



A guide to buying your dream home

Congratulations! You've taken the first step towards buying your dream home. At Trott and Duncan we know that this is a very exciting time in your life. Our Property Department is positioned to provide you with professional and personalised service to meet your needs.

We understand that most buyers are unaware of the steps needed to fund their dream of "owning a piece of the rock". This Home Buyers guide will help you navigate the home buying process by briefly setting out the procedure to ensure a smooth property transaction. So take time to familiarise yourself with our guide and put your mind at ease because with Trott and Duncan you are in good hands!

BEFORE YOU BUY

STEP 1: PRE-APPROVAL

Pre-approval financing is the most important step before you begin to look at homes to purchase. Pre-approval is important because you become aware of how much you are able to borrow.

Obtaining pre-approval is easy. Simply go to a lending institution and make an appointment with a loan officer. Once you meet with the loan officer, explain to him or her that you are currently looking to buy a home and that you would like to know how much the bank is willing to lend you. Once you have been assessed, you should then meet with a real-estate agent.

STEP 2: SEARCHING FOR THE AGENT AND THE HOME

You must find an agent you can trust to help you find your home. Your family and friends are a great source for you.

When you meet with your agent, let him or her know exactly what you want in your property. The more information your agent has, the easier it is to help you find your dream home.

THE BUYING PROCESS

STEP 3: OFFER AND ACCEPTANCE

When you have found a home that you are interested in purchasing, you will be required to make an offer on it.

Once an agreement on the price has been reached, a sale and purchase agreement ("the agreement") will be drafted. Your attorney will meet with you to explain the terms and conditions contained in the agreement.

Before the agreement is signed, there is no obligation to give money to the seller or the real-estate agents. If you have paid a deposit prior to signing the agreement, you must notify your attorney to ensure that this is factored in when calculating the closing costs

This agreement, once finalised and signed, is a binding contract for you to purchase the property of choice subject to any of the conditions contained in the agreement.

Your attorney usually has 30 days within which to draft all of the necessary documents. During this period, your attorney will also review the title deeds to the property to ensure that the seller has the capacity to sell by having legal title. This is important because it guarantees that your conveyance is valid and that the property will be transferred correctly into your name.

What do I do now?

You must ensure that you have sufficient funds to cover the cost of purchasing the property. Although the mortgage proceeds will usually cover the amount of the purchase price, there are extra costs that must be taken into account, in order to guarantee that you have sufficient funds for closing. Your attorney will provide you with the estimated associated legal costs.

STEP 4: MORTGAGE, APPRAISAL AND INSURANCE

After the agreement has been signed, your attorney will send a copy of the agreement to your loan officer.

Your loan officer will then arrange an appointment with you to sign the Offer to Finance Letter. After this your loan officer will write instructions so that your attorney can draft your mortgage document. It can take up to two weeks before your attorney receives these instructions.

Once your attorney receives the mortgage instructions, your mortgage and conveyance documents will be drafted. You should shop for home insurance during this time and request that the insurance policy take effect from the date of closing. When you have an insurance policy in place, you should call your attorney and give him or her the name of your insurer and the insurance policy number. Your attorney will then send the mortgage document to the bank with a copy of your insurance policy and await the mortgage proceeds.

Now that you know the completion date, you should arrange a moving date but you should be flexible as delays sometime occur.



STEP 5: COMPLETION

When your attorney receives the mortgage proceeds, any outstanding debts on the property will be paid off and the balance will be sent to the seller's attorney. Your attorney will also send the conveyance document to the seller's attorney for the seller to sign it, and have it returned to your attorney as proof of your legal title to the property.

Once the conveyance document has been signed to transfer title to you and money has been transferred to the seller's attorney, congratulations; you are now a home owner!!

Your attorney will contact you once funds have been transferred and will also tell you where to collect the keys to your new home.

What do I do now?

1. Take ownership of your home by collecting your keys and moving into your new home.
2. Inform the utility providers that you are the new owner of the property.
3. Have the post-office forward mail from your old address to your new one.

PROTECTING YOUR ASSETS

The hard work and anxiety is finally over. You have settled into your new home and have now decorated it so that it reflects your personal style. Yes, your home is insured, but how do you make sure your family is protected if you are no longer with them or make sure your home remains a valuable asset? How do you ease the tax burden on your dependents if you pass away? Trott & Duncan's Estates Department and our Trust Company (Westport Trust Company Limited) can help answer these questions.

