



# PRO SPEC CT

**Guide to Buying your next Home**



So you've decided to buy a property - congratulations!

Buying a home is a major milestone in our lives and likely to be one of the largest purchases we ever make. Regardless if it's your first or fifth time, it should be an exciting experience, not a daunting one.

That's why we've created this simple guide to take you through every step of the buying process. We'll explain every stage, what to expect and what to do, top tips and essentially everything you need to know when buying a home!

## How much can you afford?

Before starting your search, you'll need to work out how much you can afford so you know what price range you should be searching in.

How much you can borrow is dependent on how much you earn and the size of deposit you have. Don't forget to take costs such as Stamp Duty and Solicitors fees and charges into consideration too – as you'll need to pay for these outside of your mortgage agreement.

Naturally people want to buy as big a property as possible, but be cautious doing this as this could stretch your finances, leaving you with nothing left for upgrades on your home (or treats for you and the family) once you have brought it.

Now is the time to speak with an Independent Financial Advisor (IFA) – regardless if you've got a mortgage on your current home or not. It's important to do this as an IFA has access to every mortgage deal available, not just ones from a specific bank or lender and could make your deposit go further.

IFAs like ours also have access to certain special rates and deals, not available through anyone else. So make sure you explore all the mortgages on offer, not just what your bank has to offer!

Make sure you get the right mortgage for you though, there's hundreds of different types and the getting the wrong type for you, could cost you thousands in the future...

**TOP TIP:**

Don't over-stretch yourself! A larger home is more attractive, but if you'll be living on beans on toast and unable to socialise for the foreseeable future – is it really worth it?





## Finding the right mortgage for you

There are literally thousands of different types of mortgage available, you need to ensure you find one that's right for you.

The wrong type of mortgage can cost you thousands in the long run!

## Repayment vs Interest Only

Repayment means not only are you paying off the interest, you're also paying off the 'capital' (i.e. the amount you borrowed) – meaning you will have repaid the mortgage at the end of the term.

'Interest only' is exactly as it sounds, you're only paying off the interest on the mortgage every month – not the 'capital'. At the end of the term of the mortgage you will then have to repay the amount you originally borrowed. Repayment is often the more popular choice as although the Interest only monthly payments are less, you'll be left with lots of pay off the property at the end of the mortgage term or when selling.

## Fixed rate vs Tracker vs Standard Variable Rate

A fixed rate mortgage will ensure that throughout the term of your mortgage your rate doesn't rise, meaning higher monthly payments.

Fixed rate mortgages are usually only for 2 years, up to 10 years.

A tracker mortgage will fluctuate alongside the Bank of England (BoE) Base Rate. If this rate goes up then so will your mortgage payments.

Standard Variable Rates are the worst value mortgages that you can get, so try and avoid this one!

## Discounted Mortgages

As Standard Variable Rates aren't particularly attractive mortgages, lenders may offer a discount for the first 3-5 years to entice you to take them. Be warned though, after the initial discounted rate you'll likely revert back to a SVR mortgage.

## Offset Mortgages

These can help to reduce the amount of interest you pay on your mortgage. As they link to your savings and bank account, your lender will work out how much interest you owe based on how much you borrowed, minus what you have in your savings or bank account.





## First Time Buyer Mortgages

Saving for a mortgage can be difficult, so many lenders have special deals for those buying their first property.

With lower deposits required and often smaller repayments over the first 3-6 months, these can be a great help getting on the property ladder. You will pay it back in the long run, so make sure you look at the whole term of the mortgage, not just the discounts!

Once you've selected the best mortgage for you, secure an Agreement in Principle (AIP) with your selected lender. This will prove that you have a mortgage offer in place and make you very attractive when offering on properties.

### **TOP TIPS:**

Every mortgage has interest with it and this interest can be worked out daily, monthly or annually. Avoid any mortgage which works out interest annually and where possible, opt for a daily interest calculation.

### **KEY QUESTION:**

Will I have to pay a mortgage indemnity premium and if so how much will this be?

