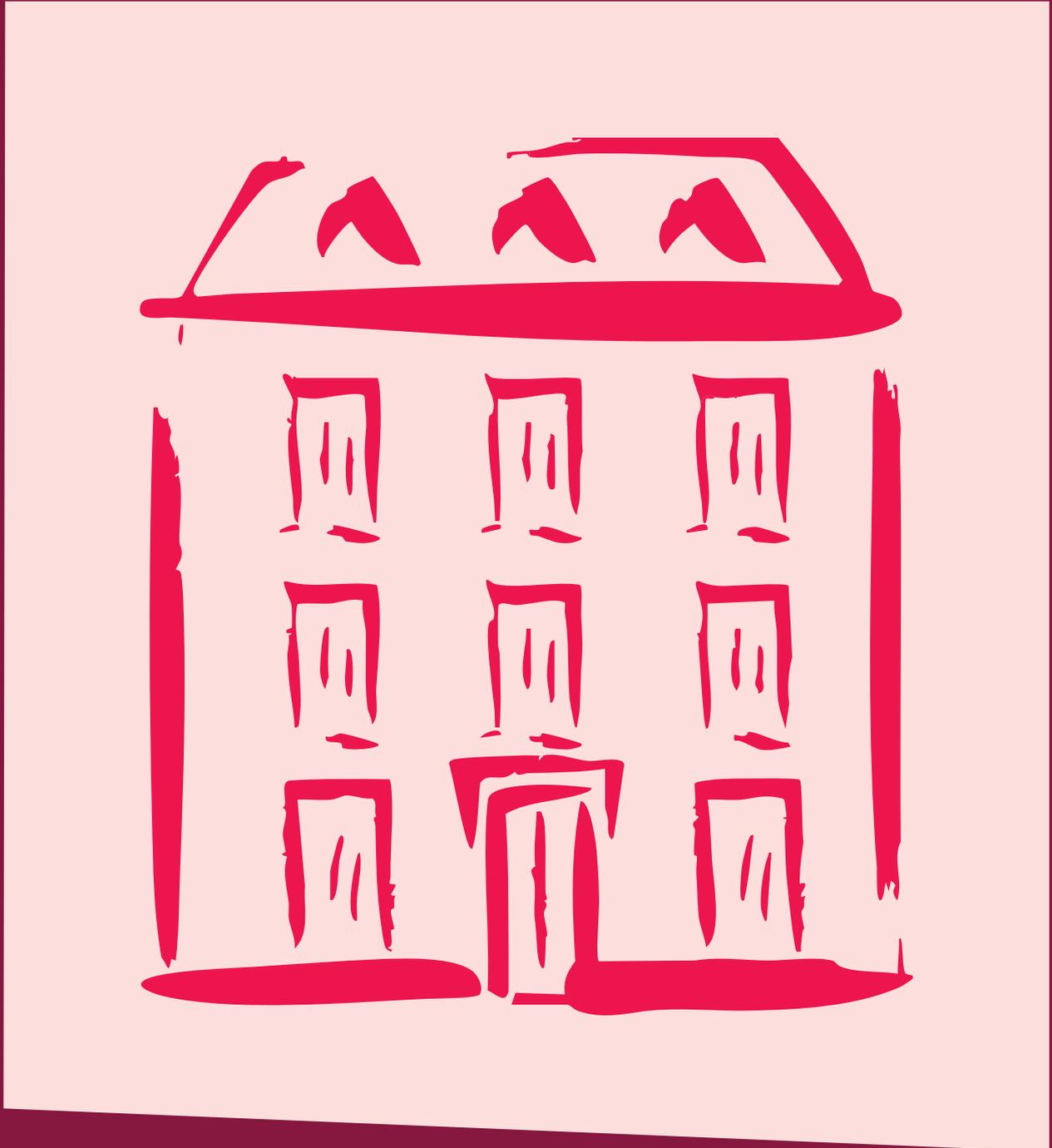


# Property Toolkits

## First Time Buyers



# Contents

What is a first time buyer?	03
Who qualifies as a first time buyer?	04
Stamp duty for first time buyers	05
First time buyer developments	06
Jargon Busting	07
Share transfer v Flying freehold	11
What is flying freehold?	13
How does flying freehold work?	14
Buyer beware	15
Obligations of the seller	16
What should buyers be aware of?	17
How does this benefit buyers?	19
Moving checklist	20
FAQ's - Buying a house in Jersey	22
What can BCR do for you?	26
What is the cost?	28
Meet the team	29

# What is a first time buyer?

Buying your first property is a really exciting moment, but it can come with a lot of worry and stress.

