

# home buyers guide



**EBS**  
BUILDING SOCIETY

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## introduction



The process of buying or selling your home can appear to be a bit daunting, especially if you're not well prepared. In such an important move, the last thing you need are surprises.

This comprehensive EBS guide is designed to help you do your homework in advance, bringing you through the ins and outs of what's involved and explaining each step in as simple and understandable a way as possible.

We hope you'll find it useful and that it helps to make the whole experience as enjoyable as it should be.

# 1

## Key Steps

In the Key Steps section we outline the main points involved in;

- buying your first house
- buying and selling a house
- building your own house

Remember, if you need any advice along the way, we'll be happy to help you through the process.

## key steps



### First Time Buyers

Buying your first home is one of the most momentous decisions you'll ever make. So, naturally, you want it to go smoothly. And that means knowing what to expect. Of course common sense will tell you a lot, but there are things you need to be aware of, and by following the simple steps outlined below, you'll be opening the door of your first home – hassle free and stress free – in no time.

1. **First talk to us.** We can discuss with you how much you can afford to borrow, what type of mortgage would best suit your needs, as well as offering good advice on the whole process.



2. **We can give you an EBS Loan Approval Certificate**, based on income details supplied by you.  
This will tell you how much you can borrow, so you can shop around. EBS will lend you as much as you can comfortably afford to repay. Generally, the loan should not exceed three times the main income plus half the second income (in the case of two earners).
3. **Before you go looking**, decide what type of home you would like (e.g. number of rooms, apartment, semi-detached).
4. **To find that home**. Register with Estate Agents, scour the property pages and surf the net.
5. **When you find the ideal home** you may want to put a booking deposit down (or an offer 'subject to contract'). In most cases, this means that either you or the seller can walk away without losing money. Check that this is the case when paying a booking deposit.
6. **You will need to find a solicitor** to act for you. We suggest you get a quote from a number of solicitors as prices vary widely.

## key steps

### First Time Buyers - cont'd

7. **Your EBS mortgage advisor** can help you to complete a Home Loan application form.
8. **We will instruct one of our valuers to inspect the house.** You will receive a copy of this report. The purpose of this report is to ensure that the house provides adequate security for the mortgage.
9. **When your application is approved,** you will receive a Loan Offer Letter. Your EBS mortgage adviser will bring you through each step involved between loan offer and you receiving your loan cheque. Your solicitor will also receive a copy and will explain each of the legal terms and conditions of the loan to you.
10. **Your solicitor and your EBS mortgage advisor** will work together with you to satisfy the formalities of the loan.
11. **You will now be ready** to pay the rest of your deposit (usually 10%) and sign and exchange contracts. Your solicitor will guide you through this part of the process.

**12. You will need to arrange** house insurance and life assurance. We can take the hassle away and arrange it for you or, if you prefer, you can do this independently.

**13. The EBS will give the Home Loan cheque** to your solicitor who will then complete the purchase of the house.

**14. Finally, you get your keys** and start your life in your new home. Remember, we'll always be there for you to answer queries or work with you as your needs change.

Call into any EBS office, ring 1850 654 321 or log on to [www.ebs.ie](http://www.ebs.ie) for full details.



## key steps



### Buying and Selling a Home

The main challenge in buying and selling a home is to synchronise the process of buying and selling. You need to avoid making offers on properties before accepting offers on your present home and particularly if this involves entering into legally binding commitments to buy a new home without having a similar agreement for your existing home.

#### **Bridging Loans**

If you have exchanged contracts on the sale of your home and the purchase of a new home but the purchase closes before the sale, we will be able to help you with a bridging loan for this period - which is one less thing to worry about.

- 1. Talk to us:** We can let you know how much you can afford to borrow for your new house. Generally, the loan should not exceed three times the main income plus half the second income (in the case of two earners). We can help you with expert advice throughout the process.
- 2. Put your house on the market:** First choose a reputable estate agent. If you can, get a recommendation from family and friends. Fix a price and decide on the method of sale with the help of your estate agent.



- 3. Best foot forward:** Prepare your house carefully for viewing. (see P. 15) Be sure to confirm viewing times with the estate agent. Now you are ready to start house-hunting yourself.  
**Remember,** do not make any offers at this stage.
- 4. The Initial Offer:** Your estate agent will tell you about all offers made. If you wish to accept an offer, tell the estate agent and agree what is included in the price. You are now in a position to make an offer on a house.
- 5. Talk to your solicitor:** Let them know you have accepted an offer and give them details about the buyer. Ask the solicitor to ensure that the sale is coordinated with the purchase of your new home.
- 6. Exchange of contracts:** Ensure that you are ready to exchange contracts on your new home. Your solicitor will exchange contracts with the solicitors for those buying your existing home and selling your new home. This should be done on the same day. Arrange to close both the sale and the purchase on the same day.
- 7. Almost home:** For minimum hassle try to move into your new house before you must move out of the old one , or at least on the same day. Once your solicitor has closed the deal, you should make arrangements for the move.

