

Buying a Home

Contents

Introduction

I. Deciding on the Property you want to Buy.

1. How much can you afford to spend on a Property?

- A. Getting a Mortgage
- B. Deposit
- C. Financing the Purchase from other sources

2. Area

3. Type of Property

- A. Freehold
- B. Leasehold
- C. Commonhold
- D. Shared Ownership
- E. Newbuilds

II. Looking for the Property you want to buy

1. Estate Agents

- A. Local
- B. Online

2. Other sources

- A. Local Papers
- B. Classified Ad

III. Selecting a Property and Making an Offer

- A. Viewing
- B. Negotiating and Making an offer

IV. Buying the Property

3. Surveys

4. Finding A Conveyancer

- A. Solicitors
- B. Licenced Conveyancers
- C. Online Conveyancers

5. Conveyancing Process

- A. Initial Instructions
- B. Searches
- C. Raising enquiries and reporting on title
- D. Exchange of Contracts
- E. Completion.
- F. Stamp Duty Land Tax

Introduction

Buying a Property is both an exciting and a stressful experience and the decision as to what property you buy will have a far-reaching impact on your life and that of your family

The purchase of a property is a major financial commitment which may be with you, in the form of mortgage payments for the next 30 years or so.

Buying property for the first time is a very daunting process and appears to be a maze of procedures, paperwork and different professionals and agents vying for your time and giving advice all at the same time. There are a lot of dos and don'ts and making the wrong decisions become very costly. It is easy for a first time buyer to very quickly become confused, stressed and generally bewildered without the right guidance from the start.

In this guide we aim to help you through the maze using the most straight forward route and in a jargon free manner.

In this guide, we break the process down into four parts:

- I. Deciding on the Property you want to buy**
- II. Looking for the Property you want to buy**
- III. Selecting a Property**
- IV. Buying the Property**

By following a clear structured approach, you will be able stay in control and your property purchase is likely to not only proceed more quickly but also be relatively stress free.

I - Deciding on the Property You Want to Buy

It is important to be clear from the start as to what Property you want to Buy – changing your mind halfway through the process can be costly and may cause significant delay.

When deciding on the Property to buy you need to consider the following:

1. How much can you afford to spend on a Property?

- A. Getting a Mortgage
- B. Deposit
- C. Financing the Purchase from other sources

2. The area you want to live in

3. The Type of Property you want to buy,

- A. Freehold
- B. Leasehold
- C. Shared Ownership
- D. New build

1 . How much can you afford to spend on a Property?

How much you can afford to spend on a property will depend how much money you are able to obtain to buy the property and this will in turn, depend on the level of your income and savings.

You have sufficient savings to purchase a property without having to borrow money, however, the majority of house buyers need to borrow money to purchase the Property. How much money you will be able to borrow will depend on the level of your income, your age and your employment status.

A. GETTING A MORTGAGE

Unless you have significant savings or another ready source of money, you will need to raise a mortgage in order to purchase a property.

A Mortgage is a type of loan which is secured against the property you buy. The mortgage lender will lend you a sum of money to enable you to purchase the property and in return will have to repay the lender in instalments, usually monthly and over several years (typically 25-30 years).

The most common sources for mortgages are banks and buildings societies.

APPLYING FOR A MORTGAGE

You can apply for a mortgage either by approaching the bank or buildings society direct or by engaging the services of a mortgage broker.

A mortgage broker will advise you on the process and will be able to match your needs and financial profile to the most suitable lender.

It is important to get your mortgage application right first time as more than one application to different lenders can have a detrimental effect on your credit scoring making it more difficult to get a mortgage.

FACTORS THAT DETERMINE WHETHER YOU ARE ABLE TO GET A MORTGAGE

When considering whether or not to offer you a mortgage the lender will check the following:

AFFORDABILITY

Can you afford to make the repayments? - The lender will look at:

- Your current income and whether that income is from steady employment or relies partly on commission, overtime or benefits.
- Whether you are employed as P.A.Y.E or are self-employed.
- Your day to day expenditure for example, regular bills, food, energy and so on.
- Any other loans or credit cards you may have.

It is important that you do not over commit yourself when taking out a mortgage. If you are unable to keep up with your mortgage repayments, the Lender may repossess the property and you will lose not only the property but also all the money you may have spent on the property.

1 . How much can you afford to spend on a Property? (Ctd.)

CREDIT WORTHINESS

The lender will conduct a credit check with credit agencies to check:

- Whether you have ever been late paying a financial commitment such as a loan or payment on a credit card
- Whether you have ever been made bankrupt or received a CCJ made against you.
- The credit agency will give the lender a credit score which they will use to decide whether or not to offer you a mortgage.

DEPOSIT

The lender will want to know what sort of deposit you are able to pay towards the property – usually a minimum of 10% of the purchase price will be required. As a general rule greater the amount of deposit, the more favourable mortgage terms you will be able to get from the lender.

AGE

In order to get a mortgage, you must be at least 18 years old. Lenders generally require you to be able to finish paying the mortgage by the time you are 75.

CHARACTER REFERENCES

Lenders may require references from for example, your employer and your current landlord (if you are in rented accommodation).

B. DEPOSIT

As a general rule, you will be required to pay 10% of the purchase price as a deposit reach the Exchange of Contracts stage of the conveyancing procedure.

As mentioned above, your mortgage lender will usually require you to finance the deposit from your own resources.

C. FINANCING THE PURCHASE FROM OTHER RESOURCES

Financing the purchase from other resources means buying without the need for a loan from a financial institution and is often referred to as a 'cash purchase' or a 'cash buyer'.