We have many years of experience of working with first time buyers like you so we are ideally placed to answer all of your questions and our friendly team will be on hand throughout to guide you through the process of getting your foot on the property ladder.



# Who qualifies as a first time buyer

A first time buyer is a potential home buyer who has never owned property, whether freehold or share transfer, anywhere in the world.

The term “owned” includes where an individual has:

- held accommodation on contract lease
- owned property together with any other person
- owned shares in a company for ownership of a property (share transfer)
- inherited a residential property
- any arrangement whereby such accommodation was held in the name of a nominee or trustee, or of a company owned by such nominee or trustee, for the benefit of the purchaser.



# Stamp duty for first time buyers

If you're a first time buyer, you can receive certain benefits that help get you on the property ladder. First time buyer benefits are designed to help people move on to or up the housing ladder.

If the property you're buying is under £700,000, you'll pay a reduced amount of stamp duty. You'll also pay a reduced amount of land transaction tax if you are buying a share transfer property.



# First time buyer developments

Being a first time buyer means that you can buy a home on a specially designated first time buyer development. These homes are advertised by local estate agents and are only sold to people who are first time buyers.

If you own a first time buyer property, you must occupy that property as your principal residence. You are not allowed to let a first time buyer property to another person.



# Jargon busting

## Share transfer

The purchase of shares in a company which owns the property. The company's Articles of Association will set out which part of the building the shares you buy allow you to use and live in.

## Articles of Association

The document which sets out a company's duties to the shareholders and the shareholder's rights and duties as the owner of shares in the company.

## Company Secretary

A person or business that looks after the company's paperwork and records. They will usually be responsible for calling annual general meetings to discuss the company's accounts and other administrative matters.



# Jargon busting

## Flying freehold

A property that is split into separate units through a document called a Declaration which is registered in the Royal Court.

## Association

The name of the legal body which owns the property created through the flying freehold Declaration.

## Declaration

The document which sets out how the Association owns the property. It will define the boundaries of the property and state the number and how it is split into units. It also sets out the Association's duties to maintain and insure the property and the co-owner's rights and duties in relation to their part of the property.



# Jargon busting

## Managing Agent

The person or business who looks after a property split into multiple units. They will look after the common areas and collect the payment of service charges from the owners. Managing agents can manage both share transfer or flying freehold properties.

## Common areas

Both Declarations and Articles of Association will set out the parts of the building the owners share between themselves. This will usually include stairways, halls, any shared gardens, foundations and structural parts of the property.

## Budget

A statement prepared by the Managing Agent detailing the likely expenses for the property's maintenance, insurance and administration fees. The budget gives guidance for the expenses which may differ during the course of a year.



# Jargon busting

## Sinking fund

An account which a company or Association may have a savings account to pay for future expenses such as redecoration or replacement of a lift. A sinking fund is an amount of money which is set aside to cover any major work which is needed to the property in the future. Monies towards the company's or Association's sinking fund are commonly included within your monthly or quarterly service charge, which is paid to the Managing Agent. Any expense which cannot be covered by the sinking fund will be for the co-owners to pay based on the contributions set out within the Articles of Association for share transfer properties and through the Declaration for flying freehold properties.

## Service charges

An amount the owner pays to the company or Association and is based upon the budget figures. The amount paid is set out in the Company's Articles of Association and Declaration as percentage. They may be paid monthly or quarterly depending upon how the company or Association decide to collect the charges.



# Share transfer

## What is share transfer?

Often you will find that apartments will be sold as a share transfer. This is when a Company owns a block of apartments (freehold). If you were to purchase the apartment you would buy shares in a company for that specific unit, and would be deemed the owner.

