

"An invaluable insight into every aspect of the process. A must read!"

The Insiders Guide to **Buying Property**

in Difficult Times

by Mark Periklis

"Not knowing the facts can be expensive!"

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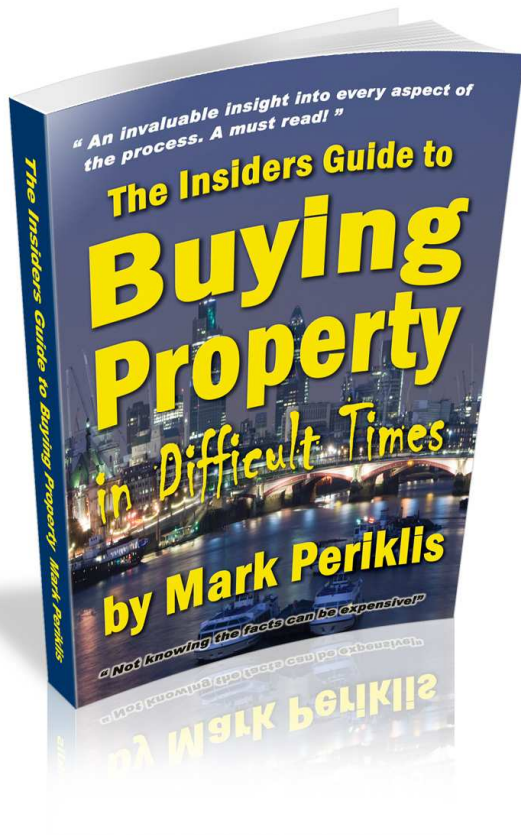
presents

The Insider's Guide to Buying Property

in Difficult Times



With the majority of the country feeling the difficulty caused by the recession, an insider's guide is what is needed for those about to make the big step of buying a property. By being more legally informed, you see the opportunities that may pass others by and the knowledge gained from reading this book will provide more of those opportunities, which will eventually lead to profit in the property market.



In his Insider's Guide, Mark Periklis uses his expertise to show the dangers to look out for and how to avoid them. He explains in details about contracts, leases, property searches and mortgages, as well as providing inside tips to help you get the best property for your money in these difficult times. This is the type of book that no one should be without when purchasing a property.

Mark Periklis has been practising law for almost two decades and runs his own successful 11 strong legal practice in North London. He is also an experienced property developer. Mark regularly appears in the media giving expert advice and is also a popular public speaker.

For more information about Mark see
www.MarkandCoLawyers.co.uk

"The Insider's Guide to Buying Property in Difficult Times"
by Mark Periklis

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Property Expert
Entrepreneur
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A high octane, entertaining and engaging delivery style makes **Mark Periklis** a natural choice for expert comment on legal and property matters for press, television and radio. Dynamic, stimulating, always fascinating and sometimes controversial, Mark will add value to any debate.

His background is awe-inspiring. At university, he studied linguistics and classics before taking up a law degree. He graduated in the early 1990s, not the most auspicious time to be searching for a foothold on the career ladder. In those difficult times, Mark's entrepreneurial instincts kicked in. Today, he has achieved major professional and commercial successes - including his own 11-strong legal practice in North London, launch and management of many companies (simultaneously!) and several property developments.

Although he chose to become a practising lawyer, Mark could easily have been an architect. He has designed and project-managed the building of his own house, and remains instrumental in the design direction of his property development projects.

Mark continues to be a student of mythology, classics, psychology and self-development. He is also working on a number of business, TV and acting projects, including training solicitors in the art of presenting in court. He is one of the few life coaches to be recognised by the Law Society to train solicitors in Continuing Professional Development.

Mark is of Greek/Cypriot descent and is third generation. His grandparents came to Britain in 1928 and settled in Southgate, North London, where Mark still lives today.

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I dedicate this book to the
memory of my dad

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Preface

I have always been fascinated by property. It was a value instilled in me by my parents. Property is a tangible asset that can have many uses. Most important to me is that property can be physically seen and touched. I am sure many people in the “property game” feel the same.

Even in these difficult times there are ways to buy property, but what you need most is passion and interest. Have you ever walked into a house and sensed history in the very fabric of the building? That, for me, is what makes property so exciting.

A lot of seasoned buyers and investors have their own anecdotal knowledge of the property market, gleaned from experience - or, more often, from the mistakes they have made. Buyers often feel that consulting a lawyer for assistance with their purchase is something of an exercise in tolerating bad news. Lawyers will always point out the negatives about the property and may even deter the buyer from purchasing. Whilst it is a lawyer’s job to be cautious, their views can also be illuminating. Many a determined buyer or investor could have benefited from a lawyer’s prudent advice before making their offer to buy.

The most common course of a property purchase is that the buyer finds, and often becomes emotionally attached to, a particular property. By the time a conveyancing lawyer is engaged, the buyer will have made an offer, probably

secured a mortgage, and the buying process will be in full flow. At this stage, the buyer may be so set on securing the property that potential problems will come as an unwelcome hindrance. It is the lawyer's function to discover and point out all the possible faults—past, present and future—with the property. If the lawyer is not overly emphatic in expressing their opinions and judgements relating to the property transaction, the buyer may persist with a purchase that turns out to be wrong for them.

However, if the buyer has relevant information about the property earlier, at the point of decision-making, when he or she is unattached, clear headed and objective regarding their proposed purchase, they are more likely to avoid potential pitfalls.