Being a cash buyer may mean using your savings, or money from the sale of an existing property or borrowing the money from family or friends. You may be able to finance the whole of your purchase from other resources or just part, splitting the finance between part cash and part mortgage.

If you are financing your purchase from other resources your conveyancer you will be asked to provide evidence as to the source of the money you are using to purchase the property. This is required under the statutory Anti Money Laundering Regulations. Your conveyancer will also carry out checks on anyone else that may be making a financial contribution to the purchase.

Another factor to consider, is that any other person that provides money towards the purchase, may obtain a legal interest in the property.

If you intend to fund the purchase of the property partly by mortgage, you will need to obtain the consent of the mortgage lender to any contribution from any friends or relatives.

2. The Area You Want To Live

Choosing the area in which to buy a property is the second biggest factor to consider.

The area in which you buy the property will have a significant impact on your quality of life.

It is important to choose the right area, not just for your own peace of mind – it is an important factor when considering the saleability of the property when you come to move on.

FACTORS TO LOOK AT WHEN CHOOSING AN AREA TO BUY A PROPERTY:

- ***Is the area near or within reasonable travelling distance from your place of work?***
Long commutes can reduce your quality of life and push up your cost of living. Good travel links may also enhance the value of the Property.
- ***Check out the local population –***
Are they the type of people that you would feel at home with? For example, if you have a busy social life, or have lively children you may not fit in with a street with pensioners.

There are several websites that you can use to find out about an area, these give you data on the average age of the population, employment, income level, crime figures and so on. Local papers will give you an overall feel of the area.

- ***What is the centre of the town like?***
A town centre with lots of charity shops and empty units is an indication of a declining area, whereas a centre with new businesses indicates an upward shift.
- ***Check out the Local Council's plans for the area ('the Town Plan') on their website***
Is there development planned near the Property? Examples could be industrial estates, factories or infrastructure projects such as HS2. It would be a pity to buy a property with a view only to have a new block of flats built, blocking that view a few years after you move in.
- ***Think of the future***
Will the property still be right for you in five years' time? For example, if you plan to start a family a one-bedroom flat may prove to be constraining ; a larger property in a child friendly area (not on the main road and with play parks) may be more suitable.
- ***Check out the local schools***
A good school is usually an indication of a good area, not only for those with children in mind but also for the value of the Property in general.
- ***Don't dismiss the surrounding areas***
Areas within close striking distance of a popular up and coming area will usually see the value of their properties rise as part of a 'ripple effect'.
- ***Visit the area at different times***
An area which is peaceful during the day may turn into a noisy hotspot at night. There may also be certain days in the week that are quieter than others
- ***Environmental Issues***
Check the area out on the Environment Agency's site - is there a landfill site or sewerage works nearby? Is the area prone to flooding?

2. The Area You Want To Live (Ctd.)

A. FREEHOLD

When buying a Freehold you are buying the property and the land on which it is built. There is no legal limit of time to your ownership of the property.

Owning the Freehold title to a property means that you can do as you please to the property subject only to any covenants and restrictions (that may have been placed on the title by previous owners and your mortgage lender) and the statutory planning laws

B. LEASEHOLD

When buying a Leasehold property you are buying the legal right to occupy the property (to the exclusion of the owner of the Freehold) for a set period of time. When you buy a leasehold property you become a 'Leaseholder'.

The length of the period of time for which you can occupy the property is known as the 'Term' and the right to occupy the property is granted (or 'demised') to you by the owner of the Freehold ('the Landlord') under the conditions set down in a deed known as the Lease. The property and the land that you are allowed to occupy and use is known as 'the demise' and this is set down within the lease.

Unlike Freehold properties, you cannot do as you please to the property. The Lease will set down rules as to what you can and cannot do.

Although there are leasehold houses, leasehold properties are typically individual flats in blocks of flats or in houses that have been converted into flats.

When living in flat, you will have to pay a service charge to the landlord to pay for the maintenance of those parts of the building and grounds that are not part of your flat or demise for example, common hallways, stairs, roof, foundations, grounds and pathways. You should factor these costs when deciding whether or not you can afford the property.

Typical Terms for the grant of a lease are 99 years, 125 years or 999 years, though a different term can be agreed between the Freeholder and the Leaseholder.

When you buy the property you may find that some of the term of the lease has been used and you may be buying only the remaining years of the term – an example in the case of flat where the term of the lease is 99 years and the seller has owned it for 19 years – you will be buying 80 years of the term.

The longer the term left on the lease the more valuable the property for example, a property with 990 years left on the term is more valuable than one only 90 years left.

It is possible for a leaseholder to get the term of the lease extended by the landlord and there are statutory rules that give leaseholders the right to have the lease extended.

It is possible for the tenants or leaseholders in the building to buy the Freehold from the landlord and again there are statutory rules governing this.

If you are buying the property with a mortgage, you need to be aware that lenders will have a minimum term of lease that they will accept. As a general rule of thumb, lenders are unlikely to accept a lease of less than 70 years remaining on the term.

2. The Area You Want To Live (Ctd. 2)

D. COMMONHOLD

Common-hold is a type of landownership which is a middle-ground between Freehold and Leasehold. Under Common-hold the individual flats in a building are owned as individual Freehold properties and the rest of the building and grounds which is not within any of the flats (being the hallways, stairs, roof, foundations, pathways, gardens and so on ('the Common Parts')) are owned by a Common-hold Association. Each owner of a flat within the building will be a member of the Commonhold Association.

The advantage of Common-hold is that because each flat is Freehold the period of time in which they can be occupied and used by the owner is not limited which means that the value of the flat will not decrease. At the same time, the owner of the flat can ensure that the Common Parts are maintained.

