



Buying a home is an exciting experience, but it can also be very stressful. So, being prepared before you start looking for a home will help you through the whole process.

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Coimisiún um  
Iomaíocht agus  
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## 1. Save a deposit

Buying a home is one of the biggest steps financial decisions you make, so you need to prepare for it as much as possible. Before you apply for a mortgage there are a number of things to arrange:

You will need to save a deposit – this is a sum of money you have saved which you put towards buying a home. You will need to have at least 8% of the price of a property saved for your deposit. Some mortgage lenders will lend you up to 92% of the cost of the property, but many will only lend you up to 90% so you need a deposit to cover the rest. For example, if you wanted to buy an apartment for €100,000, the most a mortgage lender may agree to lend could be €90,000, which is 90% of the cost of the property. This is also called the “loan to value” (LTV) ratio. In this example, you would need a deposit of €10,000.

Opening a regular savings account is a good way to help you save a deposit, and will also show any mortgage lender that you have a solid savings record. This will be important when you apply for a mortgage. Our regular savings comparison will help you compare the different savings accounts available.

Remember, your lender can refuse to lend you a mortgage and will make their own determination as to whether you can afford the repayments, so it's important to work out where your money is going and whether you can really afford it. We have lots of tools to help you:

- Use our budget planner to work out what you can comfortably afford to repay each month. Include a regular amount for 'unforeseen expenses' in your budget such as medical expenses, interest rate increases etc.
- Our spending calculator can help you work out what you are spending your money on now and where you can cut back.
- Use our mortgages comparison to help you compare the different rates and repayments from lenders based on the value of the home you have in mind and how much you may want to borrow.
- Different lenders will have different criteria, interest rates and policies, so you really need to shop around when applying for a mortgage. Check out our mortgages shopping around checklist to help you compare and track different rates and lenders



## 2. Know your budget

### Approval in Principle

Some people find the property they want to buy first, and then start looking for a mortgage. But there is no point looking at a new home if you don't know whether you can get a mortgage or how much you can borrow. Getting 'approval in principle' means that your lender approves you for a mortgage of up to a certain amount, based on the details you provide in your application.

Having approval in principle does not mean that you need to buy the most expensive home you can. When you are looking at property, try not to be guided by the amount you can borrow. Any offer you make should be based on what you think the home is worth versus others in the same area, or similar homes.

### Applying for a mortgage

Good money management and a steady savings record will work in your favour when applying for a mortgage. Get more information on applying for a mortgage.

### Mortgage protection insurance

Once your mortgage application is approved, you should look for mortgage protection insurance which is insurance that will pay off your mortgage if you die within the term of the policy. You should not wait until you have made an offer on a house or apartment before shopping around and applying for mortgage protection insurance. It can take some time to get approval, particularly if you have had poor health in the past. This could delay the sale as, by law, your lender must make sure that you have this cover before taking out a mortgage.

Your lender may agree to give you a mortgage without you having this cover if:

- you are over 50
- you are buying an investment property
- you have enough life insurance in place already or
- you cannot get cover.

However, your lender can insist on you having the cover and can refuse you a mortgage if you cannot get it. Most mortgage lenders offer to arrange mortgage protection insurance for you when you apply for a mortgage. You do not have to take the mortgage protection policy your lender offers you and you are free to shop around for a suitable policy.



### 3. Find your new home

Looking Around for a property – download our checklist here:

[Looking around for a property \(PDF 130Kb\)](#)

When you find a home you are interested in, remember to ask the estate agent any questions you have which might help you make your decision. We've included these questions on our Finding out More:

[Finding out more about a property \(PDF 230Kb\)](#)

#### Look for a solicitor

While you are looking for a property, you should also look to hire a solicitor to do the 'conveyancing' – this is the legal work to transfer ownership of the property from the seller to you. It is a good idea to choose a solicitor before you start looking at properties, because as soon as you have an offer accepted, the estate agent will ask for your solicitor's details to pass onto the seller's solicitor.