## key steps



### Building Your Own Home

We have helped thousands of people through the process of building their own home. It gives people the freedom to choose a home designed to fit very closely with their needs and it can also provide better value for money. This option does however require more organisation so it's important to be well prepared.

- 1 Talk to us:** Our mortgage advisors are there to help you through the process. After completing a short form and supplying some income details we will give you a certificate showing how much money we can agree to lend you. So you can shop around for sites and designs in your price range.
- 2 Decide what you want:** What sort of house do you really want? Do you need to be close to work or schools? How large a site would you like? What amenities do you need to be nearby?
- 3 Find a site that suits your needs:** Before you purchase land for the purpose of building a house, ensure that outline planning permission, at a minimum, has been granted on the site. Many people who choose to build their own home, do so on land bought from their family, or given as a present. In these cases full planning permission is obtained prior to the transfer of ownership of the land.



- 4 Find an architect:** Now that you know how much you can borrow to build your home and what sort of house you want, you can go to an architect to draw up plans. The amount of money available will help determine the design of the house, as will your needs and the site you have chosen.
- 5 Proceed with a full Home Loan application:** Let us know that you are ready to purchase a site. You can now apply for approval for the full mortgage, usually 90% of the value of your property when construction is completed. Your mortgage advisor will assist you in this procedure. For full approval you will need to supply us with:
  - A site map
  - House plans
  - Letter of supervision from architect or engineer
  - Detailed specification and breakdown of cost of construction
  - Planning permission
- 6 Valuation:** We will send a valuer to inspect the site, review the plans and decide how much the property will be worth when construction is complete.
- 7 Home Loan Approval:** The next step is to receive a Home Loan approval letter. The letter will detail the conditions of the loan which must be satisfied in advance of the issue of any cheques.

**Note** *After the granting of planning permission you can wait some time before you start building. If you wish to do this, the Home Loan will be for the purchase of the site only. The Home Loan will then be topped up to construct the house.*

## key steps

### Building Your Own Home - cont'd

- 8 **Purchase of site:** Your solicitor will receive the cheque and close the purchase of the site.
- 9 **Obtain full planning permission:** If there is outline planning permission on the site, you need to gain full planning permission based on the house plans agreed with your architect.
- 10 **Building contractor or direct labour:** Building contractor - a building contractor will manage the entire building project. It is essential that you are clear as to what is included in the price you agree.

Your building contractor must either:

- be registered with the HomeBond scheme
- be registered with the Premier Guarantee scheme
- have an architect or engineer on site to supervise the work.

If the building contractor complies, your solicitor will prepare a contract between you and the builder. Remember that direct labour requires a huge amount of planning and management. It does however have the benefit of being cheaper than hiring a contractor, if it is done well. With direct labour, you will hire bricklayers, carpenters, plumbers etc. The architect/engineer who supervises the building work must have Professional Indemnity.

**Note:** *Professional Indemnity is insurance taken out by architects/engineers to insure them against liability for faulty work that has been certified by them.*

**11 Stage Payments:** Your loan will be released to you in stages. The first stage being to complete the purchase of the site. We do this because when you are building you own home you will not need all the money at one time. Builders will look for payment at different stages during construction. And, because, with an EBS loan, you draw it down in stages, you pay less in interest, as interest is only payable on the amount drawn down.

**12** When your home is complete we will send out a valuer to conduct a final inspection. After this you will be ready to draw down the last stage of your home loan.

**When building your own home it is important to track all the associated costs.**

**Associated costs checklist**

<b>Initial Costs</b>		<b>Construction Costs</b>	
Site cost	<input type="text"/>	Builder	<input type="text"/>
Architect or engineer	<input type="text"/>	Site preparation	<input type="text"/>
Planning application	<input type="text"/>	Drainage and septic tank	<input type="text"/>
Solicitor	<input type="text"/>	Windows and doors	<input type="text"/>
<b>Connection charges</b>		<b>Other costs</b>	
Water	<input type="text"/>	Gardening	<input type="text"/>
Electricity	<input type="text"/>	Paths	<input type="text"/>
Heating and plumbing	<input type="text"/>	Boundaries	<input type="text"/>
Other	<input type="text"/>	Painting, decorating and flooring	<input type="text"/>

**Certificate of Compliance**

When the house is built your architect will need to complete a Certificate of Compliance. This will be given to your solicitor. This certificate confirms that the house has been built within building regulations and planning permission guidelines.



# 2

## Showing and Viewing Houses

In the first part of this section we give you the dos and don'ts of how to show your home to its maximum potential.

