Peter Clarke

FIRST TIME BUYER GUIDE

It's an exciting time when you're looking to buy your first home. It will probably be the most expensive purchase you'll ever be involved in. This guide aims to de-mystify some of the jargon used, inform you about the process involved and try to ensure that you have a considered approach.

CAN I AFFORD TO BUY A PROPERTY?

This must be the number one question to consider and everyone's financial situations are different.

So note down your monthly income, outgoing expenses and details of any loans or finance. It can be helpful to look through your last few bank statements to ensure you've covered everything.

Help for first time buyers is available from the government with several schemes that can help you buy a home. These include the Lifetime ISA, Help to Buy, Right to Buy and Shared Ownership schemes. Research www.gov.uk and read up about them to see if they are applicable for your situation.

You can use an online mortgage calculator to give a very rough indication on the size of expected mortgage payments, but if you're serious about buying a property it's important to speak to a mortgage advisor.

FINDING THE RIGHT MORTGAGE

To boost your chances of getting a mortgage:

- Obtain a copy of your credit report, as this is a key part to obtaining a mortgage
- Keep up with existing payments of any loans or finance
- Do not take out any new credit or finance in the build up to applying for a mortgage
- Ensure you are registered on the Electoral roll

Repayment Mortgage – is where you make monthly payments to clear the mortgage and the interest.

Interest-only Mortgage – is where the repayments pay off only the interest and you repay the loan as a lump sum at the end of the term.

Interest rates – the rate of interest you pay can be **Fixed** (a fixed percentage above the Bank of England base rate) or **Variable** (a variable rate that can fluctuate according to the money markets).

Deposit - one of the requirements for borrowing money / obtaining a mortgage is to put some of your own money in, a deposit. This is often 10% of the mortgage value. However, 5% deposits can be available for first time buyers subject to criteria.

Be aware that getting a mortgage can be harder if you're self-employed or a contractor. So speak to a mortgage advisor.

SPEAK TO A MORTGAGE ADVISOR

A mortgage advisor will discuss with you the rates and types of mortgage available to you for your specific situation. Plus an 'Agreement in principle' can be arranged.

Agreement in Principle – this is where a mortgage lending company has checked you comply with their criteria and in principle agrees to lend you a specific sum for a property mortgage, even though you haven't yet found a house. It's best to get this in place before you start viewing houses as it will make you a 'stronger' buyer when it comes to having offers accepted.

Here at Peter Clarke, you can make an enquiry by emailing our mortgage advisor at: mymortgage@peterclarke.co.uk

CONSIDER ADDITIONAL COSTS

When you're buying a house, keep in mind there will be additional costs to the Deposit to budget for. Use our online Stamp Duty calculator to give you an idea of Stamp Duty costs. Often first time buyers are exempt, depending on the value of the property.

Mortgage Application Fee	£ ______
Mortgage Valuation Fee	£ ______
Mortgage Deposit	£ ______
Survey	£ ______
Conveyancing/Legal Fees	£ ______
Stamp Duty	£ ______
Removals	£ ______
Incidentals	£ ______
GUIDE TOTAL	£ ______

To help you prepare and understand the costs, we have created a simple guide to help you budget.

WHAT KIND OF PROPERTY ARE YOU LOOKING FOR?

It's helpful if you have an idea of what you are looking for. Decide what are the important points and which are open to compromise.

- Property type? – apartment, house, number of bedrooms, south facing garden, garage, log burner fire
- Fast broadband? - particularly if you work from home
- Property location? - travel time to work, train station, school catchment areas,
- Nearby facilities? - corner shop, gym, eating places in walking distance, doctors surgery
- Energy rating? – tells you how energy efficient the property is. Look at the EPC in detail and you can see what areas need improving eg. loft insulation, double-glazed windows. The EPC must be rated E or above to get a mortgage.
- Freehold or Leasehold?

- **Freehold** - the owner has complete ownership of the property and the land it's built on, with no time limit. Freehold is the most common way to buy a house in the UK.
- **Leasehold** - the owner has the right to live in the property for a set period of time, usually 99 or 125 years, but does not own the land. The owner pays ground rent to the landlord, who owns the building or land. Leasehold is more common for flats, but there are also leasehold houses.

