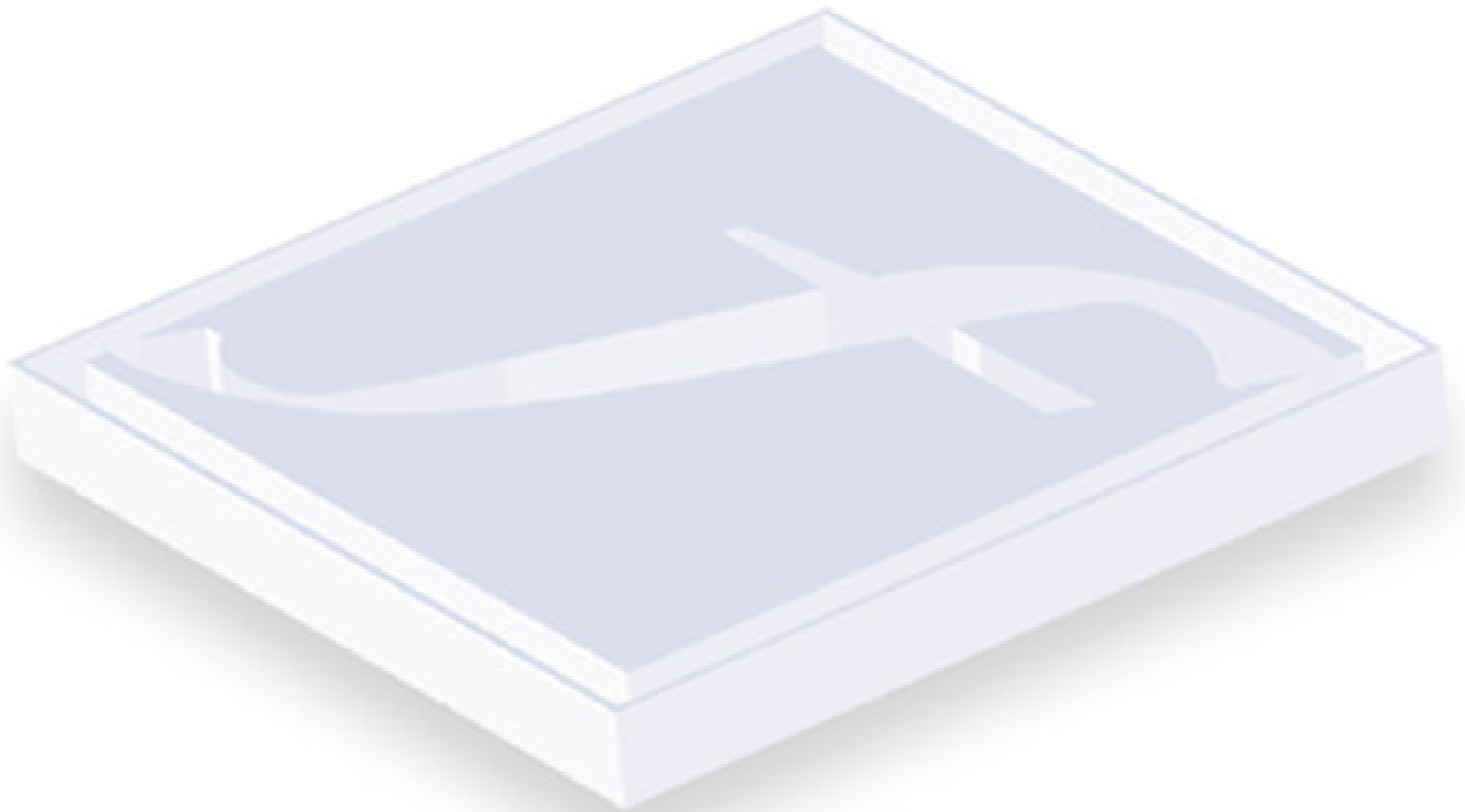


A Brief Guide to  
~ Home Information Packs ~



Franklin Property Services  
&  
Independent Financial Advice

## HIPs - the way you *Sell* property is changing!

### Background

Anybody wishing to sell his or her house on or after 1<sup>st</sup> of June must by law first purchase a Home Information Pack (HIP).

The primary aim of this new legislation is to remove wasted time and expense in the house purchase process, which has been estimated at more than £300 million per annum. A secondary objective is to also comply with EU legislation requiring member countries to assess and improve their energy consumption.

The new Home Information Packs must be in place *before* a property can start to be marketed as 'For Sale'.