It's important to be as objective as possible when house hunting. It's very easy to let your heart rule your head, so, in the second part we offer valuable tips to help you view houses more objectively, ensuring that you get the home that you want and the best value for your money.



# showing & viewing houses

How well you prepare your house for viewing can greatly influence how fast you sell your house and the selling price you ultimately achieve. Check our do's and don'ts to ensure that potential buyers see your home in the best possible light.

## Showing your home. The Do's and Don'ts!

### Do's

#### Simple things

- Mow the lawn
- Replace broken light bulbs
- Air the house
- Fill in holes in the wall
- Clean, especially the kitchen and bathroom

#### Finishing touches

- Buy fresh flowers
- Polish the brass
- Wash the paint work
- Turn on heating if cold
- Open windows if warm

#### Welcome

- Be there when people arrive
- Discuss the practicalities of living in the house
- Mention features not instantly noticeable, (e.g. *extra insulation*)
- Offer people a cup of tea

#### Put yourself in buyers' shoes

- Pay attention to features that influenced your decision or that you liked
- Highlight local public transport, school and recreation facilities
- Allow people some time to look around on their own and have a chat

### Don'ts

- Leave the washing out
- Leave the TV or radio on

- Have children in the house (*some find it upsetting*)
- Have pets in the house (*can make both pets and guests uneasy*)

- Use too much air freshener
- Do too much decorating

- Use lights that are too bright or harsh
- Try to hide any faults in the house

- Worry about every last detail, after all, you knew that you were going to change things when you moved in



## Tips on how to make viewing easier and more productive

### Plan your trips

- It is very important that before you go looking for your new home, you decide what you want and what you need. Make a list of everything that is important to you in a house.
- Save time by only viewing houses that fit your criteria.
- Ask the estate agent how long the house has been on the market. If it has been on sale for a while, there might be room for bargaining.
- Do not go there having already decided this is the house for you. You need to be critical.
- Check maps before you go to see if the area is served by buses, trains and good roads.
- If schools in the area are a priority for you, check this before you go.
- Arrange to view properties close together to make the most of your time and allow you the best chance to compare directly. However, don't overdo it!
- It is a good idea to take notes, photographs and measurements to help your decision.
- Get the name and phone number of the person showing you the house.
- Ensure your time will not be wasted; confirm your appointment and the address.
- If you are considering a house, think about viewing it again at a different time.

### Before you go in

- Take a look around the area. Is it well maintained? Is there much traffic?
- Have a good look at the driveway these can be expensive to replace.
- Thoroughly check the exterior of the house and the boundary walls or hedges.
- Walk around the back of the house. Look for missing roof slates and cracks in the wall.

# showing & viewing houses



## When you're inside

- Try to find out why the house is being sold.
- View the house in daylight to see the level of natural light enjoyed by the house.
- Don't just look, use other senses, take note of bad smells (particularly musty smells), tap walls, listen for very creaky floorboards. And, watch out for fresh paint - it's sometimes used to hide problems.
- If the rooms are bare, remember, empty rooms seem bigger.
- Check the walls for bumps or flaky areas and check the ceiling for sags.
- Open and close all windows and doors to ensure that they are not warped or damaged.
- Check the alarm, light switches and plug sockets.
- Most people turn on the heating when showing a house. If it is not on, ask if it is working.
- Do any of the rooms appear to be damp (stains on walls, ceilings and curtains).
- Check out the kitchen and bathroom(s). Ensure the taps, shower and toilet work and that the sink, bath and shower are properly sealed.

## And remember

- The decoration can be changed. Think about your basic requirements.
- If there are things that you like in the house e.g. carpets, check if they are included.
- Examine the property thoroughly. You need to factor in the cost of any repairs.
- Take a moment to picture how your living space would look, how your furniture would fit in. This may be another house on your list...but in time it may be your home.
- Most of all, don't be afraid to ask questions and take your time.

Viewing Checklist:  
Bring this checklist with  
you when viewing houses,  
it will help you with your  
comparison.

If you are planning to  
view several houses it may  
be a good idea to make  
duplicates of this page.

HOUSE #

Address

Date of Viewing

Estate Agent

Phone Number

Guide Price €

Property Type

Reason for Sale

HOUSE #

Address

Date of Viewing

Estate Agent

Phone Number

Guide Price €

Property Type

Reason for Sale

# showing & viewing houses

This is a handy score sheet so you can evaluate and compare the properties you view, and because you may track their scores. Score from 1 to 5, 1 is excellent, 5 is very poor. Only score things that are important to you