## How share transfer works

If you purchase a share transfer apartment, you are buying an allocation of shares in the property owning company. Although you are the owner of the apartment by virtue of ownership of the shares, you are also deemed to be co-owner along with the other shareholders.

The Company's Articles of Association governs the relationship and rights between the shareholders/co-owners and the Company, including how the Collective Property should be administered, the voting rights of the shareholders and how common expenses should be dealt with.



# Share transfer

The Company will have certain obligations that it will need to fulfil under the Articles of Association, such as insuring the building and filing certain documentation with the JFSC, and decisions made on behalf of the Company will usually be set out in a meeting of the shareholders, with the decision decided by a majority vote.

It is common practice for each shareholder to have one vote. As there are expenses which the company must pay, the shareholders will usually pay a service charge on either a monthly or quarterly basis. The service charge that a shareholder will pay is usually decided by the square footage of their apartment and so if you have a larger apartment, you will tend to pay more service charge.

The Law Society of Jersey introduced a standard Share Vending Agreement which all law firms in Jersey use for this type of transaction. The Share Vending Agreement stipulates certain warranties for the benefit of the purchaser, but these are qualified to an extent so it is vital that all aspects of the Company documentation are viewed.



# What is flying freehold?

Flying Freehold has certain similarities to Share Transfer but is important not to confuse the two. The Flying freehold Law was introduced because there were certain issues which arose regarding the ownership of apartment blocks and other property. Prior to the introduction of the Flying Freehold Law, only the freehold principle was applicable.

The Freehold principle was an understanding that when you own property, you own all the ground underneath the property and all the air space above the property. As you can see, this causes certain issues when you look at a block of apartments because there will be apartments below and above each other and so the freehold principle could not apply.

The Flying Freehold Law allowed purchasers to purchase an Apartment knowing that they will own the apartment freehold but such freehold will be limited to the space between the floor and ceilings of their apartment and in such case the freehold would be “flying”.



# How does flying freehold work?

The owner of a property will register a Declaration with the Royal Court. The Declaration sets out how the Association (the collective group of all the co-owners) owns the property and will also clearly set out the division of the property into certain “Lots”. When you purchase a property by the tenure of flying freehold, you will be purchasing Lots in an Association. The Declaration will clearly set out what those Lots confer ownership of. The Association’s Declaration prescribes those parts of the “Collective Property” that form the “Private Units” and those parts which are “Common Parts”.

The division of ownership referred to above shall be effected by shares each comprising a private unit and an interest in the common parts of the immovable property. The private units are those parts of the buildings and lands reserved for the exclusive use of a given co-owner. The common parts are those parts of the buildings and land intended for the use or benefit of all the co-owners or some of them.



# Buyer beware

It is an exciting moment when you are handed the keys to your new home. However that excitement can quickly fade if you later discover that there was a defect with the property which the seller was aware of, but failed to tell you about.

The Royal Court has previously ruled that where a seller has given misleading information a buyer may have some recourse against the seller. This decision has led to buyers asking many more questions of sellers - sometimes running to over 70 queries.



# Obligations of the seller

To streamline the process law firms now use a Law Society of Jersey standard 'Questionnaire' for all residential purchases. This then forms part of the seller's contract of sale, binding them to their answers. The Questionnaire asks a limited number of questions. Any additional queries should be raised through the estate agent rather than a lawyer. The Questionnaire sets out in clear terms the obligation on the seller to be truthful and the ability of a buyer to rely upon the answers.

A seller is not expected to carry out surveys or inspections in order to answer the questions. However, giving a false answer may lead to a claim being made against the seller. Such claims can be made up to three years after completion.



# What should buyers be aware of?

Whilst the Questionnaire is helpful, it is still largely a case of 'buyer beware'. The Questionnaire is not a substitute for a buyer carrying out their own enquiry by way of a survey. It may be that a problem with a property is not actually known to the seller but could have been discovered if a survey had been carried out.

Banks lending a mortgage will invariably have a valuation carried out. This is not a survey. A valuation is an assessment a bank carries out to make sure a property meets its criteria for advancing the loan. It is really to assess the risk faced by the bank in relation to the value of the property in the case of default on the mortgage repayments. The valuation report may only be a couple of pages. It will list all the main details about the property, the recommended valuation and comparable evidence to support that valuation. It is a 'tick box' valuation, nothing more.



