

# Are you thinking of purchasing a property in the UK?

Read our handy step by step guide to help you through the process

Buying a house is the single most expensive purchase most of us will make, it is important to consider all possible costs and plan carefully. There's plenty to think about so it can be difficult to know where to start. Use our timeline to find out more about the process, key stages and what fees to expect.

## WHAT CAN YOU AFFORD?



**Think about costs-** Be aware that there are lots of expenses when purchasing a property, here is a list of costs you can expect to pay:

- **Mortgage arrangement fee-** You can expect your lender to charge an arrangement fee, this will vary, but anticipate to pay up to £500
- **Valuation fee-** This is usually charged by the lenders to check a property offers sufficient security for the amount borrowed. The amount charged varies from lender to purchase price.
- **Legal fees-** Most lenders will offer the services of their own solicitors and contribute to the fees. You can however pay for your own conveyancing.
- **Surveys-** Surveys will need to be taken and you can expect these to add on another £400 - £700
- **Stamp duty-** If you are buying a property for the first time, over £125,000 you will have to pay the standard stamp duty rate. If you are buying an additional property, or have shares in a property, the second house rate applies to you. This table to help you calculate how much stamp duty you may need to pay.

Band	Standard Rate	Second House Rate (From April 2016)
£0 - £125,000	0%	3%
£125,001 - £250,000	2%	5%
£250,001 - £925,000	5%	8%
£925,001 - £1.5m	10%	13%
Over £1.5m	12%	15%

For more information, please visit this website: <https://www.gov.uk/stamp-duty-land-tax>

## RESEARCH:

**Know the Market-** Do your research and find out prices of similar properties recently sold, you will be in a better bargaining position knowing what properties like for like have just sold for, try this website [www.nethouseprices.com](http://www.nethouseprices.com) or visit [www.Rightmove.com](http://www.Rightmove.com) for information on recently sold properties.

## SEARCHING:

**Find the right property for you-** Find your perfect property, in the right location and within your budget! You can set alerts on [Rightmove](#), [Zoopla](#) or [OnTheMarket](#), you will receive emails as soon as a property is listed in your desired area. If you have registered your details with us we will email you each time we have a new property that fits your needs.

## BORROWING:

**Borrowing Money, know how much you can really afford-** You need to work out what you can afford to repay and keep the lifestyle you want. Find out how much you can borrow before you start house hunting. Using this clever mortgage calculator from Money saving Expert <http://www.moneysavingexpert.com/mortgages/mortgagerate-calculator> We can put you in touch with our recommended mortgage brokers.

## MORTGAGE IN PRINCIPLE:

**Arrange for a mortgage in principle before you begin house hunting-** Some lenders will issue mortgage in principle agreements stating that, subject to valuation and status, you are a guaranteed a loan up to a certain amount. A mortgage in principle will persuade the seller that you are serious, and speed things up, as will the ability to give the seller/estate agent a solicitor's details straight away. Although you should be aware that these agreements usually expire after 3 months and a bank can withdraw their offer at any time with no reason given.

## AREA:

**Visit the neighbourhood and make sure your happy with it-** Visit the local parks and restaurants, get to know the neighbourhood. Ask yourself, are you happy with the local shops? Are the neighbours houses and gardens well maintained and tidy?

Visit the area at different times during the day. Ask yourself, do you feel safe walking alone at night? Is it a well-lit street? Are there any 24/7 shops? Is there a lot of traffic in the area? A house can be easily changed/modified but an area can't.

## VIEWING:

**View at different times and take photos-** View the properties at different times during the day, this way you will see everything in different lights. Take photos whilst you are there, they can make a good reference for you to look back over, just make sure to ask the agent if this is ok first.

# Q&A:

**Ask questions about the property and get answers-** Here are some useful questions you may want to ask:

- How long has the property been on the market?
- Has there been much interest?
- How many offers have been made?
- Why is the property for sale?
- How long is the Lease?
- What is included in the sale, white goods, fixtures fittings, curtains?
- What is the Council Tax Band?
- What is the service charge and ground rent? (if an apartment or flat)

## MAKING AN OFFER:

**You have found the right property, time to make that offer-**

Your offer should be:

- Subject to contract (STC) – the final sale takes place only when lawyers have exchanged legally binding documents
- Subject to survey – this allows for the cost of any faults or issues to be taken into account once your surveyor has checked the property out

Once your offer has been accepted, make sure the estate agent has taken the property off the market and is no longer advertising it for viewings. If someone else is interested and views it, you risk someone else coming in with a higher offer, which is known as gazumping. It is worth considering placing a holding deposit to secure your interest and prevent gazumping.

## VALUATION AND SURVEY:

**The property may look like it is in good condition but find out what is really lurking behind those walls-** Both you and your mortgage lender need to know whether the property is actually worth the amount of money you have agreed to fork out for it. As well as what is known as the basic valuation, there are two main types of survey: the homebuyer's report and the buildings survey (also known as the full structural survey).

