

Property market to be turned on its head next year

If you are thinking of putting your house on the market in the next eighteen months you need to be aware that from June 2007 your estate agent must be in possession of a Home Information Pack (HIP) to sell your property.

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This is the government's attempt to speed up the process by reducing the risk of buyers withdrawing from a purchase later down the line as they possess the relevant information upfront. It does however put a major onus – to the tune of approximately £800 (possibly more) – onto the person selling the property.

It is important to be aware that the government wants to test the effect of HIPs as early as January 2007, even though there will not be a legal requirement until June 2007. We set out below our current assessment of what is to be included in the HIP and highlight some of the pros and cons:

A Home Condition Report (HCR)

The Government announced on 18 July 2006 that the HCR would no longer be a mandatory requirement when the pack is introduced in June 2007. Instead it will be left up to sellers whether or not to include an HCR in the Pack.

The pack will now comprise Searches and an Energy Efficiency report. By way of explanation, the Government intended HCR to be a survey commissioned by the seller to give prospective buyers a fair idea of the state of the building before making an offer. We believe that many purchasers will still commission their own survey and/or mortgage valuation. The second part of the HCR is an Energy Assessment Rating, which gives a score for energy efficiency. This may be useful from an environmental perspective but may well

not add much to the marketability of a property. Even if the HCR is not obtained the Energy Assessment Rating on its own will still have to be commissioned through a suitably qualified person and we can assist you with this.

Information forms

There will be one form giving the address, status of the owner and whether the property is freehold or leasehold; and a second optional form to include all the usual preliminary practical and legal information with details of any fixtures included. Sellers will also need to include copies of any planning permissions, building regulation certificates, warranties, structural guarantees and anything else that may be relevant.

Searches

These are currently paid for and obtained by a buyer once the sale is underway but now will have to be commissioned by the seller and probably renewed every six months at further cost. This will have to be accompanied by a water/drainage search, even if the property is not on mains drains. Interestingly, an environmental search, which could be of great help to potential buyers, is not stipulated.

Title details

Copies of either Land Registry entries or unregistered deeds must be included, but in many cases these may not be easy to interpret and a would-be buyer may still need professional guidance before making an offer.

Leasehold

If the property is a flat or maisonette on a long lease, a whole range of further information covering ground rent, service charges and management details must be compiled in advance. This will mean further expense in fees paid to landlords or managing agents, and the risk of delays to marketing.

The inevitable question is 'Where do you start?'. We have undertaken considerable work to prepare for the introduction of HIPs and are your first point of contact. We will be able to produce your HIP and deal with all matters including the Home Condition Report and the collated information should be available in either paper or CD Rom format. Further, potential buyers must be prepared to seek legal advice on what is contained in a HIP before they commit themselves.



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