# What should buyers be aware of?

Whilst a buyer will probably have paid for the bank's valuation it may not be of any use to the buyer because it is addressed to (and prepared for) the bank. A buyer is unlikely to be able to use the report to bring a claim against a seller.

In order to have certainty over the condition of a property a buyer should consider having one of the reports offered by the Royal Institution of Chartered Surveyors (RICS) carried out for their benefit, such as the Condition Report, Homebuyer Report or Building Survey. The detail and cost of each report varies depending upon the work involved.



# how does this benefit buyers?

RICS Surveys are for property buyers who wish to understand their property and the costs associated with the repair, maintenance, and upkeep, in addition to how the property is likely to perform in a future market resale. It is possible to use these reports as a tool to renegotiate the purchase price or agree that a seller will make good on any repairs as part of the sale contract. All of these reports will give a buyer information needed to make informed decisions about a purchase. The surveyor is acting for the buyer and not the lender and so is available to discuss their findings and offer advice if necessary.

Anyone buying their new home wants to be able to enjoy it and spend their money making it into a home they love. A buyer does not want to have to spend money on expensive repairs which they could have found out about before they bought and made a decision whether to buy with the information they needed.



# Moving checklist: Six weeks before

- Confirm the date of your move
- If you're renting, tell your landlord of your moving out date
- Check your home insurance - make sure you have cover from the day you move to your new home
- Get written quotes from several removal firms. Get references and check the limit of their insurance especially if you have very expensive items
- Book extra storage if required
- Notify the relevant utility companies of the date you are going to leave and the new property you are moving to so connections or readings can be taken
- If you need new furniture or carpets order them now and arrange delivery for when you move in.



# Moving checklist: Two weeks before

- Start packing non-essential items such as books and non-seasonal clothes into boxes
- Visit the Post Office and arrange for your post to be forwarded (you will be charged a fee for this service)
- If you have children or pets, arrange for someone to look after them during the move
- Make a list of everyone who should know about the move
- Send out change of address cards or letters
- Check arrangements with your removal company
- Arrange a time to collect the keys for your new home from your lawyer or estate agent
- Notify your bank of any changes to direct debits and standing orders



# FAQ's - Buying a house in Jersey

## Can I do the work myself?

No. Jersey law requires that all contracts concerning houses, flying freehold flats and land (“immovable property”) are presented to the Court by either a Jersey Advocate or a Jersey Solicitor.

## When do I need to instruct a lawyer?

As soon as you have made an offer on a property, which has been accepted. You usually make the offer to the Estate Agent who will ask you for lawyer’s details so that they can write to them in order to confirm the details of the transaction.

If you were to instruct us, it would be helpful for you to make contact with us either by telephone or in writing, to inform us of your proposed purchase and so that we can arrange an appointment to meet with you.

## Do I have to go to court?

No. If you wish, you can sign a Power of Attorney, which will authorise another person (often your lawyer) to attend Court on your behalf.



# FAQ's - Buying a house in Jersey

## Do I need a survey?

Yes. Even if the property is new it is advisable to obtain a survey in order to ensure the property is structurally sound and to identify any defects. If there are any defects then you will need to consider whether you wish to withdraw from the purchase of the property or alternatively, renegotiate the price.

If you are borrowing money by way of a mortgage, your lender will usually require a satisfactory survey before loaning money. More often than not, this takes the form of a valuation rather than a survey. If there are any doubts about the structure of the property you are buying, you should obtain a structural survey; you should first discuss the costs with your surveyor.

Do try to ensure that the survey is addressed to you as the purchaser, rather than to the bank as the lender, since this will give you greater rights against the surveyor if they make a mistake.



# FAQ's - Buying a house in Jersey

## How does the purchase actually happen?

You can buy freehold property in Jersey without signing any paperwork. The purchase and sale of such property is dealt with on Friday afternoons in the Royal Court. The seller and the buyer attend Court, either personally or represented by an Attorney, and swear an oath to uphold the contents of the contract.

