

## Handy Guide to Buying a Property

### Work Out What You Can Afford

Buying a property is a big step involving a substantial long-term financial commitment, so think hard about what you can afford. You will need to consider the assets you have - like savings - as well as the money that's coming in and going out.

Although it may reduce your buying options, you don't want to commit to a mortgage and then realise you can't afford some of the nicer things in life! It may sound obvious but take time to think of all the things you spend money on throughout the year, even without a mortgage.

### Getting a Mortgage

For most people buying a property the biggest ongoing cost is the mortgage - simply a loan secured against a property. You can't sell the property without paying off the mortgage first and if you don't keep up the repayments the lender can repossess the property.

Because of the credit crunch, it is vital that you secure a mortgage with a lender before starting the searching process. This way, when you find the right property, you will avoid being beaten to it by another buyer and you will also be in a much stronger negotiating position.

Generally, the best mortgage deals are available to people who put in at least 15% of the property's value, leaving the mortgage company to lend the other 85%.

If you put in less than 10%, you may have to pay a "Higher Lending Fee" (sometimes called a Mortgage Indemnity or a Mortgage Guarantee Charge) which will add to the cost of your mortgage.

### Finding a Mortgage

Firstly, get a rough idea of what's available. Your estate agent should be able to help you with this as a starting point. If you already have a relationship with a bank or building society, see what they have to offer.

If your circumstances or the property you want to buy are unusual it may be worth asking your estate agent if they know a good "intermediary" such as a mortgage broker who can help. Always ask if they search the whole market or just a small set of lenders, and how much they charge.

Your employer - some financial firms have mortgage schemes for staff.

### Finding the Ideal Property

You will need to consider what aspects of a property are most important to you:

- number of bedrooms / bathrooms.
- parking provisions.
- separate kitchen and dining room.
- private garden.
- conservatory.

Tell your agent exactly what type of property you are looking for and the elements that you could possibly

compromise on. Also inform them what you don't want and whether you have a mortgage agreed in principle.

## **New Builds**

You may want to consider buying a new build; which are growing in popularity and offer many benefits to homebuyers. The benefits of buying a new home include:

- Not having to spend money or time redecorating or repairing your new home. You may even get to choose the design before it's built.
- New build house developers registered with the National House Building Council (NHBC) provide a 10-year warranty. Similar guarantees can be gained from other providers.
- You can avoid waiting for detailed surveys to be completed as your guarantee covers any unforeseen problems.
- The average new home is up to six times more energy efficient than a traditional second-hand home.\*
- There are no upward chains when buying a new build house, so the whole process is quicker and less stressful.

\*Source: The New Homes Marketing Board <http://www.nhmb.co.uk>

## **The Area**

If you are moving to a new area, you may want to do some research to see if it is suitable for your lifestyle. Useful information about house prices, school performance, public transport links and other amenities can be found on Rightmove.

The checklist below covers some of the most important things you need to know and where to get the information:

- Use the Government websites to find out what the council tax bandings are in the new area. The VOA website can be used for England and Wales while the SAA website is for Scotland. .
- Get information on a variety of subjects including: population, crime, health and housing from the Office for National Statistics website.
- Check out the public transport links on the Transport Direct..
- Visit the Highways Agency website to check your road transport links and any plans for future road developments that may affect house prices in the future.
- Look at the Environment Agency website to find out more about the local environment; from pollution to flooding.

Find out as much as you can about a property you like using the photographs, floorplans, virtual tours, online brochures and local information that is available with most descriptions. Always call or email the advertising agent to check any missing information.

As soon as you have established the property is of sufficient interest for you, book a viewing with the agent.

Also, don't forget to take a camera and tape measure on every viewing you go on - the camera is so you can avoid having to rack your brain about which property had the lovely en-suite. With cameras built in as standard on most mobile phones, this is easier than ever. But remember to always ask permission with the agent before taking any pictures. The tape measure is for you to see if your large/favourite pieces of furniture will fit in the rooms.

## **Making an Offer**

Once you have found the property of your dreams, the next step is to make an offer. Once the seller has accepted your offer, ask them to take it off the market. They don't have to agree to this, but doing so will shut out

other potential buyers. Now you need to move fast - the seller will want to see progress so try to avoid any unnecessary delays in getting the surveys and other legal work done.

Complete the lender's application form and send them the documents they require - this will include proof of your ID, evidence of your earnings, proof of your address over the last few months and your bank statements, so have these ready.

The lender will arrange for a valuation to be done on the property. If you are lucky enough to not need a mortgage, you don't have to get a survey done, though buying a property without one is not advisable and risky.

The lender will use the surveyor's Valuation Report and other information you provided to calculate how much it will allow you to borrow by way of mortgage secured on the property.

#### Tips for choosing and using a conveyancer

1. Get at least three conveyancers' quotes well before you start looking for property. Ask friends, family and your [estate agent](#) for recommendations.
2. Tell your conveyancer if you want answers to any specific questions in advance.
3. Let them know when you would like to exchange contracts and complete. Tell them you will require regular updates of how the purchase is progressing.
4. Try to negotiate a no sale - no fee deal, so if the deal falls through you don't pay anything.
5. Check and compare quotes carefully making sure they are like for like. Decide if you also want the conveyancer to arrange an Environmental Search, which will give information such as flood risk, radon levels and local mines in the area. You can also help to keep the process moving ahead by:
  - Giving the conveyancer some basic information to get started; things like your mortgage lender details, the seller's details, proof of your ID and any specific questions you would like them to ask the seller.
  - Completing mortgage application forms and responding to solicitors' queries as soon as you can. Use registered post or deliver documents by hand to save time.
  - Checking seller's responses to questions carefully.
  - Asking your conveyancer if you don't understand anything.

Here is our quick guide to understanding what a conveyancer does. They will:

- Obtain sellers' responses to questions, such as who owns the boundaries, whether they have had any disputes with neighbours and what fixtures and fittings are included.
- Check copies of any guarantees on the property, details of planning permissions and building regulation certificates.
- Check the seller really is the owner of the property and prepare a Report on Title for you.
- Check local authority searches and plans for the local area.
- Pay stamp duty tax on the property.
- Arrange registration of title in your name.

It can take anywhere between 6 and 12 weeks from the day your offer is accepted to getting all the paperwork completed and queries answered, even where there is no chain.

#### What Happens Next?

In England and Wales, Exchange of Contracts is the last stage of the legal process after which you cannot pull out (without losing your deposit and any legal costs you may have incurred).

Once everything is ready, you'll then be asked to pay a deposit- usually 10% (but sometimes 5%) of the property value before contracts can be exchanged. If the buyer pulls out after this stage, they will lose their deposit and may face legal action from the seller. It is essential to have Buildings Insurance cover in place at this stage and buyers should also consider other protection such as Life Insurance.

A date for completion is usually set for at least two weeks after contracts are exchanged. This should give you enough time to arrange moving in.

Here are some tips to make moving day as smooth as possible:

- Use a good removal firm - seek recommendations from friends. Look for members of the British Association of Removers who operate a strict code of conduct.
- If possible, try to stagger moving days so you don't have to do everything all in one day.
- This can also give you time to do any essential work to the new property such as carpet cleaning or any decorating that needs to be done before all your belongings arrive.
- Try to avoid Mondays and Fridays which are the busiest days on the roads.
- Save time and cost by doing some of the packing yourself.
- Check out the best value utility contracts for your new property well in advance and read the meters in both properties on moving day.
- Redirect post well beforehand - this is especially essential to protect yourself from identity theft.

Source: Rightmove