Common-hold property is relatively rare and a significant number of mainstream banks and buildings societies will not provide mortgages to purchase common-hold property.

E. SHARED OWNERSHIP

Shared ownership properties are where you only buy a share of the property and rent the remainder of the property from the Freeholder/ landlord, an example would be to purchase a 50% share and rent the remaining 50% share from the landlord. These properties are usually sold by local authorities and housing associations.

Once you have purchased your initial share, you can purchase further shares usually in increments of 25% over how many years you occupy the property. This is known as Staircasing. Once you have purchased 100% of the property (known as Final Staircasing), you will own the property outright.

Shared ownership properties are subject to strict rules governing their sale. Generally you will need the consent of the landlord to sell the property and will have to sell it to a person nominated by the landlord.

With Shared Ownership properties you will not be able to let the property out until you have achieved Final Staircasing (100% ownership).

Once you have achieved Final Staircasing, there is usually a 'Pre-Emption Period' of 21 years during which time you have to offer the property back to the housing association or local authority from whom you purchased the property, before you can sell on the open market.

Some housing associations will charge a transfer fee typically of 1% of the Sale Price when you sell your share in the Property.

Shared ownership properties are a less costly way to purchase a property, however they are more complex to deal with and attract higher legal fees.

The rules restricting their sale may also have a detrimental effect on their resale value.

2. The Area You Want To Live (Ctd. 2)

A. NEWBUILDS

Newly built properties can be Freehold, Leasehold, Commonhold or Shared Ownership.

Newbuild properties often come with incentives to entice you to buy. These incentives range from discounts off the sale price, the developer paying the stamp duty land tax, to new carpets and white goods (dishwasher, washing machine and so on).

Newbuild properties generally come with a newbuild warranty which covers the owner of the property for at least 10 years from the cost of repairing any structural defects in the property.

People often like to buy newbuilds because there is no work to do on them, no repairs required or decorating – the owner can move straight in and live comfortably. Others do not like them because they are bland and lack the character of older properties; all the properties on the estate are the same and there is less scope to 'put your own stamp on them'.

Depending on the development, new builds are generally smaller inside than older established properties. In 1920 the average four bedroomed house was 1,647 square feet whereas today the average three bedroomed house is 925 square feet.

The developers' need to build as many properties as possible on a piece of land to get maximum financial gain from the land and this will govern the size of the properties built. On a more exclusive development where the properties are more expensive the rooms within the property are likely to be bigger.

There are schemes available to help first time buyers purchase a newbuild property. The most well-known scheme is the Government's Help to Buy Scheme whereby the Government provide a loan of up to 20% of the property which means that the buyer only has to find a 5% deposit.

Some of the bigger developers have other schemes to help first time buyers and it is worth visiting the developer's website to find out details.

New build properties do lose value in the early years after their construction. If you have purchased at a discount or with the help of one of the schemes mentioned above, you may have less money left (after paying off any mortgages secured against your property (known as 'equity')), to buy your next property. This can cause a problem if your family is outgrowing your property or if you need to relocate for work.

II – Looking for the property you want to buy

Once you know how much you can afford to spend, the area in which you want to live and the type of property you want to buy, the next stage is looking for a Property to buy.

There are several places to look for a property to buy we will look at the following:

ESTATE AGENTS

1. Local
2. Online

OTHER SOURCES

1. Local Papers
2. Classified Ads
3. Auction

ESTATE AGENTS.

A. Local Estate Agents

The most common place to search for a property is at the Estate Agents in or near the area in which you wish to buy a property.

Estate Agents will usually have a whole range of properties that they are selling – not just those advertised in their shop window- so it is important to go in and ask. The Estate Agent will take note of your requirements and will be able to advise you on which properties they have for sale that most suit what you are looking for. Additionally, if you ask them to, the estate agent will keep you informed every time they have a suitable property newly coming on to the market.

A local estate agent is also more likely to have knowledge of the area and will be able to advise you accordingly.

B. Online Estate Agents

Online estate agents do not have a physical office but are only accessible over the internet. The advantage to online estate agents is that they are available outside the usual 9.00-5.30pm hours for you to view details of the properties they have for sale.

II. Looking for the property you want to buy (Ctd.)

OTHER SOURCES

A. Property Websites

Property websites such as 'Rightmove', 'Zoopla', and 'Prime Location'. These are property portals where estate agents pay to advertise the properties they are selling.

The advantage of these sites is that they allow you to view a much larger range the properties in the area that are currently for sale and that are being sold by several estate agents and you can view them without leaving your armchair!

When you do find the property you like you can approach the estate agent who is selling, armed with the knowledge of similar properties in the area being sold by other estate agents and the price range at which they are being sold this puts you in a much stronger negotiating position.

B. Local Papers

Local Papers often have property pages – again a useful armchair source of information.

C. Classified Ads

These can be found in local papers or online. The danger here is that they are being sold by private individuals who are not subject to the statutory regulations that govern Estate Agents; this means that there is a greater risk of the seller making misrepresentations and there being less recourse for you as a buyer.

If you are happy to take the risk, you may however get a cheaper property as the seller will not be paying estate agency fees.

III – Selecting a Property and Making an Offer

Now that you have found the property or properties that you are interested in buying, the next thing is to go and view them and consider making an offer to buy the property.

We will look at this in two parts:

1. Viewing, Negotiating; and
2. Making an offer

1. Viewing and Negotiating

When looking in the estate agents, property websites and so on, it is important to compile a list of several properties to consider.

Armed with your list of properties, it is time to contact the estate agent that is selling the property and arrange a viewing.