## Who keeps my house deeds?

There are no house deeds as such. We will normally have a copy of your contract. However, the important document is the copy which is kept in the Public Registry of the Island. Do not worry therefore, if you lose your own copy.

Upon completion you will be provided with final copies of the purchase contract, your search enquiry letters and any loan documentation.



# FAQ's - Buying a house in Jersey

## How long will it take?

Much depends on whether or not difficulties are encountered. If there are no difficulties you should allow at least one month between first instructing us and the contract being passed before the Royal Court. If there are problems then matters can take longer. If the transaction needs to be completed within a shorter timeframe then this can be achieved.

## What happens if difficulties arise?

Generally speaking we will advise you of any such difficulties and try to sort them out. For example, if there is a boundary problem it may mean that the neighbour may have to be brought in as a party to the contract, usually at the cost of the seller. Sometimes insurance can be taken out against a problem. If the difficulties cannot be rectified we will advise you of the consequences of proceeding with the purchase and of acquiring a property which is blighted with those difficulties.



# What can BCR do for you?

- Check the title to the property to ensure that the seller actually owns the property and has the right to sell it.
- Ensure that there are no existing mortgages on the property or other charges registered against it. If there are any, we will ensure that when you acquire the property, all those mortgages and charges will be repaid in full and cancelled.
- Visit the property to check that the boundaries are as described in the contract.
- Check to see that your property does not encroach on the neighbour's property and vice versa.
- Ensure that your property has all rights to enable you to enjoy it as a private residence. For example, we will ensure you have any necessary rights of way to get to and from the property and that it has any required service rights so that, if the drains, water pipes or electricity cables go under any other property, there are contractual rights for them to do so.



# What can BCR do for you?

- Advise you in relation to any restrictions the property may have which might impact on your enjoyment of the property. For example, whether there are any building restrictions which your neighbour may be able to exercise over the property.
- Ensure that both you and the seller have the right to enter into the transaction pursuant to the Contract of Housing and Work (Jersey) Law.
- Ensure that you agree with the inventory of the contents that you will be purchasing with the property.
- Write to a number of States and Parochial authorities to ensure that they know of no matters which could prejudice your enjoyment of the property. For example, we will ascertain that there are no road widening schemes in the vicinity.
- One of our team will meet with you and take you through your contract of purchase, explaining it to you in detail and explaining to you all the rights you have. If you are borrowing money they will also explain the mortgage documentation.



# What is the cost?

There are two areas of cost to consider. Firstly, there are legal fees. We will give you a quotation prior to instructing us to act in your sale or purchase. There will also be certain expenses such as the enquiries made with the local authorities, who charge a fee to respond. In addition, if you are purchasing, there is stamp duty which is payable to the States of Jersey which is calculated on a sliding scale. If you are borrowing money further stamp duty will be payable. We will advise you in more detail as to the precise costs of the transaction.

Instructing a lawyer is not something most of us do regularly, but our team is approachable and easy to talk to. Clients benefit from our many years of experience, the highest level of professionalism and a very personal service.

We will clearly outline the timeline for proceeding and set reasonable deadlines with you. We will meet these deadlines and work hard to achieve the desired end result.



# Meet the Property team



Jonathan Anderson

Head of Property

[jonathan.anderson@bcrlawllp.com](mailto:jonathan.anderson@bcrlawllp.com)



Robin Troy

Consultant

[robin.troy@bcrlawllp.com](mailto:robin.troy@bcrlawllp.com)



Sarah Carolan

English Solicitor

[sarah.carolan@bcrlawllp.com](mailto:sarah.carolan@bcrlawllp.com)



Imogen Langford

Paralegal

[imogen.langford@bcrlawllp.com](mailto:imogen.langford@bcrlawllp.com)



Rafaela Vieira

Paralegal

[rafaela.vieira@bcrlawllp.com](mailto:rafaela.vieira@bcrlawllp.com)

## Contact us

[enquiries@bcrlawllp.com](mailto:enquiries@bcrlawllp.com) | +44 (0) 1534 760 860 | 12 Hill Street, St Helier, Jersey, JE2 4UA | [www.bcrlawllp.com](http://www.bcrlawllp.com)