### Mandatory Content

By law, every pack must contain a date-stamped Index of Contents, a Sales Statement about the property being sold, a copy of the Land Registry Title and Plan to confirm legal ownership, an Energy Performance Certificate giving an energy efficiency rating, a copy of any New Homes warranty (e.g. NHBC), Local Authority searches and a Drainage & Water search.

Leasehold properties must also contain landlord details and a copy of the lease agreement.

### Voluntary Content

In addition to the mandatory content (above) the Government is keen to promote the inclusion of the following additional information into the basic HIP: -

(1) The Home Condition Report (HCR) was initially earmarked as mandatory content by the Government but has now been downgraded to voluntary. This is in part due to substantial pressure from the industry and also to a failure to ensure that enough newly qualified Home Inspectors would be available to meet the imposed demand. The Home Condition Report is designed to provide the buyer, seller and mortgage lender with important information on the physical condition of the property.

Surveying the property *before* marketing could have provided significant timesavings but unfortunately mortgage lenders refused to accept this report as a replacement for the current Basic Survey.

(2) Warranties & Guarantees to provide evidence of work undertaken to remedy any defects highlighted in the Home Condition Report.

(3) Additional Information identifying the property, for example, a map, plan or drawing.

(4) Source Information about the source or supply of any pack document, including additional Land Registry documents for Common or Leasehold properties.

(5) Additional Warranties / Guarantees such as insurance policies or guarantees that exist for the property outside of those already required (e.g. for a conservatory).

(6) Additional Searches relating to the sale of the property including a environmental search, mining search, flood risk search or searches relating to telecommunications or transport.

(7) Additional Searches that relate to land or property near the property for sale – for example, to demonstrate that there are no plans to develop adjacent land.

(8) A Home Use Form, which summarises the ownership of the property, its boundaries, shared accesses, any alterations and a maintenance history.

(9) A Home Contents Form, which is effectively a Fixtures & Fittings list of all items included in the sale, also incorporating appliances and outside items such as garden fencing and the wheelie bin!

The Government believes this additional information will be of interest to potential buyers and so help speed up the overall process. In particular, they are keen to promote the *Home Contents* and *Home Use* forms.

Authorised documents or information may be added to the pack at any time but it is recommended that where possible they are included from the outset to avoid potential delays.

### Timing

Most of these documents already have to be provided as part of the legal conveyancing, conducted towards the end of the sales process. The key difference now is that they must be provided *before* a property can be placed on the market for sale.

### Why

By having all of these documents available right at the start it is hoped that a significant amount of time, money and effort can be saved once marketing commences.

Trials already conducted around the country have revealed that HIPs can take anywhere between 4 days and 4 weeks to produce! Because of this the Government has introduced transitional rules reducing the minimum mandatory information as long as all other documentation has been requested and delivered within 28 days.

### HIPs – Good News for Sellers...

In spite of the cost we believe that HIPs really are good news for sellers.

Far too many sales fall through at the eleventh-hour, due to poor survey results and legal problems with the Title. We believe it is far better for sellers to discover any such potential problems right at the start, giving plenty of time to action remedies rather than having buyers suddenly pulling out at the last minute – with the whole process starting again.

### HIPs – Good News for Buyers...

We also believe that HIPs are good news for buyers. At the moment buyers face mortgage application fees, survey fees and legal fees, with little chance of recovering any of these if a seller simply ‘changes their mind’ and pulls out of the sale. Hopefully the cost of a HIP will reinforce a seller’s commitment to actually selling, and not just ‘testing the market’.

### Cost

Basic HIPs will cost approximately £350 - £400 depending on the speed and service offered by the HIP provider, to be paid by the seller as an up-front fee or as part of their final fees on completion.

The cost of providing the additional information is estimated to be £200, resulting in a final HIP cost of somewhere around £550 (ultimately depending upon the size of the property and the HIP provider).

## Summary


Anybody thinking of selling their property this year may be interested to know that if you put your property on the market *before* the 1<sup>st</sup> of June then you will not have to purchase a HIP, as long as the property is sold before the end of the year.

## Order Your HIP from Franklin Property Services

You may purchase your HIP from *any* authorised HIP Provider and this does *not* have to be the agent you instruct to sell your property!

Whilst we would prefer to be your chosen agent we are fully prepared for the new legislation and will be able to provide a fast, efficient and cost-effective HIP solution for *everybody* when the new legislation comes into effect on June 1<sup>st</sup>.

To order your HIP complete our [HIP Order Form](#) located on our website in the HIPs section at [www.franklinpropertyservices.com](http://www.franklinpropertyservices.com) or contact us at: -



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