	1	2	3	4	5		1	2	3	4	5		1	2	3	4	5		
<b>GENERAL</b>																			
Neighbourhood						Light						Fittings							
Local amenities						Fixtures						Size							
Local public transport						Sub total						Light / ventilation							
Near friends & family						<b>BATHROOMS</b>						Sub total							
Near work						Walls						<b>LIVING ROOM</b>							
Near schools						Suite						Size							
Sub total						Size						Fireplace							
						Light / ventilation						Light							
						Floors						Walls							
						Sub total						Floor							
<b>OUTSIDE</b>						<b>HALL, STAIRS &amp; LANDING</b>						<b>OTHER ROOMS</b>							
Exterior walls						Light						Size							
Façade						Size						Light							
Parking						Walls						Walls							
Garden and driveway						Floors						Floor							
Other features						Sub total						Suitability for purpose							
Sub total						<b>KITCHEN</b>						Sub total							
<b>INSIDE</b>						Walls													
Bedrooms						Floor													
Walls						Fitted appliances													
Size																			
Floors																			

view several properties it might be a good idea to photocopy this section so you can refer to it when you need it.

	1	2	3	4	5
<b>SECURITY</b>					
Alarm System	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Window locks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Smoke alarms	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Intercom	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sub total	<input type="text"/>				

OTHER FEATURES	
Windows	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Heating	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Insulation	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Plumbing	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Electrics	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Sub total	<input type="text"/>

OVERALL SCORE

## NOTES



# 3

## Moving

For some people moving can be the most stressful part of buying and selling a home.

We've put together a week-by-week guide specially designed to make moving as hassle-free as possible.



# moving



## Mover's guide – week by week

### 6 Weeks to go:

- Get a floor plan of the new house and start to plan the layout of each room
- Decide what you are bringing. Sell, give away or throw out everything else
- Contact your insurance company and ensure that you are covered during the move
- Find new schools, if necessary. Ask teachers for recommendations
- Contact the schools and find out about their procedures for enrolling in the school
- Confirm details of the move with your employer
- Gather supplies for packing - keep newspapers, begin stockpiling boxes (ask in shops)
- Purchase packing material for valuables, e.g. bubble-wrap - only pop after your move!
- Designate a special 'not to be packed area' in the garage or another quiet room
- Decide whether or not you wish to use a removal firm
- Get a number of quotes from removal firms
- Contact your doctor - they may be able to give recommendations for practices nearer to your new home and will help you to transfer your records.



## Mover's guide – week by week cont'd

### **4 Weeks to go:**

- Confirm date of completion. Try to avoid busy times e.g. Bank Holidays
- Book a removal firm or a van - do not leave this until any later
- If you choose a removal firm, ensure that they have insurance to cover your possessions
- Check with your own insurance company that your home contents are covered by your policy during the move and in your new home
- Book time off work - this is absolutely essential
- Start using up supplies and frozen foods so there is less to move
- Start informing people of the move (see our helpful list on p.29)
- Clear out your attic, basement, shed, under the stairs and garage
- If your new home does not have a phone line, arrange to have one installed.

### **3 Weeks to go:**

- Contact gas, telephone, electricity and cable companies to let them know you are moving and confirm the procedures for transferring or discontinuing accounts
- Disassemble garden furniture and toys and drain fuel from lawn mowers etc.
- Continue to pack - remember, label boxes with destination room
- Arrange a baby-sitter for the day of the move if needed
- Bring pets to the vet - they can advise on transporting the animals, recommend new vets and arrange to transfer file to the new vet



## moving

- Arrange for pets to be cared for on the day of the move
- Gather all important documents and valuables in one secure place
- Take copies of important documents and store separately.

### **2 Weeks to go:**

- Arrange to have appliances professionally disconnected and installed if they are coming with you
- Give back anything borrowed from neighbours and pick up anything you have lent
- Back up all files on your home computer as computers can suffer when moved
- Reserve the lift if you live in an apartment block.

### **1 Week to go:**

- Invite your neighbours over for a farewell drink
- Confirm itinerary, directions and contact numbers with the removal companies
- Finish packing and bring packed boxes to ground level
- Pick up dry cleaning, return rented videos and library books and cancel deliveries
- Confirm details of move with telephone, gas, electricity and cable companies
- Have curtains and rugs cleaned and then pack in protective covering
- Prepare a bag of essential items for the first night in your new home.

### **3 Days to go:**

- If dismantling furniture, store nuts and bolts in a safe place, along with an assembly guide
- Prepare plants for the move, draining excess water and using canes to support the plant
- Defrost fridge and freezer
- Collect spare keys from neighbours or family members and label all keys.

### **1 Day to go:**

- Take pets to their minder for the day
- Finish all packing except overnight and breakfast things
- Check every press in every room to ensure you haven't left anything behind
- Ensure you have enough cash for the next day
- Confirm arrangements for dropping off old keys and picking up new keys
- Disconnect kitchen appliances - put fridge contents in a cool box
- Let the Gardaí know if the house will be vacant for some time and remind neighbours
- Have a good sleep.