Tips to remember when viewing a property:

- **LEAVE PLENTY OF TIME FOR THE VIEWING**

Allow yourself plenty of time to view the property in detail. If you are rushed you will be putting yourself under pressure and may not look as closely at things or ask as many questions as you may need to.

A calm, measured approach is needed to stay in control and not allow yourself to be rushed along by a pushy estate agent or a seller who does not want you to look too closely.

- **BRING SOMEONE WITH YOU**

Bring someone with you, preferably someone who has already purchased a property and has more experience of owning a property than you. A companion may see things that you might miss and will be able to provide you with a different perspective.

- **VIEW THE PROPERTY MORE THAN ONCE**

It is easy to get excited and emotionally attached to a property on the first visit. The seller will have pulled out all the stops to show the property in its best light and estate agents are expert at 'smoozing' and will push for an instant commitment. A prudent buyer will go away and think about what they have seen.

A further visit after having had time to think things through may mean that you view the property in a different light.

The street in which the property is situated may be busier or noisier at different times of the day and different days of the week, an example would be a property on or near a main road, on Sunday when there is less traffic you may hear less traffic whereas during the week you may hear more.

1. Viewing and Negotiating (Ctd.)

ARRIVE EARLY FOR THE VIEWING

Arriving early will give you a chance to look at the outside of the property unaccompanied and at your own pace and without any input from the estate agent or seller

Spend 15 to 30 minutes looking around the property, and then at least half an hour walking around the general area.

- **TRY AND GET A VIEWING WITH THE SELLER PRESENT**

Try and view with the seller present – Sellers often give answers that agents would find shockingly honest. Sellers are less able to feign ignorance if you ask why they are moving. It can also give you a much better feel for the property – ask them the best and worst points.

- **DON'T BE AFRAID TO ASK TO SEE UNDER FIXTURES / FITTINGS**

Strategically placed rugs/carpets can hide a number of ills for example loose floor boards or woodworm. Similarly it is not unknown for cupboards to hide cracks in a wall.

- **CHECK OUT THE PLUMBING, HEATING, ELECTRICS AND SO ON**

Don't be afraid to turn on taps, showers and flush loos. A prudent buyer would ask for the heating to be put on to check that it works. Ask to see the main consumer unit/fuse board - are the wires old and fraying?

How many power points are there in the room? If there are not enough for your needs you may need to consider upgrading the electrics. If there more than usual – this is an indication that more have been added and if the electrical wiring in the property has not been upgraded to cope with these additional power points there may be a fire hazard and you will need to get to consider having the electric installations checked by a competent electrician. The rewiring of a property can be very expensive.

- **SMELL THE AIR IN THE PROPERTY**

Silly though it may seem, the smell of a property is a revealing feature. Indeed it is a common trick for sellers to have baking bread on the go as it is known to make the property seem more homely. Damp, wood worm and wood rot have a distinctive smell as do faulty gas appliances, blocked drains and the factory next door or in the nearby industrial estate.

- **CHECK FOR DAMP, WOODWORM AND WOOD ROT**

As mentioned above, damp, woodworm and wood rot have distinctive smells. Wood that is rotten is often spongy and flaky and wood that is infested with wood worm will have lots of tiny holes and there is often a fine wood dust.

The presence of tiny holes in the wood may be due to past infestation- ask if there has been any wood treatment carried out. A common place for wood infestation is in the loft – always ask to look in the loft.

Older properties, such as Victorian properties or old stone cottages are more prone to damp, wood worm and wood rot as they may not have been built with elements such as a damp course when they were first constructed.

If the property does or has suffered from damp there may be staining on the wall – beware of the freshly painted property!

1. Viewing and Negotiating (Ctd. 2)

CHECK THE PROPERTY FOR:

- **Obvious Structural Defects**

A crack in the wall may simply indicate the need for the plaster to be renewed – however it may be an indication of subsidence occurring. Another easily notable indication of subsidence is a uneven door way or sloping door frame.

Indications of subsidence are sloping ceilings and walls that are not quite square. Walls that are bowing can be an indication of failing wall ties.

If a fire place has been removed – ask to see the Building Regulations Approval if the work is not carried out correctly serious structural damage can occur to the property.

How old is the roof? - a roof is one of the most expensive parts of the property to replace. Are there any tiles missing? Is the roof bowing?

A bowing roof may be an indication of a failing roof structure which may be due to incorrect tiles being used to cover the roof.

If any of the above are present, you will need to consider commissioning a structural survey by a surveyor or structural engineer.

- **Look At The Cleanliness / Tidiness Of The Property**

A clean tidy property is a sign of a house proud owner and someone who is more likely to have looked after the structure of the property.

- **Pay Attention To The Size Of The Rooms**

An empty property will always appear to have more space than a property filled with furniture. It is important to take your own measurements and not rely totally on those in the Estate Agents particulars. With newbuild properties it is a common trick to use specially made $\frac{3}{4}$ sized furniture in the display house.

Also important is to consider whether or not the rooms sizes are in keeping with that design of property. An extra-large through lounge/diner may be an indication that a wall has been removed or the property has been extended. If this is the case you will need to know whether or not the required Planning Consent and/or Buildings Regulations were obtained for the works carried out. It would not be good if you buy a property because you are impressed by the large kitchen only to find that you have to knock the kitchen down!

- **Watch Out For Staging**

Lighting, carefully place mirrors, delicious smells, fresh paint and cosy fires are commonly used tricks to enhance the appeal of a property.

- **Check The Planning Status Of The Area And The Property.**

If the property is a listed building, it will be subject to strict planning restrictions as to what alterations can and cannot be done. Repairs to the property can be expensive as there are restrictions as to what materials can be used for the repair.

