

Why Leave A Will?

Buying a family home is, for most people, the most expensive undertaking that they will enter into. It is surprising therefore that the majority of home owners do not have a valid, up to date will dealing with the disposal of their property and assets after their death. One reason often given for this is that "wills are things dealt with by old people". However, adversity can strike at any age and therefore it is better to be prepared for all eventualities.

A will not only deals with the deceased personal assets, but can also take into account business assets or agricultural property. In the case of a family with young children the will should appoint guardians in case both parents die at the same time. The guardians will look after young children and the assets of the estate until they reach at least 18 years of age.

As part of our conveyancing service, clients will be reminded after completion of their purchase to consider either taking out new wills or revising existing wills. Our Probate, Tax and Trusts teams have a large number of specialists and can advise on wills, codicils, trusts, lasting powers of attorney, inheritance tax planning and probate.



Residential Building Guarantees

It is most unusual for a developer to sell new houses without the benefit of a building guarantee. Initially, building guarantees were the domain of the National House Builders Council but nowadays there are far more alternatives. It is not unusual to find that smaller developments are now guaranteed by other insurance company schemes, such as the Zurich New Build Scheme, Premier Guarantee Scheme or Building Life-Plans.

All of these companies offer at least 10 year structural warranties to protect against any defects in design, workmanship or build. The cover extended by these guarantees is normally only for new homes, new social housing or self-build projects.

Most purchasers of newly built properties do so with the aid of mortgage finance. It is usually a requirement of the mortgage that such properties are protected by a building guarantee.

In the first two years, the buyer is covered for all defects by the builder who is required to rectify any problems. In the remaining eight years, any structural defects will be the responsibility of the provider of the building guarantee.

Selling homes on new developments is more attractive to potential buyers if such buildings are covered by this type of guarantee. However it should always be remembered that the guarantee is a form of insurance and, as with all insurances, compensation will only be paid when a claim can be proven without question.

For more information on these types of guarantees please contact our Residential Property team.

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Incentives to Buy

As you are probably aware it is not unusual for builders and developers to give incentives to buyers to effect sales of properties.

These incentives originally took the form of part payment of legal costs in buying, some white goods, and possibly small cash back on completion. However over recent years the incentives have grown larger including cash backs to pay all the legal fees, stamp duty as well as white goods and carpets etc. It has been known for the developer to include a brand new car or expensive music systems.

When they are totalled up the value of the incentives can be tens of thousands of pounds. This means that the true value of the property is the agreed price less value of the incentives e.g. if there are £20,000 worth of incentives on a £200,000 property the true price is £180,000. The result would be that any lender to the buyers would not be lending on the true value of the property.

In the above example if the buyer applies for a 95% mortgage based on the sale price of £200,000 the mortgage will be £190,000; as

opposed to 95% of the true value of £180,000, which is £171,000. The lender has therefore lent £19,000 more than it should have. If the property is repossessed and sold at, say, £180,000 the lender will lose a minimum of £10,000.

To combat the above, the Council of Mortgage Lenders (CML), together with the Royal Institute of Chartered Surveyors, has decided that developers and builders of new, converted or renovated property must complete and hand to the surveyor or valuer a new form, the CML Disclosure of Incentives Form. This form will list in detail the incentives and their value so that the true value of the property can be ascertained and a correct decision on the amount to be loaned made.

In addition to the valuer, a copy of the form must be handed to the developer's own conveyancers who in turn will send a copy to the buyer's solicitors.

Remember the form will cover not only new builds but also all conversions and renovations of all residential properties including flats and barns. The form can be obtained from the CML website: www.cml.org.uk/handbook or we can supply copies.



Shared Ownership

In the past, many potential first time buyers of property found that they could not afford to buy without a very large mortgage. Indeed many were priced out of the housing market altogether. This, plus the credit crunch, has led to the market stagnating.

To help relieve the situation, the Government, with the aid of Housing Associations, has revived the Shared Ownership Scheme. Under the scheme the buyer buys a share of the property, typically 25%, 50% or 75% and pays a rent for the remaining share to the Housing Association. Built into the scheme is the ability to purchase further shares in the property so that it is possible to end up owning 100% of the property, this is known as "staircasing". The scheme covers both new build as well as established properties.

The scheme is aimed at primarily first time buyers and key workers, such as teachers, nurses and other lower paid workers.

Our Residential Conveyancing team has considerable experience in dealing with Shared Ownership Schemes and would be delighted to answer any queries or act for you on such a purchase.



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