All lenders require a basic valuation, but is strongly advised that you also have an independent, more detailed survey carried out as the basic valuation will only show up any obvious problems that you will probably have noticed yourself. The level of survey you need depends a lot on the individual property you are buying, it is more likely that an in depth survey will be required for houses as apartments are usually structurally sound.

## EXCHANGE AND COMPLETION:

**Once your offer is accepted, and all the checks are completed and everyone is set to go the solicitors will propose and exchange date-** The two most important stages in conveyancing are the exchange of contracts - between the buyer and seller's solicitors - and completion. When exchange takes place the buyer usually puts down a 10% deposit. After this the seller and buyer are legally committed to the deal. If the buyer pulls out, for whatever reason, they lose their deposit. Conversely, the seller cannot accept a higher offer and if they pull out the buyer can claim compensation.

After exchange, a date will be fixed for completion – it usually takes place within four weeks. It can be done sooner, even on the same day but solicitors prefer a gap. You will need to have the balance of the funds for the purchase of your new home paid to your solicitor ready for completion. This means that you need to give them any deposit beyond 10% and have the mortgage company ready to pay the balance. At completion, the deal has been done and a transfer of ownership has taken place. You get the keys to your new home.

***Congratulations***



**Some other areas to consider during the purchase process:**

## BEWARE OF HIGH SERVICE CHARGES:

When you own a leasehold flat, the freeholder (or landlord) is usually responsible for insuring the building and maintaining communal areas.

Leaseholders must pay ground rent £125 - £250 per annum which is also known as peppercorn and service charges (often a fair whack) to the freeholder. Unfair service charges are rife - papers run stories of freeholders who are overcharging leaseholders all the time.

Freeholders and property management companies are prone to pick costly providers. In fact, they often grab products and insurance policies that pay the most commission. While you can go to the Leasehold Valuation Tribunal to challenge unfair charges, you would need majority of the leaseholders to join you

So flat hunters should always get ground rent and service charges in writing before buying. Also check the fees the freeholder charges for any consents, such as alterations, and to register or transfer mortgages. These can be significant extra costs people don't see coming

# TENURES:

**LEASEHOLD:** You'll have a legal agreement with the landlord (sometimes known as the ('freeholder') called a 'lease'. This tells you how many years you'll own the property. Ownership of the property returns to the landlord when the lease comes to an end. Most flats are **leasehold**. It is advised to extend your lease before it hits 65 years as most banks want LAND on a lower lease length and the property will devalue.

**SHARE OF FREEHOLD:** There are two basic set ups for the ownership of the freehold, the first is that the freehold is owned jointly by a number of the flat owners in their personal names and the second is where a company is the owner of the freehold and each of the tenants hold a share or membership in that company. Therefore when you obtain a share in the freehold your name will either be noted on the title deeds or you will be issued a share in the company that owns the freehold. In either case you will then own a share in the freehold.

**FREEHOLD:** Freehold property can be defined as any estate which is "free from hold" of any entity besides the owner. Hence, the owner of such an estate enjoys free ownership for perpetuity and can use the land for any purposes however in accordance with the local regulations. Sale of a freehold property does not require consent from the state and hence requires less paperwork, thus, making it more expensive than leasehold property. Most houses are **freehold** and it will be very unlikely to find one that is a leasehold.

**SHORTS LEASES:** Leasehold properties will lose their value as the lease decreases, this means your entitlement to the property is for a short amount of years. It is advisable to keep your lease at around a 100 years (known as a long lease). Leases can be extended by serving a section 42 on the freeholders and a surveyor will then be asked to value the costs to extend the lease. Mortgage companies tend not to lend on properties with a lease that has less than 65 years remaining.

# CHECK WHAT IS BEING BUILT IN THE AREA:

Will that view be replaced by a high rise in a couple of months? For England and Wales, the Government's [Planning Portal](#) helps avoid nasty surprises by directing you to planning applications made in your area. You can search by postcode and area.

# GET THE RIGHT SURVEY:

There are three main types of survey. The first is a homebuyer's report. This normally costs £300-£400 and is suitable for conventional properties less than 50 years old. For older or quirkiest residences, consider a full structural survey, these are super-detailed, covering everything and can cost up to £1,000, but often are well worth the expense. It could well give you ammunition to haggle down the price. It's also worth accompanying the surveyor. They are likely to say far more verbally than they would write in a report. To get instant quotes from surveyors in your area, fill in your details at [Reallymoving.com](#) or alternatively we would be happy to recommend one.

## GET QUOTES FOR WORK:

If the survey finds any nasties, ask a reputable builder for repair costs. Ask the vendor to either fix it before completion or knock the total off the price.

Do get a second opinion, especially with damp. What might seem like minor work can be complex and expensive. We can recommend reputable contractors that we work with regularly.

*Good luck with your house hunting, for more information please do not hesitate to contact us.*

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