If the area is a conservation area, there will be restrictions as to what alterations can be carried out to the outside of the property, for example, uPVC windows and plastic guttering are unlikely to be allowed. In conservation areas, action for breach of the planning restrictions may be expensive, for example, an owner may be required to replace uPVC windows with wooden sash windows.

The Planning status of an area and the property can be checked online via the Local Council's website.

1. Viewing and Negotiating (Ctd. 3)

QUESTIONS TO ASK THE SELLER/AGENT WHEN VIEWING:

- **Why is the owner selling?**

Although the seller or agent does not have to answer this enquiry, it is worth considering why they won't answer – is the neighbour noisy? Is the neighbour harassing them or causing problems in the neighbourhood?

When buying flats could the reason why the seller is selling be because they have received a notice from the landlord of expensive works that are about to be carried out on the building within the next year or two for which the owner of the flat will be billed?

If the owner needs to move for work they may require a quick sale – will they accept a lower price?

- **Is the Seller buying another property ?**

If the seller is buying another property, you will be in a conveyancing chain which may mean that the conveyancing process may take longer and involve factors over which you may have less or no control over.

If the seller is buying another property, there may be less room for negotiation on price.

If the seller is not buying another property, the conveyancing process is likely to be quicker and there may be more room for negotiation on the price.

- **How long has the property been on the market?**

If the property has been on the market for more than three months this may indicate that it is proving difficult to sell. This may mean that there are factors or issues that have been discovered by previous potential buyers.

If the property has been on the market for a long time there may be room for negotiation on the price.

- **How long have the Sellers lived at the property?**

If the sellers have not lived at the property for very long, you need to know why they are moving. Are the neighbours troublesome? Is there a defect in the property that they have discovered and that will be expensive to fix?

Has the property changed hands several times in, for example, the last ten years? If so, you need to find out why. Again how often a property has been sold can be checked out on websites such as Zoopla.

- **What is the lowest price the seller will accept?**

It is common for Estate Agents to price properties above what they expect to get for the property. Asking this question may seem a bit bold- but there is a lot to be said for knowing where you stand from the start.

- **How old is the property?**

Generally, newer properties need less maintenance than older properties. A property that is less than 10 years old should come with a new build warranty to cover any structural defects that may occur within the first 10 years.

- **When did the seller last decorate the property?**

A property may be newly decorated to hide defects.

- **What are the neighbours like?**

The seller has to be honest about the neighbours. If the neighbours have been noisy or troublesome and they don't tell you when asked, you will have grounds to bring legal action against them for misrepresentation. You will not be able to bring legal action against them if you have not asked.

2. Negotiating and Making an Offer

TIPS FOR MAKING AN OFFER:

- Be aware of your facts, thoroughly research the area.
- Inspect the property carefully for any flaws that might alter the price of the property in your favour.
- Get to know the vendor and the 'lie of the land' – why are they selling? What are they buying? When are they moving?

ASK THE SELLER THE UNDERLYING REASONS FOR THEIR SALE?

What is the type of the property they are buying and when they want to move?.

If for example, you are in a hurry to move and the seller hasn't found a property to move into or a mortgage offer for that property, and would like to wait until the summer before moving – the seller will be less receptive to an offer. On the other hand, if the vendors have fallen in love with another property and are keen to buy it; school starts soon and they can't wait to move, the situation is different and they may be more receptive to your offer. Similarly, if they are in financial difficulty and desperately need to sell their property, they may be more receptive.

- **Is there room to haggle?**
The vendor will probably have pitched their asking price higher than they are expecting to get for it – there is always room to haggle.
- **Decide how much you can afford and stick to it**
At the outset, decide how high you can afford to go and do not go beyond that price.
- **Make your position clear from the outset**
if you do not have a property to sell, have a mortgage in principal or are a cash buyer – your position is strong, especially if there is competition for the property– make everyone aware of your position from the start.
- **Check what is happening in the Property Market**
You can only haggle effectively if you know what the market is doing, for example, if the property prices are rising, it is a sellers market and you will not have much room to negotiate; if however, the house prices are dropping, it is a buyers market and you will have more room to negotiate. Check the property papers and internet sites for market news, regularly, including the recent selling prices in the local area.
- **Find out how long the property has been on the market**
A property that has been on the market for a while and may have already had its price reduced and will present more of an opportunity for you to make an offer.
- **Find out how many other people are interested in the property / how many offers made so far**
Sealed bids will be requested if there are a number of potential buyers and if this is the case you will have to pitch your offer above the asking price- be careful though not to pitch it so high that you pay over the odds.
- **Do your homework**
Once you have done your homework – let the vendor and their agent know by asking intelligent questions. Let them know that you are well informed about the market and know the value of the property.

2. Negotiating and Making an Offer (Ctd. 2)

CULTIVATE A 'POKER' FACE

Be friendly and confident in your negotiations but do not let on how much you like the property and let them know that you are looking at other properties in the area and are keeping your options open.

- Be in no doubt what you are offering to buy –get any fixtures and fittings that are included recorded in writing and make it clear that your offer is dependent on you getting these fixtures and fittings within the price.
- When making a written offer – make sure that it is clear that this offer is subject to contract, and if you have not yet had your survey carried out on the property, that it is subject to the results of that survey.
- Don't be too clever – if the property is reasonably priced and there are signs that there are a lot of people viewing the property and you really do want the property – don't waste time by insulting the seller with a low offer – you will not be taken seriously and may lose the property altogether.