Solicitor's fees vary and may be either a percentage of the price of the home, or a flat fee. You will usually be charged additional fees for things like telephone, postage, search fees and registering deeds. So, before you choose a solicitor, shop around and ask several different solicitors for written quotes and details about their professional fees and other costs.

See our Finding a Solicitor guide for more information

[Finding a solicitor \(PDF 130Kb\)](#)

#### Making an offer on a home

When you have decided on the home you want to buy, you can make an offer to the seller. Contact the estate agent and say that you would like to make an offer on the property and tell them what price you are offering. Tell them your offer is 'subject to contract and survey' – this means that you are offering to pay this amount in principle, providing there are no legal or structural issues with the property. Your solicitor will check there are no legal issues, and you will need a surveyor to check that there are no structural issues. If your survey reports something you were not aware of on your initial offer, you can withdraw your offer, or revise it. The seller will normally specify what is included in the sale of the property – for example, if kitchen appliances, curtains, carpets etc. are included or not – so be clear when telling the estate agent what you expect to be included in the offer.



### Sale agreed

If your offer is accepted it is usually called 'sale agreed' and you will need to pay a booking deposit to the estate agent. Booking deposits vary – they can be a specific amount such as €5000, or a small percentage of the offer you have made. The booking deposit is refundable up until you sign the contracts and enter a legally binding agreement. Paying your booking deposit is a strong signal to the estate agent that you intend to buy the property and will usually mean that the home won't be put on the market again for three to four weeks.

Once your offer is accepted, the estate agent will prepare a document of sale details and send this to the seller's solicitor and to your solicitor. This document contains details of the price, conditions of the sale, the estimated 'closing date' - the day you will be given the keys of the property-, and the names and addresses of all those involved in the sale.

Once the seller's solicitor receives the sale details from the estate agent they will send the contracts for the sale of the property, along with a copy of the Title Deeds of the property to your solicitor. Title deeds are legal documents showing the ownership of a particular property. Each time the ownership changes a new deed is drawn up to show the change.



## 4. Check everything

### Get a solicitor

A solicitor will guide you through the legal process of transferring ownership of the property from the seller to you – this is known as 'conveyancing'. Your solicitor will also check that the sale of the property is legal – that the person who is selling the property owns it and has the right to sell it, and that nobody else could claim to own it.

Once you have an offer accepted, the estate agent will ask for your solicitor's details and pass these on to the seller's solicitor.

### Get a survey

You should strongly consider hiring your own surveyor, engineer or architect to carry out a detailed structural survey, especially if you are buying an older property. This will help highlight any issues you may not have been aware of when you made your offer. For example, if your surveyor discovered that the roof needed to be completely replaced, you could change your offer to account for this, or decide not to buy.



If you are buying a property at an auction, you would usually have your survey completed before the auction. Ask the auctioneer for the terms and conditions of the auction, which will be available before the auction date.

### Get a valuation

Once the property is 'sale agreed', you can arrange for a valuation. Your lender will want a professional valuation completed on a home before they formally agree to lend you the money to buy it. You may need to hire a professional valuer yourself, or your lender may have a valuer they use. The valuation will only look at the general state of the property and the location. The valuer will send their valuation to your lender who will base their formal loan offer on this valuation.

### Snag list

If you are buying a newly built home, you and your solicitor will receive a "completion notice" from the builder once all the work is finished. As soon as you receive this, it is important you arrange to have a 'snag list' drawn up. This is a list of incomplete jobs or things that you want put right. Examples of items for snag lists include:

- cracks in ceilings or walls
- skirting boards not correctly placed
- doors that don't open and close correctly
- uneven plasterwork
- broken light switches
- loose wiring
- leaking pipes

You can make a snag list yourself, but it is recommended that you hire an architect, engineer or chartered surveyor who will have experience in this area and knows what to look for when snagging new homes. Once the snag list is complete, you give a copy to the builder. The builder will then work on fixing all the snags.