Any prospective buyer can inform themselves about a property before they make any firm decisions about it, or before they engage a lawyer. Such information is readily available but rarely contained in a concise guide. *The Insider's Guide to Buying Property in Difficult Times* is designed to steer you through the information-gathering stage of the purchase process. It will help you understand better what your lawyer does on your behalf. Being well-informed is the first step to enjoying the many benefits and pleasures of property ownership.

The law is accurate as at July 2009. For updates, please visit www.MarkandCoLawyers.co.uk

Mark Periklis
London

BUYING PROPERTY IN DIFFICULT TIMES

In property, as in most areas of life, knowledge provides opportunity. By being more legally informed, you may spot property opportunities that pass others by—opportunities that may eventually lead to profit.

The key to making a successful investment or purchase is knowledge—for example, whether that is knowing the history of your chosen property and how that affects it today, or whether there are competing interests for the land.

In this book, I will show you what to look for and what to look out for. However, I must emphasise that it is only intended to be a guide and is no substitute for using a competent lawyer in your property transaction.

The book is divided into discrete sections. You do not have to go through each section in sequence—you can go straight to what is relevant to you. What you learn will enable you to pose the right questions to your lawyer and obtain answers appropriate to your particular circumstances.

Lawyers typically use archaic words. I have given an explanation of legal terms in plain English where necessary.

How to use this book

Information in this book is set out as follows:



Context

Essential background to the transaction.



Exception

The normal run of events will have exceptions to the rule. These will be indicated here.



Details

Relevant details that are not covered in the main body of text.



General considerations

Further background information that may be helpful.



Dangers

Points to be aware of.



Explanation

Further information to clarify the points made.



Example

Textual and visual examples relating to the subject.

Chapter 1

The Contract



Context

The contract is a document (simply, a piece of paper) which specifies the agreement reached between the buyer and the seller saying what to do and by when. A contract is a very flexible document because it outlines any thing you want. It does not have to be for a sole piece of land but can be for multiple pieces of land. The contract will cater for multiple pieces of land with perhaps different time scales on completion of each one.



Example

Name of Seller:

Name of Buyer:

Address of Property:

Tenure: Leasehold Registered or Freehold
Registered or unregistered

Title Number: (If already registered)

Contract Details:

Interest Rate on delayed completion:

Purchase Price:

Amount payable for fixtures and fittings:

Property transactions are covered by Standard Conditions of Sale—a standard set of sale conditions that can be used for any property transaction. The small print of the Standard Conditions are typically two sheets of A4 paper filled with terms and conditions which are inferred and implied into the contract. Often, a property contract just contains a reference to Standard Conditions but they are thereby embedded into the contract. In other words, just by referring to the latest version of the Standard Conditions of Sale, the contract is bound by them.

In addition, there are special conditions which are specific to the transaction and are inserted into the contract. These are over and above the Standard Conditions.



General considerations

Your solicitor or legal advisor cannot advise on the viability of the investment. He or she can only give legal advice and comment on the veracity of the legal pack presented to them. A site inspection of the land is the responsibility of the buyer.

The land is purchased, or not, solely on the buyer's inspection and professional survey, and not on the basis of representations made by a third party. If, therefore, any defects are subsequently found in the property or services, including heating, after exchange of contracts, there is no recourse to the seller. The buyer has to be satisfied as to the condition of the property before contracts are exchanged.

It is strongly recommended that a full structural survey be commissioned on properties over two years old. The benefits of a full survey will be tremendous if problems are found before the purchase takes place. Often, the seller will be keen to remedy any problems, or at least offer an alternative—either a price reduction or some other compromise. However, without a full survey the opportunity to bargain this point is lost.



Dangers

If completion is delayed due to the fault of the buyer because of issues that may arise, certain costs may have to be paid by the buyer.

If completion is delayed due to the fault of the seller, damages will be paid to the buyer. This is assessed when completion has taken place. "Fault" is assessed by reference to the conditions and clauses of the Standard Conditions of Sale.



Explanation

What is exchange of contracts? It is the process by which the final agreement in written format is agreed by all concerned and all the parties to the Agreement are bound by it. It is a serious document.



Dangers

As the buyer, if you decide to withdraw after exchange of contracts then any deposit paid to the seller will be forfeited. If this amount is less than 10% of the purchase price, the seller is entitled to sue for the balance of 10%.

At exchange of contracts, it usually becomes the buyer's responsibility to insure the property. In the case of leasehold interests, the landlord would already have insurance on the property. There would normally be a block insurance that subsists on the whole building.

If buying under a mortgage, it is often in the conditions of the mortgage that the mortgage company assumes responsibility for insuring the property. If so, this will be done automatically.

However, please check your mortgage conditions, speak to your broker or lending institution or ask your solicitor or legal

adviser if this is the case. Whatever is the case, it is most important that arrangements are in hand so that the property can be insured immediately exchange of contracts has taken place.

Any report or assessment on the property would only be available via the deeds and through the searches carried out for the Home Information Pack (HIP). What is not generally appreciated is that a lawyer, solicitor or property adviser can only provide advice based on information and details that have been supplied to him or her. It is not their function to inspect the property personally. As the buyer, it is your responsibility to advise your lawyer immediately if you discover anything suspicious about the property.

For the avoidance of doubt, it is advisable to put any suspicions you may have in writing to your lawyer.