### **The Big Day:**

- Strip the beds and put the bed clothes into a clearly marked bag
- Have a good breakfast
- Take the children to the baby-sitter if necessary
- Check the packing inventory
- Ring gas, electricity and telephone companies to close or transfer accounts
- Empty all the bins in the house. Ask a neighbour to leave out the rubbish on bin day
- If you are lifting, take it easy - if it is too heavy, don't lift it. Remember, bend your knees and keep your back straight.



## moving

### **Leaving your old home:**

- Have one last check for belongings
- Turn off all light and plug switches, lock all windows and doors and turn on the alarm
- Drop off keys as arranged.

### **Arriving at your new home:**

- Ensure boxes are put into the designated rooms
- Check the unloaded items to ensure everything is present and none are damaged before you sign the inventory for the removal firm
- Use your mobile to get the telephone connected if you are taking over a line
- Take meter readings and telephone the gas and electricity companies to get connected
- Make yourself a cup of tea.

# letting people know you've moved

Who	Name	Note	Done	Date
Family			<input type="checkbox"/>	/ /
			<input type="checkbox"/>	/ /
			<input type="checkbox"/>	/ /
Friends			<input type="checkbox"/>	/ /
			<input type="checkbox"/>	/ /
			<input type="checkbox"/>	/ /
Employer			<input type="checkbox"/>	/ /
			<input type="checkbox"/>	/ /
School			<input type="checkbox"/>	/ /
College/University			<input type="checkbox"/>	/ /
Doctor			<input type="checkbox"/>	/ /
Dentist			<input type="checkbox"/>	/ /
Banks			<input type="checkbox"/>	/ /
Credit Card Co.			<input type="checkbox"/>	/ /
Insurance Companies			<input type="checkbox"/>	/ /
Pension Scheme			<input type="checkbox"/>	/ /
Share Registrars			<input type="checkbox"/>	/ /
Rental Companies			<input type="checkbox"/>	/ /
TV License			<input type="checkbox"/>	/ /
Post Office			<input type="checkbox"/>	/ /
Gas Board			<input type="checkbox"/>	/ /
Electricity Board			<input type="checkbox"/>	/ /
Phone Company			<input type="checkbox"/>	/ /
Mobile Phone Co.			<input type="checkbox"/>	/ /
Satellite/Cable			<input type="checkbox"/>	/ /
Electoral Register			<input type="checkbox"/>	/ /
Revenue Commissioners			<input type="checkbox"/>	/ /
Department of Social, Community & Family Affairs			<input type="checkbox"/>	/ /
County Council or Corporation			<input type="checkbox"/>	/ /
Motor Org's e.g. AA			<input type="checkbox"/>	/ /
Health Insurance			<input type="checkbox"/>	/ /



# 4

## Essentials

Some of the issues you may have to deal with when buying and selling a home can be both confusing and complex.

This section covers everything from choosing the right mortgage and insurance package to budget planning. We also give you an overview of other players and key contacts involved in the process.





## Mortgages

Since 1935 we have helped over 150,000 people begin new lives in new homes.

One thing we've learned over the years, is that no two home-buyers are alike. So whether you are buying your first house, investing in your second or planning to build your own property, we'll work with you to identify the home loan package that meets your needs.

By knowing about the different types of mortgages, you will be in a position to select the type that best suits your needs.



### **Mortgage Type**

#### **Annuity / Repayment Mortgage**

This is the most popular and most straight forward type of mortgage, where you pay back part of the money you owe and interest each month.

Over the agreed term of the mortgage, you pay back the money you have borrowed and when you make your last repayment, the property is yours.

In the early years, the amount of the capital you repay each month is low because most of the payment is interest. As the term is reducing, the amount you owe reduces and interest becomes a smaller part of the monthly repayment.

It is possible to pay off part of your mortgage at any time once you are on a variable interest rate. You have the option of reducing the term of your mortgage or to reduce your monthly repayment. However, if you choose a fixed rate term, you must wait until the fixed rate period ends before we can make any changes to your mortgage.

This type of Home Loan is simple and straightforward and it guarantees the loan will be repaid in full, once you make each repayment.

#### **Flexible options for your benefit**

There are a range of flexible options that will enable you to reduce the cost of servicing a loan, such as;

- Pay off lump sums to reduce the term of your loan or your repayments
- Increase your monthly repayments to reduce the term and save you money
- Reduce your monthly repayments, if needed, by extending your term.

### Mortgages cont'd

#### **Endowment Mortgage**

With an endowment mortgage, you make two regular repayments, one to the lender for the interest and another to an insurance company to buy an endowment plan. You will not pay off any of the capital owing on the mortgage until the endowment policy has matured. By the end of the mortgage term, the value of the endowment policy should have grown enough to repay the mortgage in full and, possibly, to pay you a cash amount also.