SEARCHING FOR PROPERTY

Rightmove.co.uk is the main UK website used to search for properties, along with Zoopla and OnTheMarket, where you'll be able to set filters like: area, maximum price, number of bedrooms, garden, parking

New home – means a brand new home that has just been built. Peter Clarke has a specific website page just for brand new homes www.peterclarke.co.uk/land-new-homes/

Often on a new home development, there are houses that haven't yet been built and can be bought at a discounted price. Search for the New Home Developments in your local area and physically visit the Show Homes for details.

Save to favourites - is another useful feature on these websites. Once saved to favourites, you can usually add personal notes about a particular house, which will help you remember the main points.

REGISTER TO BUY

Register your details with any of the Peter Clarke branches and tell us what sort of property you are looking for. As soon as a property becomes available that matches your criteria, we will update you by email so you're the first to know and can be the first to view.

VIEWING PROPERTIES

When searching for a place to live, most of us will create a shortlist of properties that interest us and arrange to view them. But what should you do at the viewing appointment?

Of course, you must look at the property and decide if you can imagine living there and want to buy it. But there are crucial pieces of information that, if you know the answers, can assist with your offering process.

The answers to these questions will help you shape a sensible offer and negotiate effectively.

- **Why is the owner selling?** – Often, this will be due to personal reasons, whether a relocation for work, more space needed for a growing family or perhaps a downsize. It is an excellent question to ask to understand the sellers' motivation.
- **How long has the property been on the market?** – The longer a property stays on the market, the more questions will be raised about it. Is there a reason that no one has offered on it yet? Perhaps you could put in a slightly lower offer?
- **What price is the seller looking for?** – You will often find that the marketing price and the selling price of a property are different. Whilst you will probably not be given a figure that the seller will definitely accept, you may be able to find out how negotiable the sellers are.
- **Have the sellers already found a new home?** – This question will tell you about the timescale of the sellers. It will also tell you if there is time pressure for the sale to complete, which is essential for you to know and ensure that your timescales match up. Is there an urgency for them to achieve a sale before they miss out on the property of their dreams? Is there room for negotiation because they are in a rush?
- **Is there a chain?** – If the sellers have already decided on a property to buy, there may be a chain. The more parties involved in a chain, the more complicated the property transaction and legal process might be, which could impact the timescale.
- **Have there been any offers?** – The actual figure of any offers that have been made before is confidential, but it can be helpful to know that there has been other interest so that you can gauge where to pitch your first offer.
- **Have any significant renovations been made by the owners?** – If an offer is accepted, you will need paperwork to prove that any significant works were signed off properly. This is useful to discuss at this stage so you know beforehand before making an offer, as it can cause delays with the solicitors later.
- **What is included in the sale?** – Items can sometimes be included in the sale or negotiated separately. Knowing what is included with the price will allow you to fully negotiate a deal to include other items you may be interested in.
- **Have there been any surveys?** – Whilst the copy of the survey report will most likely not be available for you to read as it belongs to the person who paid for it, the estate agents will be able to tell you if the survey results caused a previous sale to fall through.

- **Listed/conservation** – There are finer details that could impact your life in the property, so it is critical to find out beforehand. If the property, or any part of it, is listed or in a conservation area, this will impact what you can do to the property after buying it.

So next time you view a property, go armed with this list of questions, and you will be fully prepared with the information you need to confidently make offers.

INSTRUCT A CONVEYANCING SOLICITOR

A conveyancing solicitor is a qualified legal professional who handles the legal and administrative aspects of buying or selling a property. They are regulated by the Solicitors Regulation Authority (SRA).

- **Research & search** - they research who legally owns the property (Land Registry) and conduct searches with local authorities, water and environmental searches.
- **Draft contracts** – they draft sales contracts and other legal documents, such as transfer deeds.
- **Communicate** - they communicate with mortgage lenders, estate agents, and other solicitors.
- **Prepare** - they prepare statements and leases, and check financial records.
- **Complete** - they deal with the exchange of contracts, transfer monies and ensure that Stamp Duty Land Taxes are paid.

