access to services. Probably established in an area with schools, shops and other services, and connectivity to Public Transport and matured overtime.

Landscaping is usually done and fencing installed, and matured overtime.

Possible redecorating and renovations. You may need to redecorate, renovate or do major repairs such as replacing the roof, windows and doors.

### **Building Your Own Home**

Some people prefer the challenge and flexibility of building their own home. On one hand you can get exactly what you want in terms of size, design, location, quality of material, level of energy-efficiency, etc. However, you should expect to invest lots of time and energy, but over the last few years it has been more cost effective and can add a lot of Money Savings in getting what you want, when you want from whom you want.

## **Step 5: Your Professional Team**

Because purchasing a home is probably the biggest investment you will ever make you'll definitely want a team of professionals working with you throughout the process.

At Cahir & Co Solicitors we have over 35 years of experience in assisting Purchasers and guiding and advising them along the way. Our trusted Solicitors are specialized in dealing with Conveyancing, Title queries and registrations.

### ***The Auctioneer***

***Your Auctioneer will play a very important role in helping you find a home.***

It is normal in Ireland for a prospective purchaser, upon acceptance of his offer to purchase the property, to pay a booking deposit to the Auctioneer, which is normally around 5% of the agreed purchase price. When this deposit is paid you will receive a receipt, which is marked "Subject to Contract" and the Auctioneer will hold this for the vendor until the purchase has been completed. Delays with the payment of a booking deposit can result in an increase of the price – either by the builder in the case of a new house, or another bidder in the case of a second hand house. This is unusual but can occur where the market has great value to offer. However you should bear in mind that even though a booking deposit may have been made, either party can withdraw from the transaction at any time before the contract is signed. If for any reason the sale of the property should be cancelled before contracts are signed, the booking deposit will be refunded to the Purchaser in full.

### ***The Lender or Mortgage Broker***

If you haven't already gone through the mortgage process, you need to find a good lender or mortgage broker to assist you during the purchasing process and for as long as you have your mortgage.

Remember that many different institutions lend money for mortgages and it's a good idea to shop around and speak with more than one lender because terms and options will vary.

Some people find it helpful to use a mortgage broker. Mortgage brokers don't work for any specific lending institution. Their role is to find the lender with the terms rates that will best suit the buyer. Their fees are generally paid by the Financial Institution they recommend and you choose.

### ***The Solicitor.***

You need a Solicitor to protect your legal interests such as ensuring the property you are thinking of buying does not have any title problems or previous charges. He or she will review all contracts before you sign them, especially the Offer (or Agreement) to Purchase. Having a Solicitor involved in the process will give you peace of mind and ensure that things go as smoothly as possible.

Remember that a Solicitor:

- Should be a Solicitor incorporated by the Law Society of Ireland.

- Should be local and understand real estate and planning laws, regulations and restrictions.
- Should have realistic and acceptable fees.
- Can explain things in plain language.
- Should be available to you regularly.

### ***The Insurance Broker***

An insurance broker can help you with your insurance needs, including property insurance and mortgage life insurance. Lenders insist on property insurance because your property is their security for your loan. Property insurance covers the replacement cost of your home, so premiums may vary depending on its value. This type of insurance is often available through your lender, who then simply adds the premium to your regular mortgage payments. Your lender may also suggest that you buy mortgage life insurance. Mortgage life insurance provides coverage for your family should you die before your mortgage is paid off. This type of insurance is also often available through your lender, who again adds the premium to your regular mortgage payments. However, you may want to compare rates between both an insurance broker and your lender.

## **Step 6: How Can You Find The Right Home?**

### ***Start the Search***

Once you are ready to start your search for your home there are a variety of sources you can use to find the home that is right for you:

Word of mouth. By telling everyone you know that you are looking for a house you might hear about homes that are just becoming available on the market.

Newspapers and magazines. Check the new homes section in daily newspapers or look for real estate magazines which feature pictures and brief descriptions of a variety of homes.

The Internet. Check out real estate websites, such as [www.daft.ie](http://www.daft.ie) for information and pictures of a wide range of properties. This site allows you to narrow your search by location, price, number of bedrooms and other features.

“For Sale” signs. Drive around An area that interests you and look for “For Sale” signs. This is a good way to find homes that are being sold by the owner.

Visit new development sites. If you are looking for a newly built home, this will allow you to see the different models available and to get information from builders.

Work with an Auctioneer. For most buyers, an Auctioneer is key to finding the right home.

## **Step 7: Ready To Buy? Making An Offer**

### ***Making an Offer to Purchase***

Once you have found the home you would like to purchase, you need to make an offer on the property by engaging with the Auctioneer that is selling the property.

Any offer will typically include dealing with the following details:-

- The purchase price offered.
- Details of your Solicitor.
- The contents that will be included in the purchase price (e.g.: window coverings, appliances or a satellite dish). Whatever items in or around the home that you think are included in the sale should be specifically stated in your offer.
- The amount of deposit payable to the Auctioneer
- The expected closing day (date you take possession of the home)
- Any other conditions that go with the offer, including property inspection and approval of mortgage financing.

### ***Sales Advice Note***

This is prepared by the Auctioneer setting out the details of the offer and deposit paid and issued to you, your Solicitor and the Seller's Solicitor. It contains the price, conditions of sale, estimated closing date, names and addresses of all parties and all other relevant details that have been agreed.

### ***Issue of Contracts from the Seller's Solicitors***

The seller's Solicitor on receipt of the Sale Details, will issue the Contracts. The Contracts are sent in duplicate together with a copy of the Title Deeds to your Solicitor. Often if there is a mortgage on the property the seller's solicitor may have to obtain the Deeds for the property from the Seller's Bank.