The endowment policy includes enough life assurance to pay off your loan, in the event of your death, during the term of the loan. During the loan, it is important that you follow the performance of the policy and, if necessary, increase repayments to ensure the maturity value is sufficient to repay the loan.

#### **Pension Mortgage**

Pension mortgages are designed for self-employed people, or anyone not in a group pension who wants to put money aside for retirement and pay off the mortgage in the most tax-efficient way.

When you retire you can take 25% of your fund as a tax-free lump sum and use that lump sum to repay the capital. In the meantime, interest only payments are made to the financial institution providing the loan.

With a pension mortgage you must also have level term life assurance.

## Interest Rate Options

The interest rate is simply the cost of borrowing money. Interest rates change and in Ireland our interest rates reflect those set by the European Central Bank.

You have three options with regard to the rate of interest on your mortgage.

### **Variable Rate**

This means that the interest rate charged on the mortgage can go up and down over the life of the mortgage. If interest rates increase, your monthly repayment will increase accordingly. Similarly, your monthly repayment will go down if interest rates fall.

### **Fixed Rate**

The mortgage repayment is the single largest monthly outgoing for most people, and many like knowing exactly what it will be. Fixed interest rates remain constant over an agreed period of 1,2,3,4,5 or 10 years. This will allow you to know exactly how much your monthly repayments will cost over this period and avoid risks associated with interest rates going up and down.

While the fixed rate offers a good deal of security and ensures that you will not be exposed to rising interest rates, it also means that if the variable rate is reduced, you will not benefit. In addition, should you break the fixed rate agreement there is usually be an unwinding charge. The level of the charge will depend on the fixed rate term.

### **Split Loan**

There are a range of split loans on offer. These include:

- Split Terms: Loans at varying terms of repayment (i.e. different periods to repay the loan)
- Split rate: Loan with both a fixed and variable portion
- Split Types: Mortgage with both an endowment and annuity portion.

## Insurance and Assurance

Since your home is probably your most valuable asset, it's essential that you ensure that it is fully protected. You will also be required by law to avail of life insurance for yourself when you apply for a mortgage. To ensure maximum protection for you, your family and your home, EBS will be happy to advise you on the insurance package that will best suit your needs.

### 1. HOME PROTECTION INSURANCE

#### **Payment Protection Plan**

Your mortgage repayment is probably your largest monthly outlay, mortgage protection insurance helps you meet that payment if your circumstances change. For instance, if you cannot work because of accident, illness or because you have been made redundant, this policy will cover the repayments for up to 12 months. You can also add on 10%, 20 % or 30 % of this figure to help pay for any monthly insurance premiums or cover future interest rate fluctuations.

It is important to note that while you might receive your basic salary if you are absent from work due to illness you will not receive any overtime payment - and many people rely on overtime.

#### **Home Insurance**

Your home and its contents will need to be insured and a range of products are available to meet this need.

EBS, for instance, has three tailored policies to protect your contents, furniture, clothes, video etc. as well as the building. We offer very competitive rates and will collect the premium every month with your mortgage repayment at no extra cost. You can also avail of discounts of up to 47.5%.

## **2. LIFE INSURANCE**

### **Life Assurance**

If you have a mortgage you must have life assurance in place to repay the loan in the event of your death. The most basic cover is Mortgage Protection, and we can arrange this for you. We also have a range of more comprehensive products such as Convertible Term and Serious Illness cover, to give you and your family greater peace of mind.

### **Mortgage Protection Death Benefit**

This will pay off the amount owing in the event of death. Cover is taken out for the loan amount and reduces in line with balance owing on your mortgage.

### **Serious Illness**

It is a sobering thought but studies have shown that more than 60% of us will be affected by serious illness at some stage in our lives. Advances in medical care mean that an increased number of people now survive serious illness and accidents but often find their ability to earn a living is no longer possible. With this in mind you can avail of serious illness cover which can be added to Mortgage Protection or Convertible Term policies. It means that on diagnosis of one of a number of specified medical conditions, on undergoing certain surgical operations or as a result of losing independent existence, your policy will pay out.

### **Convertible Term**

Convertible Term Assurance provides level cover throughout the life of your mortgage even though the amount you owe is reducing. If you wish you can choose a level of cover higher than the mortgage amount. With this policy you can convert to a 'Whole of Life', 'Endowment' or 'Term Assurance' policy, before the age of 65 without the need for any further medical information regardless of your state of health at the time.

## Other Players, Their Roles and Fees Payable

These are some of the key players involved in the process of buying and selling a home. It is a good idea to get recommendations from friends, otherwise check the Golden Pages or listings provided by professional organisations. In all cases get a number of quotes as fees vary widely.

### **Solicitors**

The most important job of the solicitor is to explain clearly to you the legal processes involved, the terms and conditions of your loan offer and any document you sign. They will also be responsible for all legal work involved in buying and selling a property and transferring ownership. They will pick up the Home Loan cheque from EBS, close the purchase and ensure that stamp duty is paid.

