

Home Information Packs (HIP)

What you need to know

By Marie Paynter

What is a HIP?

A HIP is a Home Information Pack. The pack contains information about a property and from the 14 December 2007 a HIP is required for all properties before it is marketed for sale.

The HIP must be held in electronic form in the interest of being as environmentally friendly as possible, although at least one "hard copy" of the document needs to be available for inspection if requested.

Do you need a HIP?

Where property is being sold / marketed in any of the following circumstances a HIP is not required:

- Properties where there is no marketing (e.g. sale to member of your family)
- Non-residential properties
- Seasonal and holiday accommodation
- Mixed sales (e.g. shop with flat)
- Right to buy and similar sales
- Sales of portfolios of properties
- Properties not being sold with complete vacant possession
- Unsafe properties and properties to be demolished

What's in a HIP?

The HIP comprises two main sections: Section One ~ compulsory documents; and Section Two ~ authorised documents which may be included in the report, but are not compulsory.

Compulsory documents

These are:

- energy performance certificate
- evidence of title
- sale statement
- local authority result and water drainage search result
- where the property is Leasehold, a copy of the Lease, any details of the Landlord and Management Company, details of any amendments to the Lease or Regulations made, details of any major works to the building proposed for the future, and details of Service Charges.

Authorised documents

These are:

- a home condition report
- completed property questionnaires
- planning permissions and any building regulation consents and warranties
- where the property is Leasehold, any additional information about the relationship between the tenant and the landlord including, for example, details of the current level of service charges, how much rent is payable, details of any reserve fund relating to the property and details of any planned or recent works to the building in which the property is situated.

Energy performance certificates

Energy Performance Certificates (EPC) rate how well a house performs in terms of heat efficiency, and minimising carbon emissions.

At present most buyers of existing homes have little, if any, information about the energy efficiency of the home that they are thinking of buying, or what it will cost to heat. They do not know what might be done to make a home more efficient by reducing both gas and electricity bills and carbon emissions. Often simple and relatively cheap measures can make a big difference. It has been reported that around 8 million residential properties have unfilled cavity walls. If all these homes were properly insulated, it would significantly reduce carbon emissions each year and reduce bills. Cavity wall insulation is estimated to cost on average £342 and it is likely to save an average household £133 a year – paying for itself in just over two and a half years.

EPCs will enable buyers to compare the energy efficiency of properties as part of the information available for consideration, when deciding whether to make an offer. EPCs will also provide clear, simple advice on improvements that might be made.

Evidence of Title

Title Documents known as Official Copies are obtainable from the Land Registry for a fee and can be provided electronically within a very short period of time. These will show who owns the property, what covenants or conditions that property is subject to, if any, and also whether the property is mortgaged. The document may show how much the property was bought for, if it was bought by the current owner in the last few years.

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Sale statement

The Sale Statement gives information about the property including the address, whether it is freehold or leasehold, whether it is registered or unregistered title, who the seller is and what capacity they are selling it in (e.g. as registered proprietor or as executor etc.) and whether the property is being sold with vacant possession or subject to any tenancy.

Searches

A local authority search is provided by the Council for the area in which the property is situated. It provides information about the road serving the property, whether any planning permissions have been granted for the property and whether, for example, the property is listed or in a conservation area. The local authority search result can take from 3 days up to 3 weeks to be produced by the Council, depending on the area.

The water and drainage search is provided by the local water company serving the area in which the property is located, and provides information about whether the property is connected to mains water and drainage. The result can usually be expected within 5 days of application being made.

Lease

With leasehold properties it is compulsory to include in the HIP a copy of the lease. This is obtainable from the Land Registry provided the property is registered, or a copy can be obtained from the Title Deeds which are likely to either be with the seller or with the seller's mortgage lenders. The remaining compulsory leasehold information is likely to be obtainable from service charge invoices etc. received by the Seller.

HIP shelf life

The Regulations provide that where marketing is continuous, there is no duty to update the HIP. If a transaction proceeds and then subsequently fails for whatever reason, there is no need for a new HIP to be produced, provided the property is remarketed within 28 days of the prior transaction failing.

The time sensitive elements of the HIP are the searches, particularly the local search, which will be valid for 6 months.

Where marketing of a property is stopped because a seller has accepted an offer which subsequently does not proceed, or when the property has been withdrawn from the market, the regulations provide that there is no duty to renew the HIP, provided that the property is remarketed within 28 days of the withdrawal date, or the date on which the transaction failed.

How long does it take?

A HIP can be prepared to enable a property to be marketed within a short period of time. It is not necessary to have all of the information required by a HIP immediately available, provided all the compulsory elements of it have been ordered. In most cases Landau Zeffertt Weir will be able to confirm that your property can be marketed within half an hour of receiving your instructions to produce a HIP. As further necessary information becomes available, for example when the local authority search result is received, the HIP can be added to in order to supply a prospective buyer with full information about a property on which to base their decision whether or not to make an offer for it.

How much does it cost?

The usual cost of preparing your HIP is £400 inclusive of VAT

Payment

Payment for the HIP can be made by credit or debit card. As soon as payment has been made we can confirm that marketing can commence.

Conclusion

The effect of HIPS is to enable the buyer to obtain information on their property at the earliest stage of the process, before a property is marketed.

Landau Zeffertt Weir can assist you in compiling your HIP quickly and cost effectively.

Unfortunately as the HIP regulations have been watered down substantially the HIP may not speed up the conveyancing process especially if your property is Leasehold.

This is why LZW request that you instruct us on your sale transaction at the same time as instructing us to produce your HIP.

This way we can start obtaining the documentation required to produce, a full contract pack which is what your Buyers Solicitor will need.

This will speed up the conveyancing process.

If you are thinking about selling your property, please call us first to give yourself a head start.

Our property solicitors are happy to discuss matters with you. For further information, please contact either:

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