### ***Loan Offer.***

Once your Bank/Building Society has formally approved your loan in writing on the basis of the price of the house and information furnished by you, a formal loan pack is issued. Normally a Letter of Offer setting out the main details of the loan is issued to you and the Loan Pack comprising Mortgage Documentation, Acceptance of Letter of Offer and Assignment etc., is issued to your Solicitor. When your Solicitor has checked the Loan Pack and discussed key terms with you, various documents are signed and completed to enable the Bank/Building Society to proceed. This offer will include all the particulars of the mortgage such as rates and repayment term.

## **Step 8: What Next?**

### ***SURVEY***

If the property that you are purchasing is a second hand dwellinghouse it is imperative that you engage an engineer/surveyor to carry out a survey of the property. Your engineer/surveyor should inspect the condition and physical state of the building and further confirm that the septic tank and water supply and ancillary services are all contained within the boundaries of the property which is being sold to you. Your solicitors can request the original Land Registry map with the property marked thereon so that it can be passed to your engineer to check the map against the physical boundaries of the property on the ground.

### ***SIGN CONTRACTS, PAY DEPOSIT***

When we have checked the Contracts and are happy with the contents of same and we have gone through the title documents to be furnished, you will be required to visit your solicitor to sign the Contracts and pay the Contract Deposit (10% of the purchase price less booking deposit already paid). Your solicitor returns the Contracts in duplicate signed by you together with the Contract Deposit to the Seller's Solicitor.

### ***CONTRACTS EXCHANGE***

The Seller's Solicitor returns one copy of the Contract signed by both you and them to us when both sides have signed and a full 10% deposit paid. This creates a legal and binding contract between all parties, subject to the terms and conditions contained in the Contract.

### ***TITLE***

We, as your Solicitor raise Requisitions (lengthy Questionnaire) on Title and these are sent to the Sellers Solicitor together with a draft Purchase Deed. The Sellers Solicitor replies in writing to the Requisitions received from us and approves the Deed.

If your Solicitor is not happy with the replies, they will raise rejoinders on title until all questions have been answered to their satisfaction.

### ***CORRESPONDENCE***

With Cahir & Co you will be informed all the way along the transaction as to where it is and how it's progressing. We would communicate with both client, Solicitor and Financial Institution and exchange all relevant information and arrive at an agreed closing date for all parties.

## **Step 9: The Final Steps, Closing**

Once all queries raised and the Requisitions have been satisfied and all matters are dealt with a closing date and time is finalised to suit all parties. You should check with your Bank/Building Society that everything is in order to allow the loan cheque to issue to us. A common cause of delay is that the Life Insurance or Fire Insurance has not been taken out in time. We will prepare a Statement setting out the balance required to complete the purchase and all costs involved to bring the matter to a conclusion. This will be sent to you far in advance of the completion in order that you can deliver the balance of funds to us. This takes into account any extras or allowances agreed by you and the Seller. The loan cheque must be received in advance of the completion date as it takes 5 days to clear.

The completion is the formal completion of the purchase. We as your Solicitor checks the Vendor's Title and when we receive good Title with fully signed documents we then hand over the balance of the purchase price. Keys are handed over to us on your behalf or alternatively, the seller's solicitors give the auctioneer authorisation to release the keys, and you will immediately be free to enter the property as your own.

### ***DEED OF TRANSFER***

After the sale is completed you must sign the Purchase Deed. This document is only handed over to your Solicitor us at the closing and is not available for signature by you prior to closing. You must sign immediately following the closing as there are strict time limits for stamp duty so as to avoid interest and penalties for late stamping.

Following signing by you of the Purchase Deed, Cahir & Co will proceed to stamp the Purchase Deed and Mortgages and then register the deed transferring the property to you in the Property Registration Authority. Registration can take months depending on the County and type of property involved.

### ***REGISTRATION COMPLETE***

At this stage you are registered as owner of the house the Property Registration Authority. Legal ownership to the property passes to you on completion of the purchase but registration may take a minimum of 6 weeks. This delay does not in any way undermine the fact that you are the legal and beneficial owner of the property. Indeed you can sell a property even though registration has not been finalised in the Property Registration Authority.

### ***TITLE DEEDS***

We as your Solicitor, on completion of registration, returns your Title Deeds, to your Bank/Building Society together with a Certificate confirming that you have acquired a good marketable Title. If you have purchased with a Mortgage, you will be notified that registration has completed and the Title Deeds have been returned. If you have purchased with your own money, we will ask you if you wish us to keep your Title Documents in safe keeping in our Deeds Safe. If you wish to we will allocate the deeds a specific number. They are recorded and stored in our Deeds Safe. Alternatively, you may wish to hold the Deeds yourself for safe keeping. At this stage we can close off your file.

**This guide is a brief description and outline of a purchase transaction for a residential property. If you wish additional details for the purchase of a site, a commercial building, an apartment or retail property please contact us with your specific enquiry so we may assist.**



CAHIR & CO.

---

S O L I C I T O R S

36 Abbey Street, Ennis, Co Clare

Tel: 065-68-28383



**CAHIR & CO. SOLICITORS**

36 Abbey Street, Ennis, County Clare, Ireland  
Dublin Office: 24/26 Upper Ormond Quay, Dublin 7

**Tel** +353 (0)65 6828383

**Fax** +353 (0)65 6820548

**Email** [reception@cahirsolicitors.com](mailto:reception@cahirsolicitors.com)

**Web** [www.cahirsolicitors.com](http://www.cahirsolicitors.com)



CAHIR & CO.  
SOLICITORS