

## Home Information Packs Finally Come Into Force

The Government's controversial Home Information Packs (HIPs) have now come into force on 1<sup>st</sup> August 2007, albeit for a limited market.

The launch of the packs was delayed for two months and have now been introduced for those properties with four or more bedrooms. The packs include a new energy performance certificate, which will give information on reducing energy consumption.

For other properties, packs will be "phased in". The latest official announcement is that for 3 bedroom properties they will be introduced on 10<sup>th</sup> September 2007. For other properties it is expected that HIPs will be required by 1<sup>st</sup> January 2008, but judging by past performance, who can really say? We shall of course be monitoring the situation closely and updating our website when we have more information.

The scheme was intended to speed up the conveyancing process so that as much information as possible about a property would be made available to potential buyers at the outset to enable them to make a decision as to whether to buy. In theory that is a great idea and something we have been trying to encourage clients to do for a long time. The sooner you instruct a solicitor to gather together all the information, the quicker exchange of contracts can be achieved. It is only when contracts are exchanged that the transaction becomes binding. It may also stop people putting their properties on the market "speculatively" and thus result in a truer market.



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HIPs are now mandatory for properties with four bedrooms or more, but this begs the question, when is a bedroom not a bedroom? If you have four rooms on one floor of your property but one of them contains bookshelves and a computer, presumably that is not a bedroom. Apparently, larger homes are the least energy efficient.

Originally, you would have had to have certain documents available at the time you marketed your property but now it will be sufficient to say that you have the preparation of the pack "in hand". Exchange of contracts will not be possible until the documents are available, however, but that was of course the case even before HIPs were invented.

Indeed, every time the regulations are reviewed, the packs seem to get smaller and smaller and therefore of less value.

One of the complaints about the packs and energy performance certificates was that the information they contained would go out of date so much depended on how long it would take to sell your house. That is being addressed by both search providers and the Government but further consultation is going to be required as to an acceptable length of time. Currently, the Council of Mortgage Lenders requires that at exchange of contracts a local authority search is not more than three months old and at completion of a transaction,

not more than six months old. So even if the HIPs regulations introduce a different timescale, the Council of Mortgage Lenders requirements will remain in place. This may require searches to be renewed anyway.

The general idea of speeding up the conveyancing process is good but the way in which the Government is trying to impose it is leaving the property industry and therefore the residential property market at the moment in something of a state of disarray. Many people may now be in a rush to put their properties on the market before the end of the year, without any real certainty that HIPs will apply to all properties.



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