IV – Buying the Property

Once you have made your offer and the seller has accepted the property will be 'Sold Subject to Contract'. This does not mean that you are legally committed to buying the property; it simply means that your offer has been accepted and the terms of the contract are being negotiated and are yet to be agreed between seller and buyer. It is important that you insist that the property is withdrawn from the market whilst the contract is being negotiated; if the estate agents continue to advertise the property, there will be a risk that a higher offer may be made and you will be gazumped.

The next steps are to have a survey carried out on the property and (if you have not already done so), to instruct a Conveyancer to act on your behalf in the purchase and to have a survey carried out on the property.

In this part we will look at the following:

1. Surveys

2. Finding A Conveyancer

- A. Solicitors
- B. Licenced Conveyancers
- C. Online Conveyancers

3. The Conveyancing Process

- A. Initial Instructions
- B. Searches
- C. Raising enquiries and reporting on title
- D. Exchange of Contracts
- E. Completion.
- F. Stamp Duty Land Tax

1. Surveys

There are four main types of property survey:

- BASIC MORTGAGE VALUATION
- CONDITION SURVEY
- HOMEBUYERS SURVEY
- BUILDING SURVEY ('STRUCTURAL SURVEY').

BASIC MORTGAGE VALUATION

When applying for a mortgage the lender will instruct their appointed surveyor to carry out a basic Mortgage Valuation. You will usually be charged a valuation fee for this; the size of the fee will depend on the size and asking price of the property.

The purpose of this valuation is to make sure that the property is worth the value you are paying for it with an emphasis on whether or not the lender can readily recoup the money they are lending you if they have to sell the property should you default on your mortgage.

The valuation is fairly superficial and will not usually provide details about the condition of the property. All the lender wants to know is whether or not the property is marketable. Major structural defects which will cost you a lot of money to rectify may be missed. This type of survey does not guarantee that the property is worth the asking price.

If there are defects that can be readily remedied to bring the value of the property up to the lenders expectations, the surveyor may recommend that the lender keeps some of the mortgage money back until the remedial works have been carried out- common examples of this are where there is damp or woodworm that can be remedied by suitable damp or wood treatment.

CONDITION REPORT

This report is designed for properties or flats that are of a conventional construction and which are in reasonable condition. A condition report focuses purely on the condition of the property and does not provide a valuation.

Using a system of 'traffic light' ratings the report will set out the condition of different parts of the property including outbuildings and will rate each according to the degree of seriousness and the urgency with which any defect requires attention.

HOMEBUYERS SURVEY

The homebuyers Survey is done to the same format as the Condition Report. Using the same 'traffic light' indicators. The Homebuyers Survey covers all the information that would be provided in a Condition Report, and additional more detailed information.:

The Homebuyers Survey will:

- Look at the general condition of the property.
- Assess any minor or major faults and point out areas where a more detailed investigation is required.
- Check for rising or penetrating damp or wood rot and insect infestation, such as woodworm.
- Check the condition of any damp proof course or insulation
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1. Surveys (Ctd.)

- Check the condition of any drainage from the property. Although the Homebuyer's survey will not include a check of the drains, it will state whether or not it is advisable to have the drains investigated further.
- Provide a 'ball park figure' estimate for any repairs that are needed and state which repairs are urgent and which repairs can be done at a later date.
- Provide the surveyor's estimation of the value of the property based on their expertise and knowledge of the local property market.
- When carrying out a survey for a Homebuyers report, the surveyor will check all the major parts of the property that are clearly visible to the surveyor.

This type of survey will provide a more detailed account of the condition of the property than the Condition Report and is aimed at providing a picture of the overall condition of the property and to identify areas of the property that require further testing.

The limitation to this type of survey is that it only covers those parts of the property that are readily visible to the surveyor, the surveyor will not look beyond this, for example, if the loft is full of boxes, the surveyor will not move the boxes and look at the timbers beneath.

The Homebuyers survey is sufficient for most conventional properties that have been built within the last 100 years or so.

BUILDING SURVEY

Often referred to as a 'Structural Survey' the building survey is the most expensive of the survey types.

A Building Survey is the most detailed of the different types of survey and can take several hours to undertake. The Building Survey does not generally provide a valuation unless you specifically request it.

The Building Survey will include:

- All major and minor faults within the property.
- The cost of any repairs required.
- Damp testing and the full results of these tests.
- Testing of all the timber for woodworm or insect infestation and wood rot and will provide the results of these tests.
- Technical information on the construction of property including details of all the materials used.
- Information about the location of the property
- Details of any further inspections that may be required on the property and any subsequent work that may need to be done.

2. Finding a Conveyancer

When buying a property you will need to appoint a Conveyancer to act for you in the contract negotiations and to transfer the title of the property to you.

A Conveyancer will:

- Investigate the title
- Raise enquiries and deal with any replies
- Check the contract terms
- Carry out the Conveyancing Searches
- Act on behalf of the mortgage lender and process the mortgage documents and deed.
- Manage the financial side of the transaction.
- Register the title to the property into your name.

TYPES OF CONVEYANCER

Gone are the days whereby all conveyancing was carried out only by solicitors.

There are now two types of conveyancing firms

- Solicitors
- Licenced Conveyancers.

A. SOLICITORS

Governed by the Law Society of England and Wales, solicitors are highly trained professionals who undergo several years of training in all aspects of the Law. Solicitors firms will usually offer services in a range of legal specialities such as crime, contract, family law as well as land law, property law and conveyancing.

In the main, solicitors firms can be found on the local high street and their clients are usually from the local area.

Solicitors use several ways of charging: Traditionally, solicitors have charged by the hour, the hourly fee varying according to the experience and expertise of the individual solicitor carrying out the work.