If you have taken advantage of the government's Help to Buy ISA Scheme – which provides a bonus of up to £3,000 towards the cost of your first home – the government will not pay these funds directly to you, but will instead deposit the money via a conveyancing solicitor to be added to the money you are putting towards your first home.

Free quote - If you'd like a recommendation for a conveyancing solicitor, please contact your local Peter Clarke branch who will be able to arrange a quote for you. It's always good to have several quotes that you can compare and make an informed decision.

OFFERS

Once you've found the right property, work out what the maximum amount is you can offer. Make an initial offer to the estate agent (subject to survey and contract). Make sure they know you have mortgage in principle and that you are a first time buyer (which means there is no chain). If your first offer is refused, go back with a counter offer.

Once your offer is accepted, you'll be asked for personal information so identity checks and Money Laundering checks can be done. Then a Memorandum of Sale is issued to you and the Seller, plus both parties solicitors.

The property you're buying will be marked as SSTC (sold subject to contract) and removed from the market. The point at which this happens can vary.

WHAT NEXT?

- Begin the legal process with your solicitor including getting the searches.
- Complete your mortgage application.
- Depending on who you choose as a solicitor depends on how much you will need to chase them to speed up the exchange process.
- You may want to action a survey to ensure the property is in good condition and there are no hidden problems.
- If you want to measure up for curtains and the like, or have questions for the Seller, ask the estate agent to arrange an appointment to see the property again. Useful questions to ask:
    - Where are the utility meters?
    - When is bin collection day?
    - How does the boiler and/or heating thermostat work?
    - Are there instructions for all the appliances?
    - Has your solicitor received all the warranties?
- Action a postal divert with Royal Mail.

EXCHANGE

Both parties will receive the same contract to sign. Once signed and exchanged, you are legally bound to complete the sale, a 10% deposit is usually payable.

Before you can complete the property purchase, the mortgage lender will need you to insure the building. It's also a good time to insure the contents.

COMPLETION

You will finally own the property at completion.

- The solicitors transfer your monies.
- You are registered as the new owner with Land Registry.
- The keys can be collected from the estate agent, once everything has gone through.

CONGRATULATIONS, YOU'RE MOVING HOUSE

It's time to spread the word! But who exactly do you need to tell about a change of address?

CAREER
- ☐ Employer
- ☐ Inland Revenue
- ☐ National Insurance

LOCAL AUTHORITIES
- ☐ Council Tax
- ☐ Electoral Roll

HOUSEHOLD
- ☐ Cable / Satellite
- ☐ Telephone / Mobile
- ☐ Broadband
- ☐ TV Licence
- ☐ Electricity
- ☐ Gas
- ☐ Water / Drainage
- ☐ Royal Mail redirect post

VEHICLE RELATED
- ☐ DVLA / Driving Licence
- ☐ V5 Vehicle Log Book
- ☐ Vehicle Breakdown Cover
- ☐ Car Insurance
- ☐ Car Finance

HEALTHCARE
- ☐ Dentist
- ☐ Doctor
- ☐ Blood Donor Register
- ☐ Optician
- ☐ Vet

EDUCATIONAL
- ☐ Schools
- ☐ University

INSURANCE
- ☐ Health Insurance
- ☐ Building & Home Contents Insurance
- ☐ Life Insurance
- ☐ Travel Insurance
- ☐ Pet Insurance

SERVICES
- ☐ Cleaner
- ☐ Gardener
- ☐ Window Cleaner
- ☐ Accountant
- ☐ Solicitor

RECREATIONAL
- ☐ Health Club / Gym
- ☐ Magazine subscriptions
- ☐ Clubs and Societies

MONEY
- ☐ Banks / Building Society
- ☐ Private Pension / Investments
- ☐ Loan Companies
- ☐ Credit Cards / Debit Cards
- ☐ Store Cards
- ☐ Paypal
- ☐ Online Shopping Accounts

FRIENDS & FAMILY