You should do a final inspection of the new property to make sure that all the snags have been fixed. You can do this on your own, or with the person you hired to do up the snag list. The cost of hiring them may be higher if you want them to inspect the property with you.

You should think about agreeing a "defects liability period" with your builder before you sign any contracts. This means that you agree that the builder will fix any further problems that arise free of charge within a certain period of time. Sometimes you can withhold a small percentage of the purchase price of the home until the end of this period and then pay it to the builder. Discuss this with your solicitor first to see if this is possible.



Most new houses being built in Ireland are registered by the builder with an insurance scheme such as Homebond or Premier Guarantee. These schemes cover structural defects in new houses for 10 years after completion of the house.

So if your home is less than 10 years old and you then find it has structural problems, get a structural survey and check whether your property is covered by Homebond or Premier Guarantee or a similar guarantee scheme.



## 5. Closing the deal

### Mortgage approval

Once your offer has been accepted, contact your lender and inform them. Your lender will ask for details of the property such as the address, the type of property and the age of the property. Once a valuation survey has been completed and the lender is happy with the valuer's reports, they will approve your loan for that property and that amount, and will send you a formal 'letter of offer'. This sets out the details of the mortgage your lender is offering you, including:

- The value, length, cost and repayment schedule of the mortgage
- The address and description of the property to be bought
- Any terms and conditions which apply to the offer
- Expiry date of the mortgage offer

Your lender may want to see a surveyors report before issuing you a letter of offer, if the property is very old. Your bank will also send a copy of your letter of offer to your solicitor, along with other legal paperwork, so you should meet with your solicitor as soon as possible after getting your letter of offer.

### Signing contracts

When you meet your solicitor, they will explain and complete various documents with you. If you are happy with all the details, you formally accept the letter of offer from your lender through your solicitor. Your solicitor will also check that the contracts are in order. If they are happy with the contracts, you will sign two copies. Your solicitor will return both of these copies to the seller's solicitor. At this point you have legally agreed to buy the property.

You will then need to pay a deposit - usually up to 10% of the purchase price less any booking deposit you have paid - to your solicitor, who will arrange to have it paid to the seller through their solicitor.

Once the seller's solicitor receives the contract you have signed and the deposit, they and the seller will sign and return one copy of the contract to your solicitor. At this point the seller has legally agreed to sell you their property.



Both solicitors will arrange for a final "closing date" and time at which stage you will be given the keys to the property. Before this, the remainder of the money must be paid, which means all the paperwork and approval for your loan must be completed and returned to your lender by your solicitor.

Before your mortgage cheque is issued, you will need to have home insurance in place. Once the property is 'sale agreed' you should start looking for insurance so that the house is covered by the time the sale is closed. If you are buying an apartment, buildings insurance should be part of your service charge, so you don't need to arrange this yourself. However, you may still want to arrange contents insurance before you move in, regardless of whether you are buying a house or an apartment.

Once your lender is happy that they have all the paperwork and it is in order, the mortgage cheque will be issued to your solicitor. Your solicitor will arrange to have these funds transferred to the seller through their solicitor.

### Stamp duty

Stamp duty is the tax you will have to pay when you buy a property. Since December 2010, the rate is 1% of the purchase price for properties valued up to €1 million, and 2% on any amount over that. Your solicitor will arrange to pay the stamp duty for you, but bear in mind you will need to pay this money to your solicitor when they are closing the sale – so you will need to have this amount of money available.

### Collect your keys

Once the balance of the funds have been transferred to the seller before the agreed closing date and time, the estate agent will call you and explain that everything is in order for the closing. The estate agent will also remind the seller of the closing date and time. Once the estate agent tells you that the keys are ready to be collected, the property is officially yours, so the seller must have left the property, and removed any items not included in the sale, before this time. It is also now your responsibility to make sure that the property is safe and secure, so even if you are not moving in immediately you should still visit the property. You should also make sure you have insurance in place.