There is now a trend towards solicitors charging fixed fees – this means that the solicitor will, at the beginning of transaction, provide a quote for all the work that is to be carried out. There may still be additional fees to cover any additional paperwork or complex issues that were not foreseen at the beginning, however the solicitor has to inform you of the extra charges before they can be charged.

A solicitor will also charge for any additional costs they incur dealing with your transaction, such as postage costs, HM Land Registry fees VAT, etc. These are known as 'disbursements' and must be charged at cost (what they actually cost the solicitor).

2. Finding a Conveyancer (Ctd.)

1. LICENSED CONVEYANCERS

Licensed Conveyancers are specialist property lawyers who are regulated by the CLC (Council of Licensed Conveyancers).

Unlike solicitors who must have degree and then complete a further four years training, a Licensed Conveyancer trains whilst working in a legal practice usually via part-time college courses or distance-learning. Many Licensed Conveyancers have worked in property law as assistants and paralegals for many years before deciding to become a Licensed Conveyancer and although they may not be qualified to degree level, they often have as much if not more experience in property law than the average assistant solicitor.

Due to the fact that the professional fees are lower, it is not uncommon for a solicitor to convert to a Licensed Conveyancer.

Licensed Conveyancers generally specialise in property law only, this means that if any other issues arise during the conveyancing process and these issues are not within the property law covered in conveyancing (for example, matrimonial, lease extensions) you will need to obtain the services of a solicitor.

ONLINE CONVEYANCERS

More and more solicitors and licensed conveyancers are offering online Conveyancing services. The services they offer include:

- **A FIXED FEE GUARANTEE**
This means that you will be told the fee for the Conveyancing at the beginning of the transaction and this fee will not change – there will be no extra legal fees added. This way you know exactly what you need to spend out in legal fees from the beginning.
- **MANY NOW OFFER A 'NO MOVE- NO FEE' SERVICE.**
This means that if the transaction does not proceed to completion (for example the other party pull out) you do not have to pay any legal fees for the Conveyancing that has been carried out on your behalf. You may still have to pay for disbursements (these are fees paid out by the solicitors to third parties on your behalf for example, title deeds and Conveyancing services)
- **AN INSTANT ONLINE QUOTE**
Is offered by most online conveyancers
- **A CASE TRACKING SYSTEM**
Some conveyancers offer access to a system which will email you or text you to let you know every time something happens or at each stage of the Conveyancing for your transaction. You can also log in and find out how matters are progressing, 24/7.
- **DIRECT CONTACT SUPPORT**
Direct contact with the solicitor responsible for carrying out the Conveyancing for your transaction, by email or telephone makes the whole process a lot easier and pain free.
- **EXPERIENCED CONVEYANCING TEAM**
Does the practice you are looking at have a proven track record in purely Conveyancing matters and Property Law.
- **Often lower Conveyancing fees than the traditional High Street solicitor can offer for Conveyancing** – largely because running their business online is less costly to run.

Generally the best way to choose a Conveyancer is through recommendation. Though be careful, a Conveyancer recommended by an estate agent has usually paid a fee to the estate for their recommendation.

The best source of recommendation is from friends or family or even your mortgage broker who will have a lot of experience of conveyancers. Another place to look is online there are a number of consumer websites that provide reviews.

2. Finding a Conveyancer (Ctd. 2)

Another important point to consider is that if you are having a mortgage, your lender will require a conveyancer to act for them. It is important to make sure that the conveyancer you are choosing is on the lenders panel of approved conveyancers.

The most common position is for the same conveyancer to act for both the client and the lender and this is certainly the most cost effective way of proceeding. However, lenders generally select conveyancers from a pre-screened panel of conveyancers. If your conveyancer is not on this panel, the lender may not allow them to act for them. If the lender will not allow your conveyancer to act for them they will appoint their own conveyancer and charge the fees to you. If there are two separate

conveyancers one acting for the lender and one acting for the client, this can be considerably more expensive and will cause delays in the transaction.

3. The Conveyancing Process

Having chosen a conveyancer, the next step is to instruct the conveyancer to act for you. In this part we will take you through the Conveyancing Process.

A INITIAL INSTRUCTIONS

Initially, the conveyancer will provide you with a letter setting out their terms and conditions together with an estimate of the legal fees and other costs (disbursements and tax) that you will need to pay at the completion of the transaction.

In addition to the terms and conditions letter, your conveyancer will provide you with a form for you to provide your contact details, the property details and any other details relevant to the transaction.. This is usually called a 'Client Information Form' and you will need to complete, sign and return this form before the conveyancer can begin to act for you.

Additionally, in order to comply with the statutory anti-money laundering regulations, the conveyancer will ask you to provide identification documents.

You will also need to provide your conveyancer with funds for the initial disbursements such as for Conveyancing Searches and Anti Money Laundering checks.

Once the conveyancer has received your signed Client Information Form and identification documents, they will contact the estate agents for details of the property and the conveyancers acting for the seller for the contract documents and title deeds.

The conveyancer will also contact your mortgage lender to inform them that they are acting for you and to ask for the lenders instructions.

B CONVEYANCING SEARCHES

Once the contract and title deeds are received from the sellers conveyancers, your conveyancer will put in place the Conveyancing searches. There are usually four main searches that need to be made:

- Local Authority Search
- Water & Drainage Search
- Environmental Search
- Chancel Repair Search.

3.The Conveyancing Process (Ctd.)

Local Authority Search

This will provide information on, amongst other things, details on planning applications relevant to the property (whether granted or refused), building control history, any enforcement action, restrictions on permitted development, nearby road schemes, contaminated land and radon gas and whether or not the road on which the property abuts is an adopted highway.