A good rule of thumb is that you will pay between 1% and 1.5% of the purchase price for purchase only or around 1% of the combined purchase and sale price in legal fees. Fees are payable on completion of the sale/purchase.

### **Valuers**

The valuer will conduct a valuation report to ensure that the house is suitable security for the loan. EBS will arrange this for you. This is not a full structural survey.

### **Estate Agents**

They will help you to find a house to buy. There is no charge for this service.

When you are selling a house an estate agent will value your house, agree a method of sale, i.e. Private Treaty or Auction, and advertise the house. They negotiate with the buyers and tell you about all offers. A full explanation of the conditions of the offer will be sent to you and your solicitor.

Fees vary widely but you can expect to pay between 1% and 3% of sale price on completion of sale.

### **Surveyors**

We recommend that you arrange a full structural report on the property in the case of a secondhand house. The surveyor will look for signs of dry rot, subsidence etc. and give you an estimate for repairs that need to be undertaken. A surveyor will complete a snag list for you if it is a newly-built house. This will list any work that should be completed before you close the purchase of the house.

Fees vary so get a number of quotes.

### **Other Fees**

#### **Indemnity bond**

If you are borrowing more than 75% of the purchase price or the valuation (whichever is lower), you will have to pay an indemnity bond at completion of loan or add it on to your loan. EBS will pay the indemnity bond on your behalf.

#### **Stamp Duty**

For full information on the cost of Stamp Duties, see page 53.





### Personal Budget Planner

When you are buying a home you need to plan ahead to cover your likely costs, because as well as your normal on-going commitments, there are initial costs of buying a new home. To help you budget we have listed the most likely expenses. Be honest and realistic. Do not over-estimate overtime, bonuses and commission that is not guaranteed.

Initial Costs		Monthly Income	
Legal Costs	€	1st Salary (Net)	€
Stamp Duty on Mortgage Deed	€	Guaranteed Bonuses/Overtime	€
Estate Agent's Fees	€	Commission	€
Moving Expenses	€	2nd Salary (Net)	€
Structural Report	€	Guaranteed Bonuses/Overtime	€
Decoration and Repair	€	Commission	€
Furniture and Fittings	€	Other Income	€
Connection to Essential Services	€	Total	€
Total	€		

Your Monthly Outgoings			
Mortgage and Associated Costs		Household Costs	
Mortgage Repayment	€	Groceries	€
Mortgage Payment Protection	€	Childminder	€
House Insurance	€	Community charges	€
Life Assurance	€	TV License	€
<b>Utilities</b>		Cable/Satellite Costs	€
Electricity	€	<b>Personal</b>	
Heating	€	Health Insurance	€
Telephone	€	Clubs	€
Mobile Phone	€	Entertainment	€
<b>Transport Costs</b>		Leisure	€
Petrol	€	<b>Other</b>	
Car Tax	€	Loans	€
Car Insurance	€	Credit Cards	€
Car Loan Repayment	€	Savings Plans	€
Car service and repairs	€	Educational Fees	€
Bus/Rail Tickets	€	Other Costs	€
		Total	€

## Useful contacts

### **An Post**

Letter Post Customer Services  
GPO  
Dublin 1  
1850 57 58 59  
[www.anpost.ie](http://www.anpost.ie)

### **NTL**

Building P2  
East Point Business Park  
Dublin 3  
1800 321 321  
[www.ntl.ie](http://www.ntl.ie)

### **Bord Gáis**

Customer Accounts  
D'Olier Street  
Dublin 2  
New A/c's: 1850 632 630  
Moving: 1850 456 200  
[www.bordgais.ie](http://www.bordgais.ie)

### **Esat Fusion**

Freepost  
P.O. Box 6658  
7 - 13 Cardiff Lane  
Dublin 2  
1800 923 222  
[www.esatfusion.ie](http://www.esatfusion.ie)

### **ESB**

Fleet Street  
Dublin 2  
1850 372 372  
[www.esb.ie](http://www.esb.ie)

### **Eircom**

St. Stephen's Green  
Dublin 2  
1901  
[www.eircom.com](http://www.eircom.com)

**Department of  
Environment**

Housing Grants Section  
Government Buildings  
Ballina  
Co. Mayo  
1890 30 50 30  
[www.environ.ie](http://www.environ.ie)

**The Law Society of Ireland**

Blackhall Place  
Dublin 7  
(01) 672 4800

**Institute of Professional  
Auctioneers and Valuers**

39 Upper Fitzwilliam Street  
Dublin 2  
(01) 678 5685

**HomeBond**

Construction House  
Canal Road  
Dublin 6  
1850 30 63 00

**Irish Auctioneers and  
Valuers Institute**

38 Merrion Square  
Dublin 2  
(01) 661 1794

**Royal Institute of  
Architects  
of Ireland**

5 Merrion Square North  
Dublin 2  
(01) 676 1703  
[www.riai.ie](http://www.riai.ie)

**Chorus**

1890 417 888  
[www.chorus.ie](http://www.chorus.ie)

**Society of Chartered  
Surveyors**

5 Wilton Place  
Dublin 2  
(01) 676 5500  
[www.scs.ie](http://www.scs.ie)

**Garda Headquarters**

Phoenix Park  
Dublin 8  
(01) 666 000



# 5

## Jargon Buster

This section gives a simple explanation for some of the terms you may come across when buying or selling your home.