ESTATES DEPARTMENT:

Our Estates Department can advise you on how to protect your assets and secure the financial future of your family members. We have worked with both local and international clientele serving a diverse client base. In addition to protecting your assets, we offer other estate planning services such as tax planning. Tax planning reduces, and in some cases eliminates, your family's tax liability after you are no longer with them.

WESTPORT TRUST COMPANY LIMITED:

Our Trust Company can advise you on how to secure your assets for your family. A Trust holds property for the benefit of others and this is a great tool for someone who has minor children. Establishing a Trust can also ensure your tax obligations are kept to a minimum so that your dependents can enjoy the benefits of your estate without tax implications.

Discuss your concerns regarding the protection of your assets with our property attorney who will then direct you to the relevant department to ensure that your needs and concerns are taken care of.

THINGS TO CONSIDER

1. How will we hold the property? You may want to hold the property as joint tenants, tenants-in-common or in trust. (See commonly used terms.)
2. There are hidden costs in real estate transactions. The following must be taken into account when determining the funds needed for closing:
 - a) Planning Search fees - this is a search sent to the Department of Planning. It takes 28 days to complete and ensures that there are no illegal developments on the property.
 - b) Registrar General and Supreme Court Registry searches - these searches are completed at the relevant Government offices. They ensure that there are no unknown debts on the property and that there are no other documents which affect the title.
 - c) Stamp duty fees - these are government taxes and are payable on all documents involving real-estate.
 - d) Bank's arrangement fee or lender's negotiation fee - this is a general fee of up to 1% which is deducted by the Lender from the total sum borrowed.
3. Ensure that everyone who is a party to the transaction will be in Bermuda to sign the documents at closing. If someone is not available on the day of the closing, you must inform your attorney. You should attend your attorney's office a day or two before closing to sign off on the mortgage and the conveyance documents.
4. Ensure that the property is insured to the value required by the bank. The bank will not release mortgage proceeds to your attorney unless the property is insured for the amount required.
5. Always make arrangements with the agent to view the property prior to the closing date. If appliances are being sold with the property, make sure that they work! Test them out a few days before the closing date and report any defects to your attorney. Remember, it is not the seller's obligation to inform you of any defects in the property or appliances.



COMMONLY USED TERMS IN A PROPERTY TRANSACTION:

1. Appraiser: A person who determines the market value of a house based on its condition and the asking price when comparing it to similar properties recently sold in the area.
2. Closing/Completion date: The date on which the sale becomes final. At this point the new owner takes possession of the property once funds have been transferred from the purchaser's attorney to the seller's attorney.
3. Conveyance: A document (other than a Will) that transfers an interest in land. NB when a person buys a leasehold property, the document that transfers the title is a Lease or an Assignment of Lease.
4. Joint Tenants: Persons who own the property collectively. There is no divisible interest. With a joint tenancy, the law of survivorship applies. If one person was to pass away, the property would then be owned automatically by the remaining parties.
5. Maturity Date: The final day of the term of the mortgage.
6. Mortgage: Any charge on the property as security for a loan.
7. Mortgagee: The lender.
8. Mortgagor: The borrower.

9. Offer to finance letter: A letter from your lending institution which covers the level of funding, the cost of the loan, the security requirements and the termination conditions. It is signed by you to show your approval of the terms of your mortgage.
10. Prepayment Clause: A clause in the mortgage document that allows the Mortgagor to repay all or part of the Mortgage debt in advance of the Maturity Date.
11. Prepayment penalty: The sum of money (usually 3 months interest) a Mortgagee may require from a Mortgagor who repays all or part of a Mortgage before the Maturity date.
12. Tenants-in-Common: Persons who own the property individually. You will each own a divisible share in the property. This then means that each owner is allowed to give their share of the property to a third party.
13. Title: Evidence showing that the owner of the property has lawful ownership.





Trott & Duncan - Property & Estates Departments

Address: 17A Brunswick Street, Hamilton HM 10, Bermuda
Mail to: P.O. Box HM 2094, Hamilton HM HX, Bermuda
Telephone: 295 – 7444
Fax: 296 – 5086
Web: www.td.bm

Westport Trust Company Limited

Address: 17A Brunswick Street, Hamilton HM 10, Bermuda
Mail to: P.O. Box HM 2094, Hamilton HM HX, Bermuda
Telephone: 296 – 9769
Fax: 296 – 3645
Web: www.westport.bm