

## Free Home Buyers Guide

A home is without doubt the most expensive acquisition we will make in our lives. Therefore, we should look at all aspects of the process – the advantages and disadvantages, not least of which are the financial implications. This brief guide was produced to give information and ideas to assist you in this important purchase.

### Nesting or Investing – Reasons for Buying

Primarily you will be looking to buy a place in which to live but with an eye on the future in the hope and expectation that your chosen property will turn out to be a good investment. In a buoyant market it is hard to negotiate a price downwards if there are more buyers than sellers as in the recent past, especially in London. The present market is unfortunately somewhat different as it continues to be impacted by the ongoing effects of the widely publicised 'credit crunch'. This has created some uncertainty in consumer confidence resulting in a reduction in house purchase activity and in house prices generally. However, by understanding the process involved, being prepared with your finances and having your conveyancer or solicitor arranged, you will have a distinct advantage in all market conditions.

This guide will help you understand the process. It will cover the procedures – from you submitting a mortgage offer to you collecting the keys to your new home! Initially, the main question is one of affordability. What is the maximum you can go to? Once this has been ascertained make sure you are not tempted to exceed this.

We all need somewhere to live so we either have to rent or buy. So the question should be Rent versus Interest . Either payments once paid, will never be seen again. Interest payments usually involve a longer commitment and of course payments can fluctuate, but do the advantages of owning your own home outweigh the downside?

It is vitally important that you do not over commit as it could result in serious financial consequences should you have a change of circumstances.

Therefore the essential questions you should be asking are: Do you have too much money at the end of your month, or too much money at the end of your month?  
Do you have a budget and stick to it?

Estate agents act on behalf of the vendors, that's who pay them, so it is important their advice is qualified with this fact. Question why the vendors are selling and when they bought the property. If it was purchased within the last few years the price they paid would be available to view on [www.nethouseprices.co.uk](http://www.nethouseprices.co.uk). The information on this site could help you negotiate an offer. It will also provide details of similar properties in the area, which if cheaper may give you cause for further scrutiny.

Please remember, particularly in the current market, the longer the property has been on the market the better the chance of reducing the asking price! If, however, the seller refuses to accept anything other than the asking price and you are still very interested, then ask if any appliances, carpets or curtains are being left, which will save the cost of buying new.

### Step by Step:

1. Once you have had an offer on your new home accepted, the process begins.
2. You inform the estate agent as to your appointed conveyancers or solicitors.
3. A Memorandum of Sale is sent to both vendor and purchaser and their respective solicitors/conveyancers.
4. Your mortgage lender will arrange a survey. To obtain a more detailed survey you could commission a 'Homebuyers Report' which if carried out by the lender's valuer at the same time will cost you less.
5. Your solicitor/conveyancer will receive contracts from the vendor's conveyancer. He will then obtain a local authority search to investigate any planning applications applied for or granted in your area. If you are buying a flat the solicitor/conveyancer will obtain a copy of the lease and check all details are acceptable. Solicitor/conveyancing fees are normally more when buying a flat rather than a freehold property.
6. Your mortgage offer is issued to you with a copy to your solicitor/conveyancer and to your broker.
7. Buildings and contents insurance and life insurance should be arranged but not put on risk.
8. Your solicitor/conveyancer should by now have received back the questionnaire that he sent to the vendor's solicitor/conveyancer. If he is happy with the answers and the local authority searches, he will send the contracts out to you for your signature.
9. A date will be set for exchange of contracts, at which time a completion date is set. On exchange, a deposit is required from you, usually 5% -10% of the purchase price.
10. Your solicitor/conveyancer will send a 'report on title' to the mortgage lender and a date when he requires the mortgage loan monies to be sent. He will ask you for the balance due before completion. This will cover purchase price, stamp duty and conveyancing fees – minus the monies due to be received from your mortgage and the deposit already paid at exchange of contracts.
11. Remember, it is helpful to notify utility companies prior to your move – two weeks prior is usually best. Also, try to notify all financial service companies of your change, particularly your car insurance and don't overlook your TV licence! In any event it is good practice to have your mail redirected for at least three months in case you have overlooked anything.
12. Insurances to be put on risk.
13. Collecting of keys is usually from the estate agent on the afternoon of completion. It is always prudent to arrange a locksmith to install new locks as soon as possible, also, check existing smoke alarms or install new ones.

Your home may be repossessed if you do not keep up repayments on your mortgage.