# jargon buster

## Explaining jargon

**Acceptance fee:** This is charged by some banks and building societies when they give you a mortgage. (EBS do not charge an acceptance fee).

**Annualised Percentage Rate (APR):** This is a financial tool to help you identify the true cost of borrowing and to give you a way of comparing the true cost of different types of loan on an annual basis.

**Annuity Mortgage:** This is another term for a standard capital and interest repayment mortgage.

**Base Rate:** This is commonly used to refer to the mortgage lenders' standard variable interest rate.

**Capital:** The main part of the loan, in other words the original amount borrowed.

**Conveyancing:** The practice of arranging the necessary legal work in transferring the ownership of a property. This is usually undertaken by a solicitor.

**Deeds:** The documents that prove that the owner is legally entitled to the property.

**Disbursements (conveyancing and outlay):** The costs your solicitor has to pay to carry out their work such as searches, Registration fee, photocopying, postage and couriers. They, in turn, will charge you.

**Endowment Mortgage:** A type of mortgage where the interest on the mortgage is paid each month to a financial institution and the capital is repaid from the proceeds of an endowment policy with an insurance company.

**Equity:** The value of the property less the mortgage.

**First charge:** Normal legal charge used to secure the main (first) mortgage. A lender with a first legal charge over a property has first call on any funds available once the property is sold in order to repay the loan they have provided.

**Fixed Rate Mortgage:** A loan where the payments are based on a constant interest rate for a set period.

**Freehold:** Owning the property and the site on which it is situated.

**Gazumping:** When the person selling a property cancels their agreement on an offer from one buyer, in order to accept the higher price of another offer.

**HomeBond:** This is a service provided by the National Housing Building Guarantee Scheme, through registered builders, to people buying new privately built houses and apartments. It provides:

- a guarantee against losing your deposit if the builder goes into bankruptcy or liquidation
- a 10 year Defect Warranty against major structural faults which happen within 10 years of completion
- a 2 year Defect Warranty against water and smoke damage after completion.



## jargon buster

**HB47:** This is the certificate issued by HomeBond confirming that the property address on the certificate has been registered and is covered under their HomeBond Guarantee Scheme.

**Land registry fee:** A fee paid to the Land Registry to update an entry in their records after you buy your home. This fee will be included in the legal costs charged by your solicitor.

**Leasehold:** A property that is leased by the owner to a leaseholder or tenant for a fixed number of years. Unless the period of the lease lasts for at least 50 years, it will be difficult to get a mortgage on the property.

**Loan to Value (LTV):** The amount you wish to borrow expressed as a percentage of the value of the property.

**Mortgage Indemnity Bond:** A type of insurance that covers the lender in the event that they make a loss on the sale of a repossessed property. It normally comes into effect when the loan amount exceeds 75% of the purchase price or property value.

**Mortgage protection:** This refers to life insurance cover required by you to repay the amount outstanding on your loan in the event of your death.

**Negative Equity:** This means that the value of the property is less than the mortgage owed. This can arise if property prices fall significantly.

**Pension mortgage:** An interest-only loan where the capital will be repaid from the tax-free cash that you can receive from the pension fund when the policy comes to an end.

**Redemption:** Paying off the mortgage, either to move to another property or at the end of the mortgage term.

**Searches:** Searches are carried out by your solicitor on all properties to ensure that the person selling the property has a legal right to sell it and that there is no other interest shown on the title.

**Security/Collateral:** The mortgage is secured against your home. A mortgage lender is entitled to sell the house if repayments are not maintained.

**Stamp duty:** A government tax which is charged on second hand properties and new houses if the floor area is greater than 125 sq. metres (1345 sq. feet). (See p.53).

**Survey:** A full inspection of a property to check that it is structurally sound.

**Term:** The agreed length of time over which the mortgage is to be repaid.

**Title:** The legal right to ownership of a property.

**Top-Up Loan:** Additional finance obtained by securing a loan against your property over and above the existing mortgage.

**Valuation:** An inspection carried out for the benefit of the mortgage lender to see if the property will provide good security for a loan. This is not a structural survey - see 'survey' above.



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