### **KEY QUESTION:**

Is there an arrangement fee to pay and if so will I get this back if my application does not proceed?

## Location

If you'd like to move to an area you're already living in or familiar with then this isn't such a big task, however if you are moving out of the area then you'll need to carefully research the area to ensure you really do want to buy there.

This can be time consuming and involve lots of visits to the area.

Don't rush into an area, as you could hate it when you move in and want to move immediately again – a costly mistake!

## Your 'must haves'

From area to property type, there's bound to be some things on your 'want list' that are non-negotiable, must haves.

Your must haves could include 3 bedrooms, driveway, conservatory or separate kitchen. Maybe you won't consider a home without a bath, if you wouldn't tell your agent!

It's good to determine what these are, so when you register with agencies and start looking at properties, you know exactly what you want, so they know exactly what to show you.

TOP TIP: If you've picked a certain area, research the properties in that area and your price range so your list of 'must haves' isn't unrealistic!





## Searching for your dream home

You'll need to register with the major portals and estate agents in the area you're looking to buy also.

We recommend you register your search requirements with the two major UK portals Rightmove and Zoopla.

When speaking with an agent, be specific 'personal shopper' search about what you're looking for, the more detail the better! If you won't consider a home without a fireplace, tell the agent!

That way, they can ensure you're only seeing homes that you'd actually want to live in.

Some agencies offer specific personal shopper services – so if your dream property isn't on the market, they'll go out and find it for you!

### **TOP TIP:**

Pop into the offices of your local agents and get to know them – face to face is always best and getting to know them means when the right property comes up, you're the first person they call!



## Arranging viewings

Once you've registered with everyone, you should start receiving details of homes that suit your requirements.

If you like the look of them, time to arrange viewings. Most agencies will accompany all viewings you go on, so you can have a good look around the property and be honest with them if it's not what you're looking for.

**TOP TIP:**

Be honest! If you hate a property and don't tell your agent, they'll keep showing you similar things. So as you see more and more homes and your requirements change slightly, keep your agent up to date.





## Making an offer

Once you've found 'the one' you need to make an offer.

Your estate agent will need proof of your identity (Passport is ideal) and proof of address (Driving Licence is perfect) to comply with Anti Money Laundering Regulations.

Make sure you're in a strong position as a buyer (mortgage ready and no chain are both attractive buyer positions) as this will make your offer more attractive to the seller.

You don't have to offer the full asking price – although the property has been listed at that price, so if there are works you'd like to do after the purchase you can reflect that in the offer you make.

This may or may not be accepted but you can always increase your offer, if it is rejected.

If your offer is accepted, you will need to agree if you'd like them to leave anything, such as fixtures and fittings, which could include curtains. There might be additional costs involved in this, so agree everything you'd like and the cost of them at the point of offer.

**TOP TIP:**

If you do 'make an offer' and it's lower than the asking price, anything too low can be seen as cheeky by the sellers and may make them automatically decline any higher offers you make.

## Arranging a survey

Although your mortgage lender will conduct a mortgage survey, this only looks at the value of the property and should you miss repayments and the property be repossessed, that the lender can get the value of the loan back from selling the property.

It's a smart idea to get at least a home buyers survey on the property you're buying, as this will show up any underlying issues.

If the property is much older, you may want to go for a more detailed survey such as a Full Structural Survey, at an extra cost, but doing it now will ensure there's no hidden surprises (and costs!) when the sale completes and you're the new owner.





## Confirming your mortgage offer

Now you've had an offer accepted, you need to confirm your mortgage and get a formal mortgage offer.

You would've had an AIP when choosing your lender, so just give the lender or your IFA a call and advise them you've found a property and would like to proceed with the mortgage.

If you didn't arrange your finances earlier on, it's now a rush to get them in place. See our top tips on finding the best mortgage for you earlier in this guide.

## Choose your conveyancer

A property conveyancer is a specialist solicitor that deals with the legal work when buying a property.