Water & Drainage Search

A water and drainage search is made with the local sewerage undertaker. It used to be a part of the local search, made with the council, but is now made directly to the water company. The company responsible in your region may not be the same company which supplies your water .

The search will reveal whether the property is connected to mains water, mains drainage and 'surface water drainage'. The issue of surface water flooding has become more important over the past few years.

The search will also reveal whether there are any publicly maintained drains running within the boundaries of the property. This is an important issue, as building near or over some types of pipes without the water company's approval is an offence. This means that the presence of publicly maintained drains running within the boundaries of the property may restrict your ability to extend the property.

Environmental Search

An environmental search looks at the past uses of the land to check whether any past use may have caused the land to be contaminated. The search is a desktop search of various registers and does not involve a physical inspection.

The search will result in either a fail or a pass certificate.

A pass result means that there is no evidence of past use that may have contaminated the land

A fail means that past use of the land may have resulted in the land being contaminated, such as use as a petrol station, chemical works or factory. Conversely, the records may show that the land was previously used for "non-specific industrial purposes". This could be anything from processing dangerous chemicals to a carpenter's workshop but either way a failed result will be returned because the searcher cannot confidently give a pass certificate . If the purchaser already has a good knowledge of the history of the land then this should be taken into account when considering whether a search is appropriate.

3.The Conveyancing Process (Ctd. 2)

Chancel Repair Search

The Chancel Search is carried out to check whether or not the property you are buying has a potential 'Chancel Repair' obligation to the local Parish Church.

Such Chancel Repair obligations date back to mediaeval times. Land which was owned by the Church for the purpose of funding the local rector and the maintenance of the Church. This 'rectorial land' was sold off by the Church with the burden of funding the local rector and maintaining the local church being passed to the new owner as 'lay rectors'.

The Chancel Repair search will check whether the property you are buying has been built on this previously rectorial land. If the property has been built former rectorial land it may have inherited the Chancel Repair obligation.

This is a search which is often not taken seriously, however in the case of *Aston Cantlow v Wallbank* in 2003, the owners of a property spent £200,000.00 in legal fees fighting the claim for Chancel Repair brought by the local church and ended up with a liability to pay in the region of £250,000.00

A full set of Conveyancing Searches will cost between £200-£300 and will be payable in addition to your legal fees, as disbursements. If you are not buying with a mortgage, you can decide not to have any Conveyancing Searches, though this is a high risk strategy. If however you are buying with a mortgage, your lender will insist on the Conveyancing Searches being carried out.

The results of the Conveyancing Searches can take several weeks to arrive, depending on the area and the Local Authority where the searches are being carried out. Once the results are received, your conveyancer will report to you on the results.

C RAISING ENQUIRIES AND REPORTING ON TITLE

Whilst waiting for the Conveyancing Searches, your conveyancer will examine the title deeds and contract documents and raise enquiries with the sellers conveyancer on any issues found. At the same time your conveyancer will report to you on the details of the title and the contract papers and highlight any areas of concern.

Having approved the contract, your conveyancer will send you the contract to sign in readiness to exchange contracts.

3.The Conveyancing Process (Ctd. 3)

D EXCHANGE OF CONTRACTS

Once your conveyancer has all the documentation (including your signed contract and mortgage deed) and all enquiries have been satisfactorily replied to and all other matters regarding the property are agreed between you and the seller, you will be ready to move to 'Exchange of Contracts'.

On Exchange of you will have to provide the deposit and will be legally bound to purchase the property from the seller. The date for the completion of the transaction ('the Completion Date') is also set on Exchange of Contracts.

The Exchange of Contracts takes place at your conveyancer's office, usually by telephone. Having agreed that Contracts have been officially exchanged and having noted down the time of exchange, your conveyancer will send your signed contract to the seller's conveyancer along with your deposit monies. At the same time the sellers conveyancer will in turn send their client's signed contract to your conveyancer.

At this point, your conveyancer will provide you with the Transfer Deed to sign and return. The Transfer Deed is the legal document that acts to transfer the title into your name.

E COMPLETION

The Completion Date is set at Exchange of Contracts. Having agreed a Completion Date with the seller you are legally bound to complete on that date. This will be the date on which you will be able to move into the property.

If you are unable to complete the transaction on the Completion Date, you will be liable to pay the seller damages and interest on the whole of the purchase price for the length of the delay.

If you fail to complete the transaction at all, you will, in addition to having to pay damages and interest to the seller, lose the whole of your 10% deposit which was paid on Exchange of Contracts.

On the day of Completion, your conveyancer will send the purchase monies (minus the deposit already paid on Exchange of Contracts) to the sellers conveyancer .

Once the sellers conveyancer has received the purchase monies they will contact the estate agent and ask them to provide you with the keys to the property to enable you to move into the property. The seller's conveyancer will then send their client's signed Transfer Deed to your conveyancer along with any deeds, guarantees and other documents relating to the property.

Your conveyancer will now apply to HM Land Registry to register the title of the property into your name.

3.The Conveyancing Process (Ctd. 4)

F STAMP DUTY LAND TAX ('SDLT')

SDLT is a tax payable to HM Inland Revenue on the purchase or transfer of a property in the UK.

The amount of SDLT payable depends on the value of the property and is a percentage of the purchase price:

Purchase Price	SDLT Payable as a percentage of the purchase price.
up to £125,000.00	No SDLT payable
£125,000.00 -£250,000.00	1%
£250,000.00 -£500.00.00	3%
£500,000.00 -£1 million	4%
£1 million to £2 million	5%
Over £2 million	15%

On completion, your conveyancer will pay any SDLT due in respect of the purchase of the property to HM Inland Revenue.