You will need a conveyancer to do the legal aspects of your purchase and to do the final transfers of monies to the seller.

Your conveyancer will also need proof of your identity (Passport is ideal) and Proof of Address (driving licence is perfect) to comply with Anti Money Laundering Regulations.

Some mortgage lenders will ask you to use a conveyancer specifically on their panel, so ensure this isn't a requirement from your lender before instructing someone else.

Most agents will also have conveyancing solicitors that they recommend, ones that work closely with their in-house sales progression teams. So if you're looking to move fast, this might be a good option.

**TOP TIP:**

Make sure that you go with a conveyancing firm that offers 'No sale no fee', so that if the worst does happen and the purchase falls through, you're not left with a bill for nothing!





## Searches & Enquiries

If you haven't already instructed your solicitors, then do that now. Searches are often reliant on third party companies and if not actioned immediately, could cause delay to your sale.

There are several different types of searches your solicitor may conduct;

### **Local Authority Searches**

These are arguably one of the most important searches done. Looking at all information held by the local authority on the property, including prospective plans for nearby developments and roads. These searches can take from 1-6 weeks and can cost up to £300 depending which authority the property is located in.

### **Land Registry Searches**

This is a legal requirement to prove the sellers actually are the legal owners and this is done by checking the 'title register' and 'title plan' at the Land Registry. Each check costs around £3.

### **Environmental Searches**

Some lenders will insist this search is done prior to offering a mortgage as it checks the property isn't built on a landfill site, an area that is subject to flooding or on or near contaminated land or water. The cost of this search is around £50.

### **Drainage & Water Searches**

This will establish if there are any public drains on the land, which could have an effect on any future works planned on the property.

### **Chancel Repair Check Searches**

In some circumstances, the properties local to a parish church are liable for any repair cost of that church. Although there was a law change in October 2013, in certain circumstances the church can still pass liability to local property owners. The search only costs a few pounds but you can also opt for an insurance to cover potential requests, which is around £20.

Depending on the property and area, the solicitor may advise you have other searches specifically carried out. These searches could include:

- Energy & Infrastructure Searches
- Transport Searches
- Residential Flood Searches
- Subsidence Searches
- Mining Searches
- Residential Planning Searches
- Commons Registration Searches
- Highways Searches
- Radon Risk Searches
- Utility Searches

## Gifted money

If you have been fortunate to have a relative or friend give you money for your house purchase, they too will need to provide identification, proof of address and evidence of source of funds to comply with Anti Money Laundering Regulations and that this money is a gift.

## Agree the time between now and completion

Once you have found a property to buy and had your offer accepted, now is the time to agree dates.

If your sale/purchase is part of a chain, you'll need to agree a Completion date that is suitable for everyone in the chain, as you'll all need to complete on the same day. If there is no one else in your chain except you and the seller, this makes finding an agreeable date much easier.

Although you can Exchange and Complete on the same day, traditionally they are around 1 week apart.

On the day of Exchange, you will need to have your deposit money ready to transfer to your solicitors. This can be 10% of the purchase price.

## Exchange of contracts

There's no backing out now, you've officially brought the property!

Your solicitor will transfer the deposit monies that you've sent them and start the process of the transfer of Deeds, ready for your Completion date.

Time to book your removal van!





## Completion Day!

Your solicitor will confirm once you've officially Completed, probably around 1pm. You will only 'Complete' when the money for the property has been received in the sellers solicitor's banks and keys are ready to be handed over.

You will have already agreed if you are going to collect the keys from the estate agent, or meet the previous owners at the property, so all that's left to do is finish packing the removal van and heading to your new home.

## Settle Up

Now the completion has taken place your solicitor will send you an invoice, also known as an 'account', detailing all the costs and disbursements. It will also confirm your purchase price and the cost of the stamp duty.

Your solicitor is likely to pay the stamp duty for you, as long as you provide them with the funds. They will also advise Land Registry of the change of ownership for their records to be updated.

You will be responsible for paying the solicitor and once you have, there's nothing left to do except enjoy your new home!





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